

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5649
COMPANY NAME : GOLDEN PHAROS BERHAD
FINANCIAL YEAR : 31 DECEMBER 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

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

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Board sets the strategic aims in the annual business plan of the Company. The plan sets out the five year plan of the group and the way the business is to be pursued. • The Board ensures that necessary resources are in place by approving the financial and manpower resources requested by management in the annual business plan. • The Board regularly reviews the performance of the Company, both operationally and financially. Each quarterly results are deliberated by the Board before approval is issued for its release to the market. • 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. • The Board builds understanding of its obligation to the stakeholders by participating in various training program and conference that explain about obligation to shareholders, such as National Tax Conference 2017, Mandatory Accreditation Programme and Seminar on Implementing a Risk Management and Internal Control Framework based on MCCG 2017.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • Dato' Haji Muhammad Pehimi bin Yusof is the Chairman of the company. • Role and responsibilities of the Chairman include: <ol style="list-style-type: none"> i. Providing leadership for the Board so that the Board can perform its responsibilities effectively; ii. Setting the Board agenda with the Company Secretary and ensuring that Board members receive complete and accurate information in a timely manner; iii. Leading Board meetings and discussions; iv. Encouraging active participation and allowing dissenting views to be freely expressed; and v. Leading the Board in establishing and monitoring good corporate governance practices in the Company. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">• The positions of Chairman and Chief Executive Officer are held by different individuals who are not related to each other.• The Chairman is a Non-Independent Non-Executive Director.• The Chairman and the CEO are not related to each other.• The CEO does not sit on the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Board is supported by two Joint Company Secretaries, Puan Suraya binti Mohd Hairon (LS 0007314) and Puan Saliza binti Abdul Rahman (LS 0008098).• Puan Suraya is a full time employee of the Company while Puan Saliza is representative from Terengganu Incorporated Sdn Bhd which is the main shareholder of GPB.• Both are competent and qualified company secretaries.• All Board members have direct and unimpeded access to the joint company secretaries.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Board adopts a policy where meeting papers are to be circulated to the Board and Board Committee 5 calendar days prior to the meeting in line with Practice Note 1.5 of the MCCG 2017.• Minutes of meetings are circulated and confirmed as a correct record by the Board and Board Committees at the following meeting.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Board adopts a Board charter. • The Board Charter is subject to review from time to time. • The Board Charter was last revised in February 2018. • The roles and responsibilities of the Board, Chairman, Chief Executive Officer, Individual Directors, Company Secretary and Board Committees are set out in the Company’s Board Charter. • The Board Charter also includes matters that are reserved for Board decisions. • The Board Charter is published on the company website. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Board has formalised a code of conduct for its directors which is incorporated in the Board Charter.• Board Charter of the Company lays out the ethical, business and lawful conduct of the Board.• The Company has a Code of Conduct for Employees which was last revised in 2017.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	The Company has established a Whistle-blower Protection Policy underlining its objectives, scope of policy, Policy Statement, reporting procedures and action.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Independent Directors comprise 3 out of the 7 (42.9%) of the current Board composition, exceeding the Bursa Securities' requirement of one third (33.3%). The Board aspires to achieve by 2019 MCCG's requirement of more than 50% independent directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

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

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:	None of the 3 independent directors has served for more than 9 years.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	:	Not adopted
Explanation on adoption of the practice	:	The Board Charter has no such policy. However none of the independent directors have served for more than 9 years.

Intended Outcome

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

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied	
Explanation on application of the practice	:	The Board is committed to ensuring diversity in its composition and embraces the proposition that having a diverse Board would have a positive, value-adding impact on the Company. While the Board acknowledges the importance of boardroom diversity, appointments to the Board shall always be based on merit.	
Explanation for departure	:	Presently the Board comprises only of male directors.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board aspires to appoint women director and is seeking suitably qualified individual.	
Timeframe	:	2019	

Intended Outcome

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

Practice 4.5

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<ul style="list-style-type: none">• The Board acknowledges the importance of boardroom gender diversity and is supportive of the recommendation of MCCG 2017.• The Board currently has no female Director.• The Board will work towards increasing woman participation on the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	In future, the appointment of Director may utilise sources independent of the group to identify candidates for directors.	
		At present the Board rely on recommendation from existing Board members, Management and major shareholders.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<ul style="list-style-type: none"> • The NRC is chaired by Non-Independent Director. • It is comprises exclusively of Non-Executive Director and it is in accordance with the requirement of Paragraph 15.08A(1) of MMLR with majority being Independent Directors. 	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

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

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• The annual Board Assessment encompasses the assessment on the effectiveness of the Board as a whole, the effectiveness of each board committee and individual directors.• The Company's Board Assessment exercise processes include questionnaire and in-depth interviews of the Directors. Senior Management's feedbacks were sought as well.• The assessment outcome is disclosed to the Board.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The company has Remuneration Package for the Non-Executive Directors, the directors' fees, board committee membership fees, chairman allowances and meeting allowances that already reviewed by the NRC and the Board, thereafter, recommends to the shareholders for approval. • 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. • The company's annual report is made available on the company website. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none">• The Company has established the Nomination and Remuneration Committee (NRC) to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.• The TOR of the NRC are in line with recommendations of MCCG.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	Each directors' remuneration is disclosed on named basis in the Company's Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<ul style="list-style-type: none">• The top five senior management remuneration is not being disclosed in bands of RM50,000 under the Corporate Governance Statement of the Annual Report.• We are working towards this disclosure for Senior Management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee (AC) is an independent director, who is not the Chairman of the Board. - Chairman of the Board : Dato' Haji Muhammad Pehimi bin Yusof - Chairman of Audit Committee : Tuan Haji Jusoh bin Ali	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • None of the AC nor Board members were a former key audit partner. • This practice has been incorporated into the Terms of Reference of Audit Committee. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.
The company’s financial statement is a reliable source of information.

Practice 8.3

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

Application	:	Applied	
Explanation on application of the practice	:	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.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Audit Committee comprises a chairman and two members. Only one member is a non-independent director, which 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.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">• All members of the AC are financially literate and possess financial background or knowledge as well as necessary experience.• The Chairman of the AC, Tuan Haji Jusoh Ali, is a member of MIA and also a fellow Association of Chartered Certified Accountant, United Kingdom.• The other member is the State Financial Officer, the highest ranking financial officer in the civil service of Terengganu.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.1

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Board has established framework & policies to ensure that risk management and internal controls across the various risk classes (credit risk, market risk & operational risk) are managed within risk appetite set by the Board. • To ensure their continuous effectiveness, the framework and policies are reviewed periodically, and when there are significant regulatory changes. • This is supported by dedicated oversight function within the significant business units & functional lines. • There is a Risk Management Committee at the subsidiary level and a Risk Management Steering Committee at the company level. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The features of its risk management and internal control framework, and the adequacy and effectiveness of this framework is disclosed in Annual Report 2017.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	The Board has established a Risk Management Committee at the operating subsidiaries level and a Risk Management Steering Committee at the company level. Membership in these committees comprise of the CEO and his management team.

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Group Internal Audit operates under a manual mandated by the AC that gives unrestricted access to review all activities across the Group. • The Group Internal Audit reports directly to the AC. The AC approves the Group Internal Audit's annual plan, monitors the progress of the completion of the Audit plan, as disclosed in the AC Report. • The AC reviews the adequacy of the Group Internal Audit's resources and evaluates the performance of the Head of Internal Auditor. • All Audit Reports are tabled to the AC and an Internal Audit Activity Report is tabled at every AC meeting, highlighting key issues and concerns arising from the audits conducted. 	
Explanation for departure	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • The Group Internal Audit is independent from the business and undertakes activities as stated in the AC Report. • The profile of the Head of Internal Audit, Tuan Haji Muhamad bin Sulong, is disclosed in the Company's Annual Report detailing his declaration, qualification and experience. • A brief statement on the Internal Audit Function with a summary of its key activities is disclosed under the Corporate Governance Statement in the Company's Annual Report. • The availability of resources in the internal audit department is being closely monitored against its budgeted headcount and the staffing position is updated regularly to the AC. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

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

Application	:	Applied	
Explanation on application of the practice	:	<ul style="list-style-type: none"> • Communication and engagement with stakeholders are made through Annual General Meeting and via electronic means such as website. • Stakeholders are encouraged to direct their inquiries via email at info@goldenpharos.com. 	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The company is not a large company and does not practice integrated reporting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The 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.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<ul style="list-style-type: none"> • All directors have always committed to attend the Annual General Meeting. However, due to unforeseen circumstances, not all of the directors attended the AGM in 2017 as some urgent matter need to be attended to. • However, majority of the directors 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>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

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

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not have a large number of shareholders.	
		The location of General Meeting have 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.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

**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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