

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5014
COMPANY NAME : Malaysia Airports Holdings Berhad
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") is collectively responsible in promoting the success of Malaysia Airports Holdings Berhad ("MAHB" or "the Company") by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith in the best interest of the Company. The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions: -</p> <ol style="list-style-type: none">1. To determine the Company's long-term direction, formulate business objectives and strategies including strategies that promote sustainability;2. To ensure that it has adequate resources to meet its objectives and that it maintains an effective/sound risk management framework;3. To review and implement the Company's internal control system;4. To monitor its performance and ensure that it acts ethically and meets its responsibilities to shareholders and other stakeholders; and5. To adopt 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. <p>Annually, the Board reviews and deliberates the Management's proposal as well as provides guidance on the Company's business strategies. A Special Board meeting was held in November 2019 to gather the Board's inputs towards charting the business plan by considering all factors contributing to both cost and revenue.</p>

The Company undertakes a structured planning process for MAHB Group (“the Group”) where business/budget planning and performance management are finalised before each new financial year.

The corporate strategy is clustered into the following five (5) strategic themes, focusing on both fortification and expansion of the Company’s current procedures and operations to drive the business competitiveness through time: -

1. Best in Class Hub;
2. World Class Service Levels;
3. Strengthening Non-Aero Business;
4. Unlocking Potential through Aeropolis; and
5. Expanding and Diversifying through International Business.

A schedule of matters reserved for the Board to ensure that the direction and control of the Company are in the Board’s hands are provided in the Board Charter.

The Board delegated its powers to the relevant Board Committees and Group Chief Executive Officer. The roles of each Board Committee, among others, are as follows:

Board Audit Committee (BAC):

1. Reviews the reports of external auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company’s operations, adequacy of internal control system, compliance with policies and procedures, transparency in decision-making process and accountability of financial and management information.
2. Reviews on any related party transactions for each quarter.

Board Nomination & Remuneration Committee (BNRC):

1. Reviews, assesses and recommends to the Board, remuneration packages of the Group Chief Executive Officer and/or Managing Director and Senior Management as well as to review matters relating to employees of the Group, limited to Collective Agreement for Non-Executives, terms and conditions of employment for Executives, bonus and annual increment for employees.
2. Determines criteria for Board or Board Committees’ membership, structure, responsibilities and effectiveness, reviews the term of office and performance of BAC, and formulates and reviews policies and procedures on human resource matters with regard to recruitment, appointment, promotion and transfer of Group Chief Executive Officer and/or Managing Director and Senior Management.

	<p><u>Board Finance and Investment Committee (BOFIC)</u></p> <p>1. Reviews and monitors the financial investment policy and financial investment portfolio of the Group.</p> <p><u>Board Risk Management Committee (BRMC)</u></p> <p>1. Formulates the overall risk management, occupational safety and health, International Civil Aviation Organisation (ICAO) safety management system and information security strategy of the Group and recommends for approval and/or approves (whenever applicable) any major risk decisions by the Group.</p> <p><u>Board Procurement Committee (BPC)</u></p> <p>1. Approves procurement award of above RM10 million up to RM200 million, reviews and approves procurement policies and procedures, oversees and monitors the overall implementation of the Red Book by the Putrajaya Committee on GLC High Performance, ensures efficiency and effectiveness of procurement process, and supports national development objectives.</p> <p>Details of the terms of reference of the respective Board Committees are published on the Company's website.</p> <p>The Board in implementing corporate governance, ensures accountability to the Company's shareholders and stakeholders.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	: The roles of the Chairman of the Board have been provided in the Board Charter and includes, inter alia: - <ol style="list-style-type: none">1. Lead the Board in setting the values and standards of the Company;2. Maintain a relationship of trust with and between the Executive and Non-Executive Directors;3. Ensure the provision of accurate, timely and clear information to Directors;4. Ensure effective communication with shareholders and relevant stakeholders;5. Act as facilitator for meetings to ensure:<ol style="list-style-type: none">(i) adequate notice of meetings;(ii) adequacy of information for Board meetings;(iii) no member dominates the discussion;(iv) full discussion takes place;(v) variety of opinion among Board members is drawn out;(vi) outcome of discussions results in logical and coherent policy to guide the Group Chief Executive Officer and /or Managing Director (MD and/or GCEO) and against which the performance of the Company can be monitored; and(vii) consensus is obtained in the Board and when necessary, to call for vote.6. Arrange regular evaluation of the performance of the Board and its Committees;7. Facilitate effective contribution of Non-Executive Directors and ensure constructive relations be maintained between Executive and Non-Executive Directors;8. Create 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;

	<p>9. Lead discussions among Directors;</p> <p>10. Build a cohesive leadership team consisting of the Board and Senior Management; and</p> <p>11. Delegate responsibilities to other Directors, Committees and Management.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>There is a clear division of responsibilities between the running of the Board and the executives responsible for the running of the day-to-day business operations of the Group. This division of responsibilities helps to ensure objectivity between the functions of the Board and Senior Management.</p> <p>The positions of Chairman and Group Chief Executive Officer are held by two (2) different individuals. For the year under review, initially the Chairman of the Board was Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail. He was thereafter replaced by Y. Bhg. Tan Sri Datuk Zainun Ali on 18 January 2019. Whilst, the Group Chief Executive Officer, Y.M. Raja Azmi Raja Nazuddin, was appointed on 4 January 2019.</p> <p>Currently, the Chairman is Y. Bhg. Tan Sri Datuk Zainun Ali, whilst the Group Chief Executive Officer is Y. Bhg. Dato' Mohd Shukrie Mohd Salleh, who assumed the position on 2 March 2020. Their respective roles and responsibilities are governed by the Company's Board Charter.</p> <p>The role of Chairman and Group Chief Executive Officer and/or Managing Director are clearly defined in the Board Charter and stated in the Corporate Governance Overview Statement in the Annual Report 2019.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretary, Encik Zawardi Salleh, is a member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and holds a Practising Certificate from the Companies Commission of Malaysia. He is also the Secretary for all Board Committees and MAHB's local subsidiaries. The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, policies and procedures and compliance with the relevant regulatory requirements, guidance and legislations as well as best corporate governance practices. The Directors are regularly updated by the Company Secretary on changes to the relevant regulatory requirements, more particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors.</p> <p>The functions of Company Secretary, amongst others, are as follows:</p> <ol style="list-style-type: none">1. Responsible for advising the Directors of their duties, responsibilities and obligations to disclose their interest in securities, prohibition on dealing of securities during the closed period, restriction on disclosure of price sensitive information, disclosure of any conflict of interest and related party transaction as well as disclosure of necessary information as required by the relevant legislations;2. Prepare the agenda with the Chairman and notify all Directors of Board Meetings;3. Attend all Board, Board Committee, and Shareholder meetings and ensure that all meetings are properly convened, and proceedings of the Board, Board Committee, and Shareholder meetings and decisions thereof are properly recorded;4. Communicate decisions of the Board, Board Committee, and Shareholder meetings to the relevant Management for necessary actions following-up on proposals or matters tabled at the Board or Board Committee meetings;

5. Provide full access and services to the Board;
6. Assist the Board with interpreting legal and regulatory acts related to the Malaysian Code of Corporate Governance 2017 (“MCCG 2017”), Listing Requirements of Bursa Malaysia Securities Berhad and other regulations and developments;
7. Advise the Board on the requirements to disclose material information to the shareholders and financial markets on a timely basis;
8. Handle the Company’s share transactions and other duties as prescribed under the relevant legislations;
9. Ensure the appointment of new directors, re-appointment and resignation of directors are in accordance with the relevant legislations;
10. Ensure execution of assessment for directors and the Board/Board Committees;
11. Brief to new Directors on organisational structure of the Company and procedures that regulate the operations of the Board;
12. Facilitate the orientation of new directors and providing assistance in directors’ training and development.
13. Ensure availability of information required by new directors for the proper discharge of their duties;
14. Assist the Board and the Chairman on the implementation of MCCG 2017.
15. Monitor compliance with the principles and recommendations of MCCG 2017 and inform the Board of any departure; and
16. Ensure high standard of governance by keeping abreast of the latest development in corporate governance and changes in the legal and regulatory framework.

In ensuring the Board has full understanding of the businesses of the Company and the Group, the Company Secretary attended trainings/courses to keep him abreast with the regulatory requirements and corporate governance practices.

The Company Secretary had made arrangement for Directors to attend trainings/courses. The trainings/courses attended by the Directors are listed according to their names as stated in **Appendix 1**.

	<p>In line with the Listing Requirements of Bursa Malaysia Securities Berhad, all the newly appointed Directors have attended the Mandatory Accreditation Programme.</p> <p>The Directors have direct access to the advice and services of the Company Secretary. The Company Secretary works closely with the Management to ensure a timely and appropriate information flow between the Board/Board Committees and Management.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman takes responsibility in ensuring that the Directors receive accurate, timely and clear information with regard to the Group's financial and operational performance in order to enable the Board to make sound decisions and provide necessary advices with all Board and Board Committee papers are issued in advance prior to the scheduled meetings. The Company Secretary shall assist the Chairman to ensure that the process of disseminating the information is effective and reliable.</p> <p>Under the current practice, notices for all Board meetings are issued to the Directors at least 14 days before the date of each meeting. Similarly, notices of Board Committee meetings are circulated to the members and all those invited to the meetings at least 14 days before each meeting. The agenda and the Board papers shall be circulated five (5) business days from the date of each meeting.</p> <p>In 2019, the Company endeavours to ensure that the Board papers are circulated to all Directors five (5) business days in advance to ensure that Directors are provided with sufficient information and time to prepare for Board meetings and to facilitate robust discussions. Furthermore, in order to provide an in-depth discussion of the respective matters within a reasonable and sufficient time, the Chairman will decide on the agenda, and structure and prioritise the respective matters accordingly based on their relevancy and importance. Confidential papers or urgent proposals are presented and tabled at the Board meetings under a special agenda.</p> <p>The format and structure of the Board papers contain the right amount of details and are clear and concise. The Board papers are prepared to enable the Directors to comprehend the subject matters within the first few minutes of reading. The minutes of each Board meeting are circulated together with the Board papers to all Directors for their perusal before confirmation of the minutes. The Board may refrain from considering any last-minute agenda items during a meeting, unless the matter is of genuine and exceptional circumstances.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board Charter provides the roles of the Board, Chairman and Group Chief Executive Officer and/or Managing Director as well as the functions of the respective Board Committees.</p> <p>A schedule of matters reserved for the Board so as to ensure that the direction and control of the Company are in its hands are provided in the Board Charter. The Board Charter also incorporates the major provisions of the terms of reference of Board Committees.</p> <p>The Board Charter is available on the Company’s website.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	.	
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>Malaysia Airports' Code of Ethics and Conduct ("the Code") is intended to provide clear guidelines on permissible or non-permissible conduct in the business practices of the Group. The Code is implemented to ensure that all employees and its representatives comply with the same standards. It shall also serve as guidelines when making judgment calls on work ethics, including in bridging and fostering close relations between the Company and its customers. The business code of conduct for the Board is subject to the statutory duties of directors under various legislative enactments, and as stipulated under the Companies Act, Listing Requirements of Bursa Malaysia Securities Berhad and Securities Commission Act.</p> <p>The Code applies to all the Company's employees and representatives including agents, consultants, contractors, and suppliers for the Company:</p> <p><u>Employees</u></p> <p>All employees of the Company are required to understand and comply with the Code, uphold the integrity of the Company and adhere to all requirements and provisions of the law in force in every country where the Company conducts its business, and conduct their work in a manner consistent with the Company's policies, procedures, directives and guidelines as issued from time to time.</p> <p><u>Line Managers</u></p> <p>As leaders in the Company, Line Managers have added responsibilities of ensuring their direct reports understand and comply with the Code, promoting compliance and good ethical values via leadership by example, and diligently on the lookout for indications that unethical or illegal activities, malpractice or other</p>

	<p>irregularities have occurred and to report the matter to the Head or Industrial Relations, Human Resources Division.</p> <p><u><i>Business Partners and Suppliers</i></u></p> <p>Suppliers are expected to conform to the principles and standards set out in the Code in their relationship and dealings with the Company. Violation of the Code will result in blacklisting by the Company. Business Partners are encouraged to adopt similar principles and standards of behaviour.</p> <p>The Code is made available on the Company's website at www.malaysiaairports.com.my</p>	
<p>Explanation for departure</p>	<p>:</p>	
	<p></p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	<p></p>

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognised that as part of a holistic governance system, it is imperative to ensure that a Whistleblowing programme is in place. In this regard, the Board has established a Whistleblowing Independent Committee (WIC) which is currently chaired by Y. Bhg. Datuk Azailiza Mohd Ahad, Independent Non-Executive Director, who is also a member of the Board Audit Committee (BAC). The members of the WIC came from diverse backgrounds to ensure that the WIC are well represented, whilst the BAC acts as the oversight committee for the WIC.</p> <p>To demonstrate the Board's seriousness in addressing concerns, the Whistleblowing Policy, procedures, structure and Reporting of Concern Form, have been published on the Company's website.</p> <p>The Company's Whistleblowing Policy as adopted by the Board aims to: -</p> <ol style="list-style-type: none">1. encourage employees and external parties to feel confident in raising genuine concerns and to question and act upon concerns about practice;2. provide avenues for employees and external parties to raise those concerns and receive feedback on any action taken; and3. reassure employees and external parties that they will be protected from possible reprisals or victimisation for whistleblowing in good faith. <p>The policy is applicable to all employees and external parties who have business dealings with the Group.</p> <p>The scope of this policy covers possible improprieties listed below: -</p> <ol style="list-style-type: none">1. Commission of fraud, bribery and/or corruption;2. Unauthorised use of Company's money, properties and/or facilities;3. Exposure of Company's properties, facilities and/or staff to the risks of safety and security;4. Abuse of position;5. Involvement in unlawful act;6. Failure to meet Professional Standards;7. Negligence/malpractice; and

	<p>8. Disclosure of Company's information without proper authorisation.</p> <p>The above list is not exhaustive and includes any act or omissions, which if proven, will constitute act of misconduct under MAHB Code of Ethics and Conduct or any criminal offence under relevant legislations in force.</p> <p>The policy, however, does not cover: -</p> <ol style="list-style-type: none"> 1. False concerns; 2. Defaming concerns; 3. Concerns with no basis or insufficient evidence; and 4. Malicious concerns. <p>The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution.</p> <p>The WIC will assess all information received and act in accordance with its terms of reference. Subsequently, the WIC will submit a report to the BAC at alternate BAC meeting.</p> <p>Concerns can be channelled online at www.malaysiaairports.com.my via the Whistleblowing Programme Reporting of Concern Form, or emailed to wic_secretariat@malaysiaairports.com.my, or by calling the hotline at 03-8777 7314 or 019-659 2263.</p> <p>During the year, a total of 10 concerns received, which covers broad areas of improprieties as mentioned above, and where appropriate, actions have been taken to address the concerns.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises majority independent directors.

Application	: Applied
Explanation on application of the practice	<p>For the year under review, the Board composition was as follows: -</p> <p>Independent Non-Executive Directors (INED) (54.5%) Non-Independent Non-Executive Directors (NINED) (45.5%)</p> <p>However, the Board composition is subject to the provision in the Constitution of the Company.</p> <p>Under Rule 113 of Company's Constitution further states that the Special Shareholder shall have the right from time to time: -</p> <p>(a) To appoint any person; or (b) To nominate any acting director (with the consent of the Director concerned) to be a Government Appointed Director so that there shall not be more than six (6) Government Appointed Directors at any time comprising:</p> <p>(i) The Chairman of the Board of Directors; (ii) The Managing Director; (iii) One representative each from the Ministry of Finance and the Ministry of Transport; and (iv) Two other representative as may be determined.</p> <p>IN 2019, the BNRC carried out a review of the Director's independence. It was concluded that each of the six (6) INED possess independent traits and judgement as as expected from them. INED are identified in our Annual Report and other communications with shareholders. The Board was satisfied that the six (6) INED represent the interest of the minority shareholders by virtue of their roles and responsibilities. The Board will continuously monitor and review whether there are relationships or circumstances that are likely to affect (or could appear to affect) their independence.</p> <p>The Board Charter provides that the Board should include a balance of INEDS and NINEDS such that no individual or small group of individuals can dominate the Board's decision making.</p>

	<p>INED provide independent judgment, experience, and objectivity without being subordinated to operational considerations. The views of the INED should carry significant weight in the Board's decision-making process.</p> <p>As of 5 May 2020, the Board composition remained unchanged as follows: -</p> <p>INED (54.5%) NINED (45.5%)</p> <p>The Company complied with the best practice recommendation of MCCG 2017 for the Board to comprise majority INED throughout 2019. The Board will continuously engage with the Ministry of Finance (Incorporated), its Special Shareholder, in order to ensure continuity of compliance.</p>	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable – Step Up 4.3 adopted.	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied																																	
Explanation on application of the practice	:	<p>The nomination and appointment of Directors is a vital process as it determines the Board composition and quality of the Board's capacity and competency. The BNRC is entrusted by the Board to review candidates for the appointment to the Board and determine the criteria for the selection and appointment of new Directors.</p> <p>The BNRC, in making its recommendation on candidates for directorships, will consider the following: -</p> <ol style="list-style-type: none">1. Skills, knowledge, competencies, expertise and experience.2. Professionalism.3. Integrity.4. Commitment, contribution, and performance; and5. In the case of candidates for the position of INEDs, the BNRC will also evaluate the candidate's ability to discharge such responsibilities or functions as expected of the INEDs. <p>The BNRC maintains its independence and objectivity in discharging its responsibility of overseeing Directors, Senior Management and specific matters relating to human resource issues and employees.</p> <p>The skills matrix of the Directors based on the review made in December 2019 is as follows:</p> <table border="1"><thead><tr><th>No</th><th>Skills</th><th>No of Directors</th></tr></thead><tbody><tr><td>1</td><td>Leadership</td><td>11</td></tr><tr><td>2</td><td>Strategy</td><td>9</td></tr><tr><td>3</td><td>Management/Business</td><td>9</td></tr><tr><td>4</td><td>New Technologies/Digitalisation</td><td>1</td></tr><tr><td>5</td><td>Economics/Investment</td><td>4</td></tr><tr><td>6</td><td>Finance/Banking</td><td>5</td></tr><tr><td>7</td><td>Accounting/Auditing</td><td>2</td></tr><tr><td>8</td><td>Engineering</td><td>3</td></tr><tr><td>9</td><td>Sustainability Skills – Social & Environmental</td><td>3</td></tr><tr><td>10</td><td>Governance/Integrity</td><td>8</td></tr></tbody></table>	No	Skills	No of Directors	1	Leadership	11	2	Strategy	9	3	Management/Business	9	4	New Technologies/Digitalisation	1	5	Economics/Investment	4	6	Finance/Banking	5	7	Accounting/Auditing	2	8	Engineering	3	9	Sustainability Skills – Social & Environmental	3	10	Governance/Integrity	8
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1	Leadership	11																																	
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10	Governance/Integrity	8																																	

	11	Procurement	7
	12	Property Investment & Management	3
	13	Regulatory	4
	14	Government Relations/Public Service	7
	15	Marketing/Sales/Retail/Commercial	4
	16	Legal	2
	17	Diplomacy/International Relations	5
	18	Human Capital Management	7
	19	Reorganisation, Mergers & Acquisition	4
	20	Land/Town Planning	2
	21	Construction	5
	22	International/Multinational	4
	23	IT Strategy & Governance/ICT	1
	24	Project Management	5
	25	Negotiation	6
	26	Airport/Aviation	3
	27	Entrepreneur	2
	28	Safety/Security	1
	29	Infrastructure Management	2
	30	Operational Excellence/Process Improvement	3
Explanation for departure :			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure :			
Timeframe :			

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has always been supportive of the Government’s agenda to achieve the target of at least 30% Women Directors by 2020. The Company has achieved the target as currently the Board is represented by five (5) Women Directors who make up 45.5% of the Board composition. In 2019, the composition of Women Directors on the Board was 54.5% for a period of eleven (11) months.</p> <p>The Board will have regard to gender, but diversity is also based on other merits and considerations such as ethnic background, expertise, international and regional exposures and industry experts. In achieving the intended outcome, the current Board composition consists of members from various disciplines e.g. legal, engineering, finance, procurement, government sector and multinational experience, etc. In addition, gender, ethnic background and other merits will contribute to robust deliberation thus ensuring that its decisions are made in the best interest of the Company and at the same time balancing various stakeholders’ interests.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	Others

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board leverages on the network, shareholders' recommendation and industry database to source for potential candidates for appointment of INEDs to the Board.</p> <p>Mr. Ramanathan Sathiamutty, who was appointed as INED on 1 January 2019, brings with him vast experience in digital transformation, operational efficiency, strategic planning, strategic acquisition and talent development.</p> <p>For appointment of other INEDs in future, the Board will consider sourcing new Directors via different recruitment agencies.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>On 30 January 2019, the Board appointed Y. Bhg. Datuk Azailiza Mohd Ahad, INED, as the Chairman of BNRC.</p> <p>The Board ensures that the composition of BNRC consists majority INED. The quorum for the BNRC shall be at least two members, of which one should be an Independent Director. Such composition will allow for robust discussions and constructive assessment of matters presented to BNRC.</p> <p>The BNRC maintains its independence and objectivity in discharging its responsibility of overseeing Directors, Senior Management and specific matters relating to Human Resource issues and employees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	: Applied
Explanation on application of the practice	<p>: An Evaluation Questionnaire was developed to evaluate the Board, Board Committee and individual Directors which covers the following areas: -</p> <ol style="list-style-type: none"> 1. Board composition; 2. Board role and functioning; 3. Information management; 4. Corporate social responsibility; 5. Monitoring company's performance; 6. Board Committee effectiveness – General evaluation of committees; 7. Board priorities; 8. CEO performance evaluation and succession planning; 9. Director development and management; 10. Risk management; 11. Board committee evaluation; and 12. Director self/peer evaluation. <p>The strength and weaknesses identified from the evaluation was presented to BNRC for recommendation to the Board. The Board had further deliberated the findings of the BPE and views of each Board member, of which the findings are used as a yardstick to measure the Board's effectiveness.</p> <p>This forms the basis to formulate a Board Performance Improvement Plan (BPI) for the following year. Based on the results of the BPE for year 2019, the BPI identified by the Board mainly focuses on the right team, capabilities, processes and culture. This will be monitored by the Board on a quarterly basis to determine the progress of the action plans developed by the Management.</p>
Explanation for departure	:

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities, and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board remuneration structure is reviewed by benchmarking the Chairman's and the Directors' remuneration against peer companies, locally and regionally. The Board ensures that the alignment of the remuneration package offered to the Directors of the Company will continue to attract and retain individuals of such calibre to provide the necessary skills and experiences required for the effective management and operations of the Group.</p> <p>The Group Chief Executive Officer's and/or Managing Director's remuneration comprises basic salary and other customary benefits which reflect his responsibilities. Whilst the Directors' remuneration package, comprises Directors' fees and emoluments as well as benefits-in-kind, which reflect the individual's roles and responsibilities. The calibre of the Directors serving the Company is essential in upholding the standards of corporate governance.</p> <p>The terms relating to the Directors' remuneration are provided in the Board Charter and are available on the Company's website.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established Board Nomination & Remuneration Committee (BNRC) to review and recommend matters relating to the remuneration of Board and Senior Management.</p> <p>A copy of the terms of reference (TOR) of BNRC is available on the Company's website. The said TOR includes requiring BNRC to review the following and recommend to the Board for approval:</p> <ul style="list-style-type: none">• 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.• To review and recommend to the Board the remuneration structure and policy for Managing Director and/or Group Chief Executive Officer, 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.• To ensure that a strong link is maintained between the level of remuneration and individual performance against the performance of the Group and the achievement of the organization targets; the performance-related elements of remuneration setting forms a significant proportion of the total remuneration package of the Group Chief Executive Officer and/or Managing Director.

	<ul style="list-style-type: none"> • To review and recommend Managing Director's and/or Group Chief Executive Officer's goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy. • 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. • 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. • To establish and approve the scheme of service for Senior Management. • To review and approve the general remuneration policies and practices for Senior Management. • To establish suitable short and long-term policies of having performance-related incentive schemes for Senior Management, where appropriate.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The detailed disclosure of remuneration of individual Directors on named basis is available in the Company's Annual Report 2019. The remuneration breakdown includes fees, benefits-in-kind and other emoluments.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The disclosure on Senior Management remuneration package is stated within the range of RM50,000 to RM104,000 on unnamed basis. The Company places great importance on retention of talented employees.</p> <p>The Company believes that the future success of the Company is dependent on its ability to attract, motivate and retain the right talented employees. Among the various programmes to support this ambition is a competitive remuneration policy.</p> <p>The Company strives to maintain talented employees to ensure that the objectives of the Company are met. The Company opts not to disclose the remuneration of Senior Management to avoid negative implications such as: -</p> <ul style="list-style-type: none">(i) Disclosures may lead to pay inflation as employees may benchmark and compare amongst themselves;(ii) Attempt by competing companies to lure high performing employees;(iii) Dissatisfaction among employees resulting from differences of remuneration packages among the executives;(iv) Invasion of privacy and may expose named officers to extortion attempts and other criminal acts; and(v) Discourage employees from taking up the position due to disclosure of personal data. <p>In achieving the intended outcome, the Senior Management's remuneration package is subject to review and approval by the Board Nomination & Remuneration Committee. To ensure competitiveness in offerings, the packages are reviewed from time to time.</p>

	<p>The Senior Managements' performances are evaluated on a yearly basis. At the beginning of each year, the corporate level of the Key Performance Indicators (KPIs) are set by the Board and cascaded to the Senior Management. The Senior Managements' performances are then reviewed in the middle of the year and at the beginning of the following year.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>The disclosure on Senior Management's remuneration packages is stated within the range of RM50,000 to RM104,000 per month on unnamed basis in the Annual Report.</p>
<p>Timeframe</p>	<p>:</p>	<p>The Board will review the appropriateness and necessity of adopting this practice from time to time.</p>

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board Audit Committee (BAC), Encik Rosli bin Abdullah, is an Independent Non-Executive Director. He is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	Currently, none of the member of the Board is former key audit partner serving the cooling-off period of two (2) years. Therefore, there is no such person to be appointed as a member of the Audit Committee. The policy has been formalised in the terms of reference of BAC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group's transparent and professional relationship with the external auditors is primarily maintained through the Board Audit Committee (BAC). The key features underlying the BAC's relationship with the external auditors are as detailed in the Report on the BAC of the Annual Report. The terms of engagement of the Company's external auditors are reviewed by the BAC prior to submission to the Board for approval.</p> <p>The BAC works closely with the Management in assessing the suitability and independence of the external auditors and has obtained confirmation from the external auditors that they are and have been, independent throughout the conduct of the audit engagement.</p> <p>In order to ensure full disclosure of matters, Messrs. Ernst & Young PLT (EY) are regularly invited to attend the Committee's meetings as well as the AGM. For the financial year under review, a private session between BAC and the external auditors in the absence of Group Chief Executive Officer and/or Managing Director and the Management were held, to discuss the adequacy of controls and any judgmental areas for greater exchange of views and opinions between both parties in relation to Financial Reporting.</p> <p>In February 2020, EY in its presentation of external auditors' report to the BAC provided a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2019.</p> <p>In order to ensure that the external auditors' independence and objectivity are not compromised by the provision of non-audit services, BAC's practice is to exclude them from providing services on merger and acquisition exercise, due diligence, management, strategic, and other non-audit and non-tax-related services, unless the services offered by the external auditors are</p>

	more effective or competitively priced, and they are the expert in the field against other providers.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the BAC is a member of the Malaysian Institute of Accountants.</p> <p>All members of the BAC are financially literate and have sufficient understanding of the Company's business. The Board is satisfied that the BAC members had discharged their functions, duties, and responsibilities in accordance with the terms of reference of the BAC.</p> <p>All members of the BAC have attended the courses/trainings relating to accounting & audit as attached in Appendix 2.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	: Applied
Explanation on application of the practice	<p>The Board has implemented a risk management and internal control system that is integrated with the Group's corporate culture and decision-making process with the ultimate objective to safeguard the Group's assets, shareholders' investment and other stakeholders' interests.</p> <p>The Board Risk Management Committee (BRMC) and Board Audit Committee (BAC) are in place to monitor governance, transparency and accountability towards the establishment of an appropriate control environment and to review its adequacy and integrity on a periodic basis to ensure its effectiveness.</p> <p>The implementation and execution of the risk management and internal control system are cascaded to the Management. With the establishment of the Corporate Risk Management Committee (CRMC) and Internal Audit Management Committee (IAMC), these committees are responsible to manage the agreed risk treatments and monitor risk controls directed by the respective Board Committees to provide a sustainable business environment in the Group.</p> <p>The Statement on Risk Management and Internal Controls (SORMIC) which provides an overview of the state of internal controls in the Group is set out in the Annual Report 2019.</p>
Explanation for departure	:

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board via Board Risk Management Committee (BRMC) oversees the risk management matters of the Group.</p> <p>In relation to the risk management process, the Group’s risk management and internal control system is operating adequately and effectively as at 31 December 2019.</p> <p>In implementing the risk management framework, the Company follows the Three-lines of Defence Model as follows:</p> <ol style="list-style-type: none"> 1. 1st Line of Defence: Business Operations <ul style="list-style-type: none"> - Implement risk and internal control measures 2. 2nd Line of Defence: Oversight Functions <ul style="list-style-type: none"> - Strategic management - Policy & procedures setting - Functional oversight 3. 3rd Line of Defence: Independent Assurance <ul style="list-style-type: none"> - Independent challenge and assurance <p>The Board has disclosed the key features of its risk management and internal controls system as well as its adequacy and effectiveness as stated in the SORMIC published in the Annual Report 2019.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	BRMC comprises majority Independent Non-Executive Directors. Out of five (5) members, three (3) of BRMC members are Independent Non-Executive Directors.

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	: Applied
Explanation on application of the practice	<p>The Internal Audit Division (“IAD”) is independent of operation and management of the Group. It endeavours to provide independent, objective assurance and consulting services to add value and improve the Group’s operations. IAD assists MAHB accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and internal control processes.</p> <p>IAD uses a risk-based approach to determine the priorities of the internal audit activities, consistent with the strategies of the Group. The annual audit plan is reviewed periodically to cater for changes in the risk exposure and operating environment. An Audit Management System is used to enhance the effectiveness and efficiency of the audit process. Audit engagements are guided by the Committee of Sponsoring Organisations (COSO) and Control Objectives for Information and Related Technologies (COBIT) framework in ensuring IAD conforms to the Standards and deliver value-added services.</p> <p>IAD audit universe includes functions of governance, risk management and review of controls in the areas of, but not limited to Corporate functions, Governance & Compliance, Information Systems, Airports (Operations, Engineering, Revenue Management, Safety and Security) and other subsidiaries business in aviation services, airport commercial & retail, facilities & infrastructure management, hospitality management, airport consultancy, plantation and Aeropolis.</p> <p>IAD performed audit in various areas, in accordance with the Audit Plan which among others include the following key areas:</p> <p><u>Corporate</u> Quality of Service – framework, Host Culture Transformation, Brand Equity.</p> <p><u>Governance</u> Projects, Due Diligence, Assurance Mapping Exercise.</p> <p><u>Information Technology</u> Network & Infrastructure, Airport IT Infrastructure (Flights Information Display, Baggage Handling System, Wifi).</p>

	<p><u>Operation</u> Quality of Service - Infrastructure Readiness, Inventory Management, Food & Beverages, Airport Fire & Rescue Services, Engineering, Procurement, Commercial and Aeronautical Revenue, Plantation, Security system and Operation.</p> <p><u>Financial</u> Budget process, Treasury.</p> <p><u>Others*</u> Related Party Transaction, Investigations, Special Review, Project * Request from the Board, Board Committees, Management or arising from the Whistleblowing Programme.</p> <p>On periodic basis, IAD presented to the BAC the updates on its activities comprising key highlights of areas reviewed, follow-up of outstanding issues, progress of the 2019 Annual Audit Plan and ad hoc assignments. The Internal Audit function of subsidiaries in Turkey; ISG and LGM reports to the Acting General Manager, IAD and related updates on activities were presented to the ARC of ISG and LGM.</p> <p>The roles of BAC are set out in its terms of reference.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	: Applied
Explanation on application of the practice	<p>All Internal Audit Division (IAD) staff are required to disclose any relationship or conflict of interest to safeguard against impairment of objectivity and independence of internal audit.</p> <p>As of 31 December 2019, IAD had a total of 20 auditors who are made up from diverse backgrounds – Accounting/ Finance/ Business (12); Information Technology (4); Engineering (3); Operations (1).</p> <p>Puan Ainon Mahat was appointed as Acting General Manager of Internal Audit Division on 1 January 2019. She is a Certified Internal Auditor (CIA) and a member of The Institute of Internal Auditors. She holds an Executive MBA focusing on Airport Management and received the distinguished Vice Chancellor Award upon her graduation from Universiti Teknologi Mara (UiTM). She also holds a Bachelor of Science in Business Administration majoring in Computer Business Information Systems from University of Arkansas, Fayetteville USA, a Graduate Diploma in Business Administration (Airport Management) from National University of Singapore and attended Executive Navigators Program by INSEAD, Singapore.</p> <p>Audit engagements are guided by the Committee of Sponsoring Organisations (COSO) and Control Objectives for Information and Related Technologies (COBIT) framework in ensuring IAD conforms to the Standards and deliver value-added services.</p> <p>External quality assessment by a qualified independent reviewer is conducted every five years since year 2008 to ensure that audit work performed by the Internal Auditors is in line with The Institute of Internal Auditors standards. Based on the external quality assessment conducted by The IIA Malaysia in 2018, the IAD has fulfilled the key objectives in accordance with The IIA's International Standards for the Professional Practice of Internal Auditing, with the rating of 'Generally Conform'.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>Disciplined measurement of the performance is an important aspect in managing the shareholders and other stakeholders interest in the Company. In this regard, the Company ensures that the reporting of financial and non-financial results are conducted in a transparent manner. Several formal communication channels are used to account to shareholders with regard to the performance of the Group. These include the Annual Report and press releases/announcements, whilst the institutional shareholders may raise enquiries to the Company by contacting the Investor Relations Division.</p> <p>The Company's Investor Relations Policy provides an avenue for an effective communication with the shareholders, prospective investors, stakeholders and the public in general with the intention of giving them a clear picture of the Group's performance and operations. To maintain transparency and to effectively address any matters and concerns, the Company has a dedicated email - ir@malaysiaairports.com.my to which stakeholders can direct their queries.</p> <p>The Company is committed to ensure that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company.</p> <p>The Company's practice is to disseminate all price sensitive, material information to Bursa Malaysia in a timely manner as required by the Listing Requirements of Bursa Malaysia Securities Berhad and to the market and community generally through media releases, social media platforms (namely, Twitter, Facebook, Instagram and YouTube), corporate website and other appropriate channels. Each division is required to immediately inform the Company Secretary on any potential price sensitive and material information.</p> <p>The Company utilises its corporate website (www.malaysiaairports.com.my) and social media platforms as means of disseminating information to the shareholders,</p>

	<p>stakeholders and the broader investment community. the Company discloses information on the latest news and happenings through media releases, featured in a section called “News Centre” on the website and on its social media platforms. Employees will also be informed of any important news, to be issued via internal communications platform such as emails. In addition, the Company has dedicated a section on its website to its investors where corporate presentations, annual reports, quarterly reports, annual financial statements, announcements, stock market and financial information can be viewed.</p> <p>The Company has also utilised information technology to broadly and effectively disseminate information regarding the dates scheduled for release of its quarterly results.</p> <p>The quarterly financial results are also announced via Bursa LINK immediately after the Board’s approval on the same day and the analyst/media briefings are conducted for every quarterly financial result announcement. This is important in ensuring equal and fair access to information is provided to the investing public, so that they can make timely and informed decisions.</p> <p>The details of engagement with major shareholders, major stakeholders, institutional shareholders and private shareholders are provided in the Corporate Governance Overview Statement published in the Annual Report 2019.</p> <p>.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is currently in the second year of journey towards full adoption of Integrated Reporting (IR) by producing the the Annual Report for the financial year ended 31 December 2019 on a partial adoption of IR approach. The Company expects to fully adopt the IR approach for its Annual Report for the financial year ending 31 December 2020.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will adopt IR based on a globally recognised framework progressively.	
Timeframe	:	Within three (3) years (Financial years ending 2018 to 2020)	Adoption of IR is a journey and will be assessed from time to time.

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>The Notice of AGM was circulated 28 days before the date of the AGM to enable shareholders to go through the Annual Report, fulfilling the 21-day requirement under the Companies Act 2016, Listing Requirements of Bursa Malaysia Securities Berhad as well as the recommendation of MCCG 2017. The additional time given to shareholders allows them to make the necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.</p> <p>In 2019, the Notice of 20th AGM was issued on 3 April 2019 for the meeting held on 2 May 2019, thus ensuring 28 days' notice was given to the shareholders.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>All Directors attended the 20th AGM held on 2 May 2019.</p> <p>The Chairman and other Board members, Group Chief Executive Officer, Management and external auditors were in attendance to respond to the shareholders' queries. The Group Chief Executive Officer had also shared with the shareholders the Company's responses to questions submitted in advance by the Minority Shareholder Watch Group (MSWG).</p> <p>The Chairmen of the Audit, Nomination & Remuneration and Risk Management Committees were present on stage to provide responses if there were any questions addressed to them.</p> <p>During the 20th AGM, the Chairman invited members to raise questions and seek clarifications on the proposals tabled. Appropriate answers and clarification were provided by the Board members, Board Committee Chairmen and Senior Management to allow the shareholders to make informed voting decisions at the meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Company adopted a poll voting via electronic voting (e-voting) during its 20th AGM on 2 May 2019. The Company had also provided the alternative ways to reach the location of the meeting in its Administrative Guide attached to Notice of 20th AGM.</p> <p>The voting at the 20th AGM was conducted via a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company had appointed Securities Services (Holding) Sdn Bhd as the Poll Administrator to conduct the polling process, whilst Commercial Quest Sdn Bhd was appointed as Scrutineers to verify the poll results.</p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak, and vote in his stead at a general meeting.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company will implement voting in absentia and remote shareholders' participation at the forthcoming 21 st AGM on 30 June 2020. Moving forward, the Company will take the necessary steps to continue with the new practice.	
Timeframe	:	21 st AGM on 30 June 2020	The Company will take the necessary steps to continue with the new practice

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

Not applicable.

Trainings Attended by Directors as at 31 December 2019

Name of Director	Conference / Training Programmes Attended	Category
Y. Bhg. Tan Sri Datuk Zainun binti Ali	<ul style="list-style-type: none"> • PNB Leadership Forum 2019 • Capital Market Director Program- PNB Director • Mandatory Accreditation Programme (MAP) • Strategic Assets Allocation (SAA) Board Workshop • Company Engagement by members of the Institutional Investors Council Malaysia • Talk on Directors and Officers (D&O) Liability Insurance • Validation Workshop for Strategic Messaging Framework • PNB Board Workshop on IT Blueprint 	<ul style="list-style-type: none"> • Leadership & Strategy • Finance • Regulatory & Legal • Leadership & Strategy • Management and Business • Governance & Integrity • Leadership & Strategy • IT strategy & Governance
Y. Bhg. Dato' Jana Santhiran a/l Muniayan	<ul style="list-style-type: none"> • Mandatory Accreditation Programme (MAP) • RSOG Senior Leadership Programme (SLP): Leadership Presence 2019 	<ul style="list-style-type: none"> • Regulatory & Legal • Leadership & Strategy

Name of Director	Conference / Training Programmes Attended	Category
Ms. Wong Shu Hsein	<ul style="list-style-type: none"> • Mandatory Accreditation Programme (MAP) • Invest Malaysia Conference 2019 • Khazanah Spokesperson Media Training • Managing Crucial Conversation – Board Conversation • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge • Khazanah Megatrends Forum 2019 	<ul style="list-style-type: none"> • Regulatory & Legal • Finance • Management & Business • Governance & Integrity • Regulatory & Legal • Management & Business
Puan Hajah Jamilah binti Dato' Hashim	<ul style="list-style-type: none"> • Workshop on " Enhancement of Guest Experience at KUL" • Workshop on " Proposed Adoption of New Constitution in Place of Existing Memorandum and Articles of Association" • ProcureCon Asia 2019 – Transforming Procurement Together • Talk on Directors and Officers (D&O) Liability Insurance • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge • CAPA World Aviation Outlook Summit & Awards for Excellence 2019 	<ul style="list-style-type: none"> • Airport/ Aviation • Regulatory & legal • Procurement • Governance & Integrity • Regulatory & legal • Airport / Aviation
Y. Bhg. Datuk Seri Michael Yam Kong Choy	<ul style="list-style-type: none"> • Workshop on " Enhancement of Guest Experience at KUL" • Workshop on " Proposed Adoption of New Constitution in Place of Existing Memorandum and Articles of Association" • New Airport Show Istanbul 2019 	<ul style="list-style-type: none"> • Airport/Aviation • Regulatory & legal • Airport/Aviation

Name of Director	Conference / Training Programmes Attended	Category
	<ul style="list-style-type: none"> • REHDA Institute Annual Property Developers Conference – CEO Series: Surviving the Turbulence & World of Disruptions • IMF World Economic Outlook • CIDB/CIOB Novus Youth Arena Malaysia: Industry Forum Group Discussion Productivity & Quality Towards Professionalism • TFWA World Exhibition & Conference • Cinnamon Future of Tourism Summit: Challenges & Growth in the Face of a Crisis • MICG Members' Breakfast Talk on Whistleblowing from a Practitioners' View Point • Talk on "Amendments to the Malaysian Anti-Corruption Commission Act 2009" by Wong & Partners. • Talk on "Asia-Pacific Residential" by Knight Frank • Green Building Tax Incentive Forum (GBTIF) • Seminar on Assessment of the Board, Board Committees & Individual Directors • Information & Cyber Security Briefing on (Digital Footprinting) • CG Watch: How Does Malaysia Rank? • Future Forward Forum, # Frontiers • Shariah Dialogue for 1H2019: Application of Value-Based Intermediation (VBI) 	<ul style="list-style-type: none"> • Property & Development • Finance • Management & Business • Accounting & Audit • Management & Business • Governance & Integrity • Regulatory & Legal • Property & Development • Property & Development • Governance & Integrity • It Strategy & Governance • Governance & Integrity • Property & Development • Regulatory & legal

Name of Director	Conference / Training Programmes Attended	Category
	<ul style="list-style-type: none"> • FIDE Elective Programme: Understanding Liquidity Risk Management in Banking • The Future of Infrastructure: "Voice of the People" Client Seminar • Legal Compliance Talk for Standard Chartered Bank - presented by Ms Nicole Leong • FIDE Forum-Reading the Signs: The Next Financial Crisis & Potential Impact on Asia • The Public Realm of Tall Buildings • Presentation in collaboration with Economist & PwC Malaysia 	<ul style="list-style-type: none"> • Risk Management • Property & Development • Regulatory & legal • Finance • Property & Development • Accounting & Audit
Y. Bhg. Datuk Zalekha binti Hassan	<ul style="list-style-type: none"> • Workshop on " Enhancement of Guest Experience at KUL" • Directors' Duties and Responsibilities. • Workshop on " Proposed Adoption of New Constitution in Place of Existing Memorandum and Articles of Association" • Effective Enterprise Risk Management (ERM) and Best Practices • New Airport Show Istanbul 2019 • ProcureCon Asia 2019- Transforming Procurement Together • Talk on Directors and Officers (D&O) Liability Insurance • MICG Members' Breakfast talk on Whistleblowing from A Practitioners' View Point 	<ul style="list-style-type: none"> • Airport/Aviation • Governance & Integrity • Regulatory & Legal • Risk Management • Airport/Aviation • Procurement • Governance & Integrity • Governance & Integrity

Name of Director	Conference / Training Programmes Attended	Category
	<ul style="list-style-type: none"> • Briefing on the Corporate Liability Provision under MACC Act (Amendment) 2018 • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge • Khazanah Megatrends Forum 2019 • Vendor Presentation on 5G Technologies – Ericsson, Huawei, Nokia, ZTE • Business Trend & Outlook 	<ul style="list-style-type: none"> • Regulatory & Legal • Regulatory & Legal • Management & Business • Procurement • Management & Business
Tuan Haji Rosli bin Abdullah	<ul style="list-style-type: none"> • Workshop on " Enhancement of Guest Experience at KUL" • Workshop on " Proposed Adoption of New Constitution in Place of Existing Memorandum and Articles of Association" • ACI 11th Annual Airport Economics & Finance Conference & Exhibition March 2019 • ProcureCon Asia 2019 - Transforming Procurement Together • Talk on Directors and Officers (D&O) Liability Insurance • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge • Khazanah Megatrends Forum 2019 • MIA International Accountants Conference 2019 • Strategic Readiness of CMMT Board in the Age of Digital Disruption 	<ul style="list-style-type: none"> • Airport/Aviation • Regulatory & Legal • Airport/Aviation • Procurement • Governance & Integrity • Regulatory & Legal • Management & Business • Accounting & Audit • IT Strategy & Governance

Name of Director	Conference / Training Programmes Attended	Category
	<ul style="list-style-type: none"> • Session on Corporate Governance and Anti-Corruption • Audit Oversight Board Conversation with Audit Committees • Business Valuation Forum 	<ul style="list-style-type: none"> • Governance & Integrity • Accounting & Audit • Management & Business
Y. Bhg. Dato' Ir. Mohamad bin Husin	<ul style="list-style-type: none"> • Workshop on " Enhancement of Guest Experience at KUL" • Workshop on " Proposed Adoption of New Constitution in Place of Existing Memorandum and Articles of Association" • ACI 11th Annual Airport Economics & Finance Conference & Exhibition March 2019 • New Airport Show Istanbul 2019 • ProcureCon Asia 2019- Transforming Procurement Together • Talk on Directors and Officers (D&O) Liability Insurance • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge 	<ul style="list-style-type: none"> • Airport/Aviation • Regulatory & Legal • Airport/Aviation • Airport/Aviation • Procurement • Governance & Integrity • Regulatory & Legal
Y. Bhg. Datuk Azailiza binti Mohd Ahad	<ul style="list-style-type: none"> • Workshop on " Enhancement of Guest Experience at KUL" • Workshop on " Proposed Adoption of New Constitution in Place of Existing Memorandum and Articles of Association" • Integrated Reporting <IR>: Communicating Value Creation • New Airport Show Istanbul 2019 • Talk on Directors and Officers (D&O) Liability Insurance 	<ul style="list-style-type: none"> • Airport / Aviation • Regulatory & Legal • Leadership & Strategy • Airport/Aviation • Governance & Integrity

Name of Director	Conference / Training Programmes Attended	Category
	<ul style="list-style-type: none"> • MICG Members' Breakfast Talk on Whistleblowing from A practitioners' View Point • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge 	<ul style="list-style-type: none"> • Governance & Integrity • Regulatory & Legal
Mr. Ramanathan Sathiamutty	<ul style="list-style-type: none"> • ACI 11th Annual Airport Economics & Finance Conference & Exhibition March 2019 • Digital Transformation • Talk on Directors and Officers (D&O) Liability Insurance • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge 	<ul style="list-style-type: none"> • Airport / Aviation • IT Strategy & Governance • Governance & Integrity • Regulatory & Legal

Trainings Attended by Board Audit Committee Directors as at 31 December 2019

Name of Director	Conference / Training Programmes Attended	Category
Tuan Haji Rosli bin Abdullah	<ul style="list-style-type: none"> • Workshop on " Enhancement of Guest Experience at KUL" • Workshop on " Proposed Adoption of New Constitution in Place of Existing Memorandum and Articles of Association" • ACI 11th Annual Airport Economics & Finance Conference & Exhibition March 2019 • ProcureCon Asia 2019 - Transforming Procurement Together • Talk on Directors and Officers (D&O) Liability Insurance • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge • Khazanah Megatrends Forum 2019 • MIA International Accountants Conference 2019 • Strategic Readiness of CMMT Board in the Age of Digital Disruption • Session on Corporate Governance and Anti-Corruption • Audit Oversight Board Conversation with Audit Committees • Business Valuation Forum 	<ul style="list-style-type: none"> • Airport/Aviation • Regulatory & Legal • Airport/Aviation • Procurement • Governance & Integrity • Regulatory & Legal • Management & Business • Accounting & Audit • IT Strategy & Governance • Governance & Integrity • Accounting & Audit • Management & Business

Name of Director	Conference / Training Programmes Attended	Category
Ms. Wong Shu Hsein	<ul style="list-style-type: none"> • Mandatory Accreditation Programme (MAP) • Invest Malaysia Conference 2019 • Khazanah Spokesperson Media Training • Managing Crucial Conversation – Board Conversation • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge • Khazanah Megatrends Forum 2019 	<ul style="list-style-type: none"> • Regulatory & Legal • Finance • Management & Business • Governance & Integrity • Regulatory & Legal • Management & Business
Y. Bhg. Dato' Ir. Mohamad bin Husin	<ul style="list-style-type: none"> • Workshop on " Enhancement of Guest Experience at KUL" • Workshop on " Proposed Adoption of New Constitution in Place of Existing Memorandum and Articles of Association" • ACI 11th Annual Airport Economics & Finance Conference & Exhibition March 2019 • New Airport Show Istanbul 2019 • ProcureCon Asia 2019- Transforming Procurement Together • Talk on Directors and Officers (D&O) Liability Insurance • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge 	<ul style="list-style-type: none"> • Airport/Aviation • Regulatory & Legal • Airport/Aviation • Airport/Aviation • Procurement • Governance & Integrity • Regulatory & Legal
Y. Bhg. Datuk Azailiza binti Mohd Ahad	<ul style="list-style-type: none"> • Workshop on " Enhancement of Guest Experience at KUL" • Workshop on " Proposed Adoption of New Constitution in Place of Existing 	<ul style="list-style-type: none"> • Airport / Aviation • Regulatory & Legal

Name of Director	Conference / Training Programmes Attended	Category
	<p>Memorandum and Articles of Association"</p> <ul style="list-style-type: none"> • Integrated Reporting <IR>: Communicating Value Creation • New Airport Show Istanbul 2019 • Talk on Directors and Officers (D&O) Liability Insurance • MICG Members' Breakfast Talk on Whistleblowing from A practitioners' View Point • Talk on New Provision Under Section 17A of SPRM Act 2009 and Corruption Free Pledge 	<ul style="list-style-type: none"> • Leadership & Strategy • Airport/Aviation • Governance & Integrity • Governance & Integrity • Regulatory & Legal