

MALAYSIA AIRPORTS HOLDINGS BERHAD

(Company No. 487092-W)

(Incorporated in Malaysia)

TERMS OF REFERENCE

MAHB BOARD NOMINATION AND REMUNERATION COMMITTEE (BNRC)

This Terms of Reference shall apply to MAHB and its Group of Companies.

DEFINITION

“MAHB” or “Company”	Malaysia Airports Holdings Berhad
“Board”	Board of Directors of MAHB and its subsidiaries
“Group”	MAHB and its subsidiaries
“Managing Director”	Managing Director
“Advisor”	Advisor to MAHB Board
“Senior Management “	Grade 30 and above including CFO, COO and other position which equivalent with Grade 30 and above. <i>(Excluding Managing Director, Company Secretary and Head of Internal Audit)</i>
“General Manager “	General Manager(s) with Grade 28 and Grade 29. <i>(Excluding Company Secretary and Head of Internal Audit)</i>
“Employees”	Grade 27 and below

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1.0 COMPOSITION

- 1.1 The BNRC shall have at least 3 members, all of whom shall be non-executive directors with the majority being independent directors.
- 1.2 The appointment of a BNRC member terminates when the member ceases to be a Director, or as determined by the Board.

2.0 AUTHORITY

- 2.1 The BNRC shall have access to all information pertaining to the Company to enable the committee to discharge its duties effectively.
- 2.2 The BNRC is authorized to obtain, at the Company's expense, external legal or other professional advice on any matters within its terms of reference.
- 2.3 The BNRC may request other directors, members of Management, counsels, consultants as applicable to participate in the committee meetings, as necessary, to carry out its responsibilities.
- 2.4 For avoidance of doubt all the powers of authorities herein as stated or specifically authorized within the ambit of the Term of Reference, should not be usurped, delegated and arrogated in any manner, by/to any person, body or authority whatsoever.

3.0 SCOPE AND FUNCTIONS

The scope and function of the BNRC shall include the following:

3.1 Nomination

- 3.1.1 To determine the criteria for Board membership, including qualities, experience, skills, expertise, education background and qualifications, competencies, integrity, contribution, level of

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commitment in terms of time and other qualities that will best qualify a nominee to serve on the Board.

3.1.2 To review annually and recommend to the Board with regard to the structure, size, tenure, directorships, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which the Directors should bring to the Board and other qualities to function effectively and efficiently.

3.1.3 To consider, review, evaluate and recommend to the Board any new Board appointment, whether of executive or non-executive position, to fill board vacancies as and when they arise. The BNRC shall recommend to the Board with regard to the candidate for directorship, based on the following:-

- Size, composition, mix of skills, experience, competency and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group;
- Diversity targets in the boardroom to include diversity in gender, ethnicity and age; and
- In the case of an Independent Director, the independence of the Director in bringing independent and objective judgment to the Board's deliberation.

3.1.4 To propose to the Board the responsibilities of the Directors, including membership and Chairmanship of the Board Committees.

3.1.5 To implement Board Performance Evaluation on an annual basis for evaluating:-

- The effectiveness of the Committees of the Board;
- The effectiveness of the Board as a whole; and

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- The independence of the Independent Directors, particularly when there is any new interests or relationships surface.
- 3.1.6 To review the results of the Board Performance Evaluation and recommends to the Board the initiatives/improvements moving forward, to enhance the effectiveness of the Board.
- 3.1.7 To review the term of office and performance of an audit committee and each of its members annually to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.
- 3.1.8 To recommend to the Board:-
- Candidates for re-election of retiring Directors by shareholders under the annual retirement and re-election provisions;
 - The retention of Independent Directors whose tenure is beyond nine (9) years, the Board has to provide strong justification on exceptional circumstances and seek shareholders' approval;
 - Whether the Independent Director(s) should remain independent or be re-designated, after the assessment of Independent Director(s) be conducted and concluded;
 - Matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of a Managing Director as an employee of the company subject to the provisions of the law and his/her service contract; and
 - The re-appointment of any Non-Executive Director at the conclusion of his/her term of office having given due regard to his/her performance and the ability to continue to contribute to the Board in terms of knowledge, skills and experience required.

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- 3.1.9 To establish appropriate framework and plans for succession at Board level to ensure that the Board is comprised of directors with the skills and experience relevant to the Company's strategic direction and objectives.
- 3.1.10 To provide for adequate training and induction of new Directors with respect to the business, structure and management of the Group, as well as the expectations of the Board with regards to the time devoted to attend meetings and their contribution to the Board and Group.
- 3.1.11 To review overall company's organisation structure.
- 3.1.12 To evaluate and recommend the appointment, promotion, transfer, termination of service/contract and offer of new employment contract of Managing Director, Advisor, and Company Secretary.
- Note:- The appointment, promotion, transfer, termination of service/contract and offer of new employment contract of Head of Internal Audit which will be within the prerogative of Board Audit Committee in order to maintain an independent structure of Internal Audit Division."*
- 3.1.13 To evaluate and approve the appointment of Company Secretary for the subsidiary companies of MAHB.
- 3.1.14 To develop policies and recommend appropriate proposals to facilitate the recruitment and retention of Managing Director, as well as a development programme for Managing Director.
- 3.1.15 To review and recommend the succession planning for Managing Director.
- 3.1.16 To review and approve policies and procedures on human resource matters pertaining to Senior Management.
- 3.1.17 To review and approve the level and make-up of Senior Management.

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- 3.1.18 To review and approve the appointment, promotion, transfer, termination of service/contract and offer of new employment contract of Senior Management.
- 3.1.19 To develop policies and approve appropriate proposals to facilitate the recruitment and retention of Senior Management, as well as a development programme for Senior Management.
- 3.1.20 To review and approve the succession planning for Senior Management.
- 3.1.21 To review, consider and approve the recommendation for directorships of Non-Executive Director(s) and External Director(s) on the Board of subsidiaries of MAHB.
- 3.1.22 To review, consider and approve the recommendation for directorships of Managing Director, Senior Management and General Manager(s) on the Board of subsidiaries of MAHB.

3.2 Remuneration

- 3.2.1 To review and recommend to the Board the Directors' fees, allowances and other fringe benefits to be accorded to the Directors in accordance with the contribution and level of responsibilities undertaken by the Board of Directors.
- 3.2.2 To review matters relating to employees of MAHB Group, limiting to Collective Agreement for Non-Executive, Terms and Conditions of Executive and staff bonus and annual increment.
- 3.2.3 To review and recommend to the Board the remuneration structure and policy for Managing Director, Advisor and Company Secretary (including the terms of employment or contract of employment/service, benefits, pension or incentive scheme entitlement, bonuses, fees and expenses and any compensation payable on the termination of the service contract by the Company and/or Group and to review for changes to the policy, as necessary.

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Note:- The remuneration structure and policy for Head of Internal Audit (including the terms of employment or contract of employment/service, benefits, pension or incentive scheme entitlement, bonuses, fees and expenses and any compensation payable on the termination of the service contract by the Company and/or Group and to review for changes to the policy, as necessary) which will be within the prerogative of Board Audit Committee in order to maintain an independent structure of Internal Audit Division

- 3.2.4 To establish and review the scheme of service for Managing Director.
- 3.2.5 To ensure that a strong link is maintained between the level of remuneration and individual performance against the performance of the Group and the achievement of the organization targets; the performance-related elements of remuneration setting forms a significant proportion of the total remuneration package of the Managing Director.
- 3.2.6 To review and recommend Managing Director's goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy.
- 3.2.7 To establish and approve the remuneration structure and policy for Senior Management (including the terms of employment or contract of employment/service, benefits, pension or incentive scheme entitlement; bonuses, fees and expenses and any compensation payable on the termination of the service contract by the Company and/or Group and to review for changes to the policy, as necessary.
- 3.2.8 To review and approve Senior Management's goals and objectives and to assess their performance against these objectives as well as contribution to the corporate strategy.
- 3.2.9 To establish and approve the scheme of service for Senior Management.
- 3.2.10 To review and approve the general remuneration policies and practices for Senior Management.

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3.2.11 To establish suitable short and long term policies of having performance-related incentive schemes for Senior Management, where appropriate.

3.3 To consider other matters as referred to the BNRC by the Board.

3.4 The Nomination and Remuneration Committee to review the Committee's Terms of Reference at least once every 2 years.

4.0 FREQUENCY OF MEETINGS/QUORUM/SECRETARY

4.1 The BNRC shall meet at least four (4) times a year. Additional meetings shall be scheduled as considered necessary by the Chairman of the BNRC.

4.2 The quorum for the BNRC shall be at least two (2) members, of which one (1) should be an Independent Director. In the absence of the Chairman, the members present shall elect one of their number to chair the meeting.

4.3 Matters arising at any Meeting shall be decided by a majority vote, each member having one (1) casting vote. In the event of equality of votes, the Chairman of the BNRC shall have a casting vote. However, at Meetings where two (2) members are present or when only two (2) members are competent to vote an issue, the Chairman will not have a casting vote.

4.4 The Company Secretary of MAHB shall be the Secretary of BNRC and in his/her absence the Assistant Company Secretary shall assume the functions of the Secretary of the BNRC. The BNRC meeting agenda shall be the responsibility of the BNRC Chairman with input from BNRC members. The Chairman may also ask Management to participate in this process.

4.5 The Notice and Agenda for each meeting shall unless otherwise agreed to by the members, be circulated to the BNRC members and all those

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who are required to attend the meeting, at least seven (7) days before each meeting.

- 4.6 The BNRC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the BNRC. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the BNRC meeting shall be circulated to all Board members.
- 4.7 The BNRC, through its Chairman shall report to the Board at the next Board of Director's meeting after each BNRC meeting. When presenting any recommendation to the Board, the BNRC will provide such background and supporting information as may be necessary for the Board to make an informed decision. The BNRC shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Malaysian Code on Corporate Governance 2012 and the Main Market of Listing Requirements of Bursa Malaysia Securities Berhad.
- 4.8 The Chairman of the BNRC shall be available to answer questions about the BNRC's work at the Annual General Meeting of the Company.