

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5014
COMPANY NAME : Malaysia Airports Holdings Berhad
FINANCIAL YEAR : December 31, 2020

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 and plan. A Board meeting was held in October 2020 to gather the Board's inputs towards charting the business plan by considering all factors contributing to both cost and revenue.</p>

	<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.</p> <p>The MAHB Group 5-Year Strategy and Transformation Plan from 2021 to 2025 will strategically guide MAHB Group through the COVID-19 crisis to ensure operational and financial survivability while exploring potential opportunities for growth in anticipation of recovery in passenger traffic.</p> <p>The MAHB Group 5-Year Strategy and Transformation Plan comprises two (2) phases as follows: -</p> <ol style="list-style-type: none"> 1. Phase 1 – Survival and Recovery; and 2. Phase 2 – Growth and Transformation. <p>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.</p> <p>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:</p> <p><u>Board Audit Committee (BAC):</u></p> <ol style="list-style-type: none"> 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. <p><u>Board Nomination & Remuneration Committee (BNRC):</u></p> <ol style="list-style-type: none"> 1. Reviews, assesses and recommends to the Board, remuneration packages of the GCEO [MD] 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 capital matters with regard to recruitment, appointment, promotion and transfer of GCEO [MD] and Senior Management.
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	<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 awards of above RM10 million up to RM200 million, reviews and approves procurement policies and procedures, ensures efficiency and effectiveness of procurement process, and supports national development objectives.</p> <p>Details of Terms of Reference of the respective Board Committees are available on the Company's website.</p> <p>In implementing a high standard corporate governance, the Board ensures its accountability to the Company's shareholders and other 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	<p>The Chairman of the Board is YBhg. Dato' Seri Diraja Dr. Zambry Abd. Kadir. He was appointed on the Board on 12 August 2020. The roles of the Chairman of the Board have been provided in the Board Charter and includes, inter alia: -</p> <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 Directors.3. Ensure the provision of accurate, timely and clear information to Directors.4. Ensure effective communication with shareholders and other 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 [Managing Director] ("GCEO[MD]") 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 Board Committees.7. Facilitate effective contribution and ensure constructive relations be maintained between the 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, Board 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 GCEO are held by two (2) different individuals. In fact, the GCEO is not a member of the Board. For the year under review, initially the Chairman of the Board was YBhg. Tan Sri Datuk Zainun Ali who resigned on 11 August 2020. Whilst the former GCEO, Y.M. Raja Azmi Raja Nazuddin resigned earlier on 6 January 2020.</p> <p>Currently, the Chairman of the Board is YB. Dato' Seri DiRaja Dr. Zambry Abd. Kadir who was appointed on 12 August 2020, whilst the GCEO is YBhg. 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 roles of Chairman and GCEO [MD] are defined in the Board Charter and explained in the Corporate Governance Overview Statement in the Annual Report 2020.</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. Encik Zawardi Salleh has approximately twenty-five (25) years of experience in corporate governance, corporate secretarial, and compliance. As the Company Secretary, he plays an advisory role to the Board in relation to the Company's Constitution, policies and procedures and compliance with the relevant regulatory requirements, guidelines, as well as corporate governance best practices. The Directors are regularly updated by the Company Secretary on changes to the relevant regulatory requirements, especially on areas relating to the duties and responsibilities and disclosure requirements.</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 periods, 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 Management for necessary actions and following-up on proposals or matters tabled at the Board or Board Committee meetings.

	<ol style="list-style-type: none"> 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 corporate 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 the implementation of assessment of Directors and the Board/Board Committees. 11. Facilitate the orientation of new Directors and provide assistance in Directors’ training and development. 12. Ensure availability of information required by new directors for the proper discharge of their duties. 13. Assist the Board and the Chairman on the implementation of MCCG 2017. 14. Monitor compliance with the principles and recommendations of MCCG 2017 and inform the Board of any departure; and 15. Ensure high standard of governance by keeping abreast with the latest development in corporate governance and changes in the legal and regulatory framework. <p>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.</p> <p>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>
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	<p>In line with the Listing Requirements of Bursa Malaysia Securities Berhad, all the newly appointed Directors attended the Mandatory Accreditation Programme with the stipulated timeframe.</p> <p>The Directors have direct access to the advice and service of the Company Secretary. The Company Secretary works closely with Management to ensure a timely and appropriate information flow between the Board/Board Committees and Management.</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 1.5

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 complete information with regards to the Group's financial and operational performance to enable the Board to make sound decisions and provide necessary advices. The Company Secretary shall assist the Chairman to ensure the process of disseminating the information is effective and reliable.</p> <p>Under the current practice, notices of Board and Board Committee meetings are issued to the Directors at least 14 days before the date of each meeting. Thereafter, the agenda and the Board papers are circulated five (5) business days prior to each meeting.</p> <p>In 2020, the Company endeavoured to ensure that Board papers were circulated to all Directors five (5) business days in advance to ensure they were accorded with sufficient information and time to prepare for Board meetings and engage in robust discussions. To ensure in-depth discussions of the agenda items within a reasonably sufficient time, the Chairman will decide on the agenda items, and structure and prioritise the respective items accordingly based on relevancy and importance. Confidential papers or urgent proposals are also tabled at the Board meetings under specially arranged meetings.</p> <p>The format and structure of the Board papers are designed to ensure that all matters brought to the Board and Board Committee meetings contain sufficient details, clear, and concise. The Board papers are prepared to enable the Directors to comprehend the subject matters within a short period of time upon reading the papers. Minutes of previous Board meetings are circulated together with the Board papers for the Board's perusal before confirmation of the minutes. The Board may refrain from considering any last-minute inclusion of 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 Company's Board Charter stipulates the roles of the Board, Chairman, GCEO [MD] as well as the functions of the respective Board Committees.</p> <p>A schedule of matters reserved for the Board 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 at www.malaysiaairports.com.my</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>The Company has its Malaysia Airports' Code of Ethics and Conduct ("the Code") which is intended to provide clear guidelines on permissible or non-permissible conducts in running the business of the Group. It is implemented to ensure that all employees of the Company and its representatives comply with the same standard of conduct. It shall also serve as guidelines when making judgment calls on work ethics, including in bridging and fostering close relationships between the Company and its business partners. The duties and responsibilities of the Board are subject to the various regulatory requirements and provisions of laws such as 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:</p> <p><u>Employees</u></p> <p>All employees of the Company are required to understand and comply with the Code, uphold integrity, and adhere to all regulatory requirements and provisions of laws in all countries where the Company conducts its business. They are also required to carry out their works 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 assume additional responsibilities in 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 and to report the matter to the Head of Industrial Relation, Human Capital 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><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

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 the Company's holistic governance framework it is imperative to ensure a whistleblowing programme is in place. In this regard, the Board establishes a Whistleblowing Independent Committee (WIC) which is currently chaired by YBhg. Datuk Azailiza Mohd Ahad, Independent Non-Executive Director, who is also a member of the Board Audit Committee (BAC). Members of WIC are selected from diverse backgrounds within the Company's business operations to ensure that it is well represented, whilst BAC acts as the oversight committee for the WIC.</p> <p>The Company also adopts a Whistleblowing Policy in line with the provision of Listing Requirements of Bursa Malaysia Securities Berhad. The objective of the policy is to provide a structured reporting channel and guidance to the Company's employees and external parties to raise concerns on improprieties or potential improprieties in the Group, if any. The Whistleblowing Policy is reviewed at least once every three years.</p> <p>The scope of the Whistleblowing Policy covers potential improprieties inter alia as follows: -</p> <ol style="list-style-type: none">1. Commission of fraud, bribery and/or corruption.2. Unauthorised use of Group's funds, properties and/or facilities.3. Exposure of Group's properties, facilities and/or staff to risks of safety and security.4. Abuse of position.5. Involvement in unlawful act.6. Negligence/malpractice; and7. Disclosure of Group's information without proper authorisation. <p>The above list is non-exhaustive and includes any act or omission, which if proven, will constitute act of misconduct under the Company's Code of Ethics and Conduct or any criminal offence under relevant legislations.</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 against any detrimental action within the Group to the extent reasonably practicable.</p> <p>The Whistleblowing Policy, procedures, structure, and Reporting of Concern Form are published on the Company's website.</p> <p>The WIC will assess all information received and act in accordance with its Terms of Reference. Subsequently, the WIC will submit its report to the BAC.</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 03-8777 7314 or 019-659 2263.</p> <p>During the year under review, 20 concerns were received, and 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>As of 31 December 2020, the Board comprised of 54.5% Independent Non-Executive Directors (INED) and 45.5% Non-Independent Non-Executive Directors (NINED).</p> <p>However, the Board composition is also subject to the provision in the Constitution of the Company. Rule 113 of Company's Constitution states that the Minister of Finance Incorporated (MOF Inc), the Special Shareholder, shall have the right from time to time: -</p> <ul style="list-style-type: none">(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:<ul style="list-style-type: none">(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>During the year 2020, BNRC undertook a review of independence of the INEDs. It was concluded that each of the INED possess independent traits and judgement as expected from them. The Board was satisfied that the INEDs represented 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 could likely to affect or has potential 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>INEDs provide independent judgment, experience, and objectivity without being subordinated to operational considerations. The views of the INEDs should carry weight in the Board's decision-making process.</p>

	<p>The Company falls under the definition of Large Companies and complies with the best practice recommendation of MCGG 2017 that the Board comprises majority INEDs in 2020. The Board will continue to engage with MOF Inc. to ensure continuity of compliance.</p> <p>As of the issuance of this CG Report, the Board comprises 54.55% INEDs and 45.45% NINEDs.</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 4.2

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 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	: Adopted																												
Explanation on adoption of the practice	<p>The Board adopts a policy that limits the tenure of INEDs to 9 years as stated in the Board Charter. During the year 2020, none of the INEDs had served the Company more than nine (9) years.</p> <p>The INEDs length of service as of 31 December 2020 is as follows: -</p> <table border="1"><thead><tr><th>No.</th><th>Name of INED</th><th>Date Appointed</th><th>Length of Service</th></tr></thead><tbody><tr><td>1</td><td>YBhg Datuk Seri Yam Kong Choy</td><td>1 December 2013</td><td>> 6 years</td></tr><tr><td>2</td><td>YBhg Datuk Zalekha Hassan</td><td>1 January 2014</td><td>6 years</td></tr><tr><td>3</td><td>Encik Rosli Abdullah</td><td>1 January 2014</td><td>6 years</td></tr><tr><td>4</td><td>YBhg Dato' Ir. Haji Mohamad Husin</td><td>15 August 2016</td><td>> 3 years</td></tr><tr><td>5</td><td>YBhg Datuk Azailiza Mohd Ahad</td><td>8 November 2016</td><td>> 3 years</td></tr><tr><td>6</td><td>Encik Ramanathan Sathiamutty</td><td>1 January 2019</td><td><3 years</td></tr></tbody></table> <p>With regards to subject matter experts who are appointed as INEDs on the boards of subsidiaries of the Group, the Company adopts a policy that limits their tenure to 6 years.</p>	No.	Name of INED	Date Appointed	Length of Service	1	YBhg Datuk Seri Yam Kong Choy	1 December 2013	> 6 years	2	YBhg Datuk Zalekha Hassan	1 January 2014	6 years	3	Encik Rosli Abdullah	1 January 2014	6 years	4	YBhg Dato' Ir. Haji Mohamad Husin	15 August 2016	> 3 years	5	YBhg Datuk Azailiza Mohd Ahad	8 November 2016	> 3 years	6	Encik Ramanathan Sathiamutty	1 January 2019	<3 years
No.	Name of INED	Date Appointed	Length of Service																										
1	YBhg Datuk Seri Yam Kong Choy	1 December 2013	> 6 years																										
2	YBhg Datuk Zalekha Hassan	1 January 2014	6 years																										
3	Encik Rosli Abdullah	1 January 2014	6 years																										
4	YBhg Dato' Ir. Haji Mohamad Husin	15 August 2016	> 3 years																										
5	YBhg Datuk Azailiza Mohd Ahad	8 November 2016	> 3 years																										
6	Encik Ramanathan Sathiamutty	1 January 2019	<3 years																										

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 as well as the quality and competency each Director brings to the Board. The BNRC is entrusted by the Board to review candidates for new appointments to the Board and determine the criteria for the selection and appointment of new Directors.</p> <p>The BNRC maintains its independence and objectivity in discharging its responsibility on appointment of Directors, Senior Management and matters relating to human capital and employees.</p> <p>In making its recommendation on candidates for new Board members, BNRC 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; and 5. 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 from an INED. <p>Based on the above criteria, suitable candidates will be identified to fill vacancies on the Board and Board Committees as and when they arise. BNRC has access to a list of potential candidates which is maintained by the Company Secretary. The potential candidates are gathered through recommendations by existing Board members, major shareholders, and through external independent sources.</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

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 as directors of public listed companies. The Company adopts a gender diversity policy which is consistent with the Government's target. The Company has achieved the target as the Board is currently represented by four (4) Women Directors who make up 36.36% of the composition. During the year 2020, the composition of Women Directors on the Board was 45.5% for a period of eight (8) months.</p> <p>Whilst having high regard to gender diversity, the Board recognises that its members should also be appointed based on other merits and considerations such as cultural background, expertise, international and regional exposures, and industry experts. To achieve the intended outcome the current Board composition is lined up to consist of members from various disciplines, e.g., legal, engineering, accounting, finance, procurement, information technology, public sector, those with experience from multinational companies, etc. The diverse backgrounds would translate into robust deliberations at Board meetings, which then ensures that the decisions are made in the best interest of the Company and balancing the various stakeholders' interests.</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

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	:	Apart from leveraging on its existing Board members' networks and shareholders' recommendations, the Company sources for potential new Directors from industry databases for the appointment of INEDs on the Board. The Board will also consider sourcing for new Directors via different recruitment agencies in the future.	
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>During the year 2020, the Board Nomination & Remuneration Committee (BNRC) was chaired by an INED, YBhg. Datuk Azailiza Mohd Ahad.</p> <p>The Terms of Reference of BNRC stipulates that the composition of BNRC shall consist of majority INED. The quorum for BNRC meetings is at least two members of which one should be an INED. The composition would 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 the appointment and affairs of Directors, Senior Management and matters relating to human capital and employees as provided under its Terms of Reference.</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>The Company has developed evaluation questionnaires as tools to carry out its annual Board Performance Evaluation (BPE) for the Board, Board Committees, individual Directors, and GCEO [MD] covering 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's effectiveness.7. Board priorities.8. CEO performance evaluation and succession plan.9. Director development and management.10. Risk management.11. Board committee evaluation; and12. Director self/peer evaluation. <p>The strength, weaknesses, issues, and comments identified from the BPE were presented to BNRC, whereafter the agreed action plans would be recommended to the Board for implementation. The Board had further deliberated the findings and views of each Board member which would be used as a yardstick to measure the Board's effectiveness.</p> <p>The outcome and action plans from BPE form the basis to formulate a Board Performance Improvement Plan (BPI) for the following year.</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 remuneration accorded to the Directors of the Company would continue to attract and retain individuals of high calibre who bring to the Company the necessary skills and experience required for the effective management and operations of the Group. The calibre of the Directors serving the Company is essential in upholding the standards of corporate governance.</p> <p>The GCEO's [MD] 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.</p> <p>The terms relating to the Directors' remuneration are available 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. Among others, the Terms of Reference states that the BNRC shall review and recommend to the Board the following: -</p> <ol style="list-style-type: none">1. To review and recommend to the Board the Directors' fees, allowances, and other fringe benefits to be accorded to the Directors in accordance with the contribution and level of responsibilities undertaken by the Board of Directors.2. To review and recommend to the Board the remuneration structure and policy for GCEO [MD] 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.3. 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 organisation's targets; the performance-related elements of remuneration setting forms a significant proportion of the total remuneration package of the GCEO [MD].4. To review and recommend GCEO's [MD] goals and objectives and to assess his performance against these objectives as well as contribution to the corporate strategy.

	<p>5. 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.</p> <p>6. 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.</p> <p>7. To establish and approve the scheme of service for Senior Management.</p> <p>8. To review and approve the general remuneration policies and practices for Senior Management.</p> <p>9. To establish suitable short and long-term policies of having performance-related incentive schemes for Senior Management, where appropriate.</p> <p>The Terms of Reference of BNRC is available on the Company's website.</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

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 2020. 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 a no-name basis in the Annual Report 2020.</p> <p>The Company places great importance on the retention of talented employees as its success is dependent on its ability to attract, motivate and retain the right talented employees. Among the strategies to support this ambition is a competitive remuneration policy. Therefore, the Company strives to maintain talented employees to ensure that the objectives of the Company are met. However, the Company opts not to disclose the remuneration of Senior Management to avoid negative implications such as: -</p> <ol style="list-style-type: none">1. Disclosures may lead to pay inflation as employees may benchmark and compare amongst themselves.2. Attempts by external parties to lure high performing employees.3. Dissatisfaction among employees resulting from differences of remuneration packages among the executives.4. Invasion of privacy and may expose named officers to extortion attempts and other criminal acts; and5. 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 BNRC. To ensure competitiveness in offerings, the packages are reviewed from time to time.</p> <p>The Senior Management's performance is evaluated on a yearly basis. At the beginning of each year, the Key Performance Indicators (KPIs) are set by the Board and cascaded to the Senior Management. The Senior Managements' performances are then</p>

	reviewed in the middle of the year and at the beginning of the following year.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The disclosure on Senior Management's remuneration package is stated in the range of RM50,000 per month to RM104,000 per month on a no-name basis in the Annual Report 2020.
Timeframe	:	The Board will review the appropriateness and necessity of adopting this practice from time to time.

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) is Encik Rosli Abdullah. He is an INED and 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	:	<p>The Company has formalised in the Terms of Reference of the BAC that a former key audit partner shall serve a cooling-off period of two (2) years before being appointed as a member of the BAC.</p> <p>Currently, none of the member of the Board is a former key audit partner of the external auditors of the Company. Therefore, there is no such person to be appointed as a member of the BAC.</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 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 provided in Annual Report 2020 under the BAC Report. The terms of engagement of the external auditors are reviewed by the BAC prior to submission to the Board for approval.</p> <p>The BAC works closely with 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>To ensure full disclosure of matters, Messrs. Ernst & Young PLT (EY) are regularly invited to attend BAC meetings. Under the Companies Act 2016, EY are also required to attend the AGM of the Company. During the financial year under review, two (2) private sessions took place between BAC and the external auditors in the absence of Management 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 2021, in their auditors' report to the BAC, EY 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 ended 31 December 2020.</p> <p>To ensure that the external auditors' independence and objectivity are not compromised by the provision of non-audit services, the Company excludes them from providing services on corporate exercises, due diligence, 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	:	Encik Rosli Abdullah, the Chairman of BAC, is a member of the Malaysian Institute of Accountants. All members of BAC are financially literate and possess sufficient understanding of the Company's business operations. 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. All members of the BAC have attended the courses/trainings relating to accounting and audit as attached in Appendix 2 .
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 2020.</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 of 31 December 2020.</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	:	The Board is assisted by Board Risk Management Committee (BRMC) which comprises majority INEDs to oversee the Company's risk management framework and policies. Currently, the BRMC has four (4) members of which three (3) are INEDs.

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 provides independent, objective assurance and consulting services to add value and improve the Group's operations. IAD assists the Company to 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 adopts 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, agriculture and aeropolis.</p> <p>IAD performed audit in various areas, in accordance with the Audit Plan which amongst others include the following key areas:</p> <p><u>Corporate</u> Enterprise Risk Management, Human Resource Business Partnering, and Business Sustainability (Retail & Commercial) during COVID-19 Pandemic</p> <p><u>Governance</u> Procurement-to-Pay, Group Asset Management, COVID-19 Pandemic Management, Data Governance (Aeronautical and Commercial) and Limit of Authority</p> <p><u>Information Technology</u></p>

	<p>Cyber security, Management of Intelligent Assets, Innovation & Big Data, Revenue Management System and Airport Operation Systems</p> <p><u>Operation</u> Commercial, Airport Operations, Corporate Development & External Business, F&B, Hotel and Office Mobility</p> <p><u>Financial</u> Debt Collection & Monitoring, and 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 a periodic basis in 2020, IAD tabled to the BAC the updates on its activities comprising key highlights of areas reviewed, follow-up of outstanding issues, progress of the 2020 Annual Audit Plan and ad hoc assignments. The Internal Audit function of the Company's subsidiaries in Turkey, i.e., Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. (ISG) and SGC Airport Operations Trade and Tourism Inc. (SGC) reports to the Acting General Manager, IAD and related updates on activities were presented to the Audit and Risk Committee of ISG and SGC.</p> <p>The roles of BAC are set out in its Terms of Reference as published on the Company's website.</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 personnel of the Internal Audit Division (IAD) are required to disclose any relationship or conflict of interest to safeguard against any potential impairment of objectivity, independence of internal audit and abide to IIA Code of Ethic.</p> <p>As of 31 December 2020, IAD had a total of 21 auditors who are made up from diverse backgrounds – Accounting/ Finance/ Business (12); Information Technology (4); Engineering (4); 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 Chartered Member of The Institute of Internal Auditors. She holds an MBA focusing on Airport Management. 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 :		

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

Measure :		
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Timeframe :		
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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 is conducted in a transparent manner. Several formal communication channels are used to account to shareholders with regards 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 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, 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, stakeholders, and the investment community. The Company discloses information on the latest news through media releases,</p>

	<p>featured in a section called “News Centre” on its website and 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 effectively disseminate information regarding the dates scheduled for release of its quarterly results.</p> <p>The quarterly financial results are 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 2020.</p>
<p>Explanation for departure</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>

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	:	Applied
Explanation on application of the practice	:	Annual Report 2020 has been prepared by adopting the guiding principles and content elements of the International Integrated Reporting Framework prescribed by the International Integrated Reporting Council (IIRC). In line with the global best practice, the Company will continuously improve its Integrated Reports to enhance the quality of information disclosures and in doing so, demonstrates the relationship between our resources, actions and the value created.
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 12.1

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 the Company's AGMs are circulated 28 days before the date of the meeting 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 2020, the Notice of 21st AGM was issued on 29 May 2020 for the meeting held on 30 June 2020.</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 had participated in the Company's 21st AGM held on 30 June 2020 via remote participation through live streaming from their various locations.</p> <p>The Chairman and other Board members, GCEO [MD], Senior Management and external auditors were in attendance to respond to the shareholders' queries. The GCEO had also shared with the shareholders the Company's responses to questions which were submitted in advance by the Minority Shareholder Watch Group (MSWG).</p> <p>The Chairmen of BAC, BNRC, BRMC, Board Finance & Investment Committee, and Board Procurement Committee were present on stage to provide responses if there were any questions addressed to them.</p> <p>During the 21st AGM, the Chairman invited members to raise questions and seek clarifications on the proposals tabled via an online platform.</p> <p>Appropriate answers and clarification were provided by the Board members, Chairmen of Board Committees and Senior Management to allow the shareholders to make informed voting decisions at the meeting. Management had answered several late questions received from the shareholders via emails after the 21st AGM.</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	:	Applied
Explanation on application of the practice	:	<p>Due to the COVID-19 outbreak and in compliance with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the 21st AGM of the Company on 30 June 2020 was conducted fully virtually via live streaming and online Remote Participation and Voting facilities for shareholders’ participation and voting in absentia without the physical presence of the shareholders.</p> <p>The voting at the 21st AGM was conducted via a poll in accordance with Paragraph 8.29A of the 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 results of the poll voting and validate the votes casted. During the 21st AGM, shareholders and proxies had used the real time submission of typed texts to exercise their rights to speak and communicate virtually.</p> <p>Moving forward, the Company expects to continue implementing voting in absentia and remote shareholders’ participation during its AGMs.</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	:	

**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 2020

Name of Director	Conference / Training Programmes Attended	Category
YB. Dato' Seri Diraja Dr. Zambry bin Abd Kadir	<ul style="list-style-type: none"> • MAHB Board Induction Programme • Courage Talk Leadership Series: Purposeful Leadership in Times of Crisis • Mandatory Accreditation Programme • Anti-Corruption Awareness • Briefing on the Operations of KLIA Baggage Handling System (BHS) 	<ul style="list-style-type: none"> • Airport/ Aviation • Leadership and Strategy • Regulatory and Legal • Governance and Integrity • Airport/ Aviation
YBhg. Dato' Mohamad Nasir bin Ab Latif	<ul style="list-style-type: none"> • Governance and Risk - An Uncertain World. A Riskier Landscape • COVID-19 Impact and Reporting • FIDE Core Module A for Banks • The New Normal, Impact of COVID-19 on Oil and Gas and Future of Renewable Energy • Enlightenment on the Syariah Resolutions Issued by Syariah Advisory Council of BNM 2020 • Anti-Money Laundering and Counter Financing of Terrorism • Climate Action; The Board's Leadership in Greening the Financial Sector • Islamic Finance for Board of Directors and Senior Management • Malaysia Budget 2021 Review • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Risk Management • Accounting and Audit • Finance • Risk Management • Regulatory and Legal • Governance and Integrity • Leadership and Strategy • Finance • Management and Business • Governance and integrity

Name of Director	Conference / Training Programmes Attended	Category
	<ul style="list-style-type: none"> • Recovery and Resolution Plan • Briefing on the Operations of KLIA Baggage Handling System (BHS) • Information Security Awareness • Anti-Bribery and Corruption 	<ul style="list-style-type: none"> • Risk Management • Airport/Aviation • IT Strategy & Governance • Governance and Integrity
Ms. Wong Shu Hsein	<ul style="list-style-type: none"> • Key Disclosure Obligations of a Listed Company • MFRS - Accounting & Tax Updates • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Regulatory and Legal • Accounting and Audit • Governance and Integrity
YBhg. Datuk Seri Michael Yam Kong Choy	<ul style="list-style-type: none"> • Briefing on the Operations of Kuala Lumpur Air Traffic Control Centre (KLATCC) • Multi Sector Real Estate Market Outlook • Impact of COVID-19 on the Aviation Industry • Anti-Bribery & Anti-Corruption Directors' Masterclass (ABAC) • COVID-19 & Its Impact Managing Tax Concerns for Property Developers • Property Developers vs Inland Revenue Board • Section 17A MACC - Anti-Bribery & Corruption - Policy & Procedures Training • Working from Home Experience - Preferences & Sentiments 	<ul style="list-style-type: none"> • Airport/ Aviation • Management and Business • Risk Management • Governance and Integrity • Property and Development • Property and Development • Regulatory and Legal • Leadership and Strategy

Name of Director	Conference / Training Programmes Attended	Category
	<ul style="list-style-type: none"> • Master of Real Estate Program - Overview of Malaysia Real Estate • Post COVID-19 Strategic Plan for Construction Industry: Challenges and Solution • Tenancies & Leases & Other Land Transactions & Caveats • BMS Webinar on Current Developments & Opportunities in Property Investment in the UK & Malaysia • Corporate Liability in Compliance with Section 17A MACC Act 2009 • Digital Economy & Market Outlook • Malaysia Webinar Series: The Role of Infrastructure in Economic Recovery • Anti-Corruption Awareness • Briefing on the Operations of KLIA Baggage Handling System (BHS) 	<ul style="list-style-type: none"> • Property and Development • Property and Development • Property and Development • Property and Development • Regulatory and Legal • IT Strategy & Governance • Property and Development • Governance and Integrity • Airport/Aviation
YBhg. Datuk Zalekha binti Hassan	<ul style="list-style-type: none"> • Courage Talk Leadership Series: Purposeful Leadership in Times of Crisis • Lean Six Sigma (LSS) Journey & Project Walkthrough • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Leadership and Strategy • Operational Excellence/ Process Improvement • Governance and Integrity
Tuan Haji Rosli bin Abdullah	<ul style="list-style-type: none"> • Key Disclosure Obligation of a Listed Company • MFRS - Accounting & Tax Updates 	<ul style="list-style-type: none"> • Regulatory and Legal • Accounting and Audit

Name of Director	Conference / Training Programmes Attended	Category
	<ul style="list-style-type: none"> • Courage Talk Leadership Series: Purposeful Leadership in Times of Crisis • Anti-Corruption Awareness • MPSAS 26 Impairment of Cash Generating Assets 	<ul style="list-style-type: none"> • Leadership and Strategy • Governance and Integrity • Accounting and Audit
YBhg. Dato' Ir. Mohamad bin Husin	<ul style="list-style-type: none"> • Key Disclosure Obligations of a Listed Company • MFRS - Accounting & Tax Updates • Courage Talk Leadership Series: Purposeful Leadership in Times of Crisis • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Regulatory and Legal • Accounting and Audit • Leadership and Strategy • Governance and Integrity
YBhg. Datuk Azailiza binti Mohd Ahad	<ul style="list-style-type: none"> • MFRS - Accounting & Tax Updates • Courage Talk Leadership Series: Purposeful Leadership in Times of Crisis • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Accounting and Audit • Leadership and Strategy • Governance and Integrity
Mr. Ramanathan Sathiamutty	<ul style="list-style-type: none"> • Briefing on the Operations of Kuala Lumpur Air Traffic Control Centre (KLATCC) • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Airport/ Aviation • Governance and Integrity
Y. Bhg. Dato' Zamzuri bin Abdul Aziz	<ul style="list-style-type: none"> • Program Ministerial Talk Series with Deputy Minister of Finance 1 • Procurement Contract for 6 Ship Second Generation Patrol Vessel (LSC) • Mandatory Accreditation Programme • New Generation Patrol Craft (NGPC) and Offshore Patrol Vessel (OPV) Ship Construction Project 	<ul style="list-style-type: none"> • Finance • Procurement • Regulatory and Legal • Leadership and Strategy

Name of Director	Conference / Training Programmes Attended	Category
	<ul style="list-style-type: none"> • Implementation of policy for the use of local goods in Government Procurement • MAHB Board Induction Programme • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Procurement • Airport/Aviation • Governance and Integrity
<p>Y. Bhg. Dato' Dr. Amiruddin bin Muhamed</p>	<ul style="list-style-type: none"> • Islamic Finance for Board of Directors • The Financial Institutions Directors' Education (FIDE) Core Programme Module B for Banks • Operating Agreement (OA) Mini Workshop • MAHB Board Induction Programme • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Finance • Finance • Airport/Aviation • Airport/Aviation • Governance and Integrity

Trainings Attended by Board Audit Committee Directors as at 31 December 2020

Name of Director	Conference / Training Programmes Attended	Category
Tuan Haji Rosli bin Abdullah	<ul style="list-style-type: none"> • Key Disclosure Obligation of a Listed Company • MFRS - Accounting & Tax Updates • Courage Talk Leadership Series: Purposeful Leadership in Times of Crisis • Anti-Corruption Awareness • MPSAS 26 Impairment of Cash Generating Assets 	<ul style="list-style-type: none"> • Regulatory and Legal • Accounting and Audit • Leadership and Strategy • Governance and Integrity • Accounting and Audit
Ms. Wong Shu Hsein	<ul style="list-style-type: none"> • Key Disclosure Obligations of a Listed Company • MFRS - Accounting & Tax Updates • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Regulatory and Legal • Accounting and Audit • Governance and Integrity
YBhg. Dato' Ir. Mohamad bin Husin	<ul style="list-style-type: none"> • Key Disclosure Obligations of a Listed Company • MFRS - Accounting & Tax Updates • Courage Talk Leadership Series: Purposeful Leadership in Times of Crisis • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Regulatory and Legal • Accounting and Audit • Leadership and Strategy • Governance and Integrity
YBhg. Datuk Azailiza binti Mohd Ahad	<ul style="list-style-type: none"> • MFRS - Accounting & Tax Updates • Courage Talk Leadership Series: Purposeful Leadership in Times of Crisis • Anti-Corruption Awareness 	<ul style="list-style-type: none"> • Accounting and Audit • Leadership and Strategy • Governance and Integrity