MAXIS BERHAD

867573-A

BOARD CHARTER

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BOARD CHARTER

1. INTRODUCTION

The Board of Directors ("the Board") of Maxis Berhad ("**Maxis**" or "**the Company**") are committed to upholding the highest standards of Corporate Governance throughout the Company and its subsidiaries ("**the Group**"). The Board comprising the directors of the Company ("Directors") is guided as follows

- The Board is the focal point of the Company's Corporate Governance system.
- The business and affairs of the Company is managed by the Directors within the powers under the Company's Constitution and Companies Act 2016 (the "Act");
- All Directors shall exercise their powers for proper purpose and in good faith in the best interest of the Company; and
- This Board Charter shall constitute, and form, an integral part of each Director's commitments, duties, roles and responsibilities.

2. OBJECTIVES

This Board Charter sets out:-

i. the role, functions, composition, operation and processes of the Board;
ii. duties and responsibilities of the Directors ; and
iii. principles and practices of good Corporate Governance that must be applied in all their dealings with and on behalf of, the Company.

This Board Charter is a source of reference and primary induction literature to provide insights to prospective Board members and Senior Management on the matters set out in the preceding paragraph. In addition, it will assist the Board in assessing its collective performance and that of each individual Director. The Board acknowledges that the Board has full and unfettered right to carry out its duties under law, have full access to the information and that this Charter is not intended to limit the Board's discharge of its duties in accordance with and as required by the applicable laws.

3. THE BOARD

3.1 Board Membership

3.1.1 Composition and Board Balance

3.1.1.1 The Board comprises members of high calibre and integrity with diverse professional backgrounds, skills, extensive experience and knowledge required for the successful direction of the Group.

3.1.1.2 The Company's Constitution provides for a minimum of three (3) directors and a maximum of fifteen (15) directors. The number of Independent Directors is subject to the applicable governance regulations and applicable law.

3.1.1.3 The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgement 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 and as a check and balance.

3.1.1.4 The Board has identified a Senior Independent Director ("SID") and the SID shall act as:-

(i) sounding board for the Chairman;
(ii) intermediary for other Directors when necessary; and
(iii) point of contact for shareholders and other stakeholders on any queries and concerns regarding the Maxis Group, including any reporting on any whistleblowing.

3.1.2 Appointments

3.1.2.1 The appointment of a new Director is a matter for consideration and decision by the Board upon appropriate recommendation from the Nomination Committee ("**NC**"). In making these recommendations, the NC assesses the suitability of candidates, taking into account the qualifications, credentials, core competencies vis-à-vis the compositions of required mix of skills to demonstrate knowledge, expertise and experience, character, professionalism, integrity, competencies, time commitment and other qualities, which the Director would bring to the Board to effectively discharge his role as Director of the Company as prescribed by Para 2.20A and para 15.05 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") from time to time .

3.1.2.2 The Company Secretary has the responsibility for ensuring that the relevant procedures relating to the appointment of new Directors are properly executed.

3.1.2.3 The directorships held by any Board member at any one time in both listed and non-listed companies shall not exceed the restriction in number or such other requirements as may be prescribed by the MMLR of Bursa Securities from time to time.

3.1.3 Re-election

3.1.3.1 The Constitution provides that all Directors who are appointed by the Board may only hold office until the 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 required to retire by rotation at that AGM.

3.1.3.2 The Constitution also provide that one-third of the Directors are subject to retirement by rotation at every AGM but are eligible for re-election provided always that all Directors including the Executive Directors shall retire from office at least once in every three years.

3.1.3.3 The NC and Board will assess the Directors' standing for re-election to ensure that such Directors meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors of the Company.

3.1.4 Independence

3.1.4.1 The Board should include significant representation by Directors who are capable and willing to make decisions which are in the best interests of members, free from interests and influences which conflict with that duty and are also independent of management.

3.1.4.2 The NC and Board must annually assess the independence of each Independent Director in light of the interests they have disclosed and such other factors as the Board determines are appropriate to take into account in determining whether the Director is independent of management and free of any business or other relationship that could materially interfere with or could be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

3.1.4.3 The tenure of an Independent Director may exceed a cumulative term of nine years. However, upon completion of the nine years, such Independent Director may continue to serve on the Board as an Independent Director subject to shareholders approval, assessment by the NC and strong justification from the Board for such Director to remain as an Independent Director on annual basis.

3.1.4.4 In the event, the tenure of the Independent Directors to be retained beyond 12 years, procedure in 3.1.4.3 above is applicable and shareholders' approval be made through two-tier voting process as described in Malaysian Code on Corporate Governance 2017 ("**MCCG 2017**").

3.1.4.5 Such Independent Director shall continue to act as Director and to be re-designated as Non Independent Director if shareholders' approval in 3.1.4.3 and 3.1.4.4 are not obtained.

3.1.5 Other Directorships

3.1.5.1 All Board members shall notify the Chairman of the Board before accepting any new directorships in any other organisation. The notification shall include an indication of time commitment required under the new appointment.

3.1.5.2 An assessment shall be carried out for any newly appointed Director, and at regular intervals to ensure that the Director meets the criteria set out in Paragraph 2.20A of the MMLR on the character, integrity, expertise and time commitment required of the Director. Each Independent Director shall also be assessed to ensure independence in accordance with the criteria laid out in the MMLR and any other applicable law, regulation or MCCG 2017 or any other revisions to the MCCG 2017 as may be issued from time to time.

3.1.6 Directors' Remuneration

3.1.6.1 The remuneration of the Directors (Executive and Non-Executive) are subject to review and recommendation by the Remuneration Committee.

3.1.6.2 The determination of the remuneration of the Executive Directors will be a matter to be decided by the Board as a whole. The mechanism for remuneration for Executive Directors is structured in a manner wherein an Executive Director is rewarded based on the Company's performance and also individual performance.

3.1.6.3 Payment of Directors' fees and benefits in kind (include compensation for loss of office) to Non-Executive Directors are subject to annual shareholders' approval. Directors may be reimbursed for all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board or any committee of Directors or general meetings of the Company or otherwise howsoever in connection with the business of the Company in the course of performing their duties as Directors

3.1.6.4 The policy on Directors' Remuneration, Expenses and Reimbursement has been established for Directors' reference.

3.1.7 Directors' Trainings and Continuing Education

In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable Directors to effectively discharge their duties and sustain active participation during Board deliberations.

The Board, assisted by the NC, shall evaluate and determine the training needs of its Directors on an on-going basis, by determining areas that would best strengthen their contribution to the Board.

3.2 Board Role

3.2.1 Duties and Responsibilities

Subject to any modification, exception or limitation contained in the Act or in the Constitution of the Company, the Board shall have all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company and assumes amongst others the following duties and responsibilities as specified in MCCG 2017:-

3.2.1.1 together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behavior;
3.2.1.2 review, consider and decide on Management's proposals for the company, and monitor its implementation by Management;
3.2.1.3 ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
3.2.1.4 supervise and assess Management performance to determine whether the business is being properly managed;
3.2.1.5 there is a sound framework for internal controls and risk management;
3.2.1.6 understand the principal risks of the Company's business and recognize that business decisions involve the taking of appropriate risks;
3.2.1.7 set the risk appetite within which the board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
3.2.1.8 ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
3.2.1.9 ensure that the Company has in place procedures to enable effective communication with stakeholders; and
3.2.1.10 ensure the integrity of the Company's financial and non-financial reporting.

3.2.2 Discharge of Directors' duties

In discharging his/her duties, each Director must:

(a) at all times exercise reasonable care, skill and diligence in accordance with Section 213 of the Act;
(b) act for a proper purpose and in good faith in the best interests of the Company;
(c) apply a business judgment rule pursuant to Section 214 of the Act;
(d) not improperly use his/her position or misuse information of Maxis; and
(e) commit the time necessary to discharge effectively his/her role as a Director.

3.2.3 Matters Reserved for the Board

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, a Chief Executive Officer ("**CEO**") or another nominated member of the Senior Management team:-

3.2.3.1 approval of corporate/strategic directions/plans and programmes;

3.2.3.2 approval of annual budgets, including major capital commitments and capital expenditure budgets;

3.2.3.3 approval of new major ventures;

3.2.3.4 approval of material acquisitions and disposals of undertakings and properties or any significant Maxis Group expenditure which exceed the authority limits delegated to the Chief Executive Officers or the Chief Financial Officers or the Chief Operating Officers.

The Directors have delegated limits of authority to the CEO and Management as specified in the Company's Manual of Limits of Authority;

3.2.3.5 changes to the management and control structure within the Company and its subsidiaries, including key policies, delegated authority limits;

3.2.3.6 appointment of all other Board members, Board Committee members, Chief Executive Officers and the Company Secretaries;

3.2.3.7 any matters in excess of any discretions that it may have delegated from time to time to the CEO and Senior Management, including in relation to credit transactions, market risk limits and expenditures; and

3.2.3.8 any matters and/or transactions that fall within the ambit of the Board pursuant to the Act, MMLR of Bursa Securities, Company's Constitution, Terms of Reference of the respective Board Committees, Group's Manual of Limits of Authority (such as transactions with value in excess of RM60 million and Long Range Plan) or any other applicable rule.

3.2.4 Chairman and Chief Executive Officer ("CEO")

The Company aims to ensure a balance of power and authority between the Chairman and the CEO with a clear division of responsibility between the running of the Board and the management of the Company's day to day business respectively. The positions of Chairman (i.e. Non-Executive Chairman) and CEO are separated and clearly defined.

3.2.4.1 Chairman

The key responsibilities of the Chairman, amongst others, are as follows:-

- providing leadership for the Board so that the Board can perform its responsibilities effectively;
- setting the Board agenda and ensuring that Board members receive complete and accurate information in a timely manner;
- leading Board meetings and discussions;
- encouraging active participation and allowing dissenting views to be freely expressed;

- managing the interface between Board and Management;
- ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and
- leading the Board in establishing and monitoring good corporate governance practices in the Company.

3.2.4.2 CEO

The responsibilities of the CEO, amongst others, are as follows:-

- to develop and implement corporate strategies for the Group;
- to supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group;
- to ensure the efficiency and effectiveness of the operation for the Group;
- to assess business opportunities which are of potential benefit to the Group; and
- to bring material and other relevant matters to the attention of the Board in an accurate and timely manner.

3.2.5 Board Committees

To assist the Board in fulfilling its duties and responsibilities, it has established the following Board Committees with specific terms of reference:

(a) Audit Committee;
In addition to the roles and responsibilities as stated in the Audit Committee Terms of Reference, the Chairman of the Audit Committee together with other members of the Audit Committee should ensure among others that–
- the Audit Committee is fully informed about significant matters related to the company's audit and its financial statements and addresses these matters;
- the Audit Committee appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
- Audit Committee's concerns on matters that may have an effect on the financial or audit of the company are communicated to the external auditor; and
- there is co-ordination between internal and external auditors.

(b) Nomination Committee;
(c) Remuneration Committee; and
(d) Business & IT Transmission Committee

Independent and Non-Executive Directors play a leading role in these Committees. The Management and third parties are co-opted to the Committees as and when required. Details of the membership of each Committee appointed by the Board are published in the Annual Report. The respective terms of reference are published in the Company website. The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings and such reports will be reported to the Board at the Board meeting.

3.3 Meeting of the Board and Supply of Information

3.3.1 The Board shall conduct at least four (4) scheduled meetings a year, with additional meetings convened as and when the Board's approval and guidance is required. Additional meetings are convened on an ad-hoc basis.

3.3.2 Upon consultation with the Chairman and the CEO, due notice shall be given of proposed dates of meetings during the financial year and standard agenda and matters to be tabled to the Board.

3.3.3 All Board of Directors' meetings shall be chaired by a Chairman of the Board. The Chairman has the discretion to call for additional meetings at any time. Where the Chairman is absent, the Directors present shall elect one (1) of their members to be the Chairman of the Meeting. The quorum for each meeting shall be at least two (2) Directors. In the absence of a meeting, issues shall be resolved by way of circular resolutions.

3.3.4 A set of Board Papers (together with a detailed agenda in the case of a meeting) is furnished to the Board members in advance of each Board meeting or in the case of a decision by way of Directors' Circular Resolution, accompanying the proposed resolution, to ensure Directors are well informed and have the opportunity to seek additional information, and are able to obtain further clarification, advice and services from the Head of Legal, Head of Internal Audit and Company Secretary, should such a need arise. Where necessary, the services of other Senior Management or external consultants will be arranged to brief and help the Directors to clear any doubt or concern.

3.3.5 At the meeting, the Board may consider amongst other things:

- Annual operating plan;
- report of meetings of all committees of the Board including matters requiring the full Board's deliberation and approval;
- performance reports of the Group, which include information on financial, industry and strategic business issues and updates;
- major operational, financial, technical, legal and regulatory issues;
- technological developments and updates;
- reports on risk management;
- reports on human capital, organisational and talent management; and
- Board Papers on other specific corporate & operational matters for of discussion/approval.
- Matters relating annual general meeting
- Matters on dealing by Directors/ principal officers

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

3.4 Access to Information/Advice

3.4.1 The Board has unrestricted and immediate access to Senior Management and all information on the affairs of the Group. At the request of the Board, Management is obliged to supply in a timely manner, all relevant information to enable the Board to discharge its duties effectively.

3.4.2 Members of the Board may, subject to the established process, collectively or individually seek external or independent professional advice and/or assistance from relevant experts in furtherance of their duties and at the Group's expense.

4. COMPANY SECRETARY

4.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfills the functions for which he/she has been appointed.

4.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.

4.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.

4.4 The Company Secretary must keep abreast of, and inform the Board of, current governance practices.

4.5 The Board members have unlimited access to the professional advice and services of the Company Secretary.

4.6 The removal of the Company Secretary shall be a matter for the consideration of the Board as a whole.

4.7 The roles and responsibilities of a Company Secretary include, but are not limited to the following:

- Advisory role to the Board with regards to the MCCG 2017, MMLR, the Act, Company's Constitution, Terms of Reference of the Committees, Board Charter and the consequential disclosure and compliance requirements and other applicable related matters;
- Management and Minutes of Board and Committee Meetings that include the setting of the Agendas with the Chairman and CEO, dissemination of information and papers for the meetings, procedures for meetings, recording of decisions and action points, the ensuing communications to members of Management and all related matters; and
- Management of the Annual General Meetings (AGM) that includes the preparation of the Annual Report, Circulars to Shareholders, Notice of AGM, working with the Share Registrars

and ensuring that the due processes and proceedings are in place for the effective conduct of the Meeting .

The Secretary also undertakes the statutory duties as prescribed under the Act and the MMLR.

5. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

5.1 The Board shall place great importance in promoting effective communication and proactive engagements with the Company's shareholders. The Board shall also ensure high standards of transparency and accountability in its communication with shareholders, as well as with potential investors, analysts and the public. The shareholders shall be informed of all material matters affecting the Company and Group.

5.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Company's performance and operations in addition to the various announcements made during the year.

5.3 The Board ensures that the Company conducts meetings with financial analysts or other investment professionals from time to time (using teleconferencing where appropriate) to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests, subject always to the relevant laws on the disclosure of material price sensitive information.

5.4 The Board views general meetings as an important mechanism in shareholders communication. The Board shall encourage shareholders participation at general meetings by ensuring among others that:–

- the Board and/or Senior Management conducts a business presentation with a question and answer session;
- reasonable time is provided for discussion of genuine questions at the meeting; and
- shareholders are informed of their right to demand a poll vote at the commencement of the meeting.

5.5 An online Investor Relations section and online Press Room, the "Maxis Media Centre", which can be accessed by shareholders and the general public via the Company's website provides easy access to corporate information pertaining to the Company and its activities which is continuously updated.

6. CODE OF BUSINESS PRACTICE

6.1 The Group's Code of Business Practice ("**the Code**") applies to all Directors and employees of the Group who are required to affirm on a yearly basis their commitment to observe the Code and the Directors and employees will be required to affirm again as and when the Code is amended or updated.

6.2 The Code 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 as a reference for all Directors and all levels of employees. There is also a separate Code which is made applicable to vendors, dealers as well as other third parties that engaged in business dealings with the Group. The Code can be accessed at http://www.maxis.com.my/corp.

7. APPLICATION

7.1 The principles set out in this Charter are:

a) kept under review and updated as practices on Corporate Governance develop and further guidelines on Corporate Governance are issued by the relevant regulatory authorities from time to time;

b) applied in practice having regard to their spirit and general principles rather than to the letter alone; and

c) summarised in the Annual and Corporate Governance Reports as recommended by the MCCG 2017 and required under the MMLR.

7.2 The Board endeavours to comply at all times with the principles and practices set out in this Charter.

8. REVIEW OF THE BOARD CHARTER

8.1 The Board Charter has been revised and approved by the Board on 18 July 2018. Any subsequent amendment to the Charter must be approved by the Board.

8.2 The Board Charter will be periodically reviewed by the Board and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

9. ITEMS CAN BE DOWNLOADED FROM THE WEBSITE

9.1 Items that can be downloaded from (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 Reports;
(6) Circular to Shareholders; and
(7) Corporate Governance Report.