



STATEMENT OF CORPORATE GOVERNANCE

The Statement of Corporate Governance (“Statement”) of Alam Maritim Resources Berhad (“Alam Maritim” or “Company”) aims to provide an insight of the Corporate Governance practices of the Company under the leadership of the Board of Directors (“Board”).

The Board remains fully committed in maintaining high standards of corporate governance and ensuring that the Company and its subsidiaries (“Group”) business and affairs strictly adhere to the doctrine and principles of good corporate governance to safeguard the Group’s assets, enable sustainable performance and ultimately enhance shareholders’ value.

This statement is supported by the Corporate Governance Report, based on a prescribed format as outlined in Paragraph 15.25(2) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”). The Corporate Governance Report is made available via an announcement on Bursa Malaysia Berhad’s website. The Corporate Governance Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2018.

The Board is pleased to disclose the extent of the Group’s compliance with the principles and recommendations set out in the MCCG 2017 during the financial year ended 31 December 2018, as set out hereunder.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

The Group continues to be led and controlled by an active, engaged and experienced Board. Throughout the year, the Board continued to drive and effectively steer the Company with strategic direction through active engagement with the Management.

1. BOARD RESPONSIBILITIES

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.

The Board assumes the following core responsibilities which serve as a guiding principles:-

- **Review and Adopt a Strategic Direction of the Company**
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.
- **Identify and Manage Principal Risks**
On a continuous basis, the Group Internal Audit and Risk Management Department coordinates with Risk Owners to regularly review and update the group risk register prior to deliberations on potential major risks and mitigation plans and action taken at Group Risk Management Working Committee (“GRMWC”) level. 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.

Based on the results of FY2018 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 this Annual Report.



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- **Monitor Succession Planning**

The Board Nomination and Remuneration Committee (“BNRC”) is entrusted by the Board to ensure effective human capital development, talent retention and succession planning for both the Non Independent Executive Director (“NIED”) and key management positions in the Company to ensure business continuity.

The 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 calibre. 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 FY2018 DBCPE, the Board agreed that succession planning of the NIEDs 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 this Annual Report.

There are three (3) Board Committees entrusted to carry out task, as per their Terms of Reference (“ToR”) namely BAC, BNRC and BRMC. These committees have clear defined ToR to operate and conduct broad and in depth deliberation on issues before putting up recommendation to the Board. The ToRs of the Board Committees are available on the Company’s official website at www.alam-maritim.com.my

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.

All deliberations and decisions taken by the Board Committees are documented and approved by the respective Chairman of the Committees. The ultimate responsibility for the final decision however lies with the Board.

Separation of Power between the Board and the Management

The functions of the Board, the Chairman, the NIED and the Independent 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, NIEDs and INEDs 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 invited into the Board Meetings as and when required.

The Chairman of the Company is an INED who assumed the position as Chairman on August 21 2014. 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.



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The Group Chief Executive Director (“GCED”), Datuk Azmi bin Ahmad will assist the Chairman in the effectiveness of implementation of Board policies and decisions, making operational decisions and monitoring the day-to-day running of the business, including defining the scopes of the Management's responsibilities.

The functions and power delegated by the Board to the Management to manage the daily business and operations of the Company are spelt out in the Financial Limits of Authority (“FLOA”) adopted throughout the Group. The schedule of matters reserved for the collective decision of the Board is also enshrined in the FLOA. The FLOA is reviewed from time to time to ensure that they are relevant and up to date. The FLOA was last reviewed in January 2016.

In accordance with the FLOA, operational issues are delegated to the GCEO. The GCEO is accountable to the Board for the overall organisation, management and staffing of the Group and for its procedures in financial and operational matters, including conduct and discipline. The GCEO supported by the Management Team, implements the Group's FLOA as adopted by the Board of Directors, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies. The GCEO is responsible for the stewardship of the Group's direction and the day-to-day management of the Group.

Further delegation is cascaded by the GCEO to the Senior Management Team of the Group. At the senior management level, various working committees such as Health, Safety, Security and Environment (“HSSE”) Working Committees, Management Committee, Quality Committee, Group Risk Management Working Committee, are established to assist the Board and Board Committees in the Company's decision making process, implementation and control.

Access to Management

The Board recognises that the decision making process is highly contingent on the quality of information furnished. As such, the members of the Board in the course of performing their duties, have unlimited access to all information about the Group's business affairs, advice and services of the Senior Management. The Board firmly believes that effective deliberation and its decision making process is highly dependent on the quality of information furnished by the Management.

From time to time, whenever the Board requires relevant information updates, the relevant member of the Management is invited to attend meetings of the Board and its Committees to present or seek recommendations for the Board's consideration on matters relating to their area of responsibility. The respective Senior Management and permanent invitees such as the Head of HSSE Department, Group Financial Officer (“GCFO”) have been invited to Board Meetings during the presentation of quarterly performance reports for effective deliberation on the Group's financial and safety performance.

The Board and the Board Committees receive timely and up-to-date information and the Company Secretary, under the direction of the Chairman, ensures a balanced flow of information is disseminated for decisions to be made on an informed basis for effective discharge of the Board's responsibilities.

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.

Access to Company Secretary

The Board is supported by the Company Secretary in discharging its duties and functions. The Directors have unrestricted access to the advice and services of the Company Secretary to enable the Directors to discharge their duties effectively. The Company Secretaries are responsible to provide support and appropriate guidance to the Board on the policies and procedures, rules and regulations and relevant laws as well as best practices on governance. The Company Secretary attends and ensures that all Board and Committee meetings are properly convened and all deliberations and decisions made at the meetings are properly minuted and kept.



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Access to External Experts

External advisers may also be invited to attend Board and Board Committee meetings, as the case may be, to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. The Board has the same right of access to all information within the Group and the duty to make further enquiries which they may require in discharging their duties including seeking independent professional advice, if necessary, at the Company's expense. During the year, no external expert was separately sources by the Board for advice.

Board Charter

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 the MCCG 2017 and best practices. 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, GCEO, NIEDs and INEDs. It will be reviewed from time to time to ensure that it remains relevant and consistent to current rules and regulations.

The Board Charter is accessible on the Company's official website at www.alam-maritim.com.my.

Code of Ethics

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 Group communicates its code of conduct to all Directors and employees upon their appointment of employment.

The conduct of employees is governed by Code of Ethics 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.

Whistle Blowing Policy

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.

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.

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 BAC, copied to GCEO 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.

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.



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Fostering Commitment of the Board

The Board is of the opinion that the Board Members have no issue regarding their time commitment and attention to the affairs of the Company. Such is evidenced by the attendance of directors at Board and Committee meetings. These have demonstrated high level of commitment in Board members being able to accommodate the Company according to its needs.

The schedule for the Group's Board meetings was formulated in December 2017 and shared with the Board before the beginning of the year to ensure the Directors' time commitment.

A total of five (5) meetings were held during the year: Four (4) scheduled Board meetings to deliberate and decide on quarterly financial results, performance reports, pertinent strategic matters, risk assessment and important issues raised that require the Board's input and approval and various other corporate matters based on pre-determined agendas. One (1) special meetings were held during the year; of which the adoption of audited accounts was held in early April 2018. The Board also attended one (1) meeting in May 2018 prior to AGM to deliberate on AGM's matters.

The Board members have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated by the Main Market Listing Requirements ("MMLR") of Bursa Securities. The attendance of the members of Board at the Board meetings and 13th Annual General Meeting for the financial year ended 31 December 2017, are as follows:-

Board of Directors	Designation	Board Meeting Attendance	13 th AGM Attendance	% of Attendance
FinaNorhizah binti Haji Baharu Zaman (Chairman)	Independent Non-Executive Director	5/5	1/1	100%
Datuk Azmi bin Ahmad	Non-Independent Executive Director	5/5	1/1	100%
Shaharuddin bin Warno @ Rahmad	Non-Independent Executive Director	5/5	1/1	100%
Ahmad Hassanudin bin Ahmad Kamaluddin	Non-Independent Executive Director	5/5	1/1	100%
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	5/5	1/1	100%
Ainul Azhar bin Ainul Jamal (Resigned w.e.f 17 May 2018)	Independent Non-Executive Director	2/2	-	100%

Paragraph 15.06 of MMLR provides that Directors of listed company may not hold more than five (5) directorship in listed companies. None of the Board members of the Company serve in more than five (5) listed companies.

The NIEDs of the Company also do not serve as a Director on other listed companies.



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Board Training and Knowledge Acquisition

The Board is mindful of the importance for its members to undergo continuous training. The BNRC continues to evaluate and determine the training needs of the Directors to ensure continuous trainings and education in order for them to enhance their business acumen and professionalism in discharging their duties to the Group.

In addition, the Company Secretary also receives regular updates on training programmes from various organisations including the regulators. These updates are circulated to the Directors for their consideration. The Company Secretary will make the necessary arrangements for the Directors to attend the trainings.

The external auditors also continuously brief the Board on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

In the quest for continuous learning and acquisition of relevant skills and knowledge to enhance their business expertise and professionalism, the Directors attended the following seminars, conferences and training programmes in 2018:

Courses/Trainings	Attended by
Enterprise Risk Management (ERM) Workshop	FZ DAW AAJ DAA SR AHK
Seminar on Annual Report and Sustainability 2018	DAA SR AHK
Corporate of Liability Provision 2018	FZ DAA SR AHK
Strategic Management Planning	FZ DAW DAA SR AHK
Fraud Risk Management (FRM) for Board of Directors and Senior Management Workshop	FZ DAW DAA SR AHK

FN - Puan Fina Norhizah binti Haji Baharu Zaman
DAA - Datuk Azmi Bin Ahmad
SR - Encik Shahrudin bin Warno @ Rahmad
AHK - Encik Ahmad Hassanudin bin Ahmad Kamaluddin
DAW - Dato' Haji Ab Wahab bin Haji Ibrahim
AAJ - Encik Ainul AZhar bin Ainul Jamal

The Directors will continuously undergo other relevant training programmes and essential practices to further enhance their skills and knowledge where relevant so as to enable the Directors to participate in deliberations and effectively discharge their duties.



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2. BOARD COMPOSITION

The Board consists of six (6) members comprising of three (3) NIEDs and three (3) INEDs. In FY2018, 50% of the Board members are INEDs, complying with the Paragraph 15.02 of the MMLR of Bursa Securities.

The three (3) INEDS the Company, namely Puan Fina Norhizah binti Haji Baharu Zaman, Dato' Haji Ab Wahab bin Haji Ibrahim and En Ainul Azhar were not former employees of the Company. They are independent from Management and are able to exercise independent judgement and participate positively in all the Board's deliberations. They also play a pivotal role in corporate accountabilities as they provide unbiased and independent views, advice, opinions and judgement at Board and Board Committees deliberations as well as safeguard the interests of other parties such as minority shareholders and other stakeholders. These values are most clearly illustrated in the Board Committees chaired by the INEDs, namely the BAC, BRMC and BNRC.

The INEDs are not involved in the day-to-day management of the Company and are not party to any business dealings or any other relationship with the Group that could reasonably be perceived to materially interfere with their exercise of unfettered and independent judgement.

The Board is of the view that the current composition is a mix of knowledge, skills and expertise relevant to the Company's operations which provides strong and effective leadership, strategic direction and necessary governance to the Group. The profiles of the respective Directors are set out on pages 34 to 39 of this Annual Report.

Tenure of Independent Directors

The Company has not established term limits for the INEDs as the Board believes that term limit does not in any way interfere with their exercise of independent judgement and ability to act in the best interest of the Company. Moreover, the term limit has the disadvantage of causing to lose the contributions of the INEDs.

Diversity

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 BNRC.

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 MCCG 2017.

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.

The Board is of the view that the current composition creates positive, value-relevant impact on the Company. While the Board strives to promote diversity, appointments of Directors are still premised on merit and the knowledge and expertise which must be relevant to the Company.



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Independence of the Board of Directors

During the financial year under review, the Board of Directors assessed the independence of its INEDs based on criteria set out in Paragraph 1.01 of the MMLR of Bursa Securities. To date, all three (3) INEDs satisfy the following independence criteria:-

- 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.

The INEDs' respective backgrounds, experience and understanding of good governance enable them to exercise objective judgement. They are not easily influenced by non-related matters and are able to act in the best interest of the Company and safeguard the stakeholders interests.

Apart from the above criteria, the independence of the INEDs is assessed annually through the DBCPE Survey. This exercise involves questionnaires that cover principles, perspective and personal insights of the respective directors and are completed by all INEDs on themselves and on their peers.

The Board has taken note on the MCCG 2017's recommendations on the tenure of an independent director that should not exceed a cumulative term of nine (9) years. However, an 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.

In justifying the decision, the BNRC is entrusted to assess the candidate's suitability to continue as an INED based on the criteria on independence.

At the coming 14th Annual General Meeting ("AGM"), the Company will seek its shareholders' mandate to retain Dato' Haji Ab Wahab bin Haji Ibrahim as an INED of the Company. He has served the Company as an INED since May 2 2006, for a cumulative period of over nine (9) years.

The 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 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 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 MCCG 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.

INED seeking retention has abstained from all deliberations regarding his retention.



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In line with the recommendations of the MCCG 2017, the BNRC has also performed an annual review of the independence of Independent Directors. In assessing the independence of Independent Directors, the BNRC will consider whether the Director has met the independence guidelines as set out in Paragraph 1.01 of the MMLR of Bursa Securities which includes a series of objective tests. The BNRC will also take into account if the Independent Director has or has had any relationship with the Company other than as a Director as well as the Independent Director's ability to exercise independent and objective judgement at all times and to act in the best interests of the Company.

For the FY2018, the BNRC has assessed and concluded that none of the Independent Directors have any business or other relationship which could materially interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company. The BNRC will continue, on an annual basis, to assess the independence of INEDs.

Appointment to the Board

The 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.

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.

Re-Appointment and Re-election of Directors

The Board believes in having a healthy mix of age and experience and therefore does not impose a limit on the length of service of the INEDs as their attributes in terms of skills, experience, professionalism, integrity including core competencies in exercising their objectivity and independent judgement to discharge their responsibilities in good faith in the best interest of the Company are more critical in ascertaining the function and effectiveness of their independence than the number of years served on the Board.

The on-going evaluation also further ensure the effectiveness of the Board as a whole in discharging their duties and responsibilities despite the duration of service for one (1) INED has exceeded nine (9) years.

In accordance with Article 100 of the Company's Articles of Association, all Directors who are newly appointed to the Board shall hold office until the next AGM subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM. The director due for re-election pursuant to Article 100 of the Article of Association of the Company at the forthcoming AGM is Encik Mohammad Suhaimi bin Mohd Yasin.

Article 94 states that one-third (1/3) of the Board of Directors for the time being, are subject to retirement by rotation at every AGM but shall be eligible for re-election. The Directors to retire each year are the Directors who have been the longest in office since their appointment or re-election. The Directors due for re-election by rotation pursuant to Article 94 of the Articles of Association of the Company at the forthcoming AGM are Puan Fina Norhizah binti Hj Baharu Zaman and Dato' Haji Ab Wahab bin Haji Ibrahim.

The contributions and performance of the Directors who are subject to re-appointment and re-election at the AGM are assessed by the BNRC whose recommendations are submitted to the Board for the Board's decision on such proposed re-appointment and re-election of the Directors concerned, to be tabled for shareholders' approval at the AGM.



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The Directors standing for re-election, re-appointment and retention at the forthcoming AGM of the Company are as follows:-

Name	Designation	Relevant Provisions
Fina Norhizah binti Haji Baharu Zaman	Independent Non-Executive Director	Re-election under Article 94
Dato' Haji Ab Wahab bin Haji Ibrahim	Independent Non-Executive Director	Re-election under Article 94
Mohammad Suhaimi bin Mohd Yasin	Independent Non-Executive Director	Re-election under Article 100

All of the above Directors have complied with the various statutory provisions and other regulatory matters and were recommended for re-election/re-appointment/retention by the BNRC and were subsequently approved by the Board pursuant to the respective Articles and Sections. Directors seeking re-election, re-appointment and retention have abstained from all deliberations regarding his re-election, re-appointment and retention.

Information of each Director standing for re-election is set out on pages 34, 38 and 39 of the Annual Report.

Annual Assessment of Directors

At the Board's meeting on 12 April 2019, the BNRC tabled the results of the FY2018 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:

- independence;
- mix of skills and experience;
- key strength; and
- areas of improvements.

The BNRC undertook gap assessment to identify the strengths and areas for improvement to further strengthen the Board and the Board Committees.

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 management and adequacy of information and processes.

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.



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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 INEDs and NIEDs.

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 2018. This result indicates a positive level of Board dynamics for the Board to further drive its performance.

Overall, the results of FY2018 DBCPE indicate healthy Boardroom dynamics with good working relationships among the Board members.

Based on the FY2018 DBCPE results, the Board will continue to focus on the followings to maintain Alam Maritim's competitiveness:

- expedite plan towards talent scouting and succession planning;
- management of key risks;
- management of human capital;
- performance of key business units, and;
- strategic planning.

3. REMUNERATION

In line with MCCG 2017, the remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with therelevant 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 BNRC deliberates, proposes and reviews the remuneration packages of Directors and key personnel.

The remuneration packages of both INEDs and NIEDs are drawn based on internal guidelines, considering the level of responsibilities, expertise and contribution to the Board and Board Committees. 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.

All Directors, executive and non-executive, are abstained from deliberations and voting on decisions in respect of their individual remuneration.

In the case of NIEDs, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular NIED concerned. The remuneration of the NIEDs will be reviewed by the BNRC andrecommended 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 Constitutions.

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 remuneration policy for the Senior Management is in line with the business strategy, objectives, values and long term goals and interests of the Company and guided by the Company's affordability, approved remuneration and reward matrix and comparison against the current market practice in the same industry.



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The directors' remuneration which include the executive directors who are also senior management for FY2018 is presented below:-

Description	NIEDs	INEDs	Total
Salaries and other emoluments	2,847,069	-	2,847,069
Defined contribution plan	247,032	-	247,032
Estimated money value of benefits in kind	144,000	-	144,000
Fees and other emoluments	-	277,883	277,883

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

1. AUDIT COMMITTEE

The Audit Committee of the Company comprises exclusively INEDs namely Dato' Haji Ab Wahab bin Haji Ibrahim and Puan Fina Norhizah binti Haji Baharu Zaman. The Board received a written assurance by the External Auditors, confirming their independence in providing both audit and non-audit services for the year under review.

The compositions, summary of activities of the BAC relating to the FY2018 are highlighted on pages 88 to 93 of this Annual Report.

2. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Directors affirms its responsibility for maintaining a sound and effective system of risk management and internal controls. Key and potential risks identified, together with the mitigation action plans are reported to the Risk Management Committee, Audit Committee and the Board for their attention and deliberation. The Board Risk Committee assesses and monitors the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls are reviewed by the Audit Committee through the work performed internal audit function for the Group.

The Statement on Risk Management and Internal Control set out on pages 94 to 98 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. COMMUNICATION WITH STAKEHOLDERS

The Company recognises the importance of an effective communication channel with stakeholders, institutional investors and the investing public at large to provide a clear picture of the Group's performance.

The Board acknowledges the significance of maintaining transparency and accountability to the Company's shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors including minority shareholders are protected. Alam Maritim's annual report contains invaluable information on the Company for the shareholders and investors specifically and the public in general. As a key channel of communication between the Group and its stakeholders, it contains a report and disclosures on the Groups' directions, key activities and financial performance, the contents of which are continuously enhanced to take into account the developments amongst others, in corporate governance.



STATEMENT OF CORPORATE GOVERNANCE

A summary of annual report is published in a printed form and posted to shareholders in a CD ROM. An electronic version of the full annual report is also available on the Company's website for download. The complete printed version of the annual report is provided to shareholders upon request.

The Board believes that transparent reporting and clear communication is integral to the success of the Group and strives to ensure that its stakeholders are kept well informed of the Group's development and activities. In terms of preparing quality disclosures for the shareholders and other stakeholders, the Group uses the Corporate Disclosure Policy issued by Bursa Malaysia Securities Berhad and other standard imposed by governing bodies as the main guidance in preparing disclosure materials.

Dissemination of disclosure materials and market updates

Dissemination of disclosure materials as well as corporate and related market information to the shareholders are mainly by the internet through Bursalink, Group's website, particularly the investor relation section as well as the printed media, such as the annual report and circulars or statements to the shareholders. All announcements and Quarterly Reports made by the Company to Bursa Securities are on the Company's corporate website, www.alam-maritim.com.my where shareholders can access information under the "Investor Relations" page.

As part of the Company's commitment towards maintaining effective communication with shareholders and investors, experienced members of the NIED and the Management Team are directly involved in the Company's investor relations activities, whose details are as follows:-

Name : Shaharuddin bin Warno @ Rahmad
Designation : Group Chief Operating Officer
Email : shaharuddin@alam-maritim.com.my

Name : Md Nasir bin Noh
Designation : Group Chief Financial Officer
Email : mdnasir@alam-maritim.com.my

The intranet and web portal are also being used in the Group as platforms to connect the employees and management, automate and increase efficiency in certain administrative processes and facilitate remote communication with staff who work offshore and in foreign waters.

While the Company endeavours 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.

2. CONDUCT AT GENERAL MEETING

The Company sends out the Notice of the Annual General Meeting ("AGM") and related circular to shareholders at least 21 days before the meeting as required under the Listing Requirements of Bursa, in order to facilitate full understanding and evaluation of the issues involved.

During the AGM, the GCEO or GCFO presents a review on the Group's performance which is supported by a visual and graphic presentation of the key points and financial figures.

The Board recognises a two-way communication with its shareholders at general meetings and allocates time and welcomes questions and feedback regarding directions, operations, financials and proposed resolutions from the shareholders at the general meeting. Questions raised by the Minority Shareholders Watchdog Group ("MSWG") are also addressed and shared with all shareholders during the AGM. A press conference is also held immediately after the AGM at which all the Board members and GCFO are present to clarify and explain issues raised by the media.

In the past, about 80% of the shareholders of the Company appointed proxies to attend and vote on their behalf at general meetings.



STATEMENT OF CORPORATE GOVERNANCE

UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board is committed to the preparation of financial statements that present a true and fair view of the financial position of the Group and prospects each time it releases its quarterly and annual financial results. The Board with assistance from the BAC undertakes detailed review of all financial statements prepared and ensure necessary internal controls are in place and the preparation of financial statements are free from material misstatement, whether due to fraud or error.

Details of the Company and the Group financial statements for the financial year ended 31 December 2018 are set out in pages 100 to 185 of this Annual Report.

RELATED PARTY TRANSACTIONS

The Recurrent Related Party Transactions entered into by the Group with its related parties is set out on page 170 to 171. Details of these transactions are in ordinary course of business, on arm's length basis and on normal commercial terms, which are not favorable to related parties other than those generally available to the public and not detrimental to minority shareholders.

RELATIONSHIP WITH THE AUDITORS

The Board, through the BAC maintains a formal and transparent relationship with the External Auditors. The BAC had convened two (2) meetings with the External Auditors without the presence of Executive Directors and officers to discuss the audit findings for financial year ended 2018.

The Board's obligation to establish formal and transparent arrangements in considering how it should apply financial reporting and internal controls, and maintaining an appropriate relationship with the Group's external auditors is met through the BAC.

An assessment of the objectivity, independence and quality of service delivery of the Group's external auditors was conducted in early April 2019, facilitated by the Internal Audit Department and no major gaps have been identified.

The BAC has obtained the assurance from external auditors confirming their independence.

COMPLIANCE STATEMENT

Save as disclosed above, the Board is satisfied that throughout the financial year ended 31 December 2018, the Company has applied the principles and recommendations of the corporate governance set out in the Code, where necessary and appropriate.

This statement is made in accordance with a resolution of the Board on April 12 2019.



STATEMENT OF CORPORATE GOVERNANCE

ADDITIONAL COMPLIANCE INFORMATION - IN ACCORDANCE WITH APPENDIX 9C OF THE LISTING REQUIREMENTS

Employee Share Option (“ESOS”)

The Company has one ESOS in existence during the financial year. The ESOS was approved by the shareholders of the Company at the Company’s Extraordinary General Meeting held on 3 June 2016. As at 31 December 2018, ESOS options over 80,549,000 new ordinary shares were granted to the employees of the Group (including the Executive Directors) as follows:-

Category of employees	No. of ESOS options granted as at 31 Dec 2018	% granted as at 31 Dec 2016 of total available*	No. of ESOS options exercised	No. of ESOS options outstanding
Executive Directors	27,244,000	29%	-	27,244,000
Senior Management	14,865,000	16%	-	14,865,000
Other Employees	38,440,000	42%	-	38,440,000
Total	80,549,000			80,549,000

* As at 31 December 2018, the issued and paid up ordinary share capital of the Company comprised of 924,490,200 ordinary shares in accordance with the ESOS, the maximum number of shares to be offered for subscription and allotment shall not exceed in aggregate 10% of the issued and paid up share capital of the Company (excluding treasury shares) at any one time or such other limit that may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS Scheme.

The aggregate maximum allocation of the ESOS options applicable to the Directors and senior management is 50% and actual granted to the Directors and senior management since the announcement of the ESOS is 45%.