

# DRIVING STRONG GOVERNANCE

## Corporate Governance Overview Statement

**TAN SRI DR. ISMAIL BIN HJ. BAKAR**



“Good corporate governance is the foundation of strong corporate performance. It provides a solid base for a healthy organisational culture; effective strategic leadership; and dynamic decision-making taking into account various stakeholder views and interests.”

### 1 LEADERSHIP

Your Board is collectively responsible for the long-term success of your Company. The Group Chief Executive Officer (GCEO) manages the business on a day-to-day basis whilst the Non-Executive Directors provide an appropriate level of scrutiny, constructive challenge and support to all proposals including those relating to strategy, performance, responsibility and accountability. This enables Board decisions to be well considered and justified. Appropriate Board processes are in place to ensure adequate oversight of the implementation of those decisions.

### 2 EFFECTIVENESS

Your Board continuously reviews its composition to ensure it retains a balance of skills, experience, independence and knowledge which enables it to discharge its duties and responsibilities effectively. The Board undertakes an annual evaluation of its own effectiveness and that of its Committees as well as that of individual Directors.

### 3 ACCOUNTABILITY

Your Board is mindful of the risk environment in which it operates when making any decisions. It maintains sound risk management and internal control systems and regularly reviews the principal risks impacting the business. The Board assesses the appropriate appetite for risk in striving to achieve the Company’s strategic objectives.

### 4 ENSURING EFFECTIVE ENGAGEMENT WITH OUR STAKEHOLDERS

Your Board recognises the importance of maintaining open dialogue with its various stakeholders. A number of events and communications take place throughout the year to maintain regular contact with stakeholders and receive feedback on all areas of the business including (but not limited to) governance, operational processes and strategy.

This corporate governance overview statement is guided by the MCGG 2017, Bursa Malaysia’s Main Market Listing Requirements, Bursa Malaysia’s Corporate Governance Guidelines, the Securities Industries Central Depositories Act (SICDA), the Companies Act 2016, our Board Charter and Company Constitution.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## This section details:

- The structure and composition of the Board and its Committees;
- How responsibilities are divided among the Board, its Committees and individual Directors;
- The main activities of the Board in FY2019; and
- The recruitment and induction process for new Directors.

See Pages  
**72-76**

## This section details:

- The process and outcomes of the internal evaluation for FY2019; and
- The progress made on the actions arising from the internal evaluation for FY2019.

See Pages  
**76-77**

## This section details:

- The work undertaken by the Audit and Risk Committee;
- The Board's approach to risk management, its internal control and risk management systems; and
- Its processes for evaluating whether the Integrated Report and Accounts of the Company are fair, balanced and understandable.

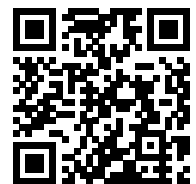
See Pages  
**79-81**

## This section details:

- How the Board and individual Directors engaged with stakeholders throughout FY2019; and
- How stakeholders can communicate with the Company.

See Pages  
**82-84**

This Statement is to be read in conjunction with our Corporate Governance Report, which can be scanned from the QR code provided or alternatively, can be found on our corporate website at <http://www.bintuluport.com.my>.



**CORPORATE GOVERNANCE  
OVERVIEW STATEMENT**

# OUR GOVERNANCE

Bintulu Port Holdings Berhad (BPHB)



**AUDIT AND RISK COMMITTEE (ARC)**

For the Audit and Risk Committee, six (6) meetings were held and the details of attendance of members are as follows:

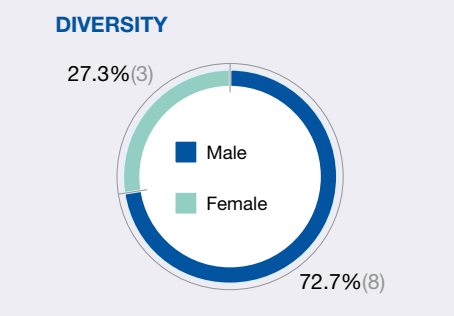
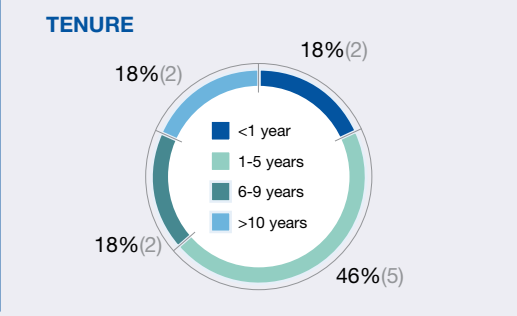
**NOMINATION AND REMUNERATION COMMITTEE (NRC)**

For the Nomination and Remuneration Committee, eight (8) meetings were held and the details of attendance of members are as follows:

**FINANCE AND INVESTMENT COMMITTEE (FIC)**

For the Finance and Investment Committee, two (2) meetings were held and the details of attendance of members are as follows:

**Strengthened our Company's Constitution and updated our Board Charter.**



CORPORATE GOVERNANCE OVERVIEW STATEMENT

# PRACTICES AT A GLANCE

**Chairman of ARC**

**Salihin bin Abang** (83%)  
Independent Non-Executive Director (5/6)

**Members of ARC**

**Datuk Yasmin binti Mahmood** (66%)  
Independent Non-Executive Director (4/6)

**Dzafri Sham bin Ahmad** (100%)  
Non-Independent Non-Executive Director (6/6)

**Dato' Sri Mohamad Norza bin Zakaria** (66%)  
Independent Non-Executive Director (Retired on 22 April 2019) (2/3)

**Chairman of NRC**

**Dato' Sri Mohamed Khalid bin Yusuf @ Yusup** (100%)  
Independent Non-Executive Director (8/8)

**Members of NRC**

**Dato Sri Fong Joo Chung** (100%)  
Non-Independent Non-Executive Director (8/8)

**Datuk Nozirah binti Bahari** (100%)  
Independent Non-Executive Director (8/8)

**Chairman of FIC**

**Datuk Nasarudin bin Md Idris** (100%)  
Non-Independent Non-Executive Director (2/2)

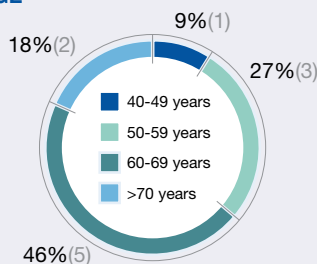
**Members of FIC**

**Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R)** (100%)  
Non-Independent Non-Executive Director (2/2)

**Datuk Siti Zauyah binti Md Desa** (100%)  
Non-Independent Non-Executive Director (Resigned on 14 November 2019) (2/2)

**Puan Zakiah binti Jaafar** Not Applicable  
Non-Independent Non-Executive Director (Appointed on 1 March 2020)

**AGE**



**Bintulu Port Sdn Bhd**

**Non-Independent Non-Executive Directors**

<b>Dato Sri Fong Joo Chung</b> <i>Chairman of BPSB</i>	(6/6) <b>100%</b>
<b>Tan Sri Datuk Amar Mohamad Morshidi bin Abdul Ghani</b>	(5/6) <b>83%</b>
<b>Dzafri Sham bin Ahmad</b>	(6/6) <b>100%</b>

**Biport Bulkers Sdn Bhd**

**Independent Non-Executive Directors**

<b>Dato' Sri Mohamed Khalid bin Yusuf @ Yusup</b> <i>Chairman of BBSB</i>	(4/4) <b>100%</b>
<b>Datuk Yasmin binti Mahmood</b>	(3/4) <b>75%</b>
<b>Datuk Nozirah binti Bahari</b>	(4/4) <b>100%</b>

**Samalaju Industrial Port Sdn Bhd**

**Non-Independent Non-Executive Directors**

<b>Datuk Nasarudin bin Md Idris</b> <i>Chairman of SIPSB</i>	(13/13) <b>100%</b>
<b>Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R)</b>	(12/13) <b>92%</b>
<b>Tan Sri Dr. Ali bin Hamsa</b> <i>Resigned on 1 September 2019</i>	(7/8) <b>87%</b>
<b>Datuk Siti Zauyah binti Md Desa</b> <i>Resigned on 14 November 2019</i>	(7/8) <b>87%</b>
<b>Puan Zakiah binti Jaafar</b> <i>Appointed on 1 March 2020</i>	<b>Not Applicable</b>

**Independent Non-Executive Directors**

<b>Salihin bin Abang</b>	(12/13) <b>92%</b>
<b>Dato' Sri Mohamad Norza bin Zakaria</b> <i>Resigned on 22 April 2019</i>	(2/3) <b>66%</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

“A sound corporate governance structure commits the Company to high standards of business ethics.”

A sound corporate governance structure commits the Company to high standards of business ethics. The structure guides the Board, as the guardian of responsible corporate governance, in the formulation and implementation of the Company’s strategy to achieve targeted performance and create sustainable value to the benefit of all stakeholders. The structure comprises appropriate policies, procedures and power of execution to ensure that governance strategies are properly implemented, managed, reviewed and adjusted. This ensures responsible corporate citizenship through regulatory and best-practice adherence, effective and ethical leadership and sustainable value creation.

Our Board is of the opinion that the Company’s corporate governance practices materially reflect the Malaysian Code on Corporate Governance (MCCG) 2017, the Main Market Listing Requirements (MMLR) and the Companies Act 2016. Our Board regularly reviews and assesses the Company’s governance structures and processes to ensure that they are consistent with best practice. The Board’s Charter and the Board Committees’ Terms of References are available on the Company’s website: [www.bintuluport.com.my](http://www.bintuluport.com.my).

### BOARD COMPOSITION

Our Board believes the composition of Non-Independent Non-Executive and Independent Non-Executive Directors remains appropriate having regard to the size and nature of the business. In addition, the combination of experience, diverse backgrounds, length of service and calibre of the Non-Executive Directors further enhances this composition and the ability to deliver the Group’s strategy while mitigating against the risk of ‘group think’.

### BOARD INDEPENDENCE

Our Board recognises the importance of its Non-Executive Directors remaining independent throughout their appointment, as it enables them to provide objective advice and guidance to the Group Chief Executive Officer (GCEO) and Senior Management. This independence allows the Non-Executive Directors to constructively challenge and scrutinise the performance of the GCEO and provide an independent perspective on business strategy, performance and the integrity of the financial information considered by the Board and disclosed to the Company’s shareholders and other stakeholders. Their independence is of the utmost importance when considering the appointment or removal of the GCEO and in the determination of succession planning for Board positions and other Senior Management roles within the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Decisions, Matters Reserved for the Board and Delegated Authorities

Our Board makes decisions on strategy and in relation to items set out in the matters reserved for the Board. It also delegates various operational decisions to several Board and Management Committees. The schedule of matters reserved to the Board is available on the Company's website at [www.bintuluport.com.my](http://www.bintuluport.com.my)

### The Board

#### The Chairman

- Leads and manages the Board in the achievement of its objectives, sets its agenda and chairs its meetings.
- Responsible for the effectiveness of the Board and its governance.
- Facilitates the effective contribution of Non-Executive Directors and cordial and constructive relations between Directors and the GCEO.
- Responsible for the identification and provision of continued development needs of each Director.
- Ensures effective communication with shareholders and other stakeholders and participates in public relations activities as appropriate.

#### Non-Executive Directors

- Support and constructively challenge the GCEO using their broad range of experience and external perspective, ensuring the needs of stakeholders are appropriately considered.
- Evaluate proposals on strategy.
- Monitor the implementation of the Group's strategy within its risk and control framework.

#### Audit and Risk Committee

- Monitors the integrity of the Group's Financial Statements and its systems for internal control and risk management.
- Monitors the independence, objectivity and tenure of the External Auditors.
- Considers whether the Annual Report and Accounts are fair, balanced and understandable.
- Assesses the long-term viability of the Company.
- Reviews risk management policies, guidelines and strategies of the Group.
- Reviews all business risks and ensures the implementation of appropriate systems and frameworks to manage these risks by risk owners.
- Oversees the risks under Corporate Risk.

#### Nomination and Remuneration Committee

- Monitors the composition of the Board to ensure progressive refreshing of the Board and its Committees.
- Reviews succession plans of the Board and Senior Management.
- Oversees the diversity policy of the Board.
- Designs and implements the Group's overall remuneration strategy and policy.
- Reviews and recommends to the Board remuneration packages of the GCEO and Senior Management.
- Sets and monitors performance of corporate key performance indicators.

#### Finance and Investment Committee

- Reviews and adopts the strategic financial plan of the Company.
- Reviews the Company's annual budget and the variances of actual results against the approved budget and forecasted budget.
- Reviews the capital expenditure for projects, business acquisitions and investment appraisals exceeding RM5 million to be undertaken by the Company.
- Reviews and recommends to the Board all of the Group's financial policies.
- Reviews, recommends and updates the Group's investment policies for consideration and adoption by the Board. This includes all ethical aspects of the investment.
- Oversees and reports on the management and progress of investments.

#### Group Chief Executive Officer

- Develops the Group's strategies for the enhancement of long-term shareholder return taking into account the interests of the Group's stakeholders.
- Leads the implementation of the Group's strategies that have been approved by the Board.
- Responsible for the day-to-day leadership and management of the operational activities of the Group in accordance with overall strategies and policies as determined by the Board.
- Chairs the Management Committee through which he carries out his duties.
- Oversees corporate relations with shareholders and other stakeholders.

### The Company Secretary

- Supports the Chairman and the GCEO in fulfilling their duties, especially with respect to induction and training.

- Available to all Directors for advice and support.

- Keeps the Board regularly updated on governance matters and best practices.

- Advises the Board on the regulatory requirements of Bursa Malaysia, Companies Commission of Malaysia and any other relevant regulatory bodies.

- Attends and maintains a record of the matters discussed and approved at Board and Committee meetings.



For further details on Directors' profiles, please refer to [pages 60 to 65](#) of this Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### MAIN ACTIVITIES UNDERTAKEN BY THE BOARD DURING THE YEAR UNDER REVIEW

Our Board provides clear, entrepreneurial and responsible leadership to the Group in order to promote the long-term success of the Group, while ensuring the Group has an appropriate risk and control framework, adequate resources and appropriate values and standards to deliver its strategy.

Overseeing governance, risk and compliance, in particular, the adoption of a new Constitution for Bintulu Port Holdings Berhad – a requirement of the Companies Act 2016 as well as Bursa Malaysia's Main Market Listing Requirements.	Establishing adequate procedures in relation to corporate liability through the implementation of Section 17A of the MACC Act 2009, effective 1 June 2020.	Deliberating and approving the Liability Management Exercise pertaining to Sukuk Murabahah Programme of up to RM950,000,000.00 in nominal value.	Reviewing appointments and resignations of Directors and succession planning for Senior Management, as well as the deliberation on and approval of remuneration packages for high-performers.	Deliberating and approving Quarterly and Annual Financial Performance of the Group including deliberation and approval for dividend proposal.
	Evaluating the corporate risk assessments for FY2019.	Deliberating on the implementation of the Group's Governance, Risk and Compliance (GRC) Transformation Plan 2018 – 2020.	Deliberating on and approval of the Group's Annual Budget.	Deliberating on and endorsing the Group's business plan for FY2020.

### BOARD MEETINGS AND SUPPORT

The Chairman, with the assistance of the Company Secretary, ensures that the Board receives accurate, timely and clear information. Each Director is issued with an agenda, Board papers and comprehensive operating and financial management reports for the period under review, generally five working days before any Board meeting.

The Company Secretary attends all Board and Committee meetings and all Directors have access to the Company Secretary's advice and, if necessary, to independent professional advice at the Company's expense to assist with the discharge of their responsibilities as Directors.

All Directors are provided with a yearly schedule of proposed meeting dates. Any Director who is unable to attend a meeting is invited to provide their views to the Chairman ahead of that meeting, having reviewed the agenda, Board papers and management information. Reasons for non-attendance are recorded by the Company Secretary. Formal minutes of each Board meeting are prepared, circulated and submitted for confirmation at the next meeting.

### INDUCTION

Upon joining the Company, each new Director participates in a full and formal induction process. The aim of the induction is to assist the Directors to familiarise themselves with the Group's business and its culture, in addition to the roles and responsibilities of the Board and each member of Senior Management. Each new Director is provided with an induction pack containing general and specific information relating to their role such as a schedule of meetings, copies of Board minutes, terms of reference of the Committees and

other Committee-specific information, various policies and procedures and details of their duties and obligations as a Director of a listed company. In addition, new Board members are obliged to complete the Mandatory Accreditation Programme as required by Bursa Malaysia.

### TRAINING

As part of the Performance Assessment of the Board, the Chairman asks the Board as a whole and individual Directors for any training requirements they deem necessary or appropriate. He also agrees to the annual developmental needs of each individual director, which include training to keep them abreast with the latest regulatory and policy developments. For FY2019, appropriate training relevant to the Group's business was conducted with a focus on the new Section 17A of the MACC Act 2009 as well as on the implementation of MFRS 16 as an applicable reporting standard. In addition, at each Board meeting, the Company Secretary provides an update on any developments in corporate governance on the back of which future training topics are often identified.

### BOARD AND COMMITTEE EVALUATIONS

The Chairman of the Board leads the Performance Assessment process internally, supported by the Company Secretary. Questionnaires are issued to the Board and Committee members. The questionnaire looks at a variety of areas including, among other matters, the contribution and performance of the Directors with regards to their competencies, time commitments, integrity and experience in meeting the needs of the Group and suggestions put forward to enhance Board effectiveness. The results are discussed between Board and Committee members, respectively, at their meetings.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

For FY2019, the results of the evaluation were positive overall and showed that the Board was running effectively. The Board continued to be seen as being cohesive and comprising of the appropriate balance of experience, skills and knowledge to implement the Group’s strategy over the next few years. Board meetings operate in a spirit of openness, fostered by the Chairman, in which Directors are able to challenge and discuss openly ideas of importance to the Group and its strategy.

## Areas of Improvement for the Board

	Chairman	Non-Executive Directors
<b>FY2019 Outcomes</b>	<p>The Chairman discharged his duties efficiently, based on the assessment. The Chairman succeeded in producing a positive ambience during meetings by allowing the members of the Board to participate deliberately, and giving them equal opportunities to contribute to the outcomes of the meetings.</p> <p>During the AGM/EGM, queries were answered satisfactorily and the Chairman asserted effective control of the situation. Finally, a good working relationship with the CEO was maintained by the Chairman and both sides understood their duties towards one another and the roles they played with regards to the Company.</p>	<p>The dynamism of the Board was proven through its balance and composition, which had an effective blend of expertise and skills to assist the Company in achieving its strategic goals.</p> <p>The Board did remarkably well with regards to ethical leadership as well as its ability to fairly assess the Group’s position and prospects. The Board was collectively satisfied with the integrity of the Group’s financial and narrative statements.</p> <p>The Board acknowledged the importance of human capital and the essential role it played in the advancement of the Company. The assessment proposed the need for continuous life-long learning and knowledge management among the Board.</p> <p>For FY2019, the Board took reasonable steps to ensure the financial results were reported fairly and in accordance with generally accepted accounting principles.</p>
<b>Actions for FY2020</b>	<p>For FY2020, the Chairman should focus more on efforts to proactively shape the culture in the boardroom.</p> <p>The Chairman should also encourage Board members to engage in Board and Committee meetings by drawing on their skills, experience and knowledge.</p> <p>As part of his duties, the Chairman should ensure that the Board listens to the views of shareholders, employees, customers and other key stakeholders in the implementation of the Group’s business strategy.</p>	<p>It was highlighted that the Board should promote long-term value creation for both stakeholders and shareholders while at the same encouraging contributions to the wider society.</p> <p>The Management should work together with the Board to ensure that technology is utilised appropriately in analysing, interpreting and presenting information to the Board with the primary purpose of ensuring accuracy and reliability of information. The Board should also consider the impact of environmental and social issues on the Group’s business or linking strategy to a recognised international framework.</p> <p>Based on the review, the Board should increase its efforts in promoting dialogue with shareholders and stakeholders while ensuring that the feedback obtained from such sessions is considered in the Board’s decision-making. Workforce views and priorities should also be considered in developing approaches to invest in the human capital of the Group.</p>

## Areas of Improvement for the Committees

	Audit and Risk Committee	Nomination and Remuneration Committee	Finance and Investment Committee
<b>FY2019 Outcomes</b>	<p>For FY2019, the Board was generally satisfied with the ARC in relation to its ability to monitor the integrity of the financial statements and related announcements of the Group as a whole, as well as its recommendations to the main Board on the adequacy and effectiveness of the Group’s internal controls and risk management.</p>	<p>The NRC discharged its responsibilities in exercising independent judgement and discretion when recommend to the Board remuneration packages, taking into account the Company’s and individual’s performance.</p> <p>The NRC also carried out its role in the process of appointments, ensuring plans were in place for orderly succession for both Board and Senior Management positions.</p>	<p>The Board was generally satisfied with the FIC’s assistance in providing the Board with oversight, approval and recommendations concerning the Company’s capital structure and capital allocation strategy, as well as other financial arrangements and transactions that could materially impact the financial position of the Company.</p> <p>The FIC assisted the Management in the development of budgets that incorporate strategic plan objectives and initiatives.</p>
<b>Actions for FY2020</b>	<p>The ARC should review the adequacy of the Group’s internal controls over its risks.</p> <p>The ARC should also conduct a review on the Group’s internal financial controls and internal control and risk management.</p>	<p>The NRC should ensure that the remuneration policies and practices of the Group promote the long-term sustainable success of the Group and at the same time support its strategies. Generally, the remuneration packages are designed to reward high-performers.</p>	<p>The FIC should continue monitoring the implementation of the Group’s approved business plans.</p>



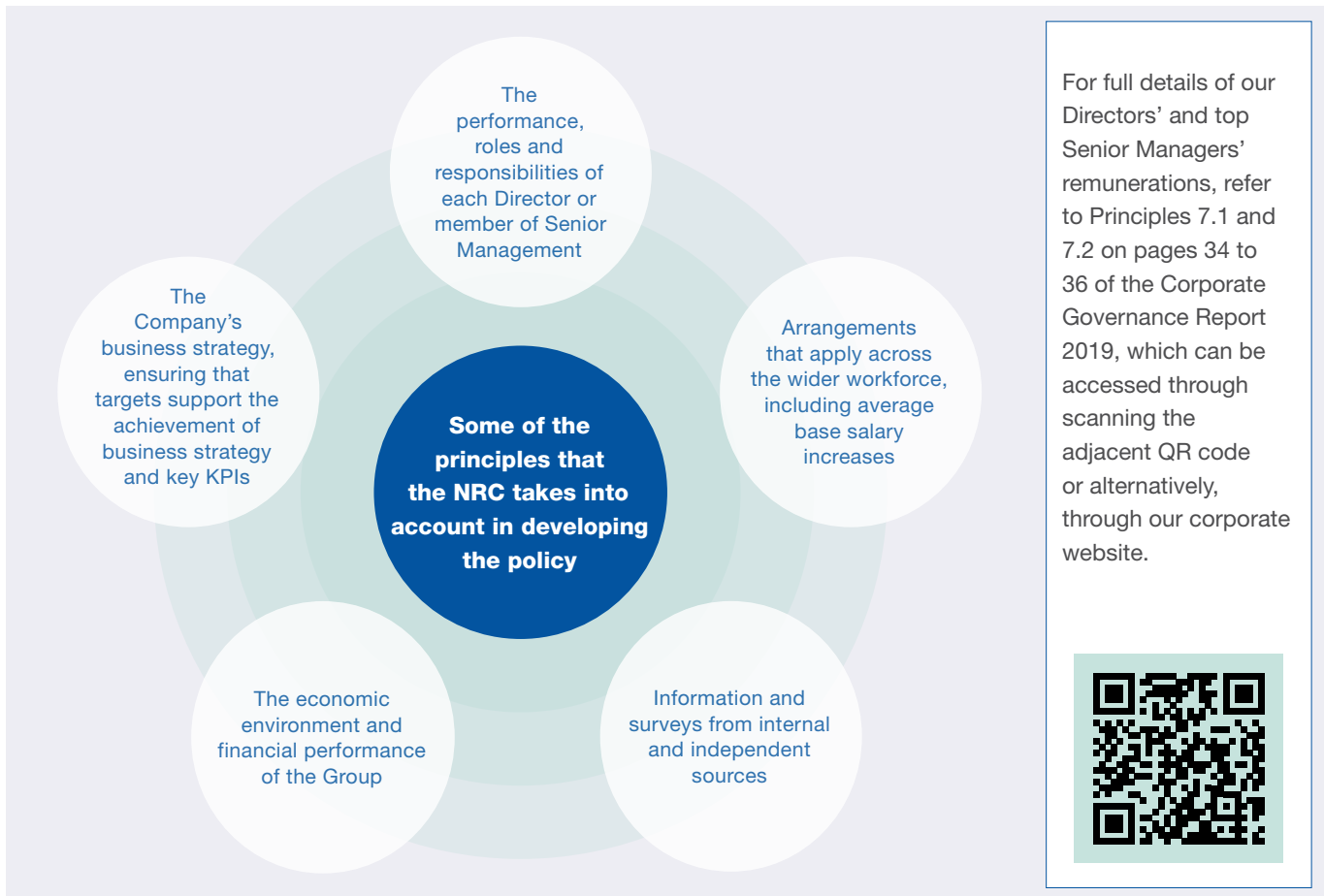
# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## OUR APPROACH TO REMUNERATION

The responsibility of setting appropriate levels of remuneration for the Directors, the GCEO and Senior Management resides within the purview of the NRC. The NRC believes that our most important asset is our people. The remuneration strategy therefore seeks to ensure that we appropriately reward our Directors and employees for performance against the Group’s key objectives and goals while delivering sustainable value creation.

### AIMS OF OUR REMUNERATION POLICY

- To promote the long-term success of the Company and to be fully aligned with the performance and strategic objectives of the Group in order to enhance value creation.
- To attract, retain, motivate and competitively reward Directors and Senior Management with the requisite experience, skills and ability to support the achievement of the Group’s key strategic objectives in any financial year.
- To take account of pay and employment conditions of employees across the Group while reflecting the interests and expectations of shareholders and other stakeholders.
- To reward the delivery of profit, the maintenance of an appropriate capital structure and the continued improvement of return on capital employed by the business while ensuring that Directors and Senior Management adopt a level of risk that is in line with the risk profile of the business as approved by the Board.



For full details of our Directors’ and top Senior Managers’ remunerations, refer to Principles 7.1 and 7.2 on pages 34 to 36 of the Corporate Governance Report 2019, which can be accessed through scanning the adjacent QR code or alternatively, through our corporate website.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## AUDIT, RISK AND INTERNAL CONTROLS

Our Board recognises that successful delivery of the Group’s strategic and day-to-day objectives is underpinned by a comprehensive and consistent assessment of relevant risks. Effective, agile and universally applied risk management principles enable the Group to accurately examine its risk profile against its accepted attitude and appetite, limit its exposure to unacceptable risks and ensure long-term viability. Once key risks to delivering value to the Group and its stakeholders are identified, a decision is made to treat, tolerate, terminate or transfer potential exposure. For more information, refer to pages 85 to 90 for Statement on Risk Management and Internal Control. The Board is committed to meeting the relevant requirements of the MCCG 2017 and has applied the principles of the Code in establishing procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Group is willing to take in order to achieve its long-term strategic objectives.

## Roles and responsibilities

Our Board is responsible for the implementation and oversight of Bintulu Port’s risk management framework and for examining and verifying the internal control environment. It sets the Group’s appetite for and attitude towards risk in pursuit of its agreed strategic objectives and drives an effective risk management culture. Our Board directs the level of risk that can be taken by the Group, subsidiaries and respective divisions. Group policies, procedures and delegated authority levels set by the Board provide the structure in which risks are reviewed and escalated to the appropriate level within the Group, up to and including the Board, for consideration and approval.

The roles and responsibilities of the Board, the ARC and Senior Management are set out below.

Responsibilities	Actions Undertaken
<p><b>Board</b></p> <ul style="list-style-type: none"> <li>- Responsible for the Group’s systems of risk management and internal control.</li> <li>- Determines Group appetite for and attitude to risk in pursuit of its strategic objectives.</li> </ul>	<ul style="list-style-type: none"> <li>• Issues and reviews the Group’s risk management policy.</li> <li>• Performs quarterly reviews of the effectiveness of the Group’s risk management and internal control systems.</li> <li>• Reviews the Group’s risk landscape, principal risks and risk responses.</li> </ul>
<p><b>ARC</b></p> <ul style="list-style-type: none"> <li>- Reviews significant accounting policies and judgements.</li> <li>- Reviews the effectiveness of Group internal controls, including systems to identify, assess, manage and monitor risks.</li> <li>- Confirms the Group Internal Audit Plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Receives regular reports on internal and external audit and other assurance activities.</li> <li>• Annually assesses the Group’s risk management and internal control systems.</li> </ul>
<p><b>Senior Management</b></p> <ul style="list-style-type: none"> <li>- Demonstrates strategic leadership.</li> <li>- Responsible for reviewing and implementing the Group’s risk management policy.</li> <li>- Ensures appropriate actions are taken to manage strategic risks and other key risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviews the strategic plan and annual budget process.</li> <li>• Produces and tracks the Group Risk Register.</li> <li>• Reviews risk management and assurance activities and processes.</li> <li>• Carries out monthly/quarterly finance and performance reviews.</li> </ul>

## INTERNAL CONTROL

Our Board has ultimate responsibility for the Group’s risk management and internal control systems and regularly reviews their effectiveness. The Group’s systems and controls are designed to ensure exposure to significant risk is both understood and appropriately managed. The Board recognises that any system of internal control is designed to identify and control rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss. Central to the Group’s systems of internal control are its processes and framework for risk management. The Group has a thorough understanding of its risk exposures and has mapped out its assurance network accordingly.

There is also an independent internal audit function that executes a risk-based programme of audit throughout the entire Group. All audit reports are shared with relevant Head of Divisions in addition to being reviewed by the Audit and Risk Committee. It is the expectation and requirement of the Board that Head of Divisions ensure this comprehensive internal control environment (including internal audit) is embedded within their business units.

## Principal risks

The principal risks that could adversely impact the Group’s profitability and ability to achieve its strategic objectives are set out on pages 44 and 45, Risk and Opportunities.

## ANTI-BRIBERY AND CORRUPTION POLICY

Following Parliament’s amendment of both the Malaysian Anti-Corruption Commission (MACC) Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018, which requires that organisations need to institute policies and procedures that serve as a defence to acts of bribery and corruption, our Board unanimously approved the BPHB Anti-Bribery and Corruption Policy (ABC Policy) on 28 November 2019. The ABC policy ensures honest, ethical, transparent and accountable conduct in all of its businesses, adopts a zero tolerance approach to all forms of corruption, objects to all forms of money laundering practices, is applicable to all persons within the BPHB Group, provides employees with information and guidance on how to recognise, deal with and combat corruption and ultimately, protects the Group against repercussions should acts of corruption occur.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## THE WORK OF OUR BOARD COMMITTEES

There are three main Board Committees (Audit and Risk, Nomination and Remuneration and Finance and Investment). Reports on meetings of the main Board Committees are provided at each full Board meeting by the relevant Committee chair. Each Committee reviews its own terms of reference annually and these are then reviewed by the full Board together with the matters reserved to the Board. Additional attendees are invited to attend Board Committee meetings at the discretion of the relevant chair.

### The Audit and Risk Committee (ARC)

#### COMMITTEE ACTIVITIES DURING THE YEAR

- i. Reviewed the quarterly financial reports of the Company as well as the financial report for the fourth quarter of 2018 for Bintulu Port Holdings Berhad;
- ii. Reviewed Group's Financial Performance for the year ended 31 December 2018;
- iii. Prepared the Audit and Risk Committee Report to be incorporated into the Integrated Annual Report 2019;
- iv. Reviewed of the Sustainability Statement, Corporate Governance Overview Statement and the Statement on Risk Management and Internal Control;
- v. Deliberated and gave guidance on the identified corporate risk profile;
- vi. Reviewed the 2018 Audit Progress Report by the External Auditor;
- vii. Reviewed the 2018 Audit Results by the External Auditor;
- viii. Reviewed the Audit Planning Memorandum by the External Auditor for the year 2019;
- ix. Had two (2) audit special sessions with the External Auditor;
- x. Deliberated on the Company's declaration of dividends; and
- xi. Proposed adequate procedures under Section 17A of the MACC Act 2009.

#### Internal Audit

The internal audit function is carried out by Group Internal Audit, which works independently and is answerable to the ARC.

Group Internal Audit is also responsible for:

- Providing the ARC with independent and objective reports on the state of internal controls, risk management, governance processes and the extent of compliance with the Group's established policies and procedures and the relevant statutory requirements; and
- Providing reasonable assurance to the ARC and to the Board based on audit findings concerning the effectiveness of risk management, internal controls and governance processes.

A summary of Internal Audit's activities during the financial year is as follows:

- Developed an annual Audit Plan using a risk-based approach for the Group;
- Conducted seven (7) audit studies based on the approved Audit Plan;
- Conducted seven (7) follow-up audits on corrective actions taken by the Management pertaining to the previous audit findings; and
- Assisted the ARC in reviewing the mitigation actions taken on the risk profiles and ensured that the principal risks were addressed.

For FY2019, Group Internal Audit performed its duties with independence, proficiency and due professional care so as to give assurance to the Board on the integrity of its internal controls and the reliability of the systems as a whole. The cost incurred in running the in-house Group Internal Audit for FY2019 was RM1,000,009.79.

#### External Audit

The external audit function is to carry out audit work based on the approved Audit Planning Memorandum.

For the year under review, the External Auditors carried out the following:

- Audit on Financial Statements and other issues as per the Audit Planning Memorandum;
- Preparation of reports and recommendations regarding areas that required improvement in principal risk, internal control and financial matters, based on observations made in the audit work;
- Review of Group Internal Audit's assignments and reports in order to avoid duplication of External and Internal Audit work and to ensure a proper system of internal control for the Group was in place;
- Review of the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for the Group. (The details of the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control can be found on pages 70 to 84 and pages 85 to 90 respectively); and
- Engagement and private sessions with the ARC.

The ARC believes that the engagement of External Auditor and reports given by them for the FY2019 had not impaired their independence.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

A forward-looking agenda is established for the Board and each of the main Board Committees to ensure that items are scheduled at the appropriate time during the year. Sufficient time is given for the consideration of the agenda during the meetings. Regular deep dive presentations form part of the annual meeting cycle, focusing on particular business areas or major projects of strategic importance to the Group. The full terms of reference for all Board Committees and their roles and responsibilities are available on our website at [www.bintuluport.com.my](http://www.bintuluport.com.my). Committee membership and attendance can be found on pages 72 and 73 of this Report. The focus areas of each Committee during the year under review are listed below.

### The Nomination and Remuneration Committee (NRC)

#### COMMITTEE ACTIVITIES DURING THE YEAR

- |   |   |
|---|---|
| <p>i. Made proposals on the appointment, resignation and re-election of Directors/the Chairman pursuant to the 24th Annual General Meeting of Bintulu Port Holdings Berhad;</p> <p>ii. Carried out the Annual Performance Assessment for the Board of Directors of Bintulu Port Holdings Berhad;</p> <p>iii. Made proposals for promotion, confirmation and renewal of contracts in Senior Management positions in the Company;</p> | <p>iv. Made proposals for payment of performance bonuses and annual salary increments for Management and staff;</p> <p>v. Made proposals on the key performance indicators of the Group Chief Executive Officer; and</p> <p>vi. Developed criteria for the talent pool and human resource development programme in relation to the Group's succession planning.</p> |
|---|---|

### The Finance and Investment Committee (FIC)

#### COMMITTEE ACTIVITIES DURING THE YEAR

- |   |  |
|---|--|
| <p>i. Deliberated on the proposed expansion of the Bintulu International Container Terminal (BICT);</p> <p>ii. Deliberated and gave guidance on the procurement of major port operational equipment for Samalaju Industrial Port Sdn Bhd;</p> | <p>iii. Deliberated and gave guidance on and recommended the 2020 Group Business Plan; and</p> <p>iv. Deliberated and made recommendations on the 2020 Group's Budget.</p> |
|---|--|

#### Directors who are standing for re-election at the Twenty-Fourth (24<sup>th</sup>) Annual General Meeting of the Company

- a) The Directors retiring by rotation pursuant to Clause 24.5 of the Company's Constitution and Para 7.26 of the Main Market Listing Requirements and who have offered themselves for re-election are:
- **Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Hj. Zainuddin (R)**  
(Non-Independent Non-Executive Director)
  - **Tan Sri Datuk Amar Mohamad Morshidi bin Abdul Ghani**  
(Non-Independent Non-Executive Director)
  - **Datuk Nasarudin bin Md Idris**  
(Non-Independent Non-Executive Director)
- b) The Directors retiring pursuant to Clause 24.12 of the Company's Constitution and who have offered themselves for re-election are
- **Tan Sri Dr. Ismail bin Hj. Bakar**  
(Non-Independent Non-Executive Director)
  - **Zakiah binti Jaafar**  
(Non-Independent Non-Executive Director)

The profiles of the above-named Directors who are standing for re-election as stated in the Notice of the 24<sup>th</sup> AGM are set out in the Who Governs Us on pages 60 to 65 of this Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Ensuring Effective Engagement with Our Stakeholders

“Our Board recognises the importance of having a transparent relationship with its shareholders and other stakeholders. Throughout the year, the Board and Senior Management have actively engaged with various stakeholders on items of importance to them. Our engagement programmes aim to ensure that our operations have a positive impact on stakeholders through their strategic priorities.”

### SHAREHOLDERS

#### INVESTOR RELATIONS

The Company complies with the Corporate Disclosure Guide issued by Bursa Malaysia as well as the disclosure requirements of Bursa Malaysia's Main Market Listing Requirements. The Company also acknowledges the importance of timely and equal dissemination of material information to shareholders, investors and the public at large. The company holds briefing sessions each financial year for fund managers, investment analysts and the media in conjunction with the announcement of quarterly and yearly financial results to Bursa Malaysia.



Kindly refer to the list of interface and engagement sessions conducted by BPHB during FY2019 on [page 84](#).

#### ANNUAL GENERAL MEETING

- The Group Chief Executive Officer updates shareholders on the Group's performance and activities during the year. Shareholders are also given the opportunity to meet Board members and air any issues or queries they may have about the business. The Chairman and each Board Committee Chair are also available throughout the AGM to answer shareholder questions.
- The Notice of AGM is circulated to all shareholders at least 21 days prior to the meeting and all resolutions are voted on by way of polling as required under the MCCG 2017.
- The Group shares how it responds to queries from all shareholders, including the Minority Shareholders Watch Group (MSWG)

#### EXTRAORDINARY GENERAL MEETING

- An EGM was held on 28 November 2019 to obtain shareholders' approval on Bintulu Port Holdings Berhad's new Constitution.

#### RETAIL SHAREHOLDERS

- The Company Secretarial team, together with the Company's Registrars, regularly engages with our retail shareholders regarding their shareholdings and general enquiries.
- The Company Secretary informs the Chairman and the Group Chief Executive Officer of any areas of concern or importance raised by the retail shareholders to ensure that they are kept aware of the views of our retail shareholder base.

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



Please refer to [pages 12 to 15](#) for Engaging with Our Stakeholders, to see how we engage with our universe of stakeholders.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## GOVERNMENT & REGULATORS

The Group remains steadfast in its efforts to work with regulators to ensure that the Group complies with all relevant rules and regulations set by the Government and other regulatory agencies.

For FY2019, the Group complied with the rules set under Bursa Malaysia's Main Market Listing Requirements in terms of timely announcements as well as material disclosures relevant to the Group's business.

Further, the Group also complied with Companies Commission of Malaysia requirements in ensuring financial statements and narratives of the Group were prepared according to applicable accounting standards and frameworks.

For the year under review, the Group increased its efforts in the implementation of good corporate governance practices as provided under the Securities Commission's MCCG 2017. In FY2019, the Group adopted a Company Constitution in line with the Companies Act 2016 as well as the Listing Requirements.

## CUSTOMERS

### CUSTOMER CHARTER AND GROUP VISION

The Group strives to provide quality port services with continuous improvement based on customer feedback and the Customer Charter.

The Group is committed to ensuring the following standards prescribed by the Customer Charter are always met:

#### 1. FAST TURNAROUND TIME

We will provide on-time marine services, ensure availability of berth, and constantly improve our operational efficiencies.

#### 2. QUALITY PERFORMANCE DELIVERY

We will be responsive towards our customers' feedback, deliver transparent work procedures, and provide practical and innovative solutions through dynamic process improvements and technology.

#### 3. SAFETY AND SECURITY

We will handle our customers' cargoes, containers and vessels safely and securely while in our custody and within the port water limits.

In meeting their needs and expectations, the Group undertakes regular engagement and interface sessions with customers. To assess customers' level of satisfaction in relation to our commitment stipulated under the Customer Charter, a Customer Satisfaction Survey is conducted annually.

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## LIST OF INTERFACE AND ENGAGEMENT SESSIONS

No.	Date	Summary of Interface/Engagement Sessions	Venue
1	13 February 2019	Kumpulan Wang Simpanan Pekerja, Kumpulan Wang Persaraan (KWAP) & Kenanga Investment Bank Berhad	BPHB & SIPSB
2	29 May 2019	KWAP	KWAP, Integra Tower, Kuala Lumpur
3	19 August 2019	Kenanga Investment Bank Berhad	BPHB
4	29 August 2019	Permodalan Nasional Berhad	Menara PNB, Kuala Lumpur
5	25 September 2019	Aberdeen Standard Investment	Holiday Inn Glenmarie, Kuala Lumpur

## ADDITIONAL COMPLIANCE INFORMATION

### i. Recurrent Related Party Transactions (RRPT) of a Revenue Nature

As required by the MMLR, RRPT of a revenue nature must be disclosed in the Annual Report. For the year 2019, there were no new related parties involved with the Group other than the existing ones, which comprised the Sarawak State Financial Secretary (SFS) and Petroliaam Nasional Berhad (PETRONAS). The transactions involved were in the ordinary course of business and were in terms not more favourable to the related party than those generally available to the public. The services rendered or goods purchased were based on a non-negotiable fixed price which was published or publicly quoted and all material terms including the prices or charges were 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 Auditors by the Group for reviewing the Directors' Statement on Risk Management and Internal Control for the year ended 31 December 2019 were in the sum of RM9,000.00 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 2019.

### 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 2019.

### v. Details of Attendance at Meetings Held in the Financial Year Ended 31 December 2019

For attendance, please refer to pages 72 and 73 of this Statement.

### vi. Statement by the Board on Compliance

Throughout the financial year ended 31 December 2019, the Group complied with and observed the substantive provisions of the MCGG, the relevant Chapters of the Main Market Listing Requirements and the Companies Commission of Malaysia's requirements.

Statement made in accordance with the Board's Resolution dated 11 March 2020.