

SUSTAINABILITY STATEMENT

Building a Legacy for *tomorrow*

In 2019, we were driven by our aspiration to build a legacy for tomorrow. A theme coined in conjunction with our 50th Anniversary celebrations, the expression aptly describes Paramount's journey towards future-proofing the business across all key aspects within the organisation to ensure a sustainable future for all.

Reporting Period:

This report covers our sustainability activities from 1 January 2019 to 31 December 2019. Historical information from the previous years are included to provide context for our decision-making, sustainability progress and impact as well as potential opportunities for growth.

Reporting Cycle:

Annually coinciding with our Annual Report

Reporting Guide:

Bursa Securities' Sustainability Reporting Guide 2nd Edition

Principal Guidelines:

Bursa Securities' Main Market Listing Requirements Practice Note 9 Article 6

Feedback:

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For the financial year 2019 (FY2019), Paramount Corporation Berhad (**Paramount or the Company**) and its subsidiaries (**the Group**) continued to embrace sustainability and remained committed to operating in a manner that positively impacts our stakeholders.

Anchored by our corporate vision of 'Changing lives and enriching communities for a better world' and guided by our mission and T.R.I.B.E core values as operating principles, we strove to consistently deliver economic growth, conserve the environment and contribute to society, while mitigating sustainability risks.

Guided by the ethos that continuous improvement is key towards business longevity, the Board of Directors (**the Board**) and senior management are actively involved in the discussion of material issues, providing leadership and encouraging business units to take ownership and to be proactive in addressing sustainability in their respective areas.

In this aspect, business units with the support of their sustainability working groups take on efforts, which are then monitored and reported back to the senior management and Board. This included the implementation of an integrated ISO management system.

We recognise that there are still many areas for improvement. Hence, the Group aims to continue advancing our monitoring, data collection and impact measurement efforts.

We realise that beyond the processes and frameworks, true sustainability can only happen when it is embraced and practised by the people within in such a way that it becomes embedded as part of their DNA. As such, the Group must continue to look for opportunities to cultivate an intrinsic culture and mindset of sustainability across our organisation.

Together, we can make a positive difference.

SUSTAINABILITY STATEMENT

**Scope and Boundary:**

This sustainability report covers the entire operations of Paramount Corporation Berhad including the subsidiaries over which the Group has direct control and holds a majority stake. It does not include the Group's value chain comprising third party contractors, suppliers and vendors.

During the year under review, Paramount completed a major corporate exercise by divesting the majority stake of our tertiary education business to UOWM Sdn Bhd, hence establishing our partnership with the University of Wollongong (UOW). Given that we have already transferred management control of UOW Malaysia KDU, this year's report will not cover the tertiary education segment.

While we seek to present a consistent boundary for reporting across all our sustainable development metrics, the primary focus of this report will be on the property division, which carries out our core business.




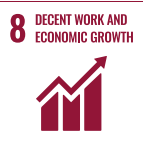




As with our previous FY2018 report, this Statement only encompasses the most pertinent projects, initiatives and activities of the Group. Progressively, we shall endeavour to provide more comprehensive disclosures.

SUSTAINABILITY STATEMENT

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The 17 United Nations Sustainability Development Goals were established in 2015 to achieve specific sustainability targets by 2030. They seek to end poverty, protect the planet and ensure prosperity. Businesses play an important role in achieving these goals and delivering on the promise of sustainable and inclusive development.

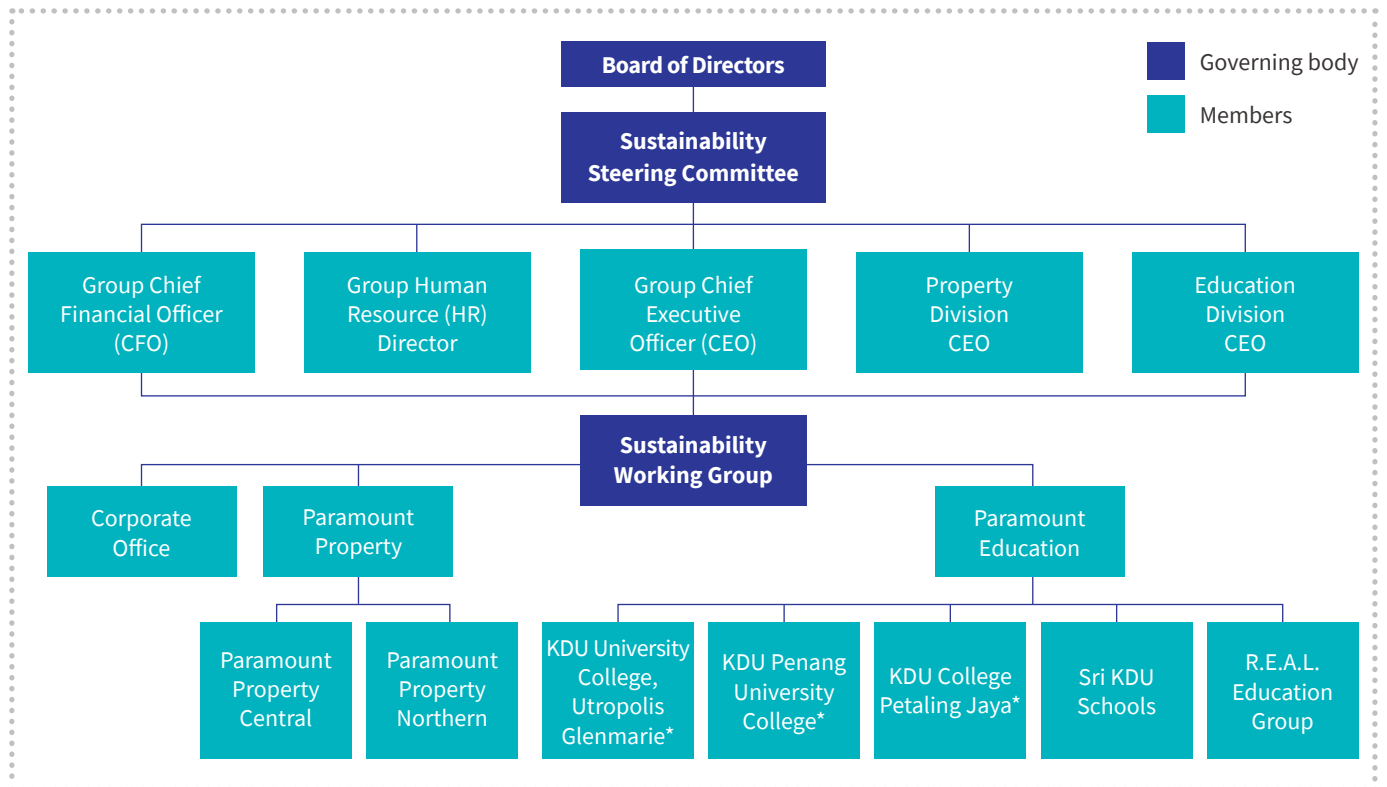
These are the eight SDGs identified as being the most relevant to Paramount and where we can make the most impact.

SDG	Details	Contribution to SDGs
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Ensuring healthy living and well-being	We care for the safety and health of our employees while contributing to the well-being of the communities around us.
 <p>4 QUALITY EDUCATION</p>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	We believe in continuously providing education opportunities to communities where we operate and improve access to private education for students with strong academic potential.
 <p>5 GENDER EQUALITY</p>	Encouraging gender equality and empowerment	<p>We provide a conducive environment for employees, regardless of gender, to progress in their careers.</p> <p>We provide opportunities for women at the workplace, and our corporate culture discourages any discrimination based on gender.</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote inclusive and sustainable economic growth	We bring sustainable domestic economic growth to local communities by giving priority to local procurement, investing in community infrastructure and creating more job opportunities. We also build affordable homes in line with the government's initiative to help the lower income group.
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote sustainable industrialisation and foster innovation	A variety of environmentally friendly and innovative concepts have been designed and built into exteriors, fixtures and fittings of our buildings. We continue to challenge the status quo and embrace new ideas and concepts that ultimately lead to improved products, services and businesses.
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Make cities and human settlements inclusive, safe, resilient and sustainable	Whether it is homes, offices, schools, shops or green spaces, we recognise that the built environment contributes to improving the community's quality of life.
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Ensure sustainable consumption and production patterns	We practise the 3R principles: 'Reduce, Reuse and Recycle'. The aim is to achieve positive changes in our operations and cut down waste. We also embed green designs and green features into our projects to reduce the impact of the built environment on the natural environment.
 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Promote peaceful and inclusive societies sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	We have policies and procedures in place to mitigate corruption and bribery, and to encourage effective, accountable and transparent business transactions. We also ensure responsive, inclusive, participatory and representative decision making at all levels.

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

A two-tiered sustainability governance structure drives sustainability within the Group. The first tier consists of the Sustainability Steering Committee (SSC) followed by the Sustainability Working Group (SWG). The SWG reports to the SSC and in turn, the SSC is accountable to the Board.



* The tertiary education business ceased to be a subsidiary from 3 September 2019 after Paramount's divestment of its controlling equity stake.

The Board

The Board oversees material sustainability issues as part of their fiduciary responsibilities. They safeguard and promote stakeholders' interest by enforcing and supervising the Group's sustainability agenda. The Board provides guidance in formulating the direction of our sustainability strategies and performs a thorough assessment of the sustainability issues during the company's annual review.

Sustainability Steering Committee (SSC)

The SSC, which is chaired by the Group CEO, works to review, approve and ensure that sustainability commitments are aligned with the Company's vision and mission. The SSC sets key initiatives and sustainable growth plans, provide advice and operational functions, appraises and evaluates the sustainability performance and reports the outcome to the Board.

Sustainability Working Group (SWG)

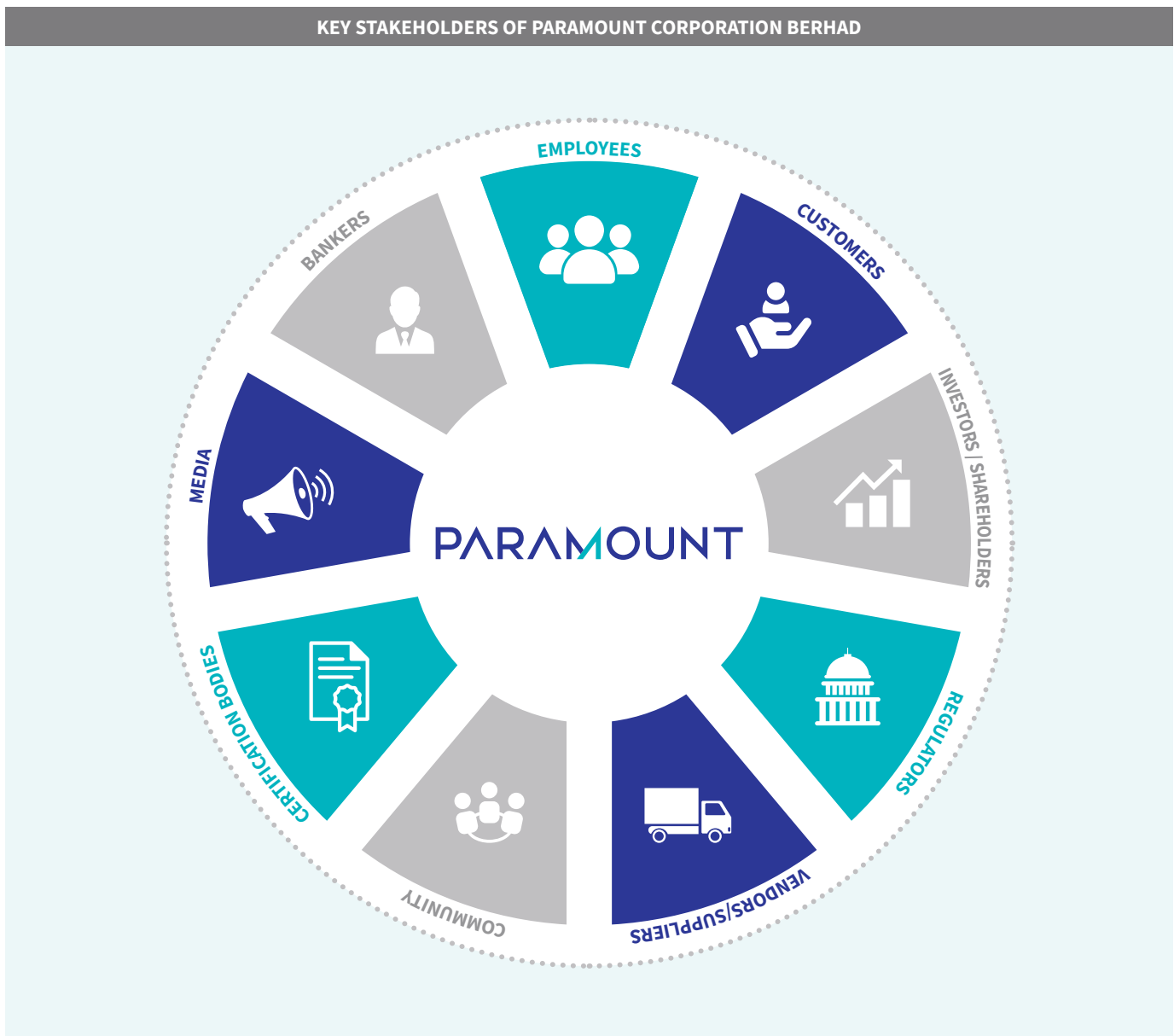
Although our sustainability efforts are supported by the entire organisation, specific issues are directly associated with individual areas of management. The SWG consists of managers from our operating companies whose main tasks include developing strategies, implementing plans and tracking the progress of the Group's sustainability projects.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

We continue to engage with our stakeholders to ensure we are attuned to their needs. Such engagements are helpful in identifying and assessing materiality matters across the Group. The inclusion of diverse perspectives is also helpful in reviewing the impact of our actions within our operating environment.

The table below presents the list of our stakeholders, their concerns and our corresponding actions on the issues raised.



SUSTAINABILITY STATEMENT

STAKEHOLDERS	ISSUES OF CONCERN	ENGAGEMENT CHANNELS AND ACTIVITIES	OUTCOMES
Employees	<ul style="list-style-type: none"> Employee benefits, wellbeing and safety Employee engagement Career development 	<ul style="list-style-type: none"> Periodic review of employee benefits, activities and development programmes Communication channels with employees (meetings, emails and staff magazines) 	<ul style="list-style-type: none"> Improvements <ul style="list-style-type: none"> - policies and benefits - employee development - employee engagement
Customers	<ul style="list-style-type: none"> Product quality Support services Timely delivery Product/service pricing and packaging 	<ul style="list-style-type: none"> Websites / social media Partnerships with prominent international universities Periodic reviews of project progress Face to face meetings with customers/ students, surveys, talks, workshops, exhibitions and events 	<ul style="list-style-type: none"> Increased customer satisfaction Increased number of repeat buyers Awards and recognition
Investors / Shareholders	<ul style="list-style-type: none"> Fiduciary duties Transparency Dividend payment Financial performance 	<ul style="list-style-type: none"> Engagement sessions with analysts and shareholders including at Annual General Meetings and Extraordinary General Meetings Timely disclosures to Bursa and on the company website Annual report, quarterly results, announcements, circulars 	<ul style="list-style-type: none"> Increased investor / shareholder confidence
Regulators	<ul style="list-style-type: none"> Regulatory compliance 	<ul style="list-style-type: none"> Discussions with the authorities as part of due diligence 	<ul style="list-style-type: none"> Full compliance with regulatory requirements
Vendors / Suppliers	<ul style="list-style-type: none"> Fair terms and conditions of contracts 	<ul style="list-style-type: none"> Vendor meetings, performance evaluations, and supply chain management 	<ul style="list-style-type: none"> Avoidance of disputes with vendors / suppliers
Community	<ul style="list-style-type: none"> Environmental and social impacts Community engagement Management of properties 	<ul style="list-style-type: none"> Collaborative partnerships with local NGOs Philanthropic activities and outreach programmes Public consultation and community surveys 	<ul style="list-style-type: none"> Enhanced brand credibility and reputation
Certification Bodies	<ul style="list-style-type: none"> Full compliance with specifications and requirements 	<ul style="list-style-type: none"> Site visits and meetings 	<ul style="list-style-type: none"> Fulfilled the criteria for certification and renewal
Media	<ul style="list-style-type: none"> Clarity on company's activities and financials 	<ul style="list-style-type: none"> Engagement sessions with media including financial briefings Regular press releases and interviews Timely updates on the company website 	<ul style="list-style-type: none"> Enhanced company reputation Greater understanding of the company's products, services and performance
Bankers	<ul style="list-style-type: none"> Breach of covenants 	<ul style="list-style-type: none"> Regular communication to ensure compliance 	<ul style="list-style-type: none"> Satisfied associated borrowing conditions Stronger confidence towards the Group from the banking and financial community

SUSTAINABILITY STATEMENT

Property Division

<p>StarProperty.my Awards 2019 All-Star Award <i>(Top Ranked Developers of The Year)</i></p>	<p>StarProperty.my Awards 2019 Northern Star Award <i>(Best Northern Malaysia Development - Utropolis Batu Kawan, Penang)</i></p>	<p>StarProperty.my Awards 2019 The Starter Home Award <i>(Best Affordable Home - Greenwood Salak Perdana)</i></p>	<p>QLASSIC Construction Quality Excellence Awards 2019 High QLASSIC Achievement <i>(Landed Residential Development - Sejati Residences Phase 2A)</i></p>	<p>Property Insight Prestigious Developer Awards 2019 Best Education Centric Development <i>(Berkeley Uptown)</i></p>	<p>FIABCI Malaysia Dato' Teo Chiang Quan was named FIABCI Malaysia Property Man of 2019</p>	<p>The Edge Malaysia Centurion Club Corporate Awards Highest Returns to Shareholders over Three Years</p>
						

Education Division

<p>R.E.A.L Johor Bahru Four Star SKIPS Rating by Ministry of Education (MOE)</p>	<p>R.E.A.L Shah Alam Four Star SKIPS Rating by MOE</p>	<p>R.E.A.L Cheras Five Star SKIPS Rating by MOE</p>	<p>R.E.A.L Kids Putrajaya Won the NAPEI Education Excellence Awards 2017~2019 in the Category of Early Childhood – Kindergarten</p>	<p>R.E.A.L Kids Voted as the kindergarten with the “Best Preschool Programme” and “Best Trilingual Curriculum” at the Parents’ Choice Awards 2019 by Parenthood Magazine.</p>	<p>Cambridge English for Life Franchisor of The Year (Malaysia Franchise Awards 2019).</p>
					

SUSTAINABILITY STATEMENT

MATERIALITY

In 2018, Paramount conducted a materiality assessment to identify the issues and topics that reflect the economic, environmental and social impacts that are of interest to the Group and our stakeholders. This process identified nine material issues which were validated at the steering committee and Board levels.

Materiality review

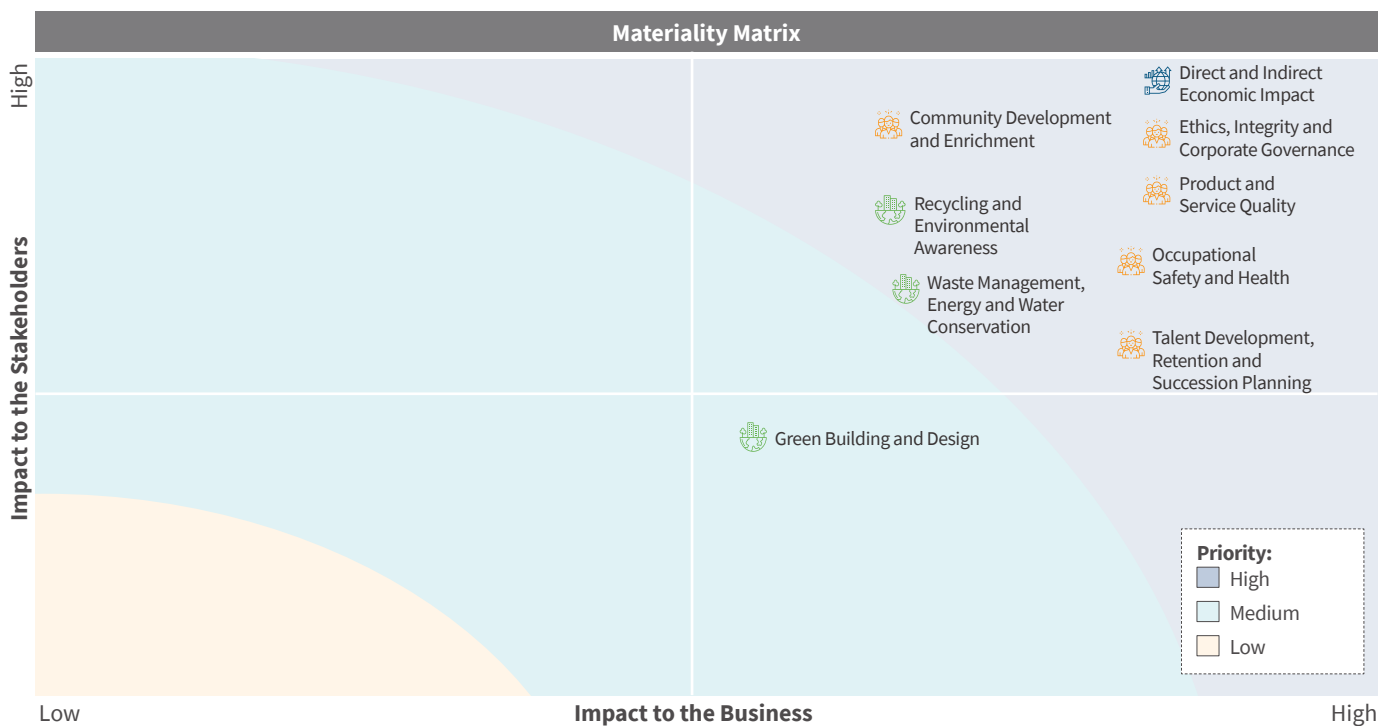
To ensure that our focus remains relevant, we reviewed the materiality issues identified in the previous year across the Group. The assessments concluded that there are no changes to our material aspects in 2019. Hence, the previously identified issues are still applicable to our business and operations.

Materiality matrix

The results of our materiality assessment showed that eight areas were high on our stakeholders' priority list.

These eight areas are shown in the materiality matrix below, with the highest priorities given to Direct and Indirect Economic Impact, Ethics, Integrity and Corporate Governance and Product and Service Quality. We believe these results are accurate representation of our business and operations.

With the new Group strategy and business direction moving forward, another materiality assessment will be carried out in 2020.



ECONOMIC

- Direct and Indirect Economic Impact



ENVIRONMENT

- Green Building and Design
- Waste Management, Energy and Water Conservation
- Recycling and Environmental Awareness



SOCIAL

- Product and Service Quality
- Talent Development, Retention and Succession Planning
- Ethics, Integrity and Corporate Governance
- Occupational Safety and Health
- Community Development and Enrichment

SUSTAINABILITY STATEMENT

ECONOMIC

We believe in adopting a long-term approach to economic sustainability. It is our aim to prosper as a market leader by contributing towards economic enhancements through various mechanisms that contribute to domestic economic growth.

This includes giving priority to local procurement in all our purchasing decisions. We also invest in community infrastructure including roads, school buildings, and recreational facilities. In addition, Paramount participates in the building of homes in support of the Selangor government's affordable housing scheme, Rumah Selangorku.

All these create a spillover effect which will benefit the local economy while improving the economic outcome of people working and living there.

Economic Contribution to the Society



Revenue : **RM706 million**

Total Employees
2,111 

Launched Properties
1,557
(residential and commercial) 

Affordable Homes
875 

Workers at Sites
1,368 


Contractors
41
Awarded Amount
RM590 million




Sub-Contractors
502
Awarded Amount
RM127 million



Local Purchase 
TOTAL MATERIAL PURCHASED AND CONTRACT AMOUNT
2019 **RM275 million**
2018 **RM250 million**
2017 **RM216 million**

Number of Campuses/ Centres 
Tertiary Education **4**
Schools **8**
Early Education **34**
Cambridge English for Life **65**

Number of Students 
Tertiary Education (as at 31 Aug 2019) **5,172**
Pre-tertiary (Sri KDU & R.E.A.L) **21,015**

SUSTAINABILITY STATEMENT

Paramount Property has over 38 years of experience building residential, commercial, industrial and integrated developments. We currently have 10 property projects in the Klang Valley, Kedah and Penang, and operate five coworking spaces in the Klang Valley. These drive prosperity, innovation and investment that enrich and advance the communities in Malaysia.

Central

- **Berkeley Uptown:** An integrated development anchored by Sri KDU International School, which is set to rejuvenate Klang
- **Sekitar26 Enterprise:** A commercial hub designed to meet the needs of businesses in Shah Alam and the surrounding areas
- **Utopolis Glenmarie:** Paramount's first integrated development modelled after a university metropolis
- **Sejati Residences and Sejati Lakeside:** Encourages population growth into the global tech hub of Cyberjaya and boost businesses in the surrounding areas
- **Greenwoods Salak Perdana:** A green sanctuary for urbanites
- **ATWATER:** Integrated development to serve one of Petaling Jaya's most vibrant commercial and residential areas
- **Kemuning Idaman at Kemuning Utama:** Affordable homes within Paramount's first residential development in the Klang Valley
- **Co-labs Coworking:** Offers a holistic approach to work

Northern

- **Bukit Banyan:** Supports the thriving economy of Sungai Petani
- **Utopolis Batu Kawan:** Serves as a growth catalyst for Batu Kawan and the south of mainland Penang



CASE STUDY

SYNERGISING FOR SOCIO-ECONOMIC BENEFITS

Leveraging on our strength-through-synergy strategy, Paramount's Utopolis developments, in Shah Alam and Penang, integrates education and property components to create thriving and vibrant communities.

Utopolis Glenmarie, located at Glenmarie in Shah Alam, comprises 1,484 units of serviced apartments, SOHOs and dual key residential apartments anchored by the 10-acre UOW Malaysia KDU University College flagship campus. It is also home to a 120,000-sq ft Utopolis Marketplace retail mall and a soon-to-be-completed 4-star international business hotel operated by the Accor Group under the Mercure brand.

Utopolis Batu Kawan is centrally located in the heart of Batu Kawan, Penang's new satellite city which is poised to become the central business district and lifestyle hub for the Northern region. Complemented by UOW Malaysia KDU Penang University College, Utopolis Batu Kawan is located within walking distance of the Penang Design Village Outlet Mall, Aspen Vision City, Columbia Asia Hospital and IKEA.

Over the long run, these developments will have the ability to deliver multiple socio-economic benefits, through the students they attract and the people they employ.



SUSTAINABILITY STATEMENT

ENVIRONMENT

Recognising the importance of environmental protection, Paramount has made considerable efforts to develop and implement eco-friendly strategies.

Our property division conducts a comprehensive ecological assessment at every stage of our operations – from planning to handover – in order to reduce our environmental impact. At the same time, our education division has also instilled a sense of environmental stewardship and behavioural change amongst students by motivating them to care for the planet.



Wisma Paramount at Bukit Banyan

Environmental Standard And Policy

Paramount is certified with an ISO 14001:2015. Our environmental policy is based on the same standard requirements which guarantee the following:

- Enhancement of environmental performance
- Fulfilment of compliance obligations
- Achievement of environmental objectives

SUSTAINABILITY STATEMENT

GREEN BUILDING AND DESIGN

We adopt the best practices in the construction industry and apply construction techniques and material acquisition processes that reduce waste, energy and other inefficiencies at our building sites.

GreenRE and Green Building Index

We have taken steps to incorporate green building features in some of our developments. Our aim is to excel beyond the minimum certification requirements.

Wisma Paramount at Bukit Banyan is Kedah's first Platinum-rated green building. It houses Paramount's northern regional office and sales gallery and is designed to be compliant with Green Building Index (GBI) and GreenRE certification requirements.



Built using the Industrialised Building System (IBS), it features motion sensors, energy-saving lifts as well as a Variant Refrigerant Flow (VRV) air-conditioning system. In July 2019, Wisma Paramount obtained GBI Silver with 5 stars in Building Energy Index (BEI).

Industrialised building system (IBS)

In 2019, Paramount Property adopted IBS on a larger scale for the first time at Kemuning Idaman, our Rumah Selangorku project in Kota Kemuning, Selangor.

For this project Paramount Property utilised lightweight aerated concrete blocks, pre-packed pre-mixed mortar/floor screed and aluminium formwork. We have seen IBS transform our construction practices to be more efficient and sustainable, while minimising material wastage by 50% and reducing delivery times by 50% for the structure. This system also reduces our reliance on foreign workers by 50% and improves quality control.

**CASE STUDY****NEW LEASE OF LIFE FOR REPURPOSED WOOD**

After Paramount Property completed the construction of our award-winning Chengal House at Sejati Residences in Cyberjaya, a significant amount of hardwood remained in the factory site where it was first discovered. Too precious to be simply cast aside, it has been progressively put to good use over the years.

At Co-labs Coworking, it has been repurposed into door frames, furniture and more for use across multiple spaces. The wood also forms an important part of the main Berkeley Uptown Klang Sales Gallery structure (which is also the location of the original factory site) and incorporated in the interior design.

By putting reclaimed wood from an old factory to good use, we have been able to do our part for the environment. At the same time, we were also able to create a strong and unique Paramount interior identity – one that can be enjoyed for many more years to come.



This old shoe factory was constructed using huge quantities of Malaysian hardwood including chengal



Berkeley Uptown Sales Gallery

SUSTAINABILITY STATEMENT

WASTE MANAGEMENT, ENERGY AND WATER CONSERVATION

Waste management

Our waste management scheme follows the 3R principles of 'Reduce, Reuse and Recycle'. We aim to reduce the volume of trash by finding ways to reuse and upcycle waste. One of the ways we address this is by identifying and segregating waste from our construction sites. General and chemical waste from school laboratories are managed by a waste contractor certified by the Department of Environment (DOE) of Malaysia.

Our other initiatives in waste management include the following:

- Use crushed cut-off pile to maintain temporary access roads during construction
- Reuse of excavated/blasted rock/hard material by crushing it for road works
- Repurpose cut-off pile for toilet foundation & use of U-Drain for toilet wall
- Recycle 9 tonnes of re-bars (steel reinforcement bars)
- Use of e-brochure with QR code instead of hard copy
- Minimise use of PET bottles by providing water dispensers at our sales galleries

Energy conservation

We take steps to minimise energy consumption as part of our efforts to reduce global warming.

Energy efficiency

Some business divisions have adopted the following initiatives:

- Replacement of the foyer roofing material with a composite material to allow more natural light
- Installation of energy-efficient centralised chilled-water air-conditioning systems
- Use of energy-efficient features, such as energy-saving lifts, air-conditioning systems and LED light fittings

Electricity consumption

The relocation of the Paramount Property central region's headquarters into a coworking space at Co-labs Coworking Shah Alam at Sekitar26 has significantly reduced our energy consumption.

BUSINESS UNITS	2018 (KWH)	2019 (KWH)
Paramount Property (Central)	352,984	230,423
Paramount Property (Northern)	262,798	210,991
Sri KDU	2,736,924	2,816,059
R.E.A.L Group*	1,869,768	1,857,768

* The data for the R.E.A.L Group excludes R.E.A.L Kids and Cambridge English for Life (CEFL)



CASE STUDY

KEEPING AN EYE ON THE FUTURE

In June 2019, Paramount Property took a leap of faith by relocating from Kota Kemuning to Co-labs Coworking Shah Alam.

Starting afresh meant that the team could create a new and more flexible working environment. With this in mind, one of the first initiatives introduced was flexi-hours that encouraged better work-life balance.

Being part of the Co-labs Coworking community also means employees can enjoy all the facilities as well as the social and networking perks that comes with it. Facilities include a nursing room, a nap pod, hot showers and more.

Apart from enhancing employee well-being, this move effectively reduced working space requirements from 2,466 m² (five-storey building) to 1,814 m² (single-storey coworking space) and reduced electricity consumption by 26%.

In line with our commitment to 3R principles, all furniture and fittings from the previous office were also reused for other business purposes.

All these support Paramount's journey towards digital transformation. By keeping our eye on the future, we will continue improve efforts to operate sustainably while enhancing Paramount's position as a caring employer at the same time.

Water conservation

We have reduced water consumption across our business operations by successfully launching awareness campaigns, diligently monitoring for leakages, and regularly inspecting and servicing water pumps, valves and piping systems. The new water-saving design features and water-efficient fittings that we introduced across our business operations have also contributed to the decreased water consumption costs.

As new and existing water resources are becoming increasingly scarce, innovative features must be introduced during the occupancy stage to reduce the amount of water consumed. Therefore, in our new buildings, we have incorporated water conservation technologies and strategies, such as water-harvesting and water-saving tap aerators and dual-flush toilet systems.

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Water consumption

BUSINESS UNITS	2018 (M ³)	2019 (M ³)
Paramount Property (Central)	1,420	919
Paramount Property (Northern)	987*	1,346
Sri KDU	42,448	39,163
R.E.A.L Group**	55,920	53,112

Note:

* Water consumption for 8.5 months (from mid-April 2018 when Paramount Property Utara moved into Wisma Paramount) to December 2018

** The data for the R.E.A.L Group excludes R.E.A.L Kids and CEFL

ENVIRONMENTAL AWARENESS

We actively support environmental initiatives and campaigns to inculcate long-term behavioural changes amongst our employees, customers and students. The primary objective of these campaigns is to create awareness and sensitivity towards the environment and its associated problems.

Environmental training

Below is the list of environmental training conducted by the property division in 2019:

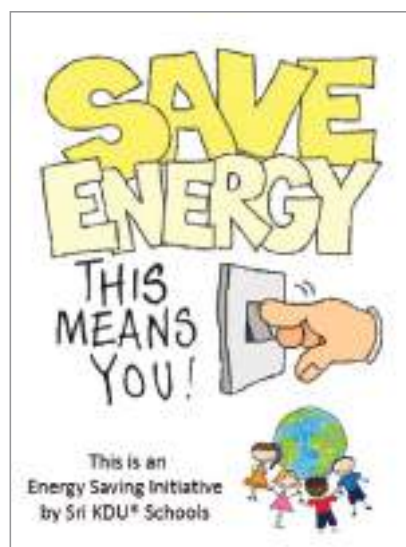
1. Basic Handling & Management of Scheduled Waste
2. Certified Environmental Professional in Scheduled Waste Management (CePSWaM)
3. Hands-on Design of Erosion & Sediment Control Plan (ESCP)
4. Roadshow on Sustainable Best Practises in the Construction Industry
5. Green Build Conference 2019



A 'No Plastic Campaign' was initiated at the Utropolis Glenmarie project location where site workers were given reusable bags and rewarded for using them

Environmental compliance

We were in full compliance with the laws and regulations relating to environmental procedures in 2019. We continue to review our policy and procedures to identify areas that may require improvement.



Environmental signages: In all our offices and campuses, environmental signages and posters are placed in strategic locations to educate and remind everyone of eco-friendly practices

SUSTAINABILITY STATEMENT



CASE STUDY

FIRST SCHOOL TO RUN AN INDOOR VERTICAL FARM

When Sri KDU Secondary School pioneered a microgreens project, little did they realise that they would become the first school in Malaysia to run an indoor vertical farm. The brainchild of the school's teacher-advisor, this project involves growing microgreens in an indoor vertical farm which came complete with low-powered ventilation system and energy-saving LED tubes as the source of light for photosynthesis.

In line with the year's theme of plastic usage and management, the students were also involved in the Green Wall project where 900 plastic bottles were used for planting.

From 2 to 4 August 2019, the school was invited for the first time ever by WWF Malaysia to showcase the school's initiatives in sustainability. The school took the opportunity to exhibit the indoor vertical farm. Sri KDU's Green Ambassadors also adeptly delivered the school's mission and vision in sustainability via an informative presentation.



Sri KDU ambassadors explaining the microgreens project to interested participants



CASE STUDY



Jun Er (second from left) a student from R.E.A.L Schools Cheras represented the team in Rome

R.E.A.L SCHOOLS GO ZERO PLASTIC IN CANTEENS

In response to R.E.A.L School's global leadership programme which encourages students to select a UN Sustainable Development Goal (SDG) to champion, five Year 10 students from the Cheras campus chose to work on SDG #14 ('Life Under Water'). This was selected because a lot of disposable plastic like straws go into the oceans and destroys marine life.

They organised various activities which culminated in a 'Plastic Free Canteen Day' in May 2019. This brought down the number of straws used in school from 1,000 a day **to zero**. Today, the school canteen has eliminated all use of plastic straws, cutlery and containers. The success of this programme has also spilled over to other R.E.A.L campuses in Shah Alam and Johor Bahru.

To add icing to the cake, this project was amongst the top 10 projects from Malaysia (and the only one from Selangor) selected from a total of 93 projects submitted to the 'I CAN School Challenge' organised by Design for Change Malaysia.

All entries were judged by a panel of experts from corporations, global non-profits, UNICEF and the Ministry of Education Malaysia. On 26 November 2019, our students shared their solutions with 2,500 children and 800 educators at the I CAN Children's Summit 2019 held in Rome, Italy.

SUSTAINABILITY STATEMENT

SOCIAL

At Paramount, we place our customers and their interests at the forefront.

At the same time, we care for the safety and health of our employees while contributing to the well-being of the community around us.

2019 Highlights

Quality Assessment System in Construction (QLASSIC)

Target: **76%**
Achievement: **77%**

Customer Satisfaction Index (CSI)

Target: **80%**
Achievement: **88%**

CUSTOMER: PROPERTY DIVISION

As the people's developer, we believe that achievement and progress should not be measured by profits alone, but also in the value we create through our products and services. In line with this, we also focus on creating positive experiences for our customers.

Our culture is centred on 'Doing Things Right the First Time and Every Time.' This allows for strong quality control and assurance measures at the start of all processes, which lead to overall improved efficiency and productivity across our projects.

Quality process

Stringent Quality Control Processes

Paramount Property's commitment to quality control is clearly reflected in our comprehensive quality assurance processes, where key measures are emphasised and strictly adhered to across the quality chain to eliminate or avoid errors.

This approach ensures that only the best results are passed across to the next stage of the chain, which ultimately contributes to the delivery or output of high-quality products.

Paramount Property has been certified by SIRIM QAS and IQNET for conformance to standards and requirements set under ISO9001:2015. It also complies with the Construction Industry Standard (CIS7:2014) by the Construction Industry Development Board (CIDB).

Our process is designed as a continuous improvement loop with lessons and insights learnt, applied across the quality chain. This yields further progressive betterment of our overall quality approach. The system is robust as it integrates all components that are intrinsic to ensuring excellent quality: design, materials and most importantly, building with people in mind.

Workmanship, durability & finishes

Product Quality through Design & Continuous Improvement

The Product Development & Innovation (PDI) Department comprises architects and engineers who facilitate the introduction of new innovations and improvements into our design and build process. This ensures a continuous improvement in our quality in order to meet the increasing demands of our customers.

Rectification of Defects

We are proud to have a low defect rate in our products as validated by our QLASSIC scores. Even so, defects are taken seriously with quick and full rectification undertaken for customers. Our project financials have allocated a set amount for contingency for any defect rectification works.

PARAMOUNT PROPERTY

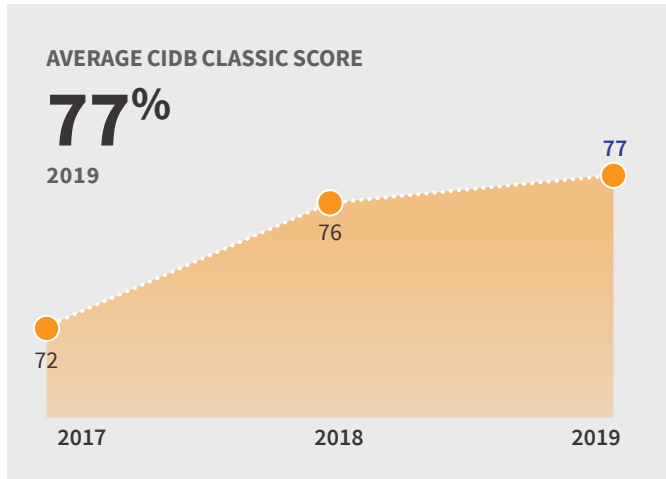


Paramount Property Construction ISO 9001 : 2015 Certificate



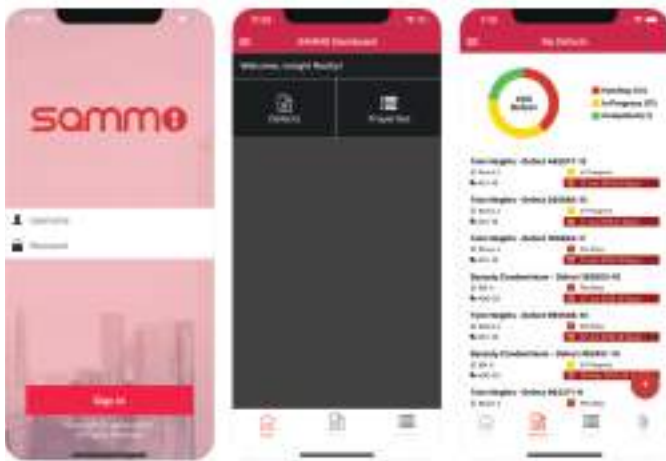
CIS 7: 2014 Quality Assessment System For Building Construction Work (QLASSIC) Phase 3B Sejati : 84%

SUSTAINABILITY STATEMENT



Tracking defects on SAMMO

In line with our mission to 'be bold in technological innovations', we have leveraged on technology to improve our services. We have implemented the defect-tracking mobile app, SAMMO, for our projects since February 2019. This app allows our purchasers to submit and update the status of their defect claims through the convenience of their smartphones.



Customer service after handover

Even after construction and handover, we continue to play an active role in the communities we have built together. The role that our Customer Care and Township Management departments play is crucial to ensuring the quality, liveability, value appreciation and overall wellbeing of our projects and communities.

Customer Satisfaction

We are humbled that almost one in four Paramount Property buyers is a repeat purchaser. This is testament to the strong sense of trust that customers have towards our products. Having had a positive experience with our brand, they have chosen to continually make us their preferred choice.



Results from Paramount Property's Customer Satisfaction Index (CSI), an internal benchmark, reveal that we continue to retain the confidence of our customers who remain pleased with the design, build and finish of our homes as well as other customer-related services. We are pleased to report that we have consistently exceeded our CSI target of 80% over the last three years.

CUSTOMER: EDUCATION DIVISION



CASE STUDY



TRULY THE PEOPLE'S DEVELOPER

Dr Harcharan Singh

Paediatrician

"I came to Sungai Petani in 1990 to start my practice. When Paramount started building Tycoon Square, I bought a shop lot in Taman Patani Jaya which was completed in 1995. I have been operating my clinic here ever since. Impressed by the developer's track record, I have also acquired Paramount properties in the Klang Valley.

Paramount's tagline as the people's developer describes the company perfectly. I am satisfied with their quality, timely delivery schedules, and exceptional after-sales services."

SUSTAINABILITY STATEMENT

We are committed to providing quality education that enables our students to engage with sustainability challenges and make a difference in their community at local, national and global levels.

Our schools are centres of development where students learn through exploration and discovery. At both Sri KDU Schools and R.E.A.L Education Group, our philosophy is centred around empowering students so they can grow beyond the classroom and be prepared to face the challenges in today's increasingly globalised world.

With around 21,000 students, one of our biggest impact on sustainability is ensuring that our students develop the attributes and competencies necessary for applying sustainability principles in their personal and professional lives.

R.I.P.P.L.E.S.

Sri KDU Primary School's homegrown leadership and character-building programme is aimed at cultivating leadership values amongst students and teachers. Through this programme, we aim to create a culture of care within the school community.

The seven core R.I.P.P.L.E.S. values are:

Responsibility	▶	Be a victor, not a victim
Inspiration	▶	Be visionary and purposeful
Plan	▶	Understand the importance of planning
Practice	▶	Take small actions consistently
Leverage	▶	Support teamwork and win-win choices
Endurance	▶	Demonstrate bravery and grit
Success	▶	Exhibit gratitude and celebrate wins

SUSTAINABILITY STATEMENT



CASE STUDY

SHAPING CHARACTER AND BUILDING CAREERS

Ho Eu Sheng

Alumni of Sekolah Sri KDU (Primary) & Sri KDU International School (SKIS) (Secondary)
Student of St Hugh's College, University of Oxford

“After graduating from SKIS post IGCSE, I started at Harrow School in England, where I completed my A Levels. I have gone on to pursue a degree in Engineering Science at St Hugh's College, Oxford.

The education I received in Sri KDU and SKIS has helped build the foundation in the aspects of academia and social skills, which continue to serve me well. These are the experiences that define one's schooling life and makes a difference.”



Helping Out People Everywhere (H.O.P.E.)

Sri KDU Primary School has been promoting practices of community service and giving back to society since 2009. The school's H.O.P.E. project has raised funds, in cash and in kind, which have been used to aid many individuals, families, orphanages and homes.

Both H.O.P.E. and R.I.P.P.L.E.S. are great avenues for students and teachers to be agents of change for the community.

Highlights:

As a testament to our commitment to provide quality education, we achieved the following accolades in 2019:

- Sri KDU Primary and Secondary School was awarded the Quality Standards Award with a 5-star rating by the Ministry of Education, Malaysia
- Maintained membership in the Federation of British International Schools in Asia (**FOBISIA**)
- R.E.A.L. Kids was voted by Parenthood Magazine as the kindergarten with the 'Best Preschool Programme' and the 'Best Trilingual Curriculum' at the Parents' Choice Awards 2019
- R.E.A.L International School Cheras Campus was awarded a 5-star SKIPS rating by MOE
- Both R.E.A.L International Schools Johor Bharu and Shah Alam were accorded four-star SKIPS ratings by the MOE

EMPLOYEES

Paramount's corporate mission shows that employees are at the very heart of the Company. We place great importance on key aspects such as the safety and health of our people, talent development and enabling our employees to maximise their potential.

At Paramount, we believe in motivating and engaging our people to achieve our goals, and realise our corporate vision and mission. Over the years, we have put in place policies, plans and rewards to attract, develop and retain our talents.



Dato' Teo Chiang Quan with 15 years long service award recipients

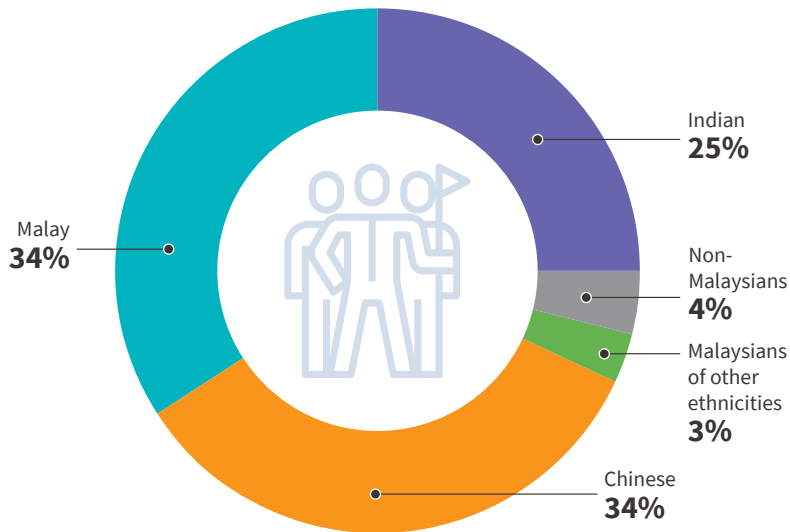
SUSTAINABILITY STATEMENT

Composition and Diversity

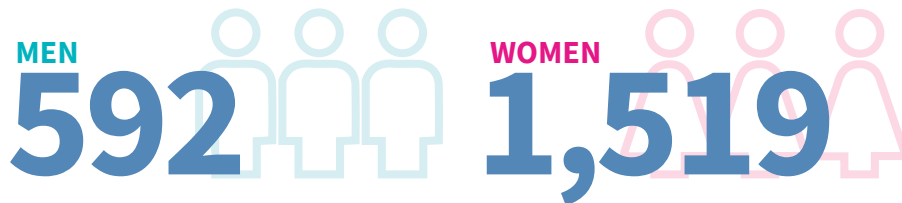
As at the end of 2019, the Company had a total of 2,111 employees across all locations in Malaysia. Having employees with diverse experiences, skills and knowledge across operations enhance the Group's competitiveness as the Company effectively has a 'bigger' pool of skill sets to draw upon for creative solutions.

An analysis of the composition of the workforce is shown below according to retention rate:

Total Workforce by Ethnicity



Men and Women in the Workforce



Employee Retention Rate

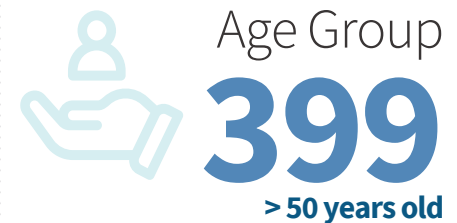


Our Workforce



* Excludes Cambridge English For Life in computing number of employees to ensure data consistency across the statement.

Age Group



Employee Breakdown by Role

Position	2017			2018			2019		
	M	F	Total	M	F	Total	M	F	Total
Senior Managers and Managers	73	114	187	88	129	217	96	152	248
Executives	145	230	375	165	234	399	178	263	441
Non-Executives	136	190	326	129	146	275	129	149	278
Academic	169	857	1,026	174	925	1,099	189	955	1,144

SUSTAINABILITY STATEMENT

Insights on employee composition and diversity

From the data shown above, the Company would like to highlight the following key points:

AGE GROUP

While 54% of the Company's employees are aged 30-50 years, there is a significant proportion of Gen Y employees (below 30 years of age) making up 27% of the workforce.

GENDER

Paramount provides employees with equal opportunities, rewards and resources regardless of gender.

ETHNICITY

The main ethnic groups of the Malaysian population are well-represented. As the property development and education sectors involve a wide and diverse range of stakeholders, it is essential for our workforce to be able to understand and address the needs of the stakeholders. A diverse workforce is a key competitive advantage in this regard.

**HIGHLIGHT**

Paramount Property Utara (PPU) - Best Employer by KWSP Kedah/Perlis: KWSP Kedah/Perlis has awarded PPU as the Best Employer of 2019 in terms of on-time e-payment and compliance with all legal aspects.

TALENT DEVELOPMENT, RETENTION AND SUCCESSION PLANNING

Our people are vital to our continued success in today's competitive market. We motivate our employees to reach their full potential by focusing on three areas: talent development, retention and succession planning.

The Group believes that attracting good talent alone is not enough. We need to empower and enable them to reach their full potential.

In today's world, financial remuneration is not the only factor for employees in choosing a job or staying on a job. Other considerations include work culture, company values, and professional development. We have, therefore, carefully, crafted plans to develop and retain our employees.



Average training
hours/ staff: **18.91**

In building the talent pool, the following training programmes were conducted at Paramount in 2019:

Programme	Targeted Employee Level	Training Provided In 2019	No. of Participants
Sustainable Talent Acceleration & Retention Strategy (STARS)	Senior Management	<ul style="list-style-type: none"> Leadership Coaching Spokesperson's Media Training 	6 9
Leading with Energy & Passion (LEAP)	Middle Management	<ul style="list-style-type: none"> Managing Change in a Dynamic World Business Acumen Strategic and Analytical Thinking Negotiation Skills Presentation Skills Corporate Grooming 	19
Post-Leading with Energy & Passion (LEAP)	Middle Management	<ul style="list-style-type: none"> Successful Stakeholder Engagement & Management 	39
Emerging Leaders in Transition (ELITE)	Executive-level employees	<ul style="list-style-type: none"> Critical Thinking in Action Passionate Presentations 	25

SUSTAINABILITY STATEMENT

Rewarding talent

Employees enjoy a range of benefits over and above what is legally prescribed. Compensation and benefits packages are designed to cater to employees of different age groups and range from gym subsidies to healthcare benefits for the family, to childcare subsidies and subsidies for the care of elderly parents. Employees are rewarded for performance based on Key Performance Indicators which are set in a participatory manner.

High performing staff and senior management are entitled to participate in the Group's Long Term Incentive Plan (LTIP) which rewards eligible talents with share options, allowing them to enjoy the Group's growth by owning a part of the company. The LTIP involves the allotment of new ordinary shares in the Group to eligible employees and executive directors of the Group, provided the total number of shares allocated do not exceed 10% of the total number of issued shares in the company.

Paramount has many long-serving employees as a result of our employee-centric policies and career opportunities available. In 2019, we showed our appreciation to 130 employees who have served from five to 30 years.

Award	Total Awards Presented
5 years	73
10 years	20
15 years	31
20 years	0
25 years	3
30 years	3
	130

Employee well-being

We believe in a proactive approach to health and wellness for our employees, including taking active preventive measures. Activities to encourage our employees to be healthy include the most active employee competition (which required employees to keep tabs on the number of steps they take daily). We also increased employee awareness on other aspects of health including, among others, a talk on eye care as many of our employees work on the computer daily. To encourage work-life balance, we introduced flexible working hours for Paramount Property employees, allowing them to fit in family commitments and even avoid the rush hour traffic, so long as work quality is not affected and core working hours are maintained.



CASE STUDY

GROWING WITH PARAMOUNT

Che Asiah Binti Osman @Othman
Assistant Manager
Human Resource & Administration
Paramount Property (Utara)

“My husband was transferred to Kedah, and I joined him once I found a job here. I started working in Paramount as secretary to Dato’ Ricque Liew in 1995.

Working here, I have had opportunities to learn about other areas which led me to my current role. It is challenging but I am enjoying myself. I believe the leadership has vision and everyone who wants to take the opportunity can move forward together with the company.”



SUSTAINABILITY STATEMENT

Employee engagement

Townhall meetings

Townhall meetings are used by the management to share the latest developments in the company and provide updates on ongoing projects. During these occasions, employees can share views and seek clarifications from the management. These sessions are also opportunities for colleagues from different departments and locations to come together, fostering goodwill and unity.



Townhall meeting at Paramount Property Division (PPD)

Recreation and gatherings

Paramount has a wellness campaign called 'Happy Healthy You' that is being embraced across the Group. We organise a variety of games, social activities and even sponsor short trips to encourage employees to work and play together.



A friendly basketball match



Tug of War (Paramount Property Division Central vs Northern)



Cruise trip by Kelabku (Central Region)

SUSTAINABILITY STATEMENT

ETHICS & INTEGRITY

Paramount has long established a Code of Business Conduct and Ethics (**Code**), which outlines the professional standards expected of all employees, directors and representatives at all levels of the organisation. The Code also specifies obligations to stakeholders and upholds exemplary standards of professionalism and corporate conduct.

All employees are also required to sign a Non-Disclosure Letter of Agreement to confirm that no conflict of interest was present between the employee and company during their employment. Cases of breach or alleged breach of our Code will be investigated by internal audit teams and reported to the Audit Committee.

Our Whistleblowing Policy is also posted on our website. Concerned stakeholders may use the given contact information to anonymously voice their concerns on suspected behaviours of any employee in violation of our Code.

In FY2019, no reports were received.

OCCUPATIONAL SAFETY & HEALTH

At Paramount, we recognise the importance of mitigating occupational accidents and illnesses. Our Safety and Health (**S&H**) policy and procedures outline the Group's commitment as follow towards ensuring that the safety, health and welfare of our employees and contractors are well taken care of.

- Minimising and managing Occupational Safety and Health risks using the control hierarchy
- Protecting the safety and health of our stakeholders and other interested parties by providing safe and healthy work conditions (such as skills training and establishment of committees) for the prevention of work-related injury and ill-health
- Seeking consultation and participation of workers (such as forming a Safety and Health Committee)
- Satisfying and fulfilling applicable compliance obligations (legal and other requirements) and complying with the requirements of our Integrated Management System

Aligned with the above commitments, we have implemented key programmes and interventions to enhance the safety, health and welfare of our employees and contractors. We were in full compliance with laws and regulations as well as procedures in 2019.

Safety and health standards

Our property division complies with international and national standards, which provide the framework that governs our management approach for Occupational Safety and Health (**OSH**).



Our property development division has been certified with OHSAS 18001:2007, MS 1722:2011 and ISO 45001:2018. We are also currently transitioning to ISO 45001:2018 Occupational Safety and Health Management System for our construction companies.



Paramount Property has adopted the Safety and Health Assessment System in Construction (SHASSIC) for assessing and evaluating site safety and health management.

SUSTAINABILITY STATEMENT

Safety and health committee

In accordance with our policy, we have established the Safety and Health Committee in our property division. The committee is tasked with managing and monitoring the continuous improvement of S&H initiatives, fulfilling legal and other requirements, and reaching OSH objectives.

S&H awareness and training

We carry out various internal and external S&H programmes to inculcate a culture of safety in the workplace and to create a sense of responsibility amongst employees. We have also created posters containing relevant safety and health information that are displayed prominently at work sites.

All contractors and visitors are required to comply with S&H standard operating procedures, guidelines and work instructions. S&H inductions for new workers and weekly toolbox meetings are conducted at job sites to remind all workers on safety topics related to the specific jobs, such as potential workplace hazards, risks and safe work practices.

Below is a list of S&H training programmes conducted during the year under review:

- Fire drill and fire extinguisher training
- Chemical spillage
- World OSH Day
- Working at height (safety and harness, working at height)
- Rigging & Slings training
- Forklift training
- Personal Protective Equipment training
- Signaller and lifting training

S&H performance

At Paramount, we consistently monitor S&H indicators, because they indicate whether our S&H initiatives are effective in preventing incidents and occupational diseases.

We benchmark our safety management and practices against Safety and Health Assessment in Construction (SHASSIC) CIS 10: 2018.

The following is the list of project sites which were assessed in 2019 by CIDB:

SHASSIC Assessment		
PROJECT SITES	SCORE	STAR RANKING
Utropolis Phase 3	91%	★★★★★
Sri KDU, Klang	84%	★★★★
Bukit Banyan, Phase 4, 100 Units DS Terrace	81%	★★★★
Utropolis Phase 3 (Hotel)	70%	★★★★
Keranji Phase 6A	70%	★★★★
Bukit Banyan, Phase 4, 38 units DS Semi-D	63%	★★★

S&H Indicators

We conduct a regular review of our S&H policies and procedures to identify areas that may need improvement. No critical S&H incidents were recorded in 2019.

SUSTAINABILITY STATEMENT

COMMUNITY

We are conscious of how our businesses are inter-connected with the communities within which we operate. While contributing to the growth of the nation, we are also committed to giving back to society through various programmes.

COMMUNITY DEVELOPMENT AND ENRICHMENT

We participate actively in the communities where we operate through charitable efforts. In 2019, the Group and its business divisions engaged in Corporate Social Responsibility activities to address the welfare of underprivileged communities.

50 Years, 5 Good Causes

Paramount together with our business associates supported five charitable organisations as part of our 50th Anniversary celebrations. This initiative raised a total of RM640,500 for the following charities:

1. National Cancer Society Malaysia
2. Hospis Malaysia
3. Dignity for Children Foundation
4. T. Mori Education Trust
5. WWF Malaysia



T. MORI EDUCATION TRUST



SUSTAINABILITY STATEMENT

SENTUL FESTIVAL

Paramount was the main sponsor of the Sentul Festival, organised in conjunction with Dignity for Children Foundation's 20th Anniversary.



KIWANIS DOWN SYNDROME

As a regular supporter of the Kiwanis Down Syndrome Foundation, Paramount Property donated RM20,000 towards the Kiwanis Treasure Hunt.

WORLD KIDNEY DAY COLOUR FUN RUN 2019

Paramount Property Utara worked with Hospital Sultan Abdul Halim to create awareness on the importance of kidney care by organising the World Kidney Day Colour Fun Run which kicked off at Bukit Banyan.



SAYANGI RUMAHKU CAMPAIGN 2019

Paramount Property's Sayangi Rumahku campaign is a joint effort with EdgeProp and Nippon Paint Malaysia to improve the lives of the B40 group living at the People's Housing Projects (PPR). Our beneficiaries are the residents of PPR Lembah Subang 1 in Petaling Jaya, PPR Seri Cempaka in Pantai Dalam and PPR Sri Kedah in Gombak.

SUSTAINABILITY STATEMENT

'MAKE A WISH' CAMPAIGN

During Utopolis Marketplace's 'Make A Wish' campaign, Paramount Property raised RM70,000 to fulfil Gerald Lee's wish for a prosthetic leg.



SRI KDU H.O.P.E. FAMILY FUN RUN

Sri KDU organised its inaugural H.O.P.E. Family Fun Run which saw the school community coming together to collectively raise RM42,000 for Pusat Jagaan Titian OKU Nur, a home for the disabled.

SRI KDU HANDS FOR EDUCATION

Students from Sri KDU Secondary School participated in a weekend tutoring project for underprivileged students living at the PPR flats in Kota Damansara. This initiative has earned them The Tuanku Bainun 'Young Changemakers' Award.



EDUCATIONAL SCHOLARSHIP PROGRAMME

In 2019, Paramount disbursed scholarships to 23 high-achieving students to study at Sri KDU and R.E.A.L Schools. This also opened up opportunities for students, whose family income is below RM100,000, to enjoy private education.

Total scholarships given: RM 390,352