

CORPORATE GOVERNANCE REPORT

STOCK CODE : WPRTS 5246
COMPANY NAME : WESTPORTS HOLDINGS BERHAD
FINANCIAL YEAR : December 31, 2018

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	:	<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 strategic 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> <p>In discharging its fiduciary duties, certain functions have been delegated by the Board to the Board Committees namely, Audit and Risk Management Committee ("ARMC"), and Nomination, Remuneration and Corporate Governance Committee ("NRCGC").</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe	:		
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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	:	<p>The Chairman of the Board, Tan Sri Datuk Gnanalingam A/L Gunanath Lingam ("Tan Sri Datuk Gnanalingam") 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> <p>The Chairman cultivates a positive working relationship with the GMD and the Management. He demonstrates the highest standard of corporate governance practices in setting the tone from the top.</p> <p>The roles and responsibilities of the Chairman have been clearly specified in the Board Charter, which is available on the Company's website at www.westportsholdings.com.</p>
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	:	Tan Sri Datuk Gnanalingam 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 Company's Board Charter.	
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	:	<p>The Board is supported by two suitably qualified and competent Company Secretaries, namely Ms Tai Yit Chan and Ms Tan Ai Ning, both are the fellow members of the Malaysian Institute of Chartered Secretaries and Administrators.</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> <p>Further details on the role of the Company Secretaries are set forth in the Company's Board Charter.</p>
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	:	<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 ten (10) days prior to the meetings. This will enable the Directors to review, consider, and if necessary, obtain further information from the Management on the subject matter.</p> <p>All pertinent issues discussed at the Board and Board Committees meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries and representatives of Company Secretaries, including matters where Directors abstained from voting and deliberation. The minutes of meetings of Board and Board Committees are circulated to all Directors for perusal prior to confirmation at the next meetings. The minutes of meetings record the decisions, including key deliberations, rationale for each decision made and any concerns or dissenting issues.</p>	
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	:	<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 to keep abreast with new changes in regulations and best practices. The Board Charter is updated in accordance with the requirements of the Group and any new regulations that may have an impact on the discharge of the Board’s responsibilities.</p> <p>The Board Charter was last reviewed and approved by the Board on 26 February 2019 and is available on the Company’s website at www.wesportsholdings.com.</p>	
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	<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 the Company adheres to and expects from its employees, partners, advisors, consultants, contractors, agents and other intermediaries representing the Company with regard to bribery and corruption. The ethos of the Company is “Proven, Trusted, Friendly”. In establishing each ethos, the Management provides opportunities for employees to contribute and excel, and to be competitive in providing solutions and services to valued customers.</p> <p>Additionally, the Board has also adopted the Code of Ehtics of Directors which enables the Board and each Director to focus on areas of ethical risk, provides guidance to Directors to help them recognise and deal with ethical issues, provides mechanisms to report unethical conducts and helps foster a culture of honesty and accountability.</p> <p>The details of the Company’s Code of Conduct and Code of Ethics of Directors are available for reference at www.westportsholdings.com.</p>
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	:	<p>There is in place a Whistle Blower Policy which is aimed to maintain the highest level of corporate ethics within the Group. All employees of the Group have a professional responsibility to disclose any known malpractices or wrongdoings. The Board has the overall responsibility for overseeing the implementation of the Whistle Blower Policy, and all whistleblowing reports are addressed to the Chairman of the ARMC (for matters relating to financial reporting, unethical or illegal conduct), and the GMD or Head of Human Resource Department (for employment-related concerns).</p> <p>The Whistle Blower Policy is available on the Company's website at www.westportsholdings.com.</p>
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	:	Applied
Explanation on application of the practice	:	<p>During the financial year, the Board comprises thirteen (13) Board members, including the Executive Chairman, GMD, three (3) Non-Independent Non-Executive Directors, six (6) Independent Non-Executive Directors and two (2) Alternate Directors. The Independent Directors, make up the 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> <p>All Independent Directors meet the criteria for independence as prescribed under the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).</p> <p>The NRCGC and the Board have upon their assessment for the financial year under review concluded that the Independent Directors were independent in their judgment and decisions.</p>
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 4.2

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	:	<p>There are no independent directors serving the Board beyond 9 years, as set out in the Annual Report.</p> <p>Moving forward, should the Board intends to retain any of its Independent Directors beyond nine (9) years or twelve (12) years, it would provide justification and seek annual shareholders’ approval.</p>	
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	:	All the six (6) Independent Directors of the Company have yet to reach nine (9) years' tenure.

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	:	<p>The Board believes that the current Board composition provides the appropriate balance in terms of skills, knowledge and experience in the fields of port operations, marketing, finance, legal, information technology, project management, engineering, accounting and general experience in management. This combination of different professions and skills sets enable the Board promote the interests of all shareholders and effectively facilitate the discharge of the Board's stewardship.</p> <p>In making its assessment and recommendations to the Board, NRCGC considers the criteria such as diversity in skills, experience, age, cultural background and gender to ensure a balanced mix of talents on the Board and Senior Management.</p> <p>The diversity of the Board is set out in the Corporate Governance Overview Statement on page 32 of Annual Report 2018.</p>	
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 4.5

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	:	<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 Ms. Chan Chu Wei, Ms. Ruth Sin Ling Tsim and Ms. Shanthy A/P Kandiah are acting as board members of the Company, representing 27.3 % 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 Board Committees.</p>	
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	:	On the requirement to set targets and measures to meet target for gender diversity for the Board, in view that the Board currently comprises three (3) female members (27.3 %), it is of the opinion it has met the gender diversity target.	
Timeframe	:	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.

Application	:	Departure
Explanation on application of the practice	:	<p>The NRCGC shortlisted candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committees. The Company maintains a formal and transparent procedure for the appointment of new Directors. 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">(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;(b) any competing time commitments if the candidate has multiple listed company board representations and/or other principal commitments;(c) the candidate's independence, in the case of the appointment of an independent director; and(d) the composition requirements for the Board and Board 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). <p>The current selection mechanism represents a proven method of sourcing high calibre Directors with a sound understanding of the business imperative. In 2018, the Board through the recommendation of the NRCGC had appointed Mr. Chan Soo Chee as the Independent Non-Executive Director and Mr. Andy Wing Kit Tsoi as the Alternate Director to Ms. Ruth Sin Ling Tsim.</p>
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	: 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 Listing Requirements of Bursa Securities.
Timeframe	: 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.

Application	:	Applied	
Explanation on application of the practice	:	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.	
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 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	:	<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 Legal Manager 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 criterions 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 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 Board Committees.</p>
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	:	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.

Timeframe	:	Others.	N/A
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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	:	<p>The Company has in place a Directors' Remuneration Policy which sets out the criteria applied in recommending the remuneration package of the Directors (including the remuneration of Non-Executive Directors which requires shareholders' approval) and Senior Management of the Group. The Company's policy on Directors' remuneration is to set remuneration at levels which are sufficient to attract and retain Directors and Senior Management 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.</p> <p>The Directors' Remuneration Policy of the Company is available for reference at www.westportsholdings.com.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
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	:	<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>A summary of the NRCGC activities during the financial year is reported in the Corporate Governance Overview Statement on page 33 of the Annual Report 2018.</p> <p>The duties and responsibilities of the NRCGC are as set out in in the NRCGC Charter which is available on the Company's website at www.westportsholdings.com.</p>	
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	:	<p>The details of the Company’s Directors’ remuneration is made transparent and accessible to shareholders and stakeholders.</p> <p>Please refer to pages 38 and 39 of the Corporate Governance Overview Statement of the Annual Report 2018 for the detailed disclosure of Directors’ remuneration (on a named basis and by the exact amount).</p>	
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	:	On grounds on confidentiality, the Board would like to provide for an advocacy period in the interim prior to making available Senior Management's remuneration in bands of RM 50,000.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	In remunerating Senior Management, the Board and NRCGC are guided by the principle that there should not be excessive payment for remuneration. The remuneration packages for Senior Management are based on experience, expertise, skills and industry benchmarks. The total remuneration paid to employees are also made available in the Notes to the Financial Statements (Annual Report) which allows stakeholders to make an appreciable link between the Company's overall remuneration structure and the Company's performance. The Company is currently disclosing the top five (5) Senior Management's remuneration in band of RM50,000 in Annual Report.	
Timeframe	:	Others.	N/A

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	:	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 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	:	<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>	
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	:	<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>Nonetheless, the ARMC Charter 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>	
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	:	<p>The ARMC conducts yearly assessment on the suitability, objectivity and independence of the Company’s external auditors.</p> <p>Aside, the ARMC reviews the nature and extent of non-audit services rendered by the external auditors. In addition, the ARMC received written confirmation from the external auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>During the year under review, the ARMC had reviewed, assessed and recommended Deloitte PLT for the Board’s consideration for recommendation for shareholders’ approval at the 2018 Annual General Meeting (“AGM”).</p>	
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	:	<p>The ARMC comprises three (3) Independent Non-Executive Directors and one (1) 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 Listing Requirements of Bursa Securities.</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 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	:	<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 the Corporate Governance Overview Statement on pages 36 and 37 of the Annual Report 2018.</p> <p>Based on the annual evaluation in regards to term of office and performance of the ARMC for the financial year ended 31 December 2018, the Board is satisfied that the ARMC had carried out its duties and responsibilities effectively as per its Charter and the ARMC as a whole and each member of the ARMC have added value and contributed to the overall effectiveness of the ARMC.</p>
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	:	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. 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 2018.	
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 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 2018.	
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	:	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 Charter, which is available on the Company's website at www.westportsholdings.com . 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 Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<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> <p>Please refer to the ARMC Report in Annual Report 2018 for further details.</p>
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	:	<p>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.</p> <p>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.</p> <p>Please refer to page 48 of the ARMC Report in Annual Report 2018 for further details.</p>
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	:	<p>The Company has adopted the Corporate Disclosure Policies and Procedures. This policy outlines 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 Securities.</p> <p>The Company has established a corporate website at www.westportsholdings.com 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>
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 Board and Senior Management acknowledge that an integrated reporting is far more than simply combining a financial report and a sustainability report into a single document. Although the Company did not adopt integrated reporting in its annual report for the year under review, the 2018 Annual Report was prepared in reference to the Integrated Framework issued by International Integrated Reporting Council, helping the Company to set the path towards adopting the integrating reporting in the future.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company is working toward adopting integrated reporting based on a globally recognised framework.	
Timeframe	:	Others.	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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Twenty-Sixth AGM is scheduled to be held on 25 April 2019 with the Notice of AGM is dated 26 March 2019, giving shareholders at least 28 days advance notice.</p> <p>The AGM Notice includes details of the resolutions proposed along with relevant explanatory note to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>In 2018, the Notice of AGM was issued to shareholders on 26 March 2018, which was 29 days prior to the AGM date.</p>	
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	:	Applied	
Explanation on application of the practice	:	<p>At the last AGM held in 24 April 2018, all Directors except for Mr. Ip Sing Chi, who was represented by his alternate, Mr John Stephen Ashworth, and senior management attended the AGM. At the said meeting, the GMD provided shareholders with a brief review on the Group's financial performance, operations and strategies. The GMD also shared with shareholders the Company's responses to questions raised by the Minority Shareholders' Watchdog Group ("MSWG") in relation to operations, financial performance and corporate governance which were submitted by the MSWG prior to the AGM.</p> <p>To encourage participation of shareholders at general meetings, 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.</p>	
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 12.3

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	:	<p>The Company's last AGM held on 24 April 2018 had a total of 760 headcount attended in person or by proxies or corporate representatives.</p> <p>The venue of the Meeting is in Kuala Lumpur, a location which was easily accessible by the shareholders, thus enabling shareholder participation at the AGM held in April 2018.</p> <p>Shareholders who were unable to attend and vote at the AGM had been encouraged to submit the proxy forms to appoint their representatives to attend the Meeting, which had allowed them to vote in absence.</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 2018. 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> <p>Voting in absentia and remote shareholders' participation at general meetings were not available.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company will continue to observe the development of technology available in the market to facilitate participation of shareholders, including voting in absentia, in general meetings at remote areas.
Timeframe	:	Others
		To implement when the need arises.

**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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