



# **BINTULU PORT HOLDINGS BERHAD GROUP OF COMPANIES**

## **BOARD NOMINATION AND REMUNERATION POLICY**

29 November 2021

# BINTULU PORT HOLDINGS BERHAD

## **BOARD NOMINATION AND REMUNERATION POLICY**

### **1.0 INTRODUCTION**

- 1.1 The Board of Directors (“the Board”) of Bintulu Port Holdings Berhad (“the Company”) and its group of companies (“the Group”) is mindful that a balanced and effective Board will influence the ability of the Board to fulfil its duties and responsibilities.
- 1.2 The Board is also cognisant of the fact that fair remuneration is critical to attract, retain and motivate the Directors of the Group.
- 1.3 To this end, the Board has established a formal and transparent Nomination and Remuneration Policy (“the Policy”), the objectives of which are as follows —
  - a) to set an appropriate level of remuneration that allows the Group to attract and retain the services of a suitable number of talented and well-qualified Directors in line with the long-term business strategies of the Group; and
  - b) to establish the process to be undertaken by the Company’s Nomination and Remuneration Committee (“the NRC”) and the Board in discharging their responsibilities in terms of the nomination, appointment, assessment and re-election of Board members in compliance with Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“MMLR”) and Malaysian Code on Corporate Governance 2021 (“MCCG 2021”).

### **2.0 BOARD NOMINATION**

- 2.1 The NRC shall take into account all of the following criteria and any other additional requirements which the NRC deems necessary, when determining the qualifications of any candidate for a Directorship —

#### **2.1.1 Integrity**

Directors should have the highest level of integrity, ethical character and the ability to exercise sound business judgment on a broad range of subjects consistent with the Group's Vision, Mission and Corporate Values.

#### **2.1.2 Knowledge**

Directors should be well-versed with financial matters and possesses a sound understanding of business strategy, corporate governance and board operations.

### 2.1.3 **Diversity**

The NRC shall take into account diversity in professional experience, mix of skills, background and perspectives including gender in determining Board composition with reference to Recommended Practices under the Malaysian Code on Corporate Governance as well as the Main Market Listing Requirements.<sup>1</sup>

### 2.1.4 **Commitment**

- a) Directors should devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills.
- b) A Director should ensure that they are not absent from more than 50% (fifty percent) of the total Board of Directors' meetings held during a financial year.<sup>2</sup>
- c) A Director should not hold more than five (5) directorships in listed issuers.<sup>3</sup>

### 2.1.5 **Fiduciary Duties of Directors**

Directors owe their fiduciary duties to the Company and upon their appointment they are duty-bound to safeguard the long-term interest and well-being of the Company.

### 2.1.6 **Board Interaction**

- a) Directors should value Board and team performance and demonstrate respect for others to enhance the quality of Board performance.
- b) Directors must be able to develop a good working relationship with other Board members and contribute to the Board's working relationship with Senior Management<sup>4</sup> of the Company.

2.1.7 Any other criteria deemed fit by the NRC and in extension, by the Board.

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<sup>1</sup> Para. 15.08A (3) (a), Chapter 15 – Nominating Committee, Bursa Malaysia Main Market Listing Requirements (“MMLR”).

<sup>2</sup> Para. 15.05 (3) (c), Chapter 15 – Qualification, Vacation of Office and Removal of Directors, *ibid.*

<sup>3</sup> Para. 15.06 (1), Chapter 15 – Restriction on Directorships in Listed Issuers, *ibid.*

<sup>4</sup> For the purpose of this Policy, in reference to “Peraturan Am Pelantikan dan Kenaikan Pangkat Pegawai Kumpulan Syarikat Bintulu Port Holdings Berhad”, the term “Senior Management” shall refer to Pengurusan Tertinggi (Grade 20 & above).

### **3.0 BOARD SIZE AND COMPOSITION**

- 3.1 The Board must be of such composition and size that they facilitate the making of informed and critical decisions. Unless otherwise determined by the Company in general meeting, the number of Directors must not be less than two (2) nor more than twelve (12).<sup>5</sup>
- 3.2 The Company shall ensure that the Board has a balanced composition of Independent and Non-Independent Directors in compliance with the MMLR and effectively advance the interest of the Company.

### **4.0 APPOINTMENT OF NEW DIRECTORS**

- 4.1 The NRC is responsible for recommending identified candidates to the Board to fill vacancies arising from resignation, retirement or any other reasons or if there is a need to appoint additional directors with the required skill or profession to the Board, provided that such recommendation does not exceed the provision set under the Company's Constitution.
- 4.2 In regards to Independent Non-Executive Directors, the NRC, after consultation with the Board will assess and evaluate the proposed candidates and submit their names to the Board for consideration. Whereas, for Non-Independent Non-Executive Directors, potential candidates may be proposed by the Shareholders for consideration.
- 4.3 The assessment or evaluation process may include, at the NRC's discretion, reviewing the candidate's curriculum vitae and other biographical information, confirming the candidate's qualifications and background searches to ensure that the candidate is not statutorily disqualified from holding the office of Directors as well as interviews.
- 4.4 The NRC would also assess the proposed candidate based on the criteria as set out in Paragraph 2.1 or any other criteria which the NRC deems appropriate.
- 4.5 Upon completion of the assessment and evaluation of the proposed candidate, the NRC would make its recommendation to the Board. Based on the recommendation of the NRC, the Board would evaluate and decide on the appointment of the proposed candidate.
- 4.6 The Chairman of the Board would then make an invitation or offer to the proposed candidate to join the Board as a Director.
- 4.7 With the acceptance of the offer or invitation, the candidate would be appointed as Director of the Company subject to the fulfilment of the requirements set under the MMLR and Companies Act, 2016 ("CA 2016").

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<sup>5</sup> Clause 24.1 of BPHB Company's Constitution

## **5.0 BOARD EFFECTIVENESS ASSESSMENT**

- 5.1 The NRC with assistance from the Management will conduct a Board Effectiveness Assessment (“the BEA”) through peer and self-evaluation.
- 5.2 The relevant BEA forms would be circulated to all of the Directors, as the case maybe, for completion and the NRC will discuss the findings and make necessary recommendations to the Board in relation thereto.
- 5.3 The NRC, in carrying out the annual assessment, should consider the Company’s performance, the Board’s performance as a whole and that of its individual directors.
- 5.4 The criteria used for the BEA could be based on the criteria relating to the Board, the roles and responsibilities of a Director, the roles of the Chairman and the Group Chief Executive Officer and Board Committees.
- 5.5 The NRC should ensure that the BEA is being conducted effectively towards ensuring that the Board composition and performance meets the needs of the Company.
- 5.6 Upon assessing the Board and Board Committee(s) in each financial year, the NRC shall propose relevant training requirements for the Board members in the next financial year.
- 5.7 The NRC may engage an independent third party to conduct Board Effectiveness Assessment process as and when required.

## **6.0 NON-EXECUTIVE DIRECTORS’ REMUNERATION**

### **6.1 FEES, ALLOWANCE AND BENEFITS PAYABLE**

Non-Executive Directors shall receive Director’s Fees, Allowance for the purpose of attending Board or Committee meetings and Benefits Payable, which shall be subject to the shareholders’ approval at the Annual General Meeting of the Company.<sup>6 7</sup>

### **6.2 REVIEW OF NON-EXECUTIVE DIRECTORS’ REMUNERATION**

- 6.2.1 Remuneration of the Non-Executive Directors shall be reviewed in line with the industry standards and the financial position of the Company, as and when necessary, by the NRC who will make recommendations to the Board for endorsement.
- 6.2.2 In relation to Paragraph 6.2.1, the review shall be subjected to the shareholders’ approval at the Annual General Meeting of the Company.

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<sup>6</sup> Para. 7.23, Chapter 7, Part J – Remuneration of Directors, MMLR

<sup>7</sup> Para. 7.24, Chapter 7, Part J – Annual Shareholder Approval for Fees and Benefits, *ibid.*

## **7.0 APPLICATION**

- 7.1 The principles set out in this Policy shall be —
- a) reviewed and updated from time to time to bring it in line with new guidelines or directives issued by the regulatory authorities or policies of the Government; and
  - b) disclosed in the Annual Report as part of a narrative statement by the Directors on corporate governance.
- 7.2 The NRC and the Board shall endeavour to comply at all times with the principles and practices set out in the Policy.
- 7.3 If at any one time the MMLR or the CA 2016 be amended for any reason whatsoever and the amendment of which affects the provisions of the Policy, the amended MMLR or CA 2016 shall prevail and take precedence over the Policy.

## **8.0 MONITORING AND REPORTING**

- 8.1 The Board, through the NRC, monitors the relevance and compliance of the Policy, from time to time.
- 8.2 The Management shall assist the NRC in the implementation, monitoring and reporting on the effectiveness of the Policy and to disclose in the Annual Report on the compliance of the Policy.

## **9.0 REVIEW OF THE POLICY**

- 9.1 Any revisions to the Policy as recommended by the NRC will be submitted to the Board for consideration and approval accordingly.
9. The policy shall be made available on the Company's website through the following link: [www.bintuluport.com.my](http://www.bintuluport.com.my).

## **10.0 DATE EFFECTIVE**

This Nomination and Remuneration Policy of Bintulu Port Holdings Berhad shall be in effect from 29 November 2021.