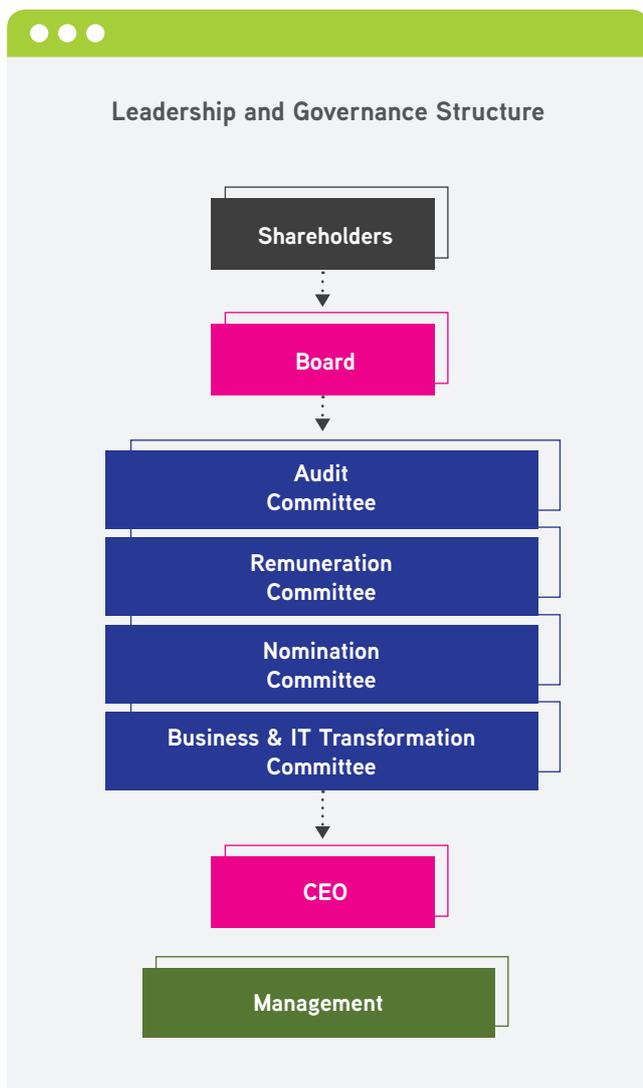


# Corporate Governance Overview

The Board is pleased to provide an overview of the Company's corporate governance practices, which summarises the Company's application of the Principles and Recommendations of MCCG 2017 during the financial year ended 31 December 2018.

Details of the Company's application and departures, including alternative practices of the Principles and Recommendations of MCCG 2017 are provided in the Corporate Governance Report 2018, which can be found at [www.maxis.com.my/corp](http://www.maxis.com.my/corp). The departures are in Practices 4.1 (that the Board comprises majority independent directors), 4.5 (the Board has at least 30% women directors), 7.2 (disclosure of remuneration of senior management in bands of RM50,000) and 12.3 (leveraging technology for remote voting). Both this Overview and the Corporate Governance Report 2018 were approved by the Board on 15 February 2019.



**Note:**

The Board has adopted the highest standard of corporate governance by setting the tone at the top.

## A. BOARD LEADERSHIP AND EFFECTIVENESS

### Board Composition

The Maxis Board comprises nine Directors, of whom four are Independent Non-Executive Directors; four are Non-Executive Directors and one is an Executive Director. The Chairman is an Independent Non-Executive Director. The Directors present a diverse mix of qualifications covering accounting, finance, engineering, human resources and law whilst their collective skills and expertise include general management, international venture capital, technology/digital/media, finance and treasury, marketing, telecommunications, human resources/people and regulatory/local affairs.

The Board is of the view that its composition and size are adequate for the effective discharge of its functions and responsibilities. With its diversity of qualifications and skills, and the governance structure of the Committees and Board, the Board has been able to provide clear and effective collective leadership to the Group and has delivered informed and independent judgment of the Group's strategy and performance to ensure 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.

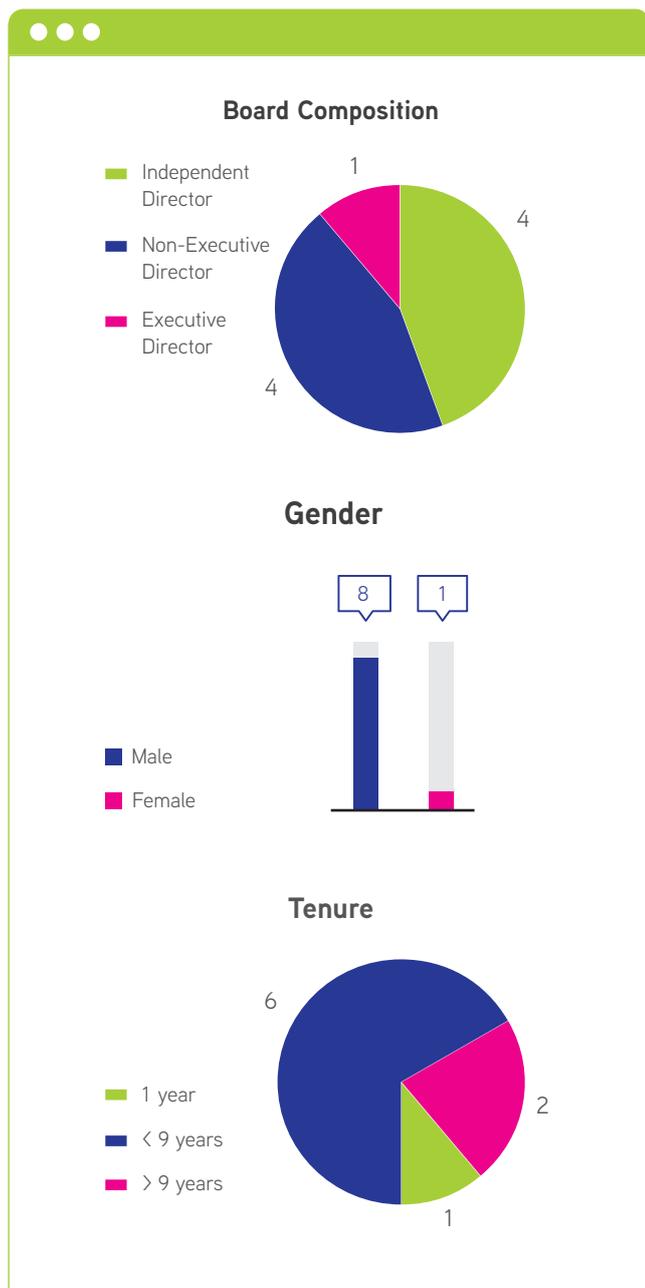
The Audit, Nomination and Remuneration Committees comprise a majority of Independent Directors. The presence of Independent Non-Executive Directors on the Board and its Committees is essential to providing unbiased and impartial opinion, advice and judgment to Board deliberations. This ensures the interests not only of the Group, but also of shareholders, employees, customers, suppliers and other communities with which the Group conducts its business are well-represented and taken into account.

Assessment of the independence of each Independent Non-Executive Director was undertaken twice in 2018 according to the criteria as prescribed by MMLR. As recommended by MCCG 2017, the tenure of directorship of not more than nine years was taken into consideration, and the specific tenures of Directors were duly reviewed by the Nomination Committee (NC) and Board. The relevant processes and procedures have been provided for in the Board Charter and Terms of Reference of the NC.

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda (RA) and Tan Sri Mokhzani bin Mahathir (MM) exceeded the cumulative tenure of nine years after 16 October 2018. Following a review by the NC and Board, save for RA and MM, the two Directors have been considered suitable to continue to act as Independent Directors. Shareholders at the Ninth AGM held on 19 April 2018 approved the resolutions for RA and MM to continue as Independent Directors up to 17 October 2019. The NC and Board have further reviewed the suitability of RA and MM to continue

## Corporate Governance Overview

for another term of independence from 18 October 2019 to 17 October 2020 respectively. The shareholders are requested to review the justifications as found on page 78 of the Annual Report 2018 and in the Notice of Tenth AGM on pages 233 to 237.



### Roles and Responsibilities of Directors

- The Directors are responsible for the management of the Company, with powers as defined in the Constitution, the Companies Act 2016 and applicable regulations.
- Directors are aware of their duties, responsibilities and time commitment as members of the Board.

- The Board Charter sets out clearly the roles and responsibilities of the Board, the Chairman, Chief Executive Officer (CEO), Senior Independent Director and Secretary.
- Limits of Authority with clear delegation of authority to the CEO and Management are specified in Maxis' Manual of Limits of Authority (LOA) and the Board Charter.
- Directors regularly attend talks, briefings and utilise online learning tools and reading materials to keep apprised of operational, legal, regulatory and industry matters, and, to assist in the discharge of their functions.

In 2018, the Maxis Board reviewed, deliberated and approved (where specifically required) the following: Maxis' detailed business and operations, customer service and consumer insights, financial results, cashflow, funding requirements, proposed dividends, investor relations briefings, Network and Information Technology systems and security, People and Organisation that included appointment of key management positions (CEO, CFO and COO), updates on personnel movement, key performance indicators, employee engagement, succession, talent and retention planning, risk management and internal controls, budget and Annual Operating Plan for 2019, corporate sustainability, new Constitution of the Company, related party transactions, strategic and emerging issues, appointment of new Director and specific corporate and operational matters that required its approval.

### Roles and Responsibilities of the Chairman and CEO

The roles of the Chairman and CEO are clearly separated and the Chairman was not previously a CEO of the Company. The Board Charter specifies the duties of the Chairman and the CEO. The CEO's Key Performance Indicators are reviewed and tracked by the Remuneration Committee.

### Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR, Companies Act 2016 and applicable laws and regulations. The Company Secretary is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators and is a qualified lawyer, with postgraduate qualifications. She has over 25 years of company secretarial and governance experience.

### Meetings and Access to Information

Seven Board meetings were held during the financial year, and the details of the Directors' attendance can be found in their respective Directors' profiles on pages 5 to 9.

Directors were given due notice of proposed meetings held during the financial year. Board meeting materials were shared and uploaded electronically for Board members

## Corporate Governance Overview

prior to such meetings. Directors also participated in Board meetings and Committee meetings in person or via conference calls. Minutes of the meetings were circulated to all members of the Board. Board members are encouraged to ask clarifications, questions or additional information prior to or during the meetings to facilitate effective decision making.

Additionally, throughout the year, the Board was furnished with ad-hoc reports/updates to keep apprised of key business, financial, operational, emerging issues, corporate, legal, regulatory and industry matters, as and when the need arose. The Board's engagement with Management fosters a healthy, transparent, dynamic and aligned corporate culture. Members of Management gave their full support to the Board.

### Board Committees

The Board is supported by four Board Committees, namely the Audit, Nomination, Remuneration and Business and IT Transformation Committees. These Committees play a significant role in reviewing matters within their respective Terms of Reference, and facilitate the Board's discharge of its duties and responsibilities. Each of the Committee has specific Terms of Reference, scope and authorities to review matters tabled before the Committee prior to decision-making by the Board as a whole. The Audit, Nomination and Remuneration Committees comprise a majority of Independent Directors and are chaired by Independent Directors. The Business and IT Transformation Committee comprises a majority Non-Independent Directors. In addition, the Board is supported by ad-hoc operational and governance committees with defined scopes formed from time to time to facilitate the Board in the discharge of their duties.

At every Board meeting, the Chairmen of the respective Committees provide detailed summaries of the reports, deliberations and recommendations made at their respective meetings for the Board's further deliberation, and recommend matters that require decisions by the Board. Minutes of the Committee meetings are made available to all members of the Board.

### Appointments to the Board

The NC makes independent recommendations for selection and appointments to the Board, based on criteria which they develop, maintain and review based on applicable laws and regulations. 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, diversity, knowledge, industry exposure, expertise and experience, professionalism, integrity, competencies, time commitment and other relevant qualities of the candidates, before recommending their appointments to the Board for approval.

### Board Diversity Policy

The Board recognises the importance of diversity in its composition to ensure effectiveness and good corporate governance. The NC and Board regularly review the composition of the Board to ensure the proper discharge of its functions and obligations. All Directors are appointed on a robust process, based on merit and 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 5 to 9, demonstrating the Board's diversity policy.

### Board Evaluation and Effectiveness Assessment

In 2018, the Chairman of the NC oversaw the overall evaluation process while the responses were reviewed and analysed by the NC, before the assessment was 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 action points moving forward including specific training needs.

### Re-election of Directors and Tenure of Independent Directors

The NC and Board also reviewed the suitability of the following Directors due for re-election at the Tenth AGM:

- (i) Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
- (ii) Tan Sri Mokhzani bin Mahathir
- (iii) Mazen Ahmed M. AlJubeir
- (iv) Abdulaziz Abdullah M. Alghamdi

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda (RA) and Tan Sri Mokhzani bin Mahathir (MM) were appointed as Independent Directors on 16 October 2009 and they both have served as Independent Non-Executive Directors for cumulative terms of more than nine years. The shareholders have on 19 April 2018 approved the resolutions for RA and MM to continue to act as Independent Directors from 18 October 2018 to 17 October 2019. In accordance with MCCG 2017, the Board through the Nomination

## Corporate Governance Overview

Committee (NC) has undertaken relevant assessments and recommended for the two Directors to continue to serve as Independent Non-Executive Directors based on the following justifications:

- (a) RA and MM have each fulfilled the criteria under the definition of Independent Director as stated in the MMLR.
- (b) RA and MM have demonstrated their independence when providing their contribution as members of the Board in considering Board-related matters and in discharging their responsibilities as Directors.
- (c) The length that they have remained in office does not interfere with their respective abilities to exercise independent judgment as Independent Directors.
- (d) RA and MM, together with the other Independent Directors, each function as a check and balance to the Board and exercise objectivity as Directors.
- (e) RA and MM each has vast experience, knowledge and skills in a diverse range of businesses and therefore provides constructive opinion, counsel, oversight and guidance as Directors.
- (f) Each of RA and MM has devoted sufficient time and attention to his professional obligations to Maxis for informed and balanced decision making.

The NC and the Board are satisfied that each of RA and MM is able to exercise independent judgment and has the ability to act in the best interests of the Company. Each of RA and MM has continued to exercise his independence and due care during his tenure as an Independent Non-Executive Director and has contributed in the following roles: RA as Chairman of the Board and NC, member of the Remuneration Committee (RC) and the Audit Committee (AC) while MM as Chairman of the AC and a member of the NC and RC. MM has also been appointed as the Senior Independent Director of the Board.

Each of the interested Directors above abstained in the deliberations at the NC and/or Board Meetings relating to their respective appointments.

### Training and Development of Directors

The Board has taken steps to ensure that its members have ongoing access to appropriate continuing education programmes. Training includes talks, online tools, reading materials, briefings and seminars by subject matter experts. The NC and the Board assess the training needs of each Director on an ongoing basis, by determining areas that would best strengthen his/her contributions to the Board.

Amongst others, training programmes included:

- (i) Orientation and familiarisation programmes for new appointments. During the year, Abdulaziz Abdullah M. Alghamdi was appointed as a Director. He completed the Mandatory Accreditation Course as prescribed by the MMLR on 30 November 2018, which was within four months from the date of his appointment. He also attended a detailed orientation and familiarisation programme at Maxis that included briefings on all areas of operations and visits to the operation centres.
- (ii) Regular briefings/updates (some by external advisors) on various matters including governance and those relating to the industry. This included a talk by Vodafone on partnership and digitalisation, and a two-day offsite meeting in Penang, that included market visits, and engagements with dealers, employees and corporate customers from the Northern region.
- (iii) During the year, the Audit Committee was briefed on an external Quality Assurance Review conducted by an external expert from the Institute of Internal Auditors Malaysia and on Enterprise Risk Management by an independent consulting firm.

In addition, online learning tools are made available to all Directors, and the external auditors share relevant publications with all the Directors. Members of Management regularly update the Board on operational, technology, financial and regulatory developments.

### Remuneration of Directors and Maxis Management Team

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 and create value for shareholders. In Maxis, the remuneration for Executive Directors is structured so as to link rewards to corporate and individual performance. The Remuneration Committee oversees the structure for the remuneration of the Directors and Maxis Management Team. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken.

Remuneration of our Non-Executive Directors is subject to annual approval by shareholders. Directors' remuneration packages comprise fees, basic salaries and bonuses (for Executive Directors), benefits-in-kind and other benefits.

The aggregate emoluments received by the Directors of the Company during the financial year ended 31 December 2018 are as stated on the following page:

## Corporate Governance Overview

### Directors Fees/Salaries and Other Benefits

Name of Director	Received or to be received from the Company		Received or to be received from a subsidiary				Total Amount RM
	Fee RM	Benefits-in-Kind RM	Salaries RM	Bonus and incentives RM	Other Short-Term Benefits RM	Benefits-in-Kind RM	
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	486,632	51,259	-	-	-	-	537,891
Tan Sri Mokhzani bin Mahathir	376,475	-	-	-	-	-	376,475
Robert Alan Nason <sup>(1)</sup>	89,520	-	Please refer to page 144 of the Annual Report 2018.				89,520
Dato' Hamidah Naziadin	340,020	-	-	-	-	-	340,020
Mohammed Abdullah K. Alharbi	270,012	-	-	-	-	-	270,012
Naser Abdulaziz A. AlRashed <sup>(2)</sup>	149,523	-	-	-	-	-	149,523
Mazen Ahmed M. AlJubeir	290,016	-	-	-	-	-	290,016
Abdulaziz Abdullah M. Alghamdi <sup>(3)</sup>	87,754	-	-	-	-	-	87,754
Lim Ghee Keong	290,016	-	-	-	-	-	290,016
Alvin Michael Hew Thai Kheam	305,154	-	-	-	-	-	305,154
Dr. Kaizad B. Heerjee <sup>(4)</sup>	162,588	-	-	-	-	-	162,588
Morten Lundal <sup>(5)</sup>			Please refer to page 144 of the Annual Report 2018.				

#### Notes

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

<sup>(1)</sup> Appointed as CEO/Executive Director on 1 April 2018.

<sup>(2)</sup> Resigned as Director on 20 July 2018.

<sup>(3)</sup> Appointed as Director on 4 September 2018.

<sup>(4)</sup> Resigned as Director on 7 August 2018.

<sup>(5)</sup> End of contract as CEO and resigned as Director on 31 March 2018.

## B. EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee, Risk Management and Internal Control Framework

The roles, responsibilities and activities of the Audit Committee in respect of effective audit and risk management are explained in the Audit Committee Report on pages 84 to 87 of the Annual Report. The Group has the following processes in place for effective audit and risk management.

(i) Accountability and Audit

The Directors 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.

(ii) Related Party Transaction (RPT)

The Group has in place review and approval processes and procedures for RPT to ensure that the transaction prices, terms and conditions of agreements and the quality of products/services are comparable with those prevailing in the market. This is to ensure that the terms of the transactions are neither favourable to the related party nor detrimental to the Group's minority shareholders. The Group tracks the status of mandated Recurrent RPTs monthly to ensure all transactions are within the limits and plan the compliance processes if required.

## Corporate Governance Overview

### (iii) Risk Management and Internal Control

The Board affirms its overall responsibility for the Group's System of Risk Management and Internal Control and for reviewing the adequacy and effectiveness of the system. The Audit Committee, supported by Internal Audit Division, provides an independent assessment of the effectiveness of the Maxis Enterprise Risk Management (ERM) framework and reports to the Board yearly. Key elements of the Group's control environment include Organisation Structure, Audit Committee, Internal Audit, Code of Business Practice, Revenue Assurance, Subscriber Fraud Management, Business Continuity Planning, Regulatory, Legal, Company Secretary, Limits of Authority, Policies and Procedures, Financial and Operational Information and Systems and Information Security.

Detailed reports on the Group's Audit and Risk Management can be found on pages 84 to 87 and 88 to 93 of this Annual Report. Both reports were approved by the Board on 15 February 2019.

## C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

### Communication with Stakeholders and Conduct of General Meetings

The Board recognises that our shareholders have a legitimate right to know how the Company is doing and endeavours to provide timely disclosure to shareholders, releasing all required/material announcements immediately when matters are triggered.

Other than to issue our Annual Reports and release our financial results, Maxis has been promoting proactive engagement and communication with our shareholders and other stakeholders through press releases, an online Investor Relations section and online News Room which can be accessed at [www.maxis.com.my](http://www.maxis.com.my). Please also refer to the Key Stakeholder Engagement section on page 50 of this Annual Report. Maxis has provided the relevant contact details for queries and/or concerns regarding the Group under the Corporate Information Section.

### Our Commitment to Communicating with Our Shareholders

Maxis is committed to maintaining high standards of corporate disclosure and transparency. Our disclosure policy is based on the following three key principles:

- (i) Maintain open and regular communication with all shareholders;
- (ii) Disseminate financial and strategic updates in a timely and transparent manner; and
- (iii) Ensure equal treatment and protection of shareholders' interests.

Maxis has embarked on a three-year integrated reporting journey to provide more comprehensive and transparent disclosure of our objectives, strategies and performance.

### Sustainability Management

Maxis is committed to ensuring that our strategic plans support long-term value creation and incorporates the key principles of EES in underpinning sustainability. Our sustainability strategy is currently led and driven by the CEO, with progress and key developments escalated to the Board. The CEO, together with the management team meets with key divisions and project teams on a weekly and monthly basis to ensure oversight of execution of strategies, initiatives and achievement of targets. The CEO and Management team have also validated the material matters as detailed on page 49.

To further institutionalise sustainability within our business processes and operations, we are in the process of formalising a Sustainability Steering Committee. This committee will comprise members of key business units and will also look towards integrating sustainability within the business operations

### AGM

The Board has taken reasonable steps to encourage shareholder participation at general meetings.

- (i) Shareholders are encouraged to participate in the Question and Answer sessions.
- (ii) Written answers will be provided to any significant questions that cannot be readily answered during the AGM.
- (iii) Shareholders are welcome to raise queries by contacting Maxis at any time.
- (iv) Maxis issues a 28-day notice of our AGM, which exceeds the prescribed notice period.
- (v) Queries from shareholders pertaining to the Annual Report and other matters related to the AGM may be directed to this email: [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com).

## Corporate Governance Overview

### Whistle-Blowing

In light of the requirements stipulated under the Capital Markets and Services Act 2007, Bursa Malaysia's 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. We uphold a strong ethical business culture as it is key to ensuring long-term value creation. 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) Ethics Hotline @ 03-2330 6678 or 017-200 3922
- (ii) Email: [ethics@maxis.com.my](mailto:ethics@maxis.com.my)
- (iii) Letters/documents addressed to the Ethics Hotline Office c/o Internal Audit Department, Level 21, Menara Maxis, Kuala Lumpur City Centre
- (iv) Senior Independent Director: [mmokhza@maxis.com.my](mailto:mmokhza@maxis.com.my)

For further details, please refer to the Corporate Governance Report 2018, and the Material Matters section page 49.

### What's Next

To support Maxis' transformation, growth and digital ambitions, the Board's processes, proceedings and governance structure are constantly assessed and benchmarked to remain competitive, refreshed, agile with a continued focus on strategy, governance and compliance. The Board is fully committed to compliance with regulatory requirements under MCCG 2017, and the applicable rules and regulations. Key focus areas in 2019 are the appointment of the CEO, maintenance and enhancement of Board dynamics, and a review of the additional independent and women directors. As an ongoing effort for the next few financial years, the Board will benchmark itself against other comparable international digital and technology companies.

The following Items can be downloaded from Maxis' corporate website at [www.maxis.com.my/corp](http://www.maxis.com.my/corp) :

- (1) Board Charter
- (2) Terms of Reference of the Audit, Nomination and Remuneration Committees
- (3) Code of Business Practice
- (4) Constitution
- (5) Annual Report 2018
- (6) Circular to Shareholders for Tenth AGM
- (7) Corporate Governance Report 2018
- (8) Notice of Tenth AGM
- (9) Proxy Form
- (10) Administrative Details for Tenth AGM