

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5032  
**COMPANY NAME** : BINTULU PORT HOLDINGS BERHAD  
**FINANCIAL YEAR** : December 31, 2017

## OUTLINE:

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

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

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

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

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

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

### Intended Outcome

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

### Practice 1.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is an important organ within our Group for promoting, enhancing and ensuring compliance with good corporate governance cultures and to ensure that they are implemented and practised in the Company.</p> <p>Members of the Board of Directors comprised of experienced, exceptional corporate and public figures capable of delivering the Company's and the shareholders' best interest in an active, efficient and engaging way.</p> <p>Currently, the Company is continuously driven by twelve (12) Directors which comprise of seven (7) Non-Independent Non-Executive Directors (NINEs) and five (5) Independent Non-Executive Directors (INEDs).</p> <p>The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are discharged.</p> <p>Other duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Company, setting the goals and directions of the Management and monitoring the performance of the Management.</p>

The new Group Vision, Mission and Corporate Values, or GVMCV, of Bintulu Port Holdings Berhad (BPHB) was introduced on 28 February 2018. This marks the starting point of BPHB's transformational journey towards a new landscape, towards achieving new possibilities and towards sustaining port business for generations to come.

Underlining BPHB's Vision, Mission and Strategic Thrust is the Corporate Values, which has been rebranded as TIIP, "Teamwork, Integrity, Innovation and Professionalism". Corporate Values are the operating philosophies or principles and culture that guide an organisation's internal conduct as well as its relationship with its customers, partners, and shareholders. These are the values interconnected in strengthening the People, in support of BPHB's new Vision and Mission.

Key matters reserved for the Board include the approval of strategic plans; annual operating and capital budgets; and quarterly as well as annual financial statements. The Board monitors the financial and operating performance and endorses the quarterly and annual results for announcement. Further, the Board identifies principal risks and ensure that the risks are properly managed as well as reviewing the adequacy of the internal control policies and ensuring that the Company has appropriate risk management framework, internal control systems and regulatory compliances policies.

In accordance with the MCCG, Committees such as the Audit and Risk Committee, the Nomination and Remuneration Committee as well as the Finance and Investment Committee were established with Terms of Reference ("the TOR") defined by the Board. These Committees would report to the Board with recommendations on their respective functions and findings to enable the Board to make decisions and discharge its responsibilities under the Board Charter. The Board, however, retains the authority to make final call on any decision based on the reports submitted by the Committees.

The Board acknowledges the importance of maintaining a sound risk management and internal control system as well as reviewing its adequacy and effectiveness to ensure good corporate governance.

The Board, whilst acknowledging its responsibility, recognises that the risk management and internal control system are designed to manage, rather than eliminate, the risks that may impede the achievement of the Group's

business goals and objectives. Therefore, the system can only provide reasonable, but not absolute assurance, against the occurrence of any material misstatement, fraud or losses.

To ensure the adequacy and effectiveness of the Group's risk management and internal control, the Board has maintained full control over strategic, financial, organisational and compliance issues and has put in place the formal lines of responsibility and delegation of authority. The review of risk management and internal control reports and processes is delegated by the Board to Audit and Risk Committee.

As for risk management, the Board has carried out an on-going process of identifying, evaluating as well as deliberating and providing advice on matters pertaining to key corporate risks of the Group, the mitigation measures and its action plans to ensure that key risk areas are managed to achieve the Group's business objectives.

For the financial year ended 31 December 2017, the Board had undertaken the following processes to provide reasonable assurance to further strengthen the Group's internal control system:

- The Group had established the holding-subsidaries relationship through the appointment of Board of Directors of respective subsidiaries to oversee business operations and maintain sound Risk Management and Internal Control system at subsidiaries level;
- The Group has also performed comprehensive budgeting and forecasting exercises. The actual performance against budget is analysed and reported on a quarterly basis to the Board. Timely corrective actions are then taken;
- Key corporate risks are reviewed bi-annually by the Audit and Risk Committee and the Board taking cognisance of changes in the regulatory, technology, operational procedures and business environment in order to ensure the adequacy and integrity of the overall internal control systems;
- The Code of Conduct is given to all staff upon joining the Group. They are required to strictly adhere to the Code of Conduct in order to ensure high level of discipline and positive attitude while executing their duties. The Code of Conduct is also an integral part of the internal control system. It is the responsibility of all staff to maintain and practice sound risk management and internal control as part of their accountability

	<p>towards achieving the overall Group's objectives; and</p> <ul style="list-style-type: none"> <li>• The Customer Charter is a benchmark set by the Group for scrutinising and evaluating operational efficiency and performances in accomplishing customer's satisfaction. The Management is committed to ensure the strict adherence to the Customer Charter at all levels of operation. For any failure to meet the Customer Charter, the Management carries out service recovery initiatives.</li> </ul> <p>The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the Malaysian Code on Corporate Governance (MCCG).</p> <p>The Company complies with the various guidelines issued by Bursa Malaysia and the Securities Commission relating to disclosure and internal audit functions.</p>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### Intended Outcome

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

### Practice 1.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Tan Sri Dr. Ali bin Hamsa has been the Chairman of the Group since 1 November 2013. The Chairman provides leadership for the Group and the Board in setting the values, standards and policies of the Group especially in the development of the Company's strategic directions and safeguards the interest of its stakeholders. He also acts as a facilitator during Board meetings to ensure that the Directors participate in deliberation and that Board members were given ample opportunity to contribute to the outcomes of the meetings.</p> <p>The Chairman is responsible for managing the business of the Board to ensure that:</p> <ul style="list-style-type: none"><li>i. all Directors are properly briefed on issues arising at Board meetings;</li><li>ii. sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion;</li><li>iii. the issues discussed are forward looking and concentrates on strategy; and</li><li>iv. Ensure its Board members to have access to appropriate continuing education programmes to update their knowledge and enhance their skills.</li></ul> <p>Finally, the Chairman also ensures that every Board resolution is put to vote so the will of the majority prevails.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The distinct and separate roles and responsibilities of the Chairman and the GCEO is as expressed in the Board Charter of the Company (available on the Company's website at <a href="http://www.bintuluport.com.my">www.bintuluport.com.my</a> ).</p> <p>The positions of the Chairman and GCEO are held by two different individuals.</p> <p>Tan Sri Dr. Ali bin Hamsa has been the Chairman of the Group since 1 November 2013 and he provides leadership for the Group and the Board in setting the values, standards and policies of the Group especially in the development of the Company's strategic directions and safeguards the interest of its stakeholders.</p> <p>Dato Mohammad Medan bin Abdullah has been the GCEO since 1 March 2017. The GCEO implements the policies, strategies and decisions of the Board in addition to his responsibilities for the day to day operation of the Group's business and the administration of its corporate affairs. He also has a duty to enforce compliance with MCCG, instilling good work culture, motivating the Company's workforce towards greater productivity.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.4

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Company Secretary of BPHB is a certified and licensed company secretary fulfilling requirements under Section 235 of the Companies Act 2016.</p> <p>The current Company Secretary, Encik Abu Bakar bin Husaini is licensed by the Registrar of Companies.</p> <p>In terms of corporate governance, the Company Secretary must ensure that due and proper notice for all Board and Committee meetings are duly given, papers or documents submitted for such meeting contain all relevant and material information to enable members of the Board and the Committees to make well-informed and correct decision.</p> <p>The Company Secretary shall facilitate due compliance by the Group of all regulations, directions and notices issued from time to time by all relevant regulatory authorities, and organise or make arrangements for directors to attend courses relevant to the performance of their fiduciary and other duties effectively.</p> <p>Further, play an advisory role to the Board, particularly with regard to the Company's Memorandum and Articles of Association, Board policies and procedures, Corporate Governance best practices and its compliance with regulatory requirements, codes, guidances and legislations. The Company Secretary also monitor the developments of Corporate Governance and assist the Board in applying best practices to meet the Board's needs and stakeholders' expectations.</p> <p>The Company Secretary is also responsible in making sure all meetings are properly convened, accurate records of the proceedings and resolutions passed are maintained in order.</p> <p>By virtue of these responsibilities, his or her attendance in all</p>

	<p>Board and Board Committees meetings are deemed compulsory.</p> <p>For annual general meetings which are held at the end of April annually, the Company Secretary plays an important role in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretary will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging its functions.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 1.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board meets regularly during the financial year. A schedule of Board meetings for the whole year is prepared well in advance before the end of the preceding financial year. This is to enable full and maximum attendance at Board and Committee meetings. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.</p> <p>The Management prepares Board and Committee papers which provides relevant facts and analysis for deliberations of the Board. Timely and up-to-date information on financial, operational, corporate, regulatory, business development and audit matters are made available to the Board through Board Reports. These reports are a part of the mechanism primarily designed to help the Board make informed and sound decisions in discharging their duties as Directors of the Group.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>The Company Secretary will communicate to the relevant Management the Board's decisions/recommendations via circulation of draft minutes of meetings for appropriate actions to be taken. The Company Secretary will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p> <p>Upon invitation, Senior Management of the Group and external advisors will attend Board or Committee meetings to assist in providing professional opinion and clarification on specific agenda items as well as additional insights on the matter at hand. Besides having direct access to the Management, engaging external independent</p>

	professionals is an alternative the Board may pursue to acquire further advice whenever deemed necessary at the Company's expense.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>There is a Board Charter ("the Charter") to guide the Directors on their functions, responsibilities and statutory duties either prescribed in the Companies Act 2016 or other relevant laws and regulations or in the Company's constitution and the manner in which decisions are to be made by the Board.</p> <p>The Charter separates the Management and the Board in terms of their functions and authority to ensure there is a proper check and balance in the decision-making process. The Board acknowledges that the Charter is an important source of reference in regard to its role in ensuring due compliance with good corporate governance practices and principles, the key values and ethics of the Group. The Charter would be reviewed and updated periodically to advance the vision and mission of the Group as well as compliance with any new regulations.</p> <p>The detailed Term of Reference ("the TOR") of the Board and the Board Committees are set out in the Charter. The Charter clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval and those which the Board may delegate to the Board Committees, the CEO and the Management.</p> <p>Key matters reserved for the Board's approval include the annual and quarterly financial results, annual business plan and budget, dividend policy, business continuity plan, new issues of securities, business restructuring, expenditure above a certain predetermined limit, disposal of significant fixed assets and acquisition or disposal of companies within the Group.</p> <p>The Charter is available on the Group's website at <a href="http://www.bintuluport.com.my">www.bintuluport.com.my</a>.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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

### Practice 3.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Towards promoting good corporate behaviour and culture the Companies Commission of Malaysia (CCM) has published a Company Directors' Code of Ethics (hereafter referred to CCM Directors' Code of Ethics).</p> <p>Under this CCM Directors' Code of Ethics, directors' performance of their duties must be aligned with good corporate values such as sincerity, integrity, trustworthiness and high standard of corporate governance. Under the CCM Directors' Code of Ethics, the directors are charged with the responsibilities to carry out the Group's Corporate Social Responsibility (CSR) as one of the top priorities of the Group.</p> <p>By adhering to the CCM Directors' Code of Ethics, the Board is setting standards for exemplary corporate conduct for the Management and the staff to emulate. Thereby, corporate governance, work culture and ethics, commitment and loyalty to the Group is enhanced.</p> <p>Further, the Board will provide the strategic directions for the Group to strengthen its relationship with the stakeholders and the Community by initiating efforts and programmes which would benefit them.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

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

### Practice 3.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Since September 2014, the Group has been implementing its Whistleblowing Policy as an initiative to promote a culture of openness, accountability and integrity among the Directors, officers and employees of the Group.</p> <p>Achieving high ethical standards of the Group through the implementation of this policy is crucial in creating an organisation that is both reliable, credible and mindful of its internal matters.</p> <p>The policy serves as an avenue upon which any person can confidently disclose unlawful conducts, malpractices or breach of ethics occurring within the Group so that appropriate action may be taken to prevent loss or damage to the Group.</p> <p>As the Whistleblower Protection Act 2010 protects the “whistleblower” who can disclose such misconduct without fear of reprisal or retribution from any source.</p> <p>Under this policy, information disclosed by the “whistleblower” must be substantiated and well-founded, and relayed to the Head of Group Internal Audit through channels prescribed under this policy.</p> <p>This will enable expeditious investigation to be conducted in a fair manner so that those responsible or involved in the misconduct could be brought to justice or appropriate disciplinary actions taken against them.</p> <p>After such disclosure, the “whistleblower” would be notified on the outcome of such investigation and any action taken by the relevant disciplinary authority as provided under Section 13(4) of the Whistleblower Protection Act 2010.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 4.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Article 109 of the Company's Article of Association provides that there shall be at least two (2) and not more than twelve (12) members of the Board. As at 28 February 2018, the Board membership stands at twelve (12) members comprising of seven (7) Non-Independent Non-Executive Directors and the remaining five (5) are Independent Non-Executive Directors. This composition fulfils the requirements mandated by the MMLR of Bursa Malaysia under Paragraph 15.02(1), which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.</p> <p>The current size and composition of the Board is considered well balanced in addressing any business challenges and driving the business of the Group to greater heights. The Board members come from various professional backgrounds in terms of mix of skills, knowledge, expertise, experience and other requisite qualities.</p> <p>These qualities include core competencies in finance, business, oil and gas, law, general management and strategic thinking that are essential for the success of the Group. The Independent Non-Executive Directors play active roles in deliberations of policies and providing unbiased independent views and sound judgement.</p> <p>The composition of the Board fairly reflects the interest of the major shareholders as represented by the appointment of their nominee Directors. The Preference Shareholder is the Minister of Finance (Incorporated) while the Petroleum Nasional Berhad (PETRONAS), Sarawak State Financial Secretary (SFS), Equisar Assets Sdn Bhd and Kumpulan Wang Persaraan (Diperbadankan) (KWAP) are the major shareholders of the Group. The Independent Directors are also responsible for safeguarding the interest of minority shareholders.</p>
<b>Explanation for departure</b>	:	

<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.2**

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

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

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

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

### Practice 4.4

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives in order to bring values to board deliberations. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.</p> <p>It is designed to be sufficiently large to capture the diversity of skills and expertise required to evaluate the best interests of shareholders, while not too large to ensure an effective decision making process and active participation of every director. A balanced board in this regard can help dispel stereotyping, make commercial decisions that are aligned to customer and investor needs.</p> <p>The current Board composition comprises of nine (9) male Directors and three (3) female Directors. The Board is of the view that the current composition will generate positive impact on business and create value for the Company. While the Board strives to promote diversity, appointments of Directors are still premised on merits, knowledge and expertise which must be relevant to the Company.</p> <p>With regards to the appointment of Directors and senior managements, the Nomination and Remuneration Committee (NRC) of BPHB take into account the current diversity in skills, experience, age, cultural background and nationality of the potential candidates. This helps to ensure an appropriate balance between the experience perspectives of the long term directors and new perspectives that bring fresh insights to the Board.</p> <p>The Board strongly views that diversity of the Board's composition is important optimal decision-making by harnessing different insights and whilst the capital market experience is of paramount importance Board, a high performance board should comprise directors with a wide of backgrounds, experiences and skills.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 4.5

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that diversity is not limited to gender representation, but encompasses ethnicity/ race, age as well as nationality. However, the Board embraced Practice 4.5 as recommended in the MCCG whereby gender representation has become increasingly important. With the appointment of Datuk Yasmin binti Mahmood, Datuk Nozirah binti Bahari and Datuk Siti Zauyah binti Md Desa the current Board composition comprises of nine (9) male Directors and three (3) female Directors.</p> <p>The Board is of the view that the current composition will generate positive impact on business and create value for the Company. While the Board strives to promote diversity, appointments of Directors are still premised on merits, knowledge and expertise which must be relevant to the Company.</p> <p>The Board through its Board Charter envisioned a diverse Board in terms of experience, skills, competence, race, gender, culture and nationality to ensure that different perspectives are brought to bear on issues.</p> <p>The Board is of the opinion that a balanced Board composition can help dispel stereotyping, make commercial decisions that are aligned to customer and investor needs</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 4.6

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee ("NRC") is guided by the Protocol in carrying out its responsibilities in respect of the nomination, selection and appointment process in BPHB and its subsidiaries, which also provides the requirements under the relevant laws and regulations on the matter.</p> <p>With reference to Paragraph 15.08A(3)(b) of the MMLR of Bursa Securities, the pool has been continuously refreshed with new potential candidates in 2017, having regard to the selection criteria, to ensure that the list of potential candidates remains relevant and offers the talent/skills required for the NRC/Board's consideration.</p> <p>In this exercise, the NRC had selected some candidates for engagement sessions to review their suitability having regard to their qualifications and experience/skill sets with reference to the 'must have' and 'nice to have' criteria. This was in view of filling the vacancy following the retirement of a Director in accordance with the 9-year policy.</p> <p>Apart from these criteria, the NRC also considered the mix of skills, backgrounds, experiences, personality and time commitments.</p> <p>To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold directorships of more than five (5) public listed companies (as prescribed in Paragraph 15.06 of the MMLR of Bursa Securities).</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 4.7

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

<b>Application</b>	:	Applied								
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee (NRC) comprises of the following members:</p> <table border="1"> <thead> <tr> <th colspan="2"><b>Nomination and Remuneration Committee's Composition</b></th> </tr> </thead> <tbody> <tr> <td>Dato' Sri Mohamed Khalid bin Yusuf @ Yusup</td> <td>Chairman Independent Non-Executive Director</td> </tr> <tr> <td>Dato Sri Fong Joo Chung</td> <td>Member Non-Independent Non-Executive Director</td> </tr> <tr> <td>Datuk Nozirah binti Bahari</td> <td>Member Independent Non-Executive Director</td> </tr> </tbody> </table> <p>The membership classification of the NRC is set out in its Terms of Reference. The current Chairman of the NRC is an Independent Director who is nominated amongst the Independent Non-Executive Directors.</p>	<b>Nomination and Remuneration Committee's Composition</b>		Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	Chairman Independent Non-Executive Director	Dato Sri Fong Joo Chung	Member Non-Independent Non-Executive Director	Datuk Nozirah binti Bahari	Member Independent Non-Executive Director
<b>Nomination and Remuneration Committee's Composition</b>										
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	Chairman Independent Non-Executive Director									
Dato Sri Fong Joo Chung	Member Non-Independent Non-Executive Director									
Datuk Nozirah binti Bahari	Member Independent Non-Executive Director									
<b>Explanation for departure</b>	:									
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>										
<b>Measure</b>	:									
<b>Timeframe</b>	:									

### Intended Outcome

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

### Practice 5.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Performance Assessment for Board was adopted by BPHB in 2014. It is conducted internally upon completion of the financial year and comprises of Board Evaluation and Committee Evaluation. It is designed to increase the Board's effectiveness and efficiency as well as to draw the Board's attention to key areas that need to be addressed in order to maintain consistency of the Board's performance regardless of its diversity.</p> <p>Questionnaire on the PAB include the effectiveness of the Board of Directors as a whole, as well as that of the Board Committees. The Committees' structure and processes as well as accountabilities and responsibilities are also evaluated.</p> <p>The assessment questionnaire is distributed to all respective Board members and covers topics such as the contribution and performance of Directors with regards to their competency, time commitment, integrity and experience in meeting the needs of the Group and suggestions to enhance board effectiveness.</p> <p>The overall results for the Board assessment revealed that the Board has performed evidently well, with most of the areas being rated as "Excellent" and "Very Good" indicating Directors' satisfaction with the Board's overall performance. The Board Committees assessment showed indications that Committee members have performed effectively as a group and in assisting the Board to discharge its roles and responsibilities. All Board Committees were also rated ranging from "Very Good" to "Excellent".</p> <p>Upon reviewing the results of the Board and Committee assessment, Nomination and Remuneration Committee has identified training for Directors and succession planning for</p>

	the Group as areas that need improvement.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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

### Practice 6.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The fees of the NEDs and any benefits payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting in accordance with Section 230 of the Companies Act 2016.</p> <p>The NRC reviews the remuneration policy for the members of the Board, Board Committees, Nominee Directors on the functional Board of the subsidiaries of BPHB and the GCEO, and recommends to the Board for approval.</p> <p>The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors of the Company as well as other individuals serving as members of the Board Regulatory Committees.</p> <p>The NRC is also responsible to approve the utilisation of the provision for annual salary increments, and performance bonuses in respect of each financial year.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

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

### Practice 6.2

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions, which include amongst others, reviews of the remuneration policies for the Board, Board Committees, the GCEO and key management personnel. As such, there is no need to separate the nomination and remuneration functions into distinct nomination and remuneration committees.</p> <p>Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 22<sup>nd</sup> Annual General Meeting ("AGM") on the Directors' remuneration in two (2) separate resolutions as follows: -</p> <ul style="list-style-type: none"><li>• <b>Resolution 2</b> on payment of Directors' fees in respect of the preceding year 2017; and</li><li>• <b>Resolution 3</b> on payment of benefits in respect of the preceding year 2017.</li></ul> <p>• <b>Resolution 4</b> Having considered the positioning of the Board's remuneration over the past nine (9) years from 2009 to 2017, the Board at its meeting held on 8 March 2018 approved the Nomination and Remuneration Committee's recommendation for the proposed increment to the Non-Executive Directors' fees as set out in the table below:</p>

Directors' Fees (As approved at AGMs)	2009 to 2017 (9 years) (RM)	Proposed Increment for 2018 (approval sought)	
		(RM)	(RM)
Chairman	120,000.00 per annum	144,000.00 per annum	2,000.00 per month
Non-Executive Director (per Director)	84,000.00 per annum	102,000.00 per annum	1,500.00 per month

The Board of Directors of the Company assumes heavy responsibilities and duties in compliance with Corporate Governance that encompasses the fiduciary duty, duty of skill, care and diligence including the burden of strict disclosure in order to improve investor's confidence on the transparency of Company's governance.

With the Companies Act 2016 heightening accountabilities on directors, exposures to liabilities for directors have increased exponentially. As such, closer shareholder scrutiny and more challenging business environments are reinforcing higher expectations and responsibilities including personal liabilities towards the Directors. Further, fair remuneration is a critical component to attract, retain and motivate Directors.

The Board of Directors is recommending that the shareholders approve the payment of Directors' fees totalling **RM2,568,100.00** to the Non-Executive Directors for 2018 starting from 1 January 2018 until the next AGM of the Company in 2019 (**Resolution 4**):

(i) the payment of Directors' fees amounting to **RM1,679,500.00** to the Non - Executive Directors of Bintulu Port Holdings Berhad; and

(ii) the payment of Directors' fees amounting to **RM888,600.00** to the Non - Executive Directors of Bintulu Port Holdings Berhad's Subsidiaries.

The payment of the Non-Executive Directors' fees in respect of the year 2018 starting from **1 January 2018 until the next AGM in 2019** will only be made if the proposed **Resolution 4** has been passed at the 22<sup>nd</sup> AGM pursuant to **Section 230(1)(b)** of the Companies Act 2016.

• **Resolution 5**

Based on the planned schedule of meetings starting from 1 January 2018 until the next AGM of the Company in 2019, detailed Non-Executive Directors' benefits payable is as follows:

Allowances and Benefits	Chairman		Members	
	Current (RM)	Proposed (RM)	Current (RM)	Proposed (RM)
Bintulu Port Holdings Berhad Board	3,000	No Change	1,500	2,000
Audit and Risk Committee	2,000	No Change	1,500	No Change
Nomination and Remuneration Committee	2,000	No Change	1,500	No Change
Finance and Investment Committee	2,000	No Change	1,500	No Change
Bintulu Port Sdn. Bhd. Board	2,000	No Change	1,500	No Change
Biport Bulkers Sdn. Bhd. Board	2,000	No Change	1,500	No Change
Samalaju Industrial Port Sdn. Bhd. Board	2,000	No Change	1,500	No Change
Monthly Fixed Allowance	4,500 per month	No Change	Not Applicable	Not Applicable
Other Benefits	Medical coverage, travel and other claimable benefits			

i) It is proposed that the meeting allowance for members of the Bintulu Port Holdings Berhad Board be increased from **RM1,500.00 per meeting to RM2,000.00 per meeting.**

ii) The total amount of benefits payable to the Non-Executive Directors is estimated to be **RM680,000.00** from 1 January 2018 to the next AGM in April 2019, subject to the shareholders' approval, and taking into account various factors including the number of scheduled meetings for the Board, Board of Subsidiaries and Board Committees as well as the number of Non-Executive Directors involved in these meetings:

	<p>a) the payment of Directors' benefits payable amounting to <b>RM505,000.00</b> to the Non - Executive Directors of Bintulu Port Holdings Berhad; and</p> <p>b) the payment of Directors' benefits payable amounting to <b>RM175,000.00</b> to the Non - Executive Directors of Bintulu Port Holdings Berhad's Subsidiaries.</p> <p>Payment of benefits to the Non-Executive Directors will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred based on the proposed revised benefits effective 1 May 2018, if the proposed <b>Resolution 5</b> has been passed at the 22<sup>nd</sup> AGM.</p>	
<p><b>Explanation for departure</b></p>	<p>:</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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

## Intended Outcome

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

### Practice 7.1

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

<b>Application</b>	: Applied																																		
<b>Explanation on application of the practice</b>	<p>The responsibility of setting appropriate Directors' remuneration framework and packages is under the purview of the NRC. The package has to be attractive enough to ensure that the Group continues to motivate Directors and retain talents that are necessary to manage the Group professionally and effectively.</p> <p>Non-Executive Directors are paid fixed annual Directors' fees as members of the Board. In addition to fixed annual Directors' fees, the Directors are paid meeting allowance for each Board and Board Committees' meetings. Directors' fees will be paid to the Directors upon approval at the AGM as provided in the Article 110 (1) of the Company's Article of Association.</p> <p>Under the provision of Section 230 (1) of Companies Act 2016, the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.</p> <p>The detailed disclosure allows shareholders to make an informed decision when voting on the approval of directors' remuneration and to consider the appropriate remuneration package taking into account the responsibilities of the directors.</p> <table border="1" style="width: 100%; background-color: #f9cb9c;"> <thead> <tr> <th style="text-align: left;">Directors</th> <th style="text-align: left;">Directors' Fee</th> </tr> </thead> <tbody> <tr> <td>Chairman of the Group</td> <td>RM120,000 (RM10,000 per month)</td> </tr> <tr> <td>Members of the Group's Board of Directors</td> <td>RM84,000 (RM7,000 per month for each Director)</td> </tr> </tbody> </table> <table border="1" style="width: 100%; background-color: #f9cb9c;"> <thead> <tr> <th colspan="7" style="text-align: center;">Subsidiaries' Fee (RM)</th> </tr> <tr> <th style="text-align: left;">Subsidiary</th> <th colspan="2" style="text-align: center;">BPSB</th> <th colspan="2" style="text-align: center;">BBSB</th> <th colspan="2" style="text-align: center;">SIPSB</th> </tr> <tr> <th style="text-align: left;">Designation</th> <th style="text-align: center;">Chairman</th> <th style="text-align: center;">Members</th> <th style="text-align: center;">Chairman</th> <th style="text-align: center;">Members</th> <th style="text-align: center;">Chairman</th> <th style="text-align: center;">Members</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Fees (RM)</td> <td style="text-align: center;">6,000</td> <td style="text-align: center;">4,200</td> <td style="text-align: center;">6,000</td> <td style="text-align: center;">4,200</td> <td style="text-align: center;">6,000</td> <td style="text-align: center;">4,200</td> </tr> </tbody> </table>	Directors	Directors' Fee	Chairman of the Group	RM120,000 (RM10,000 per month)	Members of the Group's Board of Directors	RM84,000 (RM7,000 per month for each Director)	Subsidiaries' Fee (RM)							Subsidiary	BPSB		BBSB		SIPSB		Designation	Chairman	Members	Chairman	Members	Chairman	Members	Fees (RM)	6,000	4,200	6,000	4,200	6,000	4,200
Directors	Directors' Fee																																		
Chairman of the Group	RM120,000 (RM10,000 per month)																																		
Members of the Group's Board of Directors	RM84,000 (RM7,000 per month for each Director)																																		
Subsidiaries' Fee (RM)																																			
Subsidiary	BPSB		BBSB		SIPSB																														
Designation	Chairman	Members	Chairman	Members	Chairman	Members																													
Fees (RM)	6,000	4,200	6,000	4,200	6,000	4,200																													

Meeting Allowance Per Attendance (RM)							
	BPHB	NRC	ARC	FIC	BPSB	BBSB	SIPSB
Chairman	3,000	2,000	2,000	2,000	2,000	2,000	2,000
Non-Executive Directors	1,500	1,500	1,500	1,500	1,500	1,500	1,500

  

NAME OF DIRECTORS	FEES (RM '000)		ALLOWANCE (RM '000)		BENEFITS IN KIND (RM '000)	TOTAL (RM '000)
	BPHB	SUBSIDIARY	BPHB	SUBSIDIARY		
<b>NON-INDEPENDENT NON-EXECUTIVE DIRECTORS</b>						
Tan Sri Dr. Ali bin Hamsa	120.0	50.4	36.0	7.5	54.0	267.9
Datuk Siti Zauyah binti Md Desa	84.0	50.4	13.5	7.5	-	155.4
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	84.0	50.4	12.0	4.5	-	150.9
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R)	84.0	50.4	16.5	7.5	-	158.4
Dato Sri Fong Joo Chung	84.0	72.0	30.0	10.0	-	196.0
Datuk Nasarudin bin Md Idris	84.0	72.0	25.5	12.0	-	193.5
Dzafri Sham bin Ahmad	84.0	50.4	25.5	7.5	-	167.4
<b>INDEPENDENT NON-EXECUTIVE DIRECTORS</b>						
Dato' Sri Mohamad Norza bin Zakaria	84.0	50.4	27.5	7.5	-	169.4
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	84.0	72.0	28.5	8.0	-	192.5
Datuk Yasmin binti Mahmood	84.0	50.4	22.5	3.0	-	159.9
Datuk Nozirah binti Bahari	84.0	50.4	25.5	6.0	-	165.9
Salihin bin Abang (appointed on 1 February 2018)	-	-	-	-	-	-
<b>TOTAL (RM)</b>	<b>960.0</b>	<b>619.2</b>	<b>263.0</b>	<b>81.0</b>	<b>54.0</b>	<b>1,977.2</b>

  

<b>Explanation for departure</b>	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

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

## Practice 7.2

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.

<b>Application</b>	: Applied														
<b>Explanation on application of the practice</b>	: <p>In heeding MCCG's good corporate governance practice, the Group follows the recommended practice in disclosing its top 6 senior management remuneration to the public.</p> <p>This allows stakeholders to understand the relation between senior management remuneration and the company's performance. This will also enable stakeholders to determine whether the remuneration is fair and able to attract and retain talent.</p> <p>Details of the remuneration of the top 6 senior management (including salary, allowances and bonus) in each successive band of RM50,000 during the financial year 2017, are as follows:</p> <table border="1"> <thead> <tr> <th>Range of Remuneration (RM)</th> <th>Name of Top 6 Senior Management</th> </tr> </thead> <tbody> <tr> <td rowspan="3">300,000 – 350,000</td> <td> <ul style="list-style-type: none"> <li>• <b>Matshalleh bin Mohamad Etli</b> <i>Chief Operating Officer, SPSB</i></li> </ul> </td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>• <b>Yusof bin Ibrahim</b> <i>Chief Operating Officer, BBSB (Appointed on 1 February 2018)</i></li> </ul> </td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>• <b>Abu Bakar bin Husaini</b> <i>Company Secretary</i></li> </ul> </td> </tr> <tr> <td>350,001 – 400,000</td> <td> <ul style="list-style-type: none"> <li>• <b>Daiana Luna Suip</b> <i>General Manager, Group Finance</i></li> </ul> </td> </tr> <tr> <td>450,001 – 500,000</td> <td> <ul style="list-style-type: none"> <li>• <b>Shamsuddin bin Hj. Ismail</b> <i>Chief Operating Officer, BBSB (Retired on 31 January 2018)</i></li> </ul> </td> </tr> <tr> <td>700,001 – 750,000</td> <td> <ul style="list-style-type: none"> <li>• <b>Omar bin Hj. Salleh</b> <i>Chief Operating Officer, BPSB</i></li> </ul> </td> </tr> <tr> <td></td> <td> <ul style="list-style-type: none"> <li>• <b>Dato Mohammad Medan bin Abdullah</b> <i>Group Chief Executive Officer</i></li> </ul> </td> </tr> </tbody> </table>	Range of Remuneration (RM)	Name of Top 6 Senior Management	300,000 – 350,000	<ul style="list-style-type: none"> <li>• <b>Matshalleh bin Mohamad Etli</b> <i>Chief Operating Officer, SPSB</i></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Yusof bin Ibrahim</b> <i>Chief Operating Officer, BBSB (Appointed on 1 February 2018)</i></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Abu Bakar bin Husaini</b> <i>Company Secretary</i></li> </ul>	350,001 – 400,000	<ul style="list-style-type: none"> <li>• <b>Daiana Luna Suip</b> <i>General Manager, Group Finance</i></li> </ul>	450,001 – 500,000	<ul style="list-style-type: none"> <li>• <b>Shamsuddin bin Hj. Ismail</b> <i>Chief Operating Officer, BBSB (Retired on 31 January 2018)</i></li> </ul>	700,001 – 750,000	<ul style="list-style-type: none"> <li>• <b>Omar bin Hj. Salleh</b> <i>Chief Operating Officer, BPSB</i></li> </ul>		<ul style="list-style-type: none"> <li>• <b>Dato Mohammad Medan bin Abdullah</b> <i>Group Chief Executive Officer</i></li> </ul>
Range of Remuneration (RM)	Name of Top 6 Senior Management														
300,000 – 350,000	<ul style="list-style-type: none"> <li>• <b>Matshalleh bin Mohamad Etli</b> <i>Chief Operating Officer, SPSB</i></li> </ul>														
	<ul style="list-style-type: none"> <li>• <b>Yusof bin Ibrahim</b> <i>Chief Operating Officer, BBSB (Appointed on 1 February 2018)</i></li> </ul>														
	<ul style="list-style-type: none"> <li>• <b>Abu Bakar bin Husaini</b> <i>Company Secretary</i></li> </ul>														
350,001 – 400,000	<ul style="list-style-type: none"> <li>• <b>Daiana Luna Suip</b> <i>General Manager, Group Finance</i></li> </ul>														
450,001 – 500,000	<ul style="list-style-type: none"> <li>• <b>Shamsuddin bin Hj. Ismail</b> <i>Chief Operating Officer, BBSB (Retired on 31 January 2018)</i></li> </ul>														
700,001 – 750,000	<ul style="list-style-type: none"> <li>• <b>Omar bin Hj. Salleh</b> <i>Chief Operating Officer, BPSB</i></li> </ul>														
	<ul style="list-style-type: none"> <li>• <b>Dato Mohammad Medan bin Abdullah</b> <i>Group Chief Executive Officer</i></li> </ul>														

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

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

**Practice 7.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Committee (ARC) comprises of four (4) members at present, three (3) of the members are Independent Non-Executive Directors and one (1) Non – Independent Non-Executive Directors.</p> <p>The Chairman of ARC, Dato' Sri Mohamad Norza bin Zakaria is a Chartered Accountant of Malaysian Institute of Accountants (MIA) and a Fellow of the Certified Public Accountants (CPA) of Australia. He graduated from University of Wollongong, New South Wales, Australia with a Bachelor of Commerce majoring in Accounting. He is not the Chairman of BPHB.</p> <p>Dato' Sri Mohamad Norza is an Independent Non-Executive Director and was appointed Chairman of the ARC since 1 September 2015. As per Practice 8.1 of the MCCG, where it is recommended that the Chairman of ARC is not the Chairman of the Board, the Chairman of BPHB is held by Tan Sri Dr. Ali bin Hamsa.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	No such policy is adopted by BPHB. However, as this is a new development, proper steps will be taken to address this absence and to expedite the process of reviewing the relevant document i.e the Board Charter of BPHB.
		None of the members of the Board were former key audit partners within the cooling-off period of two (2) years as per the new recommendation under Practice 8.2 of the MCCG. Hence, there is no such person being appointed as a member of the AC.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	BPHB has planned a review on its Board Charter to be done in 2019.
<b>Timeframe</b>	:	Within 2 years

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.3

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>In reference to the Board Charter, the ARC requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.</p> <p>The ARC is also responsible to ensure that the financial statements of the Group comply with the current applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of Companies Act 2016.</p> <p>Further, the responsibility of recommending the person or persons to be nominated to act as the External Auditor rests upon the ARC. The ARC has also reviewed first, second and third quarters of 2017 financial reports, relevant reports for the inclusion of the 2017 annual report and also audit issues raised by internal and external auditors.</p> <p>With regards to the suitability of Ernst &amp; Young (EY) as the external auditors of the Group, the ARC finds the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group is sufficient and satisfactory. The ARC was also satisfied in its review that the provision of the non-audit services by EY to the Company for the financial year 2017 did not in any way impair their objectivity and independence as external auditors of the Group.</p> <p>Having regard to the outcome of the annual assessment of external auditors, the Board had in February 2018 approved the ARC's recommendation for the shareholders' approval to be sought at the 22<sup>nd</sup> AGM on the appointment of EY as external auditors of the Company for the financial year 2018.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

There is an effective and independent Audit Committee.

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

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 8.5

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit and Risk Committee ("ARC") members are expected to devote sufficient time in improving their knowledge and enhancing their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and members of the ARC are financially literate, and have carried out their duties in accordance with the TOR of the ARC.</p> <p>Based on the outcome of the ARC effectiveness assessment of the Performance Assessment for Board of Directors (PAB) for the FY2017, the Board is satisfied with the ARC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the ARC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

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

### Practice 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the responsibility for reviewing the adequacy and integrity of the Group's internal control and risk management system. The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters.</p> <p>The Board, whilst acknowledging its responsibility, recognises that the risk management and internal control system are designed to manage, rather than eliminate, the risks that may impede the achievement of the Group's business goals and objectives. Therefore, the system can only provide reasonable, but not absolute assurance, against the occurrence of any material misstatement, fraud or losses.</p> <p>To ensure the adequacy and effectiveness of the Group's risk management and internal control, the Board has maintained full control over strategic, financial, organisational and compliance issues and has put in place the formal lines of responsibility and delegation of authority. The review of risk management and internal control reports and processes is delegated by the Board to the ARC.</p> <p>As for risk management, the Board has carried out an ongoing process of identifying, evaluating as well as deliberating and providing advice on matters pertaining to key corporate risks of the Group, the mitigation measures and its action plans to ensure that key risk areas are managed to achieve the Group's business objectives.</p> <p>For the financial year ended 31 December 2017, the Board had undertaken the following processes to provide reasonable assurance to further strengthen the Group's internal control system:</p>

	<p>i) The Group had established the holding-subsidaries relationship through the appointment of Board of Directors of respective subsidiaries to oversee business operations and maintain sound Risk Management and Internal Control system at subsidiaries level;</p> <p>ii) The Group has also performed comprehensive budgeting and forecasting exercises. The actual performance against budget is analysed and reported on a quarterly basis to the Board. Timely corrective actions are then taken;</p> <p>iii) Key corporate risks are reviewed bi-annually by the ARC and the Board taking cognisance of changes in the regulatory, technology, operational procedures and business environment in order to ensure the adequacy and integrity of the overall internal control systems;</p> <p>iv) The Code of Conduct is given to all staff upon joining the Group. They are required to strictly adhere to the Code of Conduct in order to ensure high level of discipline and positive attitude while executing their duties. The Code of Conduct is also an integral part of the internal control system. It is the responsibility of all staff to maintain and practice sound risk management and internal control as part of their accountability towards achieving the overall Group's objectives; and</p> <p>v) The Customer Charter is a benchmark set by the Group for scrutinising and evaluating operational efficiency and performances in accomplishing customer's satisfaction. The Management is committed to ensure the strict adherence to the Customer Charter at all levels of operation. For any failure to meet the Customer Charter, the Management carries out service recovery initiatives.</p> <p>In recognition of its sound management systems, the Group through its subsidiaries has successfully managed to secure accreditations from various bodies and agencies which are all available inside the Company's Statement on Risk Management and Internal Control published in the Annual Report 2017.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

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

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

## Practice 9.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>CONTROL ENVIRONMENT AND STRUCTURE</b></p> <p>The Board affirms its overall responsibility for the Group's system of risk management and internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Control environment is the primary elements in the Risk Management and Internal Control system of the Group where it has in place policies and procedures in key business processes and support functions which include financial reporting, procurement and information systems.</p> <p>All aspects of risk management and internal control are cascaded down by the Management to permeate companywide in ensuring the successful implementation of risk management and internal control within the Group. Principal features of the Group's internal control structure are summarised as follows:</p> <p><b>1. Organisational Structure and Responsibility Levels</b></p> <p>The Group has an organisational structure with formal lines of authority and accountability which sets out clear segregation of functions, roles and responsibilities to guarantee effective control at various levels of the Group. The Management is responsible for the implementation of the Group's strategies and day-to-day businesses based on the established structures.</p> <p>The organisational structures are reviewed from time to time to address the changes in the business environment as well as to keep abreast of current and future trending of new technologies, products and services.</p> <p><b>2. Internal Audit</b></p> <p>Paragraph 15.27 of the Main Market Listing Requirements mandates a listed issuer to establish</p>

Internal Audit function which is independent and reports directly to the Audit and Risk Committee. The internal control practices are audited in-house by the Group Internal Audit to identify any non-compliance elements of the policies, procedures, regulations and standards. Any irregularity or significant finding by the Group Internal Audit is reported to the Audit and Risk Committee together with recommendations for corrective measures on timely basis. The Management is responsible to ensure that corrective actions are carried out within the determined time frame.

Group Internal Audit complements the role of the Enterprise Risk Management (ERM) Unit by independently reviewing risk profiles, risk management strategies and the adequacy and effectiveness of the controls identified and implemented in response to the risk identified at every audit engagement.

The Audit and Risk Committee regularly oversees the Group Internal Audit function, its independence, scope of work and resources.

### **3. Legal**

The role of Legal Division is to advise the Board and Management on all legal matters. It also plays a pivotal role in ensuring that the interests of the Group are legally preserved and safeguarded. The Board is regularly updated through reports as and when there are introduction of new legislations, new terms of business or changes in existing laws relevant to the Group.

### **4. Policies and Procedures**

The Group's policies, procedures and authority limits have been clearly defined and documented through the establishment of the relevant charters, Terms of Reference and organisational structures. Information relating to Financial, Procurement and Contract Management, Human Resources and Information Technology are accessible through the Group's Intranet and manuals. Continuous efforts are made to enhance the Group's control mechanism to reflect the Group's growing business requirements and changing business strategy.

### **5. Financial and Operational Information**

Financial and operational performances are monitored by the Management on a regular basis. The financial performance of the Group is reported quarterly to comply with the MMLR.

Apart from this, the status of the business operations and safety performances are reported to the Management on a monthly basis. The periodic reports are then presented to the respective Boards to enable them to gauge the Group's overall performance.

Monitoring of the risk profiles is done at the risk owner's level on quarterly basis. Information on the enterprise risk profiles and mitigation strategies are submitted and reported to the Board bi-annually.

#### **6. The Board Commitment**

The current global business environment is very dynamic and challenging. In view of this the Board is committed towards reviewing and improving the system of Risk Management and Internal Control in line with the ever changing business environment and current realities to ensure the Group meets its business objectives and maintains its business sustainability.

#### **KEY RISK MANAGEMENT AND INTERNAL CONTROL**

The Company has instituted initiatives and measures to further strengthen all aspects of the Risk Management and Internal Control of the Group through the following mechanisms:

- 1. Audit and Risk Committee** regularly reviews and discusses the measures undertaken on Risk Management and Internal Control issues identified by the Internal Audit, External Auditors and Management for Board's approval. The Committee is equally accountable for the progress of actions taken to manage and mitigate the risks.
- 2. Nomination and Remuneration Committee** recommends to the Board any nominations, re-election and composition of the Board. The Committee is also responsible to recommend the appointment of the Chief Executive Officer and Senior Management as well as reviewing Human Resources Policies of the Group. The Committee also recommends to the Board remuneration packages for Directors, Chief Executive Officer and Senior Management.
- 3. Finance and Investment Committee** oversees the Group's businesses in respect of the financial affairs, budget, planning, financial risk and control, investment and infrastructure development proposals and make recommendations for the Board's approval.
- 4. Other Committees**  
In addition to the Board Committees, there are management committees established at the subsidiaries level to support the execution of various

programmes and activities as follows:

- Tender Committee at the respective subsidiaries are established to ensure that all tender administration and contract management are being carried out in accordance with the approved policies and procedures. The Committee shall ensure that tender evaluation exercises are conducted in an effective, transparent and fair manner based on guiding principles of accountability to the shareholders, published policy and procedures to ensure value for money. The Approving Authority varies according to the tender value from the level of Chief Executive Officer to the Board of subsidiaries and the Board of the holding company.
- Steering Committee for Privatisation and Extension of Concession Period to prepare the proposal for submission to the relevant authorities;
- Steering Committee for the development of the Group's 5 Year Strategic Plan and its strategic direction;
- Recruitment Committee for recruitment of all new staff;
- Inquiry Committee established on an ad-hoc basis to identify the cause of accident and decide on appropriate course of action to be taken including preventive measures;
- Domestic Inquiry Committee to deliberate on outcome of investigation and recommendations by investigation team and decide on appropriate course of action to be taken in accordance with the Company's Code of Conduct;
- Talent Committee to identify potential individual for key positions, assess and monitor their development, as well as develop and review Group's Talent Management and Succession Planning policy, procedure and process;
- Project Steering Committee to guide the Management and the Appointed Consultant/Advisors on the development of Samalaju Port including overall monitoring of the said project; and
- Risk Steering Committee at Management Level for monitoring and assessing the tasks specified under action plan in mitigating the corporate risks.

#### **5. Enterprise Risk Management (ERM)**

Group Corporate Planning and Development oversees the Enterprise Risk Management (ERM) Unit and reports directly to the Group Chief Executive Officer. The Unit, responsible for the overall coordination of the Risk Management of the Group, work closely with Risk Focal

Person who undertakes the monitoring and assessing the risks controls in their respective Division.

The Division/Departments are responsible for identifying, mitigating and managing risks within their respective areas. At Group Level, a Corporate Risk Profile outlining the significant risks faced by the Group is established and presented to the Board which covers the following:

- Risk Description
- Root Causes
- Consequences of Risk
- Current Control
- Mitigation Strategies, Action Plan, Timeline and Risk Owner
- Impact and Likelihood Rating

To ensure the mitigation strategies are in place and effectively implemented within the stipulated timeline, the action plans taken and the targeted result are incorporated into the relevant department's Key Performance Indicators (KPI).

The Enterprise Risk Profiles are continuously updated detailing the significant risks, the status of risks and the status of implementation of mitigation strategies for reviews by the Audit and Risk Committee twice a year.

#### **6. Staff Competencies and Professionalism**

The Group's objectives and plans have been periodically communicated to provide effective and clear directions to all staff. Training and development programmes are identified and scheduled for the staff to acquire the necessary knowledge, skills and core competencies to enhance their professionalism.

To further gauge the level of staff competencies and professionalism, the Group adopted the following mechanisms and initiatives:

- Performance Appraisal System;
- Key Performance Indicators;
- Employees Satisfaction Survey;
- Customer Satisfaction Survey; and
- Inculcation of positive organisational values and cultures.

#### **REVIEW OF EFFECTIVENESS**

The Board remains committed towards improving the system of internal control and risk management process to meet its corporate objectives. The Board is of the opinion

	<p>that the Group's present system of internal controls is sound and sufficient to safeguard the Group's interest and its business operations. It is also satisfied that the risks taken are at an acceptable level within the control of the business environment of the Group.</p> <p><b>REVIEW OF THE STATEMENT BY INTERNAL AND EXTERNAL AUDITORS</b></p> <p>In line with Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide (RPG) 5 issued by the Malaysian Institute of Accountants.</p> <p>Based on their review for the financial year ended 31 December 2017 and up to date of issuance of the financial statements, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in all material aspects.</p> <p>This Statement on Risk Management and Internal Control had been reviewed and affirmed by the Internal Auditors as well as the External Auditors for inclusion in the Annual Report of the Group for the financial year ended 31 December 2017 in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements.</p>
<p><b>Explanation for departure</b></p>	<p>:</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><b>Measure</b></p>	<p>:</p>
<p><b>Timeframe</b></p>	<p>:</p>

**Intended Outcome**

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

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

**Practice 9.3 - Step Up**

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

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### Intended Outcome

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

### Practice 10.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is carried out by the Group Internal Audit of Bintulu Port Holdings Berhad. The Group Internal Auditors works independently and are answerable to the Audit and Risk Committee ("ARC") and administratively to the Group Chief Executive Officer.</p> <p>Internal Audit must be independent to ensure it is able to discharge its duties in an objective manner and provide impartial advice to the ARC.</p> <p>The Internal Audit is also responsible in providing the ARC with independent and objective reports on the state of internal controls, risk management, governance processes and the extent of compliance to the Group's established policies and procedures, and the relevant statutory requirements.</p> <p>The Internal Audit also provides reasonable assurance to the ARC and to the Board based on audit findings concerning the effectiveness of risk management, internal controls and governance processes.</p> <p>For the year 2017, the Group Internal Audit managed to perform its responsibilities with independence, proficiency and due professional care so as to give assurance to the Board on the integrity of its internal control and the reliability of the systems as a whole.</p> <p>Internal Audit must be independent to ensure it is able to discharge its duties in an objective manner and provide impartial advice to the ARC.</p> <p>The Internal Audit personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 10.2

The board should disclose–

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence. The Board is aware that a number of organisations are taking the initiative of requiring the Internal Audit personnel signing an annual declaration stating that they have no relationships and conflicts of interests, reinforcing their independence. In regards to this, the Board aspire to introduce such initiative within this Company to ensure the integrity of the Internal Audit is safeguarded at all possible times.</p> <p>At current, the Group Internal Audit function has 8 personnel comprised of the Manager of Internal Audit, 6 internal auditors and a secretary.</p> <p>The Senior Manager of Group Internal Audit, Encik Mohamad Yacop bin Mohamad Junit assumed the position of Manager, Group Internal Audit of BPHB since January 2014. He graduated from Institut Teknologi MARA with a Diploma in Accountancy in 1987. In 1999 he obtained a Bachelor Communication from Universiti Putra Malaysia. He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2015.</p> <p>The Group complies with current applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of Companies Act 2016 with regards to the internal audit function. For the year 2017, the Group Internal Audit managed to perform its responsibilities with independence, proficiency and due professional care so as to give assurance to the Board on the integrity of its internal control and the reliability of the systems as a whole.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

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

### Practice 11.1

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

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>Shareholders can access corporate information, Annual Reports, press releases, financial information, company announcements and share prices through investors' relations programmes and the Group's website. However, undisclosed material information about the Group will not be given to any single shareholder or shareholder groups.</p> <p>Ongoing engagement and communication with stakeholders build trust and understanding between the company and its stakeholders. It provides stakeholders a better appreciation of the company's objectives and the quality of its management. This in turn will assist stakeholders in evaluating the company and facilitate shareholders to determine how their votes should be exercised. From the company's perspective, it provides an avenue for invaluable feedback that can be used to understand stakeholders' expectations and develop business strategies.</p> <p>The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.</p> <p>Dialogue with stakeholders is a necessary and beneficial process as it enables companies to understand stakeholders' concerns and to take these concerns into account when making decisions.</p> <p>In addition to that, the Group conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.</p> <p>The Group holds separate interfacing sessions with fund</p>

managers, institutional investors and investment analysts as well as the media. The sessions are intended to disseminate updated progress and development of the Group's business to interested parties including the shareholders and stakeholders.

In year 2017, the Group's interfacing sessions were as follows:

Organisations	Venue	Date
Kenanga Investment Bank Berhad	Bintulu Port Holdings Berhad	8 August 2017
Permodalan ASSAR Sdn Bhd	Bintulu Port Holdings Berhad	8 August 2017
Malaysian Resources Corporation Berhad	Bintulu Port Holdings Berhad	8 August 2017
Employees Provident Fund	Bintulu Port Holdings Berhad	8 August 2017
Permodalan Nasional Berhad	Grand Millennium, Kuala Lumpur	24 August 2017
TA Securities Holdings Berhad	Bintulu Port Holdings Berhad	12 October 2017
Takaful Malaysia Berhad	Bintulu Port Holdings Berhad	12 October 2017
Amanahraya Investment	Bintulu Port Holdings Berhad	12 October 2017
Muamalat Invest	Bintulu Port Holdings Berhad	12 October 2017
ICM Investment Research Ltd	Grand Millennium, Kuala Lumpur	9 November 2017

**Explanation for departure** :

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Annual Report of the Company is an integrated report from which all other detailed information flows; such as annual financial statements, governance and sustainability reports. The Annual Report provides a comprehensive report on the Group's operations and financial performance for the year under review.</p> <p>Based on the integrated reporting, an integrated report improves the quality of information available to investors and promotes greater transparency and accountability on the part of the company. It provides full disclosure and is in compliance with the relevant regulations to ensure greater transparency.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Bintulu Port Holdings Berhad issued the notice of its Annual General Meeting ("AGM") to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Companies Act 2016 and Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.</p> <p>The additional time were given to shareholders to allow them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>The notes to the Notice of the 21<sup>st</sup> AGM dated 28 March 2017 had provided detailed explanations for each resolution proposed, e.g. final dividend, re-election/retirement of Directors, Directors' remuneration comprising the Directors' fees and benefits, appointment of auditors, etc, to enable shareholders to make informed decisions in exercising their voting rights.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 12.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the 21<sup>st</sup> Annual General Meeting ("AGM"), all Directors were present in person to engage directly with shareholders and be accountable for their tenure of the Company with the exception of Datuk Siti Zauyah binti Md Desa. Being a senior official of the Government, Datuk Siti Zauyah was engaged in an official overseas duty during the previous AGM in the capacity of the Deputy Secretary General (Policy) representing the Ministry of Finance. Despite her position, her attendance to Board and Board Committee meetings has been exemplary and her undivided commitment to the Company proved beneficial to the Company in particular to the development of Samalaju Industrial Port Sdn. Bhd.</p> <p>At the previous AGM, among the Directors present were the Chairmen of the Audit and Risk Committee ("ARC"), Nomination and Remuneration Committee ("NRC") and Finance and Investment Committee ("FIC") respectively.</p> <p>The proceedings of the 21<sup>st</sup> AGM included the presentation of the Company's operating and financial performance for 2016 and a Questions &amp; Answers session during which the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote.</p> <p>The Directors, GCEO, Management and external auditors were in attendance to respond to the shareholders' queries. The CEO also shared with the shareholders present the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group (MSWG).</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

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

### Practice 12.3

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Bintulu Port Holdings Berhad ("the Company") adopted poll voting since its 21<sup>st</sup> Annual General Meeting held on 21 April 2017 for all resolutions proposed, where the votes were cast by way of voting slips.</p> <p>The voting at the 21<sup>st</sup> AGM held on 21 April 2017 was conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company had appointed Tricor Investor &amp; Issuing House Services Sdn Bhd ("Tricor") as Poll Administrator to conduct the polling process, and Scrutineer Solutions Sdn Bhd as Scrutineers to verify the poll results.</p> <p>The Scrutineers upon verification of the poll results, announced the results for each resolution, which include votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders.</p> <p>The 21<sup>st</sup> AGM of the Company was held on 21 April 2017, with the Notice being issued on 28 March 2017, prior to the effective date of the Malaysian Code on Corporate Governance. In this respect, the facility for voting in absentia was not available at the 21<sup>st</sup> AGM.</p> <p>The 21<sup>st</sup> AGM was held at Hilton Hotel in Kuching, Sarawak. This venue was easily accessible as it was familiar to most shareholders of the Company since several past AGMs were held at the same venue.</p> <p>The Company will continue to carefully consider all factors including all applicable requirements, necessary framework and processes, as well as communication to shareholders, for implementation in due course.</p>

	As an alternative practice, shareholders of the Company are allowed to appoint up to two (2) person(s) as their proxies to attend, participate, speak and vote in his or her stead at a general meeting.	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

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

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

Click here to enter text.

