

## MAXIS BERHAD

[Registration No. 200901024473 (867573-A)]

# CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS PROCEDURES AND GUIDELINES

1. The objective of the following procedures and guidelines and internal controls is to ensure that related party transactions including recurrent related party transactions (“**RPT**”) entered into by Maxis Berhad (“**Company**” or “**Maxis**”) and its subsidiaries (“**Maxis Group**”) are entered into on normal commercial terms and on terms which are not be more favourable to the transacting parties than those generally available to third parties dealing at arm’s length and are not be to the detriment of our Company’s non-interested shareholders:

In the event that a member of the Audit and Risk Committee or Board has an interest and/or deemed interest in any particular RPT, he or she shall declare his or her interest in the RPT and will have to refrain from any deliberation and also abstain from voting on the matter at the Audit and Risk Committee meeting or Board meeting in respect of that RPT;

2. It is our Group’s policy to ensure that all of our transactions regardless of whether they are RPTs or not, must comply with our Group’s Procurement Policy and Standards (“**PPS**”) and the Manual of Limits of Authority (“**LOA**”). The purpose of the PPS and LOA is to ensure that all transactions are carried out in the best interests of our Group.
3. The LOA sets out the levels of authority and guides internal management in their control over our Group’s capital and operating expenditure. The purpose of the PPS is to ensure that competitive bidding principles and transparent procedures are observed in the procurement of goods and services.
4. Our Group’s Code of Business Practice lays down the policy that all of our Group’s directors and employees must act in good faith and without any conflict of interest at all times and must act in the best interests of our Group. In May 2020, the Group implemented its Anti-Bribery and Corruption Policy to comply with the provision on corporate liability for corrupt practices under Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The policy adopts a zero-tolerance approach against bribery and corruption and is applicable to all employees and third parties including transacting parties.

### [Review procedures for Recurrent Related Party Transactions \(RRPTs\)](#)

Our Group has established the following procedures and guidelines and internal controls to ensure that RRPTs have been or will be entered into on normal commercial terms and on terms which are or will not be more favourable to the transacting parties than those generally available to third parties

dealing at arm's length and are not or will not be to the detriment of our Company's non-interested shareholders:

- (a) To support and supplement the internal control systems, our Group has adopted the following additional review and approval procedures for RRPTs in respect of which a proposed mandate is being sought from shareholders:
  - (i) Individual RRPTs below RM60 million each in value will be reviewed and approved in accordance with our LOA with limits of approval levels varying with the value and nature of the transactions. For example, a technological or IT capital investment with a value of between RM1 million and RM15 million will require the joint approval of the chief financial officer and the chief network officer of our Group. A transaction above RM15 million up to RM60 million will require the approval of the chief executive officer of our Group;
  - (ii) Individual RRPTs exceeding RM60 million each in value will be reviewed and considered by the Audit and Risk Committee and thereafter, if the Audit and Risk Committee shall deem fit, will be recommended to the Board for approval;
  - (iii) Variations to the terms and conditions of the individual RRPTs will be reviewed and approved in accordance with our Group's LOA; and
  - (iv) A quarterly report on all RRPTs transacted in that quarter will be produced to the Audit and Risk Committee for its reference;
- (b) All operating divisions and our subsidiaries are required to review their existing information systems on an on-going basis to ensure that features are incorporated into the systems for capturing information on RRPTs at source;
- (c) Information on related parties and review procedures applicable to all RRPTs which involve the interest, direct or indirect, of such related parties will be disseminated to all operating divisions and our subsidiaries and will continue to be updated from time to time, for their reference in ensuring that all transactions with such related parties are undertaken on arm's length basis and on normal commercial terms which are not or will not be more favourable to the related parties than those generally available to the public;
- (d) RRPTs will only be undertaken by our Company and subsidiaries after our Company or the relevant subsidiaries has ascertained that the transaction prices, terms and conditions, quality of products/services are comparable with those prevailing in the market and meet industry standards. The transaction prices will be based on the prevailing market rates/prices of the service or product and will allow for the usual margin given to or given by any unrelated third parties or will otherwise accord with the normal commercial terms and applicable industry norms. The interests of non-interested shareholders will also be taken into account when entering into RRPTs to ensure that their rights and interests are upheld;

- (e) All RRPTs to be entered into shall be on normal commercial terms and on terms that will be consistent with our Group's usual business practices and policies;
- (f) In the event that a member of the Audit and Risk Committee or Board has an interest and/or deemed interest in any particular RRPT, he or she shall declare his or her interest in the RRPT and will have to refrain from any deliberation and also abstain from voting on the matter at the Audit and Risk Committee meeting or Board meeting in respect of that RRPT;
- (g) Proper records shall be maintained to record all RRPTs entered or to be entered into pursuant to any proposed mandate sought in respect of the same from shareholders to ensure accurate disclosure thereof. In accordance with Paragraph 10.09(2)(b) of the Listing Requirements, the aggregate value of the RRPTs transacted pursuant to the proposed mandate during the financial year shall be disclosed in the annual report of our Company where the aggregated value is equal to or more than the following thresholds:
  - (i) the consideration, value of the assets, capital outlay or costs of the aggregated RRPTs is RM1 million or more; or
  - (ii) the percentage ratio of such aggregated RRPTs is 1% or more; whichever is the higher.

Such disclosures will include the type of RRPTs entered into and the names of the related parties involved in each type of RRPT entered into and their relationships with our Group. When the aggregated actual value of the RRPTs entered into with parties within the same related party group exceeds the aggregated estimated value of such RRPTs as disclosed in the circular by 10% or more, our Company will make an immediate announcement, which will include the information prescribed under the Main Market Listing Requirements of Bursa Securities;

- (h) All RRPTs entered into pursuant to the proposed mandate shall be (or have been, as the case may be) reviewed under the annual internal assurance plan to ensure that all relevant shareholders' approvals have been obtained where necessary, and the review procedures in respect of such RRPTs are complied with;
- (i) The Audit and Risk Committee shall review the internal assurance reports on a quarterly basis to ascertain that the guidelines and the procedures established to monitor RRPTs are complied with;
- (j) Periodical review of the relevant RRPTs and the existing procedures in relation to related party transactions shall be carried out by the Audit and Risk Committee to ascertain that they have been complied with in accordance with the proposed mandate;
- (k) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to

determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on prevailing market rates or prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms in order to ensure that the RRPT is not detrimental to our Company or our Group; and

- (l) If the Audit and Risk Committee is of the view that the abovementioned procedures are insufficient to ensure that RRPTs are undertaken on an arm's length basis and on normal commercial terms and on terms that are not more favourable to the transacting party than those generally available to third parties dealing at arm's length during their periodic review of the procedures, the Audit and Risk Committee has the discretion to request for additional procedures to be imposed on all RRPTs.

#### Statement by Audit and Risk Committee

The Audit and Risk Committee shall annually review the procedures and processes for the RRPTs set above to ensure that they are:

- (a) adequate and sufficient to monitor, track and identify RRPTs in a timely and orderly manner and, if necessary, may request internal assurance to review these systems and procedures; and
- (b) sufficient to ensure that the RRPTs will be entered into on normal commercial terms and on terms which will not be more favourable to the transacting parties than those generally available to third parties dealing at arm's length and will not be to the detriment of our Company's non-interested shareholders.

All reviews by the Audit and Risk Committee will be reported to the Board for its further action.