

Statement on Corporate Governance



To: Shareholders

The Board is pleased to confirm compliance with the Principles of Malaysian Code of Corporate Governance 2012 (“the Code”) during the financial year ended 31 December 2016. This Statement was approved by the Board on 7 March 2017.

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.

Who We are

As at the date of the statement, there are Eleven (11) Directors, comprising Ten (10) Non-Executive Directors, out of which Four (4) are Independent Non-Executive Directors and 1 Executive Director. The Chairman is an Independent Non-Executive Director. There were four(4) Board Meetings held during the financial year ended 31 Dec 2016.

Director	Designation	Number of meetings attended during the year	Percentage (%)
1 Raja Tan Sri Dato’ Seri Arshad bin Raja Tun Uda (“RA”)	Chairman/Independent Non-Executive Director	4/4	100
2 Robert Alan Nason (“RN”) ⁽¹⁾	Independent Non-Executive Director	3/3	100
3 Robert William Boyle (“RB”) ⁽²⁾	Independent Non-Executive Director	2/2	100
4 Tan Sri Mokhzani bin Mahathir (“MM”)	Independent Non-Executive Director	4/4	100
5 Dato’ Hamidah Naziadin (“HN”)	Independent Non-Executive Director	4/4	100
6 Mohammed Abdullah K. Alharbi (“MAH”)	Non-Executive Director	4/4	100
7 Fraser Mark Curley (“FMC”) ⁽³⁾	Non-Executive Director	3/3	100
8 Mazen Ahmed M. AlJubeir (“MA”) ⁽⁴⁾	Non-Executive Director	1/1	100
9 Naser Abdulaziz A. AlRashed (“NA”) ⁽⁴⁾	Non-Executive Director	1/1	100
10 Lim Ghee Keong (“LGK”)	Non-Executive Director	4/4	100
11 Alvin Michael Hew Thai Kheam (“AH”)	Non-Executive Director	4/4	100
12 Dr. Kaizad B. Heerjee (“DKH”) ⁽⁵⁾	Non-Executive Director	NA	NA
13 Morten Lundal (“ML”)	Chief Executive Officer/Executive Director	4/4	100

- 1 RN was appointed as Director of the Company effective 7 March 2016 and there were three Board Meetings held during the period from the date of his appointment to 31 December 2016
- 2 RB has retired as Director of the Company effective 20 April 2016 and there were two Board Meetings held during the period from 1 January 2016 to the date of his resignation
- 3 FMC has resigned as Director of the Company effective 1 August 2016 and there were three Board Meetings held during the period from 1 January 2016 to the date of his resignation
- 4 MA and NA were appointed as Directors of the Company effective 8 September 2016 and there was one Board Meeting held during the period from the date of their appointment to 31 December 2016
- 5 DKH was appointed on 15 November 2016 and no Board Meeting was held during the period from the date of his appointment to 31 December 2016

A brief description of the background of each Director is contained in the “Board of Directors’ Profiles” section as set out on pages 24 to 30 of this Annual Report.





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Our mix of qualifications are diverse, covering accounting, finance, engineering, HR and law, and our skills/expertise are as follows:

Skills/Expertise	RA	MM	HN	RN	LGK	MAH	MA	NA	DKH	AH	ML
General Management	/	/	/	/	/	/	/	/	/	/	/
International Expertise	/	/	/	/	/	/	/	/	/	/	/
Technology/Digital/Media				/				/			/
Finance and Treasury	/			/	/						
Marketing										/	/
Telco Industry				/		/		/	/		/
Human Resources/People			/								
Regulatory/Local Affairs	/	/	/		/				/		/

Further to 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. With its diversity of skills, the Board has been able to provide clear and effective collective leadership to the Group and has delivered 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's undertakings. 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 with which the Group conducts its business are well-represented and taken into account.

The assessment of the independence of each of the Independent Non-Executive Directors was undertaken twice during 2016 according to set criteria as prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). As recommended by the Code, the tenure of directorship should form also part of the assessment criteria for independence of a Director. The specific tenures of not more than nine years were duly reviewed and confirmed for suitability by the Nomination Committee ("NC") and Board. The relevant process and procedures for the assessment of directors and independent directors have been provided for in the Board Charter and Terms of Reference of the NC.





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I. ROLES AND RESPONSIBILITIES OF THE BOARD

Roles and Responsibilities

- The Directors are responsible for the management of the Company and their powers are defined under the Constitution, Companies Act 2016 and corresponding regulations.
- Directors are aware of their duties and responsibilities and time commitment as a Director.
- The Board Charter sets out the Roles and Responsibilities. It 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.
- Limits of Authority with clear delegation of authority to Chief Executive Officer ("CEO") and Management 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.

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.

In 2016, the Maxis Board reviewed, deliberated and approved (where specifically required) the following:

- Maxis' detailed business, operational and financial performance which include the Group's core business, strategic and structural options and plans.
- Customer service and consumer insights, which include a site visit to the call centres and operations.
- Financial results, including accounting related matters, cashflow, funding requirements, proposed dividends and investor relations briefings.
- Network and Information Technology systems programme and updates.
- Regulatory and legal updates and industry trends.
- People and Organisation which include updates on movement of personnel, key performance indicators, employee engagement, remuneration policies, succession, talent and retention planning.
- Risk management and internal controls, as detailed on page 72 to 76 of the Annual Report.

- The annual operating plan and budget for 2017 which include the Group's plans towards its journey in becoming a fully digitalised Maxis.
- Reports from each of the Audit, Nomination, Remuneration and Business and IT Transformation Committees.
- Matters relating to the Annual General Meeting including the assessment of Directors standing for re-election and re-appointment reappointment of external auditors, PricewaterhouseCoopers and recurrent related party transactions.
- 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, consideration and/or approval were deliberated upon and discussed extensively, and where required, deliberation of the specific Committee's recommendations, 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, seek clarification, additional information, as and when needed, in advance 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.

Code of Business Practice

The Group's Code of Business Practice ("Maxis Code of Business Practice") which is periodically reviewed by the Board applies to all Directors and employees of the Group who are required to affirm their commitment to observing its prescriptions. It serves as documentation of the Directors' and





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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.

Maxis 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. This code also sets out and identifies the appropriate communication and feedback channels which facilitate whistle-blowing. Please refer to the section on whistle-blowing on page 64. Maxis 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 a focus on 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. We look at sustainability as 'What's Next' for us, our ability to transform ourselves as markets and industry change. In the next two years, we have a goal to transform ourselves further to thrive in a digital world. We have a set of well-defined corporate governance process to track our performance and accountability. We are guided by our Maxis Way values of being positive, passionate and collaborative, and Maxis Code of Business Practice in dealing our with customers, suppliers, competitors and the community. Maxis' 2015-2016 Sustainability Report is available for download at www.maxis.com.my/sr.

Board Meetings, and Access to Information and Advice

Directors were given notices of the annual meeting calendar in advance of the new year. These allowed Directors to plan ahead to maximise their participation during Board, Committee and general meetings. All agenda for Board and Committee meetings were set in consultation with the respective Chairman and the CEO. Directors were provided with advance copies of the agendas to allow feedback. The formal detailed Notice and Agenda were sent to Directors fourteen (14) days before the meetings.

Meeting materials were shared and uploaded electronically for Board members seven (7) days before the meetings. There were Directors who participated in the Board or Committee meetings via conference call. That provided flexibility for the Directors to access information anytime and anywhere and allowed members to participate in the meetings from anywhere convenient to them, and to have the records of materials easily accessible.

The Management provided all Directors' requests for information on the affairs of the Group, including but not limited to business and operations of the Group and governance matters within the stipulated time. Detailed Board papers were furnished to the Board members in advance of each Board or Committee meeting or Directors' Circular Resolution for consideration, guidance and where required, for decision-making.

Additionally, the Board was furnished with regular reports/updates to ensure that Directors were appraised of key business, financial, operational, corporate, legal, regulatory, statutory and industry matters.

Head of Legal, Head of Internal Audit and Company Secretary in addition to

other members of Management are fully accessible to the Board for any queries, clarification or information that the Board may require. During the year, external and independent professional advisors/consultants were hired and consulted where necessary, to advise and assist the Board in furtherance of their duties. These appointments were duly approved by the Chairman of the respective Committees and Board 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 dates are locked into the 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 delivery of information and materials to the Board and for ease of the Board's response e.g. 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 where required.
7. None of the Directors have more than five directorships in public listed companies in accordance with the MMLR.





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Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR and Companies Act, 2016 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 2016 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 23 years company secretarial experience, is a qualified lawyer, with postgraduate qualifications. The Secretary is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators and 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 their appointments to other directorships are notified to the Chairman.

Re-election of Directors at the Eighth AGM

Retiring pursuant to Article 121 of the Company’s Constitution and eligible for re-election and	(i) Mazen Ahmed M. AlJubeir (appointed on 8 September 2016); (ii) Naser Abdulaziz A. AlRashed (appointed on 8 September 2016); (iii) Dr. Kaizad B. Heerjee (appointed on 15 November 2016)
Retiring pursuant to Article 114 of the Company’s Constitution and eligible for re-election	(i) Raja Tan Sri Dato’ Seri Arshad bin Raja Tun Uda (ii) Tan Sri Mokhzani bin Mahathir; and (iii) Alvin Michael Hew Thai Kheam

In 2016, the Nomination Committee and the Board had carried out an assessment of all Independent Directors including the independence of Raja Tan Sri Dato’ Seri Arshad bin Raja Tun Uda and Tan Sri Mokhzani bin Mahathir pursuant to criteria as prescribed by the MMLR and Code and are satisfied that they meet the criteria for independence. Raja Tan Sri Dato’ Seri Arshad bin Raja Tun Uda and Tan Sri Mokhzani bin Mahathir were appointed as Directors on 16 October 2009 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 24 to 30 of this Annual Report. The NC and the Board have considered the assessment of the six (6) 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 retiring directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the respective NC and Board Meetings.





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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 24 to 30 which demonstrates the Board's diversity policy.

Board Evaluation and Effectiveness Assessment Overseen by the NC

How – E-format questionnaire covering the areas of Board dynamics, responsibilities, competence and capability, independence, integrity including an extensive comments section for Directors to provide feedback and suggestions.

Objective – to review, assess, evaluate and gather feedback on the Board of Directors, Board Committees and individual Directors

Process in 2016 – 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 including any specific training needs.

The outcome and feedback was used to identify gaps, maximise strengths and address weaknesses.

Role of the NC

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, proposed identification of training areas and conduct of the Board and Board Committees.

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 functions. During the year, the NC and Board 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 2016 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

The Audit, Nomination and Remuneration Committees consist of majority Independent Non-Executive Directors. (The terms of reference of these Committees can be viewed on the Company's website.) The composition of the Audit, Nomination, Remuneration and Business and IT Transformation Committees can be found on page 24 to 30 under Directors' profile.

These Committees met as and when necessary, discussed and recommended to the Board matters assigned to the Committees.

During Board meetings, the Chairmen of the various Committees provided 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 were incorporated into the minutes of the Board meetings, and specific action areas were tracked accordingly.

Activities of the AC

Please refer to the AC Report on pages 68 to 71 of the Annual Report.

Activities of the NC

The Nomination Committee ("NC") met seven (7) times during the financial year.

Among the matters considered by the NC during the year were the appointments of Robert Alan Nason, Mazen Ahmed M. AlJubeir and Naser Abdulaziz A. AlRashed and Dr. Kaizad Heerjee as Directors, Board and Committee compositions, Board Diversity Policy, the process, methodology and outcome for Annual Board, Board Committee and individual Director assessments, the assessments of the Directors standing for re-election, independence of the Directors, compliance with the Code and training requirements of the Board.





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III. REPORT FROM THE REMUNERATION COMMITTEE

Meetings:

Met five (5) times and all members attended the meetings

What we discussed:

The Meetings discussed amongst other things, the grant of LTIP and ESOS, CEO's remuneration, and CEO's recommendations for the Maxis Management Team's remuneration and key performances, and talent and succession planning

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 Remuneration Committee ("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.
- Payment of Directors' fees and benefits (include compensation for loss of office) to Non-Executive Directors and any payment for increase in fees from the previous financial year are subject to shareholders' approval.
- 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 packages.

Directors' Remuneration Packages

1. Basic salary

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.

2. Bonus scheme

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.

3. Benefits-in-kind and others

Other customary benefits (such as private medical coverage, car, etc.) and other benefits are made available to the Executive Director as appropriate.

4. Fees

In accordance with the provision of Section 230 of the Companies Act 2016, payment of Directors' fees, benefits (include payment for compensation of loss of office) is subject to Shareholders' approval. Additionally, as required by Bursa Malaysia Securities Berhad, any payment for increase in Directors' fees from the previous financial year is also subject to Shareholders' approval.

Benefits-in-Kind (such as car, etc.) are also made available to Non-executive Directors as appropriate. The Board and members of the Board Committees were paid fees respectively and no meeting allowances were provided to all Directors other than reimbursements.

The aggregate emoluments received by the Directors of the Company during the financial year ended 31 December 2016 and the total Directors' remuneration analysed in the band of RM50,000 are disclosed in the financial statements, as set out on page 119 to 120 of this Annual Report.





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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 2016, are as follows:

Name of Directors	Fee (RM)	Benefit-in-Kind (RM)	Total Amount (RM)
1. Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	463,944	45,388	509,332
2. Tan Sri Mokhzani bin Mahathir	319,167	-	319,167
3. Dato' Hamidah Naziadin	324,778	-	324,778
4. Robert Alan Nason ^{Note 2}	311,201	-	311,201
5. Mohammed Abdullah K. Alharbi	284,160	-	284,160
6. Mazen Ahmed M. AlJubeir ^{Note 2}	86,537	-	86,537
7. Naser Abdulaziz A. AlRashed ^{Note 2}	82,504	-	82,504
8. Dr. Kaizad B. Heerjee ^{Note 2}	31,944	-	31,944
9. Lim Ghee Keong	303,945	-	303,945
10. Alvin Michael Hew Thai Kheam	263,944	-	263,944
11. Robert William Boyle ^{Note 1}	134,444	-	134,444
12. Fraser Mark Curley ^{Note 1}	169,946	-	169,946
13. Morten Lundal (Executive Director) ^{Note 3}			

Notes

1 Retired/resigned during the year 2016

2 Appointed during the year 2016

3 The Executive Director's remuneration can be found on page 119 to 120 of this Annual Report.

Save as disclosed above, no other remuneration has been paid to the Directors by the Company and/or its subsidiaries.

Division of Roles and Responsibilities between the Chairman and the CEO

The roles of the Chairman and CEO are clearly separated and 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 included visits to the Group's business operations, briefing materials and meetings with key management were organised for newly-appointed Directors.

Throughout the financial year under review, regular briefings/updates (some by external advisors) on various subjects such as cyber security, industry trends, operations, legal, regulatory, technology, finance technology and organisation, the Companies Bill and talent were held at the Board meetings. All Directors attended these briefings.

These sessions were held together with Management in order to encourage open discussion and comments.





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Other sessions have been part of the Maxis Board agenda and these will continue into 2017 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 as Directors. The Company Secretary organises and facilitates internal training/briefings 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.

All Directors have attended and completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia. Robert Alan Nason who was appointed a Director on 7 March 2016, Naser Abdulaziz A. AlRashed who was appointed on 8 September 2016 and Dr. Kaizad B. Heerjee who was appointed on 15 November 2016 have completed their MAP within the prescribed period of four months from the date of their appointments. Mazen Ahmed M. AlJubeir who was appointed on 8 September 2016 has attended and completed the MAP in February 2017 which was within the timeframe of the extension of time from Bursa Malaysia to complete the MAP.

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

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 in page 77 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.





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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 individual 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 Malaysia.

Disclosure on the RRPTs for which the Mandate has been obtained together with the breakdown of the aggregate value of the RRPTs which has been conducted during the financial year ended 31 December 2016 is provided on pages 210 to 212 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 72 to 76 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 68 to 71 of this Annual Report.

VI. TIMELY AND HIGH QUALITY DISCLOSURE

The Board endeavours to provide timely disclosure to shareholders and all required announcements will be released immediately when matters are triggered. The Company has in place a Corporate Disclosure Policy that provides the guidance and reference for compliance with the continuous disclosure obligations on disclosure of material information in accordance with the MMLR.

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 Malaysia; and
- An online Investor Relations section and online News 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 20 to 21 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 for queries and/or concerns regarding the Group are:

- Tan Sri Mokhzani bin Mahathir**
E: mmokhza@maxis.com.my
- Nasution bin Mohamed**
Chief Financial and Strategy Officer, for financial related matters
E: nasution@maxis.com.my
- Audrey Ho Swee Fong**
Head of Investor Relations, for investor relations matters
E: ir@maxis.com.my
- Shafik Azlee Mashar**
Head of Internal Audit
E: mshafik@maxis.com.my
- Dipak Kaur**
Company Secretary, for shareholders' enquiries
E: sdipak@maxis.com.my





Statement on Corporate Governance



To: Shareholders

AGM

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. The Chairman and Board members who were in attendance have provided clarification on shareholders' queries during the AGM.

Where appropriate, the Chairman of the Board endeavours 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 Company has gone beyond the prescribed requirement and issued notices of AGM and/or EGM with 28 days' notice period. Notices were advertised in a nationally circulated daily newspaper. The notice of the general meeting, which included items 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.

As provided by MMLR, poll voting will be implemented at the forthcoming AGM. The Company will opt for electronic poll voting to facilitate voting by the shareholders.

Whistle-Blowing

In light of the requirements stipulated under the Capital Markets and Services Act 2007, the Bursa Malaysia' Corporate Governance Guide and the Companies Act, 2016, 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 behaviour, 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. The Constitution





Statement on Corporate Governance



To: Shareholders

Compliance Checklist for Code

Summary of Principle / Recommendation	Status of Compliance (Yes / No)	Pages of Annual Report
1 Establish Clear Roles and Responsibilities		
1.1 Establish clear functions reserved for the Board and those delegated to management	Yes	56
1.2 Establish clear roles and responsibilities in discharging its fiduciary and leadership functions.	Yes	56
Responsibilities		
• Reviewing and adopting a strategic plan for the Company		
• Overseeing the conduct of the Company's business		
• Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures	Yes	
• Succession planning		
• Overseeing the development and implementation of a shareholder communications policy for the Company	Yes	
• 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 and ensure its compliance and availability on corporate website	Yes	56 and 57
1.4 Ensure that the Company's strategies promote sustainability and disclose in the annual report and corporate website	Yes	57
1.5 Procedures to allow Board members to access to information and advice	Yes	57
1.6 Supported by a suitably qualified and competent company secretary	Yes	58
1.7 Formalise, periodically review and make public its Board Charter	Yes	56
2 Strengthen Composition		
2.1 Establish a Nominating Committee comprising exclusively of Non-Executive Directors, a majority of whom must be independent	Yes	24
• The chair of the Nominating Committee should be the Senior Independent Director identified by the Board.		





Statement on Corporate Governance



To: Shareholders

Summary of Principle / Recommendation	Status of Compliance (Yes / No)	Pages of Annual Report
2.2 Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors	Yes	58
2.3 Establish formal and transparent remuneration policies and procedures to attract and retain directors	Yes	60
3 Reinforce Independence		
3.1 Undertake an assessment of its independent directors annually	Yes	55
3.2 Tenure of an independent director not exceeding 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	61
• The division should be clearly defined in the Board Charter	Yes	
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	57
4.2 Ensure Board members have access to appropriate continuing education programmes	Yes	61 to 62
5 Uphold Integrity in Financial Reporting		
5.1 Audit Committee ("AC") should ensure financial statements comply with applicable financial reporting standards	Yes	69
5.2 Audit Committee should have policies and procedures to assess the suitability and independence of external auditors	Yes	70





Statement on Corporate Governance



To: Shareholders

Summary of Principle / Recommendation	Status of Compliance (Yes / No)	Pages of Annual Report
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	63, 72 to 76
6.2 The Board should establish an internal audit function which reports directly to the Audit Committee	Yes	71
7 Ensure timely and high quality disclosure		
7.1 The Board should ensure the Company has appropriate corporate disclosure policies and procedures	Yes	63
7.2 The Board should encourage the Company to leverage on information technology for effective dissemination of information	Yes	57
8 Strengthen Relationship between Company and Shareholders		
8.1 The Board should take reasonable steps to encourage shareholder participation at general meetings	Yes	64
8.2 The Board should encourage poll voting	Yes	64
8.3 The Board should promote effective communication and proactive engagements with shareholders	Yes	63



