

CORPORATE GOVERNANCE



STATEMENT ON CORPORATE GOVERNANCE

(pursuant to Chapter 9 and Chapter 15 of the Main Market Listing Requirements)

INTRODUCTION

The Board of Directors of Bintulu Port Holdings Berhad (the Board) presents this annual Statement on Corporate Governance for the financial year ended 31 December 2017 in compliance with the rules set out in the Main Market Listing Requirements (the MMLR) and the Malaysian Code on Corporate Governance (the MCCG).

This Statement demonstrates the Board's commitment towards applying and upholding high standards of corporate governance in safeguarding and promoting the interests of its stakeholders.

In line with the rules set out in MCCG and Chapter 9 and Chapter 15 of the MMLR, this Statement of Corporate Governance reflects the principles of good corporate governance, best practices and corporate cultures practised by the Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I) RESPONSIBILITIES OF THE BOARD

The Board is responsible in playing the key role in charting the strategic direction of the Group and in fulfilling its fiduciary duties. In the pursuit of the Group's objectives, the Board assumes the following responsibilities:

- Establishing and reviewing the goals, the strategic plan and direction towards promoting the Company's sustainability;
- Overseeing and evaluating the conduct of the Company's businesses;
- Identifying principal risks and ensure that the risks are effectively managed;
- Appointment of the Group Chief Executive Officer (GCEO) and other Senior Management officers for the Group and developing a succession plan;
- Setting and reviewing the GCEO's employment contract as well as evaluating the Key Performance Indicators (KPI) of the GCEO;
- Developing and implementing investor relations programmes and shareholders communication policy; and
- Reviewing and putting in place an internal control system and ensure compliance with good corporate governance practices, financial accountability, risk management, and legal and regulatory requirements.

In accordance with the MCCG, Committees such as the Audit and Risk Committee (ARC), the Nomination and Remuneration Committee (NRC) as well as the Finance and Investment Committee (FIC) 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 of Directors

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.

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.

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). The profiles of the Chairman and members of the Board can be found on the Board of Directors section of this Annual Report from pages 46 to 57.

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.

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.

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.

Roles and Responsibilities of the Chairman and the Group Chief Executive Officer (GCEO)

The Board Charter defines clearly the role of the Chairman (Non-Executive), and that of the Group Chief Executive Officer. This is to ensure there is a clear division and balance of responsibilities between them.

The Chairman

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.

The Group Chief Executive Officer (GCEO)

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. Further, the GCEO has a duty to enforce compliance with MCCG, instilling good work culture, motivating the Company's workforce towards greater productivity, and taking initiatives towards improving their welfare, health and safety at the work place.

The Management team supports the GCEO in the discharge of his responsibilities outlined above.

The GCEO has disclosed to the Board that he is also holding Non-Executive appointments or positions in the following entities without affecting the discharge of his responsibilities and any conflict of interest, namely;

- Handal Resources Berhad;
- Malaysia External Trade Development Corporation (MATRADE); and
- Petroleum Sarawak Berhad (PETROS)

The Company Secretary

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. 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.

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 and by virtue of these responsibilities, his or her attendance in all Board and Board Committees meetings are deemed compulsory.

Board Meetings

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.

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.

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 professionals is an alternative the Board may pursue to acquire further advice whenever deemed necessary at the Company's expense.

During the financial year under review, ten (10) meetings were held and details of attendance of members are as follows:

Directors	No. of Meetings Attended	Percentage of Attendance (%)
Tan Sri Dr. Ali bin Hamsa (Chairman)	10/10	100
Datuk Siti Zauyah binti Md Desa	7/10	70
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	9/10	90
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R)	9/10	90
Dato Sri Fong Joo Chung	9/10	90
Datuk Nasarudin bin Md Idris	10/10	100
Encik Dzafri Sham bin Ahmad	9/10	90
Dato' Sri Mohamad Norza bin Zakaria	6/10	60
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	9/10	90
Datuk Yasmin binti Mahmood	8/10	80
Datuk Nozirah binti Bahari	9/10	90

All Directors have complied with the minimum requirements in respect of attendance at Board Meetings as stipulated in Chapter 15 Paragraph 15.05 of MMLR (minimum 50% attendance during a financial year).

The Board Charter

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.

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.

The Charter is available on the Group's website at www.bintuluport.com.my.

Code of Ethics for Directors

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). 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.

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. 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.

The Whistleblowing Policy

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. 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.

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. As the Whistleblower Protection Act 2010 protects the "whistleblower" who can disclose such misconduct without fear of reprisal or retribution from any source.

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. 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. 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.

A proper whistleblowing policy ensures the following values:



II) BOARD COMPOSITION

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 31 December 2017, the Board membership stands at eleven (11) members comprising of seven (7) Non-Independent Non-Executive Directors and the remaining four (4) 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.

The Board Composition as at 28 February 2018 is as follows:

Board of Directors' Composition of the Group	
Non-Independent Non-Executive Directors	
Tan Sri Dr. Ali bin Hamsa	Chairman of the Group
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R)	
Dato Sri Fong Joo Chung	Chairman of Bintulu Port Sdn Bhd
Datuk Siti Zauyah binti Md Desa	
Datuk Nasarudin bin Md Idris	Chairman of Samalaju Industrial Port Sdn Bhd Chairman of Finance and Investment Committee
Dzafri Sham bin Ahmad	
Independent Non-Executive Directors	
Dato' Sri Mohamad Norza bin Zakaria	Chairman of Audit and Risk Committee
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	Chairman Biport Bulkera Sdn Bhd Chairman of Nomination and Remuneration Committee
Datuk Yasmin binti Mahmood	
Datuk Nozirah binti Bahari	
Salihin bin Abang (Appointed 1 February 2018)	

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. 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.

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 Petroliam 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.

Board Diversity

The Board is committed in ensuring that its composition reflects the diversity in line with the MCCG.

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. 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.

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.

Directorships in Other Companies

In compliance with Chapter 15, Para 15.06 (1) of the MMLR and consistent with the best practices recommendations of the MCCG, each member of the Board holds not more than five (5) directorships in public listed companies to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

Time Commitment

It is the policy of the Group that Directors devote sufficient time and effort to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements allow a Director to sit on the Board of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

In addition to the scheduled meetings, whenever any direction or decisions are required expeditiously from the Board, special meetings of the Board are convened by the Company Secretary, after consultation with the Chairman. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions (DCR) between scheduled and special meetings. In 2017, two (2) resolutions ranging from administrative to operational issues were approved by Directors via DCR.

The agenda for the Board's meetings is set by the Company Secretary in consultation with the Chairman and the GCEO. The agenda together with the relevant reports and Board papers are furnished to the Directors in advance to allow the Directors sufficient time to peruse for effective deliberation and decision making during the meetings. The Board has a recurring schedule of

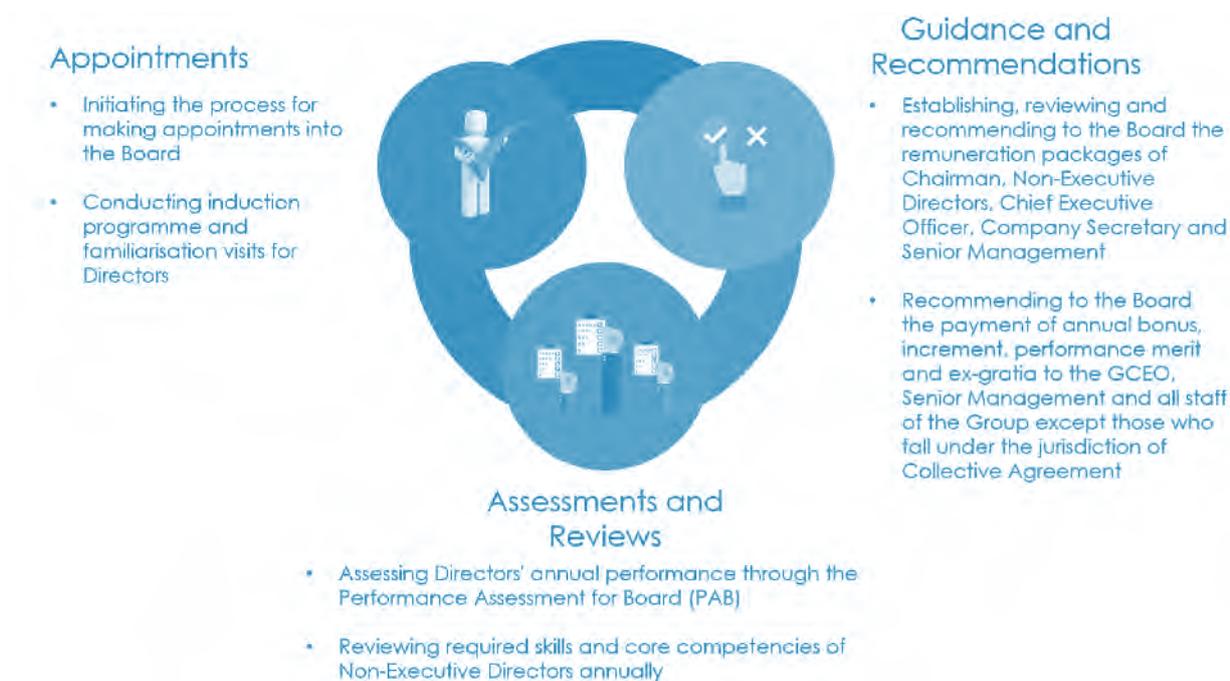
matters which are typically listed on the agenda and reviewed during the course of the year. The scheduled meetings focus on the Group's Business Plan, Quarterly Reports, recommendations of the various Board Committees, announcements to Bursa, Group's Audited Financial Statements and Annual Reports.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) comprises of the following members:

Nomination and Remuneration Committee's Composition	
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	Chairman
Dato Sri Fong Joo Chung	Member Non-Independent Non-Executive Director
Datuk Nozirah binti Bahari	Member Independent Non-Executive Director

The NRC's primary responsibilities include the following:



Appointment and Re-Election to the Board

Chapter 7, Part J, Para 7.26 of MMLR and Article 127 of the Company's Articles of Association require all Directors to retire at least once every three (3) years or at least one third (1/3) of the Directors shall retire by rotation each year and they are eligible for re-election. The re-election of Directors at regular intervals enhances Board effectiveness and also presents shareholders with the opportunity to measure the performance of the Directors.

Article 132 of the Company's Articles of Association provides authority for the Board to appoint any person who is willing to act as Director to fill up casual vacancies and such Director shall retire and be eligible for re-election at the next Annual General Meeting.

Directors retiring by rotation and standing for re-election / re-appointment at the forthcoming Twenty-Second (22nd) Annual General Meeting pursuant to Article 127 of the Company's Articles of Association and Paragraph 7.26 of the Main Market Listing Requirements are as follows:

- Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
(Independent Non-Executive Director)
- Datuk Yasmin binti Mahmood
(Independent Non-Executive Director)
- Encik Dzafri Sham bin Ahmad
(Non-Independent Non-Executive Director)

Director retiring and standing for re-election/re-appointment at the forthcoming Twenty-Second (22nd) Annual General Meeting pursuant to Article 132 of the Company's Articles of Association is as follows:

- Encik Salihin bin Abang
(Independent Non-Executive Director)

Any nomination for new Directors to the Board is to be reviewed by the NRC and the Committee makes recommendation for the Board's approval. The Company Secretary will ensure that all appointments are properly made and that regulatory obligations are complied with.

Performance Assessment for Board (PAB)

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.

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.

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.

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".

Upon reviewing the results of the Board and Committee assessment, Nomination and Remuneration Committee has identified training for Directors and succession planning for the Group as areas that need improvement.

Directors' Training

The Board via its NRC evaluates and determines the training needs of its members to ensure continuing education is made available to Directors in order for them to enhance their business acumen and professionalism in the discharge of their duties.

In addition, the Company Secretary also receives updates on training programmes from various organisations including the regulators. These updates are circulated to the Directors for their consideration. The Group also provides internal briefings to the Directors on key corporate governance developments and relevant changes on the MMLR, laws and regulations.

During the financial year ended 31 December 2017, some Directors have attended development and training programmes in areas of leadership, corporate governance, finance, taxation, legal and regulatory developments and oil and gas sponsored by the Group and / or Directors' personal initiatives. This is in compliance with Chapter 9, Appendix 9C (Part A, Paragraph 28) and Chapter 15, para 15.08 (3) of the MMLR.

Directors Involved	Trainings / Courses / Seminars
Tan Sri Dr. Ali bin Hamsa	<ul style="list-style-type: none"> Briefing on the New Companies Act 2016
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	<ul style="list-style-type: none"> Briefing on the New Companies Act 2016 ASSAR Capital Market Director's Programme Sarawak Energy Board Strategy Workshop International ICT Infrastructure and Digital Economy Conference Sarawak 2017 Project 17-20 Digital Economy Lab
Datuk Nasarudin bin Md Idris	<ul style="list-style-type: none"> MISC 2017 Annual Directors' Training Briefing on the New Companies Act 2016
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R)	<ul style="list-style-type: none"> The New Companies Act 2016 – Raising the Bar for Directors Director's Remuneration in Compliance with the Companies Act 2016 and the Upcoming Amendment to Listing Requirements 2017 Risk Management on Corporate Governance Cybersecurity Risk Implications and Implications of MFRS 9 on Business Strategy Briefing on the New Companies Act 2016
Datuk Siti Zauyah binti Md Desa	<ul style="list-style-type: none"> Workshop on Panda Bond Sukuk by Ministry of Finance Engagement Session with Minister of Finance II – Changes to Companies Act Briefing on Malaysian Financial Reporting Standard 9 Financial Instruments (MFRS 9) 7th Annual Asia Islamic Banking and Takaful Conference – Building a Resilient Economy by Fleming Programme Digital Free Trade Zone

Directors Involved	Trainings / Courses / Seminars
Dato Sri Fong Joo Chung	<ul style="list-style-type: none"> Briefing on the New Companies Act 2016
Dato' Sri Mohamad Norza bin Zakaria	<ul style="list-style-type: none"> Briefing on the New Companies Act 2016
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	<ul style="list-style-type: none"> Remuneration Committee: Attracting and Retaining the Best Talents Interpreting Financial Statement Briefing on the New Companies Act 2016
Datuk Yasmin binti Mahmood	<ul style="list-style-type: none"> Briefing on the New Companies Act 2016
Datuk Nozirah binti Bahari	<ul style="list-style-type: none"> Briefing on the New Companies Act 2016 4th BNM-FIDE Forum Annual Dialogue Sustaining Growth with Sound Governance, Risk Management, Internal Control and Compliance Workshop Global Entrepreneurships Community 2017 Boards in the Digital Economy
Dzafri Sham bin Ahmad	<ul style="list-style-type: none"> Briefing on the New Companies Act 2016

III) REMUNERATION

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.

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.

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.

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.

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 per month (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	2,000
Non-Executive Directors	1,500	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		
Non-Independent Non-Executive Directors						
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
Independent Non-Executive Directors						
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
Salih bin Abang (Appointed on 1 February 2018)	-	-	-	-	-	-
Total	960.0	619.2	263.0	81.0	54.0	1,977.2

In heeding MCCG's good corporate governance practice, the Group follows the recommended practice in disclosing its top six (6) senior management remuneration to the public. 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.

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:

Range of Remuneration (RM)	Name of Top 6 Senior Management
300,000 – 350,000	<ul style="list-style-type: none"> • Matshalleh bin Mohamad Etili <i>Chief Operating Officer, SIPSB</i> • Yusof bin Ibrahim <i>Chief Operating Officer, BBSB</i> <i>(Appointed on 1 February 2018)</i> • Abu Bakar bin Husaini <i>Company Secretary</i> • Daiana Luna Suip <i>General Manager, Group Finance</i>
350,001 – 400,000	<ul style="list-style-type: none"> • Shamsuddin bin Hj. Ismail <i>Chief Operating Officer, BBSB</i> <i>(Retired on 31 January 2018)</i>
450,001 – 500,000	<ul style="list-style-type: none"> • Omar bin Hj. Salleh <i>Chief Operating Officer, BPSB</i>
700,001 – 750,000	<ul style="list-style-type: none"> • Dato Mohammad Medan bin Abdullah <i>Group Chief Executive Officer</i>

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I) AUDIT AND RISK COMMITTEE

To enhance the financial reporting process and the integrity and quality of the Group's financial statements, the Board is assisted by an Audit and Risk Committee, with majority of its members comprising of Independent Directors. The composition of the Audit and Risk Committee, including its activities is set out on pages 96 to 99 of this Annual Report.

An effective Audit and Risk Committee can bring transparency, focus and independent judgement needed to oversee the financial reporting process. However, the ultimate responsibility for a Company's financial reporting process rests with the full Board.

The Audit and Risk Committee plays a key role in a Company's governance structure. An independent Audit and Risk Committee is better positioned to rigorously challenge and ask probing questions on the Company's financial reports, internal controls, risk management and governance.

One of the key responsibilities of the Audit and Risk Committee is 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.

Such financial statements comprise of the quarterly financial report as recommended to the Board for subsequent announcement to Bursa Malaysia. The Board, through the Audit and Risk Committee, has established formal and transparent arrangements with External Auditors in producing true and fair financial reports and good internal control mechanisms.

External Audit

In assessing the independence of external auditors, the Audit and Risk Committee 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. Further explanations on external audit functions are set out on page 99 of this Annual Report.

The Group's financial highlights and indicators for the financial year ended 31 December 2017 are set out on pages 18 to 19 of this Annual Report.

II) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Recognising the importance of risk management and internal control, the Board has established a structured risk management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis.

The Board has developed procedures to mitigate the business and operational risks as identified by various divisions and coordinated by Group Corporate Planning and Development Division. The Board performs reviews on the Group's Risk Profiles on a bi-annual basis guided by the Statement on Risk Management and Internal Control and Guidelines for Directors of Listed Issuers.

The Management and the Audit and Risk Committee provide the Board with reports on actions taken to mitigate the risks. These actions give reasonable assurance to shareholders on the level of effectiveness of the Group's risk management and internal control system. Details on the Statement on Risk Management and Internal Control are furnished on pages 86 to 93 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I) COMMUNICATION WITH STAKEHOLDERS

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.

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.

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.

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.

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.

Investor Relations

The Group holds separate interfacing sessions with fund 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
Malaysia Industrial Development Finance Berhad	Samalaju Industrial Port Sdn Bhd	18 April 2017
AmBank Group Research	Bintulu Port Holdings Berhad	3 May 2017
Kenanga Investment Bank Berhad	Bintulu Port Holdings Berhad	23 March 2017
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

The Customer Charter

The Group strives to provide quality port services with continuous improvement based on customer feedback and the Customer Charter. The Group is committed in ensuring the following standards prescribed by the Customer Charter are always met:

- **Friendly and Courteous Service** to be discharged with full integrity
- **Suggestions and Complaints** to always be acknowledged and full response to be made available within two (2) weeks after fair and thorough investigation on complaints
- **Timely and Accurate Billing** is provided and issued for services rendered within seven (7) working days for LNG and Non-LNG Marine Services, ten (10) working days for Stevedoring, Operation Port and Port Charges, Rental and Storage and Miscellaneous invoices
- **Safe Cargo and Ship-Handling Operation** is ensured where the cargoes, containers and vessels are to be handled with reasonable care and with the highest regard for safety
- **Security of Cargo, Containers and Vessels** to be protected at all times as long as they are within the area of port limit
- **Availability of Berth** to be ensured and available within eight (8) hours after receiving confirmed request

- **Provision and Handling Productivity** in providing marine services which includes pilotage, towage and mooring are to be rendered subject to receipt of request not less than two (2) hours from the time service required. The Group undertake to handle a minimum of thirty-five (35) tonnes/gang hour of general cargoes, seventy-three (73) tonnes/gang hour of veneer and fibreboard, eighty (80) tonnes/gang hour of plywood, thirty-three (33) tonnes/gang hour of sawn timber and seventy (70) tonnes/gang hour of project cargo
- **Customer Services Personnel** will always be available during office hours at the Customer Services Centre to provide information on services offered and also to facilitate requests to meet the Group's relevant officers
- **Advancement in Technology** which is important in ensuring efficiency of the Group's operation and to ensure the Group's technological application is always up-to-date

In meeting their needs and expectations, the Group undertakes regular engagement and interactive interfacing session with the customers. To ensure the customers' satisfaction is in line with the Customer Charter, a Customer Satisfaction Survey is conducted annually.

Corporate Sustainability

The Group in its effort to develop a good business sustainability model heeded calls made by the Board to consider economic, environmental and societal impact arising from such model. An in-depth review on the Group's initiatives to provide a commendable Economic, Environmental and Societal (EES) performance for the year under review can be found under Corporate Sustainability Statement which form part of this Annual Report, pages 100 to 126.

II) CONDUCT OF GENERAL MEETINGS

Annual General Meeting (AGM)

An Annual General Meeting is an important platform for directors and senior management to engage shareholders to facilitate greater understanding of the Company's business, governance and performance. This supports shareholders in exercising their ownership rights and expressing their views to the board and senior management on any areas of concerns.

The AGM remains the principal forum for shareholders. This venue allows shareholders to review the Group's performance via the Company's Annual Report. In compliance with Chapter 7, Para 7.15 of the MMLR, the Notice of AGM is circulated at least twenty-one (21) days in advance of the meeting to facilitate full understanding and evaluation of the issues involved.

Active participation by the shareholders is encouraged during the AGM, in which an open session is made available to the shareholders to raise questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. Appropriate responses and clarifications are promptly provided by the Board members to the shareholders.

Upon the conclusion of the AGM, a press conference is immediately held where the Chairman informs the media in respect of the resolutions passed and answers questions pertaining to the Group's business. The outcome of the AGM is announced to Bursa Malaysia on the same meeting day.

During the 21st AGM 2016, the GCEO provided shareholders with an overview of the Group's operations and the financial year's performance. The GCEO also shared responses to the questions submitted in advance by the Minority Shareholder Watchdog Group (MSWG).

The Board places great importance in maintaining active dialogue and effective communication with shareholders and investors for accountability and transparency to enable shareholders and investors to make informed investment decisions. Apart from providing comprehensive insights into the Group's financial performance through the interfacing sessions, the financial and business performances are also communicated through the Group's website.

Up-to-date information on the Group is accessible via the Group's website at <http://www.bintuluport.com.my>.

In addition, shareholders and investors may also obtain the up-to-date information, the latest corporate, financial and market information of the Group through the Bursa Malaysia website at <http://www.bursamalaysia.com>.

The primary contacts of the Group are as follows:

Group Chief Executive Officer

Bintulu Port Holdings Berhad
Tel : +60 86 291001 (ext. 300)
Fax: +60 86 253597

Company Secretary

Bintulu Port Holdings Berhad
Tel : +60 86 291001 (ext. 257)
+60 86 251090 (Direct Line)
Fax : +60 86 254062

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Board is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

Annual Report

The Annual Report 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.

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.

An electronic format of the Annual Report is also available on the Group's website.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with Chapter 9, Paragraph 9.25 and 9.41 of the MMLR.

(i) Recurrent Related Party Transactions of a Revenue Nature

As required by the MMLR, Recurrent Related Party Transactions of a revenue nature must be disclosed in the Annual Report. For the year 2017, there were no new related parties involved with the Group other than the existing ones which comprise the Sarawak State Financial Secretary (SFS) and Petroliam Nasional Berhad (PETRONAS). The transactions involved are in the ordinary course of business and are of terms not more favourable to the related party than those generally available to the public. The services rendered or goods purchased are based on a non-negotiable fixed price which is published or publicly quoted and all material terms including the prices or charges are applied consistently to all customers or classes of customers.

(ii) Non-Audit Fees

The requirement to disclose the Non-Audit Fees is provided for under Chapter 9, Item (18) of Appendix 9C of the MMLR. Hence, the Non-Audit Fees paid to the External Auditor by the Group for reviewing the Director's Statement on Risk Management and Internal Control for the year ended 31 December 2017 is in the sum of **RM8,400.00** only.

(iii) Material Contract

The Board confirms that there was no material contract entered into by the Group involving the Directors' and major shareholders' subsisting interest at the end of 2017.

(iv) Imposition of Sanctions/Penalties

There were no sanctions/penalties on the Group, Board of Directors and Management for the financial year ended 31 December 2017.

(v) Details of Attendance at Meetings Held in the Financial Year Ended 31 December 2017

For attendance, please refer to page 71 of this Statement.

(vi) Statement by the Board on Compliance

Throughout the financial year ended 31 December 2017, the Group has complied with and observed the substantive provisions of the MCCG, the relevant Chapters of the MMLR and the Companies Commission of Malaysia's (CCM) requirements.

Statement made in accordance with the Board's Resolution dated 22 February 2018.

Tan Sri Dr. Ali bin Hamsa
Chairman

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
Independent Non-Executive Director

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(Pursuant to Chapter 15, Part E, Para 15.26 (b) of the Main Market Listing Requirements)

INTRODUCTION

This Statement on Risk Management & Internal Control is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements (MMLR) issued by Bursa Malaysia Securities Berhad which requires the Board of Directors of listed companies to include in its Company's Annual Report a statement about the state of its Risk Management and Internal Control for its group of companies.

The following statement outlines the nature and scope of the Group's risk management and internal control in 2017.

BOARD'S RESPONSIBILITY

The Board of Directors of Bintulu Port Holdings Berhad (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-subsiaries 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 towards achieving the overall Group's objectives;
- 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; and
- In recognition of its sound management systems, the Group through its subsidiaries has successfully managed to secure accreditations from various bodies and agencies as follows.

BINTULU PORT HOLDINGS BERHAD

- a. Certified Information Security Management System in "Operation and Maintenance of Integrated Port Management System (IPMS)" (MS ISO/IEC 27001:2013) by Cyber Security Malaysia
- b. National Convention on Team Excellence 2017, Gold Award in Genting International Convention Centre, Malaysia

BINTULU PORT SDN BHD

- a. Certified Quality Management System in "Provision of Port Services" (ISO 9001:2008) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- b. Certified Environmental Management System in "Provision of Port Services" (ISO 14001:2004) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- c. Certified Occupational Health and Safety Management System in "Provision of Port Services" (OHSAS 18001:2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- d. Certified Malaysia Standards on Occupational Safety and Health Management System in "Provision of Port Services" (MS 1722:2011) by Bureau Veritas Certification (Malaysia) Sdn Bhd

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

- e. Certified HACCP System and Guidelines for its Application in "Management of Food Hazard Analysis System and Critical Control Point (HACCP) for the Handling of Palm Kernel Related Products" by Bureau Veritas Certification (Malaysia) Sdn Bhd
- f. Certified Security Management System for the Supply Chain in "Provision of Port Operation Services (Sea Patrol, Control Tower, Pilotage, Tug Assistance, Mooring Boat, Mooring Gang, Stevedoring, Warehousing and Security Check - Point" (ISO 28000:2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- g. Certified in Trade, Collection and Storage & Transhipment "Handling of Palm Kernel Related Products" (GMP+B3 2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- h. Statement of Compliance under Section 249K Merchant Shipping Ordinance 1952 (ISPS Code Certification) by Director General of Marine Malaysia
- i. MSOSH OSH Award 2016, Gold Class 1 (Logistics and Transportations Sectors) in Recognition of Very Good Achievement 2016 OSH Performance

BIPORT BULKERS SDN BHD

- a. Certified Quality Management System in "Handling and Storage of Edible Oil Products, Crude Oil, Sludge and Edible Oil Based Feed Materials" (ISO 9001:2008) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- b. Certified in Trade, Collection and Storage & Transhipment "Storage of Palm Fatty Acid Distillate and Palm Kernel Fatty Acid Distillate Third Party" (GMP+B3 2007) by Bureau Veritas Certification (Malaysia) Sdn Bhd
- c. Certified HACCP System and Guidelines for its Application in "Handling and Storage of Edible Oil Products, Crude Oil, Sludge and Edible Oil Based Feed Materials" by Bureau Veritas Certification (Malaysia) Sdn Bhd
- d. Certified ISCC PLUS (International Sustainability and Carbon Certification) for "Individual Warehouse". The scope of the certificate includes the following chain of custody options : Mass balance by Bureau Veritas Certification Germany GmbH
- e. Certified ISCC EU (International Sustainability and Carbon Certification) for "Warehouse" by Bureau Veritas Certification Germany GmbH

SAMALAJU INDUSTRIAL PORT SDN BHD

- a. Statement of Compliance under Section 249K Merchant Shipping Ordinance 1952 (ISPS Code Certification) by Director General of Marine Malaysia

CONTROL ENVIRONMENT AND STRUCTURE

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.

All aspects of risk management and internal control are cascaded down by the Management to permeate company wide 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:

1. Organisational Structure and Responsibility Levels

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.

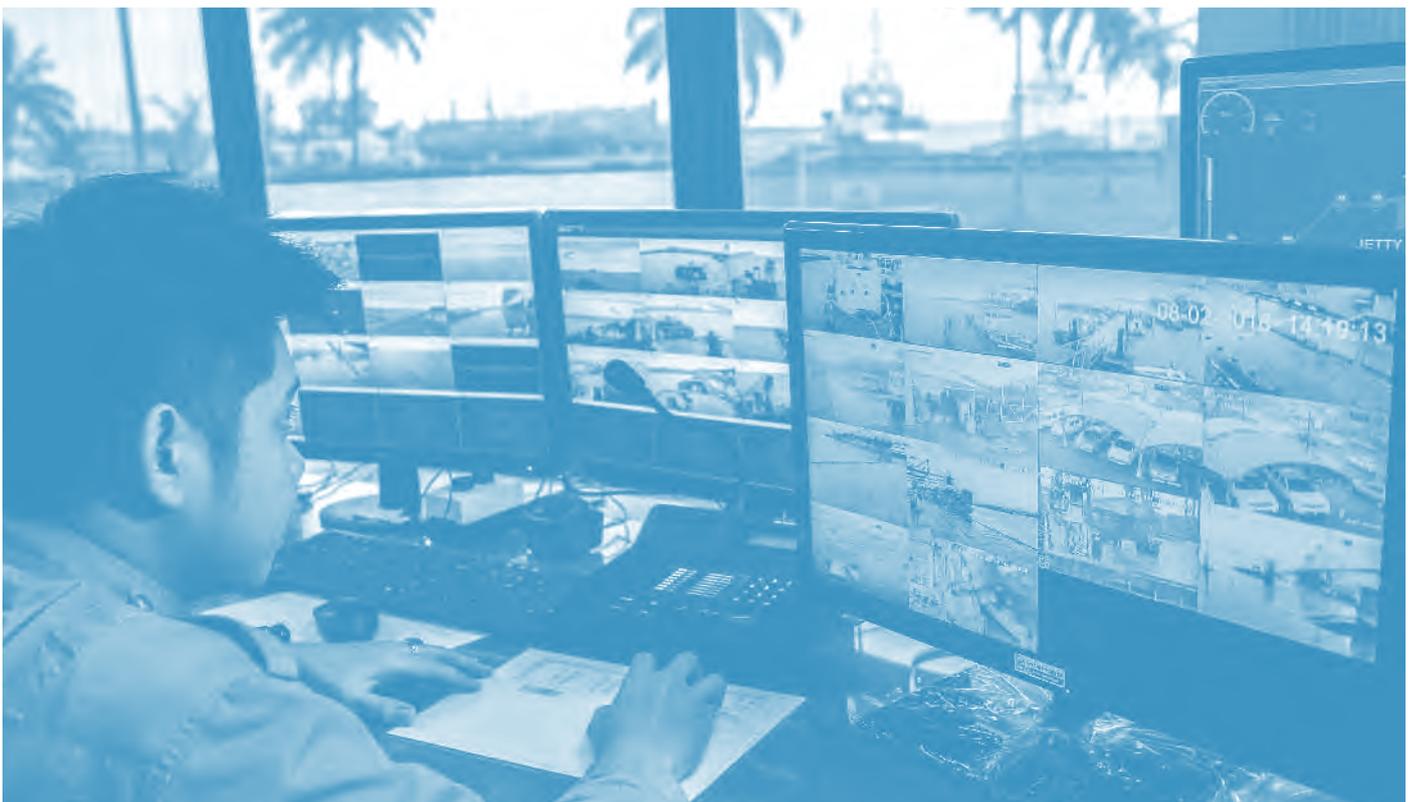
The organisational structures are reviewed from time to time to address the changes in the business environment as well as to keep abreast of current and future trending of new technologies, products and services.

2. Internal Audit

Paragraph 15.27 of the Main Market Listing Requirements mandates a listed issuer to establish 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 Group Legal Counsel 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 Group 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 Group and 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 Five (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 and Department.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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.

PRIMARY CONTACT

The primary contact pertaining to Risk Management and Internal Control of the Group are as follows:

Group Chief Executive Officer

Bintulu Port Holdings Berhad
Tel : +60 86 291001 (ext. 300)
Fax : +60 86 253597

Group Internal Audit

Bintulu Port Holdings Berhad
Tel : +60 86 291001 (ext.380)
Fax : +60 86 291617

Group Corporate Planning and Development

Bintulu Port Holdings Berhad
Tel : +60 86 291001 (ext.233)
Fax : +60 86 253263

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 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.

REVIEW OF THE STATEMENT BY INTERNAL AND EXTERNAL AUDITORS

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.

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.

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.

Statement made in accordance with the Board's Resolution dated 22 February 2018.

Tan Sri Dr. Ali bin Hamsa
Chairman

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
Independent Non-Executive Director