

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 0123  
**COMPANY NAME** : PRIVASIA TECHNOLOGY 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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Group is governed by the Board who is accountable to stakeholders for the strategic direction and the pursuit of value creation for shareholders. The Board is primarily responsible for ensuring that the principles of good corporate governance are practiced, and appropriate corporate governance structure is in place. An effective Board leads and controls the Company. The composition of the Board during the year under review is as follows:</p> <ul style="list-style-type: none"> <li>• Dato' Mohamed Sharil Bin Mohamed Tarmizi (Chairman/Independent Non-Executive Director)(re-designated as Chairman of the Board on 27 May 2020)</li> <li>• Puvanesan a/l Subenthiran (Managing Director/Chief Executive Officer)</li> <li>• Andre Anthony a/l Hubert Rene (Executive Director/Deputy Chief Executive Officer)</li> <li>• Haida Shenny Binti Hazri (Independent Non-Executive Director)</li> <li>• Haslinda Bt Hussein (Independent Non-Executive Director)</li> <li>• Ronnie Kok Lai Huat (Chairman/Independent Non-Executive Director)(resigned on 27 February 2020)</li> </ul> <p>The Board assumes, amongst others, the following duties and responsibilities: -</p> <ol style="list-style-type: none"> <li>I. reviewing and adopting the overall strategic plans and programmes for the Company and Group;</li> <li>II. overseeing and evaluating the conduct of business of the Company and Group;</li> <li>III. identifying principal risks and ensuring implementation of a proper risk management system to manage such risks;</li> <li>IV. establishing a succession plan;</li> <li>V. developing and implementing a shareholder communication policy for the Company;</li> <li>VI. reviewing the adequacy and the integrity of the management information and internal controls systems of the Company and Group;</li> <li>VII. declaration of dividends;</li> <li>VIII. approval of financial results; and</li> </ol>

- IX. the Board delegates certain responsibilities to the various Board Committees with clearly defined terms of reference to assist the Board in discharging its responsibilities.

The Board reserves certain power for itself and delegates other matters to the Chief Executive officers ("CEO") and senior management. The following are matters which are specifically reserved for the Board: -

- I. approval of corporate plans and programmes;
- II. approval of annual budgets, including major capital commitments;
- III. approval of new ventures;
- IV. approval of material acquisition and disposals of undertakings and properties;
- V. change to the management and control structure within the Company and its subsidiaries ("the Group"), including key policies, delegated authority limits; and
- VI. review and update the Whistleblowing Policy.

The Board has delegated certain responsibilities to Board Committees with clearly defined terms of reference to assist in discharging its duties. The current Board Committees include the Audit and Risk Management Committee, the Nomination and Remuneration Committee and the Investment Committee. The Chairman of the respective Board Committees will report and table to the Board their respective recommendations for consideration and adoption.

The composition of each Board Committee during the year under review is as follows:

#### **Audit and Risk Management Committee**

##### **Members**

Dato' Mohamed Sharil Bin Mohamed Tarmizi (Independent Non-Executive Director) (appointed as Chairman on 2 March 2020 and re-designated as member on 27 May 2020 after he was appointed as Chairman of the Board)

Haida Shenny Binti Hazri (Independent Non-Executive Director) (re-designated as member on 2 March 2020)

Haslinda Bt Hussein (Independent Non-Executive Director)

Ronnie Kok Lai Huat (Independent Non-Executive Director) (resigned on 27 February 2020)

#### **Nomination and Remuneration Committee**

##### **Members**

Haida Shenny Binti Hazri (Independent Non-Executive Director) – Chairman (re-designated as Chairman on 2 March 2020)

Dato' Mohamed Sharil Bin Mohamed Tarmizi (Independent Non-Executive Director)

Ronnie Kok Lai Huat (Independent Non-Executive Director) (resigned on 27 February 2020)

#### **Investment Committee**

##### **Members**

Haslinda Bt Hussein (Independent Non-Executive Director) – Chairman (re-designated as Chairman on 2 March 2020)

Dato' Mohamed Sharil Bin Mohamed Tarmizi (Independent Non-Executive Director) (re-designated as member on 2 March 2020)

Haida Shenny Binti Hazri (Independent Non-Executive Director)  
Puvanesan a/l Subenthiran (Chief Executive Officer/Managing Director)

Andre Anthony a/l Hubert Rene (Executive Director/Deputy Chief Executive Officer) – Alternate to Puvanesan a/l Subenthiran

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

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is responsible for leadership of the Board in ensuring the effectiveness of all aspects of the Board's role and responsibilities. On 27 May 2020, Dato' Mohamed Sharil Bin Mohamed Tarmizi whom is an Independent Non-Executive Director, has been re-designated as Chairman of the Board.</p> <p>The Chairman is responsible for:</p> <ol style="list-style-type: none"> <li>I. leading the Board in setting the values and standards of the Company;</li> <li>II. maintaining a relationship of trust with and between the Executive and Non-Executive Directors;</li> <li>III. ensuring the provision of accurate, timely and clear information to members of the Board;</li> <li>IV. ensuring effective communication with shareholders and relevant stakeholders;</li> <li>V. arranging regular evaluation of the performance of the Board, its Committees and individual Directors;</li> <li>VI. facilitating the effective contributions of Non-Executive Directors and ensuring constructive relations be maintained between Executive and Non-Executive Directors;</li> <li>VII. facilitating the ongoing development of all Directors.</li> </ol>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman and CEO are held by two separate distinct individuals. The current CEO who also acts as the Managing Director is Puvanesan a/I Subenthiran.</p> <p>The separation of the Chairman and the CEO with clear and distinct division of responsibilities ensures a proper balance of power and authority, as well as to enhance governance and transparency. The Chairman leads the Board in setting values and standards of the Group and is responsible for the effective conduct of the Board, whilst the CEO has overall responsibility on the business and day-to-day management of the Group.</p> <p>The CEO's roles amongst others includes the following:</p> <ol style="list-style-type: none"> <li>I. being the conduit between the Board and the Management in ensuring the success of the Groups' governance and management functions;</li> <li>II. accountable for overseeing the day-to-day operations to ensure the smooth and effective running of the Group;</li> <li>III. responsible for the development and implementation of the strategies for the Group; and</li> <li>IV. implementing the policies, strategies and decisions adopted by the Board.</li> </ol>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role of the Company Secretaries is currently held by Ms. Wong Chow Lan and Ms. Foo Li Ling, who are both registered with the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and apprised by the Company Secretaries. The Company Secretaries give clear and sound advice on the measures to be taken and requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretaries brief the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia Securities Berhad ("Bursa Securities"). The Company Secretaries also serve notice to the Directors and Principal Officers to notify them of closed periods in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Bursa Securities ACE Market Listing Requirements.</p> <p>The Company Secretaries attend and ensure that all Board meetings are properly convened, and those accurate and proper records of the proceeding and resolutions passed are taken and maintained in the statutory register at the registered office of the Company. The Company Secretaries also facilitate timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committee, and between the Non-Executive Directors and Management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that the decision-making process is highly dependent on the quality of information furnished. As such, in discharging their duties, the Directors need to have full and timely access to all information concerning the Company and the Group. All Board meetings held were preceded by a notice issued by the Company Secretaries. Prior to each Board meeting, the agenda together with relevant reports and Board papers would be circulated to all Directors in sufficient time (at least five business days) to enable effective discussions and decision-making during Board meetings. In addition, the Board is also notified of any corporate announcements released to Bursa Securities.</p> <p>All minutes of meetings are confirmed by the Board and respective committee members to ensure the deliberations and decisions of the Board are accurately reflected, including whether any director abstained from voting or deliberating on a particular matter. The Chairman of the Board and the Chairman of the respective committees sign off the confirmed minutes for record keeping and safeguarding purposes.</p> <p>The Directors have full access to the advice and services of the Company Secretaries, the senior management staff, the external auditors and other independent professionals at all times in discharging their duties and responsibilities.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has formalised a Board Charter to ensure that the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company. The Board Charter serves not only as a reminder of the Board's roles and responsibilities but also acts as a general statement of intent and expectation as to how the Board discharges its duties and responsibilities. The Board Charter is available in the Company's website at <a href="http://www.privasia.com">www.privasia.com</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board recognises its role in establishing ethical values that support a culture of integrity, fairness, forthrightness, trust and pursuit of excellence. This is formalised via Code of Ethics and Conduct that is periodically reviewed and adhered by all Directors and employees of the Group. The core areas of conducts under the Code of Ethics and Conduct include the followings: -</p> <ul style="list-style-type: none"> <li>I. conflict of interest;</li> <li>II. confidential information;</li> <li>III. inside information and securities trading;</li> <li>IV. protection of assets;</li> <li>V. business records and control;</li> <li>VI. compliance to the law;</li> <li>VII. personal gifting and contribution;</li> <li>VIII. health and safety;</li> <li>IX. sexual harassment;</li> <li>X. outside interest;</li> <li>XI. fair and courteous behaviour; and</li> <li>XII. misconducts.</li> </ul>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	To encourage the reporting of genuine concerns about malpractice, illegal acts or failures to comply with recognised standards of work without fear of reprisal or victimisation, the Board has in place a Whistleblowing Policy which sets out avenues where legitimate concerns can be objectively addressed. The Whistleblowing Policy is available in the Company's website at <a href="http://www.privasia.com">www.privasia.com</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	On 27 February 2020, Ronnie Kok Lai Huat, Chairman/Independent Non-Executive Director has resigned from the Board of Directors of the Company. The current Board composition after his resignation comprises five (5) members; of whom two (2) are Executive Directors and three (3) are Independent Non-Executive Directors. The current size, composition and effective mix of Executive Directors and Independent Non-Executive Directors in the Board supports adequate objective and independent deliberation, review and decision making. In addition, the current Board composition of which majority are Independent Non- Executive Directors allows for more effective oversight of management and ensures that no individual or group of individuals dominates the Board's decision-making process.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## 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.

<b>Application</b> :	Applied																																			
<b>Explanation on application of the practice</b> :	<p>In maintaining a competitive advantage, the Board recognises the importance of having a range of different skills, background and experience among its Directors and Senior Management. The Directors are from diverse professional and business backgrounds with a wide range of academic and professional qualifications, business and financial experience relevant to lead the Group's business activities and as such, are able to effectively discharge their duties and responsibilities on the matters or issues of strategic planning, performance evaluation, resource allocation, setting of standards of conduct, identifying principal risks, reviewing internal control systems etc.</p> <p>Appointment of new Board members, resignation of existing members, as well as the re-election of the Directors are approved by the Board upon the recommendation of the Nomination and Remuneration Committee. Appointment of Board members are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.</p> <p>All Directors are required to submit themselves for re-election by rotation at least once in every three (3) years at each Annual General meeting (AGM). Newly appointed Directors shall hold office until the AGM following their appointment and shall then be eligible for re-election by shareholders.</p> <p>The Company's Constitution also requires that at least one-third (1/3) of the Directors including Executive Directors, to retire from office by rotation and be eligible for re-election at every AGM. All Directors shall submit themselves for re-election at least once every three (3) years from their date of appointment in compliance with the Listing Requirements of the Bursa Securities.</p> <p>The changes made to the Board composition during the financial year under review were as follows:</p> <ul style="list-style-type: none"><li>Ronnie Kok Lai Huat resigned on 27 February 2020</li></ul> <p>Diversity composition of the Board Members during the financial year under review are as follows:</p> <table border="1"><thead><tr><th></th><th>Diversity</th><th>Number</th><th>%</th></tr></thead><tbody><tr><td rowspan="2"><b>Directorship</b></td><td>Independent Non-Executive</td><td>4</td><td>67%</td></tr><tr><td>Executive</td><td>2</td><td>33%</td></tr><tr><td rowspan="2"><b>Gender</b></td><td>Male</td><td>4</td><td>67%</td></tr><tr><td>Female</td><td>2</td><td>33%</td></tr><tr><td rowspan="2"><b>Age Group</b></td><td>40-51 years</td><td>5</td><td>83%</td></tr><tr><td>60 years and above</td><td>1</td><td>17%</td></tr><tr><td rowspan="3"><b>Ethnicity</b></td><td>Bumiputera</td><td>3</td><td>50%</td></tr><tr><td>Chinese</td><td>1</td><td>17%</td></tr><tr><td>Indian</td><td>2</td><td>33%</td></tr></tbody></table>		Diversity	Number	%	<b>Directorship</b>	Independent Non-Executive	4	67%	Executive	2	33%	<b>Gender</b>	Male	4	67%	Female	2	33%	<b>Age Group</b>	40-51 years	5	83%	60 years and above	1	17%	<b>Ethnicity</b>	Bumiputera	3	50%	Chinese	1	17%	Indian	2	33%
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<b>Explanation :</b> <b>for</b> <b>departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure :</b>		
<b>Timeframe :</b>		



### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group is an equal opportunity employer and provides equal opportunities for all employees with no discrimination of age, race, religion, disabilities or gender.  The Board acknowledges that gender diversity will encourage more constructive debates, leading to better decisions made. Several key positions in the Group are held by women and there are two (2) female directors in the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board uses a variety of approaches and sources to ensure that it is able to identify the most suitable candidates. In identifying suitable candidates, the Nomination and Remuneration Committee may use open advertising or the services of external advisers to facilitate the search.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee comprises exclusively of Independent Non-Executive Directors.</p> <p>The Terms of Reference of the Nomination and Remuneration Committee in relation to its authority and duties which is available in the Company's website at <a href="http://www.privasia.com">www.privasia.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Formal objective assessment to determine the effectiveness of the Board, Board Committees and Individual Directors are carried out annually. The Nomination and Remuneration Committee upon conducting its annual assessment on the Board, Board Committees and individual Director for the financial year ended 31 December 2019, was satisfied that:</p> <ol style="list-style-type: none"> <li>I. The size and composition of the Board and Board Committees are optimum with appropriate mix of knowledge, skills, attributes and core competencies;</li> <li>II. The Board and Board Committees has been able to discharge its duties professionally and effectively in consideration of the scale and breadth of the operations;</li> <li>III. All the Directors continue to uphold the highest governance standards in their conduct and that of the Board;</li> <li>IV. All the Members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective academic and professional qualifications, and depth of knowledge, skills and experience and their personal qualities;</li> <li>V. The Independent Directors comply with the definition of Independent Directors as stated in the ACE Market Listing Requirements of Bursa Securities, where none of the tenure of an Independent Director exceeds a cumulative of nine years, and therefore would be able to function as a check and balance and bring an element of objective to the Board; and</li> <li>VI. The Directors comply with the requirement prescribed under Rule 15.06 of ACE Market Listing Requirement as they hold either one or only a few directorships in public listed companies as described below: <ul style="list-style-type: none"> <li>o Holding only one directorship: 3 directors</li> <li>o Holding two directorships: 2 director</li> <li>o Holding three directorships: 1 director</li> <li>o Holding five directorships: None</li> </ul> </li> </ol>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Group successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.</p> <p>The Nomination and Remuneration Committee is responsible to determine and agree with the Board the framework or broad policy for the remuneration. In determining such policy, the objective is to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. The current remuneration policies include the following key features:</p> <ol style="list-style-type: none"> <li>I. The level of remuneration for the CEO and Executive Directors is determined by the Nomination and Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysia public listed companies.</li> <li>II. No Director other than the Executive Directors shall have a service contract with the Company.</li> <li>III. No director or manager shall be involved in any decisions as to their own remuneration.</li> </ol> <p>The remuneration policies are disclosed in the Board Charter which is available in the Company's website at <a href="http://www.privasia.com">www.privasia.com</a>.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As mentioned in the application of Practice 4.7, the Nomination and Remuneration Committee comprises exclusively of Independent Non-Executive Directors.  The Terms of Reference of the Nomination and Remuneration Committee in relation to its authority and duties which is available in the Company's website at <a href="http://www.privasia.com">www.privasia.com</a> .	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of the opinion that disclosure on named basis is not required due to security and privacy reasons.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is of the opinion that disclosure on named basis is not required due to security and privacy reasons.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	The Board is of the opinion that disclosure on named basis is not required due to security and privacy reasons.

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There was a restructuring in the Audit and Risk Management Committee during the financial year. Dato' Mohamed Sharil Bin Mohamed Tarmizi was appointed as member of the Audit and Risk Management Committee and Ms Haida Shenny Binti Hazri was re-designated as member on 2 March 2020. The Company is seeking for a suitable candidate to fill up the vacancy as Chairman of the Audit and Risk Management Committee. The vacancy will be filled as soon as possible.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Currently there are no members of the Audit and Risk Management Committee who are former key audit partners of the Company. At this juncture, the Board has the view that the appointment of former key audit partner may exert significant influence over the audit. Should a former key audit partner be considered as a candidate for the Audit and Risk Management Committee, a cooling off period will be required before appointment.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Through the Audit and Risk Management Committee, the Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the Malaysian Financial Reporting Standards and Companies Act, 2016 in Malaysia. The interactions between the parties include the discussion of audit plan, audit findings and corrective actions, where appropriate and the conclusion of the financial statements. The Audit and Risk Management Committee meet at least two times with the external auditors without the presence of the Executive Directors and management.</p> <p>The Audit and Risk Management Committee has assessed and is satisfied with the competency and independence of the external auditors. This assessment amongst others include:</p> <ul style="list-style-type: none"><li>I. ensuring auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners;</li><li>II. the resource capacity and competency of audit members assigned by the External Auditors;</li><li>III. the level of fees including non-audit services fees paid by the Company to the External Auditors;</li><li>IV. the timeliness and completion of the audit; and</li><li>V. obtaining written assurance from the External Auditors confirming independence throughout the conduct of the audit in accordance with the terms of all relevant professional and regulatory requirements.</li></ul> <p>The Audit and Risk Management Committee had recommended the re-appointment of the external auditors to the Board and thereafter to be tabled for the shareholders' approval at the forthcoming AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The current Audit and Risk Management Committee comprise solely of Independent Non-Executive Directors.

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As per the Terms of Reference of the Audit and Risk Management Committee, the composition of the Audit and Risk Management Committee requires a majority to be Independent Directors and at least one (1) member must be a member of the Malaysian Institute of Accountants ("MIA") or possess such qualification and/or experience as approved by Bursa Securities. The Chief Executive Officer shall not be a member of the Audit and Risk Management Committee. Having an Audit and Risk Management Committee that is financially literate and independent enable continuously application of critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenge management's assertions on the Company's financials.</p> <p>The current Audit and Risk Management Committee comprise solely of Independent Non- Executive Directors of which two (2) members possess accounting and finance background, one of them is a member of the MIA. One of the Member of Audit and Risk Management Committee is also a Chairman of the Audit Committee of another public listed company.</p> <p>Additional information, including the Terms of Reference and summary of activities of the Audit and Risk Management Committee is presented in the Audit and Risk Management Committee Report on pages 41 to 44 of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board affirms its responsibility in identifying principal risks and ensuring implementation of a proper risk management system to manage such risks. The Board and the Audit and Risk Management Committee has put in place an Enterprise Risk Management ("ERM") Framework and internal control systems to effectively discharge its responsibility in managing risks and counter threats arising from these risks.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The ERM Manual is implemented with an aim to provide practical guidance for developing, implementing and enhancing the ERM framework. The ERM Manual is structured into sections to:</p> <ol style="list-style-type: none"> <li>I. Provide a reference for the Board and Management on the concept, definition and processes of risk management of the Group;</li> <li>II. Provide a guide for developing and implementing the ERM Framework to support the implementation of risk management requirements and enhance the practice of ERM throughout the Group; and</li> <li>III. Provide details (including examples) of risk management processes, tools, templates and procedures that are customised for the development and implementation of the ERM Framework.</li> </ol> <p>During the year, the Group undertook an exercise to update the ERM Manual including updating and assessing the risk profiles and detailed risk registers of the Group. The updated ERM Manual was used in developing the Internal Audit Plan to channel sufficient internal audit resources to high risks areas of the Group. Internal audits were carried out during the year based on the Internal Audit Plan, with results reported to the Audit and Risk Management Committee.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	As per the application of Practice 8.4-Step Up, the current Audit and Risk Management Committee comprise solely of Independent Non-Executive Directors.

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The mission of the Internal Audit Function is to provide independent and objective assurance and consulting function that adds values and improve the operations of the Group. It will assist the Group to achieve its objectives through systematically evaluating and improving the risk management, internal controls and corporate governance within the Group.</p> <p>In discharging the Audit and Risk Management Committee's responsibilities of ensuring that the Internal Audit Function is effective and function independently, the Group's Internal Audit Function is outsourced to Wensen Consulting Asia (M) Sdn. Bhd. (the "Internal Auditors"), a professional consulting firm.</p> <p>An Internal Audit Charter that has been reviewed and approved by the Audit and Risk Management Committee is in place to define the purpose of the Internal Audit function, as well as the scope, authority and responsibilities. In the performance of responsibilities, the Internal Auditors adheres to the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors which includes the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics.</p> <p>To uphold independence, the Internal Auditors independently reports directly to the Audit and Risk Management Committee and are not authorised to:</p> <ol style="list-style-type: none"> <li>I. Perform any operational duties for the Group;</li> <li>II. Initiate or approve accounting transactions; and</li> <li>III. Direct the activities of the Group's employees, except to the extent that the employee has been appropriately assigned to assist the Internal Auditors.</li> </ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group's Internal Audit Function is outsourced to Wensen Consulting Asia (M) Sdn. Bhd. (the "Internal Auditors"), a professional consulting firm.</p> <p>An Internal Audit Charter that has been reviewed and approved by the Audit and Risk Management Committee is in place to define the purpose of the Internal Audit function, as well as the scope, authority and responsibilities. In the performance of responsibilities, the Internal Auditors adheres to the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors which includes the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company strictly adheres to the disclosure requirements of Bursa Securities and recognises the importance of timely and equal dissemination of information to shareholders and stakeholders to fulfil transparency and accountability objectives. Corporate Disclosure Policy was established to ensure that communications to the public regarding the Group are timely, factual, accurate and complete. Another key channel of communication with the shareholders, investors and the investment community at large is the Group's investor relations function. The institutional shareholders, fund managers, research analysts and substantial shareholders have a direct channel and are able to enter into a dialogue with the Company's representatives.</p> <p>The Company also maintains a website (<a href="http://www.privasia.com">www.privasia.com</a>) through which shareholders and members of the public in general can gain access to information about the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	<p>Integrated reporting enables concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term. The Board acknowledges that having such reports benefits all stakeholders interested in an organisation's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers.</p> <p>The Company is not a Large Company under the Code and is not required to adopt integrated reporting. The Board will look into implementing integrated reporting in future.</p>
<b>Explanation for departure</b>	:	Not required under the Code of the Company.
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The AGM remains the principal forum for communication and dialogue with the shareholders of the Company. Shareholders are notified of the AGM and provided with a copy of the Company's Annual Report at least twenty-eight (28) days before the date of the AGM.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The entire Board is committed to attend the AGM. During the AGM, the Board members are prepared to respond to all queries and had undertaken to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification on queries raised by shareholders. Status of all resolutions proposed at the AGM is announced to Bursa Malaysia at the end of the meeting day.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company does not have AGMs in remote locations and is normally conducted within the Group's Headquarters in Petaling Jaya, Selangor. For shareholders that are not attending the AGM, they are allowed to appoint the Chairman or any person(s) as proxies to attend and vote on their behalf.</p> <p>In consideration that the Company does not have a large number of shareholders, the Board is of the opinion that the use of an electronic voting system to tabulate votes for resolutions is not required at this juncture. The Board is of the opinion that the current practice of voting by poll, with an announcement of the detailed results showing the number of votes cast and against each resolution is sufficient to effectively and efficiently carry out the voting of resolutions. To foster better transparency, the poll is performed independently, with an Independent Scrutineer appointed to verify the polling procedures and observe that polling process is properly carried out. The Independent Scrutineer, will confirm the results of the polls before submission to the Chairman for announcement of the results.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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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