

**MALAYSIA AIRPORTS HOLDINGS BERHAD**

Registration No. 199901012192 (487092-W)

(Incorporated in Malaysia)

**TERMS OF REFERENCE**

**BOARD NOMINATION AND REMUNERATION COMMITTEE (“BNRC”)**

This Terms of Reference (“TOR”) shall apply to MAHB and its group of companies (“the Group”).

**DEFINITION**

“Advisor”	Advisor to the Board or Board Committee
“Board”	Board of Directors of MAHB and its subsidiaries
“Employees”	Grade 27 and below
“GCEO”	Group Chief Executive Officer of the Company
“General Manager “	General Manager(s) with Grade 28 and Grade 29. <i>(Excluding Company Secretary and Head of Internal Audit)</i>
“Group”	MAHB and its subsidiaries
“MAHB” or “the Company”	Malaysia Airports Holdings Berhad Registration No. 199901012192 (487092-W)
“Managing Director”	Managing Director of the Company
“Top Management “	Grade 30 and above including CFO, COO and other position which equivalent with Grade 30 and above. <i>(Excluding Managing Director and/or GCEO, Company Secretary and Head of Internal Audit)</i>

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**1.0 COMPOSITION**

- 1.1 The BNRC shall have at least three (3) members all of whom shall be Non-Executive Directors with the majority being Independent Non-Executive Directors.
- 1.2 The appointment of a BNRC member terminates when the member ceases to be a Director of the Company or as determined by the Board.

**2.0 AUTHORITY**

- 2.1 The BNRC shall have access to all information pertaining to the Company and the Group to enable the BNRC to discharge its duties effectively.
- 2.2 The BNRC is authorised to obtain, at the Company's (or the Group's) expense, external legal or other professional advice on any matters within its TOR.
- 2.3 The BNRC may request other Directors, Top Management, General Managers, counsels, consultants as applicable to participate in the BNRC meetings, as necessary, to carry out its responsibilities.
- 2.4 For avoidance of doubt all the powers of authorities herein as stated or specifically authorised within the ambit of the TOR, should not be usurped, delegated and arrogated in any manner, by/to any person, body or authority whatsoever.

**3.0 SCOPE AND FUNCTIONS**

The scope and function of the BNRC shall include the following:

**3.1 NOMINATION**

**Recommendation**

The BNRC shall recommend the following to the Board for its approval:-

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- 3.1.1 To determine and recommend to the Board the criteria for Board membership in terms of, inter alia, qualities, experience, skills, expertise, educational background and qualifications, competencies, integrity, expected contribution, level of commitment in terms of time and other qualities that will best qualify a person to serve on the Board.
- 3.1.2 To review annually and recommend to the Board the structure, size, tenure, directorships, balance and composition of the Board/Board Committees including the required mix of skills and experience, core competencies which the Directors are expected to bring to the Board/Board Committees and other qualities for the Board/Board Committees to function effectively and efficiently.
- 3.1.3 To consider, review, evaluate and recommend to the Board any new Board appointment, whether of executive or non-executive positions, to fill board vacancies as and when arise on the Board of the Company. The BNRC shall recommend to the Board with regard to the candidate for directorship based on the following:-
- Size, composition, mix of skills and experience, competency and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the Board and Group;
  - Diversity targets in the boardroom to include diversity in gender, ethnicity and age; and
  - In the case of an Independent Director, the independence of the Director in bringing independent and objective judgment to the Board's deliberation.
- 3.1.4 To propose and recommend to the Board the responsibilities of the Directors, including memberships and Chairmanships of the Board Committees.
- 3.1.5 To conduct and review Board Performance Evaluation on an annual basis which includes:-

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- The effectiveness of the Board as a whole;
- The effectiveness of each of the Board Committee; and
- The independence of the Independent Non-Executive Directors in particular when new interests or relationships surface,

and to review and recommend to the Board the results of the Board Performance Evaluation, including the initiatives or improvement plans moving forward in order to enhance the effectiveness of the Board.

3.1.6 To review and recommend to the Board the term of office and performance of the Board Audit Committee (BAC) and each of its members annually and to determine whether the BAC and its members have carried out their duties in accordance with their Terms of Reference.

3.1.7 To review and recommend to the Board:-

- Candidates for re-election of retiring Directors at an Annual General Meeting (AGM) in accordance with the Constitution of the Company;
- Whether the Independent Non-Executive Director(s) should remain independent or be re-designated, after the assessment of Independent Director(s) be conducted and concluded;
- Matters relating to the continuation of office of any Director at any time, including the suspension or termination of service of a Managing Director and/or GCEO as an employee of the Company subject to the provisions of the law and his/her contract of service; and
- The re-appointment of any Non-Executive Director(s) at the conclusion of his/her term of office having given due regard to his/her performance and the ability to serve the Board in terms of knowledge, skills and experience.

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- 3.1.8 To review and recommend to the Board the establishment of an appropriate framework and plans for Directors’ Succession Plan in order to ensure that the Board comprises Directors with the right skills and experience relevant to the Company’s strategic direction and objectives.
- 3.1.9 To review and recommend to the Board the MAHB Group’s overall organisational structure.
- 3.1.10 To review and recommend to the Board the appointment, promotion, transfer, termination of service/contract and offer of new employment contract of Managing Director and/or GCEO, Company Secretary and Advisor (if any) of the Company.

*Note:- The appointment, promotion, transfer, termination of service/contract and offer of new employment contract of Head of Internal Audit is within the prerogative of Board Audit Committee in order to maintain an independent structure of Internal Audit Division.”*

- 3.1.11 To review, develop a policy and recommend to the Board appropriate proposals to facilitate the recruitment and retention of a Managing Director and/or GCEO, as well as a development program for the Managing Director and/or GCEO.
- 3.1.12 To review and recommend to the Board the Succession Plan for Managing Director and/or GCEO.
- 3.1.13 To review and recommend to the Board any amendment of this TOR.
- 3.1.14 To review and recommend to the Board the conferment of awards which carry honorific titles of “Dato’/Datuk”, or any higher awards/titles, from the Federal or State Governments.
- 3.1.15 To conduct fit and proper assessment on any person identified to be appointed as Director or to continue holding the position as Director within the Group prior to the initial appointment or proposed re-election/re-appointment as Director. The fit and proper assessment on a Director may also be conducted whenever the Company becomes aware of information that may

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materially compromise a Director's fitness and propriety. The fit and proper assessment shall be guided by the Directors' Fit and Proper Policy of the Company.

***Approving Authority***

The BNRC has the authority in respect of the following:-

- 3.1.16 To provide adequate training and induction program for new Directors in respect of the business, structure and management of the Group, as well as the expectation of the Board with regards to time commitment to attend meetings and contribution to the Board and the Group as a whole.
- 3.1.17 To review and approve policies and procedures on human resource matters pertaining to the Top Management.
- 3.1.18 To review and approve the level and make-up of Top Management.
- 3.1.19 To review and approve the appointment, promotion, transfer, termination of service/contract and offer of new employment contract of Top Management.
- 3.1.20 To develop policies and approve appropriate proposals to facilitate the recruitment and retention as well as a development program for Top Management.
- 3.1.21 To review and approve the Succession Plan for Top Management.
- 3.1.22 To review and approve the recommendation for directorships of Non-Executive Director(s) and External Director(s) on the boards of subsidiaries of MAHB.
- 3.1.23 To review and approve the recommendation for directorships of Managing Director and/or GCEO, Top Management and General Manager(s) on the boards of subsidiaries of MAHB.
- 3.1.24 To review and approve the appointment of Company Secretary for the subsidiary companies of MAHB.

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**3.2 REMUNERATION**

**Recommendation**

The BNRC shall recommend the following to the Board for its approval:-

- 3.2.1 To review and recommend to the Board the Directors' Remuneration (Directors' fees, allowances and benefits-in-kind) to be accorded to the Directors in accordance with the contribution and level of responsibilities undertaken by the Board members.
- 3.2.2 To establish, review and recommend to the Board the scheme of service for Managing Director and/or GCEO.
- 3.2.3 To review and recommend to the Board the remuneration structure and policy for Managing Director and/or GCEO, Company Secretary and Advisor (if any), 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.

*Note:- The remuneration structure and policy for Head of Internal Audit Division, including the terms of employment or contract of 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, will be within the prerogative of Board Audit Committee.*

- 3.2.4 To review and recommend to the Board the total remuneration package for the Managing Director and/or GCEO.
- 3.2.5 To review and recommend to the Board the Managing Director's and/or GCEO's Key Performance Indicators (KPIs) and to assess his/her performance against these KPIs, as well as contribution to the corporate strategy.

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**Approving Authority**

The BNRC has the authority in respect of the following:-

- 3.2.6 To review, establish and approve a remuneration structure and policy for Top Management, including the terms of 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 the Group.
- 3.2.7 To review and approve Top Management's KPIs and to assess their performance against these KPIs as well as contribution to the corporate strategy.
- 3.2.8 To review, establish and approve the scheme of service for Top Management.
- 3.2.9 To establish and approve suitable short and long-term policies of having performance-related incentive schemes for Top Management, where appropriate.
- 3.2.10 To review and approve matters relating to employees of MAHB Group, limiting to Collective Agreement for Non-Executives, Terms and Conditions of Executive and staff bonus and annual salary increment.
- 3.2.11 To consider other matters as referred by the Board.

**4.0 MEETINGS**

- 4.1 The BNRC shall meet at least four (4) times in a calendar year. Additional meetings may be held if the Chairman considers necessary.
- 4.2 The quorum for the BNRC meeting shall be at least two (2) members of which one (1) member shall be an Independent Director. In the absence of the Chairman, the members present shall elect one (1) of their numbers to chair the meeting.
- 4.3 Matters arising at a meeting shall be decided by a majority vote with each member having one (1) vote. In the event of equality of votes, the



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Chairman shall have a casting vote. However, at a meeting where two (2) members are present or when only two (2) members are competent to vote the Chairman shall not have a casting vote.

- 4.4 The Company Secretary of MAHB shall be the Secretary of the BNRC. In the absence of the Secretary, the Assistant Company Secretary shall assume the duty of the Secretary. Agenda of meetings of the BNRC shall be the responsibility of the Chairman with input from the members. The Chairman may also request the Management to provide input for the Agenda.
- 4.5 The Notice, Agenda and meeting materials for each BNRC meeting shall, unless otherwise agreed by the members, be circulated to the BNRC members and all those who are invited to attend the meeting at least five (5) business days before each meeting. The Managing Director and/or GCEO shall be the permanent invitee at the BNRC meetings.
- 4.6 The Secretary shall cause the minutes to be entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the BNRC. Such minutes shall be signed by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the BNRC meeting shall be circulated to all Board members for notation.
- 4.7 The BNRC through the Chairman shall report to the Board at the next Board meeting after each BNRC meeting. When presenting any recommendation to the Board, the BNRC will provide such background and supporting information as may be necessary for the Board to make an informed decision. The BNRC shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report in accordance with the Malaysian Code on Corporate Governance 2017 and the Main Market of Listing Requirements of Bursa Malaysia Securities Berhad.
- 4.8 The Chairman of the BNRC shall be available to answer questions from shareholders about the BNRC's activities and functions at the AGM of the Company.

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5.0 **OTHERS**

5.1 The BNRC shall review its TOR at least once every two (2) years