

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

BOARD CHARTER

Definitions

3Ps	Malaysia Airports Holdings Berhad's Procurement Policies and Procedures
AA	Malaysia Airports Holdings Berhad's Company's Constitutions
Bursa Securities	Bursa Malaysia Securities Berhad
Board	The Board of Directors of the Company
Company	Malaysia Airports Holdings Berhad
Director(s)	A member of the Board
Executive Directors	Directors with executive powers and who participate in the management of the Company, excluding the MD
GLC	Government Linked Company
Green Book – Enhancing Board Effectiveness	A document containing guidelines to enhance GLC Board effectiveness issued by the Putrajaya Committee on GLC High Performance in conjunction with the launching of the GLC Transformation Programme
Independent Non-Executive Director(INED)	A Director who does not participate in the management of the Company and who satisfies the criteria for “independence” set out in the LR
LR	Main Market Listing Requirements of Bursa Malaysia Securities Berhad
MAHB	Malaysia Airports Holdings Berhad
Major Company	Public Listed Company or Multinational Company

MCCG	Malaysian Code on Corporate Governance
MD	Managing Director
Management	MD and senior management of the Company comprising Senior General Managers and General Managers
Non-Independent Director	A Director who does not satisfy the criteria for "independence" set out in the LR
Non-Executive Directors	Directors without executive powers and who do not participate in the management of the Company
Para	Paragraph
Senior Management	Senior management of the Company comprising Senior General Managers and General Managers
SC	Securities Commission
SID	Senior Independent Director
TOR(BAC)	The Company's Terms of Reference for Board Audit Committee
TOR(BOFIC)	The Company's Terms of Reference for Board Finance & Investment Committee
TOR(BNRC)	The Company's Terms of Reference for Board Nomination & Remuneration Committee
TOR(BRMC)	The Company's Terms of Reference for Board Risk Management Committee
TOR(BPC)	The Company's Terms of Reference for Board Procurement Committee
Special Shareholder	The Minister of Finance (Incorporated) or its successors or any Minister, representative or any person acting on behalf of the Government of Malaysia

References

Bursa Malaysia Best Practices in Corporate Disclosure
Combined Code on Corporate Governance
Companies Act
The Green Book "Enhancing Board Effectiveness"
Higgs Report
Main Market Listing Requirements of Bursa Malaysia Securities Berhad
MAICSA Board Charter
Company Director's Code of Ethics – Suruhanjaya Syarikat Malaysia

1. INTRODUCTION

1.1 The Directors of MAHB regard Corporate Governance as vitally important to the success of the Company's business and are unreservedly committed to ensuring that the following principles of good governance are practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

- 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.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible to the Company for achieving a high level of good governance.
- This Board Charter shall constitute, and form, an integral part of each Director's duties and responsibilities.

2. OBJECTIVE

2.1 The objective of this Board Charter is to ensure that all Board members acting on behalf of the Company are aware of their roles, duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

2.2 The ideals embodied in this Board Charter, express the intention to exceed "minimum legal requirements" with due consideration to the recognised standards of best practices locally and internationally.

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3. THE BOARD

3.1 Objectives

The objectives of the Board include the following:

- Oversee management and performance of Company;
- Act on behalf of the Company to optimise corporate profits and enhance shareholders value on a long-term basis;
- Bring independent judgment on issues of strategy, performance and resources;
- Adhere to principles and practices of good Corporate Governance;
- and
- Foster an ethical culture within the organisation.

3.2 Duties

- 3.2.1 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.
- 3.2.2 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. 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 15.25 of the LR.
- 3.2.3 The Board is responsible for ensuring that the Company complies with the various guidelines issued by Bursa Securities and the SC relating to disclosure in the Company's Annual Report and the establishment of an internal audit functions.
- 3.2.4 Duties of the Board include the following:
- a) provides guidance on the strategic direction, challenges assumptions, priorities and options put forward by the Management in the strategic plan, and reviews the business plan and budget and sets targets for Management;
 - b) reviews, approves and provides feedback on corporate key performance indicators (KPIs) and targets, and reviews results quarterly, discusses material variances, and ensures that corrective actions are taken if required;
 - c) selects and proactively plans the Chief Executive Officer (CEO)/MD succession and evaluates the CEO, endorses the development plan of those in pivotal positions, understands the pool of future leaders as well as reviewing the philosophy of the Company;
 - d) sets the Company's risk parameters, understands major risk exposure and ensures appropriate risk mitigation approach is in place and considers the risk factors in all major decisions;
 - e) ensures that all shareholder views are represented and shareholders are treated equally; and
 - f) balances and manages economic impact of stakeholder interests on shareholder value, and supports Management in managing key stakeholders.

3.2.5 In addition the Board assumes the following specific duties:

- a) Provides guidance and overall input on the overall strategic direction and aspirations early in this planning cycle. To do this the Board could draw on industry experts, market analysis or briefings by internal strategy teams;
- b) Planning for Senior Management succession, including appointing, training, fixing the compensation and where appropriate, replacing Senior Management;
- c) Implementing an investor relations programme and an appropriate shareholder communication policy; and
- d) Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

3.3 Authority

3.3.1 Board authority granted to executive management is delegated through the MD/CEO. The Board:

- a) Agrees with MD/CEO on the achievement of specified goals;
- b) Authorises the MD/CEO to establish any policy or to make any decision or to enter into any obligation or to take any action and to develop any activity that is within the agreed parameters and latitude that will achieve the agreed goals within reasonable interpretation of the limitations set on the MD/CEO;
- c) May change the goals and the authority limitations and thus modify the authority and accountability of the MD/CEO. As long as any particular delegation of authority is in place; to support the MD/CEO in the responsible exercise of that authority;
- d) Develops with the MD/CEO the position descriptions and authority limits to management's responsibilities;
- e) Approves remuneration of Executive Directors and Non-Executive Directors;
- f) Determines the quality of information to be used – financial, historical and others; and
- g) Appoints and removes the Company Secretary or Secretaries and ensures that while he/she holds the post he/she provides the advice and services needed by the Directors.

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3.3.2 The Board has established written procedures (the Company's "Procurement Policies and Procedures" and "Financial Limit of Authority") determining which issues require a decision of the Ministry of Finance or the Board and which issues can be delegated to any Committee established by the Board or the Management..

3.3.3 Subject to the limits stated in the Company's "Procurement Policies and Procedures" and "Financial Limit of Authority",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.

3.3.4 The Board may, whenever necessary, establish a procedure whereby the Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense.

3.3.5 The business of the Company shall be managed by the Directors who may, exercise all such powers and do all such things as allowed by its Memorandum of Association so long as it does not conflict with any law or any regulations made by the Company (which shall not apply retrospectively).

3.4 Composition and Board Balance

3.4.1 The Board should include a balance of Executive Directors and Non-Executive Directors (including INED) such that no individual or small group of individuals can dominate the Board's decision making.

3.4.2 The Board should consist of qualified individuals with diverse experiences, backgrounds and perspectives. The composition and size of the Board are such that they facilitate the making of informed and critical decisions. The Board shall comprise not less than 2 and not more than 12 Directors.

3.4.3 At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members shall be INED. The tenure of an INED shall not exceed a cumulative term of nine (9) years or an age of 75 year old, whichever is earlier.

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- 3.4.4 The MD and the Executive Director(s) (if any) are the "Executive" Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of Senior Management, as and when required.
- 3.4.5 INED provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- 3.4.6 INED help to ensure that the interests of all shareholders, and not only the interests of a particular faction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration of the Board.
- 3.4.7 INED shall also help to ensure that there is optimization in usages of resources and to safeguard the Company's manpower and financial resources.
- 3.4.8 The views of the INED should carry significant weight in the Board's decision-making process.
- 3.4.9 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.
- 3.4.10 The Board, through the Board Nomination & Remuneration Committee, should annually evaluate the effectiveness of the Board Committee and the effectiveness of the Board.
- 3.4.11 Performance evaluation criteria are established and communicated to the Directors. The criteria reflect the Company's current and expected position and environment, as well as the consequences of under-performance.

3.5 Appointments

- 3.5.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Board Nomination & Remuneration Committee. In its selection process, the Board Nomination & Remuneration Committee will consider the criteria required of a candidate, among others, the candidate's skill, expertise, education background and qualification, experience, competency, integrity, independence and diversity.
- 3.5.2 The Board shall have the power at any time to appoint any other person to be a Director of the Company either to fill a casual vacancy or as an addition to the existing Directors. However, the total number of Directors shall not at any time exceed the maximum number fixed by the AA of the Company.
- 3.5.3 Any Director appointed shall hold office only until the next following annual general meeting of the Company at which Directors are due to retire but shall then be eligible for re-election.

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- 3.5.4 The continuing Directors may act notwithstanding any vacancy in the Board, but if their number is reduced below the number fixed by or pursuant to the Company's AA as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to such minimum number or of summoning a general meeting of the Company, but for no other purpose.
- 3.5.5 The Special Shareholder has the right from time to time to appoint any person to be a Director ("Government Appointed Director"), up to six (6) Government Appointed Directors at any time.
- 3.5.6 New Directors are expected to have such expertise as to qualify them to make a positive contribution to the Board's performance of its duties and to give sufficient time and attention to the affairs of the Company.
- 3.5.7 The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointments of new Directors are properly executed.
- 3.5.8 In particular, all Directors are required to give consent to be a director and make a declaration that he is not disqualified from being appointed or holding office as a director in the form prescribed by the CA.
- 3.5.9 Notice in writing to the Company of such interests in shares, debentures, participatory interests, rights, options and contracts in the Company or its related companies pursuant to the relevant provisions of the CA should also be given by the Director.
- 3.5.10 All Directors are also required to provide letters of undertaking to Bursa Securities within fourteen (14) days of appointment stating their intention to comply with the LR. INED are required to provide confirmation of independence in the prescribed form.
- 3.5.11 Upon the appointment of a new Director, the Company Secretary advises the Director of his/her principal duties and responsibilities and explains the restrictions to which he or she is subject to in relation to price-sensitive information and dealings in the Company's securities. Thereafter, all Directors are provided with appropriate briefings on the Company's affairs and operations. Upon request, an up-to-date Corporate Governance materials published by the relevant bodies will be forwarded to the newly appointed Director.
- 3.5.12 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 programme with appropriate assistance from other senior Executive Directors and Senior Management.
- 3.5.13 The Company may also conduct educational/training programmes to

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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. The Directors in turn should ensure that they are aware of their duties and obligations stipulated in the relevant legislations.

3.5.14 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 competent professionals and which are relevant to the Company's operations and business. The Board evaluates and determines the training needs of the Directors on a continuous basis and discloses in the Annual Report the training programmes attended by the Directors.

3.5.15 Directors should devote sufficient time to carry out their responsibilities. The Board will obtain this commitment from its members at the time of appointment and at the beginning of each year. All Board members shall notify the Chairman of the Board before accepting any new directorship. The notification shall include an indication of time that will be spent on the new appointment.

3.5.16 For a GLC, ideally the directorships held by any Board member shall not exceed five (5) listed companies.

3.5.17 Executive Directors should not take on more than one (1) non-executive directorship of other company other than related Company, nor become Chairman of a Major Company.

3.5.18 Executive Directors should not be a Director of another private, public listed company or family-owned company other than those of their own subsidiaries.

3.5.19 An immediate announcement must be made to Bursa Securities upon the appointment of a new Director which shall include the information contained in Part A of Appendix 9A of LR.

3.6 Re-election

3.6.1 At the annual general meeting in every year, one-third of the Directors for the time being or the number nearest to one-third shall retire from office. The Directors to retire at such annual general meetings (other than the first) shall be the Directors who shall have been longest in office. As between two or more who have been in office an equal length of time the Director to retire shall in default of agreement between them, be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment when he has previously vacated office. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.

3.6.2 An election of Directors shall take place each year. All Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

3.7 Supply of Information

- 3.7.1 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. All Directors have the same right of access to information, whether they are Executive or Non-Executive Directors.
- 3.7.2 All Directors have the right whenever necessary and reasonable to be provided with full and unrestricted access to the resources needed to enable them to perform their duties, at the cost of the listed company and in accordance with a procedure to be determined by the Board:
- a) including but not limited to: obtaining full and unrestricted access to any information pertaining to the listed issuer;
 - b) obtaining full and unrestricted access to the advice and services of the Company Secretary; and
 - c) obtaining independent professional or other advice.
- 3.7.3 Moreover, as long as the Directors have acted in good faith, made proper inquiries where appropriate, or had no knowledge that reliance was unwarranted, Directors can, when performing their duties, rely on reports, statements and financial data or other information provided by a competent employee, professional adviser or another Director or committee of Directors.
- 3.7.4 Directors are insured against errors and omissions and the associated costs of defending or settling a claim arising from any acts of omission in their capacity as Directors. However, the indemnity and insurance do not cover any criminal liability or any liabilities arising from breach of trust or negligence, or the provisions covered in CA.
- 3.7.5 The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. 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.
- 3.7.6 Notice of Meeting and whenever possible the agenda are circulated to all Directors at least fourteen (14) calendar days in advance of each Board meeting and the full agenda and comprehensive Board papers (including pre-reading material) are circulated to all Directors at least five (5) business days in advance of each Board meeting. This allows the Directors time to review material and, where necessary, conduct independent analyses or request additional material.
- 3.7.7 The Board should reinforce this practice and refrain from considering last minute agenda items during Board meetings. However, genuine urgent

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matters and exceptional circumstances, for example acquisitions, could fall outside these timing requirements and shorter notice would be allowed with the Chairman's consent and approval.

3.7.8 Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

3.8 Vacancy

3.8.1 The office of a Director including a Government-Appointed Director shall become vacant if such Director:

- i) ceases to be a Director;
- ii) becomes bankrupt or makes any arrangement or composition with his creditors generally during his term of office;
- iii) becomes prohibited from being a Director by reason of any order made under the Act;
- iv) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his term of office;
- v) resigns his office by notice in writing to the Company;
- vi) is absent from more than 50% of the total Board meetings held during a financial year;
- vii) is removed by a resolution of the Company in a general meeting.

4. Meetings

4.1 The number of Board meetings held in a year and the details of attendance list of each individual Director in respect of meetings held are disclosed in the Annual Report of the Company.

4.2 The Board meets in person where practicable, once a month to facilitate the discharge of its 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.

4.3 Meeting of the Directors can be held within or outside Malaysia and can be held at two (2) or more venues within or outside Malaysia using any telecommunication device or such other communication facilities that enable the Directors as a whole to participate for the entire duration of the meeting. Participation by a Director in a meeting using any telecommunication device or other communication facilities shall be treated as presence in person and shall be counted towards the quorum notwithstanding the fact that he/she is not physically present at the venue where the meeting is to be held.

4.4 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit.

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Two Directors shall be a quorum for the transaction of business.

- 4.5 Questions arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one vote and in case of an equality of votes the Chairman shall have a second or casting vote except in cases where a unanimous vote is required under the Company's AA or the decision in question is regulated by any special agreement.
- 4.6 Provided that at a meeting of the Directors where two Directors form a quorum and only such quorum is present, or at a meeting of the Directors at which only two Directors are competent to vote on the question at issue, the Chairman of such meeting shall not have a casting vote.
- 4.7 A resolution in writing signed or approved by letter, telegram or facsimile by all the Directors who may at the time be present in Malaysia, being not less than the number sufficient to form a quorum, shall be as valid and effectual as if it had been passed at meeting of the Directors duly called and constituted. Provided that where a Director is not present in Malaysia but has as Alternate who is present then such resolution must also be signed by such Alternate. All such resolutions shall be described as "Directors' Resolution" and may consist several documents in the like form each signed by one or more of the Directors and shall be forwarded or delivered to the Secretary without delay, and shall be recorded by him in the Company minute book and submitted for confirmation at a meeting of the Directors next following the receipt thereof by him.

5. The Role and Responsibilities of a Director

5.1 General

- 5.1.1 A Director is any individual who:
- a) is required to decide jointly with his fellow Directors on the Board on what actions to take; or
 - b) exercises powers normally reserved for the Board.
- 5.1.2 Directors may delegate authority for performance of some of their duties. However, it is not possible to delegate the responsibility for ensuring that the duties that have been delegated are properly carried out.
- 5.1.3 A key difference between an Executive Director and a Non-Executive Director is that an Executive Director who is not a managing director/chief executive officer is responsible for the operations of part of the Company and is answerable to the MD for performance, with the MD in turn answerable to the Board whilst a Non-Executive Director is answerable to the Board and to the shareholders for ensuring that the policies and direction of the Company are adhered to by the Executive

Directors.

5.2 Directors' Duties

5.2.1 The duties of a Director, either individually or collectively are many, amongst others:

- a) abide to all regulatory and statutory requirements that affect them;
- b) at all times act in good faith in the best interests of the Company as a whole and not in the interests of some other person or body;
- c) exercise reasonable care, skill and diligence that can be reasonably expected of a director having the same responsibility;
- d) make the business judgement in good faith for a proper purpose and in the best interest of the Company;
- e) exercise the powers granted by the Company's Memorandum and AA (M&A) for "proper purposes", and not for any collateral purpose;
- f) refrain from or prevent any act that would adversely affect decision-making concerning the activities of the Company; and
- g) avoid being in a position of conflict of interest with the Company.

5.2.2 The following are the duties expected of Director/s under Common Law which are also reflected in the CA and the LR.

Directors' key statutory and regulatory duties may be divided into the following groups;

- a) Record-keeping, where the Director/s must:
 - i) ensure that proper accounting records are maintained sufficient to explain the transactions and financial position of the Company;
 - ii) ensure adequate measures are in place to prevent and detect false accounting records;
 - iii) approve the quarterly financial results and the annual audited accounts;
 - iv) ensure that the Annual Report, including the audited financial statements to be tabled/presented to the members of the Company at the annual general meeting to be held within 6 months after the financial year end date, is prepared and issued; and
 - v) ensure that the financial statements comply with applicable Approved Accounting Standards in Malaysia.

- b) Duty of disclosure and avoidance of conflicts of interest, where the Director/s must:
 - i) declare/disclose interest (direct or indirect) in contracts or arrangements with any company in MAHB and its group of companies or property held which may give rise to a conflict of interest – such disclosure to be given in writing to the Board.;
 - ii) disclose any proposals or transactions amounting to a related-party transaction requiring announcements, circulars or shareholders' approval, not being in the ordinary course of business;
 - iii) record material relevant interests in any transaction in the register of interests kept by the Company;
 - iv) avoid improper use of the position of Director or the use of any information obtained through that position for personal gain or to harm the Company; and
 - v) ensure that Directors' Remuneration is fair to the Company.

- c) Dealings with shareholders, where the Director/s must;
 - i) determine and certify what is fair and reasonable consideration for the issue of shares or the repurchase of shares on issue;
 - ii) approve notices to convene annual general meetings and extraordinary general meetings;
 - iii) make the appropriate recommendations in respect of matters that are specifically reserved for the approval of shareholders in general meetings;
 - iv) approve all Annual Reports, prospectuses, circulars, provisional allotment letters and listing particulars;
 - v) approve announcements and press releases made by the Company, as well as replies to queries from Bursa Securities;
 - vi) respond appropriately to written shareholder requests for information held by the Company; and
 - vii) ensure that the Company does not carry out business in a manner that is harmful to creditors and shareholders.

- d) Maintain the Company's solvency and reputation by ensuring that the Company does not incur an obligation unless there are

reasonable grounds to believe that the Company can in fact meet that obligation.

- e) Fulfil specific duties in the event of corporate restructuring, mergers and takeovers.
- f) Submit/apply to regulatory authorities for any new issues or other corporate proposals falling as required under the relevant laws and/or regulations and ensure the setting up of proper due diligence processes.
- g) Request for voluntary delisting, voluntary suspensions, winding up of company or any of its subsidiaries and appointment of liquidator.
- h) Recommend buy back of Company's own shares and changes relating to the Company's capital structure or its status as public listed company.
- i) Fix the Company's financial year end, setting up of registered office, adoption of common seal, closure of Register of Members for the purpose of dividend payment, appointment of Share Registrars, allotment of shares and capitalisation of reserves or share premium.

5.2.3 The Senior Independent Non-Executive Director will serve as a point of contact for shareholders and other stakeholders to voice their concerns. The creation of the said position will provide a sounding board for the Chairman and will also serve as an intermediary for other Directors when necessary.

5.2.4 The Senior Independent Non-Executive Director is accessible to whom concerns of shareholders and stakeholders may be conveyed. Shareholders and other interested parties may contact the Senior Independent Director in writing to address any concerns to the Company's registered address or email to "sid@malaysiaairports.com.my."

5.2.5 Other roles of a Senior Independent Directors are as follows:-

- a) Chair Board meeting where Chairman is absent, or if the Chairman is required to be excused from the meeting;
- b) Review the notification by the Chairman on acceptance of new directorship in other companies;
- c) Advise the Board if there is any potential conflict of interest;
- d) Lead board evaluation;
- e) Perform such duties as the Board may establish; and
- f) Encourage dialogue session between Independent Directors and the Management.

5.3 Directors' Obligations

5.3.1 Directors' obligations include the following:

- a) to act in accordance with their fiduciary duties and comply with the spirit as well as the letter of the law;
- b) to act honestly and in good faith in the best interest of the Company;
- c) to ensure that all shareholders or classes of shareholders are treated fairly according to their different rights;
- d) to carry out their duties in a lawful manner and use reasonable endeavour to ensure that the Company conducts its business in accordance with the law and a high standard of "commercial morality";
- e) to endeavour to avoid conflicts of interest wherever possible. Where a conflict arises they must adhere scrupulously to the procedures provided by the law and the Memorandum and Articles of the Company for dealing with conflicts, whereby they must disclose their nature of interest during the board meeting and shall not participate in any discussion and shall abstain from the decision making process;
- f) be diligent, attend Board meetings and devote enough time to remain familiar with the nature of the Company's business and context, including the political, legal and social framework within which it operates. Directors should be aware of the statutory and regulatory requirements that affect the Company;
- g) observe the confidentiality of non-public information they possess as Directors;
- h) a nominee Director, or any other Director who has a special relationship to a particular shareholder or group of shareholders may only disclose confidential information with the authority of the Board and the M&A of the Company; and
- i) ensure that the Company has in place an approved procedure for buying and selling shares or securities in the Company by Directors, their relatives and associates. Directors should not indulge in "insider trading" and should notify the Board in advance of any intended transaction by them, their relatives and associates.

5.3.2 The Directors shall not, save with the ratification by shareholders in a general meeting, dispose or sell the whole or substantial portion of the Company's main undertaking or property.

5.3.3 The Directors shall not borrow any money or mortgage or charge any of

the Company or the subsidiaries' undertaking, property, or any uncalled capital, or issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

5.4 Directors' Liabilities

5.4.1 Directors may be liable if they:

- a) fraudulently take, apply, conceal or destroy any property of the Company;
- b) falsify, destroy, alter or mutilate any Company record with the intent to defraud or deceive;
- c) knowingly are a party to the carrying on of any business of the Company in a reckless manner;
- d) induce a person to give credit to the Company through fraud or false pretences;
- e) knowingly be a party to the carrying on of any business of the Company with the intent to defraud creditors of the Company;
- f) are involved in "insider trading".
- g) fail to ensure that the financial statements are:
 - (i) audited when an audit is required;
 - (ii) in compliance with applicable Approved Accounting Standards in Malaysia; and
 - (iii) lodged with the Registrar within 30 days of the annual general meeting at which the financial statements were tabled.
- h) as members of the Board:
 - (i) do not allow the auditor to attend shareholders' meetings or to address the shareholders on any part of the meeting business that concerns the role of the auditors; and
 - (ii) fail to notify each shareholder that financial assistance has been given to another person to acquire shares in the Company.
- i) as Directors, fail to ensure that the Company:
 - (i) provides shareholders on request with a statement of rights with regard to their holding and how these rights relate to other classes of shares; and
 - (ii) registers a shareholder unless the Board has resolved otherwise.

6. DIRECTOR'S CODE OF ETHICS

6.1 Objectives

The Code serves as a source of guiding principles for directors of MAHB. The Code summarizes the Board's fiduciary duties to the Company, provides guidance to directors to deal with ethical issues and helps to foster the spirit of social responsibility and accountability in line with the legislation, rules and regulations governing the Company.

6.2 Corporate Governance

6.2.1 Directors are expected to act in good faith in the best interest of the Company and to exercise reasonable diligence in discharging their duties and responsibilities. Members of the Board are expected to conduct the business affairs of the Company with honesty, integrity, due diligence and reasonable competence.

6.2.2 In carrying out his duty to direct the management of the business and affairs of the Company, a Director should:-

- a) devote his time and effort to attend meeting;
- b) ensure the Company is properly managed and effectively controlled;
- c) stay abreast of the affairs of the Company and kept informed of the Company's compliance with the relevant legislation and contractual requirements;
- d) limit directorship of companies to a number in which he can best devote his time and effectiveness;
- e) exercise his power for the benefit and prosperity of the Company;
- f) exercise proper and independent judgement;
- g) comply with applicable laws, rules and regulations in their service to the Company;
- h) promote ethical behavior and take steps to ensure the Company encourages employees to report violations of laws and regulations and unethical conduct; and
- i) maintain the confidentiality of information entrusted to him/her by the Company.

6.3 Conflict of interest

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6.3.1 Directors should avoid any conflict of interest between the directors and the Company. In any situation that involves or may be expected to involve a conflict of interest with the Company, Directors should immediately disclose their interest whether direct and indirectly to the Company.

6.3.2 Directors must at all times act in the best interest of the Company and not for personal gain or enrichment. Specifically, Directors shall follow the following guidelines:-

- a) avoid placing own interest or any third-party interest above the Company;
- b) do not engage in any outside business that would directly or indirectly materially adversely affect the Company;
- c) do not abuse board membership by improperly using board membership for personal or third-party benefit; and
- d) do not accept gifts, gratuities, honoraria or any other item of value from any person or entity as a direct or indirect inducement to provide special treatment to such donors.

6.4 Relationship with Shareholders, Employees, Creditors and Customers

6.4.1 Directors should be conscious of the interest of shareholders, employees, creditors and customers of the Company and is expected to promote professionalism and improve the competency of management and employees.

6.4.2 Directors should also ensure adequate safety measures and provide proper protection to workers and employees at the workplace.

6.5 Corporate Responsibilities and the Environment

6.5.1 Directors should ensure effective use of natural resources and improve quality of life by promoting corporate responsibilities.

6.5.2 Directors should be more proactive to the needs of the community and ensure that activities and operations of the Company do not harm the interest and well-being of society at large.

7. ROLES OF BOARD, CHAIRMAN AND MD

7.1 Role of Board

7.1.1 The role of the Board is to determine the Company's long-term direction, formulate business objectives and strategies including strategies that promote sustainability; and to ensure that it has adequate resources to meet its objectives and that it maintains an effective/sound risk

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management framework; to review and implement the Company's internal control system; and to monitor its performance and ensure that it acts ethically and meets its responsibilities to shareholders and other stakeholders.

7.1.2 Board adopts a formal schedule to decide on matters of approval of long-term strategy and objectives, capital and operating plans, major investments and disposals, funding and dividend strategy, and half-year and annual financial statements.

7.1.3 Management is responsible for delivering the Company's objectives and running the business on a day-to-day basis.

7.1.4 Matters specifically reserved to the Board:-

- (a) Approval of the overall strategy, vision, values, and governance framework of the Group;
- (b) Approval of the Company's Annual Report and Quarterly Financial Statements;
- (c) Approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;
- (d) Approval of the Group's annual budget and amendments to that budget in relation to the amount, borrowing and security, acquisitions and disposals of tangible/non-tangible assets, and capital expenditure over a specified amount;
- (e) Approval of the Company's long term financial plan and the annual capital expenditure programme;
- (f) Approval of any significant change in the accounting policies and practices;
- (g) Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;
- (h) Approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;
- (i) Appointment, re-appointment, retirement or removal of the Directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Articles of Association;
- (j) Appointment, retirement or removal of the company secretary;
- (k) Recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;
- (l) Approval of the division of responsibilities between the Chairman and Managing Director; and
- (m) Approval for the establishment of the Board Committees, their terms of reference (i.e. membership and financial authority), reviewing their activities and, where appropriate, ratifying their decisions.

7.2 Role of Chairman

- 7.2.1 The Company aims to ensure a balance of power and authority between the Chairman and the MD 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 MD are separated and clearly defined below.
- 7.2.2 The boundaries between the Chairman and the MD are clearly defined and will be reviewed if there are significant changes to the Company's strategy, operations, performance or management. In any case, the boundaries will be reviewed every two (2) to three (3) years.
- 7.2.3 The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:
- a) leading the Board in setting the values and standards of the Company;
 - b) maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
 - c) ensuring the provision of accurate, timely and clear information to Directors;
 - d) ensuring effective communication with shareholders and relevant stakeholders;
 - e) acts as facilitator for meetings to ensure:
 - i) adequate notice of meetings;
 - ii) adequacy of information for Board meetings;
 - iii) no member dominates the discussion;
 - iv) full discussion takes place;
 - v) the variety of opinion among Board members is drawn out;
 - vi) the outcome of discussions results in logical and coherent policy to guide the MD/CEO and against which the performance of the Company can be monitored;
 - vii) endeavours to obtain consensus in the Board and when necessary, to call for vote;
 - f) arranging regular evaluation of the performance of the Board, its Committees;
 - g) facilitating the effective contribution of Non-Executive Directors

and ensuring constructive relations be maintained between Executive and Non-Executive Directors;

- h) creating the conditions required for the effectiveness of the overall Board and individual Directors, both inside and outside the Boardroom — including the appropriate balance of power, level of accountability and independent decision making;
- i) leading the discussions among Directors;
- j) building a cohesive leadership team consisting of the Board and Senior Management; and
- k) delegating responsibilities to other Directors, Committees and Management.

7.2.4 The Chairman, in consultation with the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda. He also ensures that the number of agenda items and its prioritisation enables effective board discussions.

7.2.5 The Chairman is responsible for managing the business of the Board to ensure that:

- a) all Directors are properly briefed on issues arising at Board meetings;
- b) sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion;
- c) the issues discussed are forward looking and concentrate on strategy.

7.2.6 The Chairman ensures that every Board resolution is put to vote to ensure the will of the majority prevails. The Chairman is obliged to inform shareholder of their rights to demand a poll vote.

7.2.7 The Chairman ensures that Executive Directors look beyond their executive functions and accept their full share of responsibility on governance.

7.2.8 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. Subject to the foregoing, questions arising at any meeting of the Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman shall have a second or casting vote.

7.2.9 The Chairman chairs all Board meetings and drives discussion toward consensus and to achieve closure on such discussion. The Chairman chairs shareholder meetings. He acts as the Company's ambassador,

both within the domestic market and internationally.

7.3 Role of MD

7.3.1 The MD is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions.

7.3.2 The MD has the executive responsibility for the day-to-day operation of the Company's business.

7.3.3 The MD implements the policies, strategies and decisions adopted by the Board.

7.3.4 The MD is the Chairman of the Executive Committee (EXCO) and the Management Committee (MC). Both the Committees meet regularly, as and when necessary as determined by the MD. EXCO deliberates and decides on all matters pertaining to the running and managing of MAHB and its group of companies while MC deliberates and determines the general directions and oversees the operational issues affecting the Group. MC also acts to facilitate the decision making by the Board including making recommendations and proposals to the Board as well as the forum to disseminate decisions of the Board.

7.3.5 The MD shall be subject to the control of the Board.

7.3.6 All Board authorities conferred on the Management with the exception of the internal audit function are delegated through the MD and this will be considered as the MD's authority and accountability as far as the Board is concerned. Consequently, the MD is answerable to the Board for the achievement of the agreed company goals within the limitations of authority granted to the MD by the Board.

7.3.7 The MD should report to the Board at each Board meeting and advises the Board in a timely manner on:

- a) all matters that materially affect the Company and its performance including any potentially strategic or politically significant development prospects;
- b) any underperforming business/activities of the Company and outline proposals to rectify the situation;
- c) all material matters that affect or could affect shareholders and the markets in which the shareholders' interests are located.

7.3.8 The MD should regularly review the succession plans for Executive Directors and Senior Management with the Chairman and the Non-Executive Directors. In so doing, the MD should report on:

- i) the organisational structure of the Company and the systems in place to develop Senior Management;

- ii) the effectiveness of the organisation and its management against relevant benchmarks;

7.3.9 In carrying out his duties the MD is to operate within agreed constraints or limitations. The MD should not take actions without taking into account the effect on long-term shareholder value, the consequence of:

- i) health, safety and environmental actions;
- ii) political actions; and
- iii) financing strategies;

7.3.10 The MD should also not:

- i) substitute individual risk preferences for those of the shareholders as a whole when managing the risks of the Company;
- ii) allow the assets of the Company to be inadequately maintained, unnecessarily put to any risk or remain unprotected;
- iii) cause or permit employees or other parties doing work for the Company to be subjected to undignified, inequitable, unfair or unsafe treatment or conditions;
- iv) allow anything to be done that is unfair, dishonest or involves coercion or physical violence or is illegal;
- v) permit payment to be made or rewards to be given unless they are in return for contributions towards achieving the agreed Board goals and are proportional to the extent to which the contribution has furthered the agreed goals.

7.3.11 The Directors may from time to time, entrust to and confer upon the MD for the time being, such of the powers exercisable under the relevant provisions of the Company's AA as they may think fit, and may confer such powers for such time, and to be exercised for such object and purposes and upon such terms and conditions, and with such restrictions as they think expedient, and may from time to time revoke, withdraw, alter, or vary all or any of such powers.

7.3.12 The MD puts adequate operational plans and financial control systems in place. He closely monitors operating financial results in accordance with plans and budgets.

7.3.13 The MD represents the Company to major customers, employees, suppliers and professional associations.

7.3.14 The Special Shareholder may from time to time appoint the MD for such period and upon such terms as he may think fit at any one time, but if

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the appointment is for a fixed term, the term shall not exceed five (5) years, with power to reappoint thereafter and may from time to time (subject to the provisions of any contract between the MD and the Company) remove or dismiss him from office and appoint another in his place.

7.3.15 The MD shall be subject to the same provisions as to resignation and removal as other Directors of the Company and he shall, ipso facto and immediately cease to be an MD if he ceases to hold the office of Director from any cause.

8. BOARD COMMITTEES

The Board delegates certain of its governance responsibilities to Board committees with clearly defined terms of reference. The following are the relevant Committees established :-

- a) Board Audit Committee;
- b) Board Nomination & Remuneration Committee;
- c) Board Finance & Investment Committee;
- d) Board Risk Management Committee;
- e) Board Procurement Committee

INED 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.

8.1 Board Audit Committee (“Audit Committee”)

8.1.1 The members of Audit Committee are appointed by the Board from among its members. The Audit Committee comprises no fewer than four (4) members, a majority of whom are INED. All members of the Audit Committee should be Non-Executive Directors. At least one (1) member must be a member of the Malaysian Institute of Accountants, or if he is not, he must comply with para 15.09 (1)(c)(ii) of the LR.

8.1.2 No alternate Director can be appointed as a member of the Audit Committee.

8.1.3 . The Chairman of Audit Committee shall be an Independent Non-Executive Director appointed by the Board of Directors.

8.1.4 The Audit Committee shall have the following authority as empowered by the Board of Directors:

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- a) have authority to investigate any matter within its terms of reference;
- b) have the resources required to perform its duties;
- c) have full and unrestricted access to any information, records, properties and personnel within the Company and its group of companies;
- d) have direct communication channels with the external auditors and internal auditors;
- e) to obtain independent professional advisers or other advisers and to engage outsiders with relevant experience and expertise if necessary;
- f) to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Company whenever deemed necessary;
- g) to discuss with Management to ensure that there are specific and effective avenues for whistle blowing.

8.1.5 The functions and duties of the Audit Committee shall be to:

- (a) Consider the appointment of the External Auditors, the audit fee and any questions of resignation or dismissal;
- (b) Discuss with the External Auditors before the audit commences the nature and scope of the audit, the annual audit plan and ensure co-ordination where more than one firm is involved;
- (c) Review the quarterly and year-end financial statements of the Group prior to submission to the Board, focusing particularly on:
 - changes in or implementation of major accounting policy and practices;
 - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - the going concern assumption; and
 - compliance with accounting standards, the LR and other legal requirements.
- (d) Review and monitor the financial position and performance of the MAHB Group on a quarterly basis;
- (e) Review the efficiency of the Group's operations particularly those relating to areas of significant risks;
- (f) Assess the internal process for determining and managing key risks. Review the Statement of Risk Management and Internal Control prior to submission to the Board;

- (g) Discuss problems and reservations arising from the interim and final audits, and any other matter the auditor may wish to discuss in the absence of management where necessary;
- (h) Review the External Auditor's Management Letter and management's response;
- (i) Oversee the Internal Audit functions by:
 - reviewing and approving the Internal Audit Charter of Internal Audit Division in the Group;
 - reviewing the adequacy of the plan, scope, functions, competency and resources and that it has the necessary authority to carry out its work and have appropriate standing in the Group;
 - reviewing the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on its recommendations;
 - evaluating and approving the appointment, promotion, transfer, termination or service/contract and offer of new employment contract of Head of Internal Audit;
 - reviewing and approving the remuneration structure for Head of Internal Audit; and
 - being informed of appointment and resignation of Internal Audit management staff and provide them the opportunity to submit reasons for resigning.
- (j) Review any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises question of integrity;
- (k) Consider the major findings of internal investigations and management's response;
- l) Carry out other duties as directed by the Board;
- m) Promptly report to BMSB on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of the BMSB;
- n) Direct any special investigations to be carried out by the Internal Audit;
- o) Review and reassess, with the assistance of management and the External Auditors, the adequacy of the Terms of Reference of the Audit Committee on annual basis;
- p) Annual evaluation of the external auditor's performance to ensure continued independence, objectivity and quality of audits;
- q) As an oversight of the whistleblowing programme, an independent member of the Audit Committee shall be the Chairman of the

Whistleblowing Independent Committee (WIC); and

- r) All matters pertaining to ethics, integrity, corruption, abuse of power and other scope covered under the Malaysian Anti-Corruption Commission (MACC) Act 2009 (including but not limited to that dealt with/by WIC) shall be reported to the Audit Committee via the Corporate Integrity Unit (CIU).

- 8.1.6 Audit Committee meets at least six (6) times during the financial year to carry out its functions.
- 8.1.7 A quorum of three members, of which two are independent, is the minimum required to be present at any Audit Committee Meetings. At any meetings, there must be a majority of independent members.
- 8.1.8 The MD, relevant employees, Head of internal audit and the Financial Controller may attend the meetings only at the invitation of the Audit Committee.
- 8.1.9 The Board will review the performance of the Audit Committee once in every three (3) years.
- 8.1.10 The Audit Committee will also review the Statement of Internal Control for the purpose of incorporation into the Company's Annual Report.
- 8.1.11 The Head of internal audit will report and answer directly to the Audit Committee.
- 8.1.12 A cooling-off period of two (2) years is required before a former audit partner can be appointed as member of the Audit Committee.

8.2 Board Nomination & Remuneration Committee (“Nomination & Remuneration Committee”)

- 8.2.1 The Nomination & Remuneration Committee comprises at least three (3) members, all of whom shall be Non-Executive Directors with a majority being INED.
- 8.2.2 The Chairman of the Nomination & Remuneration Committee and the members shall be appointed by the Board.
- 8.2.3 The functions and duties of the Nomination & Remuneration Committee are to, inter alia:

Nomination

- (a) To determine the criteria for Board membership, including qualities, experience, skills, expertise, education background and qualifications, competencies, integrity, contribution, level of commitment in terms of time and other qualities that will best qualify a nominee to serve on the Board.

- (b) 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.
- (c) 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 deliberation.
- (d) To propose to the Board the responsibilities of the Directors, including membership and Chairmanship of the Board Committees.
- (e) 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
 - The independence of the Independent Directors, particularly when there is any new interests or relationships surface.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) 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.
- (j) 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.
- (k) To review overall company organization structure.
- (l) 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."*
- (m) To evaluate and approve the appointment of Company Secretary for the subsidiary companies of MAHB.
- (n) 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.
- (o) To review and recommend the succession planning for Managing Director.

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- (p) To review and approve policies and procedures on human resources matters pertaining to Senior Management.
- (q) To review and approve the level and make-up of Senior Management.
- (r) To review and approve the appointment, promotion, transfer, termination of service/contract and offer of new employment contract of Senior Management.
- (s) 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.
- (t) To review and approve the succession planning for Senior Management.
- (u) 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.
- (v) 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.

Remuneration

- (a) 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.
- (b) 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.
- (c) 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.

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

- (d) To establish and review the scheme of service for Managing Director.
- (e) 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 Managing Director.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) To establish and approve the scheme of service for Senior Management.
- (j) To review and approve the general remuneration policies and practices for Senior Management.
- (k) To establish suitable short and long term policies of having performance-related incentive schemes for Senior Management, where appropriate.

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

8.2.5 The Nomination & Remuneration Committee meets at least four (4) times a year. Additional meeting shall be scheduled as considered necessary by the Chairman of the Nomination & Remuneration Committee.

8.2.6 A quorum of two members, of which one should be an Independent Director, is required to be present at any Nomination & Remuneration Committee Meeting.

8.3 Board Finance and Investment Committee (“Finance and Investment

Committee”)

- 8.3.1 The members of the Finance and Investment Committee are appointed by the Board from among its members. There shall be at least four (4) members, the majority of whom are Independent Non-Executive Director.
- 8.3.2 A quorum for the Finance & Investment Committee shall be at least three (3) members, of which one (1) should be an Independent Director. In the absence of the Chairman, the members present shall be electing a Chairman for the meeting from amongst the members present. Such person so elected as Chairman for the Meeting must be a Non-Executive Director of MAHB. The Independent Director must be present at each Finance and Investment Committee meeting.
- 8.3.3. The Committee to conduct meetings at least once every quarter or 4 meetings per annum and convene additional meetings as and when necessary.
- 8.3.4 The functions and duties of the Finance and Investment Committee are to:
- a) Review and monitor the financial investment policy and financial investment portfolios of the MAHB Group.
 - b) Review, evaluate and assess prospective investments/ divestments, new businesses, projects and overseas ventures, taking into account of factors such as strategic rationale, return on investment and resource requirements of those prospects, and make appropriate recommendations to the Board of Directors.
 - c) Review and monitor the progress of all capital projects against the approved project schedule and budget to ensure completeness of all project deliverables within schedule and budget. Capital projects include construction of new airports, land development projects and any other expansion projects for domestic and foreign airports.
 - d) Review and monitor the performance of the overseas ventures.
 - e) Review Group Approval Limit of Authority (GALOA) and recommend it to Board of Directors for their approval.
 - f) Consider other duties as directed by the Board of Directors of MAHB.
 - g) Oversee current and future capital and financial resource requirement.
 - h) The Finance and Investment Committee to review the Committee's Terms of Reference at least once every 2 years.
- 8.3.5 The Finance and Investment Committee to review the Committee's

Terms of Reference at least once every 2 years.

8.4 Board Risk Management Committee (“Risk Management Committee”)

8.4.1 The Risk Management Committee comprises at least four (4) members, made up of INED and Non-Independent Non-Executive Directors. The members of the Risk Management Committee are appointed by the Board as recommended by the Board Nomination and Remuneration Committee.

8.4.2 The responsibilities of the Risk Management Committee are to, inter alia:

- a) To approve the overall Risk Management, Occupational Safety and Health (OSH), ICAO Safety Management Safety (SMS) and Information Security policies and strategies.
- b) To oversee senior management's responsibilities in managing risks including information security risks and safety to ensure that the risk management process is in place and functioning.
- c) To oversee that the CRMC discharges its duties in managing risk as per its Terms of Reference and to review and endorse their minutes of meetings.
- d) To determine the Company's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets.
- e) To review risk management, OSH, Safety and Information Security activities to ensure that all risks are taken into account in business plans and strategies.
- f) To review the Corporate Risk Profile and understand the significant risks that affects the achievement of company's objectives and ensure the implementation of appropriate systems to manage these risks.
- g) To oversee the adequacy of resources for implementation of risk management and safety strategies, activities and initiatives.
- h) To ensure a risk management statement is included in the annual report confirming that risks are being identified, evaluated/assessed and that appropriate Management Action Plans are in place to manage and mitigate those risks effectively.

8.4.3 A quorum of 3 members who are Non-Executive Directors is the minimum required to be present at any Risk Management Committee meeting.

8.4.4 The Risk Management Committee to review the Committee's Terms of Reference at least once every two (2) years.

8.5 Board Procurement Committee (“Procurement Committee”)

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8.5.1 The Procurement Committee comprises at least three (3) members, made up of both INED and Non-Independent Non-Executive Directors. The members of the Procurement Committee are appointed by the Board.

8.5.2 The general functions of the Procurement Committee are inter alia:

- a) To ensure that the project and tender documents comply with prescribed procurement policies and procedures;
- b) To determine the tender evaluation criteria;
- c) To approve on selective tendering method and the list of selected tenderers for procurement values above RM10 million;
- d) To recommend to the Board of Directors on award of tender above RM200 million;
- e) To approve procurement exercises for value of RM5 million to RM200 million;
- f) To approve the proposed earnings from rental space, commercial activities for value of RM5 million to RM50 million per contract and its related issues such as reduction and discounts of rental rates arising out of business transactions of MAHB group and its subsidiary companies. For value above RM50 million, to recommend to the Board of Directors;
- g) To approve variation orders (VO) more than 10% of the contract sum of above RM10 million to RM150 million and up to 10% of the contract sum of above RM150 million;
- h) To approve extension of time (EOT) for projects approved by BPC;
- i) To approve procurement for wholly owned and majority owned subsidiary companies for a value more than RM5 million and up to RM50 million. Above RM50 million, BPC to recommend to the Board of Directors for approval;
- j) To approve the appointment of consultants/specialists for the amount of Professional Fees of value more than RM1 million and up to RM10 million. For Professional Fees of value more than RM10 million, BPC to recommend to the Board of Directors for approval; and
- k) To appoint sub-committees for technical and commercial when necessary.

8.5.3 The Procurement Committee shall review and approve procurement policies and procedures, including the anti-corruption policy and codes of conduct.

8.5.4 The Procurement Committee shall oversee and monitor the overall implementation of Redbook objectives, ensuring efficiency and effectiveness of procurement processes, and support of national development objectives.

8.5.5 The required quorum for the Procurement Committee shall be 3 members (including the Chairman).

The Procurement Committee to review the Committee's Terms of Reference at least once every two (2) years.

9. REMUNERATION LEVELS OF DIRECTORS

9.1 The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.

9.2 The level of remuneration for the MD and/or Executive Directors is structured so as to link rewards to corporate and individual performance.

9.3 The Directors shall be paid by way of remuneration for their services such fixed sum (if any) as shall from time to time be determined by the Company in a general meeting ("Directors' Fees") and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine provided that:

- a) fees payable to Directors who hold no executive office shall be paid by a fixed sum and not by commission on or percentage of profits or turnover;
- b) salaries payable to Directors who do hold an executive office in the Company may not include a commission on or a percentage of profits or turnover;
- c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;
- d) meeting allowances are payable to Non-Executive Directors; and
- e) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

9.4 If any Director was called upon by the Board to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of the Board or Committee, the Company may pay the Director remuneration

Clause

and expenses therefore either by fixed sum or otherwise as may be determined by the Company in a general meeting, and that such remuneration and expenses may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors.

9.5 The Directors shall also be paid "Meeting Allowance" for his/her attendance at the Board meetings and/or Board Committee meetings and/or Board meeting of any of the Company's subsidiaries. Such Meeting Allowance and any changes therewith shall be approved by the Board.

9.6 Non-Executive Directors who have 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.

9.7 No Director other than the MD and/or Executive Directors shall have a service contract with the Company.

9.8 The Directors are covered by the following insurance policies:

a) Group Term Life Insurance, which covers against all causes 24 hours anywhere in the world resulting in death, permanent disablement and any dreadful diseases (if diagnosed). The current sum insured is RM500,000.00 for death and 25% of basic sum insured for dread disease.

b) Directors and Officer Liability Insurance, which indemnifies the Directors and Officers of the Company against any legal liability to pay for loss caused by wrongful act arising out of their duties and within their capacities as Directors and Officers of the Company.

The current sum insured is RM75,000,000 in respect of any one claim.

9.9 There should be a review of the Director's total remuneration at least once every 2 years to ensure that remuneration levels are aligned with at least the 50th percentile of their appropriate peer group.

9.10 There is adequate disclosure in the Annual Report on the remuneration of Directors.

10. FINANCIAL REPORTING

10.1 Transparency

10.1.1 The Company aims to present a clear and balanced assessment of the Company's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.

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- 10.1.2 The Directors shall 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 applicable Approved Accounting Standards in Malaysia.
- 10.1.3 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.
- 10.1.4 The Auditors Report shall contain a statement from the Company's external auditors (Company Auditors) explaining their responsibility in forming an independent opinion, based on their audit of the financial statements.

10.2 Company Auditors

- 10.2.1 The Board shall establish formal and transparent arrangements for considering how financial reporting and internal control principles will be applied and for maintaining an appropriate relationship with the Company Auditors through its Board Audit Committee.
- 10.2.2 The Board Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Company Auditors. The Company ensures that the Company Auditors do not supply a substantial volume of non-audit services to the Company.
- 10.2.3 Appointment of the Company Auditors is subject to approval of shareholders at general meetings. The Company Auditors have to retire during the annual general meeting every year and be re-appointed by shareholders for the ensuing year.
- 10.2.4 The Company Auditors shall not be liable to be sued in any court or be subject to any action for defamation in respect of any report submitted pursuant to sec 286 of the CA by the Company Auditors in good faith and in the performance of duty imposed on the auditors under the CA.

10.3 Internal Controls and Risk Management

- 10.3.1 The Company shall have a well-resourced internal audit function, which critically reviews all aspects of the Company's activities and its internal controls. Comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries are to be undertaken on a regular basis. The Head of Internal Audit shall have direct access to the Board through the Chairman of the Board Audit Committee.
- 10.3.2 The Board ensures that the system of internal controls is in place that will provide a reasonable assurance that the Company's assets are safeguarded against unauthorised use or disposition and the system is reviewed on a regular basis.

Clause

10.3.3 The Board Audit Committee receives reports regarding the outcome of such reviews on a regular basis.

11. GENERAL MEETINGS

11.1 Annual General Meeting (AGM)

11.1.1 AGM shall be held once at least in every year at such time (not being more than fifteen months after the holding of the last preceding general meeting) and at such place as may be determined by the Directors.

11.1.2 The notices convening an AGM shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 21 days before the meeting. Any notice of meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 21 days' notice of such meeting shall be given by advertisement in at least 1 nationally circulated Bahasa Malaysia or English daily newspaper and in writing to Bursa Securities upon which the Company is listed.

11.1.3 The Company regards the AGM as an important event in the corporate calendar, which all Directors and Senior Management should attend.

11.1.4 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.

11.1.5 The Chairman shall commit to respecting shareholders right to participate, speak and vote at general meetings.

11.1.6 The Chairman and, where appropriate, the MD shall respond to shareholders' queries during the AGM. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

11.1.7 The quorum for an AGM shall be two members present in person or by proxy. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of the business.

11.2 Extraordinary General Meeting (EGM)

11.2.1 The Directors may, whenever they think fit, convene an EGM, and they shall:

i) on the requisition of the holders of not less than one-tenth of such of the paid up capital of the Company as at the date of the deposit of the requisition carrying the right of voting at general meetings, forthwith proceed to convene an EGM, and in the case of such requisition the provisions of Section 144 of the CA shall have effect.

ii) any other urgent matters requiring immediate attention of the

Clause

Company.

- 11.2.2 In the case of an EGM called in pursuance of a requisition no business other than that stated in the requisition as the objects of the meeting shall be transacted.
- 11.2.3 The notices convening an EGM shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed of such meeting shall be given by advertisement in at least 1 nationally circulated Bahasa Malaysia or English daily newspaper and in writing to Bursa Securities upon which the Company is listed.
- 11.2.4 The quorum for an EGM shall be two members present in person or by proxy. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of the business.

12. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 12.1 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.
- 12.2 The Board shall ensure 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.
- 12.3 The Company shall conduct 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.
- 12.4 A press conference will normally be held after each general meeting. At this press conference, the Chairman or MD 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 Company Secretary to ensure that information that has yet to be released to Bursa Securities is not released to the press.
- 12.5 The Company has set up a website to provide the email, address, name(s) of the designated persons and their contact numbers to enable the public to forward all their enquiries. The Company's website also provides easy access to corporate information pertaining to the Company and its activities and all the announcements made to Bursa Securities.

13. RELATIONSHIP WITH OTHER STAKEHOLDERS

In the course of pursuing the vision and mission of the Company, the Board recognises that no company should exist to maximise shareholders value alone. In this regard, the needs and interests of other stakeholders shall also be taken into consideration.

13.1 Employees

13.1.1 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.

13.1.2 The Company shall adopt comprehensive and documented policies and procedures with respect to the following:

- a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
- b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace.

13.2 Environment

13.2.1 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.

13.2.2 The Company shall adopt comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

13.2.3 The Company supports initiatives on environmental issues.

13.3 Social Responsibility

13.3.1 The Board acknowledges that the Company should play a vital role in contributing towards the welfare of the community in which it operates.

13.3.2 The Company adopts comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.

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

14. COMPANY SECRETARY

Clause

- 14.1 The Board shall appoint a qualified and competent Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 14.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- 14.3 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.
- 14.4 The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
- a) disclosure of interest in securities;
 - b) disclosure of any conflict of interest in a transaction involving the Company;
 - c) prohibition on dealing in securities;
 - d) restrictions on disclosure of price-sensitive information.
- 14.5 The Company Secretary must keep abreast, and inform, the Board of current governance practices.
- 14.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.

15. APPLICATION

- 15.1 The principles set out in this Charter shall be:
- a) kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;
 - b) applied in practice having regard to their spirit and general principles rather than to the letter alone; and
 - c) summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.
- 15.2 The Board endeavours to comply at all times with the principles and practices set out in this Charter.
- 15.3 The Board shall review the charter at least once every 2 years to ensure its applicability to the company's current situation
- 15.4 At any one time, should the LR or CA be amended for any reason whatsoever, the amendment of which affected the contents of this

Clause

Charter, the amended LR or CA shall take precedent over the Charter.