

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5115
COMPANY NAME : ALAM MARITIM RESOURCES BERHAD
FINANCIAL YEAR : 31 DECEMBER 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES 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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has the collective responsibility for the overall conduct and performance of the Group's business and affairs by maintaining effective control over management oversight, setting the strategic direction of the Group and promoting ethical conduct in its business dealings. In discharging its roles and responsibilities, the Board is mindful of the need to safeguard the interests of all stakeholders.</p> <p>The Board assumes the following core responsibilities which serve as a guiding principles:-</p> <p>☐ Review and Adopt a Strategic Direction of the Company</p> <p>The Board reviews and approves the proposed strategies and the annual budget for the ensuing year and sets the targets and action plans for the Company which will be tabled and deliberated to the Board on quarterly basis. A periodic monitoring and reporting system is in place which highlights significant variances of key performance indicators against actual and budget to monitor the Company's performance.</p> <p>☐ Identify and Manage Principal Risks</p> <p>The Group Risk Management Working Committee ("GRMWC") monitors any risk that the business of the Group as a whole might face. The Board Risk Management Committee ("BRMC") is updated on any risk issue that could jeopardise the business, including corporate compliance matter. The Board, through the BRMC, ensures appropriate management of risks and constantly monitors the review and management of operational risks by evaluating the Group's Top 5 corporate risk appetite and tolerance level. This ensures the Company's business sustainability.</p>

Based on the results of FY2019 Directors and Board Committee Performance Evaluation (“DBCPE”), the Board recognises the need for a strong risk management discipline across the Company to ensure risks are effectively measured and mitigated.

Details on the Company’s risk framework are set out in the Statement on Risk Management and Internal Control as well as the Risk Management Report of the Company’s Annual Report.

- **Monitor Succession Planning**

The BNRC is entrusted by the Board to ensure effective human capital development, talent retention and succession planning for both the Directors and key management positions in the Company to ensure business continuity.

BNRC also monitors the performance of the Board, reviews and evaluates the suitability of potential candidates and their experience, to fill any gaps therein.

The succession planning is to ensure all candidates appointed to senior management positions are of sufficient caliber. The Board had adopted a Succession Development Plan to ensure that there are platforms in place to provide for the orderly succession of senior management.

Based on the results of FY2019 DBCPE, the Board agreed that succession planning of the Board and Pivotal position is crucial moving forward. The Board concurred to give more focus on the matter, and the BNRC is to deliberate on it accordingly.

- ▣ **Review the Adequacy and Integrity of the Company’s Internal Control Systems**

The Board is ultimately responsible for the adequacy of the Company’s internal control system. Internal control systems throughout the Company are managed by the Group Internal Audit Department (“IAD”). IAD has jurisdiction to audit any division or subsidiary of Alam Maritim and to report its findings directly to members of the Board Audit Committee (“BAC”). Significant findings from the audit reports were highlighted and deliberated on at the BAC meeting. Details of the Company’s internal control system and the review of its effectiveness are respectively set out in the Statement on Risk Management and Internal Control and Risk Management Report of the Company’s Annual Report.

	<p>The proceedings and deliberations of the Board Committees are reported to the Board at every Board Meeting. On matters reserved for the Board and where the Board Committees have no authority to make decisions, recommendations are highlighted in their respective reports together with the Committee members comments and views for the Boards' deliberation and approval.</p> <p>All deliberations and decisions taken by the Board Committees are documented and approved by the respective the Committees. The ultimate responsibility for the final decision however lies with the Board.</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

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>As the Chairman, Puan Fina Norhizah binti Haji Baharu Zaman, is primarily responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator and consults the Board promptly over any matter that gives her cause for concern. The Chairman of the Board is responsible for representing the Board to the shareholders. The Chairman acts as a facilitator at Board meetings to ensure that no Board member, whether executive or non-executive, dominates the discussion. The Chairman also ensures that appropriate discussions take place and that relevant opinions among Board members are forthcoming. The Chairman further ensures that discussions result in logical and understandable outcomes, which will lead to appropriate and considered decisions by the Board.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly stated in Paragraph 22 of the Board Charter, which is available on the Company's website at www.alam-maritim.com.my.</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	:	<p>The distinct and separate roles and responsibilities of the Chairman and CEO are provided in paragraph 21 of the Board Charter, which is available on the Company's website at www.alam-maritim.com.my.</p> <p>The functions of the Board, the Chairman, the non-independence executive director Non-Independence Executive Director ("NIED") and the Independence Non-Executive Director ("INED") are distinguished to ensure the smooth running of the Company's business and operations. Although the respective principles, roles and responsibilities of the Chairman, NIED and INED are segregated, their functions are mutually co-dependent, ensuring effective and efficient execution of their duties and responsibilities. INEDs play a leading role in the Board Committees, whilst management and third parties are co-opted into the Board Committees as and when required.</p> <p>The Chairman of the Company, Puan Fina Norhizah binti Haji Baharu Zaman, is primarily responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator and consults the Board promptly over any matter that gives her cause for concern. The Chairman of the Board is responsible for representing the Board to the shareholders. The Chairman acts as a facilitator at Board meetings to ensure that no Board member, whether executive or non-executive, dominates the discussion. The Chairman further ensures that discussions result in logical and understandable outcomes, which will lead to appropriate and considered decisions by the Board.</p> <p>The Group CEO, Datuk Azmi bin Ahmad is responsible in, making operational decisions and monitoring the day-to-day running of the business, including defining the limits of the Management's responsibilities.</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	:	

Intended Outcome

Timeframe	:		
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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>Both Company Secretaries, Puan Nur Aznita Taip and Puan Nuranisma Ahmad, are qualified to act as company secretary under section 235 (2) of the Companies Act 2016.</p> <p>Puan Nur Aznita Taip has a law degree from Universiti Kebangsaan Malaysia and holds Master in Business Administration (Corporate Governance). She is also a member of the Malaysian Institute of Chartered Secretaries & Administrator (MAICSA 7067607). Puan Nur Aznita is qualified to act as a company secretary under Section 241 of the Companies Act 2016. (SSM PC No: 202008003466).</p> <p>Puan Nuranisma Ahmad has a Degree in Accountancy from MARA University of Technology and holds Master in Business Administration (Corporate Governance). She is a registered Chartered Accountant with the Malaysian Institute of Accountants (CA 24553) and also a registered member of the Malaysian Institute of Chartered Secretaries & Administrator (MAICSA 7067610). Puan Nuranisma is qualified to act as a company secretary under Section 241 of the Companies Act 2016. (SSM PC No: 202008000939)</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

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>The Board is supplied with information in a timely manner and appropriate quality to enable the Board to discharge its duties with regard to issues to be discussed.</p> <p>To ensure effective functioning of the Board, the Directors are given access to information through the following means:-</p> <ul style="list-style-type: none"> • Management may be invited to the Board and Board Committee meetings to report or present areas within their responsibilities to ensure the Board is able to effectively discharge its responsibilities. • Board and Board Committee papers are circulated to Directors and Board Committee members at least three (3) business days prior to the respective Board and Board Committee meetings, to enable the Board and Board Committee members to make informed decisions and to deal with matters arising from such meetings. <p>The minutes of meetings of Board and Board Committees will be circulated to the Board Committee members and other members of the Board for review and comments within a reasonable timeframe prior to the Chairman's confirmation.</p> <p>Minutes of proceedings and resolutions passed at each Board and Board Committee meetings are kept in the statutory books at the registered office of the Company and are accessible to all Directors.</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	:	

Intended Outcome

Timeframe	:		
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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>Since its adoption, Alam Maritim's Board Charter ("Board Charter") serves as a guide for good corporate governance within the Group. The Board Charter provides reference for the Directors in relation to the Board's role, powers, duties and functions and is set out not only in accordance with applicable rules and regulations but also guided by Malaysian Code of Corporate Governance and best practices.</p> <p>The Board Charter aims to ensure that Board members are aware of their roles and responsibilities and also serves as a clear source of reference to all stakeholders. The Board Charter covers inter-alia, the objectives of the Board, duties and responsibilities, powers, roles of the Chairman, Chief Executive Officer ("CEO") and Non-Independent Executive Directors as well as the Board Committees namely, Board Audit Committee, Board Nomination and Remuneration Committee and Board Risk Management Committee. It will be reviewed from time to time to ensure that it remains relevant and consistent to current rules and regulations.</p> <p>The Board Charter is accessible on the Company's official website at www.alam-maritim.com.my.</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 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 Directors and employees of Alam Maritim are expected to behave ethically and professionally at all times and to protect the reputation of the Company. The Company communicates its code of conduct to all Directors and employees upon their appointment of employment.</p> <p>The conduct of employees is governed by the Code of Conduct of employees which provide clear direction on conduct of business, dealing with stakeholders and general workplace behaviours. It includes guidance on disclosure of conflict of interests, practices regarding gifts and entertainment, amongst others. The Code of Conduct is accessible by the employer on the Company's web portal.</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>The Board acknowledges that misconduct such as violation of laws, rules, regulations, fraud, health and safety violations and corruption are usually known first by the people who work in or with the Group. An early warning system such as whistle blowing policy and procedure can assist the Group to detect wrongdoings and alert the Group to take corrective actions before a problem becomes a crisis.</p> <p>In order to achieve these standards, all employees and stakeholders (i.e. shareholders/suppliers/customers) are encouraged to report genuine concerns about unethical behavior , malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.</p> <p>For this purpose, a whistle blowing hotline has been established whereby any concern in respect of Key Management/Senior Management should be reported to the Chairman of Board Audit Committee (“BAC”), copied to Group Chief Executive Officer of the Company using the Company’s Whistle Blowing Form. Any concern in respect of other general staff should be reported to the Head of Group Human Resource Department.</p> <p>All reports will be investigated promptly and the progress of investigation will be reported to the BAC at the next scheduled meeting. The identity of the whistle blower is also safeguarded at all times. Upon completion of investigation, appropriate course of action will be recommended to the BAC for their deliberation. Decision taken by the BAC will be implemented immediately. Where possible, steps will also be implemented to prevent similar situation from arising. The Whistleblowing Policy and Procedure is accessible on the Company’s website at www.alam-maritim.com.my.</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	:	

Intended Outcome

Timeframe	:		
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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 under review, the Board of Directors assessed the independence of its Independence Non-Executive Director (“NIED”) based on criteria set out in Paragraph 1.01 of the MMLR of Bursa Securities. To date, all three (3) Independence Non-Executive Director (“INED”) satisfied the following independence criteria:-</p> <ul style="list-style-type: none"> • independence from Management and free from any business or other new relationship which could interfere with independent judgement of the ability to act in the best interests of the Company; • not involved in the day-to-day operations of the Company other than when collective Board approval is required. This mitigates the risk of undue influence from third parties and allows INEDs to exercise fair judgement; • declare their interest or any possible conflict on any matter tabled prior to the commencement of the Board meetings. In the case of conflict of interest, Directors are required to recuse themselves and abstain from deliberation to allow unbiased discussion and decision
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

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	: Applied
Explanation on application of the practice	<p>The Board has taken note on the MCGG 2017's recommendations on the tenure of an independent director that should not exceed a cumulative term of nine (9) years. However, an Independent Non-Executive Director ("INED") may continue to serve the Board of Directors upon reaching the nine (9) year limit subject to the INED's re-designation as a Non- Independent Non-Executive Director. In the event the Board of Directors intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board of Directors must justify the decision and seek shareholders' approval at general meeting.</p> <p>In justifying the decision, the Board Nomination And Remuneration Committee ("BNRC") is entrusted to assess the candidate's suitability to continue as an INED based on the criteria on independence.</p> <p>At the forthcoming 15th Annual General Meeting ("AGM"), the Company will seek its shareholders' mandate to retain Dato' Haji Ab Wahab bin Haji Ibrahim and Puan Fina Norhizah Binti Haji Baharu Zaman as an INED of the Company. They have served the Company as an INED since 2 May 2006 and 22 October 2010, for a cumulative period of fourteen (14) years and nine (9 years) respectively.</p> <p>The Board Nomination And Remuneration Committee ("BNRC"), as part of its Terms of Reference ("ToR") has made the necessary assessment and recommended to the Board of Directors that Dato' Haji Ab Wahab and Pun Fina Norhizah be retained as an Independent Director of the Company based on his ability to maintain his independence of judgment and to express and maintain unbiased</p>

	<p>views without any influence. Dato' Haji Ab Wahab has a good understanding of the Company's business, the challenges faced by the Company and the environment in which the Company operates. The Board values his contribution to the Company and he is also committed in performing his functions and duties as the Chairman of the BAC, including but not limited to attendance at Board and Board Committees' meetings. This proposed resolution is in line with the recommendation under the MCG 2017 and this would allow him to continue to serve as Chairman of the BAC, pursuant to the requirement of Paragraph 15.10 of the MMLR of Bursa Securities.</p> <p>INED seeking retention has abstained from all deliberations regarding his retention.</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

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	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has adopted the policy which limits the tenure of its Independent Directors to 9 years in its Board Charter.</p> <p>However, the retention of Independent Director after serving a cumulative term of 9 years, shall be subject to annual shareholders' approval in line with the recommendation of the Malaysian Code on Corporate Governance.</p>

Intended Outcome

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

Practice 4.4

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

Application	:	Applied	
Explanation on application of the practice	:	The Board acknowledges the importance of boardroom diversity. The Board has always been in support of non-discrimination in their selection of Directors and in the process of recruitment. Nevertheless, the Board believes that the selection criteria of a Director, guided by the competencies, skills, experience and knowledge of the individual candidate, still remain a priority as well as time commitment of the candidates in discharging their roles and responsibilities through attendance at their respective meetings. The Board decides on the appointment of Directors and members to the Committees of the Board after considering the recommendations of the Board Nomination And Remuneration Committee ("BNRC").	
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	:	Applied
Explanation on application of the practice	:	<p>Currently, the Company has one female representation on the Board. The Board is committed in ensuring that its composition reflects the diversity in line with gender diversity agenda as recommended by the MCG 2017.</p> <p>The presence of Puan Fina Norhizah binti Haji Baharu Zaman on the Board since the year 2010, sends the message that the gender diversity is welcomed and appreciated by the Board.</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 4.6

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	:	Applied
Explanation on application of the practice	:	<p>The Board Nomination and Remuneration Committee (“BNRC”) is entrusted with the role of proposing and recommending new candidates to the Board and Committees of the Board. In determining the suitability of candidates, various factors are considered including diversity of skills, expertise, experience, competencies and time commitment of the candidates in discharging their roles and responsibilities through attendance at their respective meetings. The Board decides on the appointment of Directors and members to the Committees of the Board after considering the recommendations of the BNRC.</p> <p>For new appointments of INED, the assessment on the independence of the proposed Director, which is carried out prior to the appointment, is ascertained in accordance with the criteria set out in the MMLR of Bursa Securities and MCCG 2017.</p> <p>There was a new appointment of Directors for the financial year ended 31 December 2019.</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 4.7

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has a combined Nomination Committee and Remuneration Committee for the purpose of expediency as the same members are entrusted with the functions for both the Nomination and Remuneration Committees. The Board Nomination And Remuneration</p> <p>Committee (“BNRC”) is made up exclusively of Independence Non-Executive Director. BNRC is currently chaired by Encik Mohammad Suhaimi Bin Mohd Yasin.</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 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 Board Nomination and Remuneration Committee (“BNRC”) carries out the Directors and Board Committee Performance Evaluation (“DBCPE”) exercise annually.</p> <p>At the Board’s meeting on 4 March 2020, the BNRC tabled the results of the FY2019 DBCPE. The assessment considered the contribution and performance of Directors as regards to their competency, time commitment, integrity and experience in meeting the needs of the Group and suggestions to enhance board effectiveness. The evaluation process involved a peer and self-review assessment, where Directors assessed their own and also their fellow Directors’ performance and was led by the Chairman of the BNRC and supported by the Company Secretary. All assessments and evaluations carried out by the BNRC in the discharge of its functions were properly documented. The overall results for the Board and Board Committees’ self-evaluation were positive and received highly satisfactory advisory ratings across all areas evaluated. The key areas of evaluation, amongst others, were:</p> <ul style="list-style-type: none">• independence;• mix of skills and experience;• key strength; and• areas of improvements. <p>The BNRC undertook gap assessment to identify the strengths and areas for improvement to further strengthen the Board and the Board Committees.</p> <p>The BNRC has adopted a questionnaire methodology for Board assessment. The criteria used, amongst others, for the assessment of individual Directors include their contribution and performance, participation, quality of input, roles, competency and time commitment whereas for the Board and Board Committees, evaluations are based on composition, functionality, mix of skills and knowledge, decision making, frequency of meetings, risk</p>

	<p>management and adequacy of information and processes.</p> <p>The BNRC had also deliberated, reviewed and considered the size, structure and composition of the Board and the Board Committees, including the required mix of skills and experience, core competencies of the Directors for the effective and efficient functioning of the Board and the Board Committees and evaluated the effectiveness of each Director, Board Committee and Board as a whole.</p> <p>The BNRC was of the view that the current size, structure and composition facilitated good discussions and encouraged contributions and participations from all the Directors. The BNRC had recommended to the Board for the Board composition to be maintained, with the desire to achieve a balance board composition. From the assessment of the financial year under review, the BNRC is satisfied that there is an appropriate size and mix of skills, experience and core competencies in the composition of the Board as well as a balance of Independence Non-Executive Director and Non-Independence Executive Director.</p> <p>A separate independence assessment was carried out by the BNRC by way of Director's self in order to ensure that Independent Directors are able to continue to bring independent and objective judgment to the Board. Directors' peer evaluation result continued to be high in 2019. This result indicates a positive level of Board dynamics for the Board to further drive its performance.</p> <p>Overall, the results of FY2019 DBCPE indicate healthy Boardroom dynamics with good working relationships among the Board members.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

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>In line with MCGG 2017, the remuneration of Directors and key senior management is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to manage the Group effectively. In the Company, the determination of remuneration packages of the Directors is a matter for the Board as a whole, whereas the Board Nomination And Remuneration Committee ("BNRC") deliberates, proposes and reviews the remuneration packages of Directors and key Senior Management.</p> <p>The remuneration packages of both Independence Non-Executive Director ("INED") and Non-Independence Executive Director ("NIED") are drawn based on internal guidelines, considering the level of responsibilities, expertise and contribution to the Group. They are also benchmarked against the survey of remuneration packages of other public listed companies in similar industry and within the same band of market capitalisation.</p> <p>All Directors, executive and non-executive, are abstained from deliberations and voting on decisions in respect of their individual remuneration.</p> <p>In the case of NIEDs, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular NIEDs concerned. The remuneration of the NIEDs will be reviewed by the BNRC and recommended to the Board thereafter. All NIEDs are paid directors' remuneration taking into account any additional responsibilities undertaken such as a Director acting as Chairman of a Board Committee and membership of Board Committees. In addition, meeting allowance is paid in accordance with the number of Board and Committee Meetings attended by each of them. The directors' fees are approved by the shareholders at the AGM in accordance with the Company's Constitution and the Companies Act 2016.</p>

	<p>The remuneration of the NIEDs is structured to align with the business strategy and long-term objectives of the Company and to link rewards to individual performance and performance of the Group. The BNRC and Board review the remuneration of the NIEDs annually whereby the respective NIEDs are required to abstain themselves from discussions and decisions on their own remuneration.</p> <p>This policies and procedure are stated in the Statement of Corporate Governance published in the Company’s Annual Report 2019, which is available on the Company’s website www.alam-maritim.com.my.</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 Company has a combined Nomination Committee and Remuneration Committee for the purpose of expediency as the same members are entrusted with the functions for both the Nomination and Remuneration Committees. The Board Nomination And Remuneration Committee ("BNRC") is made up exclusively of Independence Non-Executive Director ("INED").</p> <p>The key functions of Board Nomination And Remuneration Committee ("BNRC") amongst others, are as follows:-</p> <ul style="list-style-type: none">• to identify and recommend new nominees of the Board and recommend the compensation packages for these appointments;• to assist the Board in reviewing the required mix of skills, experience and other qualities, including the competencies that the non-executive directors should bring to the Board;• to review, assess, determine and recommend the level and make-up of the overall remuneration packages of the Executive Directors and Key Personnel;• to carry out a process to assess the effectiveness of the Board as a whole by assessing the contribution of each individual Director, including Independence Non-Executive Director ("INEDs"), as well as the Chief Executive Officer and Chief Operating Officer; and• to document and report to the Board the result of assessment for the Board's proper evaluation and identification of relevant action programmes. <p>The BNRC ensures that prospective candidate has the required set of personal qualities and competencies to carry out duties and responsibilities as a Director. The incumbent's professionalism, integrity, skills and expertise must be seen to contribute and complement the Board existing strengths.</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	:	The remuneration of individual directors on named basis and the breakdown of their remuneration includes Directors’ fees, salary and bonus, emolument and benefits, and meeting allowance from the Company and the Group during the financial year ended 30 June 2019 are disclosed in the Corporate Governance Overview Statement.	
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	:	<p>The Board recognises the importance of compensating the Senior Management with a competitive and attractive remuneration package based on their responsibilities and performance carried throughout each financial year. The Board is of the opinion that disclosure on named basis of the top Senior Management personnel in bands of RM50,000 would be disadvantageous to the Group's business interests, given the highly competitive industry where poaching of talented executives is not uncommon and sensitive in nature.</p> <p>The Group had disclosed the remuneration of key management personnel on aggregate basis in the Corporate Governance Overview Statement.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

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

Timeframe	:		
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company's performance.

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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>The Board Audit Committee ("BAC") members conforming to the requirements of the Malaysian Code on Corporate Governance 2017 (MCCG 2017), majority of the BAC members are Independent Non- Executive Directors ("INED").</p> <p>The BAC Chairman, Dato' Haji Ab W ahab bin Haji Ibrahim is a member of the Malaysian Institute of Accountants ("MIA") thereby complying with paragraph 15.09(1)(c)(i) of the Listing Requirements that requires at least one (1) member of the Audit Committee must be a qualified accountant.</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 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	:	The Company has always recognized the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two (2) years. Hence, there is no such person being appointed as a member of the AC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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 Board Audit Committee is responsible :-</p> <ul style="list-style-type: none"> • To review the External Auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the External Auditors. The BAC will consider a consolidated opinion on the quality of external auditing at one of its meetings; • To review with the External Auditors the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report; • To review any matters concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the External Auditors; • To review and evaluate factors related to the independence of the External Auditors and assist them in preserving their independence; • To be advised of significant use of the External Auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised; and • To review the External Auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
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 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	:	Adopted
Explanation on adoption of the practice	:	All the Board Audit Committee members comprised solely of Independent Director.

Intended Outcome

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>All members of the Board Audit Committee (“BAC”) are financially literate and are able to understand matters under the purview of the BAC including financial reporting process to effectively discharge their duties.</p> <p>All members of the BAC have attended relevant training to assist in discharging their duties effectively and were also briefed by our external auditors of the latest accounting and audit standards applicable to the Group.</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	:	<p>The Board is responsible for the overall risk management in the Group while the Executive Directors together with the Senior Management team are primarily responsible for managing risks in the Group.</p> <p>In the Group, risk management is dealt with at two (2) levels. At the Board level, the BRMC is chaired by the Independence Non-Executive Director, INED and at the working level, Group Risk Management Working Committee ("GRMWC") is chaired by Encik Ahmad Hassanudin bin Ahmad Kamaluddin, Non-Independence Executive Director Non-Independence Executive Director.</p> <p>An overview of the risk management and internal control within the Group can be found in the Statement of Risk Management and Internal Control as set out in the Annual Report 2019 of the Company.</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 9.2

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	:	<p>The Statement on Risk Management and Internal Control ("SORMIC") in the Company's Annual Report 2019 provides an overview of the status of risk management and internal controls within the Group.</p> <p>The Key features of the framework, as well as a discussion of the key risk areas faced by the Group, are disclosed in the SORMIC in the Annual Report.</p> <p>Attestation has been made by the Board with regard to the adequacy and effectiveness of the framework.</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 9.3 - 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	:	

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	:	IARM is an integral part of the assurance structure of the Group. The department’s primary responsibility is to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group’s overall system of internal control, risk management and governance process.	
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>The Head of IARM reports directly to the Chairman of BAC on functional basis. For office administrative purposes, the Head of IARM reports to the Group Managing Director/Group CEO. The purpose, authority and responsibility of Internal Audit as well as the nature of assurance and consulting activities provided to the Company and the Group is clearly articulated in the Internal Audit Charter that has been approved by the BAC.</p> <p>The Head, IARM has direct access to the Chairman of the BAC on all matters of control and audit. Any inappropriate restrictions on audit scope are to be reported to the BAC.</p> <p>The Head, IARM is assisted by one audit executive. The BAC approves the Group Internal Audit's annual audit plan, financial budget and human resource requirements to ensure the function is adequately resourced by competent and proficient internal auditors.</p> <p>Throughout FY2019, there were two (2) audit resources within Internal Audit Department to undertake key audit areas within the Group, namely as follows:</p> <ol style="list-style-type: none">1. Rosman Bin Nordin - Bachelor Degree in Accounting, Universiti Utara Malaysia, Master in Business Administration, Open University of Malaysia2. Muhammad Azuan Aqmal bin Abdullah Sani - Bachelor Degree in Accounting Information System, Universiti Utara Malaysia <p>The internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</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 Board recognises the value of good investor relation and the importance of disseminating information in a fair and equitable manner, the participation of shareholders and investors, both individual and institutional, at Annual General Meeting (“AGM”) is encouraged. Such information is disseminated via the Company’s annual reports, quarterly financial results and various prescribed announcements made to Bursa Securities.</p> <p>The Company also has a website at www.alam-maritim.com.my, as an avenue for dissemination of corporate and financial 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	:	Applied
Explanation on application of the practice	:	<p>The Company via its website, include a Corporate section which provides all relevant information on the Company, and it is accessible to the public. This Corporate section enhances the Investor Relations ("IR") function by including all announcements made by Bursa Malaysia share price information annual reports and the corporate and governance structure of the Company. Notices of general meeting and minutes of general meetings are also made available on the Company's website for the benefit of shareholders who are unable to attend these meetings.</p> <p>While the Company endeavors to provide as much information as possible to its shareholders and stakeholders, the Board is mindful of the legal and 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

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 Board recognises the significance of the AGM as a platform for dialogue and interaction with all the shareholders of the Company.</p> <p>The Board has adopted the recommendation of the Code for the notice of AGM to be given to shareholders at least 28 days prior to the meeting.</p> <p>In addition, the Notice of the AGM is also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities.</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>All Directors attended the Company’s 14th Annual General Meeting. The Chairman of the Board Audit, Board Nomination Committee Remuneration Committee, Executive Committee and Risk Management Committee were present at the Annual General Meeting to provide response if there any questions addressed to them.</p> <p>At the 14th AGM, the Chairman invited shareholders to raise questions pertaining to the Company’s financial statements and other items for adoption at the meeting at a Questions and Answers session, before putting a resolution to vote. The Directors, Management and external auditors were in attendance to respond to the shareholders’ queries.</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	:	Applied
Explanation on application of the practice	:	<p>The Company's General Meetings have been held near the city centre and not in remote locations.</p> <p>The 14th Annual General Meeting was held at Technology Park Malaysia, Kuala Lumpur.</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	:	

**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.

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