

# **MAXIS BERHAD**

[Registration No. 200901024473 (867573-A)]

## **NOMINATION AND REMUNERATION COMMITTEE TERMS OF REFERENCE**

The Nomination Committee and Remuneration Committee of the Company respectively were established on 9 September 2009. The Nomination Committee and Remuneration Committee were merged and streamlined into a single Nomination and Remuneration Committee ("NRC" or "Committee") with effect from 1 September 2023 pursuant to the resolution passed on 1 September 2023 by the Board of Directors ("Board") and the Constitution of Maxis Berhad ("Maxis" or "the Company").

### **1. Status and key objectives**

#### **1.1 Status**

The NRC is a committee of the Board of Directors of the Company.

#### **1.2 Key objectives**

The key objectives of the Committee are as follows:

- (i) To assess the effectiveness of the governance structure, framework and policies and ensure that they meet the requirements, purpose and values of Maxis and its subsidiaries (the "Group");
- (ii) To enhance the efficiency and effectiveness of Board Committees in discharging its duties;
- (iii) To establish and assess membership qualifications to ensure that the Board comprises of individuals with the necessary skills, experience, knowledge, personality, competency and integrity for the effective discharge of its responsibilities and to have an oversight of all matters relating to corporate governance; and
- (iv) To review and make recommendations to the Board on the remuneration policies and procedures for the members of the Board, Maxis Management Team and employees of the Group.

## 2. Composition

- 2.1 The Committee shall be appointed by the Board from amongst its members and shall comprise of no fewer than three (3) members who are non-executive directors, the majority of whom shall be independent directors. In determining independence, the Board will observe the requirements of Paragraph 1.01<sup>1</sup> of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), and any relevant Practice Notes that may be issued by Bursa Securities from time to time.
- 2.2 The members of the Committee shall elect from among their number a Chairman who is an independent non-executive director.
- 2.3 Where the members for any reason are reduced to less than three (3), the Board shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 2.4 The Board may increase or reduce the number of members of the Committee as they deem fit provided that the majority of independent members are retained.
- 2.5 All members shall hold office only for so long as they serve as directors of the Company.
- 2.6 Members of the Committee may relinquish their membership in the Committee with prior written notice to the Board and may continue to serve as directors of the Company.

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<sup>1</sup> Under Paragraph 1.01 (to be read together with Practice Note 13) of the MMLR of Bursa Securities, an independent director is a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Maxis Group, without limiting the generality of the foregoing, and independent director is one who:

- (b) is not and has not been within the last three (3) years, an officer (except as an independent director) of the Company or any of its related (“said Corporation”) (“officer” has the meaning given in Section 2 of the Companies Act 2016 but excludes a director who has served as an independent director in any or more of the said Corporations for a cumulative period of less than 12 years);
- (c) is not a major shareholder of the said Corporation;
- (d) is not a family member of any executive director, officer or major shareholder of the said Corporation;
- (e) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
- (f) has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by Bursa Securities; or
- (g) has not engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by Bursa Securities.
- (h) has not served as an independent director in any one or more of the said Corporations for a cumulative period of more than 12 years from the date of his first appointment as an independent director.

2.7 The Secretary of the Committee shall be the Company Secretary.

### **3. Quorum, Meeting and Minutes**

#### **3.1 Quorum**

- a) No business shall be transacted at any meeting of the Committee unless a quorum is present. The quorum for each meeting shall be two (2) members of the Committee including the Chairman.
- b) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day of the following week, and at the same time and place, or to such other day and at such other time and place as the members may determine. If at such adjourned meeting a quorum is not present within fifteen (15) minutes from the time appointed for holding the meeting, the meeting shall be dissolved.

#### **3.2 Meeting**

- a) The Committee shall meet as and when required upon request by the Chairman or any other members, provided that the Committee shall meet at least once a year or more frequently as deemed necessary.
- b) The Chairman of the Committee, or the Company Secretary on the requisition of the members, shall at any time summon a meeting of the members by giving three (3) days' notice or any other shorter period as may be agreed by the members amongst themselves.
- c) The Chairman of the Committee, assisted by the Secretary will be responsible for establishing the agenda therefor and supervising the conduct thereof.
- d) Attendance at a meeting may be by being present in person or by participating in the meeting by means of video, audio or teleconference or any other electronic means of audio-visual communications or a combination of both.
- e) An executive director or non-executive director shall abstain from deliberations and voting in respect of his remuneration at the Committee level and Board level. However, such director may attend the Committee meetings on the invitation of the Chairman of the Committee if his presence is required.
- f) The Committee may at its discretion and as the need arises, invite one or more persons, including other directors, executives and/or outside professionals, to attend the meeting.

- g) Minutes of each meeting shall be distributed to each member of the Committee and the Board.
- h) Minutes of each meeting shall be kept at the registered office of the Company under the custody of the Company Secretary. The minutes may be open for the inspection of the Board, external auditors, internal auditors, senior management and other persons deemed appropriate by the Company Secretary.
- i) The Chairman shall provide to the Board a summary of the proceedings, after each Committee meeting.
- j) All recommendations and findings of the Committee shall be submitted to the Board for approval.

### 3.3 Circular Resolution

The Committee may deal with matters by way of circular resolutions in lieu of convening a formal meeting and to be endorsed by the majority of members.

### 3.4 Conflicts of Interests

The Chairman and other Committee members must ensure that they are not in a nature and extent of any conflict of interest or potential conflict of interest situation in respect of any action, submission, request and/or proposal being considered, evaluated and/or recommended by the Committee. Where there is a conflict of interests, he/she must declare such conflict of interests and abstain from voting on the matter. Where the Chairman is in conflict, the other Committee members present shall appoint through simple majority one of them present at the meeting to preside over the particular meeting as ad hoc chairman.

## 4. Duties

The duties of the Committee are segregated into two functions i.e. Nomination and Remuneration, and this TOR set out the respective duties.

### 4.1 Nomination Matters

The duties of the Committee are as follows:

#### 4.1.1 Board, Board Committees and Independent Directors

- a) To formulate the nomination, selection and succession policies for the members of the Board (including its executive directors) and Board committees. The Chairman shall lead the succession planning and appointment of Board and committee members.
- b) To review and recommend to the Board the optimum size and composition of the Board that reflects the desired balance of skills, knowledge, experience and competencies and if additional Board members are required. In addition, to assist the Board in reviewing on an annual basis, the required mix of skills, knowledge, experience and other qualities including core competencies which non-executive directors should bring to the Board to best serve the business and operations of the Group<sup>2</sup> as a whole.
- c) To formulate and implement transparent procedures for recommending new candidates to the Board and Board committees or the extension of the tenures of existing members of the Board and Board committees. In doing so, the Committee may, where applicable, consider various sources including candidates from open advertisements, the use of external consultants and search firms and/or recommendations made by existing Board members, management or major shareholders. In making its recommendations, the Committee shall consider the candidates' character, skills, knowledge, expertise and experience, professionalism, integrity, competencies, commitment and ability to contribute to the Company and allocate sufficient time to effectively discharge his/her role.
- d) To formulate the criteria to assess the independence of the independent directors and conduct review to determine whether director satisfies the definition of "independent" as per the MMLR.
- e) To formally and objectively assess the effectiveness of the Board and Board committees as a whole and the contribution of each individual director and Board committee member. This includes formulating and periodically reviewing the criteria adopted and procedures to be carried out by the Committee annually for assessing the performance and effectiveness of the Board, Board committees and individual directors. All assessments and evaluations carried out by the Committee in the discharge of all its functions and shall be reported to the Board. The Chairman shall lead the annual review of board effectiveness. The

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<sup>2</sup> In these terms of reference, "Maxis Group" or "Group" refers to Maxis and its subsidiaries.

Committee may consider engaging a professional, experienced and independent party to facilitate the assessment exercise.

- f) To assist the Board in nominating the membership of other Board committee members. For the membership of the Audit and Risk Committee, in line with the requirements of Malaysian Code of Corporate Governance 2021 (“MCCG 2021”), a former key audit partner shall be required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit and Risk Committee.
- g) To review the term of office and performance of the Audit and Risk Committee and each of its members annually to determine whether the committee and its members have carried out their duties in accordance with their terms of reference.
- h) To recommend and, where applicable, to provide justifications to the Board for its recommendation, on whether annual shareholders’ approval should be sought to retain an independent director beyond his cumulative term of nine (9) years.
- i) To ensure, where the Company has a significant shareholder, that the investment of the minority shareholders is fairly reflected through Board representation.
- j) To facilitate and determine board induction and training needs on an ongoing basis, by determining areas that would best strengthen their contributions to the Board.
- k) In making its recommendations on the appointments to the Board and committees, to consider and take into account the Board Diversity Policy, which includes having regard to the mix of skills, experience, age, independence and diversity (including gender and cultural diversity) required to meet the needs of the Maxis Group.
- l) To ensure that the composition of the Board is reviewed and considered periodically. The tenure of each director should be reviewed by the NRC and annual re-election of a Director should be contingent on satisfactory evaluation of the Director’s performance and contribution to the Board.
- m) To perform other oversight functions relating to Board matters as requested by the Board or required by the regulatory authorities.

#### **4.1.2 Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”)**

- a) To review nominations, conduct interviews with candidates and recommend to the Board on the selection of final candidate(s) for approval on the appointment, re-appointment or termination of the CEO and CFO.
- b) To formulate the nomination, selection, succession policies and talent management framework for the CEO and CFO. The Chairman shall lead the succession planning and appointment of CEO and CFO.
- c) Pursuant to Para 2.20A of the MMLR of Bursa Securities, the Committee shall consider the candidates’ character, experience, integrity, competence and time to effectively discharge his/her role as CEO or CFO.
- d) To recommend the appointment or renewal of contract of employment of the Management.

4.1.3 To monitor the compliance with applicable corporate governance standards.

4.1.4 Periodically review the terms of office, and terms of reference of the Committee, assisted by the Secretary.

4.1.5 To review the disclosure required to be made in the Annual Report based on the relevant matters required by the relevant laws and the prevailing corporate governance best practices (Disclosure and Reporting).

#### **4.2 Remuneration Matters**

The duties of the Committee regarding Remuneration matters are as follows:

- a) To review the remuneration policy and framework for directors including executive directors and/or the Maxis management team comprising key senior executives (“MMT”) including CEO and to ensure that the procedures for the establishment of the policy and framework are fair and transparent.
- b) To review the remuneration and terms of service of executive directors and/or the MMT including the CEO and to ensure the remuneration packages (including but not limited to bonuses, incentive payments, share options and other share awards) are competitive, performance based, and reflective of their contributions to the Company’s growth and profitability, in line with corporate objectives and strategies and that is to retain the

right talent in Board and senior management to drive the Group's long-term objectives.

- c) To review and establish performance targets that are consistent with the interest of shareholders of the Company, with an appropriate balance between short term and long-term goals.
- d) To evaluate and review the performance, key performance indicators and remuneration for executive directors and/or MMT including the CEO, on a yearly basis, and make appropriate recommendations to the Board.
- e) To review the overall effectiveness of the Company's performance measurement and reward measurement.
- f) To review the design of all share incentive plans for approval by the Board and shareholders where required. For any such share incentive plans, to determine on a yearly basis, or any other interval on whether awards will be made and if so, the overall amount of such awards, the individual awards to executive directors, CEO and MMTs and the performance targets to be used.
- g) To be authorised as a Scheme Committee under the By Laws of the applicable Long Term Incentive Plan to review and approve awards under incentive-compensation plans, employee share option schemes and other equity-based or share incentive plans of the Company that apply to Directors and employees, with reference to:-
  - i) the overall financial performance of Maxis relative to the business plan agreed by the Board;
  - ii) the competitiveness of the share incentive plans;
  - iii) the individual contribution and strategic importance of current and potential key senior employees;
  - iv) changes in the regulatory framework governing share option grants and any other share-related awards to employees; and
  - v) the Long Term Incentive Plan ("LTIP") By-Laws (as define herein) of Maxis, as approved by the shareholders.
- h) To oversee on a yearly basis the salary increments and bonus of the MMT.
- i) To oversee the overall bonus structure of the Company and to set broad targets.



- j) To review the overall organization structure design at the strategic level.
- k) To oversee key human resource policies and guidelines to ensure they are in line with corporate objectives and strategy.
- l) To assist the Board in ensuring that an appropriate succession planning framework are in place for CEO and the MMT and that human capital development programme including continuing technical and business education are in place for this purpose.  
Note : The Committee is responsible to ensure there is a succession planning framework in place for the CEO and the MMT and for making recommendations for the appointments of directors and CEO to ensure that the appointments are made with due consideration of Paragraph 2.20A of the MMLR.

4.3 In discharging its duties, the Committee shall always be mindful of the provisions of the Companies Act 2016, MMLR, MCCG 2021 and all applicable laws, regulations and guidelines including any amendments thereto.

## **5. Remuneration Procedures**

- a) The Committee recommends to the Board, the policy and framework of the Directors' remuneration and the remuneration package for the executive directors including the CEO and the MMTs.
- b) In recommending the Group's remuneration policy, the Committee may receive advice from external consultants. It is nevertheless the ultimate responsibility of the Board to approve the remuneration of the executive directors and the CEO.
- c) In determining the bonus, the Committee reviews the performance based on the scorecards of the executive directors including the CEO and the MMTs which specify their achievements and results of KPIs for Corporate Goals (financial and business KPIs), Individual Priorities (operational KPIs) and Employee Development.
- d) Directors including the CEO and MMTs do not participate in decisions regarding their own remuneration package.
- e) In determining the remuneration and incentive for independent directors, the Committee shall ensure that remuneration and incentive will not conflict with their obligation to bring objectivity and independent judgment, in the best interest of Maxis.

## 6. Rights and Powers of the Committee

- a) In general and unless otherwise expressly authorised by the Board, the Committee shall not have delegated powers from the Board to implement its recommendations but should be obliged to report its recommendations back to the Board for consideration and implementation.
- b) As a Scheme Committee (prescribed by the LTIP 2015 and 2023 By-Laws) authorised by the Board to administer the following Long Term Incentive Plan (“LTIP”) established by the Company :-
  - i) LTIP established in 2015 (LTIP 2015) (made up of the Performance Share Scheme and the Restricted Share Scheme); and
  - ii) LTIP established in 2023 (LTIP 2023) (made up of the Performance Share Scheme and the Restricted Share Scheme)

and to decide on all relevant matters incidental thereto in accordance with the by-laws regulating the LTIP (LTIP 2015 By-Laws and LTIP 2023 By-Laws, respectively) including, but not limited to, the power to determine the criteria to be applied in determining the actual entitlements of an eligible employee, to determine the list of eligible employees and to determine and grant the offers and/or awards to eligible employees, except for allocations to directors whose allocations shall be reviewed and recommended by the Committee then approved by the Board as a whole, with the relevant individual director abstaining in respect of his individual allocation and are subject to the approval of the shareholders of the Company at a general meeting.

- c) The Committee shall also be authorised to do all necessary action regarding giving effect to the respective LTIP By-Laws.
- d) In carrying out its duties and responsibilities, the Committee shall have:
  - i) full, free and unrestricted access to any information, records, properties and personnel of the Maxis Group;
  - ii) the power to obtain independent professional advice and expertise necessary for the performance of its duties; and
  - iii) access to the advice and services of the Company Secretary.
- e) The Committee shall seek the assistance of relevant members of the MMT, if required.

## **7. Disclosure on LTIP**

The Committee will ensure that all aspects of the LTIP are properly disclosed to the relevant authorities, shareholders and in the annual report in accordance with:-

- a) the relevant regulatory requirements; and
- b) Maxis' internal corporate governance standards.

## **9. Confidentiality**

All papers, resolutions, minutes and deliberations of the Committee are strictly and highly confidential.