

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

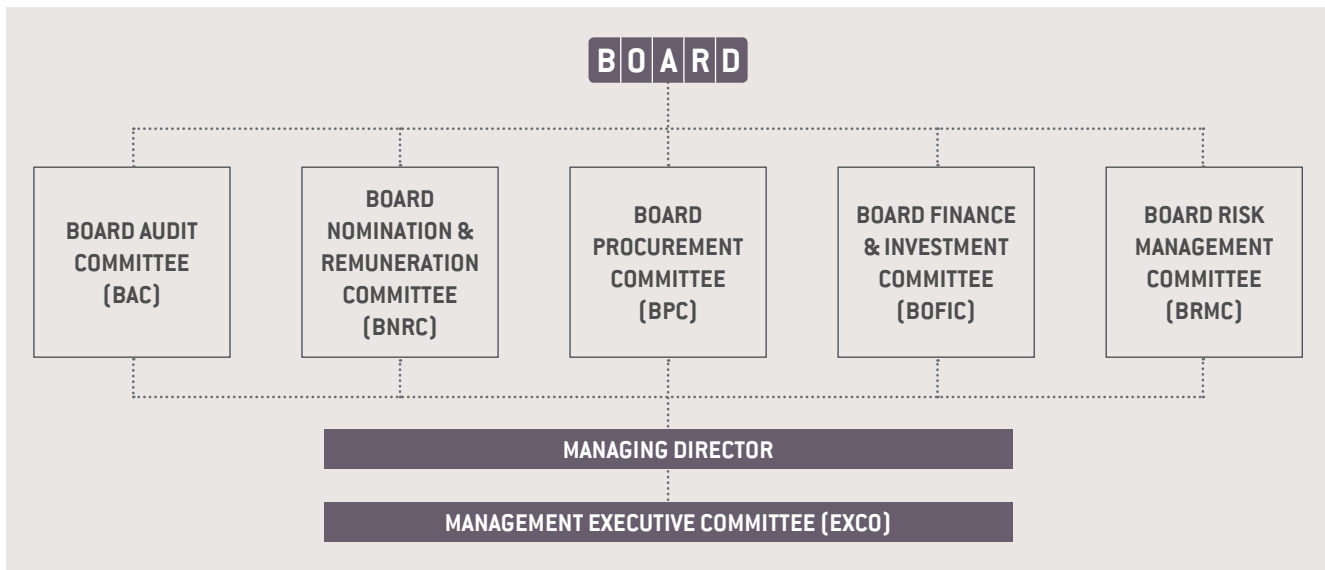


Scan this QR code to view the Corporate Governance section on the Malaysia Airport website.

The Board of Directors (Board) and Management of Malaysia Airports Holdings Berhad (MAHB) strongly uphold to the highest standards of corporate governance and affirm that good corporate governance is vital for the continued success of the Company. The Company remains unreservedly committed in ensuring robust corporate governance practices while striving towards providing excellent level of service and achieving high performance. In achieving this objective, our Corporate Governance Framework creates a business environment of trust, holds a balance between economic and social goals, encourages efficient use of resources while equally requiring accountability for the stewardship of those resources.

## OUR CORPORATE GOVERNANCE FRAMEWORK

We operate with a clear and effective governance structure. With continuous guidance by the Board, the corporate governance system remains robust and effective across the Company. Responsibility for good governance lies with our Board, and in order to ensure the effective discharge of its functions and responsibilities, our Board has delegated its power to the relevant Board Committees and Managing Director. The Board in implementing corporate governance, ensures accountability to the Company's shareholders and stakeholders. This is demonstrated as below:

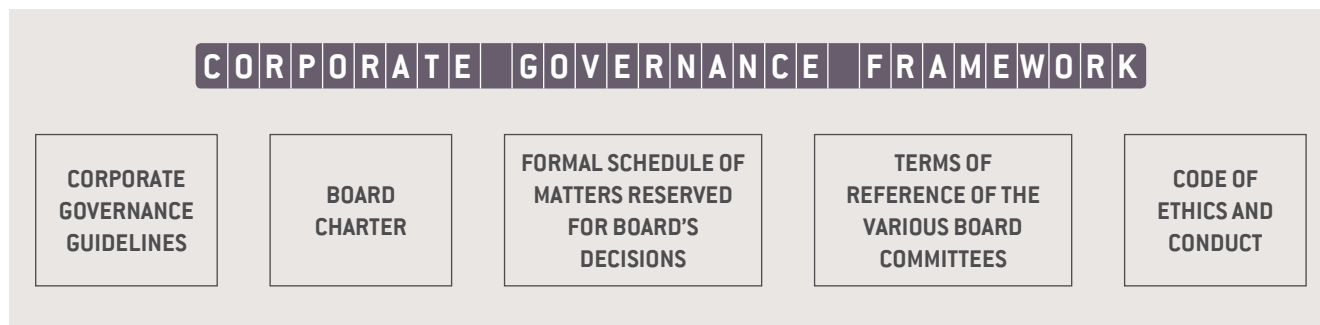


Malaysia Airports Corporate Governance Framework is premised upon the following statutory provisions, best practices and guidelines (Corporate Governance Guidelines):

- Companies Act 2016;
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements of Bursa Malaysia);
- Corporate Governance Guide: issued by Bursa Malaysia Berhad;
- Malaysian Code on Corporate Governance;
- The Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Companies (GLC) High Performance (Green Book); and
- Corporate Disclosure Guide issued by Bursa Malaysia Berhad.



The following are the key components of our Corporate Governance Framework:



The Board reviews the above Corporate Governance Framework periodically. The Board also regularly assesses and enhances its Corporate Governance Framework, practices and principles in light of development in regulatory environment, international best practices, as well as based on Company's needs.

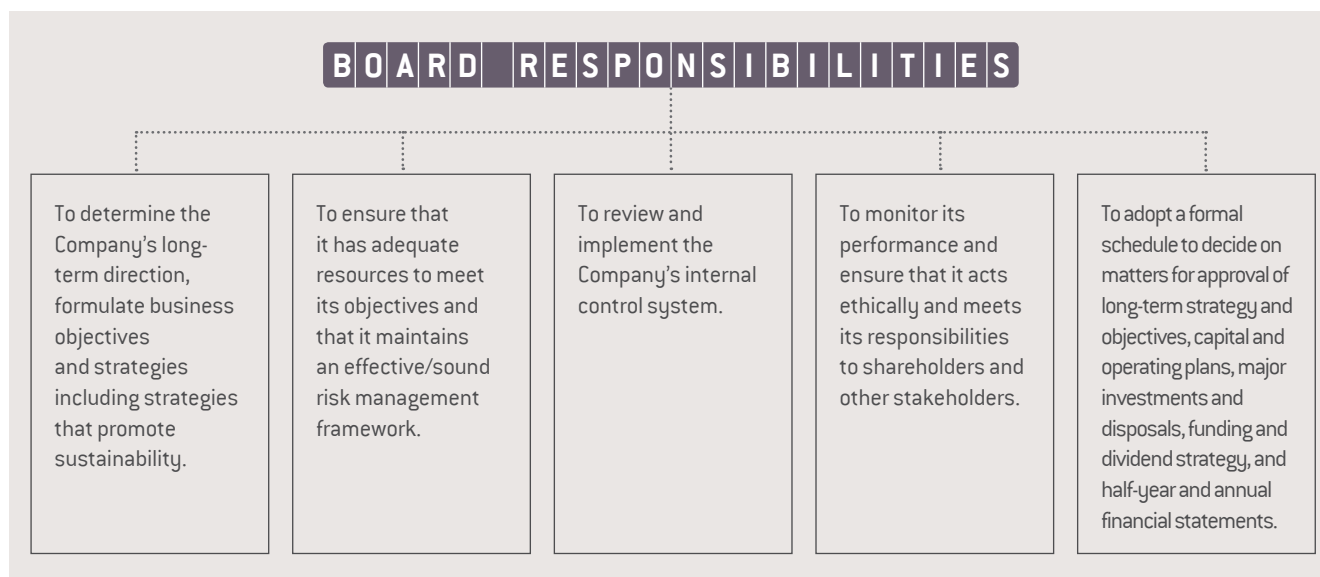
The Corporate Governance Framework serves as a guide for the Board and Management in the performance and fulfilment of their respective obligations to Malaysia Airports and its stakeholders. The key components of our Corporate Governance Framework, ensure:

(i) The existence of a capable and qualified Board with diverse backgrounds and skills;

- (ii) The establishment of appropriate roles for the Board and various committees; and
- (iii) A collaborative and constructive relationship between the Board and Management.

#### BOARD AND THEIR RESPONSIBILITIES

The Board is charged with promoting the success of Malaysia Airports 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:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

A schedule of matters reserved for our Board to ensure that the direction and control of the Company are in its hands, has been provided for in the Board Charter and includes, inter alia:

### FORMAL SCHEDULE OF MATTERS

#### RESERVED FOR THE BOARD

Approval of the overall strategy, vision, values, and governance framework of the Group;

Approval of the Company's Annual Report and Quarterly Financial Statements;

Approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;

Approval of the Group's annual budget and amendments to that budget in relation to the amount, borrowing and security, acquisitions and disposals of tangible/non-tangible assets and capital expenditure over a specified amount;

Approval of the Company's long term financial plan and the annual capital expenditure programme;

Approval of any significant change in the accounting policies and practices;

Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;

Approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;

Appointment, re-appointment, retirement or removal of the Directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Constitution;

Appointment, retirement or removal of the Managing Director and Company Secretary;

Recommendation to shareholders for the appointment, re-appointment, retirement or removal of the external auditors;

Approval of the division of responsibilities between the Chairman and Managing Director; and

Approval for the establishment of the Board Committees, their terms of reference, review of their activities and where appropriate, ratification of their decisions.



## DIVISION OF ROLES BETWEEN THE CHAIRMAN AND MANAGING DIRECTOR

There is a clear division of the responsibilities in the Company between the running of the Board, and the executives responsible for the running of the Company's business. The distinct and separate roles of the Chairman and Managing Director, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making power. The respective roles of the Chairman and the Managing Director and their division of responsibilities are as stated below:

### ROLE OF CHAIRMAN

- Lead the Board in setting the values and standards of the Company;
- Maintain a relationship of trust with and between the Executive and Non-Executive Directors;
- Ensure the provision of accurate, timely and clear information to Directors;
- Ensure effective communication with shareholders and relevant stakeholders;
- Act as facilitator for meetings to ensure:
  - a. adequate notice of meetings;
  - b. adequacy of information for Board meetings;
  - c. no member dominates the discussion;
  - d. full discussion takes place;
  - e. variety of opinion among Board members is drawn out;
  - f. outcome of discussions results in logical and coherent policy to guide the MD/CEO and against which the performance of the Company can be monitored; and
  - g. consensus is obtained in the Board meeting and when necessary, to call for vote;
- Arrange regular evaluation of the performance of the Board and its Committees;
- Facilitate effective contribution of Non-Executive Directors and ensure constructive relations be maintained between Executive and Non-Executive Directors;
- 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;
- Lead discussions among Directors;
- Build a cohesive leadership team consisting of the Board and Senior Management; and
- Delegate responsibilities to other Directors, Committees and Management.

### ROLE OF MANAGING DIRECTOR

- Lead the day-to-day management of the Group. The Managing Director (MD) is the Chairman of the Executive Committee (EXCO) and the Management Committee (MC). EXCO meets regularly and MC meets as and when necessary, as determined by the MD to deliberate on all matters pertaining to the running and managing of MAHB and its group of companies;
- Responsible for implementing policies, strategies and decisions adopted/agreed by the Board;
- Provide a structure that facilitates clear reporting to the Board with high quality information and recommendations to enable informed decisions in all aspects of the Company's business and strategy;
- Answerable to the Board for the achievement of the agreed Company's goals within the limitations of authority granted to the MD by the Board;
- Report to the Board at each Board meeting and advise the Board in a timely manner on:
  - all matters that materially affect the Company and its performance including any potential strategic or significant development prospects;
  - any underperforming business/activities of the Company and outline proposals to rectify the situation; and
  - all material matters that affect or could affect shareholders and the markets in which the shareholders' interests are located;
- Regularly review the succession plans for Senior Management with the Chairman and the Non-Executive Directors;
- Operate the business and accountable to and report to the Board on the performance of the business; and
- Represent the Company to major customers, employees, suppliers and professional associations.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### COMPANY SECRETARY

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 the principles of best corporate governance practices. The Directors are regularly updated by the Company Secretary on changes made to the relevant regulatory requirements, particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors.

### FUNCTION OF COMPANY SECRETARY

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 under 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 action 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 code, Listing Requirements of Bursa Malaysia and other related regulations and developments.
7. Advise the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis.
8. Handle Company's share transactions and other duties as prescribed under the relevant legislations.
9. Notify the Chairman of any possible violations of legal and regulatory acts.
10. Ensure the appointment of new Directors, re-appointment and resignation of directors are in accordance with the relevant legislations.

11. Ensure execution of assessment for Directors and the Board/ Board Committees.
12. Brief to new Directors on organisational structure of the Company and procedures that regulate the operations of the Board.
13. Facilitate the orientation of new Directors and provide assistance in Directors' training and development.
14. Ensure availability of information required by new Directors for the proper discharge of their duties.
15. Assist the Board and the Chairman on the implementation of the MCCG.
16. Monitor compliance with the principles and recommendations of MCCG and inform the Board of any breaches.
17. Ensure high standard of governance by keeping abreast of the latest enhancement in corporate governance and changes in the legal and regulatory framework.

The Directors have direct access to the advice and services of the Company Secretary. The Company Secretary works closely with the Management to ensure that there is timely and appropriate information flow to the Board and Board Committees, and between the Non-Executive Directors and the Management.

The Company Secretary constantly keeps herself abreast of the regulatory changes and developments in sustainability and corporate governance through continuous training.

### ENSURING QUALITY OF INFORMATION

The Chairman takes responsibility for ensuring that the Directors receive accurate, timely and clear information with regard to the Group's financial and operational performance, to enable the Board to make sound decision and provide necessary advice, with all Board and Committee papers being issued in advance prior to the scheduled meetings. The Company Secretary will assist the Chairman to ensure that the process of disseminating the information is effective and reliable.

Under the current practice, notices pertaining to all Board meetings are issued to the Directors, at least 14 days from the date of the meeting, whilst the notices of the Board Committee meetings are circulated to the Committee members and all those invited to attend the meetings, at least 14 days before each meeting. The agenda and the Board papers are circulated at least



seven days from the date of the meeting. In 2018, the Company endeavours to ensure that the board papers are circulated to all Directors five business days in advance to ensure that Directors are provided with sufficient information and time to prepare for board meeting 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, 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 special agenda.

The format and structure of the Board papers contain the right amount of details, and are clear and concise. Furthermore, an executive summary to the Board papers will be 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 summary of the minutes of meetings is also enclosed to ensure that decisions, requests and requirements were recorded accurately, and could be tracked and monitored upfront for clarity and ease of reference, as well as for the Board's comfort that actions are being followed up. The Board may, if required, and in the best interest of time, refrain from considering any last minute agenda items during the proceedings of the Board meetings, unless the matter is of genuine and exceptional circumstances.

The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into, either directly or indirectly by the Company. An interested Director will abstain from deliberations and decisions of the Board on the transaction. In the event a corporate proposal is required to be approved by the shareholders, interested Director will abstain from voting on the resolutions relating to the corporate proposals, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

## BOARD CHARTER

Our Board has formally adopted a Board Charter, which provides a guidance to the Board in the fulfilment of its roles and responsibilities. The Board Charter details the roles and responsibilities of the Board, the balance and composition of the Board, the Board's authorities, schedule of matters reserved for the Board, the establishment of the Board Committees, processes and procedures for convening Board meetings, the Board's assessment and review of its performance, compliance with ethical standards, Board's access to information and advice, and declaration of conflicts of interest.

The Board updates the Board Charter from time to time to reflect changes to the Group's policies, terms of references, procedures and processes as well as the latest relevant legislations and regulations, and is subject to review periodically.

The Board Charter is made available on the Company's corporate website: [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my).

## INDEPENDENT DIRECTORS AND ITS TENURE

The Board has established "independence" standards for individual Directors. It considers "independence" to be a matter of judgment and conscience. A Director is considered to be independent only where he/she is free from any business or other relationship that might interfere with the exercise of his/her independent judgment.

During 2017, BNRC carried out a detailed review of Directors independence. It concluded that each of the five Independent Non-Executive Directors (INEDs) were independent as at that time. INEDs are identified in our Annual Report and other communications with shareholders. The Board was satisfied that the five INEDs 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our Board Charter has provided the following clauses to support the objective of independent deliberation, review and decision-making:

- The Board should include a balance of Executive Directors and Non-Executive Directors (including INEDs) such that no individual or small group of individuals can dominate the Board's decision making;
- INEDs provide independent judgment, experience and objectivity without being subordinated to operational considerations; and
- The views of the INEDs should carry significant weight in the Board's decision-making process.

The Board undertakes that the rights of minority shareholders will not be impaired in any manner and that the number and strength of the current set of Independent Directors are adequate to promote the independence of the Board and protect the rights of the minority shareholders.

The MCCG 2017 provides a limit of a cumulative term of nine years as the tenure for an Independent Director, after which, the said Director may either seek the shareholders' approval to continue to remain on the Board, or retire. To date, the INEDs of the Board have served less than nine years.

The Board Charter provides that the tenure of the INEDs shall not exceed a cumulative term of 9 years. To strengthen the process of appointment of the INEDs, the Company will establish the policy on the limitation of Directors' Tenure in due course.

### Senior Independent Non-Executive Director

In line with best practices of Corporate Governance, Datuk Seri Yam Kong Choy has been appointed as Senior Independent Non-Executive Director with effect from 1 November 2016.

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

The Senior Independent Non-Executive Director is accessible, to whom concerns of shareholders and stakeholders may be conveyed. Shareholders and other interested parties may contact Datuk Seri Yam Kong Choy in writing to address any concerns to the Company's registered address or email to [sid@malaysiaairports.com.my](mailto:sid@malaysiaairports.com.my).

## A BALANCED AND SKILLED BOARD

### Board Composition

The Board currently comprises five Non-Independent Non-Executive Directors (NINEDs), five INEDs and one Managing Director. The current Board composition is in compliance with the Company's Constitution and exceeds the minimum one-third (1/3) requirement of INEDs as set out in the Listing Requirements of Bursa Malaysia. The Board endeavours to reach a composition of majority independent directors taking into cognisance the recommended corporate governance practice and a review of the Board Composition to be performed in due course. The Directors' profiles are enclosed from pages 92 to 103 of this Annual Report.

The composition of the Board fairly reflects the interest of the significant shareholder, which is adequately represented by the appointment of its nominee directors without compromising the interest of the minority shareholder. Currently, two of the NINEDs are nominee directors and employees of Khazanah Nasional Berhad (Khazanah Nasional), the major shareholder of the Company. The INEDs on the Board act as a caretaker of the minority shareholders' interest and their views carry significant weight in the Board's decision-making process.

The Board regularly reviews the composition of the Board and its Committees to ensure appropriate balance as well as relevant skills and experience. The Board also considers the need to rotate the membership of the Committees amongst the Directors, in order for them to gain exposure on the different functions of the Committees according to their respective skills.

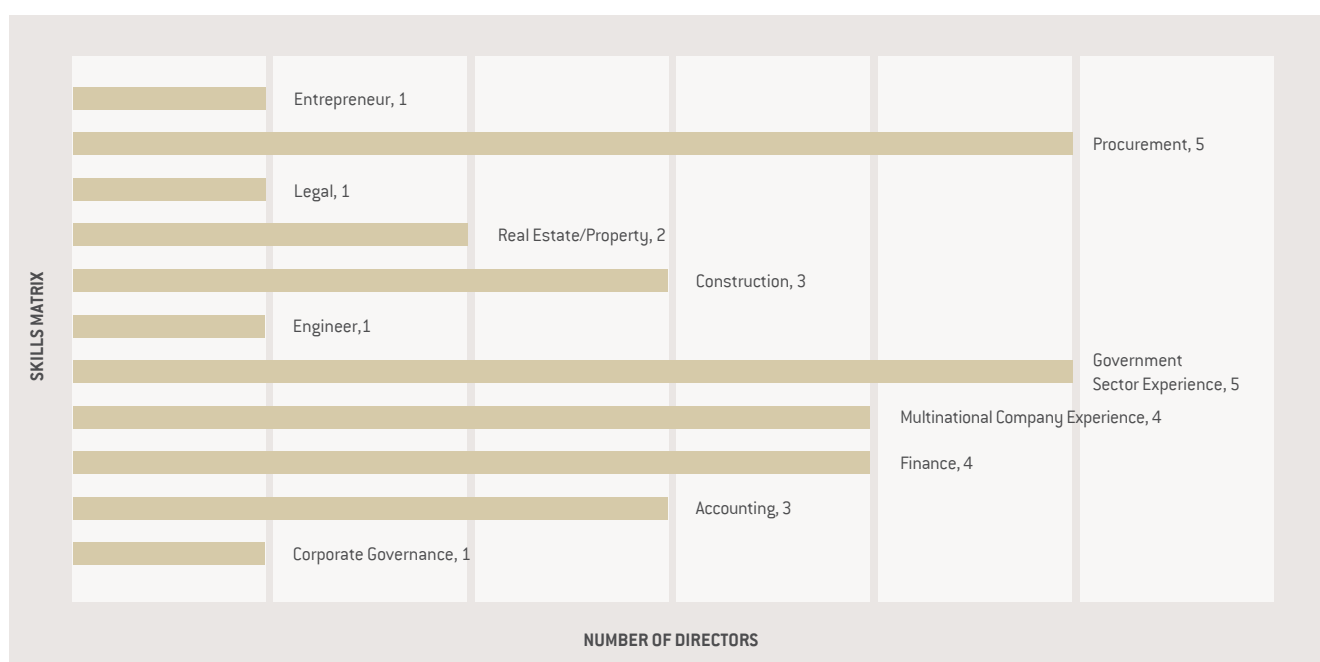
## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



### Balance, Diversity and Skills

The Board continues to recognise that a balance of experiences, competencies, expertise, diversity, professional experience, knowledge and skills on the Board are the key foundation for introducing different perspectives into the Boards' discussions and for better anticipation of the risks and opportunities in building a long-term sustainable business. Our Board ensures the continuity of effective oversight, and informed decision making with respect to issues affecting Malaysia Airports. The diversity of the Board in terms of skills, professional experience and knowledge is depicted below:



127

The Board takes into account the diversity in gender, age, race or ethnicity and nationality of the existing Board members in seeking potential candidate(s). This helps to ensure an appropriate balance between the experienced perspectives of the long term directors and new perspectives that bring fresh insights to the Board.

Malaysia Airports has always been supportive of the 30% Women Directors and is currently represented by three women directors who make up 27.3% of the total board composition. For the duration of 10 months in 2017 (from January to October 2017), there was 30% women representation on the Board of MAHB but this percentage has reduced to 27.3% in November 2017 due to resignation of one woman director. 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. The Board aims to achieve the target of 30% women representation on the Board and the Board Gender Diversity Policy will be established in due course.

This philosophy extends from the Board level to the key operational management throughout the Group. The Company has taken, and continues to take steps to promote diversity, including gender diversity, at operational management level. The Company respects a working environment which is free from discrimination and values the diversity in gender while promoting diversity in recruitment and promotion.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### NOMINATION AND APPOINTMENT OF DIRECTORS

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 clear criteria for the selection and appointment of new Directors.

The BNRC, in making its recommendation on candidates for directorships, will consider the candidate's:

- Skills, knowledge, competencies, expertise and experience;
- Professionalism;
- Integrity;
- Commitment, contribution and performance; and
- 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.

The Board leverages on the network, shareholders' recommendation and industry database to source for potential candidates for appointment to the Board.

### RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS

In compliance with the Company's Constitution (Constitution), one-third (1/3) of the Directors, who have been the longest in office since their last election shall retire by rotation at each Annual General Meeting (AGM) and that a Director who is appointed during the year shall be retired at the next following AGM. The Constitution further provides that at least one-third of the Directors for the time being or the number nearest to one-third shall retire from office.

The Board, via BNRC, reviews the Directors who are subject to re-election or re-appointment at the AGM by giving due regard to his/her performance and the ability to continue to contribute to the Board in terms of knowledge, skills and experience required, and submits its recommendation to the shareholders for approval thereof.

### BOARD PERFORMANCE EVALUATION (BPE)

Our Board carries out its evaluation by way of self-assessment to evaluate its own performance and that of its committees with the aim of improving effectiveness. The Company Secretary, in consultation with the Chairman, has tailored a bespoke

qualitative questionnaire. Key discussion topics in the review include group objectives, strategy and performance assessment, risk management and internal control systems effectiveness, succession planning, management performance, composition and effectiveness of the Board, process supporting the Board's and Board Committees' performance.

BPE framework and processes for the Board have been developed and adopted in accordance with the principles as enunciated in the Green Book. The framework shall be reviewed periodically, to ensure that BPE analysis will enhance the Board's overall effectiveness and is part of an ongoing effort to drive continuous effectiveness of the Board and its Committees.

The Board will further deliberate the findings of the BPE and views of each board member, of which the findings would be used as a yardstick to measure the Board's effectiveness, which will form the basis to formulate a 'moving forward initiatives' for the following year. Based on the results of the BPE for year 2017, the moving forward initiatives identified by the Board mainly focus on strategic plans that will support long term value creation, building an effective Human Capital and Talent Management plan as well as management risk and internal control system, which will be monitored by the Board regularly either quarterly or twice a year to determine the progress of the action plans developed by the Management.

The Board is committed in conducting such performance evaluation which includes undertaking independent evaluation on the Board's effectiveness once in every three years starting from 2018, as this enables the Board's performance to be properly gauged and enables the Board to have a continuous improvement process.

### INDUCTION AND PROFESSIONAL DEVELOPMENT

As required by the Listing Requirements of Bursa Malaysia, all Directors have successfully completed the Mandatory Accreditation Programme (MAP) within the stipulated timeframe of four months from their respective date of appointments.

In addition, upon their appointment, Directors are advised on their legal obligations and other duties as directors of a listed company. Newly appointed Directors receive a comprehensive induction briefing designed to provide a general understanding of the Group, its businesses and operations (including the major risks it faces), and an overview of the additional responsibilities of NEDs.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



Through the course of their directorship, Directors are updated on any developments or changes affecting the Company and their obligations to it at regular Board meetings.

In order to ensure that Directors continue to further their understanding of the issues faced by the Group, Management further strengthens the Directors' continuous professional development plan during the year, ranging from governance to industry trends. The following is a summary of professional development attended by Directors during 2017. In addition to the activities internally organised by Malaysia Airports, Directors also attended in other forms of training organised by third parties with appropriate emphasis on the roles, functions and duties of the Directors.

TRAINING FOCUS	COURSES
HUMAN CAPITAL MANAGEMENT	Update on Human Resource (FIEU Collective Agreement, Blue Ocean, Nestle & I, Racial & Gender of Management Trainee)
	Overview on Diversity Plan (HR)
	Overview on Safety, Health & Environment
STRATEGY	Overview on Company Structure
	Overview on Corporate Purpose & Value
	Khazanah Megatrends Forum 2017 - Cerebrum, Algorithm and Building True Value in a Post-Truth World
	Pemukiman GLIC, GLC, MKD dan Badan Berkanun
	TIDE-MAHB Innovation Garage Prep Workshop
	Budget Discourse and Retreat 2018
	2017 Global Transformation Forum
	Program Latihan Pengarah (PROLAP) Badan-Badan Berkanun
	2 <sup>nd</sup> Annual Aerotropolis Asia – Aerotropolis – Successful City of the Future
	Overview on the Nestle Business Excellence
Overview on the NESPRESSO	
BUSINESS	Overview on Creating Shared Value
	Overview on Marketing Services & Social Media
INFORMATION TECHNOLOGY	Update on Cyber Security
REGULATORY/ LEGAL	Update on the New Process of AGM-E-voting Process
	New Companies Act 2016
	Companies Act 2016 and Its Implications to Directors
	Key Disclosure Obligations of a Listed Company
	Mandatory Accreditation Program for Directors of Public Listed Companies
	The Companies Act 2016: Key Changes and Implications to Directors and Management
AMLATFPUAA 2001 For Directors - Risk, Challenges & Vulnerabilities Towards Regulatory Compliances	

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

TRAINING FOCUS	COURSES
REGULATORY/ LEGAL	Construction Contract Management Conference 2017 (CCM) - Construction Dispute Avoidance: The First Line of Defence in Contractual Dispute Management & Resolution
PROCUREMENT	Overview on Procurement Hub
	Overview on Procurement
	ProcureCon Asia 2017 – IT Spend Focus Day
ACCOUNTING/ AUDIT	Audit Committee Institute (ACI) Breakfast Roundtable 2017
	Overview on Forensic Investigation
	MIA International Accountants Conference 2017
RISK MANAGEMENT	Enterprise Risk Management – Harnessing Disruption
	Cyber Risk Management – A Primer for Directors
AVIATION/ AIRPORT	KLIA: Long Term Traffic Forecast Review, Terminal Capacity and Level of Service (LoS) Assessment
	Airports Council International (ACI) World Annual General Assembly & Conference 2017
	World Routes 2017
	12 <sup>th</sup> ACI Asia-Pacific, Regional Assembly Conference & Exhibition
	Paris International Airshow 2017
	KUL HUB Stakeholders Strategic Alignment Workshop on Seamless Transfer
	Sesi Pembentangan Major Trends Shaping the Civil Aviation – a Knowledge Sharing Session
	Operating Agreement Workshop
Airports Council International Asia-Pacific – The Global Airport Commercial Revenue Conference	
INTERNATIONAL BUSINESS	Invest Asia 2017 Conference
	Astana Expo 2017 (Malaysia-Kazakhstan Energy Business Forum)
	IFSWF Annual Meeting in Astana Kazakhstan
	TFWA Asia Pacific Exhibition & Conference 2017 – The Duty Free & Travel Retail Asia Pacific Summit
	Mobile World Congress 2017: “The Next Element” and Study Trip to Riviera of France
	OPEX Week Europe – Business Transformation Europe Summit
	World Travel Mart

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



TRAINING FOCUS	COURSES
ECONOMY	Exclusive Session with Economic Analyst, Mr Brian Pearce – Chief Economist IATA
	13 <sup>th</sup> World Islamic Economic Forum (WIEF)
	MEA Economics Seminar Series – Revisiting The New Economic Model – Lags & Prospects
	Overview on e-Commerce & Digital Economy
LEADERSHIP	Leadership Programme
	Premier Executive Advanced Development Programme- ‘The Peak’
	Forbes Globes CEO Conference - Theme: The Next Century
FINANCE/ INVESTMENT	Invest Malaysia 2017
	Cambridge Islamic Finance Leadership Programme 2017
	Value-based Intermediation (VBI) Dialogue
	Investment Corporation of Dubai (ICD) Global Investment Forum
CORPORATE GOVERNANCE	Tackling Sustainability Together
	Sustainability Forum for Directors/CEO – The Velocity of Global Change & Sustainability – The New Business Model.
	MIA 50 <sup>th</sup> Anniversary Commemorative Lecture – Integrity : The Game Changer
	21 <sup>st</sup> Century Corporate Governance
	MIA 50 <sup>th</sup> Anniversary Commemorative Lecture by Y. Bhg. Tan Sri Dato’ Azman Mokhtar – Accountability & Sustainability: The Role of Accountants.
REAL ESTATE/ PROPERTY/ CONSTRUCTION/ LAND	Asia Pacific Real Estate Market Outlook. Malaysia. Opportunities in the New Normal. – Trends, Opportunities & Strategies for Competing in the New Soft Market
	Malaysian Annual Real Estate Convention (MAREC ‘17) – Transforming Your Real Estate Business in A Change Era
	Specialised Building Materials Supply Chain Conference 2017. – Local Suppliers Capabilities
	ARENA Asian Real Estate Network Alliance. Theme: Making Friends - Connecting Business – Invest Malaysia – Opportunities in Greater KL
	Rehda Institute CEO Series – Developing Malaysia as an Attractive International Real Estate Investment Destination

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### DIRECTOR'S COMMITMENT

Our Board recognises that it is important that all Directors should be able to dedicate sufficient time to the Company to discharge their responsibilities. The letters of appointment for Non-Executive Directors (NEDs) and INEDs, as well as service contracts for Executive Directors, contain guidelines on expected time commitment required for the affairs of the Company. Each individual confirms his or her understanding of such time commitment when the appointment is accepted. The Board Charter provides that all Board members shall notify the Chairman of the Board before accepting new directorship which shall include an indication of time that will be spent on the new appointment. In addition, the Board reviews annually the contributions required from the Directors and whether they are spending sufficient time performing their responsibilities. At present, no Directors have more than five directorships at any one time.

All Directors have confirmed to the Company that they have given sufficient time and attention to the Company's affairs throughout 2017.

### BOARD AND BOARD COMMITTEE ATTENDANCE

The Board requires all members to devote sufficient time to the working of the Board, to effectively discharge their duties as Directors, and to use their best endeavours to attend the meetings.

The Board meetings as well as the Board Committee meetings are scheduled in advance before the end of each financial year so as to enable the Directors to plan accordingly and fit the year's meetings into their schedules. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

The Board is scheduled to meet once a month with additional meetings convened, as and when deemed necessary. During FY2017, there were 17 Board meetings held, of which, seven were Special Board meetings.

### DIRECTORS

#### Non-Independent Non-Executive

DIRECTORS	NUMBER OF BOARD MEETINGS ATTENDED/ HELD (DURING THE DIRECTORS' TENURE)
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah <sup>1</sup>	10 out of 10
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail <sup>2</sup>	7 out of 7
Dato' Sri Dr Mohmad Isa Hussain	14 out of 17
Norazura Tadzim <sup>3</sup> (Alternate Director to Dato' Sri Dr Mohmad Isa Hussain)	-
Mohd Shihabuddin Mukhtar <sup>4</sup> (Alternate Director to Dato' Sri Dr Mohmad Isa Hussain)	1 out of 1
Datuk Ruhaizah Mohamed Rashid <sup>5</sup>	9 out of 10
Mohd Khairul Adib Abd Rahman <sup>6</sup>	1 out of 2
Dato' Chua Kok Ching <sup>7</sup> (Alternate Director to Datuk Ruhaizah Mohamed Rashid)	-
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin <sup>8</sup>	4 out of 9
Dato' Mohd Izani Ghani	15 out of 17
Hajah Jamilah Dato' Hashim <sup>9</sup>	7 out of 7

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



DIRECTORS	NUMBER OF BOARD MEETINGS ATTENDED/ HELD (DURING THE DIRECTORS' TENURE)
<b>Senior Independent Non-Executive</b>	
Datuk Seri Yam Kong Choy	17 out of 17
<b>Independent Non-Executive</b>	
Datuk Zalekha Hassan	17 out of 17
Rosli Abdullah	17 out of 17
Dato' Ir Mohamad Husin	17 out of 17
Datuk Azailiza Mohd Ahad	15 out of 17
<b>Non-Independent Executive</b>	
Datuk Mohd Badlisham Ghazali	17 out of 17

## Notes:

<sup>1</sup> Resigned as Chairman with effect from 6 June 2017.<sup>2</sup> Appointed as Chairman with effect from 7 June 2017.<sup>3</sup> Resigned as Alternate Director with effect from 6 February 2017.<sup>4</sup> Appointed as Alternate Director with effect from 6 February 2017.<sup>5</sup> Resigned as Director with effect from 7 July 2017.<sup>6</sup> Appointed as Director with effect from 15 November 2017.<sup>7</sup> Ceased as Alternate Director with effect from 7 July 2017.<sup>8</sup> Retired as Director with effect from 25 May 2017.<sup>9</sup> Appointed as Director with effect from 1 June 2017.

133

### BOARD COMMITTEES

In order to provide effective oversight and leadership, our Board has established five governance-related Board Committees as detailed below. Like the Board, each Committee has access to independent advice and counsel as required and each is supported by the Company Secretary. These committees report to the Board.

#### KEY FUNCTIONS

##### Board Audit Committee (BAC)

Reviews and evaluates performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance with established policies and procedures, transparency in decision-making process and accountability of financial and management information.

Reviews on any related party transactions during each quarter.

#### COMPOSITION

BAC comprises no fewer than four members, all of whom are NEDs with majority being INEDs. At least one member must be a member of the Malaysian Institute of Accountants, or if he/she is not, then he/she must comply with Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Malaysia.

The Chairman of the BAC is not the Chairman of the Board.

The BAC currently comprises a majority of INEDs.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### KEY FUNCTIONS

### COMPOSITION

#### Board Nomination & Remuneration Committee (BNRC)

Reviews, assesses and recommends to the Board, remuneration packages of the Managing Director and Senior Management as well as matters relating to employees of Malaysia Airports Group, limited to Collective Agreement for Non-Executives, Terms and Conditions of Executives, bonus and annual increment for employees.

Determines criteria for Boards' 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 Managing Director and Senior Management.

BNRC comprises at least three members, all of whom shall be NEDs with majority being INEDs.

The BNRC currently comprises a majority of INEDs.

#### Board Finance & Investment Committee (BOFIC)

Reviews and monitors the financial investment policy and financial investment portfolio of the Group.

BOFIC comprises no fewer than four members and at least one member must be an INED.

The BOFIC currently comprises a majority of INEDs.

#### Board Risk Management Committee (BRMC)

Formulates the overall risk management, occupational safety and health, 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.

BRMC comprises at least four members, made up of both INEDs and NINEDs.

The BRMC currently comprises a majority of INEDs.

#### Board Procurement Committee (BPC)

Approves procurement value of above RM5.0 million up to RM200.0 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.

BPC comprises at least three members, made up of both INEDs and NINEDs.

The BPC currently comprises a majority of INEDs.

The details of the Terms and Reference (TOR) of each Board Committee are available at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my). The summary of the TOR and activities carried out by the BAC are set out under the BAC Report from pages 156 to 159 of this Annual Report.

Each Board Committee reviews its TOR at least once in every two years to assess its relevancy and clarity, whilst BAC reviews its TOR on annual basis.

The Chairman and members of each Board Committee shall be appointed by the Board. As a matter of good practice prior to each Board meeting, the Chairman of the various Board Committees will report the outcome of the Board Committee meetings to the Board, and such reports and also the minutes of the Committee meetings would be noted in the minutes of the Board meetings. This permits the Board to raise any comments/views on all deliberations.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



### Board Nomination & Remuneration Committee (BNRC)

The current composition of BNRC consists of NEDs with the majority being INEDs. 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.

In driving the transformation of Human Capital as the most important element to support the Company's growth towards Runway to Success 2020 (RtS 2020), it would be advantageous for MAHB Chairman to lead the Committee to enable the acceleration of the transformation of Human Capital.

The BNRC carried its duties and responsibilities in accordance with its TOR. During the year, ten BNRC meetings were held and the main activities undertaken by the BNRC were, amongst others, as follows:

- Reviewed and recommended the amendments to TOR of BNRC;
- Approved the appointment of new Senior Management;
- Reviewed the succession plan for Senior Management;
- Approved the policy on the tenure for External Directors in the MAHB's subsidiaries;
- Reviewed and recommended Directors' remuneration for the External Directors and NEDs on the Boards of MAHB's subsidiaries;
- Reviewed and recommended Code of Ethics and Conduct;

- Reviewed the Corporate Scorecard's achievement and the performance of the Senior Management;
- Reviewed and recommended Retirement and Re-election of Directors on the Board of MAHB at 18<sup>th</sup> AGM;
- Reviewed the findings of BPE and determined Boards' initiatives;
- Reviewed the independence of INEDs and their tenure;
- Approved revision on Senior Management's Employment Contract;
- Reviewed and recommended 8<sup>th</sup> Collective Agreement between Malaysia Airports Holdings Berhad and Kesatuan Pekerja-Pekerja Malaysia Airports Holdings Berhad Semenanjung Malaysia (KESMA), Kesatuan Pekerja-Pekerja Malaysia Airports Holdings Berhad Sarawak (KEPEMAB) and Kesatuan Pekerja-Pekerja Malaysia Airports Holdings Berhad Sabah dan Labuan (KEPMAS);
- Approved 2017 Senior Management's Performance Achievements;
- Reviewed the composition of the Board and Board Committees;
- Reviewed and evaluated the appointment of new Directors on the Board;
- Reviewed and evaluated the curriculum vitae of potential candidates for future appointment as Directors;
- Reviewed and approved the recommendation for directorships of External Director(s) on the Boards of subsidiaries of Malaysia Airports; and
- Reviewed and recommended the appointment of Company Secretary.

135

### Composition of the Board Committees

The current composition of the Board Committees are as per detailed below:

DIRECTOR	BAC	BNRC	BOFIC	BPC	BRMC
<b>NON-INDEPENDENT NON-EXECUTIVE</b>					
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail		C			
Dato' Sri Dr Mohamad Isa Hussain			C	M	
Dato' Mohd Izani Ghani	M	M	M		
Mohd Khairul Adib Abd Rahman					M
Hajah Jamilah Dato' Hashim				M	M
<b>INDEPENDENT NON-EXECUTIVE</b>					
Datuk Seri Yam Kong Choy		M	M		C
Datuk Zalekha Hassan		M		C	M
Rosli Abdullah	C			M	M
Dato' Ir Mohamad Husin	M		M	M	
Datuk Azailiza Mohd Ahad	M	M	M		

Note: C : Chairman, M : Member



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Attendance at the Board Committee Meetings

The attendance of members at the Board Committee meetings held during the FY2017 are as detailed below:

DIRECTOR	BAC	BNRC	BOFIC	BRMC	BPC
<b>NON-INDEPENDENT NON-EXECUTIVE</b>			<b>ATTENDANCE</b>		
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah <sup>1</sup>			2/2	2/2	
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail <sup>2</sup>		-			
Dato' Sri Dr Mohmad Isa Hussain <sup>3</sup>			4/5	-	10/18
Datuk Ruhaizah Mohamed Rashid <sup>4</sup>			2/2	2/2	
Mohd Khairul Adib Abd Rahman <sup>5</sup>				-	
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin <sup>6</sup>			1/2		
Dato' Mohd Izani Ghani	7/8	10/10	5/5		
Hajah Jamilah Dato' Hashim <sup>7</sup>			3/3	-	6/7
Norazura Tadzim <sup>8</sup> (Alternate Director to Dato' Sri Dr Mohmad Isa Hussain)			-		-
Mohd Shihabuddin Mukhtar <sup>9</sup> (Alternate Director to Dato' Sri Dr Mohmad Isa Hussain)			1/1		7/7
Dato' Chua Kok Ching <sup>10</sup> (Alternate Director to Datuk Ruhaizah Mohamed Rashid)			-	-	
<b>SENIOR INDEPENDENT NON-EXECUTIVE</b>			<b>ATTENDANCE</b>		
Datuk Seri Yam Kong Choy	8/8		5/5	4/4	
<b>INDEPENDENT NON-EXECUTIVE</b>			<b>ATTENDANCE</b>		
Datuk Zalekha Hassan		10/10		4/4	18/18
Rosli Abdullah	8/8	9/10		4/4	17/18
Dato' Ir Mohamad Husin <sup>11</sup>		5/5			15/18
Datuk Azailiza Mohd Ahad <sup>12</sup>	8/8			2/2	
<b>Number of meetings held in financial year 2017</b>	<b>8</b>	<b>10</b>	<b>5</b>	<b>4</b>	<b>18</b>

**Notes:**

<sup>1</sup> Resigned as the Chairman of the Board Finance & Investment Committee, and Board Risk Management Committee with effect from 1 June 2017.

<sup>2</sup> Appointed as the Chairman of the Board Nomination & Remuneration Committee with effect from 15 December 2017.

<sup>3</sup> Appointed as the Chairman of Board Finance & Investment Committee with effect from 1 June 2017.

<sup>4</sup> Ceased as a Member of the Board Finance & Investment Committee, and Board Risk Management Committee with effect from 7 July 2017.

<sup>5</sup> Appointed as a member of Board Risk management Committee with effect from 26 January 2018.

<sup>6</sup> Ceased as a Member of the Board Finance & Investment Committee with effect from 25 May 2017.

<sup>7</sup> Appointed as a member of Board Procurement Committee, Board Finance & Investment Committee and Board Risk Management Committee respectively with effect from 22 August 2017, 27 July 2017 and 26 January 2018.

<sup>8</sup> Resigned as Alternate Director with effect from 6 February 2017.

<sup>9</sup> Appointed as Alternate Director with effect from 6 February 2017.

<sup>10</sup> Ceased as Alternate Director with effect from 7 July 2017.

<sup>11</sup> Appointed as a member of Board Nomination & Remuneration Committee with effect from 25 May 2017.

<sup>12</sup> Appointed as the Chairman of Board Risk Management Committee with effect from 1 June 2017.



## BOARD REMUNERATION

The Board remuneration structure is reviewed by benchmarking the Chairman's and the Directors' remuneration against peer companies, locally and regionally. The Board hopes that the alignment of the remuneration package offered to the NEDs of the Company will continue to attract and retain Directors of such calibre to provide the necessary skills and experiences required for the effective management and operations of the Group.

The Managing Director's remuneration comprises basic salary and other customary benefits which reflect his performance for the year, whilst the NEDs' 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 NEDs serving the Company is essential in upholding the standards of Corporate Governance.

The Chairman and NEDs received the following fees in respect of FY 2017:

### 1. MAHB

NO.	FEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
1.	<b>Directors' Fee</b>	Monthly: RM15,000.00 Annually: RM180,000.00	Monthly: RM9,000.00 Annually: RM108,000.00
2.	<b>Meeting Allowance</b>		
	2.1 Board Meeting	RM5,000.00/per meeting	RM3,000.00/per meeting
	2.2 Board Committee Meeting	RM4,000.00/per meeting	RM2,000.00/per meeting
3.	<b>Senior Independent Director Allowance</b>		Monthly: RM1,000.00 Annually: RM12,000.00

### 2. Subsidiaries of MAHB

NO.	TIER	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	<b>Directors' Fee</b>		
	<b>First Tier</b>		
1.	Malaysia Airports Consultancy Services Sdn Bhd		
2.	Malaysia Airports (Niaga) Sdn Bhd		
3.	K.L. Airport Hotel Sdn Bhd		
4.	KLIA Aeropolis Sdn Bhd	Monthly: RM4,000 Annually: RM48,000	Monthly: RM3,000 Annually: RM36,000
5.	Malaysia Airports International Sdn Bhd		
6.	Istanbul Sabiha Gokcen International Airport and LGM Airport Operations Trade and Tourism Inc.*		

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

NO.	TIER	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	<b>Second Tier</b>		
7.	Malaysia Airports Sdn Bhd	Monthly: RM3,000 Annually: RM36,000	Monthly: RM2,000 Annually: RM24,000
8.	Malaysia Airports (Sepang) Sdn Bhd		
9.	Urusan Teknologi Wawasan Sdn Bhd		
10.	MAB Agriculture-Horticulture Sdn Bhd		
	<b>Meeting Allowance</b>		
	<b>First Tier</b>		
1.	Malaysia Airports Consultancy Services Sdn Bhd	RM1,500 per meeting	RM1,200 per meeting
2.	Malaysia Airports (Niaga) Sdn Bhd		
3.	K.L. Airport Hotel Sdn Bhd		
4.	KLIA Aeropolis Sdn Bhd		
5.	Malaysia Airports International Sdn Bhd		
6.	Istanbul Sabiha Gokcen International Airport (ISG) and LGM Airport Operations Trade and Tourism Inc. (LGM)*		
	<b>Second Tier</b>		
7.	Malaysia Airports Sdn Bhd	RM1,200 per meeting	RM1,000 per meeting
8.	Malaysia Airports (Sepang) Sdn Bhd		
9.	Urusan Teknologi Wawasan Sdn Bhd		
10.	MAB Agriculture-Horticulture Sdn Bhd		
3.	Committee of MAHB's Subsidiaries		
NO.	BOARD COMMITTEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	<b>Meeting Allowance</b>		
1.	ISG and LGM*	RM2,500 per meeting	RM2,000 per meeting
4.	Management Committees of MAHB		
NO.	MANAGEMENT COMMITTEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	<b>Meeting Allowance</b>		
1.	Whistleblowing Independent Committee	RM1,500 per meeting	RM1,000 per meeting

\* To be paid to one subsidiary only (i.e. ISG)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



The details of the total remuneration of Directors for the FY 2017 are summarised below:

CATEGORY	SALARY, BONUS AND OTHER EMOLUMENTS (RM)	DIRECTORS' FEES		DIRECTORS' OTHER EMOLUMENTS <sup>^</sup>		BENEFITS- IN-KIND <sup>^^</sup>		TOTAL (RM)
		MAHB (A) (RM)	SUBSI (B) (RM)	MAHB (C ) (RM)	SUBSI (D) (RM)	MAHB (E) (RM)	SUBSI (F ) (RM)	
<b>Non-Executive Directors</b>								
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail (Appointed with effect from 7 June 2017)	0.00	102,000.00	0.00	60,600.00	0.00	23,348.65	0.00	185,948.65
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah (Resigned with effect from 6 June 2017)	0.00	78,000.00	0.00	134,835.00	56,000.00	15,400.00	0.00	284,235.00
Dato' Sri Dr Mohamad Isa Hussain	0.00	108,000.00	0.00	68,000.00	0.00	0.00	0.00	176,000.00
Datuk Ruhaizah Mohamed Rashid (Resigned with effect from 7 July 2017)	0.00	55,741.90	0.00	38,000.00	0.00	10,000.00	0.00	103,741.90
Mohd Khairul Adib Abd Rahman (Appointed with effect from 15 November 2017)	0.00	13,800.00	0.00	3,000.00	0.00	0.00	0.00	16,800.00
Dato' Mohd Izani Ghani*	0.00	108,000.00	28,000.00	154,480.00	30,000.00	10,000.00	0.00	330,480.00
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin (Retired with effect from 25 May 2017)	0.00	43,250.00	0.00	15,000.00	0.00	10,970.55	0.00	69,220.55
Hajah Jamilah Dato' Hashim* (Appointed with effect from 7 June 2017)	0.00	63,000.00	21,000.00	32,000.00	3,600.00	9,914.00	0.00	129,514.00
Datuk Seri Yam Kong Choy	0.00	108,000.00	70,000.00	98,931.71	25,000.00	10,000.00	0.00	311,931.71
Datuk Zalekha Hassan	0.00	108,000.00	24,000.00	152,183.75	3,000.00	10,000.00	0.00	297,183.75

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

CATEGORY	SALARY, BONUS AND OTHER EMOLUMENTS (RM)	DIRECTORS' FEES		DIRECTORS' OTHER EMOLUMENTS <sup>^</sup>		BENEFITS- IN-KIND <sup>^^</sup>		TOTAL (RM)
		MAHB (A) (RM)	SUBSI (B) (RM)	MAHB (C) (RM)	SUBSI (D) (RM)	MAHB (E) (RM)	SUBSI (F) (RM)	
Rosli Abdullah	0.00	108,000.00	70,000.00	220,410.00	51,300.00	10,350.00	0.00	460,060.00
Dato' Ir Mohamad Husin	0.00	108,000.00	42,000.00	96,992.00	21,000.00	10,000.00	0.00	277,992.00
Datuk Azailiza Mohd Ahad	0.00	108,000.00	0.00	78,000.00	0.00	10,000.00	0.00	196,000.00
Mohd Shihabuddin Mukhtar	0.00	0.00	14,000.00	21,000.00	3,000.00	6,587.00	0.00	44,587.00
<b>Total</b>	<b>0.00</b>	<b>1,111,791.90</b>	<b>269,000.00</b>	<b>1,173,432.46</b>	<b>192,900.00</b>	<b>136,570.20</b>	<b>0.00</b>	<b>2,883,694.56</b>
<b>Executive Director**</b>								
Datuk Mohd Badlisham Ghazali	1,777,216.82	0.00	0.00	0.00	0.00	44,185.90	0.00	1,821,402.72
<b>Grand Total</b>	<b>1,777,216.82</b>	<b>1,111,791.90</b>	<b>269,000.00</b>	<b>1,173,432.46</b>	<b>192,900.00</b>	<b>180,756.10</b>	<b>0.00</b>	<b>4,705,097.28</b>

*This disclosure is for the payment made to the respective Directors in financial year 2017.*

\* The amount of fee is paid to Khazanah Nasional Berhad, the immediate holding company, in respect of services rendered to the Company by Dato' Mohd Izani Ghani and Hajah Jamilah Dato' Hashim.

\*\* Being the Managing Director.

<sup>^</sup> Directors' Other Emoluments comprises Senior Independent Director allowance, meeting allowance, car allowance<sup>o</sup>, entertainment allowance<sup>oo</sup> and out-of-pocket expenses.

<sup>^^</sup> Benefits-in-kind comprises car<sup>oo</sup>, petrol<sup>oo</sup>, toll<sup>oo</sup>, driver<sup>oo</sup>, telecommunication devices, club<sup>oo</sup> and professional membership, leave passage<sup>o</sup> and Directors' appreciation gift.

<sup>o</sup> for Chairman only

<sup>oo</sup> for Chairman and Managing Director only

<sup>#</sup> for Managing Director only

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



### SENIOR MANAGEMENT REMUNERATION

The Board strives to ensure that the senior management's remuneration is fair and able to attract and retain talent. Currently the top five senior management's remuneration packages (excluding Managing Director) are within the range of RM50,000 to RM70,000 per month.

### ACCESS TO INFORMATION AND ADVICE

The Management recognises the significance of providing timely and relevant information to NEDs so as to enable them to discharge their duties effectively.

The Board receives detailed quarterly reports from members of Management in respect of their areas of responsibility. Appropriate Key Performance Indicators (KPIs) are used to facilitate benchmarking and peer group comparison. Financial plans, including budgets and forecasts, are regularly discussed at Board meetings. Monthly reports to NEDs are issued, covering financial and operational highlights.

The interaction of NEDs with non-Director members of the Management team has been strengthened. In addition to hearing presentations from non-Director Management members at Board meetings, NEDs are also invited to attend Company's events. All these measures facilitate the build-up of constructive relations and dialogue between the Board and the management team, as well as offering first-hand experience of our people and culture.

Directors are also kept updated of any material developments from time to time through notifications and circulars detailing relevant background and explanatory information. As described above, Directors also have access to non-Director members of management and employees where appropriate. Collectively, these processes ensure that the Board receives the answers and information it needs to fulfil its obligations.

### INDEPENDENT PROFESSIONAL ADVICE

The Directors, in carrying out their duties, may seek independent professional advice at the Company's expense, should the need arise. Professional advisers, consultants, auditors and solicitors appointed by the Company to advise on corporate proposals are invited to the Board meetings to brief the Board on their advice and opinion as well as to address issues of concern to the Directors.

If a Director considers that the professional independent advice is necessary, he/she shall first discuss the intention with the Chairman and with the permission of the Chairman, brings the request to the Board for consideration. The reason for seeking independent professional advice and the proposed cost involved should be presented to the Board for approval and the Director concerned may proceed once Board's approval is obtained.

### THE RESPONSIBILITY OF MANAGEMENT

The Board has established a main management committee, namely Executive Committee (EXCO), chaired by the Managing Director. EXCO meetings were held on a frequent basis of at least once a month, to discuss key strategic matters and to monitor the Company's performance and operations.

The Board has adopted policies and procedures such as "Procurement Policies and Procedures (3Ps)" and "Group Approval Limit of Authority (GALOA)" in determining the issues that require Board's approval and the issues that can be delegated for approval to the Committees established by the Board or the Management, or level of management respectively.

### CODE OF ETHICS AND CONDUCT

Malaysia Airports' Code of Ethics and Conduct (the Code) is to provide clear guidelines on permissible or non-permissible conduct in the business practices of Malaysia Airports. 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 and Securities Commission Act.

The Code applies to all the Company's Employees and representatives including agents, consultants, contractors and suppliers for the Company:

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Employees

All Employees of Malaysia Airports 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 Malaysia Airports' policies, procedures, directives and guidelines as issued from time to time.

### Line Managers

As leaders in the Company, Line Managers have added responsibilities of ensuring his direct reports understand and comply with the Code, promoting compliance and good ethical values via leadership by example, and diligently be on the lookout for indications that unethical or illegal activities, malpractices or other irregularities have occurred and report the matter to the Head or Industrial Relations of Human Resources Division.

### Business Partners and Suppliers

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.

The Code is made available on the Company's corporate website: [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my).

### WHISTLEBLOWING POLICY

To augment the Code of Ethics, the Company's Whistleblowing Policy adopted by the Board, outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of ethics involving employees, Management or Director in the Group. It allows the whistleblower the opportunity to raise concern outside the Management line. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. All concerns reported by the whistleblower are addressed to the Whistleblowing Independent Committee (WIC). 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.

Complaints can be channeled to [wic\\_secretariat@malaysiaairports.com.my](mailto:wic_secretariat@malaysiaairports.com.my), or by calling the hotline at 019-659 2263.

During the year, a total of 15 information was received, which covers broad areas of concerns as mentioned above, and where appropriate, actions have been taken to address the issues raised.

### CORPORATE INTEGRITY

Malaysia Airports had pledged to Corporate Integrity Pledge (CIP) in 2011, by signing the CIP, Malaysia Airports voluntarily and publicly make unilateral declaration against corrupt practices, and express our resolve to work towards creating a highly principled and ethical nation.

In May 2017, Malaysia Airports continues to give utmost commitment in supporting the anti-corruption initiatives by signing the Corruption-Free Pledge or better known as "IBR – Ikrar Bebas Rasuah".

The signing of IBR is a follow through initiative from the previous signing of the CIP. The CIP is an initiative that engages companies in Malaysia to commit and uphold the anti-corruption principles and support the corruption prevention initiatives.

However, the IBR is unique and different from the CIP as it emphasises on the pledge and promise by organisation's leadership and staff on an individual capacity to hold each of them accountable and responsible in carrying out their duties and hindering them from engaging in any form of corruption misconduct throughout their tenure.

Malaysia Airports has from the beginning implemented various policies and guidelines of corporate governance and anti-corruption which aims to eliminate corruption amongst our employees and stakeholders such as, Code of Ethics and Conduct, whistleblowing policy, asset declaration, no gift policy, and vendor integrity pact.

### COMMUNICATION WITH SHAREHOLDERS

#### Accountability With Shareholders And Corporate Reporting

Disciplined measurement of our performance is an important aspect of our strategy to achieve long-term success. Recognising that we are accountable to our stakeholders, the reporting of financial and non-financial results in a transparent fashion is

## CORPORATE GOVERNANCE OVERVIEW STATEMENT



critical. A number of formal communication channels are used to account to shareholders for the performance of the Group. These include the Annual Report and press releases/announcements.

Shareholders may raise enquiries to the Board by contacting the Company's Investor Relations Division.

### Investor Relations

Our Investor Relations Policy enables the Company to communicate effectively with our shareholders, prospective investors, stakeholders and the public generally 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](mailto:ir@malaysiaairports.com.my) to which stakeholders can direct their queries.

### Corporate Disclosure Policy

Malaysia Airports 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 Malaysia Airports.

Malaysia Airports' practice is to release all price sensitive information to Bursa Malaysia in a timely manner as required under the Listing Requirements of Bursa Malaysia and to the market and community generally through Malaysia Airports' media releases, social media platforms (namely, Twitter, Facebook, Instagram and YouTube), corporate website and other appropriate channels. Each division in Malaysia Airports is required to inform the Company Secretary on any potential price sensitive information concerning Malaysia Airports as soon as this becomes known.

### Information via the Online Channels

Malaysia Airports utilises its corporate website [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my) and social media platforms as a means of providing information to its shareholders, stakeholders and the broader investment community. Malaysia Airports discloses information on the latest news and happenings through media releases, featured in a section called "News Centre" in 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, Malaysia

Airports has dedicated a section on its website to Malaysia Airports' investors where presentations, Annual Reports, quarterly reports, annual financial statements, announcements, share and financial information can be viewed. The details on Investor Relations are disclosed on pages 52 and 53 of this Annual Report.

### Relations with Major Shareholders and Stakeholders

The Stakeholder Management Committee, led by the Managing Director and the Chief Financial Officer of the Company and including, where appropriate, other members of Senior Management, will regularly hold meetings with the Company's major shareholder, namely Khazanah Nasional Berhad and its major stakeholders (which include the Ministry of Finance, Ministry of Transport and airlines) amongst others to discuss the Company's strategy, financial performance and specific major investment activities.

### Relations with Institutional Shareholders

The Investor Relations team is responsible for managing the day-to-day communications with institutional shareholders through briefings to fund managers, institutional investors and investment analysts, normally held after the release of the Group's quarterly results to Bursa Malaysia. Press conferences are also held to brief the members of the media, and to highlight any significant events undertaken by the Group. All NEDs have always been invited to the briefings, should they wish to attend.

### Relations with Private Shareholders

Each year, shareholders will receive the Annual Report of the Company. The shareholders can also access up-to-date information on the Group's latest activities such as financial performance, group background and future events throughout the year on the Company's official website at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my).

The Board acknowledges the importance of shareholders to be informed in a prompt and timely manner of all material business matters affecting the Company by requiring:

- All announcements of quarterly financial results, change in the composition of the Board, etc., are disclosed to Bursa Malaysia within statutory timelines and immediately made available on the website;



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- All information released to the stakeholders is to be placed on Malaysia Airports website promptly following the release;
- Clear, accurate and sufficient information to enable shareholders and investors to make informed decisions; and
- All formal queries by Bursa Malaysia and other regulatory authorities are expeditiously responded to.

### CONSTRUCTIVE USE OF ANNUAL GENERAL MEETING (AGM)

Our Board is equally interested in the concerns of private shareholders. The Company Secretary, on behalf of the Board, oversees communication with these investors. The Board recognises the significance of the constructive use of AGM as a means to enter into a dialogue with private shareholders based on the mutual understanding of objectives. Individual shareholders can put questions to the Chairman at the AGM. Chairmen of various Board Committees, as provided under their respective terms of references, attend AGM to respond to any shareholders' questions on the activities of those Committees.

The Notice of AGM is circulated 28 days before the date of the meeting to enable shareholders to go through the Annual Report, fulfilling the requirements under the Companies Act 2016, Listing Requirements of Bursa Malaysia as well as the recommendation of MCGG 2017. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

At the commencement of the AGM, the Chairman shall inform the shareholders on the resolutions put forth for shareholders' approval and that all resolutions shall be voted by poll pursuant to the Listing Requirements of Bursa Malaysia.

The Board will regularly maintain good dialogue with shareholders by proactively organising meetings, presentations and events, so as to better understand the views of the shareholders on a range of issues from strategy to corporate governance.

Shareholders are also encouraged to contact the following personnel pertaining to investor relations matters:

Raja Azmi Raja Nazuddin

Chief Financial Officer

Contact Details

Tel: 603-8777 7004

Fax: 603-8777 7776

E-mail: [rajaazmi@malaysiaairports.com.my](mailto:rajaazmi@malaysiaairports.com.my)

The profile of Raja Azmi Raja Nazuddin is enclosed on page 108 of this Annual Report.

### INSTILLING SUSTAINABILITY

The Board believes that sustainability is integral to the long-term success of Malaysia Airports. Malaysia Airports manages its business responsibly by managing the economic, social and environmental aspects of its operations. Malaysia Airports produces an annual sustainability report to communicate its sustainability endeavours to stakeholders. Together with the Annual Report, which highlights the financial aspects of the business, both reports provide a clear, comprehensive and transparent representation of its performance annually.

Further information on the Malaysia Airports sustainability activities can be found in a separate report published in conjunction with this Annual Report, namely 'Sustainability Report 2017'. The sustainability report is also available to the public on the Company's official website.

### INVESTOR RELATIONS

Malaysia Airports values transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. Our Investor Relations Policy aims to build long-term relationships with our shareholders and potential investors through appropriate channels for the management and disclosure of information. We provide these investors with sufficient business, operations and financial information on the Group enabling them to be informed of investment decisions.

In each quarter in FY2017, Malaysia Airports held analyst briefings in conjunction with the Group's quarterly financial results. The briefings include the corporate overview, review of business operations and financial performance, headline KPI achievements and the business outlook for the Group.

In addition to the above, Malaysia Airports also organised regular one-on-one meeting with investment analysts and fund managers throughout the year. The analysts and fund managers briefings will continue to be held regularly in 2018.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT



In line with our commitment towards corporate governance and best practice in investor relations, Malaysia Airports updates its website, [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my), periodically to ensure that we provide an in-depth and up-to-date information for both existing and potential shareholders, with timely and accurate information about Malaysia Airports. The website also allows visitors to register and receive the latest information about Malaysia Airports, enhances transparency, facilitates more effective communication with the investment community and promotes Investor Relations best practice in the region.

### DIVIDEND POLICY

The Company's dividend policy entails the payment of dividend at a payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest commencing from the financial year 2007. Nevertheless, the actual amount and timing of the dividend payments will depend on the Company's cash flow position, results of operations, business prospects, current and expected obligations, and such other matters as the Board may deem relevant.

### FINANCIAL REPORTING

In presenting the annual audited financial statements and quarterly financial results announcement to the shareholders, the Directors aim to present a balance and understandable assessment of the Group's position and prospects. BAC assists the Board by reviewing the information disclosed and ensuring its completeness, accuracy and adequacy.

The Board is fully aware of the changes in the accounting policies with the implementation of the Financial Reporting Standards (FRS) approved by the Malaysian Accounting Standards Board, and has adopted the relevant FRS applicable for the Group's FY2017.

The adoption of the FRS has changed a number of the Group's accounting policies. The principal effects of the changes in accounting policies resulting from the above adoption are set out from pages 190 to 221 of this Annual Report.

MAHB Group falls within the definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the Malaysian Financial Reporting Standards (MFRS) Framework in its first MFRS financial statements for the year ending 31 December 2018.

### RISK MANAGEMENT AND INTERNAL CONTROLS

Our Board recognises that the ultimate responsibility for ensuring our Company's sound internal control system and reviewing its effectiveness lies with the Board. The Board Committees have defined roles as detailed in pages 133 to 134 of this Report, aimed at supporting the Board's oversight of proper implementation of governance, risk management and control systems. The Statement on Risk Management and Internal Control which provides the key features of the risk management framework and an overview of the internal control system of the Company, is set out on pages 148 to 155 of this Annual Report.

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

Our Directors and Officers are indemnified under Directors and Officers Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

### RELATED PARTY TRANSACTIONS

An internal compliance framework exists to ensure that the Company meets its obligations under the Listing Requirements of Bursa Malaysia, including obligations relating to related party transactions and recurrent related party transactions. The Board, through its BAC, reviews and monitors all related party transactions and conflicts of interest situations, if any, on a quarterly basis. A Director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution, in respect of such a transaction at the meeting of the Board, the AGM or Extraordinary General Meeting.

The Company has established procedures regarding its related party transactions which are summarised as follows:

- all related party transactions are required to be undertaken on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public and other suppliers, and are not detrimental to the minority shareholders;
- all related party transactions are reported to the BAC. Any member of the BAC, where deemed fit, may request for additional information pertaining to the transactions, including advice from independent sources or advisers; and

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- all recurrent related party transactions which are entered into pursuant to the shareholders' mandate for recurrent related party transactions are recorded by the Company.

There was no Related Party Transactions during the financial year under review.

### RELATIONSHIP WITH EXTERNAL AUDITORS

Our Group's transparent and professional relationship with the External Auditors is primarily maintained through the BAC. The key features underlying the BAC's relationship with the External Auditors are as detailed in the Report on the BAC of this Annual Report on page 157. The terms of engagement of the Company's external auditors are reviewed by the BAC prior to submission to the Board for approval.

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.

In order to ensure full disclosure of matters, Messrs. Ernst & Young are regularly invited to attend the Committee's meetings as well as the AGM. For the financial year under review, two private sessions between BAC and the External Auditors in the absence of 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.

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 IT consultancy, and other non-audit and non-tax-related services, unless the services offered by the External Auditors are more effective or competitively priced, and they are the expert in the field against other providers.

The fees paid/payable to the External Auditor, Messrs. Ernst & Young, in FY2017 are provided under this Annual Report on page 147.

### STATEMENT OF DIRECTORS' RESPONSIBILITY IN PREPARING THE AUDITED FINANCIAL STATEMENTS

The Companies Act, 2016 requires the Directors to prepare financial statements for each financial year in accordance with the Financial Reporting Standards, and places responsibility on the Directors to ensure that the financial statements provide a true and fair view of the financial position of the Company and its financial performance and cash flows for the financial year ended. The Board is satisfied that it has met its obligation to present a balance and understandable assessment of the Company's position in the Directors' Report on pages 163 to 167 and the Audited Financial Statements as set out on pages 163 to 309 of this Annual Report.

### STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA MALAYSIA IN RELATION TO APPLICATION OF PRINCIPLES AND ADOPTION OF BEST PRACTICES LAID DOWN IN MCCG

This Statement of the Company's Corporate Governance practices is made in compliance with Paragraphs 15.25 and 15.08A of the Listing Requirements of Bursa Malaysia. The Board is pleased to report to its shareholders that to the best of its knowledge, the Company is satisfied that in 2017, the Company had applied certain practices laid down in MCCG and will endeavour to continuously adopt the principles set out in MCCG from time to time.

This Statement is made in accordance with a resolution of the Board of Directors and approved at the Board meeting dated 22 March 2018.

On behalf of the Board

**Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**  
Chairman