



BINTULU PORT HOLDINGS BERHAD GROUP OF COMPANIES

TERMS OF REFERENCE FOR THE NOMINATION AND REMUNERATION COMMITTEE

29 November 2021

BINTULU PORT HOLDINGS BERHAD

TERMS OF REFERENCE FOR THE NOMINATION AND REMUNERATION COMMITTEE

1.0 KEY FUNCTIONS AND ROLES

Key functions and roles of the Nomination and Remuneration Committee (“the NRC”) of Bintulu Port Holdings Berhad (“the Company”) are as follows —

- 1.1 To assess and enhance the effectiveness of the management and organisational structures, frameworks, and policies by ensuring that they meet the requirements, purpose, and values of the Company and its subsidiary companies (“the Group”);
- 1.2 To ensure that the Board comprises of individuals with the necessary skills, knowledge and experience for the effective discharge of its responsibilities and to have an oversight of all matters relating to corporate governance;
- 1.3 To assess and enhance the effectiveness of the Board and Board Committees through the Board Effectiveness Evaluation (“the BEA”);
- 1.4 To establish formal, transparent policies or framework for the appointment of Directors, Group Chief Executive Officer (“the GCEO”), and key Senior Management ¹ of the Company;
- 1.5 To establish formal remuneration policies for the Directors, GCEO and Senior Management of the Company;²
- 1.6 To ensure that the remuneration packages are competitive within comparable industry or market standard to support the Group’s Mission, Vision, and Corporate Values (“the GVMCV”) as well as to attract, retain, and motivate talents;³ and
- 1.7 To set the policy framework and make recommendations to the Board on all elements of the remuneration package and performance arrangements for the Group Chief Executive Officer (“GCEO”), Non-Executive Directors and Senior Management of the Group.

¹ For the purpose of this TOR, 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).

² Practice 7.1 of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”).

³ Practice 7.1, *ibid*.

2.0 COMPOSITION

- 2.1 The members of the Committee shall be appointed by the Board from amongst its Directors.
- 2.2 The Committee shall comprise of at least three (3) members, exclusively of Non-Executive Directors, with a majority of them being Independent Directors.⁴ Each member shall devote sufficient time to carry out the responsibilities and duties as a member of the Committee.⁵
- 2.3 The NRC should ensure that the composition of the Board is refreshed periodically with due consideration to satisfactory evaluation of the Directors.⁶

3.0 CHAIRMAN

- 3.1 The NRC shall be chaired by an Independent Non-Executive Director who possesses a requisite expertise and shall be responsible for the efficient conduct of the meetings, functions, and duties of the NRC.⁷
- 3.2 In the absence of the NRC Chairman, the remaining members present shall elect one of their numbers present to chair the meeting, who shall be an Independent Director.

4.0 SECRETARY

- 4.1 The Company Secretary or any authorised person shall be the secretary of the Committee (the "Secretary").
- 4.2 The Secretary shall provide assistance to the members of the Committee, including but not limited to assist the NRC Chairman in planning the work of the Committee, formulating meeting agendas, maintenance of committee minutes, collation and distribution of information required by the Committee and provide practical support, as and when needed.

5.0 QUORUM

The quorum shall be two (2) members, including at least one (1) independent Director.

⁴ Para. 15.08A(1), Chapter 15, Part B(A) – Nominating Committee, Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR")

⁵ Practice 5.5, MCCG 2021.

⁶ Practice 5.1, *ibid.*

⁷ Practice 5.8, *ibid.*

6.0 MEETINGS

- 6.1 Meetings of the NRC (“NRC meetings”) may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.
- 6.2 The minutes of such a meeting signed by the NRC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.
- 6.3 NRC meetings shall be held at least two (2) times a year.
- 6.4 NRC meetings may be called, at any other time, by the NRC Chairman or any member of the NRC.
- 6.5 The NRC shall have full discretion to invite any Director or members of the Management to attend its meetings.
- 6.6 In normal circumstances, the meetings shall be conducted physically.

7.0 RESOLUTIONS IN WRITING

- 7.1 The NRC may pass resolutions by circulation. A resolution in writing signed by a majority of NRC members, including at least one (1) independent Director, shall be as valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted.
- 7.2 These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

8.0 PRINCIPAL DUTIES AND RESPONSIBILITIES

The principal duties and duties of the NRC are as follows —

(A) NOMINATION FUNCTION

8.1 New Appointment

- 8.1.1 To consider, review and recommend the appointment of potential candidates to the Board proposed by Management or any Director or shareholder taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism and integrity.⁸

⁸ Para. 15.08A(3), Chapter 15, Part B(A) – Nominating Committee, MMLR

8.1.2 Before any appointment by the Board, in identifying or evaluating suitable candidates, the NRC may⁹ —

- aa) Engage the services of independent professional service to identify suitably qualified candidates;
- bb) Consider candidates from a wide range of backgrounds;
- cc) Consider candidates on merit and against objective criteria with due regard for diversity including gender, ethnicity, age, and the candidate's time commitment, skill and experience;¹⁰ and
- dd) Request to consider the disclosure of any business interests that may result in a conflict of interest.

8.1.3 To recommend to the Board, candidates to fill the seats on the Board Committees in consultations with the chairman of the respective Committee. In the event that the Chairman's position is the one to be filled, the NRC must consult with the Board accordingly.

8.1.4 To consider and recommend to the Board the candidates for the position of GCEO and the Senior Management, taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism, integrity and diversity in age, cultural background and gender.

8.2 Re-election, Reappointment, Resignation, and Termination of Directors

8.2.1 To recommend to the Board, candidates for re-election of Directors by shareholders under the annual re-election provisions of retirement with due consideration to the extent to which interplay of the Director's expertise, skills, knowledge and experience with those of other Board members, as well as their roles as committee members.

8.2.2 The tenure of Independent Directors should not exceed beyond nine (9) years. An Independent Director may continue to serve on the Board as a Non-Independent Director upon completion of the nine (9) years.¹¹

⁹ Practice 5.6, MCCG 2021

¹⁰ Practice 5.5, *ibid.*

¹¹ Practice 5.3, *ibid.*

- 8.2.3 If any Independent Director is to be retained after their ninth (9) year in office, the NRC will make recommendation to the Board that annual shareholders' approval shall be sought after through a two-tier voting process.¹²
- 8.2.4 Prior to obtaining the shareholders' approval, the NRC should conduct an assessment of the Independent Director and recommend to the Board whether the Independent Director should remain independent or be re-designated.
- 8.2.5 To consider and recommend to the Board all matters in relation to the continuation in office of any Director at any time.
- 8.2.6 To review matters including the suspension or termination of service of the GCEO as an employee of the Company subject to the provisions of the law and their service contract.
- 8.2.7 The re-appointment of any Non-Executive Director at the conclusion of his term of office having given due regard to his attendance, performance, and ability to continue to contribute to the Board in terms of knowledge, skills and experience required and have duly attended all requisite training programmes.

8.3 Succession Planning

- 8.3.1 To understand the current performance, competencies and potential of those in key positions in Senior Management in order to identify and develop plans for those key talents.
- 8.3.2 To make recommendations to the Board concerning the succession plans for Non-Executive Directors and in particular the Chairmanships of the Board and Board Committees as well as the GCEO and the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office.
- 8.3.3 To establish a clear succession plan for senior management, giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board and by the Company in future.

¹² Practice 5.3, MCCG 2021

8.3.4 In terms of senior management, the Committee may request from time to time detailed views (either in the form of a report or otherwise) and work together with the GCEO and/or Senior Management of the Company to —

- aa) identify expected critical position vacancies and determine any future critical positions; and
- bb) identify gaps in current employees and develop individual development plans, coaching and monitoring programmes.

8.4 Annual Board Effectiveness Assessment (“BEA”) for Board, Board Committees and Individual Directors

8.4.1 To annually review the required mix of skills, experience, diversity and other qualities including core competencies and effectiveness of the Board, as a whole, the Board Committees and the contribution of each individual director.¹³

8.4.2 All evaluation carried out by the Committee in the discharged of its function should be documented and disclosed in the Annual Report.

8.4.3 To annually review the time required of Non-Executive and Independent Directors. Performance assessments should be undertaken to assess whether the Directors are spending enough time to fulfil their duties.

8.5 Continuous Education / Development

8.5.1 To identify suitable programmes for continuous development of Directors and ensure all Directors receive appropriate continuous trainings programme in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements.

8.6 Size of Board and Independent Directors

8.6.1 To assess and advise the Board in regards to the desirable balance in Board membership by reviewing the size, structure and composition of the Board, taking into consideration the number of directorships.

¹³ Practice 6.1, MCCG 2021

- 8.6.2 To assess and advise the Board in regards to the suitable number of Independent Directors with due regards to Bursa Malaysia Securities Berhad Main Market Listing Requirements (“the Listing Requirements”).
- 8.6.3 To consider the representation of interest group as part of boardroom diversity and to consider factors such as gender, race, religion, nationality, professional background and culture when making recommendations to the Board.
- 8.6.4 In regards to appointment, re-appointment and re-election of Directors, the Board should ensure shareholders have the information they require to make an informed decision accordingly.¹⁴

(B) REMUNERATION FUNCTION

- 8.7 To recommend and advise the Board the remuneration and terms of conditions (and where appropriate, severance payments) of the GCEO and the Senior Management, ensuring that remuneration is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high calibre, individuals and so structured as to align their interest with those of the Company and shareholders.
- 8.8 To monitor structures and levels of remuneration for other Senior Management and make recommendations, if appropriate, to ensure consistency with the Company's remuneration objectives.
- 8.9 To approve any major changes to employee compensation and benefits arrangements applicable to the Senior Management.
- 8.10 To approve incentive plans for the Senior Management, and any amendments to such plan.
- 8.11 To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.
- 8.12 To establish and review the benefits in all its form for the Non-Executive Directors, GCEO, and key management positions under the employment within the Group.

¹⁴ Practice 5.7, MCCG 2021

8.13 To review and approve annual salary increments and bonuses for the GCEO, key management positions as well as other employees under the employment of the Group.

8.14 To obtain independent external advice, where necessary, on Benefits for the Non-Executive Directors and key management positions under the employment of the Group.

9.0 RIGHTS AND AUTHORITY

The NRC shall have —

- a) the resources which are required to perform its duties;
- b) full and unrestricted access to all information and documents within the Group to perform its duties;
- c) the right to obtain independent professional or other advice at the Company's expense;
- d) the right to invite any employees of the Group to attend NRC Committee meetings and to brief the NRC Members on matters being deliberated;
- e) the right to regulate its own procedure on the calling of meeting and to meet as and when required on a reasonable notice;
- f) the right to pass resolutions by a simple majority vote from the NRC Members; and
- g) the right to provide recommendations to the Board for consideration and approval.

10.0 REVIEW OF THE TERMS OF REFERENCE

10.1 The NRC shall recommend any change to its terms of reference in such manner as the NRC deems appropriate to the Board for approval.

10.2 The terms of reference shall be assessed, reviewed and updated as and when necessary or when there are changes to the Malaysian Code of Corporate Governance, the Listing Requirements or any other regulatory requirement.

10.3 It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the NRC's role.

11.0 DATE EFFECTIVE

This Terms of Reference for the Nomination and Remuneration Committee shall be in effect from 29 November 2021.

12.0 REPEAL PROVISION

This Terms of Reference for the Nomination and Remuneration Committee shall repeal Paragraph 6.2 and 6.3 of the previous Board Charter published on 25 March 2013.

*First adopted on 29 November 2021.
Updated on 01 July 2022.*