

The Malaysian Code of Corporate Governance 2012 (“the Code”) sets a strong foundation for Directors, Boards and Committees to carry out their roles effectively, promote timely and balanced disclosure, safeguard the integrity of financial reporting, emphasise the importance of risk management and internal controls and encourage shareholders’ participation in general meetings.

The Board is pleased to confirm compliance with the Principles of the Code during the financial year ended 31 December 2015 which was approved by the Board on 26 February 2016.

I. ROLES AND RESPONSIBILITIES OF THE BOARD

Board Charter & Roles and Responsibilities

The Board Charter (accessible at www.maxis.com.my/corp) continues to provide reference for Directors in relation to the Board’s role, powers and duties and functions, processes and procedures for the Board and its Committees in discharging its stewardship effectively and efficiently. There is clear delegation of authority to Chief Executive Officer (“CEO”) and Management in place as specified in Maxis’ Manual of Limits of Authority (“LOA”). Business affairs of the Group are governed by the LOA. Any non-compliance is brought to the attention of Management, Audit Committee and/or the Board for effective supervisory decision-making and proper governance.

Directors are aware of their duties and responsibilities and time commitment as a Director. The Board Charter serves as a point of reference and assessment of Directors’ performance, and also as primary induction literature for prospective Board members.

The Board Charter is reviewed and updated periodically to ensure that any updates on relevant laws and regulations are duly incorporated.

The Board assumes the following duties and responsibilities:

- Reviewing, adopting and monitoring the implementation of a strategic business plan for the Group;
- Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed. This includes ensuring that there are measures in place against which Management’s performance can be assessed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage and mitigate these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing key Management;
- Developing and implementing an investor relations programme or a shareholder communications policy for the Group and encouraging the use of information technology for effective dissemination of information;
- Reviewing the adequacy and integrity of the Group’s systems of internal control and of management information, including ensuring that a sound risk management framework, reporting framework and systems for compliance with applicable laws, regulations, rules, directives and guidelines are in place; and
- Reviewing, adopting and implementing appropriate corporate disclosure policies and procedures.

During the financial year, the Board had discussions, deliberations and review of:

- Maxis’ detailed business, operational and financial performance which include review of the Group’s core business
- Customer service
- Financial results, proposed dividends and investor relations briefings
- Network and Information Technology systems updates
- Regulatory updates and industry trends
- People and Organisation updates which included updates on movement of personnel, key performance indicators, employee engagement and succession, talent and retention planning
- Risk management and internal controls
- Establishment of the Long Term Incentive Plan
- Annual Operating Plan 2016
- Specific corporate and operational matters for the Board’s approval
- Reports on dealings by Directors and principal officers, and Directors’ disclosures pursuant to Sections 131 and 135 of the Companies Act 1965

Each of the items presented to the Board for review and/or approval were deliberated upon and discussed extensively prior to the Board's decision. Management were invited to join Board meetings to provide explanation or engage in dialogue with Board members. In line with a culture that encourages open discussions, Directors raise queries or seek clarification in advance and/or at the meetings. The Chairman allows sufficient time at the end of each agenda item for questions prior to the formal decision. All deliberations, discussions and decisions of the Board meetings are minuted and recorded accordingly.

The respective roles and responsibilities of the Board and Management have been clearly defined both as set out in the Board Charter and LOA. The following matters (including changes to any such matters) require approval from the Board, except where they are expressly delegated by the Board to a Committee, the Chairman, CEO or another nominated member of the Management team:

- Approval of corporate/strategic directions/plans and programmes;
- Approval of annual budgets, including major capital commitments and capital expenditure budgets;
- Approval of new ventures;
- Approval of material acquisitions, and disposals of undertakings and properties or any significant Maxis Group expenditure which exceeds the authority limits delegated to the CEO or the Chief Financial and Strategy Officer ("CFSO") or members of Management;
- Changes to the management and control structure within the Company and its subsidiaries, including key policies and delegated authority limits;
- Appointment of all other Board members, Board Committee members, CEO and the Company Secretary;
- Any matters in excess of any discretions that may have been delegated from time to time to the CEO and Management, including in relation to credit transactions, market risk limits and expenditures; and
- Any matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Securities ("MMLR"), Maxis' Articles of Association ("Articles"), Terms of Reference of the respective Board Committees, the Group's LOA Manual (such as transactions with value in excess of RM60 million and Long Range Plan) or any other applicable rule.

Please also refer to the Board's right to access for information on page 46.

Code of Business Practice

The Group's Code of Business Practice ("the Code of Business Practice") which is periodically reviewed by the Board applies to all Directors and all employees of the Group who are required to affirm, their commitment to observing its prescriptions. It serves as documentation of the Directors' and employees' commitment to do business in a manner that is efficient, ethical, effective and fair, and is meant to be a reference point for all Directors and all levels of employees as well as for all parties that engage in business dealings with the Group.

The Code of Business Practice is a guide to assist the Group's Directors and all levels of employees in living up to the Group's high ethical business standards, and provides guidance on conduct when dealing with other parties doing business with the Group. The Code sets out and identifies the appropriate communication and feedback channels which facilitate whistle-blowing. Please refer to the section on whistle-blowing on page 55.

The Code of Business Practice is available on www.maxis.com.my/corp.

Promoting Sustainability

The Board has taken steps to ensure that the Group's strategies continue to promote sustainability, with attention given to environmental, social and governance ("ESG") aspects of the Group's business. The Board has approved Maxis' Corporate Responsibility ("CR") framework in 2011 which clearly outlines Maxis' CR mission, strategic pillars, philosophies and governance structure. The CR framework is being realigned to reflect current business goals. With the CR framework, we have a structured approach in delivering the Company's CR efforts in the marketplace, workplace, community and environment. Maxis' 2013/2014 Sustainability Report is available for download at www.maxis.com.my/sr.

Board meetings and access to information

The Board meets at least four times a year, with additional meetings convened on an ad-hoc basis as and when the Board's approval and guidance are required. Directors are given due notice of proposed meetings before the end of the preceding financial year. This allows Directors to plan ahead and to maximise their participation. The agenda is set in consultation with the Chairman and the CEO.

As also stated on page 47, technology and Information Technology are effectively used in Board meetings and communications with the Board, where Directors may participate in meetings by audio or video conference, and Board materials are shared electronically.

Five Board meetings were held during the financial year ended 31 December 2015 and details of the attendance of each Director are as follows:

	Director	Designation	Number of Meetings attended during the year	Percentage (%)
1	Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda ("TSDSA")	Chairman/Independent Non-Executive Director	5/5	100%
2	Robert William Boyle ("RB")	Independent Non-Executive Director	5/5	100%
3	Tan Sri Mokhzani bin Mahathir ("TMM")	Independent Non-Executive Director	5/5	100%
4	Hamidah Naziadin ("HN")	Independent Non-Executive Director	5/5	100%
5	Krishnan Ravi Kumar ("KRK") ⁽¹⁾	Non-Executive Director	1/2	50%
6	Dr. Ibrahim Abdulrahman H. Kadi ("IAK") ⁽²⁾	Non-Executive Director	2/2	100%
7	Mohammed Abdullah K. Alharbi ("MAH") ⁽³⁾	Non-Executive Director	3/3	100%
8	Fraser Mark Curley ("FMC")	Non-Executive Director	5/5	100%
9	Augustus Ralph Marshall ("ARM") ⁽⁴⁾	Non-Executive Director	3/3	100%
10	Lim Ghee Keong ("LGK")	Non-Executive Director	5/5	100%
11	Alvin Michael Hew Thai Kheam ("AMH")	Non-Executive Director	5/5	100%
12	Morten Lundal ("ML")	Chief Executive Officer/Executive Director	5/5	100%

⁽¹⁾ KRK has resigned as Director of the Company effective 30 April 2015 and there were two Board Meetings held during the period from 1 January 2015 to the date of his resignation.

⁽²⁾ IAK has resigned as Director of the Company effective 18 March 2015 and there were two Board Meetings held during the period from 1 January 2015 to the date of his resignation.

⁽³⁾ MAH was appointed as Director of the Company effective 29 May 2015 and there were three Board Meetings held during the period from the date of his appointment to 31 December 2015.

⁽⁴⁾ ARM has resigned as Director of the Company effective 14 July 2015 and there were three Board Meetings held during the period from 1 January 2015 to the date of his resignation.

The Board has unrestricted and immediate access to Management and information on the affairs of the Group, including but not limited to business and operations of the Group and governance matters. A set of Board papers (together with a detailed notice and agenda in the case of a meeting) is furnished to the Board members in sufficient advance of each Board meeting or Directors' Circular Resolution for consideration, guidance and where required, for decision.

Please refer to page 44 on the items discussed at Board meetings during the financial year.

Additionally, the Board is furnished with ad-hoc reports/updates to ensure that it is apprised of key business, financial, operational, corporate, legal, regulatory and industry matters, as and when the need arises.

The Directors also have full and unrestricted access to the advice and services of the Head of Legal, Head of Internal Audit and Company Secretary in addition to other members of Management. Each of the individual Directors is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. Members of the Board may collectively or individually consult advisers and, where necessary, seek external and independent professional advice and assistance from experts in furtherance of their duties at the Group's expense.

Board Protocol and Time Commitment

The Board has in place the following protocols:

1. Informing the Chairman before accepting new directorships and providing assurance to the Chairman that the Director concerned would be able to fulfil time commitments to Maxis.
2. Ensuring time commitment from Directors for meetings, circular resolutions, decisions and updates/briefings.
3. Board and Committee meetings and general meetings for each calendar year are scheduled before the end of the preceding financial year and locked in diaries of the Directors.
4. The Chairman spends one-on-one time with each Director on a regular basis and is easily accessible to all Directors and the Secretary.
5. The Senior Independent Director is easily accessible to Directors.
6. Use of technology to facilitate information and papers to the Board and for ease of the Board's response eg via software/apps for the Board to download e-Board papers and e-Questionnaires for the Board, Individual and Board Committee assessments and decisions/responses required.
7. None of the Directors have more than 5 directorships in public listed companies.

Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR and Companies Act, 1965 and other relevant laws and regulations. In performing this duty, the Company Secretary carries out, among others, the following tasks:

- Statutory duties as specified under the Companies Act, 1965 and MMLR;
- Facilitating and attending Board and Board Committee meetings and ensuring that the Board meetings are properly convened and proceedings are properly recorded;
- Ensuring timely communication of Board level decisions to Management;
- Ensuring that all appointments to the Board and Committees are properly made;
- Maintaining records for the purposes of meeting statutory obligations;
- Facilitating the provision of information as may be requested by the Directors from time to time and ensuring adherence to Board policies and procedures; and
- Supporting the Board and Management

The Company Secretary, who has 22 years' company secretarial experience, is a qualified lawyer, with post graduate qualifications. In addition to the qualifications from Institute of Chartered Secretaries and Administrators, she is licensed by the Registrar of Companies to act as a Company Secretary. She also holds a Certified Diploma in Accounting & Finance from the Association of Chartered Certified Accountants.

II. BOARD STRENGTH AND EFFECTIVENESS

Appointments to the Board

The Nomination Committee ("NC") makes independent recommendations for appointments to the Board, based on criteria which they develop, maintain and review. The NC may consider the use of external consultants in the identification of potential Directors.

In making these recommendations, the NC assesses the suitability of candidates, taking into account the Board's required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval. The Board makes clear at the outset its expectations of its new Directors in terms of their time commitment as recommended by the Code, and those appointments to other directorships are notified to the Chairman.

Re-election of Directors

In accordance with the Company's Articles, all Directors who are appointed may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

The Articles also provide that one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that all Directors including the Managing Director and Executive Directors shall retire from office at least once in every three years. Pursuant to Section 129 of the Companies Act, 1965, the office of a Director of or over the age of 70 years becomes vacant at every AGM unless he is reappointed by a resolution passed at such an AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three-fourths of all members present and voting at such AGM.

Mohammed Abdullah K. Alharbi (appointed as Director on 29 May 2015) and Robert Alan Nason (appointed as a Director on 7 March 2016), shall hold office until the forthcoming AGM scheduled to be held on 20 April 2016, and are eligible for re-election pursuant to Article 121 of the Company's Articles, whilst Directors who are due for retirement by rotation and eligible for re-election pursuant to Article 114 of the Company's Articles at the forthcoming AGM are Hamidah Naziadin and Morten Lundal. Robert William Boyle however, has given notice that he will not be seeking re-election. Hence, he will retain office until the close of the AGM.

An assessment of the independence of all independent Directors including Hamidah Naziadin and Robert Alan Nason was undertaken as part of the Board's assessment in 2015 and at the time of appointment respectively. The Nomination Committee and the Board had carried out an assessment of the independence of Hamidah Naziadin and Robert Alan Nason pursuant to criteria as prescribed by the MMLR and Code and are satisfied that they meet the criteria for independence. Hamidah Naziadin and Robert Alan Nason were appointed as Directors on 1 February 2014 and 7 March 2016 respectively and both do not exceed the tenure of nine years.

The profiles of the Directors who are due for re-election are set out on pages 22 to 28 of this Annual Report. The NC and the Board have considered the assessment of the four (4) Directors standing for re-election and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the MMLR.

The Board delegates certain responsibilities to the respective Committees of the Board which operate within clearly defined terms of reference and limits of authority. These Committees have the authority to examine particular issues and report their proceedings and deliberations to the Board. On Board reserved matters, Committees shall deliberate and thereafter state their recommendations to the Board for its consideration.

During Board meetings, the Chairmen of the various Committees provide summary reports of the decisions and recommendations made at respective committee meetings, and highlighted to the Board any further deliberation that were required by the Board. These Committee reports and deliberations are incorporated into the minutes of the Board meetings.

Board Diversity Policy

The Board recognises that diversity in its composition is critical in ensuring its effectiveness and good corporate governance. A truly diverse board will include and make use of the variation in the age, skills, experience, background, gender, ethnicity and nationality of its members to ensure effective governance and robust decision making by the Board. The Nomination Committee and Board regularly reviews the composition of the Board to ensure the proper discharge of its functions and obligations.

Underpinning the Maxis Board Diversity Policy is Maxis' commitment to ensuring that all Directors are appointed on merit, in line with the standards as set out in Para 2.20A of the MMLR. The background of each Director can be found on pages 22 to 28 which demonstrates the Board's diversity policy.

Board Effectiveness Assessment

The NC facilitates and organises the yearly Board Effectiveness Assessment for assessment and evaluation of the Board of Directors, Board Committees and individual Directors. The objective of the exercise is to improve the Board and Committee's effectiveness, identify gaps, maximise strengths and address weaknesses. Self-assessment and peer assessment methodologies are used, and issues put forth for assessment are presented in a customised questionnaire. There is a comments section for Directors to provide feedback and suggestions.

The Chairman of the NC oversaw the overall evaluation process and responses were reviewed and analysed by the NC, before being constructively tabled and communicated to the Board. In addition, the individual Directors also conducted self-assessments, the results of which were also shared with the Board. The Board agreed on the action points moving forward.

The criteria on which assessment of the Board's effectiveness were carried out was developed, maintained and reviewed by the NC. They included, inter alia, each Director's effectiveness, the Board's and Board Committees' composition, Board's roles and responsibilities, performance which comprises strategy planning and performance, risk and human capital management, regulatory requirements, Board communications and conduct of the Board and Board Committees.

During the year, the Board Committees were, inter alia, assessed based on their roles and scope, frequency and length of meetings, supply of sufficient and timely information to the Board and also their overall effectiveness and efficiency in discharging their function. During the year, the Board of Directors, in accordance with Para 15.20 of the MMLR also reviewed the terms of office and performance of the Audit Committee ("AC") and each of the members and was satisfied that the Audit Committee and members have carried out their duties in accordance with their terms of reference.

The individual Directors each undertook self-assessment of their individual performance during the financial year ended 31 December 2015 based on the criteria as prescribed under Para 2.22A of MMLR of character, experience, integrity, competence and time in order to discharge their respective roles as Directors of Maxis Berhad.

Board Committees

- All Board Committees consist of majority Independent Non-Executive Directors.
- The terms of reference of Board Committees can be viewed on the Company's website.
- All Board Committees meet as and when necessary and decisions on recommendations can also be made via circular resolutions.
- In carrying out its duties and responsibilities, the Board Committees have full, free and unrestricted access to any information, records, properties and personnel of the Maxis Group and the power to obtain independent professional advice and expertise necessary in order for them to discharge their duties effectively.
- All members of the Board Committees have access to the advice and services of the Company Secretary.

The name, members, Terms of Reference and activities of the Board Committees can be found in the following table:-

	Name of the Committee	Members	Terms of Reference ("ToR")	Activities
1	Audit Committee ("AC")	RB (Chairman), TMM, HN, LGK and MAH	Refer to link http://www.maxis.com.my/corp	Please refer to the AC Report on pages 58 to 60 of this Annual Report
2	Remuneration Committee ("RC")	TMM (Chairman), RB, HN and FMC		<ul style="list-style-type: none"> • The RC met three times in 2015. All meetings were attended by all members • The Meetings discussed amongst other things, the establishment of the Long Term Incentive Plan, CEO's remuneration, and CEO's recommendations for the Maxis Management Team's remuneration
3	Nomination Committee ("NC")	TSDSA (Chairman), TMM and RB		<ul style="list-style-type: none"> • The NC met three times in 2015 • All meetings were attended by all members • Among the activities considered by the NC during the year were the appointment of Mr Mohammed Abdullah K. Alharbi as a Director, Board and Committee compositions, Board Diversity Policy, the process, methodology and outcome for Annual Board, Board Committee and individual Director assessments, compliance with the Code and training requirements of the Board
4	ESOS/LTIP Committee	TMM (Chairman), HN and ML		<ul style="list-style-type: none"> • The Committee did not meet in 2015. The decisions were recorded by a circular of resolution in writing and was passed to the ESOS/LTIP Committee

Remuneration of Directors and Maxis Management Team

The objectives of the Group's policy on Directors' remuneration are to ensure that formal and transparent remuneration policies and procedures have been put in place to attract and retain Directors of the calibre needed to run the Group successfully. In Maxis, the component parts of remuneration for the Executive Directors are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Director concerned.

Remuneration Procedures

- The RC recommends to the Board, the policy and framework of the Directors' remuneration and the remuneration package for the Executive Director (who is also the CEO).
- In recommending the Group's remuneration policy, the RC may receive advice from external consultants. It is nevertheless the ultimate responsibility of the Board to approve the remuneration of the Directors and the CEO.
- The RC also reviews the overall performance of the Company and the specific KPIs of the CEO.
- In determining the bonus, the RC reviews their performance based on the overall performance of the Company, and specific KPIs.
- Unless otherwise determined by an ordinary resolution of the Company in a general meeting, the total fees of all Directors (excluding salaried Directors) in any year shall be a sum not exceeding in aggregate RM6,000,000.00 and divisible among the Directors as they may agree, or in the absence of an agreement, divided equally.
- The determination of the remuneration packages of Non-Executive Directors (whether in addition to or in lieu of their fees as Directors), is a matter for the Board as a whole. Individual Directors do not participate in decisions regarding their own remuneration package.

Directors' Remuneration Package

Executive Director	
1	<p>Basic Salary</p> <p>The basic salary of the Executive Director is fixed for the duration of his contract. Any revision to the basic salary will be reviewed and recommended by the RC.</p>
2	<p>Bonus Scheme</p> <p>The Group operates a bonus scheme for all employees including the Executive Director. Specific KPIs on financial performance and operational performance were set to assess the performance of the Executive Director. Bonuses payable to the Executive Director are reviewed by the Remuneration Committee and approved by the Board.</p>
3	<p>Benefits-in-Kind and Others</p> <p>Other customary benefits (such as private medical cover, car, etc.) and other benefits are made available to the Executive Director as appropriate.</p>
Non-Executive Directors	
1	<p>Fees</p> <p>In accordance with the Company's Articles, the total fees of all the Directors in any year shall be a fixed sum not exceeding in aggregate RM6,000,000.00 unless otherwise determined by an ordinary resolution of the Company in a general meeting. Benefits-in-Kind (such as car, etc.) are also made available to Non-Executive Directors as appropriate.</p> <p>The Board and members of the Board Committees were paid fees respectively and no meeting allowances were provided to all Directors other than reimbursements .</p>

The aggregate emoluments received by the Directors of the Company during the financial year ended 31 December 2015 and the total Directors' remuneration analysed in the band of RM50,000 are disclosed in the financial statements, as set out on page 109 of this Annual Report.

Details of the remuneration for each of the Non-Executive Directors of the Company, including Directors who resigned during the year, categorised into appropriate components for the financial year ended 31 December 2015 were as follows:

	Name of Directors	Fee (RM)	Benefit in Kind (RM)	Total Amount (RM)
1.	Raja Tan Sri Dato' Seri Arshad Raja Tun Uda	450,000	43,749	493,749
2.	Robert William Boyle	396,451	-	396,451
3.	Tan Sri Mokhzani bin Mahathir	331,667	-	331,667
4.	Hamidah Naziadin	281,667	-	281,667
5.	Krishnan Ravi Kumar ^{Note 2}	90,000	-	90,000
6.	Dr. Ibrahim Abdulrahman H. Kadi ^{Note 2}	55,215	-	55,215
7.	Mohammed Abdullah K. Alharbi ^{Note 3}	152,204	-	152,204
8.	Fraser Mark Curley	270,914	-	270,914
9.	Augustus Ralph Marshall ^{Note 2}	145,161	-	145,161
10.	Lim Ghee Keong	279,247	-	279,247
11.	Alvin Michael Hew Thai Kheam	250,000	-	250,000
12.	Morten Lundal (Executive Director) ^{Note 1}			

Notes:

- (1) The Executive Director's remuneration can be found on page 109 of this Annual Report.
(2) Resigned during the year 2015.
(3) Appointed during the year 2015.
(4) Save as disclosed above, no other remuneration has been paid to the Directors by the Company and/or its subsidiaries.

III. BOARD BALANCE AND INDEPENDENCE

There are ten members of the Board, comprising an Executive Director (who is also the CEO) and nine Non-Executive Directors (including the Chairman). Five of the Non-Executive Directors including the Chairman are independent and hence fulfil the prescribed requirements for one-third of the membership of the Board to be Independent Board Members. The Board comprises members of high calibre and integrity from diverse professional backgrounds, skills, extensive experience and knowledge in the areas of telecommunications, Information Technology, entertainment, finance, business, general management, strategy, sales and distribution as well as human resources as required for the successful direction of the Group.

With its diversity of skills, the Board has been able to provide clear and effective collective leadership to the Group and has brought informed and independent judgment to the Group's strategy and performance to ensure that the highest standards of conduct and integrity are always at the core of the Group. None of the Non-Executive Directors participate in the day-to-day management of the Group.

The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to Board deliberations to ensure that the interests, not only of the Group, but also of its shareholders, employees, customers, suppliers and other communities in which the Group conducts its business are well-represented and taken into account.

The Independent Non-Executive Directors thus play a key role in corporate accountability. The assessment of the independence of each of its Independent Non-Executive Directors is undertaken twice a year according to set criteria as prescribed by the MMLR. As part of the Board's yearly appraisal and self-assessment, the Board is of the view that its size is adequate for the effective discharge of its functions and responsibilities. As recommended by the Code, the tenure of directorship should form also part of the assessment criteria for independence of a Director. The relevant process and procedures have been provided for in the Board Charter and Terms of Reference of the NC. In the event that shareholders' approval is sought to enable an independent Director to retain his designation as an Independent Director after having served a tenure of nine years, the NC is tasked to assess and assist the Board in recommending and providing justification for shareholders' consideration and approval in such instances.

A brief description of the background of each Director is contained in the “Board of Directors’ Profiles” section as set out on pages 22 to 28 of this Annual Report.

Division of Roles and Responsibilities Between the Chairman and the CEO

The Board appreciates the distinct roles and responsibilities of the Chairman of the Board and the CEO. This division ensures that there is a clear and proper balance of power and authority. As such, the role of the Chairman and CEO is separate and this division of roles is made clear in the Board Charter. In addition to the above, the Chairman was not previously a CEO of the Company.

The Chairman’s main responsibility is to ensure effective conduct of the Board and that all Directors, both Executive and Non-Executive, have unrestricted and timely access to all relevant information necessary for informed decision-making. The Chairman encourages active participation and deliberation by all Board members to enable the wisdom of all the Board members to be tapped and to promote consensus-building as much as possible.

The CEO has overall responsibilities over the Group’s operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. In addition, the CEO also functions as the intermediary between the Board and Management.

IV. COMMITMENT OF THE BOARD

Training and Development of Directors

The NC and the Board assess the training needs of each of its Directors on an ongoing basis, by determining areas that would best strengthen their contributions to the Board. Orientation and familiarisation programmes that include visits to the Group’s business operations and meetings with key management, where appropriate, are organised for newly appointed Directors to facilitate their understanding of the Group’s operations and businesses. Regular talks are scheduled on various topics for the Board and these sessions are held together with Management in order to encourage open discussion and comments.

Throughout the financial year under review, regular briefings/updates (some by external advisers) on various subjects such as cyber security, industry trends, operations, legal, regulatory, technology and organisation and talent were held at Board meetings. Other sessions have been part of the Maxis Board agenda and this will continue into 2016 and beyond with greater intensity.

Directors have also participated in various external training programmes which they have collectively or individually considered as useful for them to discharge their responsibilities.

The Board has taken steps to ensure that its members have ongoing access to appropriate continuing education programmes in order to effectively discharge their functions effectively as Directors. The Company Secretary facilitates the organisation of internal training programmes and keeps Directors informed of relevant external training programmes. All of the Directors have undergone training during the financial year. The records of internal and external training programmes attended by Directors are maintained by the Company Secretary.

As at the financial year end ended 31 December 2015, all Directors have attended and completed the Mandatory Accreditation Programme (“MAP”) prescribed by Bursa Securities. Mohammed Abdullah K. Alharbi who was appointed a Director on 29 May 2015 has completed his MAP on 10 September 2015 which is within the prescribed period of four months from the date of his appointment.

V. BOARD INTEGRITY IN FINANCIAL REPORTING, RISK RECOGNITION AND MANAGEMENT

Financial Reporting

ACCOUNTABILITY AND AUDIT

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors will endeavour to present a clear, balanced and comprehensive assessment of the Group’s financial position, performance and prospects. This also applies to other price-sensitive public reports and reports to regulators. The assessment is provided in this Annual Report through the Directors’ Responsibility Statement as set out on page 67 of the Annual Report.

Related Party Transaction (“RPT”)

The Group has put in place review and approval processes and procedures for RPT to ensure that the transaction prices, terms and conditions of the agreement and the quality of the products/services are comparable with those prevailing in the market. The quality of the products/services must meet industry standards. The transaction should be entered into on normal commercial terms, and on terms that are consistent with the Group’s usual business practices and policies. This will ultimately ensure that the terms of the transactions are not favourable to the related party and are not detrimental to the minority shareholders of the Group.

The RPT review and approval processes and procedures focus on four areas:

(i) Create RPT Awareness

All Heads of business units, Finance, Legal, Company Secretary and Internal Audit departments are made aware of all related parties to enable the Group to capture information on RPTs at source. The LOA specifies processes for RPT.

(ii) RPT Approval Process

All RPT (irrespective of their values) must be tabled to the AC for review and to the Board for approval. Any new RPT proposed for the AC’s recommendation and the Board’s approval will be reviewed by various internal parties including the Company Secretary, Finance and Internal Audit departments, all of which are tasked with monitoring and reviewing transactions before the Board paper is submitted to the AC and the Board.

Where transactions are on single-source quotation and where benchmarking is not possible, justification by business units must be provided to ensure that the transactions are at arm’s length basis, not favourable to the related party and not detrimental to the minority shareholders. Interests of Directors and conflict of interests are disclosed to the AC and the Board and the interested Directors will abstain from deliberating and voting on the RPT.

The non-interested Directors of the Board will consider the transaction as proposed in the Board paper and if deemed appropriate, approve the RPT upon recommendation by the AC. In respect of the recurrent related party transactions (“RRPTs”) which are within the shareholders’ mandate (“Mandate”) obtained at the Company’s Extraordinary General Meeting, additional review and approval procedures are adopted.

Any individual RRPTs exceeding RM60 million each in value will be reviewed and considered by the AC prior to recommendation to the Board for approval, before the transaction can be entered into. Any variations to the terms and conditions of the individuals RRPTs will be reviewed and approved in accordance with the Company’s LOA.

(iii) Monitoring Compliance and Reporting

The Group has a process for monthly reporting on the status of mandated RRPTs whereby the mandated RRPTs amount will be tracked on a monthly basis to ensure that the actual value of the mandated RRPTs entered into with parties within the same related party group does not exceed the aggregated estimated value of such mandated RRPTs. Where the value of transaction(s) exceeds the aggregated estimated value by 10% or more, a disclosure will be made to Bursa Securities.

Disclosure on the RRPTs for which the Mandate has been obtained together with the breakdown of the aggregate value of the RRPTs which had been conducted during the financial year ended 31 December 2015 is provided on pages 188 to 191 of this Annual Report.

(iv) Disclosures in Securities and Interests

In addition, all disclosures on trading in shares and securities of the Company by Directors and principal officers are tabled at Board Meetings.

Risk Management and Internal Control

The Group’s Statement on Risk Management and Internal Control is set out on pages 61 to 66 of this Annual Report.

Relationship with Auditors

The statement on roles, duties and responsibilities of the AC in relation to both the internal and external auditors is described in the Audit Committee Report as set out on pages 58 to 60 of this Annual Report.

VI. TIMELY AND HIGH QUALITY DISCLOSURE

The Board has also established and adopted the Corporate Disclosure Policy which inclusive of feedback from Management as recommended by the Code and the policies and procedures therein has been formulated with reference to the Best Practices published in the Corporate Disclosure Guide issued by Bursa Securities. A dedicated Intranet has also been provided for ease of communication with employees and serves as a reference point for the employees.

As recommended by the Code, the Company will seek to leverage on the latest and most innovative Information Technology available to promote more efficient and effective ways to communicate with both its shareholders and stakeholders. Please refer to the list of items available on the Company's website on page 56.

VII. RELATIONSHIP WITH SHAREHOLDERS

Shareholders and Investor Relations

The Board believes that the Group should at all times be transparent and accountable to its shareholders and investors and the Board is proactive in evaluating the effectiveness of information dissemination to Maxis' shareholders and the wider investing community.

Other than through the issuance of its Annual Reports, Maxis has been actively promoting proactive engagements and communications with its shareholders and stakeholders through the following channels:

- Release of financial results on a quarterly basis;
- Press releases;
- Announcements to Bursa Securities; and
- An online Investor Relations section and online Press Room which can be accessed by shareholders and the general public via the Company's website at www.maxis.com.my. Please also refer to the Investor Relations section on pages 16 to 18 of this Annual Report.

The Group's website is updated regularly to provide current and comprehensive information about the Group.

The Board has identified Tan Sri Mokhzani bin Mahathir as the Senior Independent Director to whom queries or concerns regarding the Group may be conveyed. Contact details on queries and/or concerns regarding the Group are:

(i) **Tan Sri Mokhzani bin Mahathir**
e-mail: mmokhza@maxis.com.my

(ii) **Nasution bin Mohamed**
Chief Financial and Strategy Officer, for financial related matters
e-mail: nasution@maxis.com.my

(iii) **Audrey Ho Swee Fong**
Head of Investor Relations, for investor relations matters
e-mail: ir@maxis.com.my

(iv) **Dipak Kaur**
Company Secretary, for shareholders' enquiries
e-mail: sdipak@maxis.com.my

AGM

The AGM is the principal forum for dialogue with all shareholders who are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. The Board has taken reasonable steps to encourage shareholder participation at general meetings. Shareholders are encouraged to participate in the Question and Answer session on the resolutions being proposed or on the Group's operations in general.

Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Articles to attend and vote on their behalf. The Chairman and Board members are in attendance to provide clarification on shareholders' queries. Where appropriate, the Chairman of the Board will endeavour to provide the shareholders with written answers to any significant questions that cannot be readily answered during the AGM. Shareholders are welcome to raise queries by contacting Maxis at any time throughout the year and not only at the AGM.

The Companies Act, 1965 and the Company's Articles require 21 days' notice for the AGM but the Company has gone beyond the prescribed requirement to issue a notice with 28 days' notice period. Notice of the annual general meeting is advertised in a national circulated daily newspaper. The notice of the general meeting, which includes any item of special business, will be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Separate resolutions are proposed for substantially separate issues at the AGM.

An email account has also been created to attend to all queries from shareholders pertaining to this Annual Report, including any queries relating to the use of CD-ROM, form of proxy and all other matters relating to the forthcoming AGM. The email address is agm2016@maxis.com.my and this will be valid from 23 March 2016 to 20 April 2016 for this purpose.

The Board considers electronic poll voting as a viable voting option for its shareholders to be implemented in the future provided that it is able to satisfy itself that the infrastructure is reliable and cost effective. The Chairman would at the outset of general meetings inform the shareholders of their right to request to vote by poll.

Whistle-Blowing

In light of the requirements stipulated under the Capital Markets and Services Act 2007, the Bursa Securities' Corporate Governance Guide and the Companies Act, 1965, the Board recognises the importance of whistle-blowing and is committed to maintaining the highest standards of ethical conduct within the Group.

A secure reporting mechanism for employees and third parties called the 'Ethics Hotline' has been established to report any alleged unethical behavior, actual or suspected fraud within the Group. Dedicated channels for reporting have been set up.

These channels, under the custody of the Internal Audit Department, are:

- (i) Call or SMS to Ethics Hotline number (03-2330 6678 or 017-200 3922);
- (ii) Email to ethics@maxis.com.my;
- (iii) Letters/documents to the Ethics Hotline Office c/o Internal Audit Department (Level 21, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia).

The Board and the Management give their assurance that employees' and third parties' identities are kept confidential and that whistle-blowers will not be at risk of any form of victimisation or retaliation from their superiors or any member of the Management provided that they act in good faith in their reporting. All concerns raised will be investigated by a team comprising Internal Audit, People & Organisation personnel and/or line management. All fraud and cases of unethical conduct will be deliberated at the Defalcation Committee (an internal committee comprising Maxis Management Team as members) which meets regularly on matters pertaining to fraud and unethical practices. A report is provided to the Audit Committee on a quarterly basis.

List of Corporate Governance Documents Available on Maxis' Website:

<http://www.maxis.com.my/corp>

1. Board Charter
2. Term of Reference of the Audit Committee
3. Terms of Reference of the Nomination Committee
4. Terms of Reference of the Remuneration Committee
5. Code of Business Practice
6. Memorandum and Articles of Association

Code Compliance Checklist

Summary of Principles / Recommendation		Status of Compliance (Yes / No)	Pages of CG Statement
1	Establish Clear Roles and Responsibilities		
1.1	Establish clear functions reserved for the Board and those delegated to Management	Yes	44, 45
1.2	Establish clear roles and responsibilities in discharging its fiduciary and leadership functions. <u>Responsibilities</u>		44
	<ul style="list-style-type: none"> • Reviewing and adopting a strategic plan for the Company • Overseeing the conduct of the Company's business 		
	<ul style="list-style-type: none"> • Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures 	Yes	
	<ul style="list-style-type: none"> • Succession planning 		
	<ul style="list-style-type: none"> • Overseeing the development and implementation of a shareholder communications policy for the Company 	Yes	
	<ul style="list-style-type: none"> • Reviewing the adequacy and the integrity of the Management information and internal controls system of the Company 	Yes	
1.3	Formalise ethical standards through a code of conduct; ensure compliance and make available on corporate website	Yes	45
1.4	Ensure that the Company's strategies promote sustainability and disclose in the annual report and corporate website	Yes	45
1.5	Procedures to allow Board members access to information and advice	Yes	45, 46
1.6	Supported by a suitably qualified and competent Company Secretary	Yes	47
1.7	Formalise, periodically review and make public its Board Charter	Yes	47
2	Strengthen Composition		
2.1	Establish a Nomination Committee comprising exclusively of Non-Executive Directors, a majority of whom must be independent	Yes	49
2.2	Nomination Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors	Yes	49
2.3	Establish formal and transparent remuneration policies and procedures to attract and retain Directors	Yes	49, 50

Summary of Principles / Recommendation		Status of Compliance (Yes / No)	Pages of CG Statement
3	Reinforce Independence		
3.1	Undertake an assessment of its Independent Directors annually	Yes	51
3.2	Tenure of an Independent Director to not exceed a cumulative of nine years. Upon completion of nine years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director	Not applicable	
3.3	Justify and seek shareholders' approval in the event it retains an Independent Director who has served for more than nine years	Not applicable	
3.4	Positions of Chairman and CEO should be held by different individuals, and the Chairman must be a non-executive member of the Board	Yes	52
3.5	The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director	Not applicable	
4	Foster Commitment		
4.1	The Board should set out expectations on time commitment for Board members and protocols for accepting new directorships	Yes	47
4.2	Ensure Board members have access to appropriate continuing education programmes	Yes	52
5	Uphold Integrity in Financial Reporting		
5.1	Audit Committee should ensure financial statements comply with applicable financial reporting standards	Yes	59
5.2	Audit Committee should have policies and procedures to assess the suitability and independence of external auditors	Yes	60
6	Recognise and manage risks		
6.1	The Board should establish a sound framework to manage risks and disclose in the annual report the main features of the Company's risk management framework and internal control systems	Yes	61 - 66
6.2	The Board should establish an internal audit function which reports directly to the Audit Committee	Yes	58
7	Ensure timely and high quality disclosure		
7.1	The Board should ensure the Company has appropriate corporate disclosure policies and procedures	Yes	54
7.2	The Board should encourage the Company to leverage on information technology for effective dissemination of information	Yes	47
8	Strengthen Relationship between Company and Shareholders		
8.1	The Board should take reasonable steps to encourage shareholder participation at general meetings	Yes	54, 55
8.2	The Board should encourage poll voting	Yes	55
8.3	The Board should promote effective communication and proactive engagements with shareholders	Yes	54