

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5649  
**COMPANY NAME** : GOLDEN PHAROS 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.

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| <b>Application</b>                                | : Applied  |
| <b>Explanation on application of the practice</b> | <p>The Board's pivotal role is to lead and establish GPB Group's vision, strategic direction, key policies and framework, including the management of the succession planning process of the Group and the appointment of key senior management.</p> <p>The Board sets the strategic direction of the Group and provides effective leadership through oversight of Management and monitoring the business performance in the Group.</p> <p>The roles and responsibilities of the Board are set out in the Board Charter which is published on the Company's website at <a href="http://www.goldenpharos.com">www.goldenpharos.com</a></p> <p>The key responsibilities of the Board include:</p> <ol style="list-style-type: none"><li>i. Reviewing and adopting a strategic plan;</li><li>ii. Overseeing the conduct of the Group's businesses;</li><li>iii. Identifying and approving policies pertaining to the management of all risk categories including but not limited to credit, financial, market, liquidity, operational, legal and reputational risks.</li><li>iv. Reviewing the adequacy and the integrity of internal controls and management information systems;</li><li>v. Reviewing the leadership and succession planning of the Group;</li><li>vi. Serving as the ultimate approving authority for all significant financial expenditure.</li><li>vii. Promoting sound corporate culture</li></ol> <p>The Board has delegated certain functions to management and the Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, Strategy and Investment Committee and Long-Term Incentive Plan Committee to assist in fulfilling its ongoing oversight and stewardship role. The Board</p> |

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|   | <p>Committees have the authority to examine specific issues within their respective terms of reference (“TOR”) approved by the Board. The Chairman of the respective Board Committees reports to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board. The Senior Management Team, is led by the Chief Executive Officer who is responsible to the Board in implementing the Group’s strategies, policies and decisions adopted by the Board, and oversees the day-to-day operations and business development of the Group.</p> <p>The Board sets the strategic aims in the annual business recovery plan of the Company. The plan sets out the five-year plan of the group and the way the business is to be pursued.</p> <ul style="list-style-type: none"> <li>i. The Board ensures that necessary resources are in place by approving the financial and manpower resources requested by management in the annual business plan.</li> <li>ii. The Board regularly reviews the performance of the Company, both operationally and financially. Each quarterly result is deliberated by the Board before approval is issued for its release to the market.</li> <li>iii. The Board sets the values and standards by reviewing and approving the Company’s core values and standards, referred to as the GOLDEN values, which stand for Gemilang, Optimis, Lestari, Dedikasi, Efektif and Nekad.</li> </ul> <p>The Board builds understanding of its obligation to the stakeholders by participating in various training programs and conferences that explain about obligation to shareholders.</p> |
| <p><b>Explanation for departure</b> :</p>   |   |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> |   |
| <p><b>Measure</b> :</p>   |   |
| <p><b>Timeframe</b> :</p>   |   |

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

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| <b>Application</b>  | : | Applied   |
| <b>Explanation on application of the practice</b>   | : | <p>The Board is led by the Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.</p> <p>The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Company, the orderly and effective conduct of the meetings of the Board and shareholders, facilitating the effective contribution of Non-Executive Directors.</p> <p>YBM Dato' Tengku Hassan bin Tengku Omar is the Chairman of the Company. The responsibilities of the Chairman include:</p> <ol style="list-style-type: none"> <li>i. Providing leadership for the Board so that the Board can perform its responsibilities effectively;</li> <li>ii. Setting the Board agenda with the Company Secretary and ensuring that Board members receive complete and accurate information in a timely manner;</li> <li>iii. Leading Board meetings and discussions;</li> <li>iv. Encouraging active participation and allowing dissenting views to be freely expressed; and</li> <li>v. Leading the Board in establishing and monitoring good corporate governance practices in the Company.</li> </ol> <p>Details of the responsibilities of the Chairman are set out in the Board Charter which is published on the Company's website at <a href="http://www.goldenpharos.com">www.goldenpharos.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**

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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The distinct and separate roles and responsibilities of the Chairman and CEO are provided in the Board Charter, which is available on the Company's website at <a href="http://www.goldenpharos.com">www.goldenpharos.com</a></p> <ul style="list-style-type: none"> <li>• The positions of Chairman and Chief Executive Officer are held by different individuals.</li> <li>• The Chairman is a Non-Independent Non-Executive Director .</li> <li>• The Chairman and the CEO are not related to each other.</li> <li>• The CEO does not sit on the Board.</li> </ul> <p>The position of Chairman is held by YBM Dato' Tengku Hassan bin Tengku Omar, a Non-Independent Non-Executive Director, and the position of CEO is held by Yang Hormat Dato' Ahmad Nadzarudin bin Abdul Razak.</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 1.4

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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <ul style="list-style-type: none"><li>• The Board is supported by Puan Suraya binti Mohd Hairon (LS 0007314) (SSM Practising Certificate No. 202008000100), who is qualified, experienced and competent on regulatory and statutory requirements.</li><li>• All Board members have direct and unimpeded access to the company secretary.</li></ul> <p>The Company Secretary ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. The deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Company.</p> <p>The Company Secretary constantly keeps herself abreast of the changing regulatory and statutory requirements by attending the relevant continuous professional development programmes, briefings and conferences.</p> <p>The roles and responsibilities of the Company Secretary are set out in the Board Charter which is published on the Company's website at <a href="http://www.goldenpharos.com">www.goldenpharos.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**

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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | <p>The agenda and the meeting papers relevant to the business of the meeting are circulated to all Directors at least five (5) working days prior to the meeting date to allow Directors to have ample time to review matters to be deliberated at the meeting and to facilitate informed decision making.</p> <p>Proceedings and decisions of the Board and Board Committees are documented in the minutes, including matters where Directors are required to abstain for voting and deliberation. Minutes of meetings are circulated in a timely manner and confirmed as a correct record by the Board and Board Committees at the next meeting.</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 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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board Charter sets out the Board of Directors strategic intent and outlines the Board's roles, powers that the Board reserves for itself and responsibilities that are delegated to the Management and the various Board Committees. The Board's functions are governed and regulated by its Charter, the Constitution of the Company and the various applicable legislation, Listing Requirements and other regulations and codes.</p> <p>There is a formal schedule of matters reserved for Board's deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, approval of audited financial statements, quarterly and annual financial statements for announcement, investment and divestment, as well as monitoring of the Group's financial and operating performance.</p> <p>The Board Charter, which is periodically reviewed by the Board to be in line with regulatory changes, was last reviewed and approved by the Board in February 2018. The updated version of the Board Charter is available on the Company's website at <a href="http://www.goldenpharos.com">www.goldenpharos.com</a>.</p> <p>In addition, there is also a Discretionary Authority Limits document, which clearly demonstrates the different authorities between the Management and the Board. This document is also periodically reviewed and was last amended in February 2020.</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> |   |  |



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| <b>Measure</b>   | : |  |  |
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### 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.

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| <b>Application</b>   | : | Applied  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board has established a Code of Conduct and Ethics ("Code") to promote good business conduct and maintain a healthy corporate culture that engenders integrity, transparency and fairness.</p> <p>The objective of the Code is to set out core areas of ethical conduct expected of all Directors based on acceptable values the Company upholds. The Code is not intended to be exhaustive, and there may be additional obligations that Directors and Employees are expected to behave or conduct when performing their duties.</p> <p>The Code covers areas including conflict of interest, guarding against bribery and corruption, gifts, donation, money laundering, confidential information, insider trading, sexual harassment and misconduct.</p> <p>For all intents and purposes, all Directors shall always uphold the spirit of accountability and social responsibility in line with all applicable laws, rules and regulations governing the Company.</p> <p>The Code of Conduct and Ethics is published on the Company's website at <a href="http://www.goldenpharos.com">www.goldenpharos.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

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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The Whistle Blowing Policy adopted by the Board seeks to foster an environment where integrity and ethical behaviour are maintained and any illegality, improper conduct and/or wrong doing in the Group may be exposed.</p> <p>It outlines when, how and to whom a concern may be properly raised about improper conduct such as fraud, corruption, bribery or any other form of unethical practices involving employees within the Group. It sets out the internal channel/procedures for the whistle-blower to raise concerns both inside and outside the Management line. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal.</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

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.

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| <b>Application</b>   | : | Departure  |
| <b>Explanation on application of the practice</b>  | : | <p>During the financial year 2019, the Board comprises 7 Directors, of whom 3 are Independent Non-Executive Directors (“INEDs”). The INEDs constitutes 42.86% of the current Board composition.</p> <p>Nevertheless, the Board is mindful of MCG Practice 4.1 requiring at least half (50%) of the Board to comprise INEDs and will identify potential candidates for the appointment of an additional Independent Director to gradually meet this requirement and will assess the composition and size of the Board on an ongoing basis to ensure the needs of the Company are met. The Company has complied with Bursa Listing Requirement which requires at least 2 or 1/3, whichever is higher, of Board members to be INEDs.</p> <p>The Board has in place the Audit, Nomination and Remuneration, Strategy and Investment and Long-Term Incentive Plan Committee entrusted to assist in fulfilling its oversight responsibilities. The chairmen of Audit and Nomination and Remuneration Committees are also INEDs who are not chairman of the Board. This governance structure provides an effective check and balance in the Board decision making process.</p> <p>The Board is of the view that the current Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board’s decisions, and act in the best interests of the shareholders.</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

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.

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| <b>Application</b>   | : | Not applicable - No independent director(s) serving beyond 9 years    |  |
| <b>Explanation on application of the practice</b>  | : | None of the 3 independent directors has served for more than 9 years. |  |
| <b>Explanation for departure</b>   | : |   |  |
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| <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>   | : |   |  |
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**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

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| <b>Application</b>                             | : | Adopted  |
| <b>Explanation on adoption of the practice</b> | : | The Company adopted policy of limiting the tenure to nine (9) years for Independent Non-Executive.<br><br>The policy is published on the Company's website at <a href="http://www.goldenpharos.com">www.goldenpharos.com</a> |

### 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.

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| <b>Application</b>  | : | Applied  |
| <b>Explanation on application of the practice</b>   | : | <p>The Board strongly advocates corporate culture that embraces diversity when determining its composition taking into accounts the skills and industry experience, knowledge, gender, age, ethnicity and other qualities of Directors, in the context of the needs and goals of the Company.</p> <p>The Nominating Committee, in making its recommendation on potential candidates for appointment of Directors, will consider (among others) the criteria for Board membership, including qualities, experience, skills, expertise, education background and qualifications, competencies, integrity, contribution, level of commitment in terms of time and other qualities that will best qualify a nominee to serve on the Board.</p> <p>As for the appointment of Senior Management, the Human Resource Department focuses on their working experience, skill set, competencies, character, integrity and commitment in the assessment of the identified candidates before recommending them to the designated Chief Executive Officer for approval. While it is important to promote diversity, the appointment to the Board and senior management are based on merits of the candidates.</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**

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.

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| <b>Application</b>   | : | Departure  |  |
| <b>Explanation on application of the practice</b>  | : | The Board recognises the Board diversity including gender diversity as an essential measure of good corporate governance and an attribute of a well-functioning board.   |  |
| <b>Explanation for departure</b>   | : | The Board is of the view that while selection of candidates for appointment to the Board will be based on a range of diversity perspective including gender, merit and contribution that the selected candidates will bring to the Board should be prioritised in deciding appointments to the Board. The Board will work towards increasing woman participation on the Board. |  |
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| <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.

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| <b>Application</b>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : | <p>The Board rely primarily on the recommendation from the controlling shareholder.</p> <p>The Nominating Committee is responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, diversity, experience and expertise of members of the Board before submitting its recommendation to the Board for decision.</p> |  |
| <b>Explanation for departure</b>   | : | <p>Nevertheless, in identifying future candidates, the Board will also endeavour to utilise independent sources including external human resources consultants and specialised databases, as appropriate.</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>   | : |   |  |

**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.

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| <b>Application</b>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | The Nominating Committee is chaired by YBhg Associate Professor Dr Mohd Zaki bin Hamzah, an Independent Non-Executive Director of the Company. |  |
| <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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>Annual evaluation of the Board as a whole, Board Committees and the individual Directors is carried out by the Nominating Committee. The evaluation carried out during the financial year under review involved an annual assessment of the effectiveness of each individual Director and the Board as a whole with the objectives of assessing whether the Board and the Directors had effectively performed their roles and fulfilled their responsibilities, and devoted sufficient time commitment to the Company's affairs, in addition to recommending areas for improvement.</p> <p>The internal Board Effectiveness Evaluation was conducted in August 2019.</p> <p>To drive continuous improvement in Board performance towards the corporate transformation, ICC Consultant Centre Sdn Bhd has been appointed by Terengganu Inc to assist and facilitate the first Terengganu Inc Group Board Annual Assessment.</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

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.

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| <b>Application</b>   | : | Applied   |
| <b>Explanation on application of the practice</b>  | : | <p>The company has Remuneration Package for the Non-Executive Directors, the directors' fees, board committee membership fees, chairman allowances and meeting allowances.</p> <p>Directors' fees and benefits payable to Directors are subject to yearly approval by shareholders at the Company's annual general meeting.</p> <p>The remuneration structure of the Non-Executive Directors is disclosed under the Corporate Governance Statement in the Company's Annual Report. The remuneration structure, approvals and governance of the Group's Senior Management is disclosed under the Corporate Governance Statement in the Annual Report.</p> <p>The company's annual report is made available on the company website at <a href="http://www.goldenpharos.com">www.goldenpharos.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

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.

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| <b>Application</b>   | : | Applied   |  |
| <b>Explanation on application of the practice</b>  | : | The Board has established a Nomination and Remuneration Committee (NRC), which comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors. The roles and responsibilities of NRC are governed by its Terms of Reference, which are available on the Company's website at <a href="http://www.goldenpharos.com">www.goldenpharos.com</a> .<br><br>The TOR of the NRC are in line with recommendations of MCCG. |  |
| <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>   | : | Applied  |  |
| <b>Explanation on application of the practice</b>  | : | Each directors' remuneration is disclosed on named basis in the Company's Annual Report. |  |
| <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 7.2**

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>   | : | As regards the remuneration of the GPB Group's senior management team, the Board is of the view that the disclosure of these details would not be in the best interests of GPB Group due to confidentiality and the competitive nature of the industries in which the GPB Group operates, as well as risk of staff poaching by our competitors. |  |
|  |   |   |  |
| <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> | : |             |



**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>  | : | The Chairman of the Audit Committee is an Independent Non-Executive Director, who is not the Chairman of the Board.<br><br>- Chairman of the Board : YBM Dato' Tengku Hassan bin Tengku Omar<br>- Chairman of Audit Committee : Encik Mohd Badaruddin bin Ismail |  |
| <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>  | : | None of the Board members or Audit Committee (AC) members was a former key audit partner of the Company's external auditors. The AC's terms of reference contain a provision which 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 AC. |  |
| <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>  | : | In addition to written assurance on the independence of the External Auditor obtained during the year, the Policy on Non-Audit Services by the Group's External Audit Firm had also been established to ensure the independence of the external auditors. |  |
| <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>                             | : | Not Adopted  |
| <b>Explanation on adoption of the practice</b> | : | The Audit Committee comprises a chairman and three members. Only one member is a non-independent director, while the rest are all independent. |

### 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>The Audit Committee (AC) members have wide range of necessary skill, knowledge and experience in discharging their duties. All the AC members are financially literate and carried out their duties in accordance with the Terms of Reference of the AC.</p> <p>The qualification and experience of the individual AC Members are disclosed in the Directors' profile in the Company's Annual Report 2019. All members of the AC have attended continuous professional development programmes to keep themselves abreast of relevant development in accounting and auditing standards. Details of their training attended during financial year 2019 are disclosed in the Corporate Governance Overview Statement of the Company's Annual Report.</p> <p>In addition, the AC members are briefed by the External Auditors on key changes in financial reporting standards and regulatory requirements from time to time during AC Meetings.</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>  | : | <p>The Board has established framework &amp; policies to ensure that risk management and internal controls across the various risk classes (credit risk, market risk &amp; operational risk) are managed within risk appetite set by the Board.</p> <p>To ensure their continuous effectiveness, the framework and policies are reviewed periodically, and when there are significant regulatory changes.</p> <p>This is supported by dedicated oversight function within the significant business units &amp; functional lines. There is a Risk Management Committee at the subsidiary level and a Risk Management Steering Committee at the company level.</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 9.2**

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>  | : | The Statement on Risk Management and Internal Control in the Company’s Annual Report 2019 provides an overview of the Group’s risk management and internal control framework as well as the adequacy and effectiveness of the framework. |  |
| <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> :                             | Not Adopted |
| <b>Explanation on adoption of the practice</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 10.1

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 Group has in place an in-house internal audit department, which provides the Board, through the Audit Committee, with independent and objective assurance on the adequacy and operating effectiveness of the Group's system of internal controls and risk management.</p> <p>The Internal Audit Department (IAD), which is independent of the activities it audits, reports directly to the Audit Committee. The IAD executes audit assignments based on audit plan approved by the Audit Committee.</p> <p>The Head of IAD presents his key audit findings quarterly at the Audit Committee meeting. A description of the work of the internal audit function can be found in the Audit Committee Report set out in the Annual Report 2019.</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 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>During financial year 2019, the Internal Audit function is headed by Tuan Haji Muhamad bin Sulong, the Head of Internal Audit of GPB.</p> <p>The Internal Audit function reports directly to the Audit Committee and to the CEO on matters relating to the administration of the Internal Audit function.</p> <p>Currently, the Internal Audit function comprises two personnel with relevant qualifications and experience. All the internal audit staff had confirmed via an annual declaration that they were free from any relationships or conflict of interests, which could impair their objectivity and independence.</p> <p>The Internal Audit function has been maintaining its independence and objectivity in carrying out its activities in accordance with the Internal Audit Manual. The Manual sets out the objectives, independence and objectivity, authority, scope and responsibility, which are consistent with the Standards for the Professional Practice of Internal Auditing issued by the International Internal Audit Standards Board.</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 Board recognises the importance of being transparent and accountable to the Company's stakeholders. Communication and engagement with stakeholders include:</p> <ul style="list-style-type: none"><li>i. Quarterly announcements of financial results to Bursa Malaysia Securities Berhad ("Bursa");</li><li>ii. Relevant announcements and circulars whenever necessary;</li><li>iii. The annual and Extraordinary General Meetings; and</li><li>iv. The Group's website at <a href="http://www.goldenpharos.com">www.goldenpharos.com</a>.</li></ul> <p>The Company also practices dissemination of information using social media platform such as Instagram.</p> <p>Stakeholders can access corporate information, annual report, financial information, company announcements and share prices of the Company from the Company's website. Stakeholders are encouraged to direct their enquiries or concern via electronic mail to <a href="mailto:info@gpb.com.my">info@gpb.com.my</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**

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>  | : |  |  |
| <b>Explanation for departure</b>   | : | The Company does not fall under the category of “Large Companies” as defined in the Malaysian Code on Corporate Governance for the time being. Such requirement is therefore not applicable. |  |
|  |   |  |  |
| <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 12.1**

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 Notice for forthcoming Annual General Meeting is given at least 28 days prior to the meeting. The notice of the AGM contains details of resolutions to be approved by the shareholders with explanatory notes.<br><br>Notice for the 2019 AGM was given 50 days ahead of the Meeting. |  |
| <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>   | : | Departure   |  |
| <b>Explanation on application of the practice</b>  | : |   |  |
| <b>Explanation for departure</b>   | : | The Directors are mindful of the recommendation under the Code that all directors must attend general meetings and fully appreciate the need for their attendance at all such meetings.   |  |
|  |   | All directors have always committed to attend the Annual General Meeting ("AGM"). However, due to unforeseen circumstances, Dato' Bentara Dalam Dato' Haji A. Rahman bin Yahya did not attend the AGM in 2019 as some urgent matter need to be attended to. |  |
|  |   | However, majority of the directors, senior management and external auditors that were present at that time are available to give response if there are any questions addressed to them.   |  |
| <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 a large number of shareholders. The location of General Meeting has always been held in Kuala Terengganu which are accessible by public transport and the company did not intend to held AGM at any remote location. The number of holders is not large to warrant the use of technology to facilitate remote shareholders participation or voting in absentia at this stage.</p> <p>Alternative practice: Shareholders are allowed to appoint proxy(ies) to attend, speak and vote on their behalf at General Meeting.</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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