

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5014  
**COMPANY NAME** : Malaysia Airports Holdings Berhad  
**FINANCIAL YEAR** : December 31, 2017

## 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 PERSUANT 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors (the Board) is charged with 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"><li>1. To determine the Company's long-term direction, formulate business objectives and strategies including strategies that promote sustainability;</li><li>2. To ensure that it has adequate resources to meet its objectives and that it maintains an effective/sound risk management framework;</li><li>3. To review and implement the Company's internal control system;</li><li>4. To monitor its performance and ensure that it acts ethically and meets its responsibilities to shareholders and other stakeholders; and</li><li>5. 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.</li></ol> <p>Annually, the Board reviews and deliberates on the Management's proposal as well as provides its guidance in regard to the Company's business strategies. A Special Board meeting was held in September 2017, to collate the Board's inputs towards improving the business plan by considering all factors contributing towards both cost and revenue.</p> <p>The Board had also conducted a review on the progress of the implementation of the strategic plans of the Company for year 2018 to 2020.</p>

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

The Board has also delegated its power to the relevant Board Committees and Managing Director. The roles for each Board Committee are as follows:

Board Audit Committee (BAC):

- 1) 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.
- 2) Reviews on any related party transactions during each quarter.

Board Nomination & Remuneration Committee (BNRC):

- 1) Reviews, assesses and recommends to the Board, remuneration packages of the Managing Director and Senior Management as well as to review 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.
- 2) 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.

Board Finance and Investment Committee (BOFIC)

- 1) Reviews and monitors the financial investment policy and financial investment portfolio of the Group.

Board Risk Management Committee (BRMC)

- 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.

Board Procurement Committee (BPC)

- 1) 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

	<p>the Red Book by the Putrajaya Committee on GLC High Performance, ensures efficiency and effectiveness of procurement process, and supports national development objectives.</p> <p>The details of the Terms of Reference of the respective Board Committees are published on the Company's website.</p> <p>The Board in implementing corporate governance, ensures accountability to the Company's shareholders and stakeholders.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></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.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The roles of the Chairman of the Board has been provided for in the Board Charter and includes, inter alia:</p> <ol style="list-style-type: none"><li>1. Lead the Board in setting the values and standards of the Company;</li><li>2. Maintain a relationship of trust with and between the Executive and Non-Executive Directors;</li><li>3. Ensure the provision of accurate, timely and clear information to Directors;</li><li>4. Ensure effective communication with shareholders and relevant stakeholders;</li><li>5. Act as facilitator for meetings to ensure:<ol style="list-style-type: none"><li>(i) adequate notice of meetings;</li><li>(ii) adequacy of information for Board meetings;</li><li>(iii) no member dominates the discussion;</li><li>(iv) full discussion takes place;</li><li>(v) variety of opinion among Board members is drawn out;</li><li>(vi) outcome of discussions results in logical and coherent policy to guide the Managing Director / Chief Executive Officer (MD/CEO) and against which the performance of the Company can be monitored; and</li><li>(vii) consensus is obtained in the Board and when necessary, to call for vote.</li></ol></li><li>6. Arrange regular evaluation of the performance of the Board and its Committees;</li><li>7. Facilitate effective contribution of Non-Executive Directors and ensure constructive relations be maintained between Executive and Non-Executive Directors;</li><li>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;</li><li>9. Lead discussions among Directors;</li></ol>

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

### 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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman is Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail and the Managing Director is Y. Bhg. Datuk Mohd Badlisham bin Ghazali. Both are holding separate position and their respective roles and responsibilities are governed in the Company's Board Charter.  The role of Chairman and Managing Director are clearly defined in the Board Charter and stated in the Corporate Governance Statement of 2017 Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary, Puan Azni binti Ariffin, is a Licensed Secretary by the Companies Commission of Malaysia and a graduate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She is also the Secretary for all Board Committees and MAHB Subsidiaries. The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, policies and procedures and compliance with the relevant regulatory requirements, guidance and legislations as well as the principle of best corporate governance practices. The Directors are regularly updated by the Company Secretary on changes made to the relevant regulatory requirements, more particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors.</p> <p>The function of Company Secretary, amongst others, as follows:</p> <ol style="list-style-type: none"><li>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;</li><li>2. Prepare the agenda with the Chairman and notify all Directors of Board Meetings;</li><li>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;</li><li>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;</li><li>5. Provide full access and services to the Board;</li></ol>

	<ol style="list-style-type: none"> <li>6. Assist the Board with interpreting legal and regulatory acts related to the code, Listing Requirements of Bursa Malaysia Securities Berhad and other related regulations and developments;</li> <li>7. Advise the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis;</li> <li>8. Handle the Company's share transactions and other duties as prescribed under the relevant legislations;</li> <li>9. Notify the Chairman of any possible violations of legal and regulatory acts;</li> <li>10. Ensure the appointment of new directors, re-appointment and resignation of directors are in accordance with the relevant legislations;</li> <li>11. Ensure execution of assessment for directors and the Board/Board Committees;</li> <li>12. Brief to new Directors on organisational structure of the Company and procedures that regulate the operations of the Board;</li> <li>13. Facilitate the orientation of new directors and providing assistance in directors' training and development;</li> <li>14. Ensure availability of information required by new directors for the proper discharge of their duties;</li> <li>15. Assist the Board and the Chairman on the implementation of Malaysia Code on Corporate Governance (MCCG);</li> <li>16. Monitor compliance with the principles and recommendations of MCCG and inform the Board of any breaches; and</li> <li>17. Ensure high standard of governance by keeping abreast of the latest enhancement in corporate governance and changes in the legal and regulatory framework.</li> </ol> <p>In ensuring the Board has full understanding of the businesses of the Company and its Group, orientation and induction programme for newly appointed Directors were held in July and August 2017.</p> <p>In line with the Bursa Malaysia Securities Listing Requirements, the newly appointed directors had also attended the Mandatory Accreditation Programme.</p> <p>To keep the Directors abreast with the recent development in law, a training on the new Companies Act 2016 had also been organised.</p>
--	--

	<p>The other trainings attended by the Board which are relevant to the business of the Company are as follows:</p> <ol style="list-style-type: none"> <li>1) KLIA: Long Term Traffic Forecast Review, Terminal Capacity and Level of Service (LoS) Assessment;</li> <li>2) 2nd Annual Aerotropolis Asia – Aerotropolis – Successful City of the Future;</li> <li>3) ProcureCon Asia 2017 – IT Spend Focus Day;</li> <li>4) TFWA Asia Pacific Exhibition &amp; Conference 2017 – The Duty Free &amp; Travel Retail Asia Pacific Summit;</li> <li>5) KUL HUB Stakeholders Strategic Alignment Workshop on Seamless Transfer;</li> <li>6) TIDE-MAHB Innovation Garage Prep Workshop;</li> <li>7) Exclusive Session with Economic Analyst, Mr Brian Pearce – Chief Economist IATA;</li> <li>8) Sesi Pembentangan Major Trends Shaping the Civil Aviation – a Knowledge Sharing Session; and</li> <li>9) Operating Agreement Workshop.</li> </ol> <p>The Directors have direct access to the advice and services of the Company Secretary. The Company Secretary works closely with the Management to ensure that there is timely and appropriate information flow to the Board and Board Committees, and between the Non-Executive Directors and the Management.</p> <p>The Company Secretary constantly keeps herself abreast of the regulatory changes and developments in sustainability and corporate governance through continuous training.</p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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, and structure and prioritise the respective matters accordingly based on their relevancy and importance. Confidential papers or urgent proposals are presented and tabled at the Board meetings under special agenda.</p> <p>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.</p> <p>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,</p>

	refrain from considering any last minute agenda items during the proceedings of the Board meetings, unless the matter is of genuine and exceptional circumstances.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter provides the roles of the Board, Chairman and Managing Director as well as the functions of the respective Board Committees.</p> <p>A schedule of matters reserved for the Board to make decision so as to ensure that the direction and control of the Company are in its hands, has been provided for in the Board Charter.</p> <p>In 2017, the Board Charter published on the Company's website is the summarised version together with the Terms of Reference of all Board Committees.</p> <p>Clause 15.4 of the Board Charter states that <i>"at any one time, should the Listing Requirements of Bursa Securities (LR) or Companies Act 2016 (CA) be amended for any reason whatsoever, the amendment of which affected the contents of this Charter, the amended LR or CA shall take precedent over the Charter."</i></p> <p>Any latest relevant legislations and regulations will be updated to the Board from time to time.</p> <p>The full Board Charter is now published on the Company' website.</p>
<b>Explanation for departure</b>	:	Please provide an explanation for the departure.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	.

<b>Timeframe</b>	:		
------------------	---	--	--

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In March 2017, the Board had reviewed and approved the revision of Code of Ethics and Conduct of MAHB Group and has been published on the Company’s website accordingly.</p> <p>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 Securities Berhad and Securities Commission Act.</p> <p>The Code applies to all the Company’s Employees and representatives including agents, consultants, contractors and suppliers for the Company:</p> <p><u>Employees</u></p> <p>All Employees of 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.</p> <p><u>Line Managers</u></p>

	<p>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, malpractice or other irregularities have occurred and report the matter to the Head or Industrial Relations of Human Resources Division.</p> <p><i><u>Business Partners and Suppliers</u></i></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.</p> <p>Business Partners are encouraged to adopt similar principles and standards of behaviour.</p> <p>The Code is made available on the Company's Corporate website: <a href="http://www.malaysiaairports.com.my">www.malaysiaairports.com.my</a></p>	
<p><b>Explanation for departure</b></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><b>Measure</b></p>		
<p><b>Timeframe</b></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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognised that as part of holistic governance system, it is imperative to ensure that a Whistleblowing programme is put in place. The Board approved the establishment of a Whistleblowing Independent Committee (WIC). Currently, the WIC is led by an Independent Non-Executive Director who is also a member of the Board Audit Committee (BAC). The members of the WIC came from diverse background to ensure that the WIC are well represented. BAC acts as the oversight committee of the WIC.</p> <p>To demonstrate the Board's seriousness in addressing concerns, the Whistleblowing Policy, procedures, structure and Reporting of Concern Form, have been published on the Company's website.</p> <p>The Company's Whistleblowing Policy adopted by the Board aims to:-</p> <ol style="list-style-type: none"><li>1. encourage employees and external parties to feel confident in raising genuine concerns and to question and act upon concerns about practice;</li><li>2. provide avenues for employees and external parties to raise those concerns and receive feedback on any action taken; and</li><li>3. reassure employees and external parties that they will be protected from possible reprisals or victimisation for whistleblowing in good faith.</li></ol> <p>The policy is applicable to all employees and external parties who have business dealings with the Group.</p> <p>The scope of this policy covers possible improprieties listed below:</p> <ol style="list-style-type: none"><li>1. Commission of fraud, bribery and/or corruption;</li><li>2. Unauthorised use of Company's money, properties and/or facilities;</li><li>3. Exposure of Company's properties, facilities and/or staff to the risks of safety and security;</li><li>4. Abuse of position;</li><li>5. Involvement in unlawful act;</li><li>6. Failure to meet Professional Standards;</li><li>7. Negligence/malpractice; and</li><li>8. Disclosure of Company's information without proper authorisation</li></ol>

	<p>The above list is not exhaustive and includes any act or omissions, which if proven, will constitute act of misconduct under MAHB Code of Ethics or any criminal offence under relevant legislations in force.</p> <p>The policy however, does not cover:</p> <ol style="list-style-type: none"> <li>1. False concerns;</li> <li>2. Defaming concerns;</li> <li>3. Concerns with no basis or insufficient evidence; and</li> <li>4. Malicious concerns</li> </ol> <p>The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution.</p> <p>The WIC will assess all information received and act in accordance with its terms of reference. Subsequently, the WIC will submit a report to the BAC at alternate BAC meeting.</p> <p>Complaints can be channelled to <a href="mailto:wic_secretariat@malaysiaairports.com.my">wic_secretariat@malaysiaairports.com.my</a>, or by calling the hotline at 019-659 2263.</p> <p>In year 2017, 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.</p>
<p><b>Explanation for departure</b> :</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><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</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 a majority independent directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Current Independent Directors do not form a majority composition of the current Board structure, the current Board composition is as follows: 45.5% of Independent Directors (5) 54.5% of Non-Independent Director (6)</p> <p>According to Article 109 of Company's Constitution, the number of Directors shall be not less than two nor (unless otherwise determined by the Company in general meeting) more than 12.</p> <p>Under Article 111 of Company's Constitution further states that the Special Shareholder shall have the right from time to time:- (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: (i) The Chairman of the Board of Directors; (ii) The Managing Director; (iii) One representative each from the Ministry of Finance and the Ministry of Transport; and (iv) Two other representative as may be determined.</p> <p>Based on the above articles of the Company's Constitution, the Company will not be able to achieve majority of Independent Director for the time being. Engagement is being made with the Special Shareholder from time to time on measures to ensure compliance.</p> <p>During 2017, BNRC carried out a detailed review of director's independence. It concluded that each of the 5 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 5 INEDs represent the interest of the minority shareholders by virtue of their roles and responsibilities. The Board will continuously monitor and review</p>

	<p>whether there are relationships or circumstances that are likely to affect (or could appear to affect) their independence.</p> <p>The Board Charter provides that the Board should include a balance of Executive Directors and Non-Executive Directors (including INEDs) 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 significant weight in the Board's decision-making process.</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><b>Measure</b></p>	<p>:</p>	<p>The Board endeavors to reach a composition of majority INEDs taking into cognisance the recommended corporate governance practice. Continuous engagement will be made with the Special Shareholder to ensure compliance. A review of the Board Composition is to be performed in due course.</p>
<p><b>Timeframe</b></p>	<p>:</p>	<p>Within 3 years</p>

**Intended Outcome**

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

**Practice 4.2**

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

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

<b>Application</b>	:	Not applicable - No independent director(s) serving beyond 9 years	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b> :	Adopted																										
<b>Explanation on adoption of the practice</b> :	The Board has adopted the 9 year policy for its INEDs as stated in the Board Charter.  None of the INEDs has served for more than 9 years. Their length of service as at 31 December 2017 is as follows:																										
	<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>Datuk Seri Yam Kong Choy</td><td>1 December, 2013</td><td>&gt;4 years</td></tr><tr><td>2</td><td>Datuk Zalkeha Hassan</td><td>1 January, 2014</td><td>4 years</td></tr><tr><td>3</td><td>Rosli Abdullah</td><td>1 January, 2014</td><td>4 years</td></tr><tr><td>4</td><td>Dato' Ir Haji Mohamad Husin</td><td>15 August, 2016</td><td>&gt; 1 year</td></tr><tr><td>5</td><td>Datuk Azailiza Mohd Ahad</td><td>8 November, 2016</td><td>&gt; 1 year</td></tr></tbody></table>	No.	Name of INED	Date Appointed	Length of Service	1	Datuk Seri Yam Kong Choy	1 December, 2013	>4 years	2	Datuk Zalkeha Hassan	1 January, 2014	4 years	3	Rosli Abdullah	1 January, 2014	4 years	4	Dato' Ir Haji Mohamad Husin	15 August, 2016	> 1 year	5	Datuk Azailiza Mohd Ahad	8 November, 2016	> 1 year		
No.	Name of INED	Date Appointed	Length of Service																								
1	Datuk Seri Yam Kong Choy	1 December, 2013	>4 years																								
2	Datuk Zalkeha Hassan	1 January, 2014	4 years																								
3	Rosli Abdullah	1 January, 2014	4 years																								
4	Dato' Ir Haji Mohamad Husin	15 August, 2016	> 1 year																								
5	Datuk Azailiza Mohd Ahad	8 November, 2016	> 1 year																								

### 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.

<b>Application</b>	:	Applied																																				
<b>Explanation on application of the practice</b>	:	<p>The nomination and appointment of Directors is a vital process as it determines the Board composition and quality of the Board's capacity and competency. The BNRC is entrusted by the Board to review candidates for the appointment to the Board and determine clear criteria for the selection and appointment of new Directors.</p> <p>The BNRC, in making its recommendation on candidates for directorships, will consider the candidate's:</p> <ol style="list-style-type: none"> <li>Skills, knowledge, competencies, expertise and experience;</li> <li>Professionalism;</li> <li>Integrity;</li> <li>Commitment, contribution and performance; and</li> <li>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.</li> </ol> <p>The BNRC maintains its independence and objectivity in discharging its responsibility of overseeing Directors, Senior Management and specific matters relating to Human resource issues and employees.</p> <p>The skills matrix of the Directors based on the review made in August 2017 is as follows:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Skills</th> <th>No of Directors</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Entrepreneur</td> <td>1</td> </tr> <tr> <td>2</td> <td>Procurement</td> <td>5</td> </tr> <tr> <td>3</td> <td>Legal</td> <td>1</td> </tr> <tr> <td>4</td> <td>Real Estate/Property</td> <td>2</td> </tr> <tr> <td>5</td> <td>Construction</td> <td>3</td> </tr> <tr> <td>6</td> <td>Engineer</td> <td>1</td> </tr> <tr> <td>7</td> <td>Government Sector Experience</td> <td>5</td> </tr> <tr> <td>8</td> <td>Multinational Company Experience</td> <td>4</td> </tr> <tr> <td>9</td> <td>Finance</td> <td>4</td> </tr> <tr> <td>10</td> <td>Accounting</td> <td>3</td> </tr> <tr> <td>11</td> <td>Corporate Governance</td> <td>1</td> </tr> </tbody> </table>	No	Skills	No of Directors	1	Entrepreneur	1	2	Procurement	5	3	Legal	1	4	Real Estate/Property	2	5	Construction	3	6	Engineer	1	7	Government Sector Experience	5	8	Multinational Company Experience	4	9	Finance	4	10	Accounting	3	11	Corporate Governance	1
No	Skills	No of Directors																																				
1	Entrepreneur	1																																				
2	Procurement	5																																				
3	Legal	1																																				
4	Real Estate/Property	2																																				
5	Construction	3																																				
6	Engineer	1																																				
7	Government Sector Experience	5																																				
8	Multinational Company Experience	4																																				
9	Finance	4																																				
10	Accounting	3																																				
11	Corporate Governance	1																																				
<b>Explanation for departure</b>	:																																					

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

## 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board 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. In 2017, the composition of women directors was 30% for a period of 10 months, but has now reduced to 27.3% since November 2017 due to resignation of one woman director in July 2017.	
		The Board will have regard to gender but diversity is also based on other merits and considerations such as ethnic background, expertise, international and regional exposures and industry experts. In achieving the intended outcome, the current Board composition consists of members from various disciplines e.g. legal, engineering, finance, procurement, government sector and multinational experience and etc. In addition, gender, ethnic background and other merits will contribute to robust deliberation thus ensuring that its decisions are made in the best interest of the Company and at the same time balancing various stakeholders' interests.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	In ensuring diversity, the Board will give upmost consideration on merits and business needs. However, in establishing the pool of candidates for the Board, gender diversity is given due consideration.	
<b>Timeframe</b>	:	Others	The Board will determine the adoption of this Practice based on appropriateness and business needs from time to time.

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board leverages on the network, shareholders' recommendation and industry database to source for potential candidates for appointment of INEDs to the Board.</p> <p>There was no new appointment of INEDs on the Board in 2017. However, the Board will consider sourcing new directors via different directors' recruitment agencies.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The BNRC is chaired by Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail who is a Non-Independent Non-Executive Director. The appointment of Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail as Chairman of BNRC is based on his exemplary leadership, experience and commitment to lead the Board's succession planning. In addition, his involvement is instrumental in driving the transformation of Human Capital as the most important element to support the Company's growth towards Road to Success 2020 (RtS 2020). It would be advantageous for the Chairman of the Company to lead the Committee to enable the acceleration of the transformation of Human Capital. The Board is of the view that the utmost important consideration in the leadership of the Nominating Committee is the quality and valuable experience of the candidate who will chair the committee.</p> <p>As an alternative, the Board ensures that the intended outcome of Practice 4.7 is achieved as the composition of BNRC consists majority INEDs. The quorum for the BNRC shall be at least two members, of which one should be an Independent Director. Such composition will allow for robust discussions and constructive assessment of matters presented to BNRC.</p> <p>The BNRC maintains its independence and objectivity in discharging its responsibility of overseeing Directors, Senior Management and specific matters relating to Human Resource issues and employees.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board will ensure 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.	
<b>Timeframe</b>	:	Others	The Board will ensure that decisions are made objectively in the best interest of the Company taking into

		account diverse perspectives and insights.
--	--	--

## 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The 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.</p> <p>Board Performance Evaluation (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.</p> <p>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.</p>

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

<b>Measure</b>	:	The Board is committed in conducting its 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.	
<b>Timeframe</b>	:	Within 1 year	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>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.</p> <p>The terms relating to Directors' remuneration are provided in the Board Charter. The policies and procedures to determine the remuneration of directors and senior management will be made available on the company's website.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established Board Nomination &amp; Remuneration Committee (BNRC) to review and recommend matters relating to the remuneration of Board and senior management.</p> <p>A copy of the BNRC's Terms of Reference (TOR) is available on the Group's website. The said TOR includes requiring BNRC to review the following and recommend to the Board for approval:</p> <ul style="list-style-type: none"><li>• 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.</li><li>• To review and recommend to the Board the remuneration structure and policy for Managing Director, Advisor and Company Secretary (including the terms of employment or contract of employment/service, benefits, pension or incentive scheme entitlement, bonuses, fees and expenses and any compensation payable on the termination of the service contract by the Company and/or Group and to review for changes to the policy, as necessary.</li><li>• To ensure that a strong link is maintained between the level of remuneration and individual performance against the performance of the Group and the achievement of the organization targets; the performance-related elements of remuneration setting forms a significant proportion of the total remuneration package of the Managing Director.</li><li>• To review and recommend Managing Director's goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy.</li></ul>

	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• To establish and approve the scheme of service for Senior Management.</li> <li>• To review and approve the general remuneration policies and practices for Senior Management.</li> <li>• To establish suitable short and long term policies of having performance-related incentive schemes for Senior Management, where appropriate.</li> </ul>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

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

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	Please provide an explanation on how the practice is being applied.
<b>Explanation for departure</b>	:	<p>The disclosure on Senior Management remuneration package is stated in the bands of RM50,000 on unnamed basis. The Company places great importance on retention of talented employees.</p> <p>The Company believes that the future success of the Company is dependent on its ability to attract, motivate and retain the right talented employees. Among the various programmes to support this ambition is a competitive remuneration policy.</p> <p>The Company strives to maintain talented employees to ensure that the objectives of the Company are met. The Company opts not to disclose the remuneration of Senior Management to avoid negative implications such as:</p> <ul style="list-style-type: none"><li>(i) Attempt by competing companies to lure high performing employees;</li><li>(ii) Dissatisfaction among employees resulting from differences of remuneration packages among the executives;</li><li>(iii) Invasion of privacy and may expose named officers to extortion attempts and other criminal acts.</li></ul>
		<p>In achieving the intended outcome, the Senior Management's remuneration package is subject to review and approval by the Board Nomination &amp; Remuneration Committee. To ensure competitiveness in offerings, the packages are reviewed from time to time.</p> <p>The Senior Managements' performances are evaluated on a yearly basis. At the beginning of each year, the corporate level of the Key Performance Indicators (KPIs) are set by the Board and cascaded to the Senior Management. The Senior Managements' performances are then reviewed in the middle of the year and at the beginning of the following year.</p>

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

<b>Measure</b>	:	The disclosure on Senior Management’s remuneration packages (excluding Managing Director) is stated within the range of RM50,000 to RM70,000 per month on unnamed basis in the Annual Report.	
<b>Timeframe</b>	:		The Board will review on 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.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**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.

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

**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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Currently, none of the members of the Board were former key audit partners within the cooling-off period of two years. Hence, there is no such person being appointed as a member of the Audit Committee.  On 1 Mac 2018, such policy has been formalised by incorporating it in the Board Audit Committee (BAC)'s Terms of Reference (TOR).	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>MAHB Group's transparent and professional relationship with the External Auditors is primarily maintained through the Board Audit Committee (BAC). The key features underlying the BAC's relationship with the External Auditors are as detailed in the Report on the BAC of the Annual Report. The terms of engagement of the Company's external auditors are reviewed by the BAC prior to submission to the Board for approval.</p> <p>The BAC works closely with the Management in assessing the suitability and independence of the External Auditors and has obtained confirmation from the External Auditors that they are and have been, independent throughout the conduct of the audit engagement.</p> <p>In order to ensure full disclosure of matters, Messrs. Ernst &amp; Young (EY) 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.</p> <p>In February 2018, EY in its presentation of External Auditors' report to the BAC provided a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2017.</p> <p>In order to ensure that the External Auditors' independence and objectivity are not compromised by the provision of non-audit services, BAC's practice is to exclude them from providing services on merger and acquisition exercise, due diligence, management, strategic and 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.</p>

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

**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.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the BAC is a member of the Malaysian Institute of Accountants.</p> <p>All members of the BAC are financially literate and have sufficient understanding of the Company's business.</p> <p>For the financial year under review, the performance and effectiveness of the BAC has been evaluated by the Board Nomination and Remuneration Committee. Having reviewed the BAC's performance, the Board is satisfied that the BAC members had discharged their functions, duties and responsibilities in accordance with the terms of reference of the BAC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<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, as this is to safeguard its shareholders' investment, Group's assets and stakeholders' interests.</p> <p>The Board Risk Management Committee (BRMC) and Board Audit Committee (BAC) are in place to promote governance, transparency and accountability towards the establishment of an appropriate control environment in Malaysia Airports, and 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 therefore cascaded to the Management. With the establishment of the Corporate Risk Management Committee (CRMC) and Internal Audit Management Committee (IAMC), these key committees are responsible to manage agreed risk treatments and monitor risk controls directed by the respective Board Committees to provide a sustainable business environment in Malaysia Airports.</p> <p><b><u>RISK MANAGEMENT &amp; INTERNAL CONTROL FRAMEWORK</u></b></p> <p>Malaysia Airports' Risk Management Policy Framework, is guided by the principles of <i>ISO 31000: Risk management -- Principles and Guidelines</i> and adopts the model of evaluating internal controls per the <i>Committee of the Sponsoring Organizations of the Treadway Commission (COSO) Framework</i>.</p> <p>The Framework is a composition of five interrelated components as follows:</p> <ul style="list-style-type: none"><li>(a) Control Environment;</li><li>(b) Risk Assessment;</li><li>(c) Control Activities;</li><li>(d) Information and Communication; and</li><li>(e) Monitoring.</li></ul>
<b>Explanation for departure</b>	:	

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

### 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.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<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 Managing Director and Chief Financial Officer to the best of their ability and knowledge confirm that the Group's risk management and internal control system is operating adequately and effectively as at 31 December 2017.</p> <p>In implementing the risk management framework, Malaysia Airports follows the Three-lines of Defence Model as follows:</p> <ol style="list-style-type: none"><li>1. 1<sup>st</sup> Line of Defence: Business Operations<ul style="list-style-type: none"><li>- Implements risk and internal control environment</li></ul></li><li>2. 2<sup>nd</sup> Line of Defence: Oversight Functions<ul style="list-style-type: none"><li>- Implements risk and internal control environment</li><li>- Policy &amp; Procedures setting</li><li>- Functional oversight</li></ul></li><li>3. 3<sup>rd</sup> Line of Defence: Independent Assurance<ul style="list-style-type: none"><li>- Independent challenge and assurance</li></ul></li></ol> <p>The above reports to the relevant Management and Board Committees and ultimately to the Board as stated in the Statement on Risk Management and Internal Control published in the 2017 Annual Report.</p> <p>The management of risks is an integral element of the Group's decision making process in ensuring that shareholders value is improved or maintained whilst minimising potential adverse effects. Taking into account of the business developments in 2017, the key risks faced by Malaysia Airports are outlined as follows:</p>

	<b>CHALLENGES</b>	<b>MITIGATION MEASURES</b>
<b>STRATEGIC RISK</b>	<p><b><i>Developing Aeropolis</i></b></p> <ul style="list-style-type: none"> <li>Elevating Malaysia Airports' vision of becoming a global leader in creating airport cities, effective execution of initiatives under the Aeropolis strategic pillar are subjected to the establishment of the right organisational structure with the required skill sets, and managing the long lead time and financial commitment, for land and infrastructure development.</li> </ul>	<ul style="list-style-type: none"> <li>In 2017, KLIA Aeropolis Sdn Bhd (KASB) was incorporated to provide greater focus in pursuing initiatives of developing Aeropolis.</li> <li>Individual project proposals underwent stringent financial modelling as well as strict risk assessments.</li> <li>Continuous consultations with the relevant government authorities on the infrastructure development of the identified lands area were also intensified.</li> </ul>
<b>HUMAN CAPITAL RISK</b>	<p><b><i>Sustaining an ideal workforce</i></b></p> <ul style="list-style-type: none"> <li>Retention and acquisition of sufficient talent is essential in manpower planning in order to achieve optimal service delivery and meet business growth demands.</li> </ul>	<ul style="list-style-type: none"> <li>The Human Resource Committee undertakes the review of organisational effectiveness by aligning manpower supply and corresponding competencies towards executing business strategies.</li> <li>Customised leadership and competency development programmes, tailored for different talent groups were carried out in 2017 to streamline behavioural, functional and leadership expectations in Malaysia Airports.</li> <li>The Committee has also embarked in revising the Performance Management System to improve the grading and reward system in Malaysia Airports.</li> </ul>

	<p><b>OPERATIONAL RISK</b></p>	<p><b>CHALLENGES</b></p> <p><i>Building operational resilience</i></p> <ul style="list-style-type: none"> <li>• Optimum working conditions of critical airport facilities within the Airport Terminal (e.g. the Baggage Handling System, Track Transit System, Security Screening Systems and etc.) and Airside (e.g. Airport Ground Lighting System) is paramount in meeting service quality standards and operational performance for the comfort and convenience of airport users.</li> </ul>	<p><b>MITIGATION MEASURES</b></p> <ul style="list-style-type: none"> <li>• Corrective and Preventive maintenance programmes are carried out accordingly throughout the year by the Engineering Division.</li> <li>• Replacement of facilities and equipment are assessed and deliberated at the Technical Committee to ensure optimal service quality is achieved at the airports.</li> <li>• In event of failure of critical facilities, airports have specific contingencies and where necessary, business continuity plans to ensure that airport operations can be resumed at the shortest time possible.</li> </ul>
	<p><b>SAFETY RISK</b></p>	<p><b>CHALLENGES</b></p> <p><i>Reinforcing safety practices</i></p> <ul style="list-style-type: none"> <li>• Potential lax in preserving regulated safety practices, processes and procedures increases the likelihood of unwarranted or predictable accidents, or incidents that endanger lives.</li> </ul>	<p><b>MITIGATION MEASURES</b></p> <ul style="list-style-type: none"> <li>• The airports are subject to extensive internal and external inspections and audits by internal teams and regulators, who regularly test the effectiveness of its safety measures and related processes to identify improvement opportunities.</li> </ul>

	<b>SECURITY RISK</b>	<p align="center"><b>CHALLENGES</b></p> <p><b><i>Countering events of aggression</i></b></p> <ul style="list-style-type: none"> <li>• With the omnipresent security threats and terrorism attacks in the aviation landscape, Malaysia Airports has always identified and emphasised on the need to continually reinforce its crisis response capabilities to enhance its safety and security profile.</li> </ul>	<p align="center"><b>MITIGATION MEASURES</b></p> <ul style="list-style-type: none"> <li>• Malaysia Airports has established collaborations with these bodies to solidify crisis management readiness: <ul style="list-style-type: none"> <li>○ National Security Council (NSC)</li> <li>○ National Disaster Management Agency (NADMA)</li> <li>○ Polis DiRaja Malaysia (PDRM)</li> <li>○ Eastern Sabah Security Command (ESSCOMM).</li> </ul> </li> <li>• In 2017, crisis simulation exercises were conducted at klia2 and Sandakan Airport respectively, on various aggression scenarios to enhance crisis management and coordination between the national emergency agencies and the airport community.</li> </ul>
	<b>INFORMATION &amp; TECHNOLOGY RISK</b>	<p align="center"><b>CHALLENGES</b></p> <p><b><i>Enhancing cybersecurity</i></b></p> <ul style="list-style-type: none"> <li>• With the increase alert on global cyber-attacks in the form of ransomwares and malwares in 2017, Malaysia Airports recognises the need to strengthen its cyber crisis management capabilities.</li> </ul>	<p align="center"><b>MITIGATION MEASURES</b></p> <ul style="list-style-type: none"> <li>• Malaysia Airports, in collaboration with Cyber Security Malaysia (CSM), carried out an assessment to measure Malaysia Airports' cyber security capability and maturity state based on the Cybersecurity Framework, as endorsed by the National Institute of Standards and Technology, US Department of Commerce (NIST).</li> <li>• Malaysia Airports has also embarked its 2<sup>nd</sup> year of the implementation of its 5 Year IT Security Roadmap (2016-2020), which</li> </ul>

			includes several cyber security measures.
<b>FINANCIAL RISK</b>	<b>CHALLENGES</b>	<b>MITIGATION MEASURES</b>	
	<p><b><i>Reaffirming positive credit ratings</i></b></p> <ul style="list-style-type: none"> <li>Malaysia Airports' rating reaffirmation is premised on its performance, with the expectations that its credit metrics will remain at levels appropriate to meet its business growth demands which would require sizeable capex in the coming years.</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia Airports has been closely monitoring and managing its finances, funding and gearing ratios on a daily basis by applying prudent practices.</li> <li>Consistent communications with investors and other stakeholders are done on a continuous basis to provide confidence in maintaining its AAA/A3 ratings.</li> </ul>	
<b>INVESTMENT RISK</b>	<b>CHALLENGES</b>	<b>MITIGATION MEASURES</b>	
	<p><b><i>Expanding internationally</i></b></p> <ul style="list-style-type: none"> <li>Entry to a potential international market presents the need to assess the following investment exposures: <ul style="list-style-type: none"> <li>Country and currency risks;</li> <li>Venture structure including local partners;</li> <li>Financial and tax structure;</li> <li>Legal, regulatory frameworks;</li> <li>Socio-economic conditions;</li> <li>Political factors; and</li> <li>Operational feasibility.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>MA International Sdn Bhd (MAI) was incorporated in 2017 with a view to further strengthen the management of Malaysia Airports' existing international assets and activities, while strengthening the foundation for future international growth.</li> <li>A rigorous due process is carried out by the Management and Board to deliberate and evaluate the feasibility and viability of investments and divestments.</li> </ul>	
<b>REGULATORY RISK</b>	<b>CHALLENGES</b>	<b>MITIGATION MEASURES</b>	
	<p><b><i>Preserving compliance on aviation standards and requirements</i></b></p> <ul style="list-style-type: none"> <li>Unintentional lapse in complying with regulations may trigger unexpected business disruptions which will</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia Airports advocates strict compliance on relevant aviation standards, regulations and circulars</li> </ul>	

		lead to immediate financial loss, reputational damage and, impairing business returns and long term growth prospects.	that are enforced by aviation regulators. <ul style="list-style-type: none"> <li>The airports are subject to annual regulatory audits, whereby findings and remedial actions are deliberated in direct engagement with relevant regulatory authorities.</li> </ul>
	<b>REPUTATION RISK</b>	<b>CHALLENGES</b> <i>Managing perception</i> Timeliness and context of outgoing communications to Malaysia Airports' stakeholders including employees and the general public frames the image and brand of the Group, whereby any misinterpretations can lead to reputational damage, therefore deteriorating shareholder value.	<b>MITIGATION MEASURES</b> <ul style="list-style-type: none"> <li>Malaysia Airports is proactive and transparent in sharing information in thriving times or during adverse situations to manage stakeholders' perception.</li> <li>The Management proactively provides consistent corporate messages across the Group of the Group's strategic thrusts and direction, by engaging at town halls, knowledge sharing sessions and strategic workshops.</li> </ul>
	<p>The Board considers the system of risk management and internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the health of the risk management and internal controls framework. For the financial year under review, the Board is satisfied that the system of risk management and internal controls is operating effectively and has not resulted in any material loss, contingency or uncertainty.</p> <p>The Statement on Internal Control and Risk Management is provided in the Annual Report 2017.</p>		
<b>Explanation for departure</b>			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			

<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	BRMC comprises of majority independent directors, with three independent directors out of five committee members.

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit function of the Group is independent of operations and endeavours to provide independent, objective assurance and consulting services to add value and improve MAHB's operations. IAD assists MAHB accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and internal control processes.</p> <p>IAD uses a risk-based approach to determine the priorities of the internal audit activities, consistent with the strategies of the Group (i.e. Runway to Success 2020). 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.</p> <p>On periodic basis, IAD presented to the BAC the updates on its activities comprising key highlights of areas reviewed, follow-up of outstanding issues, progress of the 2017 Annual Audit Plan and ad hoc assignments. The Internal Audit function of ISG and LGM reports to the General Manager IAD of MAHB, and related updates on activities were presented to the Audit &amp; Risk Committee (ARC) of Istanbul Sabiha Gokcen Uluslararası Havalimani Yatırım Yapım ve İşletme (ISG) and LGM Havalimani İşletmeleri Ticaret ve Turizm A.Ş. (LGM).</p> <p>The Terms of Reference of the Board Audit Committee sets out the roles of the Board Audit Committee.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Internal Audit Division (IAD) staff are required to disclose any relationship or Conflict of Interest to safeguard against impairment of objectivity and independence.</p> <p>As at 31 December 2017, IAD had a total of 21 auditors, made up from diverse backgrounds – Accounting/ Finance/ Business (15); Information Technology (4); Engineering (2)</p> <p>The General Manager of Internal Audit is Nasrein Fazal Sultan who holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia. She is a Chartered Accountant (CA) registered with the Malaysian Institute of Accountants (MIA), and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). In 2013, she obtained the Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors Incorporated. She was appointed to her current position in July 2005.</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 <i>Standards</i> and deliver value-added services.</p> <p>External quality assessment by a qualified independent reviewer is conducted every five years in ensuring 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, the IAD practices generally conform to the <i>Standards</i>.</p>
<b>Explanation for departure</b>	:	

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

<b>Measure</b> :		
<b>Timeframe</b> :		

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 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.</p> <p>Shareholders may raise enquiries to the Board by contacting the Company's Investor Relations Division.</p> <p>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 - <a href="mailto:ir@malaysiaairports.com.my">ir@malaysiaairports.com.my</a> to which stakeholders can direct their queries.</p> <p>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.</p> <p>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.</p> <p>Malaysia Airports utilises its corporate website (<a href="http://www.malaysiaairports.com.my">www.malaysiaairports.com.my</a>) and social media platforms as a means of providing information to its shareholders, stakeholders and the</p>

	<p>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.</p> <p>The Company has also utilised information technology to broadly and effectively disseminate information with regard to the dates scheduled for release of its quarterly results. After the end of every quarter, the Company Secretary will announce these dates in advance via Bursa LINK.</p> <p>The quarterly financial results are also announced via Bursa LINK immediately after the Board’s approval between 12.30 p.m. and 1.30 p.m. on the same day and the analyst/media briefings are conducted for every quarterly financial results. This is important in ensuring equal and fair access to information is provided to the investing public, so that they are able to make informed decisions.</p> <p>Details of engagement with major shareholder, major stakeholders, institutional shareholders and private shareholders are provided in the Corporate Governance Statement published in the Annual Report 2017.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company would consider adopting Integrated Reporting (IR) in the near future. The company is currently undertaking assessment on the methodology and a study on the framework before embarking into IR. A consultant has been appointed to undertake the review and prepare the framework. The adoption of IR is a journey and the progress will be assessed from time to time.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Company will adopt integrated reporting based on a globally recognised framework progressively.	
<b>Timeframe</b>	:	Others	Adoption of IR is a journey and will be assessed from time to time.

**Intended Outcome**

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

**Practice 12.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	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 21-day requirement under the Companies Act 2016, Listing Requirements of Bursa Malaysia as well as the recommendation of MCCG 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.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>One Director of MAHB did not attend MAHB 18<sup>th</sup> AGM held on 25 May 2017. The said Director had retired at the last AGM pursuant to Article 131 of the Company's Constitution and did not offer himself for re-election.</p> <p>The Directors, Managing Director, Management and external auditors were in attendance to respond to the shareholders' queries. CFO also shared with the shareholders present the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group.</p> <p>The Chairmen of the Audit, Nomination &amp; Remuneration and Risk Management Committees are present on stage to provide response if there are any questions addressed to them.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	All the Directors of MAHB will be requested to attend the AGM.
<b>Timeframe</b>	:	Within 1 year

### 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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>MAHB has adopted poll voting via electronic voting (e-voting) during 18<sup>th</sup> AGM held on 25 May 2017.</p> <p>The 18<sup>th</sup> AGM was held at Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan. MAHB had provided the alternative ways to reach the location in its Administrative Guide attached to Notice of AGM.</p> <p>The voting at the 18th AGM held on 29 March 2017 was conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. MAHB had appointed Securities Services (Holding) Sdn. Bhd. as Poll Administrator to conduct the polling process, and Commercial Quest Sdn. Bhd. as Scrutineers to verify the poll results.</p> <p>The Company will explore the necessities to facilitate voting in absentia and remote participation by shareholders.</p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a general meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company aims to leverage on technology to facilitate voting in absentia and remote shareholders' participation at general meetings, which can only be implemented after appropriate infrastructure and system is put in place.
<b>Timeframe</b>	:	Others
		Will be implemented once infrastructure and system are put in place and ready.

**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.*

Click here to enter text.

