



MALAYSIA AIRPORTS HOLDINGS BERHAD

Registration No. 199901012192 (487092-W)
(Incorporated in Malaysia)

BOARD CHARTER

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1. INTRODUCTION

- 1.1 The Board of Directors ("the Board") of Malaysia Airports Holdings Berhad ("MAHB" or "the Company") upholds corporate governance as an integral component to the success of the Company and is unreservedly committed to ensuring the pillars of governance such as ethical behaviour, accountability, transparency, and sustainability are practised throughout the MAHB Group of Companies ("the Group").
- 1.2 This Board Charter spells out the roles of the Board, its duties and responsibilities in overseeing the business the Company to safeguard the interest of the shareholders and other stakeholders.
- 1.3 The duties and responsibilities as well as powers of the Board are derived from the Constitution of the Company ("Constitution"), the Companies Act as amended from time to time, Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other prevailing statutory and regulatory requirements, and guidelines.

2. DUTIES AND RESPONSIBILITIES OF THE BOARD

- 2.1 The Board is responsible of overseeing and monitoring the business operations of the Company in an effective and responsible manner. Each and every member of the Board has a duty to act in the best interest of the Company. In this respect, the Board sets the Company's values and standards, and ensures its obligations to the shareholders and other stakeholders are discharged.
- 2.2 Duties of the Board include: -
 - a) Review and approve the Group's overall strategy, vision and mission, objective, core values, brand promise and corporate governance framework of the Group.
 - b) Review and approve corporate key performance indicators ("KPIs") and targets.
 - c) Provide guidance on strategic direction, challenge assumptions, priorities and options, and review business plans and budgets put forward by Senior Management.
 - d) Set the Company's enterprise risk management framework, review major risk exposure and ensure appropriate risk mitigation plan is in place and examine risk factors for major projects.
 - e) Together with Senior Management, promote a high standard governance culture that upholds ethical and professional behaviour in keeping with the Company's brand promise.

- f) Review the performance of Managing Director ("MD") and Senior Management personnel against the corporate KPIs.
- g) Plan and determine succession plan of Senior Management personnel including appointment, compensation, renewal of employment contracts and replacement.
- h) Oversee the implementation of investor relation programmes and appropriate shareholders' communication policy.
- i) Oversee the sustainability of the Group's business from the aspects of environment, social and governance, and relevant areas material to the Group and its stakeholders.

2.3 Board Reserved Matters

2.3.1 On top of matters stipulated by laws, the following items are reserved to the Board: -

- a) Approval of contents of annual reports, quarterly financial statements, and annual audited financial statements.
- b) Approval of the Company's dividend policy, and any declaration and distribution of dividends.
- c) Approval of the Group's annual budget and business plan, and any revision thereof.
- d) Approval of the Company's long-term financial plan and annual capital expenditure.
- e) Approval of significant change in accounting policies and practices.
- f) Approval of circulars, resolutions, and corresponding documents circulated to shareholders.
- g) Approval of change in capital structure with regards to issuance or allotment of shares or other securities and status as listed issuer.
- h) Appointment, re-appointment, retirement, or removal of Directors and recommendation for re-election at annual general meeting pursuant to the Constitution.
- i) Appointment, retirement, or removal of the Company Secretary.
- j) Recommend to shareholders the appointment, re-appointment, or removal of external auditors.

- k) Review and approve the establishment of Board Committees, their terms of reference, and where appropriate endorse their decisions.

2.4 Delegation to Management

- 2.4.1 The responsibility of managing the Company is delegated to Senior Management via the MD. In this regard, the Board sets the Company's policies and strategic direction, and ensures its decisions are executed in an effective manner by Senior Management. The implementation of policies and strategic direction, and execution of Board decisions are controlled via an established procedure [i.e., Limits of Authority ("LOA") and Procurement Policies & Procedures ("Procurement Manual")] which outline the appropriate approving authorities and types of decisions required.

3. COMPOSITION AND BOARD BALANCE

3.1 Composition

- 3.1.1 The composition of the Board comprises Executive Directors and Non-Executive Directors ("NEDs") including Independent Non-Executive Directors ("INEDs") so that no individual or group of individuals dominate the decision-making process.
- 3.1.2 The Board consist of qualified individuals from diverse backgrounds, experience, and expertise. The composition of the Board is tailored such that it facilitates an informed decision-making process.
- 3.1.3 In line with the Constitution, members of the Board shall be not less than two (2) nor more than twelve (12) Directors. At any time at least (2) or one-third (1/3), whichever is higher, of the Board shall be INEDs.

3.2 Appointment

- 3.2.1 Appointment of new Director is decided by the Board upon recommendation from Board Nomination & Remuneration Committee ("BNRC"). The selection process involves BNRC considering the predetermined criteria sought from a candidate such as the skillset, expertise, qualifications, experience, competency, integrity, independence, and diversity.
- 3.2.2 In its search of candidates for appointment of new Directors, BNRC engages the existing Directors, Senior Management, or major shareholders. BNRC may seek assistance from independent parties to identify suitable candidates which may include directors' registries or the service of independent professional firms.
- 3.2.3 As provided by the Constitution, the Minister of Finance Incorporated, the Special Shareholder of the Company, has the right to appoint up to six (6) Government Appointed Directors.

3.3 Fit and Proper Requirements

- 3.3.1 As prescribed by the MMLR, all candidates must satisfy the criteria for "Fit & Proper" person as part of the screening process for new appointments on the Board, as well as for Directors who are seeking re-election at general meetings.
- 3.3.2 Any new appointment on the Board or a Director seeking re-election at a general meeting shall also satisfy the following criteria: -
- a) Character and integrity.
 - b) Experience and competence.
 - c) Time and commitment.
- 3.3.3 BNRC conducts annual review of the existing Directors including Directors who are seeking re-election at general meetings to ensure they satisfy the "Fit & Proper" criteria at all times. Upon completion of the review, BNRC would submit its assessment to the Board.

3.4 Diversity

- 3.4.1 The Board adopts a policy at least 30% of its composition are Women Directors. However, in search of candidates for new appointments on the Board, BNRC does not discount the aspects of ethnicity, cultural backgrounds, and age of candidates to ensure a balanced line up on the Board. Notwithstanding, the Board considers merit as the most important aspect for any new appointment.

3.5 Tenure

- 3.5.1 The tenure of an INED should not exceed a cumulative term of nine (9) years, or up to 75 years of age, whichever is earlier.

3.6 Re-election

- 3.6.1 The Constitution provides every newly appointed Director shall retire at the next annual general meeting ("AGM") following his or her appointment. Being eligible, he or she may offer himself or herself for re-election at the said AGM. Further, one third (1/3) or the number nearest to 1/3 of the Board shall retire from office at an AGM every three (3) years. Being eligible, the retiring Director may offer himself or herself for re-election at the AGM.

4. DESCRIPTION OF POSITIONS

4.1 Division of Responsibility

4.1.1 The positions of Chairman and MD are held by different individuals. The division of responsibilities between the Chairman and MD are clearly demarcated to ensure objectivity between the functions of the Board and Management.

4.2 Chairman of the Board

4.2.1 The Chairman is responsible of leading the Board to ensure the effective discharge of Directors' duties and responsibilities. He is responsible to: -

- a) lead the Board in setting the values and standards of the Company.
- b) lead the Board in adopting and implementing corporate governance principles and best practices.
- c) maintain a relationship of trust between Executive Directors and NEDs.
- d) ensure the supply of accurate, timely and adequate information to the Board.
- e) ensure an effective communication with shareholders and other stakeholders and their views are communicated to the Board.
- f) act as a facilitator before and during Board meetings to ensure: -
 - i) adequate notice of meetings.
 - ii) appropriate number of agenda items and prioritisation are set to enable effective board deliberations.
 - iii) adequate information is supplied to the Board.
 - iv) no individual or group of individuals dominate Board discussions.
 - v) variety of opinion among Board members is drawn out.
 - vi) consensus is achieved in Board decisions and to call for vote to ensure the will of the majority prevails, as and when necessary.
 - vii) sufficient time is allowed for discussion of complex or contentious issues, and where appropriate, arrange unofficial meetings beforehand to enable thorough preparation for Board meetings; and
 - viii) issues deliberated at Board meetings are forward looking and focusing on strategy and policy.
- g) lead annual evaluation of the Board, Board Committees, and individual Directors.
- h) ensure effective contribution from NEDs and constructive relationships are maintained between Executive Directors and NEDs.

- i) the creation of Board dynamics inside and outside boardroom including appropriate balance of power, level of accountability, and independent decision-making.
 - j) a cohesive leadership team consisting of the Board and Senior Management and managing the interface between them.
 - k) delegate responsibilities to other Directors, Board Committees and Senior Management.
 - l) chair all general meetings of the Company.
- 4.2.2 To ensure check and balance as well as objectivity of Board decision-making process, the Chairman shall not be appointed as member of any Board Committee.
- 4.2.3 The Chairman ensures that Executive Directors discharge their duties beyond executive functions and accept full responsibility on corporate governance.

4.3 Managing Director (“MD”)

- 4.3.1 MD is the bridge between the Board and Management for implementation of the Company's policies and strategies, and executing Board decisions. In this regard, he is exclusively responsible for the day-to-day management of the Company.
- 4.3.2 All powers conferred to Management (except internal audit functions) are delegated through the MD and regarded as his authority and accountability but subject to control by the Board. He is answerable to the Board in pursuing the Company's goals.
- 4.3.3 MD ensures the Board receives timely updates and advice on the Company's affairs during Board meetings or at any time when necessary. Among others, his advice covers the following areas: -
- a) all matters that materially affect the Company's affairs and performance including any prospect for strategic development.
 - b) any underperforming business activity including the relevant proposal to rectify the situation.
 - c) all material information that affects or could affect the shareholders' investment decision.

4.4 Non-Executive Directors (“NEDs”)

- 4.4.1 NEDs bring to the Board a considerable depth of knowledge and experience as expected of them. All NEDs are independent of Senior Management while the INEDs are free from any business or other relationships which could materially interfere with the exercise of independent judgment.
- 4.4.2 INEDs provide unbiased and independent views to ensure all papers or proposals presented by Senior Management are deliberated in a robust manner and examined in the best interest of the Company.
- 4.4.3 The roles of INEDs include but not limited to the following: -
- a) To ensure objectivity and independent judgment in reviewing proposals from Senior Management while being responsible of monitoring the implementation of policies, strategies, and Board decisions.
 - b) To constructively challenge and contribute to the development of business strategies and direction of the Company.
 - c) To oversee the conduct of the Company's business and evaluate whether it is properly managed.
 - d) To provide independent and objective views, assessment, and suggestions during deliberations of the Board.
 - e) To ensure the presence of adequate system of internal control and check and balance to safeguard the interests of minority shareholders.

4.5 Senior Independent Director (“SID”)

- 4.5.1 The Board appoints an SID who acts as a point of contact to the shareholders and other stakeholders to voice their concerns. The position of SID also provides a sounding board for the Chairman and serves as an intermediary to other Directors.
- 4.5.2 Other roles of SID are: -
- a) Chairs Directors' meetings in the event the Chairman is absent or does not arrive within 15 minutes or in the event the Chairman is required to be excused from a meeting.
 - b) Review notification from the Chairman on acceptance of new directorships in other companies.
 - c) Advise the Board in the event of any potential conflict of interest involving the Chairman.

- d) Lead evaluation of the Chairman.
- e) Arrange and facilitate dialogues between INEDs.
- f) Perform such duties as the Board may request.

5. BOARD MEETINGS

5.1 Frequency of Meetings

- 5.1.1 Meetings of Directors are scheduled regularly to ensure the Board sufficiently discharges its duties and responsibilities. Members of Senior Management may be invited to Board meetings to contribute to discussions on matters within their scope of responsibility.

5.2 Notice and Agenda

- 5.2.1 Notice of Board meetings are circulated to the Directors at least fourteen (14) calendar days in advance of each meeting. This is followed by the agenda and Board papers (including pre-reading materials) which are circulated to the Directors five (5) business days in advance of each meeting. This gives the Directors sufficient time to read and review the meeting materials and, where necessary, request for pre-meeting briefings or additional materials.

5.3 Quorum

- 5.3.1 As stipulated under the Constitution, the quorum for a Board meeting shall be two (2) Directors.

5.4 Mode of Meetings

- 5.4.1 Meetings of Directors may be held within or outside Malaysia at two (2) or more venues via a telecommunication device or electronic equipment that enables the Directors to participate during the entire duration of the meeting. A Director's participation in a meeting via a telecommunication device or electronic equipment shall be deemed as presence in person and counted as part of the quorum notwithstanding the fact he or she is not physically present at the venue the meeting.

5.5 Voting

- 5.5.1 Questions arising at any meeting of Directors shall be decided by a majority of votes with each Director having one vote and in case of an equality of votes, the Chairman shall have a second or casting vote.
- 5.5.2 In a situation where two Directors form a quorum and only such quorum is present, or at a meeting of the Directors at which only two (2) Directors are

competent to vote on the question at hand, the Chairman of such meeting shall not have a casting vote.

5.6 Declaration of Interests

5.6.1 The Directors owe a duty to disclose conflict of interest in the following manner:-

- a) declare any situation of conflict of interest (whether direct or indirect) in relation to contracts or business arrangements with any entity in the Group or property held. Such declaration shall be made in writing to the Board.
- b) declare any interest (whether direct or indirect) in proposals or transactions regarded as related-party transactions as prescribed by the MMLR.
- c) avoid any improper use of position as Director or use of information obtained by virtue of his or her position as Director for personal gain or causing harm to the Company.

5.6.2 Disclosure of conflict of interest should be made as soon as practicable after the relevant facts are known to the Director and it should be made at Board meetings. The disclosure should include the relevant details such as the nature and extent of conflict of interest, including interest in any competing business with the Group, the relationship or transaction involved and the potential impact to the Company. In the event of doubt of the potential conflict of interest, a Director should seek advice of the Company Secretary. In the event of non-declaration despite an actual or potential conflict of interest, the Company Secretary is empowered to highlight the same to the attention of the Board.

6. ACCESS TO INFORMATION AND INDEPENDENT ADVICE

6.1 All Directors have the right to full and unrestricted access to information, resource, and service to enable the effective performance of their duties at the Company's expense. The access includes but not limited to: -

- a) full and unrestricted access to information relating to the Company.
- b) full and unrestricted access to advice and service of Senior Management.
- c) obtain independent professional advice.

6.2 Senior Management is responsible to provide the required information to the Board in an appropriate and timely manner.

7. BOARD EVALUATION

7.1 The Board implements a structured Board Performance Evaluation ("BPE") on an annual basis whereby the performance of the Board, Board Committees,

and individual Directors are evaluated based on the agreed criteria. A set of questionnaires is designed as a tool to facilitate the BPE whereby the Directors would provide their feedback in writing. Thereafter, the findings, outcome, analysis, and recommended action plan are tabled to BNRC and the Board via Board Performance Improvement ("BPI") for implementation in the ensuing year.

- 7.2 The Board also engages a consultant to conduct the BPE once every three (3) years to ensure an objective and candid board evaluation.

8. DIRECTORS' REMUNERATION

- 8.1 The remuneration of MD is structured to link rewards to corporate and individual performance. Meanwhile, the NEDs receive basic fees (including additional fees for serving on the boards of subsidiary companies) as well as meeting allowance for attending meetings of the Board, Board Committees, boards of subsidiary companies, and any other committees as approved by the Board.

- 8.2 A review of Directors' remuneration is carried out once every three (3) years, or as and when necessary, to ensure the level of remuneration is aligned to the market and industry practice, business strategy, and the long-term objective of the Company.

- 8.3 The remuneration payable to the NEDs is subject to approval of shareholders at general meetings.

9. TIME COMMITMENT

- 9.1 All members of the Board allocate sufficient time to attend meetings and to carry out their duties and responsibilities. Prior to accepting any new directorships outside the Group, all members of the Board are required to notify the Chairman including to advise the indication of time to be spent on the new appointment.

10. DIRECTORS' CODE OF ETHICS

- 10.1 The Directors' Code of Ethics serves as a guiding principle to the conduct of the Directors. It summarises the Board's fiduciary duty, provides guidance in dealing with ethical issues and helps foster the spirit of social responsibility and accountability in line with the rules and regulations governing the Company.

- 10.2 All members of the Board 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. The Directors are expected to deal in the business affairs of the Company in all honesty, integrity, diligence, and reasonable competence.

11. BOARD TRAINING AND DEVELOPMENT

- 11.1 The Board determines and evaluates the training needs of its members on a regular basis. In ensuring this, the Company ensures all members of the Board have access to continuing education programmes to enhance their competency, knowledge, and skillset, and to keep abreast with the latest development in the market and regulatory environment.
- 11.2 In addition to the requirement to Mandatory Accreditation Programmes ("MAP") by Bursa Securities, all members of the Board must ensure they attend trainings as may be prescribed by Bursa Securities from time to time.
- 11.3 Any new Director appointed on the Board is encouraged to attend an onboarding programme as arranged by the Company Secretary.

12. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

- 12.1 The Board acknowledges that shareholders must be appropriately notified of all material development and information affecting the Company, and as such adopts an open and transparent policy in the Company's relationship with the shareholders and investment community.
- 12.2 The Board ensures the timely release of quarterly and annual financial results to ensure the shareholders and investment community receive quality information on the overview and status of the Company's performance and operations on top of other announcements to Bursa Securities as required by MMLR.
- 12.3 The Company publishes the email, address, name(s) of designated persons and their contact numbers on its website to enable the public to channel their queries and concerns. The website provides easy access to the latest news and information pertaining to the Company's business activities and all announcements released to Bursa Securities.

13. RELATIONSHIP WITH OTHER STAKEHOLDERS

- 13.1 In pursuing the vision and mission of the Company, the Board believes no company exists to create shareholders' value alone. In this regard, the Board upholds that the interests of other stakeholders are equally important. As such, corporate responsibility plays vital roles in realising the vision and mission of the Company.

14. SUSTAINABILITY

- 14.1 As a corporate citizen, the Board is cognisant the main objective of the Company is to create value to its shareholder by taking a long-term view for growth. Therefore, Environmental, Social and Governance ("ESG") are critical elements in measuring sustainable and ethical impact to business decisions. These criteria help the Board and Senior Management to chart the

performance of the Company by considering risks and return in a holistic manner.

14.2 The Board upholds Malaysia's sustainability agenda and align the Company's business operations to global standards especially the United Nation's Sustainable Development Goals ("SDGs"). The Company adopts a sustainability charter and framework which incorporates the elements of ESG.

1.4.3 The Board identifies a designated person from Management to ensure focus in managing sustainability in a strategic manner including the integration of sustainability focus areas into the business operations of the Company.

15. BOARD COMMITTEES

15.1 The Board may from time to time establish a committee of Directors ("Board Committee") from amongst its members to assist in the performance of its duties and responsibilities. The functions of each Board Committee are drawn in their terms of reference and made available on the Company's website.

15.2 The present Board Committees are: -

- a) Board Audit Committee.
- b) Board Nomination & Remuneration Committee.
- c) Board Risk Management Committee.
- d) Board Procurement Committee.
- e) Board Sustainability Committee.
- f) Board Development Committee.

15.3 The chairman of each Board Committee reports the outcome of their meetings at Board meetings.

16. COMPANY SECRETARY

16.1 The Board appoints a qualified and competent Company Secretary who plays vital advisory and referral roles who shall fulfil the functions for which he or she is appointed.

16.2 The Company Secretary is the central source of information and advice on issues relating to compliance with laws, rules and regulations, corporate governance best practices, and procedures affecting the business operations of the Company.

- 16.3 The roles and responsibilities of the Company Secretary include, among others:-
- a) Attend and record the deliberations and decisions of Board and Board Committee meetings and facilitate communication between Directors. This includes managing the logistics of meetings.
 - b) Provide advice on corporate governance best practices, corporate disclosures, and assist the Board and Board Committees to carry out their duties in an effective manner.
 - c) Ensure relevant procedures relating to appointments of new Directors are properly executed.
 - d) Facilitate orientation of new Directors and assist in Directors' training and development.
 - e) Ensure the proper convening and conduct of proceeding of meetings including in attendance at all general meetings.
 - f) Serve as a focal point for communication and engagement on matters relating to corporate governance with shareholders.

16.4 All members of the Board have unrestricted access to the advice and service of the Company Secretary.

17. REVIEW OF BOARD CHARTER

17.1 This Board Charter is reviewed every three (3) years, or as and when necessary.

18. ACCESS TO BOARD CHARTER

18.1 This Board Charter is available on the Company's website at www.malaysiaairports.com.my