

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : WPRTS 5246  
**COMPANY NAME** : WESTPORTS HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is accountable and responsible for the performance and affairs of the Company by overseeing the Group's strategies, policies and performance. The Board sets the strategies direction ensuring that the necessary resources are in place for the Company to meet its objectives and review management performance. It is the Board's responsibilities to ensure that the Company's strategies are aligned to the interests of our shareholders and other stakeholders. The Board provides leadership within a framework of prudent and effective controls which enable risk to be appropriately assessed and managed.</p> <p>The Board delegates the implementation of its strategies to the Company's Management. However, the Board remains ultimately responsible for corporate governance and the affairs of the Company. While at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its responsibilities.</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 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board, Tan Sri Datuk Gnanalingam a/l Gunanath Lingam plays a key role in leading and ensuring the adequacy and effectiveness of the Board's performance and governance practices. He works closely with the Board members in formulating the policy framework and strategies.</p> <p>He regularly seeks the opinions of Board members on matters being deliberated during meetings and ensures that the decisions made are a representation of the Board as a whole. He also works closely with the Group Managing Director ("GMD") on significant business issues including succession planning of key positions within the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Tan Sri Datuk Gnanalingam a/l Gunanath Lingam is the Executive Chairman whilst Datuk Ruben Emir Gnanalingam bin Abdullah is the GMD of the Company.  The Chairman leads the Board in its collective oversight of Management whilst the GMD focuses on the business and day-to-day management. The division of responsibilities between the Chairman and GMD is clearly articulated in the Board Charter.	
<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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by two suitably qualified and competent Company Secretaries, namely Ms Izreen Fara binti Ismail and Ms Tan Ai Ning (from Boardroom Corporate Services (KL) Sdn Bhd).</p> <p>The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are professionally qualified, experienced and knowledgeable on new or revised regulatory requirements as well as corporate governance best practice. In this respect, the Company Secretaries play an advisory role to the Board, particularly with regard to the Company's Constitution, Board policies and procedures, and its compliance with regulatory requirements and advocate adoption of corporate governance best practices.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Board members are furnished with proper agenda (including minutes) with due notice issued and board papers and reports are prepared by the Management which include Management Reports, minutes of meetings and proposal papers at least 10 days prior to the meetings to Directors with sufficient time to review them for effective discussions and decision making during the meetings.</p> <p>All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries. The minutes of meetings of Board and Committees are circulated to all Directors. The minutes of meetings record the decisions, including key deliberations, rationale for each decision made and any concerns or dissenting issues.</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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>There is a Board Charter in place which serves as a reference point for Board activities and promotes high standards of Corporate Governance.</p> <p>The Board Charter outlines the duties and responsibilities of the Chairman, GMD as well as Directors and Board Committees. The key matters reserved for the Board’s deliberation and decision making are explicitly spelt out in the Board Charter.</p> <p>The Board periodically reviews its Board Charter and updates the Terms of Reference/ Charters of the Board Committees to ensure that they are kept contemporaneous with legislative requirements and corporate governance practices.</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 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a Code of Conduct to promote honest and ethical conduct, including the ethical handling of actual or apparent conflict of interest between personal and professional relationships in the workplace and to observe applicable rules, regulations and local laws.</p> <p>The Code of Conduct also articulates in writing the values, principles and responsibilities that Westports adheres to and expects from its employees, partners, advisors, consultants, contractors, agents and other intermediaries representing Westports with regard to bribery and corruption, which is published in the Company's website.</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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There is in place a Whistle Blower Policy and Procedure which enables all employees of Westports Group with a professional responsibility to disclose any known malpractices or wrongdoings. The Whistle Blower Policy and Procedure is reviewed periodically by the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>There are 11 Board Members of the Company, out of which 6 are Independent Directors, making up a majority of the composition of the Board.</p> <p>The presence of majority Independent Directors brings the element of detached impartiality to the oversight function of the Board. Their presence provides checks and balances on the Board as they are able to provide unbiased and independent views in Board deliberations and decision making, taking into account the interests of the Group and minority 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.

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:	There are no independent directors serving the Board beyond 9 years, as set out in the Annual Report.  Moving forward, should the Board intends to retain any of its Independent Directors beyond nine years or twelve years, it would provide justification and seek annual shareholders' approval based on the prescribed mechanism by MCGG.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The policy limiting the tenure of the Company's independent directors to nine years is set out in the Board Charter.

**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is of the view that its Board composition and Senior Management composition is well balanced, and that the appointments made are as per recommended by the Nomination, Remuneration and Corporate Governance Committee's ("NRCGC") recommendation, having due regards for diversity in skills, experience, age, cultural background and gender to ensure a balanced mix of talents on the Board and Senior Management. The diversity of the Board is as set out in the Annual Report accordingly.	
<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 4.5

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The NRCGC reviews the size and composition mix of the Board and the Committees annually. The Board comprises business leaders and professionals with maritime, public sector, financial (including audit and accounting), legal and business management backgrounds.</p> <p>Currently three (3) women, namely Chan Chu Wei, Ruth Sin Ling Tsim and Shanthy A/P Kandiah are acting as board members of the Company, representing 27.2% female representation in the Board.</p> <p>The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. In consideration of the scope and nature of the operations of the Group, the Board is satisfied that the current composition mix and size of the Board provide for sufficient diversity and allow for informed and constructive discussion and effective decision making at meetings of the Board and Committees.</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>	:	On the requirement to set targets and measures to meet target for gender diversity for the Board, in view that the Board currently comprises 3 female members (27.2%), it is of the opinion it has met the gender diversity target.	
<b>Timeframe</b>	:	Others.	N/A

### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The NRCGC shortlisted candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Committees. Searches for potential candidates generally take into account recommendations from the Directors and various other sources. Should it be necessary, the NRCGC may consider the use of external search firms to find appropriate candidates. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.</p> <p>In reviewing and recommending to the Board any new Director appointments, the NRCGC considers:</p> <ul style="list-style-type: none"><li>(a) the candidate's track record, experience and capabilities or such other factors including age and gender, as may be determined by the NRCGC to be relevant and which would contribute to the Board's collective skills;</li><li>(b) any competing time commitments if the candidate has multiple listed company board representations and/or other principal commitments;</li><li>(c) the candidate's independence, in the case of the appointment of an independent director; and</li><li>(d) the composition requirements for the Board and Committees after matching the candidate's skills set to the requirement of the relevant Committees (if the candidate is proposed to be appointed to any of the Committees).</li></ul> <p>The current selection mechanism represents a proven method of sourcing high calibre Directors with a sound understanding of the business imperative.</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>	:	The Directors appointment process is anchored on a structured process undertaken by the NRCGC. Candidates are thoroughly assessed based on their competence, integrity, character, time

	commitment and experience as stated in paragraph 2.20A of the Main Market Listing Requirements by Bursa Malaysia Securities Berhad.	
<b>Timeframe</b>	:	Others.
		N/A

**Intended Outcome**

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

**Practice 4.7**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NRCGC is chaired by Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil, who has been designated by the Board as the Board's Senior Independent Director.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Committees and the contribution by each Director to the effectiveness of the Board and the Committees, facilitated by the Assistant General Manager, Human Resources and the Company Secretary. No external facilitator has been used. The NRCGC assesses the Board's performance as a whole annually, using objective and appropriate criterias which were recommended by the NRCGC and approved by the Board. When assessing the overall Board performance, the NRCGC takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the overall evaluation of the Board by the NRCGC, including its recommendation, if any, for improvements, are presented to the Board. The NRCGC also undertook an evaluation of the performance of the Committees, specifically the Audit and Risk Management Committee ("ARMC") and the NRCGC with the assistance of self-assessment checklists completed by these Committees.</p> <p>The results of individual directors' evaluation are also used by NRCGC in consultation with the Executive Chairman to review, where appropriate, the composition of the Board and Committees.</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>	:	Having considered this issue, at the moment the NRCGC does not recommend an external facilitator as the Board considers the assessment described above to be effective for the Company than prescribing an external facilitator in carrying out the annual assessment of the Board and Board Committees effectiveness

	as well as the contribution and performance of each director.	
<b>Timeframe</b>	: Others.	N/A

### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company has in place a Directors' Remuneration Policy which sets out the criteria applied in recommending the remuneration package of the Directors of the Group. The Company's policy on Directors' remuneration is to set remuneration at levels which are sufficient to attract and retain Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
<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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a NRCGC with NRCGC Charter that sets out the terms of references in dealing with its authorities and duties. The NRCGC reviews and recommends the remuneration of the Executive Chairman and GMD of the Company for Board's approval pursuant to the Charter of NRCGC as well as the remuneration of Non-Executive Directors for shareholders' approval.</p> <p>The Charter of the NRCGC may be downloaded from the Company's website at <a href="http://www.westports.com.my">www.westports.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**

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>	:	<p>The details of the Company's Directors' remuneration is made transparent and accessible to shareholders and stakeholders.</p> <p>Please refer to Page 102 of the Annual Report for the detailed disclosure of Directors' remuneration (on a named basis and by the exact amount).</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

Stakeholders are able to 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 non-adoption of the practice</b>	:	As explained above, the Board would like to provide an advocacy period towards disclosing detailed remuneration of each member of the Management Team on a named basis.

### Intended Outcome

There is an effective and independent Audit and Risk Management Committee.

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

### Practice 8.1

The Chairman of the Audit and Risk Management Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Dato' Yusli bin Mohamed Yusoff ("Dato' Yusli"), an Independent Non-Executive Director, is currently the Chairman of the ARMC. Having the positions of Board Chairman and Chairman of the ARMC assumed by different individuals allows the Board to objectively review the ARMC's findings and recommendations.</p> <p>Dato' Yusli is a member of the Malaysian Institute of Chartered Accountants in England and Wales (ICAEW), Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). The possession of sound financial understanding and experience equips the Chairman of the ARMC with the ability to lead discussions and deliberations and ultimately be satisfied that the end result fairly reflects the understanding of the ARMC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.2**

The Audit and Risk Management 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>	:	<p>This is currently not applicable to the Company as none of the members of the ARMC are former key audit partners of external audit firm(s) servicing the Company.</p> <p>The terms of reference of the ARMC specifically sets out the requirement that a former key audit partner is to observe a cooling off period of at least 2 years before being appointed as a member of the ARMC.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.3**

The Audit and Risk Management 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>	:	The ARMC's Terms of Reference which provides for procedures to assess the suitability, objectivity and independence of the Company's external auditors. Aside, the ARMC reviews the nature and extent of non-audit services rendered by the external auditor, if any. In addition, the ARMC received written confirmation from the external auditor, KPMG PLT on its independence.	
<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 and Risk Management Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Not Adopted
<b>Explanation on non-adoption of the practice</b>	:	<p>The ARMC comprises three (3) Independent Non-Executive Directors and one Non-Independent Non-Executive Director.</p> <p>The ARMC members do not participate in the day-to-day management of the Group and do not engage in any business dealings or possess business relationship with the Group. This allows the ARMC members to exercise their judgement objectively whilst acting in the best interest of the Group.</p> <p>The Company believes that the inclusion of the Non-Independent Director would provide added value to the Company's business operations in objectively carrying out the duties and responsibilities of the ARMC. Nonetheless, the composition of the ARMC is made of majority Independent Directors, as prescribed by the Bursa Securities Main Market Listing Requirements.</p>

### 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 and Risk Management 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 and Risk Management 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 members of the ARMC continuously keep themselves abreast of relevant development in accounting and accounting standards, practices and rules as set out in the ARMC Meeting papers as well as training programmes attended by them respectively.</p> <p>The ARMC Chairman, Dato' Yusli is a qualified accountant. Tan Sri Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil and Ms Chan Chu Wei meanwhile possess the relevant business knowledge in the maritime industry whilst Mr Chan Soo Chee has extensive experience in leading shipping lines across South East Asia, Africa, South and West Asia.</p> <p>All of them participated in relevant continuous professional development programmes as detailed in page 100 of the Annual Report 2017.</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 through the ARMC has put in place an Enterprise Risk Management Framework to continuously identify, evaluate, monitor and to manage significant risks that materially affect the corporate objectives of Westports Group.</p> <p>In addition, the Group also has in place an internal control system, whereby the key components are as set out in the Statement on Risk Management and Internal Control in the Company’s Annual Report.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

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

**Practice 9.2**

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 features of the Company's risk management and internal control framework, as well as the adequacy and effectiveness of the framework is as set out in the Statement on Risk Management and Internal Control of 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**

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 non-adoption of the practice</b>	:	Currently, the ARMC oversees the Company's risk management framework and policies. The roles and responsibilities in risk management are set out in the ARMC's Terms of Reference.  As the Company has only 1 subsidiary and a single source of business, thus, the Company is planning to remain ARMC instead of establishing a Risk Management Committee.

### 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 and Risk Management 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 Internal Audit (“IA”) function is independent of the activities it audits. The Head of IA’s primary reporting line is to the Chairman of the ARMC with an administrative line of reporting to the GMD of the Company.</p> <p>The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the ARMC. The ARMC meets the Head of IA at least once annually without the presence of Management. The Head of IA has unfettered access to the ARMC, the Board and Management as well as the Group’s documents, records, properties and personnel. IA operates within the framework stated in its IA Charter which is approved by the ARMC and reviewed on an annual basis.</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>	:	Disclosure on the prescribed elements is available on the Statement on Risk Management and Internal Control. The conduct of the IA work is governed by the IA Charter that provides for its independence and reflects the roles and responsibilities, accountability and scope of the department.  The Head of IA, Chee Yen Lee is a Chartered Accountant by profession and is a member of both the Malaysian Institute of Certified Public Accountant and Malaysian Institute of Accountants.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has in place an Investor Relations function to address any queries and concerns from stakeholders, particularly shareholders. In addition, the Company organises separate quarterly briefings for fund managers and institutional investors and analysts after its announcement of each quarterly results to Bursa Malaysia Securities.</p> <p>The Company has established a corporate website including the creation of an Investor Relations web portal to reach out to current and potential investors. It is the Company's practice to respond to stakeholders' letters, phone calls and e-mail enquiries in a timely manner. Whilst the Company endeavours to provide as much information as possible to its shareholders and other stakeholders, the Board is mindful of the regulatory framework governing the release of material and price sensitive information.</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 has yet to embark upon integrated reporting in its annual report for the year under review. The Board would like to provide an advocacy period towards integrated reporting in its Annual Report.  Nevertheless, there are coordination efforts among cross-functional departments in preparing the various statements and reports in the Annual Report.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board may consider adopting integrated reporting.	
<b>Timeframe</b>	:	Others.	Within 5 years.

**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 Annual General Meeting ("AGM") is scheduled for 24 April 2018 and the Notice of AGM is dated 26 March 2018, giving shareholders 29 days advance notice.	
<b>Explanation for departure</b>	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		
	:		

**Intended Outcome**

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

**Practice 12.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>At the last AGM held in 25 April 2017, all directors with the exception of the Director who was due to retire during that AGM attended the AGM accordingly. At the last AGM, the GMD provided shareholders with a brief review on the Group's financial performance and operations. The GMD also shared with shareholders at the meeting and responded to the questions submitted in advance by the Minority Shareholders' Watchdog Group.</p> <p>Shareholders were invited to ask questions both about the resolutions being proposed before putting them to vote as well as matters relating to the Company's operations in general and meaningful response were given to the questions raised.</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

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's last AGM held on 25 April 2017 had a total of 623 headcount attended in person or by its proxies and corporate representatives, representing 86.45% of the Company issued and paid-up share capital.</p> <p>The venue of the Meeting is in Klang Valley, a location which is easily accessible by the shareholders, thus enabling shareholder participation at the AGM held in April 2017.</p> <p>In leveraging on technology to facilitate conduct in general meetings, an electronic poll voting system was set in place during the AGM held in April 2017. The Company implemented an electronic voting system which encourages and facilitate greater shareholder participation. Voting results of the AGM were announced "live" to shareholders/ proxies after each resolution is put to vote.</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>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES  
PERSUANT 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.*

This is not applicable for Westports Holdings Berhad.
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