



BINTULU PORT HOLDINGS BERHAD GROUP OF COMPANIES

BOARD CHARTER

29 November 2021

BINTULU PORT HOLDINGS BERHAD

BOARD CHARTER

1.0 INTRODUCTION

- 1.1 Bintulu Port Holdings Berhad (“the Company”) is an investment holding company incorporated under the Companies Act 1965 on 22 March 1996 as a public company limited by shares and is deemed registered under the Companies Act 2016.
- 1.2 The Company was listed on the Main Board of Bursa Malaysia Securities Berhad on 16 April 2001.
- 1.3 There are three (3) wholly-owned subsidiaries of the Company (collectively referred to as “the Group”) namely —
 - 1.3.1 Bintulu Port Sdn. Bhd.;
 - 1.3.2 Biport Bulkiers Sdn. Bhd.; and
 - 1.3.3 Samalaju Industrial Port Sdn. Bhd.
- 1.4 The Board Charter (“the Charter”) is subject to the provisions of the following documents, and any other applicable law or regulatory requirements —
 - 1.4.1 Companies Act 2016;
 - 1.4.2 Main Market Listing Requirements (“the MMLR”) of Bursa Malaysia Securities Berhad (“the Exchange”);
 - 1.4.3 Malaysian Code on Corporate Governance (“the MCGG”); and
 - 1.4.4 Constitution of Bintulu Port Holdings Berhad (“the Company’s Constitution”).

2.0 PURPOSE OF THE BOARD CHARTER

- 2.1 The Charter sets out the purpose of the Board of Directors’ (“the Board”) and the roles and responsibilities of the Board as well as the individual Directors of the Company in accordance with the law.
- 2.2 The Charter also discloses the division of responsibilities and powers between the Board, the different Committees established by the Board, the Chairman, and the Group Chief Executive Officer (“the GCEO”).¹

¹ Guidance No. 1.3 of the MCGG

- 2.3 The Charter aims at promoting good corporate governance culture throughout the Company which reinforces ethical, prudent, and professional behaviour.²
- 2.4 The Charter serves as a source reference and primary induction literature while providing insights to existing and prospective Board members in the discharge of their fiduciary duties and responsibilities as Directors of the Company.
- 2.5 The Charter shall constitute and form an integral part of each Director's duties and responsibilities.
- 2.6 The Charter will also assist the Board in the assessment of its own performance and of its individual Director and is available on the Company's website at: www.bintuluport.com.my³
- 2.7 The ideals and the intention of the Charter is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices both locally and internationally.

3.0 BOARD ROLES AND RESPONSIBILITIES

3.1 Overview of the Board's Purpose

- 3.1.1 The business and affairs of the Company must be managed by, or under the direction of, the Board.⁴
- 3.1.2 The Directors, collectively and individually, has a legal duty to act in the best interest of the Company. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.
- 3.1.3 The Board has the overall responsibility for providing oversight and stewardship to the Company in executing the Company's objectives.
- 3.1.4 The Board understands its responsibility to exercise good governance and is guided by the principles and best practices as stated in the MCCG.
- 3.1.5 The Board includes a narrative statement in its Company's Integrated Annual Report on the extent of compliance with the principles and best practices in corporate governance.⁵

² Practice 1.1, *ibid*

³ Practice 2.1, *ibid*

⁴ Section 211 of the Companies Act; Clause 27.1 of the Company's Constitution

⁵ Paragraph 15.26 of the MMLR

3.2 Size and Composition of the Board

- 3.2.1 The Board consists of qualified individuals with diverse experiences, backgrounds, and perspectives to bring values to board deliberations.
- 3.2.2 The composition and size of the Board is such that it facilitates the making of informed and critical decisions. 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.⁶
- 3.2.3 The Company's Constitution provides that the number of Directors shall not be less than two (2) nor more than twelve (12) (unless otherwise determined by the Company in general meetings).⁷
- 3.2.4 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members shall be Independent Directors which include a balance of independent and non-independent non-executive Directors.^{8 9}
- 3.2.5 The Board comprises Independent Non-Executive Directors ("INEDs") and Non-Independent Non-Executive Directors ("NINEDs"). The composition is reviewed from time to time in accordance with the requirements of the Company.
- 3.2.6 In reviewing the Board composition, the Board takes into consideration the requisite criteria covering individual merit, experience and skills, and where relevant, independence, and various aspects of diversity.
- 3.2.7 The GCEO is not the "Executive Director" on the Board. However, the views of the Management are represented at meetings of the Board by the presence of the GCEO or Senior Management¹⁰ when required.

⁶ Principle A, Chapter II —Board Composition, MCGG

⁷ Clause 24.1 of the Company's Constitution

⁸ Clause 24.1, *ibid*

⁹ Paragraph 15.0 (1) of the MMLR

¹⁰ The employees of BPHB are categorized under "Peraturan Am Pelantikan dan Kenaikan Pangkat Pegawai Kumpulan Syarikat Bintulu Port Holdings Berhad" as follows —

a) Pengurusan Tertinggi (Top Management) (Grade 20 & above)

b) Pengurusan Kanan (Senior Management) (Grade 17 to 19)

c) Eksekutif (Executive) (Grade 14 to 16)

d) Bukan Eksekutif (Non-Executive)

3.2.8 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.

3.3 The Role of the Board

3.3.1 The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

3.3.2 The Board is responsible for providing oversight and stewardship to the Company and assumes the following specific duties, *inter alia* —

- a) Establishing and reviewing the goals, the strategic plan and direction of the Company in line with its Group Vision, Mission and Corporate Values (GVMCV) and business objectives which supports long-term value creation and includes a sustainability agenda;
- b) Overseeing the conduct and performance of the Company and of the GCEO against set goals and objectives;
- c) Overseeing and evaluating the conduct of the Company's businesses;
- d) Identifying and understanding principal risks of the Company and ensures that the risks are properly evaluated, monitored and managed through appropriate systems;
- e) Establishing a succession plan and ensuring the orderly succession of Senior Management of the Group. The Board is also responsible for the appointment of the GCEO, setting and reviewing the GCEO's employment contract, evaluating the Key Performance Indicators ("KPI") of the GCEO, and, where necessary, terminating the GCEO's employment with the Company;
- f) Reviewing the adequacy of the internal control policy and ensuring that the Company has appropriate risk management framework, internal control systems and regulatory compliances policies;

- g) Upholding, together with Senior Management, good corporate governance culture and business conduct within the Company and its employees, which reinforces ethical, prudent and professional behaviour;
- h) Ensuring the integrity and adequacy of the Company's financial and non- financial reporting and disclosure; and
- i) Developing and implementing an investor relations programme and putting in place procedures to enable effective communications with the stakeholders of the Company.

3.3.2 The Board may establish Board Committees that operate under clearly defined Terms of Reference ("TOR").¹¹ This is to facilitate the Board's effectiveness and to efficiently discharge its duties and responsibilities. The Board is ultimately accountable and responsible for the affairs and business of the Company.¹²

3.4 Matters Reserved for the Board

3.4.1 The Board reserves full decision-making powers on the following matters —

- a) Conflict of interest issues relating to a substantial shareholder or a Director;
- b) Material acquisitions and disposition of assets not in the ordinary course of business;
- c) Statutory decisions for the Company based on regulatory and statutory requirements;
- d) Investments in Capital projects;
- e) Authority levels;
- f) Treasury policies;
- g) Risk management policies; and
- h) Key human resource issues/policies.

¹¹ TOR of BPHB Board and Board Committees is available and accessible through the Company's website at www.bintuluport.com.my

¹² Section 211 of the Companies Act; Clause 27.1 of the Company's Constitution

3.5 The Role of Directors

- 3.5.1 The Directors, collectively and individually, has a legal duty to act in the best interest of the Company.
- 3.5.2 The Directors are expected to comply with their legal, statutory and equitable responsibilities when discharging their fiduciary duties in accordance with the Companies Act, the MMLR and best practices under MCCG and any other applicable law or regulatory requirements.
- 3.5.3 The INEDs are independent of management and free from any business or other relationships that could materially interfere with the exercise of their independent judgment. They ensure that the interests of all shareholders are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- 3.5.4 The Non-Executive Directors do not participate in the day-to-day management of the Company and do not engage in any business transaction or other relationships with the Company so as to ensure that they exercise their independent judgment and act in the best interest of the Company.

3.6 The Role of Chairman

- 3.6.1 The Chairman of the Board is responsible for instilling good corporate governance practices, leadership and effective leadership of the Board.¹³
- 3.6.2 The Chairman is responsible for leadership of the Board ensuring the effectiveness of all aspects of its role, *inter alia*: -¹⁴
 - a) Leading the Board in setting the values and standards of the Company;
 - b) Setting the Board agenda and ensuring the provision of accurate, timely and clear information to Directors;
 - c) Ensuring effective communication with shareholders and relevant stakeholders and that their views are communicated to the Board as a whole;
 - d) Leading Board and general meetings and discussions;
 - e) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors;

¹³ Practice 1.2 of the MCCG

¹⁴ Guidance 1.2, *ibid*

- f) Encouraging active participation and allowing dissenting views to be freely expressed;
 - g) Managing the interface between Board and Management; and
 - h) Leading the Board in establishing and monitoring good corporate governance practices in the Company.
- 3.6.3 The Chairman, in consultation with the GCEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda. ¹⁵
- 3.6.4 The Chairman is responsible for managing the business of the Board to ensure that —
- a) All Directors are properly briefed on issues arising at Board meetings;
 - b) 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;
 - c) The issues discussed are forward looking and concentrates on strategy; and
 - d) The Board members have access to appropriate continuing education programmes to update their knowledge and enhance their skills.
- 3.6.5 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.
- 3.6.6 The Chairman will have no casting vote if two (2) Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue. ¹⁶

3.7 Role of the Group Chief Executive Officer (GCEO)

- 3.7.1 The GCEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- 3.7.2 The GCEO has the executive responsibility for the day-to-day operation of the Company's business.

¹⁵ Practice 1.5 of the MCGG

¹⁶ Clause 28.12; Clause 31.2 of the Company's Constitution

3.7.3 The GCEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the Management is delegated through the GCEO and this will be considered as the GCEO's authority and accountability as far as the Board is concerned.

3.7.4 The GCEO is assisted by the Management Committee, which consists of Heads from the Business and Service Units, in managing the day- to-day business of the Company.

3.8 Role of the Board Committees

3.8.1 The Board may from time to time establish Board Committees to assist in discharging its responsibilities. ¹⁷

3.8.2 The Board has appointed the following Board Committees from amongst the Board members to ensure good governance in the decision-making process —

- a) Audit Committee (“AC”);
- b) Nomination and Remuneration Committee (“NRC”);
- c) Finance and Investment Committee (“FIC”); and
- d) Risk Committee (“RC”).

3.8.3 These Board Committees operate under specific Terms of Reference which may be amended by the respective Committees from time to time, subject to approval by the Board.

3.8.4 Where necessary, the Board may form additional Board Committees.

3.9 The Role of Company Secretary

3.9.1 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. ¹⁸

3.9.2 The Board appoints the Company Secretary, who plays an important advisory role and ensures that the Company Secretary fulfils the functions for which he/she has been appointed for, among others, as follows — ¹⁹

¹⁷ Clause 31.1 of the Company's Constitution

¹⁸ Practice 1.4 of the MCCG

¹⁹ *Ibid*

- a) Managing the process for all board and committee meetings and facilitate board communications;
 - b) Advising the Board on its roles and responsibilities;
 - c) Facilitating the induction programme for new Directors and assist in Directors' training and development;
 - d) Advising the Board on corporate disclosures and compliance with the Company and securities regulations, and listing requirements;
 - e) Managing processes pertaining to general meetings;
 - f) Monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
 - g) Serving as a focal point for stakeholders' communication and engagement on corporate governance issues; and
 - h) Carrying out other functions as deemed appropriate by the Board from time to time.
- 3.9.3 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.²⁰
- 3.9.4 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 3.9.5 The Company Secretary should advise the Directors of their obligations to adhere to matters relating to —
- a) Disclosure of interest in securities;
 - b) Disclosure of any conflict of interest in a transaction involving the Company;
 - c) Prohibition on dealing in securities; and
 - d) Restrictions on disclosure of price-sensitive information.
- 3.9.6 The Company Secretary must keep abreast of and inform the Board of current governance practices.²¹

²⁰ Guidance 1.4 of the MCCG

²¹ *Ibid*

3.9.7 Unless otherwise provided by or subject to any applicable laws, the Company must ensure that every director has the right to the resources, whenever necessary and reasonable for the performance of his duties, at the cost of the Company and in accordance with a procedure to be determined by the Board of Directors, including but not limited to — ²²

- a) Full and unrestricted access to the professional advice and services of the Company Secretary;
- b) Full and unrestricted access to any information pertaining to the Company; and
- c) Obtaining independent professional or other advice.

4.0 BOARD PROCESS

4.1 Board Meetings

4.1.1 The Board meets every quarter and additional meeting are to be held as and when required.

4.1.2 The quorum for a Board Meeting shall be two (2) Directors. ²³

4.1.3 Senior Management and external consultants may be invited to attend Board meetings to advise, present or report on matters relating to their areas of responsibility.

4.1.4 Attendance of Directors and the frequency of the meeting held by the Board and the Board Committees in the year under review are disclosed in the Annual Report. Each Director must not be absent for more than fifty percent (50%) of the total number of Board of Director's meetings held during a financial year. ²⁴

4.2 Board Committee Meetings

4.2.1 All three (3) Board Committees; AC, NRC, FIC, and RC meets not less than two (2) times in a year.

4.2.2 These Board Committees may also hold additional meetings as and when required.

²² Paragraph 15.04 of the MMLR

²³ Clause 28.3 of the Company's Constitution

²⁴ Paragraph 15.05 (3) (c) of the MMLR

4.3 Appointments

- 4.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the NRC, as outlined in the Board Nomination and Remuneration Policy of the Company.
- 4.3.2 New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 4.3.3 In relation to Paragraph 4.3.2, the appointment of new Directors is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.²⁵
- 4.3.4 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- 4.3.5 The Special Shareholder shall be entitled to appoint any person or reappoint any existing Director to be a Government Appointed Director and such Director shall hold position of Chairman of the Board of Directors as stated in Company's Constitution.²⁶
- 4.3.6 Upon the appointment of a new Director, the Company Secretary advises the Director of his principal duties and responsibilities and explains the restrictions to which he is subject to in relation to price-sensitive information and dealings in the Company's securities.
- 4.3.7 All new Directors are provided with appropriate briefings on the Company's affairs and up-to-date corporate governance materials published by the relevant regulatory bodies.
- 4.3.8 The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors.
- 4.3.9 The Company Secretary is primarily responsible for the induction programmes with appropriate assistance from other Board members and the Management.
- 4.3.10 The Company has adopted educational/training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

²⁵ Practice 4.4 of the MCGG

²⁶ Clause 28.9 of the Company's Constitution

4.3.11 In addition to the Mandatory Accredited Programme (MAP) as required by the Exchange,²⁷ Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business.

4.3.12 The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.²⁸

4.3.13 The number of directorships held by any Board member at any one time in listed companies shall not exceed five (5) directorships.²⁹

4.4 Financial Reporting

4.4.1 The Board aims to present a balanced and meaningful assessment of the Company's financial performance primarily through the annual financial statements and quarterly announcement of financial results.

4.4.2 The Board is assisted by the ARC in overseeing the Company's financial reporting process and the quality of the financial reporting.

4.5 Non-Financial Reporting

Non-financial reporting by the Board will be done through the relevant sections in the Company's Annual Report covering amongst others, corporate governance overview, management discussion & analysis, investor's overview, as well as other announcements by the Company on its website or press statements.³⁰

4.6 Decision-Making

4.6.1 The Board makes decisions based on majority votes, each Director having one vote and in case of an equality of votes the Chairman shall have a second or casting vote, subject to Paragraph 4.6.2 of this Charter.

4.6.2 Where two (2) directors form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) directors are competent to vote on the question at issue shall not have a casting vote.

²⁷ Practice Note 5, Paragraph 1.3 of the MMLR

²⁸ Paragraph 15.08 (3), *ibid*

²⁹ Paragraph 15.06, *ibid*

³⁰ Paragraph 9.25 *ibid* —to be read together with Appendix 9C

4.7 Monitoring

4.7.1 The Board monitors the performance of the Company via reports tabled at the Board and Board Committee meetings and through regular engagements between the Board, GCEO and Management as and when necessary.

4.8 Access to Advice

4.8.1 All Directors have direct access to Management and the Company Secretaries for advice and information related to the Company and the Group in discharging their duties.

4.8.2 The Board and/or individual directors may also seek independent professional advice at the Company's expense on specific issues to enable the Board to discharge its duties.³¹

5.0 BOARD RESPONSIBILITIES

5.1 Ethics & Compliance

5.1.1 The Board has in place a robust compliance and ethics programme to ensure compliance with applicable rules and regulations and adherence to policy and procedures in relation to business ethics, in particular, prevention of corrupt practices and avoidance of conflicts of interest.

5.1.2 Board Compliance

The Board is governed by the requirements of the Companies Act 2016, the MMLR, MCCG, Capital Markets and Services Act 2007 and any other applicable laws.

5.1.3 Ethical Standards

- a) The Board members are expected to observe the highest standard of ethical conduct, integrity and accountability as specified by the Bintulu Port Holdings Berhad Code of Business Ethics.
- b) The Board has endorsed the Company's Policy Statement on Anti-Bribery and Corruption which is attached as Appendix I to this Board Charter and will continue to uphold the said Policy.
- c) The Board has established the appropriate policy and procedures in managing whistleblowing cases. The oversight function to ensure the effectiveness of whistleblowing process is under the purview of the AC.

³¹ Paragraph 15.04 (c) of the MMLR

5.2 Risk Management and Internal Control

- 5.2.1 The Board acknowledges its overall responsibility for continuous maintenance of a sound risk management framework and internal control, to safeguard shareholders' investment and the Group's assets by: -
- a) identifying the principal risks affecting the Company and ensuring the implementation of appropriate plans; and
 - b) establishing a sound system of risk management and internal control to manage or mitigate these risks
- 5.2.2 The Board, has adopted a Risk Management Framework to ensure all business risks are prudently identified, evaluated and managed in accordance with acceptable international standards, principles and guidelines on risk management. This includes setting the risk appetite, and identifying the risk parameters and thresholds and boundaries for the Company. ³²
- 5.2.3 The risk management process is conducted by the RC.
- 5.2.4 The RC through the Company's Group Internal Audit, periodically reviews the adequacy and effectiveness of the Group's internal control system to ensure that the system is viable and robust. ³³

5.3 Investors Relations

- 5.3.1 The Board has in place an Investor Relations ("IR") platform and oversees the proper development and implementation of an IR programme. ³⁴ This is to ensure continuous communication between the Company and its stakeholders and to facilitate mutual understanding of each other's objectives and expectations.
- 5.3.2 The IR activities include dialogues with shareholders via general meetings and other means of communication which include announcements to Bursa Malaysia, the Company's website as well as having dedicated meetings for analysts and potential investors. Analyst briefings and conference calls are held after announcements of quarterly financial results. ³⁵

5.5 Sustainability and Health, Safety and Environment

- 5.5.1 The Board is committed to giving attention to strategies relating to the health, safety and environment, and compliance with the relevant laws, rules and regulations. The Board also places emphasis on the formulation of strategies to promote sustainability.

³² Paragraph 15.04 (c) of the MMLR

³³ Practice 9.2 of the MCGG

³⁴ Practice 11.1, *ibid*

³⁵ Practice 11.1 of the MMCG

6.0 BOARD DEVELOPMENT

6.1 Succession Planning

- 6.1.1 The Board considers and deliberates on the succession plan of the Directors on an annual basis which includes review of the Board's required mix of skills, experience and diversity, and review of the tenure of INEDs on the Board and proposals for retirement and/or re-election of Directors.
- 6.1.2 The Board also considers and deliberates on the succession plan of the Group Chief Executive Officer and Senior Management of the Company.

6.2 Board and Directors' Assessment

- 6.2.1 An assessment of the Board and individual Directors' performance and effectiveness is conducted annually.³⁶ A professional, experienced and independent expert may be engaged to facilitate the Board evaluation assessment, whenever the Board deems it fit and necessary.³⁷

6.3 Directors' Compensation

- 6.3.1 Directors' remuneration is governed by a set of principles and guidelines applicable to the Company. In determining the amount of compensation to be paid to the Directors, the Board is guided by the market and industry practices and the skills, expertise and responsibilities of the Directors.³⁸

6.4 Directors' Induction and Training and Development Programmes

- 6.4.1 The Company adopts continuous and relevant training programmes and awareness sessions for Directors in relation to developments pertaining to the laws and regulations, commercial risks, strategic planning, corporate governance, industry related and current issues which may affect the Board and/or the Company.
- 6.4.2 The Company also adopts a customised training approach to suit the needs of the respective Directors with structured topics to ensure the directors are well-informed with new developments in the business and economic environment to enable them to discharge their duties and responsibilities more effectively.
- 6.4.3 In the event that a new Director is appointed, a comprehensive induction session about the Company is provided.

³⁶ Practice 5.1, *ibid*

³⁷ *Ibid*

³⁸ *Bintulu Port Holdings Berhad Nomination and Remuneration Policy for Board of Directors*

7.0 APPLICATION

- 7.1 The Charter shall be 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.
- 7.2 The Board shall endeavour to comply at all times with the provisions of the Charter.
- 7.3 If at any one time the Companies Act 2016 or the MMLR be amended for any reason whatsoever and the amendment of which affects the provisions of the Charter, the amended Companies Act 2016 or the MMLR shall prevail and take precedence over the Charter.

8.0 REVIEW OF THE POLICY

- 8.1 Any revisions to the Charter will be submitted to the Board for consideration and approval accordingly.
- 8.2 The Charter shall be made available on the Company's website through the following link: www.bintuluport.com.my.

9.0 DATE EFFECTIVE

This Board Charter of Bintulu Port Holdings Berhad shall be in effect from 29 November 2021.