



BINTULU PORT HOLDINGS BERHAD (380802-T)

BOARD CHARTER

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1. INTRODUCTION

- a. Corporate Governance Blueprint 2011 and Malaysian Code on Corporate Governance 2012 have recommended that the Board of Directors should formalise, periodically review and make public its Board Charter. The Board Charter sets out the strategic intent, outlining their various functions and responsibilities. In establishing a charter, it is important for the Board to set out key values, principles and ethos of the Company, as policies and strategy development are based on these considerations. The Charter should also disclose the division of responsibilities and powers between the Board, the different committees established by the Board, the Chairman and Chief Executive Officer.
- b. The Board Charter is a general statement of intent and expectation as to how the Board will discharge its duties and as a source of reference which provide insights to prospective Board Members as well as the primary induction literature for new Board Members and Senior Managers. This Charter will be of assistance to the Board in its assessment of its own performance and that of individual Directors.
- c. Disclosure of the Board Charter to the Shareholders in the Annual Report and Company's website shows the transparency and practise of good conduct of all Directors.
- d. The Board should be responsible for reviewing this Charter and determining its appropriateness to the needs of the Company from time to time.
- e. This Board Charter shall constitute and form an integral part of each Director's duties and responsibilities.

2. OBJECTIVES

- a. The objectives of this Board Charter are to ensure that all Board members are aware of their duties and responsibilities and the various legislations and regulations affecting their conduct and the principles and practices of good Corporate Governance in all their dealings in respect and on behalf of the Company.
- b. The ideals and the intention of this Board Charter is to exceed "minimum legal requirements" with due consideration to recognised standards of best practices locally and internationally.

- c. This Board Charter sets out the principles for the operation of the Board (BHB) and its subsidiaries. It also describes the functions of the Board and those functions delegated to Management of the Company.

3. RELATIONSHIP WITH CORPORATE GOVERNANCE

- a. The Board Charter is established to promote high standard of Corporate Governance.
- b. Corporate Governance refers to the structures and processes for the direction and control of the companies. Corporate Governance concerns the relationship among the Management, Board of Directors, shareholders and stakeholders. Good Corporate Governance contributes to sustainable economic development by enhancing companies' performance and increasing its access to the market.
- c. Good Corporate Governance reduces companies' vulnerability to financial crisis and improves its transparency which is crucial for sustainable growth of the Company.
- d. The Board of Directors, Bintulu Port Holdings Berhad (BHB) regard Corporate Governance as vitally important to the success of Company's business and is unreservedly committed to apply the following principles of good governance in all its business dealings in respect of its shareholders and stakeholders.
 - i. The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
 - ii. The Board and the Management are to be aware of their duties to direct their efforts and resources towards the best interest of the Company and its shareholders while ensuring that the interests of other stakeholders are not compromised.
 - iii. All Board members are expected to act in a professional manner, thereby upholding the core values of integrity with due regard to their fiduciary duties and responsibilities.
 - iv. All Board members are responsible to the Company for achieving a high level of good governance.

4. THE BOARD

4.1 The Role of the Board

- a. 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 understood and met.
- b. The Board understands that the responsibility for good Corporate Governance rests with them and therefore strives to follow the principles and best practices stated in the MCCG 2012.
- c. The Company complies with the various guidelines issued by Bursa Malaysia and the Securities Commission relating to disclosure and internal audit functions.
- d. The Board includes a narrative statement in its Company's Annual Report on the extent of compliance with the principles and best practices in Corporate Governance pursuant to Paragraph 15.26 of the MMLR.
- e. Duties of the Board include establishing the corporate vision and mission, as well as the philosophy of the Company, setting the aims of the Management and monitoring the performance of the Management.
- f. The Board meets in person at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors may be invited to attend and speak at meetings on matters relating to their sphere of responsibility.
- g. The Board assumes the following specific duties:
 - i. Establishing and reviewing the goals, the strategic plan and direction and promoting the Company's sustainability;
 - ii. Overseeing and evaluating the conduct of the Company's businesses;
 - iii. Identifying principal risks and ensure that the risks are properly managed;
 - iv. Establishing a succession plan and ensuring the orderly succession of Senior Management of the Group. The Board is responsible for the appointment of the Chief Executive Officer (CEO), setting and review the CEO's employment contract, evaluate the Key Performance

Indicators (KPI) of the CEO, and, where necessary, terminating the CEO's employment with the Company;

- v. Developing and implementing an investors relations programme or shareholder communication policy; and
 - vi. Reviewing the adequacy of the internal control policy and ensuring that the Company has appropriate risk management framework, internal control systems and regulatory compliances policies.
- h. The Board has established written procedures determining which issues require a decision of the full Board and which issues can be delegated to Board Committees or the Management.
- i. The Board reserves full decision-making powers on the following matters:
- i. Conflict of interest issues relating to a substantial shareholder or a Director;
 - ii. Material acquisitions and disposition of assets not in the ordinary course of business;
 - iii. Investments in Capital projects;
 - iv. Authority levels;
 - v. Treasury policies;
 - vi. Risk management policies; and
 - vii. Key human resource issues/policies.
- j. The Board has established a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.

4.2 Composition and Board Balance

- a. 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.
- b. Board's diversity includes experience, skills, competence, race, gender, culture and nationality to ensure that different perspectives are brought to bear on issues. A balanced board in this regard can help dispel stereotyping, make commercial decisions that are aligned to customer and investor needs. Given the increasing importance of boardroom

diversity, boards may wish to establish a policy formalising their approach to diversity.

- c. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members are Independent Directors which include a balance of independent and non-independent non-executive directors such that no individual or small group of individuals can dominate the Board's decision making.
- d. Profiles of Board members are included in the Annual Report of the Company. Performance of Directors is to be evaluated annually to determine whether they meet the current and future needs of the Company.
- e. The Chief Executive Officer (CEO) is not the "Executive Director" on the Board. However, the views of the Management are represented at meetings of the Board by the presence of the Chief Executive Officer or Senior Management when required.
- f. Attendance of Directors and the frequency of the meeting held by the Board and the Board Committees in the year under review are disclosed in the Annual Report. Each Director must fulfil more than 50% attendance of the Board meetings.
- g. The Independent Directors provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- h. The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.
- i. The views of the Independent Directors should carry significant weight in the Board's decision-making process.
- j. The Board may appoint a Senior Independent Director to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the CEO have failed to resolve them. The Senior Independent Director chairs the meetings between the Non-Executive Directors where both the Chairman and Executive Directors do not attend.
- k. If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

4.3 Appointments

- a. The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- b. New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.
- c. The Special Shareholder shall be entitled to appoint any person or reappoint any existing Director to be a Government Appointed Director and such Director shall hold position of Chairman of the Board of Directors as stated in Company's Articles of Association.
- d. The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- e. Upon the appointment of a new Director, the Company Secretary advises the Director of his principal duties and responsibilities and explains the restrictions to which he is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all new Directors are provided with appropriate briefings on the Company's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
- f. The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors. The Company Secretary is primarily responsible for the induction programmes with appropriate assistance from other Senior Directors.
- g. The Company has adopted educational/training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.
- h. In addition to the Mandatory Accredited Programme (MAP) as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals and which are relevant to the Company's operations and business. The Board will assess the training needs of the Directors and disclose in the Annual Report the trainings attended by the Directors.

- i. The directorships held by any Board member at any one time shall not exceed ten (10) in listed companies and fifteen (15) in non-listed companies. However the individual director has been advised to observe the recommendation of Corporate Governance Blueprint 2011 in respect of holding more than 5 directorships in listed companies.

4.4 Re-Election and Tenure

- a. All Directors are subject to retirement by rotation.
- b. All Directors shall submit themselves for re-election at regular intervals and at least once in every 3 years.
- c. Appointment or re-election of Directors exceeding 70 years old shall be approved by members at the Annual General Meeting.
- d. The Board of Directors will assess the status of an Independent Director after serving the Company for 9 years. In the event his status does not impair his independence, he may continue serving the Company as an Independent Director. Otherwise his status may be reclassified as Non-Independent Director.

4.5 Supply of Information

- a. The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.
- b. The Management is responsible for providing the Board with the required information in an appropriate and timely manner. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible.
- c. A full agenda and comprehensive Board papers are circulated to all Directors well in advance of each Board meeting. Amongst others, the Board papers include the following:
 - i. Quarterly financial reports;
 - ii. Minutes of meetings of all Committees of the Board;
 - iii. Management reports of the operations of the Company;
 - iv. Reports on Related Party Transactions and Recurrent Related Party Transactions;
 - v. Directors' share-dealings, including public shareholdings spread;
 - vi. Annual Management Plans; and
 - vii. Compliance Reports.
- d. Minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

4.6 Code of Conduct

- a. The Board needs to commit to ethical values through the Code of Conduct and ensure the implementation of appropriate internal systems to support, promote and ensure its compliance.
- b. Each Director of the Board has a legal duty to act honestly and in good faith to observe the best interest of the Company and its Shareholders. The Board is responsible to promote ethical conduct in business dealings.

4.7 Accessibility of Information

- a. All Board of Directors must have access to all types of material information to make informed decision.
- b. There is a need for internal mechanisms to support the independent assignment of the Board, including the authority to appoint independent consultants. This mechanism alone provides the Board with the ability to obtain expert opinion in specialised areas, to avoid potential areas of conflict with Management and to preserve the integrity of the Board's independence.

5. CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO)

The Company aims to ensure a balance of power and authority between the Chairman and the CEO with a clear division of responsibility between the running of the Board and the Company's business respectively. The Positions of Chairman (i.e. Non-Executive Chairman) and CEO are separated and clearly defined.

5.1 Role of the Chairman

- a. The Chairman is responsible for leadership of the Board ensuring the effectiveness of all aspects of its role among others:
 - i. leading the Board in setting the values and standards of the Company;
 - ii. ensuring the provision of accurate, timely and clear information to Directors; and
 - iii. ensuring effective communication with shareholders and relevant stakeholders; and
 - iv. arranging regular evaluation of the performance of the Board, its Committees and individual Directors.
- b. The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda.

- c. The Chairman is responsible for managing the business of the Board to ensure that:
 - i. all Directors are properly briefed on issues arising at Board meetings;
 - ii. sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion;
 - iii. the issues discussed are forward looking and concentrates on strategy; and
 - iv. Ensure its Board members to have access to appropriate continuing education programmes to update their knowledge and enhance their skills.
- d. The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails.
- e. The Chairman will have no casting vote if two (2) Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue.

5.2 Role of the Chief Executive Officer (CEO)

- a. The CEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.
- b. The CEO has the executive responsibility for the day-to-day operation of the Company's business.
- c. The CEO implements the policies, strategies and decisions adopted by the Board.
- d. All Board authorities conferred on the Management is delegated through the CEO and this will be considered as the CEO's authority and accountability as far as the Board is concerned.

5.3 Separation of Power Between Chairman and CEO of Company

The position of Chairman of the Board and the CEO shall not be held by a single person. Clear separation of roles will promote constructive debate and discussion for better by the Board.

6. BOARD COMMITTEES

The Board appoints the following Board Committees with specific terms of reference:

- 6.1 Audit Committee
- 6.2 Nomination Committee
- 6.3 Remuneration Committee
- 6.4 Finance & Investment Committee

Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required. Details of the membership and a summary of the terms of reference of each Committee appointed by the Board are published in the Annual Report.

6.1 Audit Committee

- a. The Audit Committee was formed pursuant to a resolution of the Board of Directors in its 6th meeting held on 2nd December 2000.
- b. The Chairman of the Committee shall be an Independent Director of the Company with 2 other directors sitting as members and must be composed of not fewer than 3 members. All the Audit Committee members must be non-executive directors, with a majority of them being independent directors and no alternate director can be appointed as a member of the Audit Committee. The quorum for the meetings of the Audit Committee shall be 2.
- c. At least one member of the Audit Committee:
 - i. must be a member of the Malaysian Institute of Accountants; or
 - ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - fulfils such other requirements as prescribed or approved by the Exchange.
- d. The Audit Committee meets on quarterly basis to carry out its functions.
- e. The CEO, General Manager, Head of Internal Audit and the Financial Controller may attend the meetings only at the invitation of the Audit Committee. The Company Secretary shall be the Secretary to the Audit Committee and shall circulate minutes of the Committee to all members of the Board.

- f. The objectives of the Committee are to:
- i. ensure adequacy and effectiveness of the Company's system of internal controls and the quality of performance in carrying out the assigned responsibilities; and
 - ii. oversee, identify, manage all business risks and ensure that the risk management process is in line with the risk management principles and procedures of the Company.
- g. The functions of the Audit Committee are to review the following and report the same to the Board:
- i. with the External Auditors, the audit plan;
 - ii. with the External Auditors, their evaluation of the system of internal controls;
 - iii. with the External Auditors, their audit report;
 - iv. the assistance given by the employees of the Company to the External Auditor;
 - v. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - vi. the Internal Audit programme, processes, the results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit functions;
 - vii. the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - viii. any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - ix. any letter of resignation from the External Auditor of the Company;
 - x. whether there is reason (supported by grounds) to believe that the Company's External Auditor is not suitable for re-appointment.

- xi. Risk management policies, guidelines and strategies of the Company;
 - xii. All business risks and ensure the implementation of appropriate systems to manage these risks by risk owners;
 - xiii. Any other duties as directed by the Board from time to time.
- h. The Audit Committee is also responsible for recommending the person or persons to be nominated to act as the External Auditor and the remuneration and terms of engagement of the External Auditor.
- i. The Committee shall have the general authority to do all things necessary to fulfil its responsibilities as vested upon it by virtue of its appointment by the Board and such other special authority specifically vested by the Board from time to time. The Committee shall have authority to regulate the manner of proceedings of its meetings having regard to normal conventions on such matter.

6.2 Nomination Committee

- a. The Nomination Committee was formed pursuant to a resolution of the Board of Directors in its 9th meeting held on 25 November 2001.
- b. The Chairman of the Committee shall be an Independent Non-Executive Director of the Company with 2 other Non-Executive Directors sitting as members. The Nomination Committee comprises of Non-Executive Directors and majority of the Committee members are appointed from the Independent Non-Executive Directors. The quorum for the meetings of the Nomination Committee shall be 2.
- c. The Nomination Committee will elect an Independent Director from amongst them as its Chairman.
- d. The Committee shall meet at least 2 times a year, at times to be decided by the Committee. The Company Secretary shall be the Secretary to the Nomination Committee and shall circulate minutes of the Committee to all members of the Board.
- e. The general objective of the Committee is to recommend, nominate, re-elect and ensure a balance of Executive Directors and Non-Executive Directors (including Independent Non-Executives) sitting on the Board and the Board Committees.
- f. The duties of the Nomination Committee are as follows:

- i. Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
 - ii. Evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of Director;
 - iii. Review the time required from Non-Executive Director. The performance evaluation should be used to assess whether the Non-Executive Director is spending enough time to fulfil their duties;
 - iv. Consider candidates from a wide range of backgrounds and look beyond the “usual suspects”;
 - v. Give full consideration to succession planning in the course of its works, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future;
 - vi. Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes;
 - vii. Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
 - viii. Make a statement in the Annual Report about its activities; the process used for appointments and explain if external advice or open advertising has not been used; the membership of the Committee, number of Committee meetings and attendance of members over the course of the year; and
 - ix. Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.
- g. The Nomination Committee’s primary responsibilities include:
- i. leading the process for Board appointments and making recommendations to the Board;
 - ii. assessing Directors on an on-going basis; and
 - iii. annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarisation with the Company’s operations.
- h. The Committee will make the following recommendations to the Board:

- i. As regards plans for succession for Directors and Senior Management to maintain an appropriate balance of skills on the Board;
 - ii. As regards the re-appointment of any Non-Executive Director at the conclusion of their specified term of office;
 - iii. Concerning the re-election by shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association;
 - iv. Concerning any matters relating to the continuation in office of any Director at any time;
 - v. Concerning the appointment of any Director to executive or other office other than to the positions of Chairman and Chief Executive Officer, the recommendation for which would be considered at a meeting of the Board;
 - vi. Recommend to the Board the appointment, promotion and renewal of the Chief Executive Officer and Senior Management of the Group; and
 - vii. Review and recommend to the Board, all Human Resources Policies of the Group.
- i. The Committee shall have the general authority to do all things necessary to fulfil its responsibilities as vested upon it by virtue of its appointment by the Board of Directors and such other special authority specifically vested by the Board from time to time. The Committee shall have authority to regulate the manner of its meetings, having regard to normal conventions on such matter.

6.3 Remuneration Committee

- a. The Remuneration Committee was formed pursuant to a resolution of the Board of Directors in its 9th meeting held on 25 November 2001.
- b. The Chairman of the Committee shall be an Independent Non-Executive Director of the Company with 2 other Non-Executive Directors sitting as members. The Remuneration Committee comprises of Non-Executive Directors and a majority of the Committee members are appointed from amongst the Independent Non-Executive Directors. The quorum for the meetings of the Nomination Committee shall be 2.
- c. The Committee shall meet at least 2 times a year, at times to be decided by the Committee. The Company Secretary shall be the Secretary to the Remuneration Committee and shall circulate minutes of the Committee to all members of the Board.

- d. The general objective of the Committee is to propose and recommend remuneration packages and compensation to be paid to the Company's Directors, Company Secretary and Senior Management.
- e. The duties of the Remuneration Committee include:
 - i. The Remuneration Committee will elect an Independent Non-Executive Director from amongst them as its Chairman;
 - ii. The Remuneration Committee's primary responsibilities includes establishing, reviewing and recommending to the Board the remuneration packages of Chairman, Executive Directors, Chief Executive Officer, Company Secretary and Senior Management;
 - iii. The Remuneration Committee recommend to the Board the payment of annual bonus, increment, performance merit and ex-gratia to the Chief Executive Officer, Company Secretary, Senior Management and all staff of the Group except those who fall under the jurisdiction of Collective Agreement; and
 - iv. Ensure that executive directors shall play no part in decision making on their own remuneration.
- f. The Committee shall have the general authority to do all things necessary to fulfil its responsibilities as vested upon it by virtue of its appointment by the Board of Directors and such other special authority specifically vested by the Board from time to time. The Committee shall have authority to regulate the manner of its meetings, having regard to normal conventions on such matter.

6.4 Finance and Investment Committee

- a. The Finance Committee was formed pursuant to a resolution of the Board of Directors in its 5th meeting held on 29 August 2003. The Finance Committee was later revised to the Finance and Risks Management Committee vide Board Resolution No.1/2005 dated 13 January 2005. Then this committee has been further revised to Finance and Investment Committee pursuant to Board Resolution No.2/2012 dated 26 July 2012.
- b. The Chairman of the Committee shall be a Non-Executive Director of the Company with 3 other Non-Executive Directors sitting as members. The quorum for the meetings of the Finance and Risk Management Committee shall be 3 including the Chairman. The quorum for the meetings of the Finance and Investment Committee shall be 2 including the Chairman.
- c. The Committee shall meet at least 2 times a year, at times to be decided by the Committee. The Company Secretary shall be the Secretary to the

Finance and Investment Committee and shall circulate minutes of the Committee to all members of the Board.

- d. The objectives of the Committee is to review and oversee the Corporate Planning, Project Development, Group Budget, Corporate Finance, Investment Appraisal and Finance and Investment Policies of the Group and making recommendations to the Board of Bintulu Port Holdings Berhad.
- e. The duties of the Finance and Investment Committee include:
 - i. Strategic and Financial duties include:
 - Reviewing and adopting strategic financial plan for the Company;
 - Overseeing the conduct of the Company's business, and financial affairs of the Company;
 - Reviewing the Company's annual budget and the variances of actual results against the approved budget and forecasted budget;
 - Reviewing the capital expenditure for projects, business acquisitions and investment appraisal exceeding RM5 million to be undertaken by the Company;
 - Review and recommend to the Board all Group financial policies; and
 - Review the financial performance of the Group and recommend to the Board measures to be undertaken to enhance its profitability.
 - ii. The main investment duties of the Committee shall include:
 - Recommending investment policies for consideration and adoption by the Board, including the ethical aspects of the various type of investments;
 - Oversight the management of investments in accordance with Company's investment policies;
 - Periodic reporting to the Board on the progress of the Company's investments; and
 - Review and updates the Company's Investment Policies for consideration and adoption by the Board.
- f. The Committee shall report to the Board and shall have the authority to do all things necessary to fulfil its responsibilities as vested upon it by Board of Directors and such other special authority specifically vested by the Board from time to time. The Committee shall have authority to regulate the manner of its meetings, having regard to normal conventions on such matter.

7. REMUNERATION LEVELS OF DIRECTORS

- a. The Company aims to set remuneration at levels which are sufficient to attract and retain and motivate the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, expertise and complexity of the Company's activities.
- b. The level of remuneration for the CEO is recommended by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies.
- c. Non-Executive Directors are entitled to participate in the Company's Employee Share Options Scheme (ESOS) subject to approval at a General Meeting. Non-Executive Directors who participated in the ESOS are prohibited to sell, transfer or assign the shares within one (1) year from the date of offer of such options.
- d. No Director other than the CEO shall have a service contract with the Company.
- e. A formal review of the Directors' remuneration is undertaken once in every three (3) years.
- f. There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

8. FINANCIAL REPORTING

8.1 Transparency

- a. The Company is duty bound to present a clear and balanced assessment of the Company's financial position and future prospects and other relevant reports to regulators.
- b. The Company is required to announce to Bursa Malaysia its quarterly financial results within two (2) months after the end of each quarterly financial period.
- c. The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Company in accordance with the approved accounting standards.
- d. The Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

8.2 Company Auditors

- a. The Board has established formal and transparent arrangements with the Company's Auditors through its Audit Committee on financial reporting and internal control principles.
- b. The Audit Committee also keeps under review the scope and results of the audit and the independence and objectivity of the Company Auditors. The Board ensures that the External Auditors do not substantially involve in non-audit services to the Company.
- c. Appointment of the Company Auditors is subject to approval of shareholders at Annual General Meetings. The Company Auditors have to retire during the AGM every year and be re-appointed by shareholders for the ensuing year.

8.3 Internal Controls and Risk Management

- a. The Company has a well-resourced internal audit function. Comprehensive audits studies and review of the practices, procedures and expenditure of the Group and subsidiaries are undertaken on a regular basis. The Head of Internal Audit has direct access to the Board through the Chairman of the Audit Committee.
- b. The Board ensures the system of internal controls and risk management are reviewed on a regular basis.
- c. The Audit Committee receives reports regarding the outcome of such study and reviews for deliberation prior to necessary action by respective users.

9. GENERAL MEETINGS

9.1 Annual General Meeting (AGM)

- a. The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives should attend.
- b. The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the Company's shareholders.

- c. The Chairman encourages active participation by the shareholders during the AGM.
- d. The Chairman and where appropriate, the CEO responds to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

9.2 Extraordinary General Meeting (EGM)

- a. The Directors will consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company.

9.3 Other Related Matters to General Meetings

a. Proxy Disclosure

A corporation which is a Member may by resolution of its Board of Directors or other governing body authorise such person as it thinks fit to act as its representative at a particular meeting or at all meetings of the Company or of any class of Members.

The Company is encouraged to disclose and present the collective voting results to shareholders during the General Meeting.

b. Other Business

Resolutions on "Other Business" is not be tabled for voting unless notice has been disseminated to shareholders within the stipulated timeframe. The Company believes that this will put non-attending shareholders at a disadvantage as they are not informed of the resolution and cannot exercise their voting power. Furthermore, appointed proxies may not have the mandate to vote on behalf of their shareholders.

c. Combined Resolution

Shareholders' permission are to be sought if the Company intends to combine resolutions to be voted during the General Meeting. Nevertheless, the Company believes that voting on resolutions on re-election and re-appointment of directors should be conducted individually.

d. Minutes of the Meeting

Minutes of the General Meetings shall be made available for shareholders inspection upon request. This will enable the shareholders to verify that issues raised during the meeting have been adequately deliberated and addressed by the Board.

e. Accessibility of Information

Adequate information regarding the resolutions proposed should be readily accessible by the shareholders.

10. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- a. 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.
- b. The Board will regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the Business or the interests of Shareholders and, if thought appropriate, will take outside expert advice on these matters.
- c. The Board ensures the Company has appropriate corporate disclosure policies and procedures such as the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.
- d. The Company 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.
- e. A press conference will normally be held after each General Meeting. At this press conference, the Chairman or CEO will give a press release stating the Company's results, their prospects and outline any specific event for notation. All press releases will be vetted by the Corporate Disclosure Manager to ensure that information that has yet to be released to Bursa Securities is not released to the press.
- f. The Company's website provides easy access to corporate information pertaining to the Company and its activities and is continuously updated.
- g. The Board oversee the development and implementation of shareholder communications policy for the Company.

11. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no Company can exist by maximising shareholders value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration.

11.1 Employees

- a. The Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
- b. The Company adopts comprehensive and documented policies and procedures with respect to the following:
- c. Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
- d. Industrial relations with the objective of managing employees' welfare and well-being in the workplace.

11.2 Environment

- a. The Board acknowledges the need to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.
- b. The Company adopts comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.
- c. The Company supports initiatives on environmental issues.

11.3 Social Responsibility

- a. The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.
- b. The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.

- c. The Company supports charitable causes and initiatives on community development projects.

12. COMPANY SECRETARY

- a. The Board appoints the Company Secretary, who plays an important advisory role and ensures that the Company Secretary fulfils the functions for which he/she has been appointed among others his/her roles are as follows:
 - i. enhance the effective functioning of the Board;
 - ii. preparing agenda and coordinating preparation of the Board papers in a timely and effective manner;
 - iii. ensure that Board procedures and applicable rules are observed
 - iv. preparing comprehensive minutes to document Board proceedings and ensures conclusions are accurately recorded; and
 - v. assisting the communications between the Board and the Management.
- b. The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- c. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- d. The Company Secretary should advise the Directors of their obligations to adhere to matters relating to:
 - i. disclosure of interest in securities;
 - ii. disclosure of any conflict of interest in a transaction involving the Company;
 - iii. prohibition on dealing in securities; and
 - iv. restrictions on disclosure of price-sensitive information.
- e. The Company Secretary must keep abreast of and inform the Board of current governance practices.
- f. The Board members have unlimited access to the professional advice and services of the Company Secretary.

13. CONFLICTS OF INTERESTS

- a. Directors must:
 - i. disclose to the Board (through the Secretary and/or Chairman) any actual or potential conflicts of interest which may exist or be thought to exist as soon as they become aware of the issue;
 - ii. take any necessary and reasonable measures to try to resolve the conflict; and

- iii. comply with the Companies Act provisions on disclosing interests and restrictions on voting.
- b. If a conflict or potential conflict situation exists, it is required that the conflicted Director shall be absent from the meeting whilst the Board discusses the matter and not vote on the matter, unless the other Directors who do not have a material personal interest in the matter have passed a resolution that states that those Directors are satisfied that the interest should not disqualify the Director from being present.
- c. Directors are expected to advise the Company Secretary of any proposed Board or executive appointment to other companies as soon as practicable.

14. APPLICATION

- a. The principles set out in this Charter are:
 - i. kept under review and updated as practices on Corporate Governance develops and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
 - ii. applied in practice having regard to their spirit and general principles rather than to the letter alone; and
 - iii. summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.
- b. The Board endeavours to comply at all times with the principles and practices set out in this Charter.
- c. Any updates to the principles and practices set out in this Charter will be made available on the Company's website.
- d. The Board will review this Charter from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

This Board Charter has been updated in accordance with Board's Resolution dated 25th March 2013.

BINTULU PORT HOLDINGS BERHAD