

# MAXIS BERHAD

(867573-A)

## REMUNERATION COMMITTEE TERMS OF REFERENCE

The authority for the formation of this Remuneration Committee (“Committee”) shall be the resolution passed on 9 September 2009 by the Board of Directors and the Constitution of Maxis Berhad (“Maxis” or “the “Company”). The new Terms of Reference are adopted on 24 October 2017, is follows:-

### 1. Status

The Remuneration Committee (“Committee”) is a committee of the Board of Directors (“Board”) of Maxis.

### 2. Composition

- a) The Committee shall be appointed by the Board from amongst its members and shall comprise of no fewer than three (3) members, who are solely 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 Bursa Securities Practice Notes that may be issued by Bursa Securities from time to time.

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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 Group and who:

- (a) is not an executive director of the Company or any of its related corporations (“said Corporation”);
- (b) has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation (“officer” has the meaning given in Section 2 of the Companies Act 2016);
- (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.

- b) The members of the Committee shall elect from among their number a Chairman who is an independent non-executive director.
- c) 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.
- d) The Board may increase or reduce the number of members of the Committee as they deem fit provided that majority independent members is retained.
- e) All members shall hold office only for so long as they serve as directors of the Company.
- f) Members of the Committee may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as directors of the Company.
- g) The Secretary of the Committee shall be the Company Secretary or any person as the members of the Committee may agree, to be appointed as the Secretary of the meeting.

### 3. Meeting and Minutes

- a) The Committee shall meet as and when required upon request by the Chairman or any members, provided that the Committee shall meet at least once a year.
- 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) 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.
- d) 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 15 minutes from the time appointed for holding the meeting, the meeting shall be dissolved.

- e) Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference or any other electronic communications or a combination of both as may be allowed by the Constitution of the Company.
- f) 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.
- g) The Committee may at its discretion and as the need arises, invite one or more persons to attend the meeting.
- h) Minutes of each meeting shall be distributed to each member of the Committee and the Board.
- i) Minutes of each meeting shall be kept at the registered office of the Company under the custody of the Company Secretary or kept at any other place and under the custody of any other persons as may be directed by the Committee. The minutes may be opened for the inspection of the Board, external auditors, internal auditors, senior management and other persons deemed appropriate by the Company Secretary and/or other appointed custodian.
- j) The Chairman shall provide to the Board a summary of the proceedings, after each meeting.
- k) The Committee may deal with matters by way of circular resolutions to be endorsed by majority of members in lieu of convening a formal meeting .
- l) All recommendations and findings of the Committee shall be submitted to the Board for approval.

#### 4. Duties

The duties of the Committee are as follows:

- a) To recommend to the Board the remuneration policy and framework for directors and executive directors (including the Chief Executive Officer, CEO), and to ensure that the procedure for the establishment of the policy and framework is fair and transparent.

- b) To recommend to the Board the remuneration and terms of service of executive directors (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 design and establish performance targets that are consistent with the interests of shareholders of the Company, with an appropriate balance between short term and long term goals.
- d) To evaluate and review the performance, KPIs and remuneration for executive directors (including the CEO) on a yearly basis, and make appropriate recommendations to the Board.
- e) To determine the policy for, and scope of, pension arrangements for each executive director.
- f) To review the effectiveness of the Company's performance measurement and reward process.
- g) To review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, to determine on a yearly basis whether awards will be made and if so, the overall amount of such awards, the individual awards to executive directors and the performance targets to be used.
- h) To make recommendations to the Board with respect to awards under incentive-compensation plans, employee share option schemes and other equity-based plans of the Company that apply to Directors and employees, with reference to
  - i) the overall finance performance of Maxis relative to the business plan agreed by the Board;
  - ii) the competitiveness of total compensation package for each grade of employee;
  - iii) the individual contribution and strategic importance of current and potential key senior employees;
  - iv) changes in the regulatory framework governing share options grants and other shares-related awards to employees; and
  - v) the ESOS and LTIP Bye-Laws of Maxis as approved by the shareholders.

- i) To oversee on a yearly basis the salary increments and bonus of key senior positions of the Company.
- j) To oversee the overall bonus structure of the Company and set broad targets.
- k) To review the overall organisation structure design at the strategic level. To oversee key HR policies and guidelines to ensure they are in line with corporate objectives and strategy. To assist the Board in ensuring that an appropriate succession planning framework are in place for CEO and key senior positions and that human capital development programme including continuing technical and business education are in place for this purpose.

In discharging its duties, the Committee shall at all times be mindful of the provisions of the MMLR, Malaysian Code on Corporate Governance 2017 and all applicable laws, regulations and guidelines including any amendments thereto.

#### **5. Determination of remuneration of directors**

- a) 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.
- b) The remuneration of non-executive directors is subject to shareholders' approval.
- c) The Committee shall review and recommend to the Board the level of remuneration that commensurate with each of their responsibilities, time commitment, experience, expertise and the complexity of the Company's activities before the same be tabled for approval by the shareholders. The remuneration should be in line with market practice, aligned with the business strategy and long-term objectives of the Company and based on performance.

#### **6. 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).

- 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 these Directors.
- c) In determining the bonus, the Committee reviews the performance based on the scorecards of the executive directors which specifies their achievements and results of KPIs for Corporate Goal (financial and business KPIs), Individual Priorities (operational KPIs) and Employee Development.
- d) Directors 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.

#### 7. Powers of the Committee

- a) In general, the Committee shall not have delegated powers from the Board to implement its recommendations but shall be obliged to report its recommendations to the Board for consideration and implementation.
- b) The Committee is authorized by the Board to administer the ESOS and Long Term Incentives Schemes (LTIP – made up of the Performance Shares Scheme (PS) and the Restricted Shares Scheme (RS)), and to decide on all relevant matters incidental thereto in accordance with the ESOS Bye-Laws and LTIP Bye-Laws 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 Eligible Employee and to determine and grant options to Eligible Employees, except for allocations to directors which allocations shall be reviewed and recommended by the Remuneration Committee and then approved by the Board as a whole with the relevant individual director abstaining in respect of his individual allocation and subject to the approval of the shareholders of the Company at a general meeting.
- c) The Committee shall also be authorized to do all necessary action with regard to giving effect to the ESOS and LTIP Bye-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 Group; and

- ii) the power to obtain independent professional advice and expertise necessary for the performance of its duties.
- e) The Committee shall seek the assistance of relevant members of the Maxis management team if required.
- f) The Committee shall have access to the advice and services of the Company Secretary.

## 8. Disclosure

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

- i) the regulatory requirements; and
- ii) Maxis' internal corporate governance standards.