

## CORPORATE GOVERNANCE REPORT

STOCK CODE : 6012  
COMPANY NAME : MAXIS BERHAD  
FINANCIAL YEAR : December 31, 2018

### OUTLINE:

#### SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

#### SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors of Maxis ("the Board") has an overall responsibility to manage the business and affairs of Maxis Berhad ("the Company"). In order to ensure the effective discharge of the Board's functions and responsibilities, the Board has in place the Board Charter, and has established Board Committees (viz the Audit, Remuneration, Nomination and Business and IT Transformation Committees) with clear Terms of References. In addition, as and when the need arises, the Board establishes ad-hoc operational and governance Committees with clear scope and responsibilities.</p> <p>Specifically during the year 2018, the Board set the Company's strategic aims in the scheduled Annual Operating/Rolling Plan (Plan) 2019 and the review of the Long Range Plan, discussions for the Company and Group's strategy, budget and plans for 2019, and approved the financial statements for each quarter and year end. The Plan that includes all aspects of the operations, finance and people (resources). The Remuneration Committee ("RC") and the Board review talent, people and succession planning and the Board reviews the tracking of the Plan and Business Performance every quarter at the Board meetings.</p> <p>The Board has specific responsibilities in the following areas, as also specified in the Board Charter (please refer to Practice 2.1) and tracked as part of the Annual Board assessment to ensure the proper discharge of the Board's functions during the year under review, and</p>

that the Board's obligations to its shareholders and other stakeholders are understood and met:-

1. **Corporate Governance.** The Board is the focal point of the Company's Corporate Governance system and sets the tone from the top. The Board as a whole, led by the Chairman works together with Senior Management to promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour. This is demonstrated by the Board and Committees Structure and Terms of References. Policies that include Code of Business Practice (COBP), Whistleblowing policies, Limits of Authority (LOA) for Management and established processes that are regularly reviewed by the Audit Committee ("AC") and reported to the Board.
2. **Strategy planning and performance.** The Board reviews and considers the strategy and proposals for the Company, and monitors its implementation by Management. In addition, the Board ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. The Board also supervises and assess Management's performance to determine whether the business is being properly managed.
3. **Risk Management and Internal Control.** The Board via the AC ensures there is a sound framework for internal controls and enterprise risk management ("ERM"). The AC reviews the principal risks of the Company's business and recognises that business decisions involve the taking of appropriate risks, 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, that includes key risk indicators. The AC reviews all internal control matters. After each of its meetings, the AC reports its proceedings and deliberations to the Board. In addition, the Board receives annual updates on ERM and Internal Control.
4. **Human Capital Management** The Board via the RC reviews the overall People and Organisation Structure, that includes monitoring the necessary skills and experience, talent management, remuneration structure and succession planning. The RC also oversees the remuneration structure of the Board and Management.
5. **Investors Relations** The Company has in place procedures to enable effective communication with stakeholders. This includes

	<p>quarterly briefings with analysts, annual general meetings, investors conferences and roadshows, in addition to regular dialogues with investors.</p> <p>6. <b>Reporting</b> There are established procedures to ensure the process for the Company's financial and non-financial reporting. The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of Maxis Berhad Group's and the Company's state of affairs, results and cashflows. The AC reviews the Maxis Berhad Group's audited financial statements in detail, together with the external auditors PricewaterhouseCoopers.</p> <p>Throughout the year under review there were regular briefings/updates (some by external advisors) on various subjects such as cyber security, industry, digital and economic trends, operations, legal and regulatory matters, the Companies Act 2016 and MCCG 2017 that were scheduled at the Meetings. All Directors attended these briefings. In addition to keep themselves apprised and to assist in the discharge of their functions, all of Maxis' Directors regularly attend talks, and utilize reading materials and online learning tools on operational, legal, regulatory and industry matters. During the year there was a talk by Vodafone on partnerships and digitalization. As part of the Directors ongoing training to understand the business and operations of Maxis, there was an offsite meeting held in Penang where the Directors attended a briefing on the Northern Region of Malaysia, embarked on a market visit, engaged with the dealers, and separately, with Maxis' employees at a Townhall, and a dinner with corporate customers.</p> <p>Note : The Board Charter and Terms of References of each of the Audit, Nomination and Remuneration Committees are published on the Maxis website : <a href="http://www.maxis.com.my/corp">www.maxis.com.my/corp</a></p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

## Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role of the Chairman is specified in the Board Charter. In addition the role of the Chairman is benchmarked against comparable public listed companies and tracked by the Nomination Committee ("NC") to ensure the discharge of the Chairman's functions.</p> <p>The Chairman, Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda has a strong background, and vast experience on governance and internal control matters. He was former Executive Chairman and Senior Partner of PricewaterhouseCoopers ("PwC") Malaysia, Chairman of the Leadership Team of PwC Asia 7, and Chairman of the Malaysian Accounting Standards Board (Chairman's detailed experience and background can be found on page 5 of the Annual Report). The Chairman engages with Board members, Management and the Company Secretary to ensure that the Board can perform its responsibilities effectively. The Chairman is closely involved in the setting of the Board Meeting Agendas together with the Chief Executive Officer, Chief Operating Officer and Secretary, and ensures that sufficient time is set aside for deliberations at meetings, and that the Directors receive complete and accurate information in a timely manner. In addition, before each Board Meeting, the Chairman sets aside time with the Directors, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer to allow questions, clarifications and request for further information prior to the Meetings.</p> <p>The Chairman leads the NC and Board in the monitoring of corporate governance practices, including the systems and procedures, and regular updates and tracking of corporate governance compliances with Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and applicable regulations as a regular agenda at the NC and Board Meetings. Members of the Board and the Secretary have unfettered access to the Chairman. In addition, the Chairman leads Board</p>

	<p>meetings and discussions by encouraging active participation by all Directors and allowing dissenting views to be freely expressed during Board deliberations. The Chairman promotes a boardroom environment that allows constructive challenge, effective communication and contribution from Directors to facilitate informed decision making at the Board. At the end of each Agenda item at Board Meetings, the Chairman summarises the views, consensus, position, and decisions taken by the Board.</p> <p>The Chairman and the Senior Independent Director, Tan Sri Mokhzani Bin Mahathir are the contact persons for reporting any complaints or improper conduct by the Directors. The Senior Independent Director in line with the MCCG 2017 provides a check and balance on corporate governance matters with the following roles as follows:-</p> <ul style="list-style-type: none"> <li>• a sounding board for the Chairman;</li> <li>• an intermediary for other Directors when necessary; and</li> <li>• the point of contact for shareholders and other stakeholders on any queries and concerns regarding the Maxis Group, including any reporting on any whistleblowing.</li> </ul>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman and CEO's positions are held by separate individuals and their roles and responsibilities are distinct as stated in the Board Charter. There are clear division of responsibilities that ensures a balance of power and authority, between the running of the Board and the management of day to day business respectively, for proper, effective and unfettered decision making.</p> <p>Note : The Board Charter is published on the Maxis website : <a href="http://www.maxis.com.my/corp">www.maxis.com.my/corp</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The present Company Secretary, Ms Dipak Kaur has over 25 years of experience in corporate secretarial and governance matters. The Company Secretary is qualified to act as a Company Secretary under Section 235(2) of the Companies Act 2016. She is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), holds a licence by the Registrar of Companies and is a qualified lawyer, with postgraduate Qualifications. The Secretary provides active support to the Chairman, Directors, the Board and Committees and Management that includes (but not limited to) the following areas:-</p> <ol style="list-style-type: none"><li>i. Advisory role to the Board with regards to the MCGG 2017, Main Market Listing Requirements ("Listing Requirements"), Companies Act 2016, Company's Constitution, Terms of Reference of the Committees, Board Charter and the consequential applications, disclosures and compliance requirements and other applicable related matters;</li><li>ii. Management and Minutes of Board and Committee Meetings that include the setting of the Agendas with the Chairman, Chief Executive Officer and Chief Operating Officer, 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</li><li>iii. Management of the Annual General Meeting ("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 AGM Meeting.</li></ol>



	<p>iv. Facilitating the induction of the new Directors and continuous training of Directors</p> <p>The Secretary also undertakes the statutory duties as prescribed under the Companies Act 2016 and the Listing Requirements, and any other duties as delegated by the Board from time to time. The Company Secretary has attended continuous professional development programmes are required by the Companies Commission of Malaysia and MAICSA, and constantly keeps abreast of regulatory changes and developments in corporate governance. The Secretary is a member of the Technical Compliance and Governance Committee of MAICSA</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors are given due advance notice of the schedule of Board and Committee Meetings ("Meetings") for the year together with the dates for the submission of the Agenda and materials for the Meetings ("Papers"). This will allow the Directors to lock in their timings, and for advance planning. The final Agenda is circulated 2 weeks before the Meetings and the Papers are circulated 1 week in advance. Papers are uploaded electronically on the Directors' iPads using the BoardPac solutions (which is a solution that stores meeting documents digitally in a secured manner). Print outs are made available on request. In addition, before each Board Meeting, the Chairman sets aside time with the Directors, the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer to allow questions, clarifications and request for further information prior to the Meetings.</p> <p>Questions or clarifications raised by the Board members are dealt with either before or during the meetings, and shared with the rest of the Board members. Each of the items presented to the Board during the year, for the Board's review, consideration and/or approval were deliberated upon and discussed extensively and where required, deliberation of specific Committee's recommendations prior to the Board's decision. Committee Meetings are scheduled before the Board Meetings. Each of the Committee Chairpersons provide their reports of the respective Committees to the Board at the Meetings. This report includes a summary of decisions, recommendations and updates. Management were invited to attend and present at the Meetings to provide explanations or to engage in discussions with the Board in the spirit of transparent and open communication. The Chairman in line with the Maxis culture encourages open discussions and constructive challenges. The Secretary together with the Chairman, Chief Executive Officer and Chief Operating Officer schedule the Agenda and planning of Meetings to allow sufficient time</p>

	<p>for each item, and to allow questions, clarifications and discussions. At the end of the Meetings, the Chairman summarises the discussions, approvals and action points for the Directors' benefit. The Secretary issues a summary of the action points and outcome of the Meetings for the Management's immediate action. The detailed Minutes including matters where Directors abstained from voting or deliberation, contain all deliberations, discussions and decisions, are prepared in a timely manner and shared soonest practicable</p>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

## Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

## Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board Charter as published on the Maxis website <a href="http://www.maxis.com.my/corp">www.maxis.com.my/corp</a> specifies the respective roles and responsibilities of the Board and Board Committees, and there is in place a Limits of Authority Manual that specifies the authorities of the Management. Each of the Committees has detailed Terms of References that set out their scope and authority. Items specifically reserved for the Board are identified in both the Board Charter and Limits of Authority Manual. Please refer to Practice 1.1 above on the overall items reserved for the Board as part of the Board's responsibilities. Any non-compliance with the Limits of Authority Manual are reported to the Defalcation Committee (an internal committee comprising Maxis Management Team as members) and the outcome of the investigations/decisions at the Defalcation Committee are reported to the AC on a quarterly basis. The Board Charter was last updated in 2018 for consistency with the Malaysian Code on Corporate Governance 2017 and Companies Act 2016.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Maxis has in place a Code of Business Practice ("Code") that includes a code of Ethics, and the policies for managing conflicts of interest, preventing the abuse of power, corruption, insider trading, bribery and misconduct. The Code applies to all Directors and employees of the Maxis Group and vendors who are required to affirm their commitment to observing its prescriptions. The Code serves as a documentation of the Directors and employees' commitment to do business in a manner that is efficient, ethical, efficient and fair, and is meant to be a reference point for all Directors and all levels of employees as well as parties that engage with business dealings with the Group. The reporting of unlawful or unethical practices is encouraged through the Whistleblower policy and procedures. The Code is periodically reviewed by the Audit Committee ("AC") and Board. This Code is also tracked by the Defalcation Committee and the outcome of any reports/investigations are reported to the AC and Board. The Maxis People and Organisation Team undertake regular reminders, communication and education to employees, and a mandatory annual assessment by employees to ensure that adherence to the Code. There are regular campaigns, reminders and communication of the Code, to create awareness, ensure understanding and application of the Code. The Code is published on the website : <a href="http://www.maxis.com.my/corp">www.maxis.com.my/corp</a>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

## Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>There are clear policies and procedures on whistleblowing that is made available on the Company's website and internal policies. The Audit Committee ("AC") reviews the policies and reports from Management.</p> <p>In light of the requirements stipulated under the Capital Markets and Services Act 2007, the 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. 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:</p> <ul style="list-style-type: none"><li>(i) Call or SMS to Ethics Hotline number (03-2330 6678 or 017-200 3922);</li><li>(ii) Email to <a href="mailto:ethics@maxis.com.my">ethics@maxis.com.my</a>;</li><li>(iii) Letters/documents to the Ethics Hotline Office c/o Internal Audit Department (Level 21, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia);</li><li>(iv) Email to <a href="mailto:mmokhza@maxis.com.my">mmokhza@maxis.com.my</a>, Senior Independent Director</li></ul> <p>The Board and the Management give their assurance that employees' and third parties' identities are kept confidential and that whistleblowers will not be at risk of any form of victimisation or retaliation from their superiors or any member of the Management provided that they act in good faith in their reporting. All concerns raised will be</p>

	investigated by a team comprising Internal Audit, People & Organisation personnel and/or line management. All fraud and cases of unethical conduct will be deliberated at the Defalcation Committee which meets regularly on matters pertaining to fraud and unethical practices. A report is provided to the AC on a quarterly basis	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The composition of the Board as at 31 Dec 2018 and as at 28 Feb 2019 which is the date of the Annual Report, is that one third of the Board is independent in accordance with Para 15.02 of the Listing Requirements. Four out of Nine Directors are Independent. The appointment of additional Independent Directors is under review as the Nomination Committee (“NC”) is searching and considering suitable candidates who can contribute to Maxis in its growth strategy, digitalisation journey and beyond.</p> <p>The Board has in place the Audit, Nomination and Remuneration Committees with clear Terms of References to assist the Board in the deliberations and recommendations as a check and balance. The Committees comprise majority Independent Non-Executive Directors, and each Committee provides their objective oversight functions and significant contributions to support the Board. Each of the Chairpersons of the Board, Audit, Nomination and Remuneration Committee are Independent Directors. The Chairpersons encourages active participation and sufficient time for discussions of issues brought forward to the Committees and/or the Board for deliberations and that the decisions and recommendations reflect the consensus in the best interests of Maxis.</p> <p>No single person can influence Maxis’ policies and compliance, as there are processes, approval matrices and governance requirements to adhere to.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:	The Board and NC are searching for candidates that can contribute to Maxis' long term growth strategy, digitalisation journey and beyond. The Board has in place the Audit, Nomination and Remuneration Committees with clear Terms of References to assist the Board in the deliberations and recommendations as a check and balance. The Committees comprise majority Independent Non-Executive Directors and play a significant role in supporting and providing their objective oversight functions to support the Board.	
<b>Timeframe</b>	:	Within 2 years	The suitability of the candidates will be assessed by the NC and Board

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
<b>Explanation on application of the practice</b>	:	<p>The Board through the Nomination Committee ("NC") assesses the independence of each Independent Directors twice a year, and using the criteria specified in the Main Market Listing Requirements ("MMLR"), and also other factors in light of the Directors' disclosure of interests and other factors in determining whether the Director is independent from management and free of any business and other relationship that could materially interfere with or could be perceived to materially interfere with the exercise of the Directors unfettered or independent judgement.</p> <p>The Company will be seeking shareholders' approval at the forthcoming Annual General Meeting ("AGM") for the two Directors, Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda ("RA") and Tan Sri Mokhzani Bin Mahathir ("MM") who will have a cumulative term of more than nine years on 17 October 2019, to continue to act as Independent Non-Executive Director from 18 October 2019 to 17 October 2020. RA and MM were appointed as Independent Directors on 16 October 2009 and their tenure as Independent Directors have exceeded nine years on 17 October 2018. Shareholders at the 9<sup>th</sup> AGM held on 19 April 2018 approved the extension of independence of RA and MM from 17 October 2018 to 18 October 2019. In accordance with the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), the Board through the NC has undertaken relevant assessments and recommended for the two Directors to continue to serve as Independent Non-Executive Directors based on the following</p>

	<p>justifications:</p> <ul style="list-style-type: none"> <li>a) RA and MM have each fulfilled the criteria under the definition of Independent Director as stated in the MMLR.</li> <li>b) In addition, 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.</li> <li>c) The length that they have remained in office do not interfere with their respective abilities to exercise independent judgment as Independent Directors.</li> <li>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.</li> <li>e) RA and MM each have vast experience, knowledge and skills in a diverse range of businesses and therefore provide constructive opinion, counsel, oversight and guidance as Directors.</li> <li>f) Each of RA and MM has devoted sufficient time and attention to their professional obligations to Maxis for informed and balanced decision making</li> </ul> <p>The NC and the Board are satisfied that each of RA and MM are able to exercise independent judgment and have the ability to act in the best interests of the Company. Each of RA and MM have continued to exercise their independence and due care during their present tenure as an Independent Non-Executive Director and have contributed in the following roles; RA as Chairman of the Board and NC, member of the Remuneration Committee (“RC”) and Audit Committee (“AC”) while MM as Chairman of the AC and member of the NC and RC. RA and MM have abstained from all deliberations at the NC and Board in relation to the recommendation of resolutions 5 and 6 (please refer to 10<sup>th</sup> AGM Notice) to the shareholders.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

### **Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### **Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee (“NC”) reviews the recommendations and appointments of Directors, Chief Executive Officer, Chief Operating Officer and Chief Financial Officer &amp; Chief Strategy Officer with due regard to the requirements of Para 2.20A of the Listing Requirements, skills, experience, merit, insights and the ability to contribute to Maxis’ growth ambitions. The NC comprises majority independent directors and recommendations to the Board are objectively made based on the best interests of the Company. The structure and compensation of Senior Management positions are reviewed by the Remuneration Committee (“RC”).</p> <p>There were new appointments to the Board and Senior Management during the year under review:-</p> <ol style="list-style-type: none"><li>1. Robert Alan Nason, Director of Maxis Berhad was appointed as Interim Chief Executive Officer on 1 April 2018.</li><li>2. Norman Wayne Treeby was appointed as Chief Financial Officer &amp; Chief Strategy Officer on 1 May 2018</li><li>3. Abdulaziz Abdullah M. Alghamdi was appointed as a Non Independent Non-Executive Director on 4 September 2018</li><li>4. Gokhan Ogut was appointed as Chief Operating Officer on 1 Sept 2018</li></ol> <p>Note: Senior Management as defined in Para 4A of Appendix 9C of the Listing Requirements</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The search for the appointment of additional women directors is in process. The review and selections are aligned with Maxis' requirements for skills diversity, and for candidates with the experience and calibre who can contribute to Maxis' growth strategy</p> <p>The present Board composition is cognisant of the diversity requirements and the measures to meet the 30% women director targets</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Nomination Committee ("NC") reviews and recommends the criteria for appointment of Directors based on the skills, composition and requirements of the Maxis operations' and competitiveness, and growth strategy	
<b>Timeframe</b>	:	Within 2 years	The Board through the NC will continue to review the size, composition, structure and skills of the Board



## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board uses a variety of sources for the identification of suitable candidates. The Nomination Committee (“NC”) reviews the composition, skill sets and Board requirements every year as part of the Board assessment. The Board may rely on recommendations from existing board members and other sources to meet the skill sets and requirements of the Board. The Board is open to utilising independent sources as well. The Board will use a myriad of resources to source for candidates based on recommendations and independent sources.</p> <p>The Board has in the past utilised an independent source to identify Dato’ Hamidah Naziadin (“HN”) as a Director.</p>
<b>Explanation for departure</b>	:	<p>Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied.
<b>Explanation on application of the practice</b>	:	The Chairman of the Nomination Committee (“NC”) Raja Tan Sri Dato’ Seri Arshad Bin Raja Tun Uda (“RA”) is an Independent Director. Details/profile of the Chairman is found in page 5 of the Annual Report 2018, and also under Practice 1.2 of this CG Report. The Terms of Reference of the NC specifies that the Chairman must be an independent director.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A detailed self-assessment is undertaken every year to review the effectiveness of the Board, Committees and individual Directors. The forms and questions are reviewed in the detail by the Nomination Committee (“NC”) and approved by the Board. The objective of the assessment is to track the Directors’ discharge of their roles and responsibilities, areas for improvement, areas that need more attention, and to overall assess the effectiveness of the Board, Committee and Directors. The Chairman of the NC oversees this process and results are shared with the Board. The process for the evaluation for 2018 (“Assessment”) commenced at the last quarter of 2018, and the collation and feedback process was facilitated by the Company Secretary, under the Chairman of the NC’s oversight. The NC reviewed the results, and shared the outcome of the Assessment with the Board. The Board agreed on the action points moving forward including specific training needs of the Directors.</p> <p>There were detailed questions for the Assessments in 2018 together with a cross reference of the Directors’ duties and responsibilities as specified in the Board Charter, and a column to provide feedback, comments and areas for improvement. The criteria on which assessment of the Board’s effectiveness were carried out was developed, maintained and reviewed by the NC. They included, inter alia, each Director’s effectiveness, the Board’s and Board Committees’ mix of skills, composition, Board’s roles and responsibilities, performance which comprises strategy planning and performance, risk management, human capital, regulatory requirements, Board communications, proposed identification of</p>

	<p>training areas and conduct of the Board and Board Committees that include procedures and decision making processes, and general feedback on any areas of improvement. Board Committees were, inter alia, assessed based on their roles and scope, frequency and length of meetings, supply of sufficient and timely information to the Board and also their overall effectiveness and efficiency in discharging their functions. During the year, the NC and Board, in accordance with Para 15.20 of the Listing Requirements, also reviewed the terms of office and performance of the Audit Committee (“AC”) and each of the members and was satisfied that the AC and members have carried out their duties in accordance with the AC’s terms of reference. The Board was satisfied with the AC’s performance as its Chairman and members possess the requisite knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC. The individual Directors each undertook self-assessment of their individual performance during the financial year ended 31 December 2018 based on the criteria as prescribed under Para 2.20A of Listing Requirements of character, experience, integrity, competence and time in order to discharge their respective roles as Directors of Maxis Berhad.</p> <p>The NC and the Board will be reviewing external independent consultants with experience in digital and technology companies facilitate board evaluations in 2019. The external consultant will be appointed once the NC and Board are satisfied with their scope, level of engagement and value add to the Board’s effectiveness.</p>	
<b>Explanation for departure</b>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>		
<b>Timeframe</b>		

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The remuneration policy for Directors is reviewed by the Nomination Committee ("NC") and Remuneration Committee ("RC") prior to making its recommendations to the Board for approval. Factors such as the Directors duties and responsibilities as directors and members of Committees, time commitment and other matters are considered. The level of remuneration (Directors fees and benefits-in-kind) reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Director concerned. Regular benchmarks undertaken for Directors fees. Our remuneration strategy and practices for Senior Management ensures business complexities and individual responsibilities are aligned with business strategy and long term objectives. Please refer to page 79 of the Annual Report</p> <p>Note : The Terms of Reference of the NC and RC, and Maxis' Remuneration Policy are published on the Maxis website <a href="http://www.maxis.com.my/corp">www.maxis.com.my/corp</a></p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The policy is specified in the Terms of Reference of the Remuneration Committee ("RC") and has been approved by the Board and the RC.</p> <p>The Board and the RC have a transparent process for approving the remuneration of Directors, the Chief Executive Officer ("CEO") and Senior Management. Remuneration includes Directors fees (for Non-Executive Directors), salary, bonus, and Long Term Incentive Plan ("LTIP"). The RC is governed by a detailed Terms of Reference to ensure that remuneration of CEO and Senior Management are in line with market practice, competitive, performance-based and in line with corporate objectives and strategy. The RC is also responsible for the review of, administering and implementing the LTIP in accordance with the LTIP bye laws that were approved by shareholders on 28 April 2015 and for approving the LTIP grants</p> <p>Note : The Terms of Reference of the RC, and Maxis' Remuneration Policy are published on the Maxis website : <a href="http://www.maxis.com.my/corp">www.maxis.com.my/corp</a></p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The detailed fees and benefits in kind paid and payable to Directors are disclosed in detail the Annual Report 2018 on page 80. In accordance with Section 230 of the Companies Act 2016, the fees and benefits in kind are tabled to shareholders for approval at the Annual General Meeting ("AGM").</p> <p>Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company received shareholders' approval for the Directors Remuneration at the last AGM held on 19 April 2018. The Company is requesting shareholders' approval for the payment of Remuneration to Non-Executive Directors for the period commencing from 25 April 2019 (conclusion of the 10<sup>th</sup> AGM) up till the next AGM of the Company in 2020 in accordance with the remuneration structure set out in the AGM Notice. The Remuneration for Non-Executive Directors comprises fees and other benefits-in-kind ("BIK") payable to the Chairman and members of the Board, and the Chairmen and members of Board Committees, and the structure is set out in the AGM Notice. The CEO's remuneration package is approved by the Board in accordance with Rule 123 of the Constitution of the Company.</p> <p>The Shareholders' approval is being sought under Resolution 7 for the payment of the Remuneration to Non-Executive Directors from 25 April 2019 (conclusion of the Tenth AGM) up till the next AGM of the Company in accordance with the remuneration structure set out above. If passed, it will allow the Company to make payment of the Remuneration to Non-Executive Directors' on a monthly basis up till the next AGM of the Company to be held in 2020.</p>



<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

## Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Remuneration Committee ("RC") and Board are of the view that the disclosures of Senior Management's remuneration that include the 5 key management personnel in the Audited Financial Statements (AFS) are adequate as it complies with the requirement of Paragraph 17 of MFRS 124 " Related Party Disclosures". Maxis endeavors to hire the best talents from Malaysia as well as the international markets. Many of its Malaysian talents also have a lot of international experiences. Maxis relies on its robust systems and processes and oversights to ensure remunerations are competitive and managed strategically and strongly linked to performance and potential. Disclosing the bands of 50,000 would affect the competitiveness of Maxis.</p> <p>The disclosure in the AFS is sufficient and in compliance with Paragraph 17 of MFRS 124</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Will not be disclosing	
<b>Timeframe</b>	:	Others	Not disclosing

### **Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### **Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman of the Board and Audit Committee ("AC") are held by separate individuals. The AC comprises majority independent directors, and has a detailed Terms of Reference to govern the activities of the AC. The Terms of Reference of the AC has been amended in 2017 to reflect the requirements of Practice 8.1 that "The AC Chairman is not the Chairman of the Board".</p> <p>The profiles of the respective Chairman of the Board, Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda and Chairman of the Audit Committee, Tan Sri Mokhzani Bin Mahathir can be found in page 5 of the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The policy is specified in the Terms of Reference of the Nomination Committee ("NC"), as the NC facilitates the review of the composition of the Board Committees including the Audit Committee ("AC"), prior to any recommendation to the Board. None of the members of the Board and consequently members of the AC were former key audit partners of PricewaterhouseCoopers ("PwC"), Maxis' present external auditors within the cooling off period of two years. In addition the NC in line with the requirements of Para 15.20 of the Listing Requirements reviews the term of office and performance of the AC and each of its members annually to determine whether such AC and members have carried out their duties in accordance with their terms of reference.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The services rendered by the external auditor must comply with the Maxis External Audit Independence Policy (EAIP). In ensuring the external auditor's effectiveness, objectivity and independence, the Audit Committee ("AC") undertakes an annual assessment by evaluating the compliance level of the services carried out by the external auditor vis-à-vis the Maxis EAIP clauses to determine whether or not the services rendered would impair their independence and objectivity as external auditors. In addition compliance with the EAIP was reviewed and audited by Internal Audit and reported to the AC. Maxis is in compliance for 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman and members of the Audit Committee ("AC") are financially literate and have carried out their duties in accordance with the Terms of Reference of the AC. As explained in Practice 5.1, the Nomination Committee ("NC") and Board, in accordance with Para 15.20 of the Listing Requirements, also reviewed the terms of office and performance of the AC and each of the members and was satisfied that the AC and members have carried out their duties in accordance with the AC's terms of reference. The detailed AC Report can be found on pages 84 to 87 of the Annual Report.</p> <p>Members of the AC attend trainings and talks, including receiving briefings at AC Meetings to keep them updated on developments on financial standards. Online learning tools on various subjects are made available to all of our Directors, including the AC members. The external auditors, PricewaterhouseCoopers ("PwC") share publications with AC members and the Directors on a regular basis. All of Maxis' Directors regularly attend talks, briefings and utilise online learning tools on operational, legal, regulatory and industry matters to keep themselves apprised and to assist in the discharge of their functions. The Directors including the AC members also have access to members of Management to clarify any queries/questions about Maxis' operations, business and financial related matters.</p>



	<p>During the year:-</p> <ul style="list-style-type: none"> <li>i. the AC was briefed on an external Quality Assurance Review conducted by an external expert from the Institute of Internal Auditors Malaysia and Enterprise Risk Management by an independent consulting firm</li> <li>ii. there was a change in the Chairman of the Audit Committee with the appointment of Tan Sri Mokhzani Bin Mahathir as Chairman, and an appointment of a new member, Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda. There were briefings on the AC Agendas and proceedings. They were respectively briefed on the AC Charter, and roles and responsibilities of the AC</li> <li>iii. there were updates on the applicable accounting standards and policies including MFRS 16 and the implications to Maxis Berhad by the Chief Financial Officer and Head of Financial Control</li> </ul>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board of Maxis established effective risk management and internal control system via:</p> <ul style="list-style-type: none"> <li>- Maxis Enterprise Risk Management ("ERM") framework which involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives</li> <li>- Numerous processes (internal control systems) such as Code of Business Practice, Revenue Assurance, Subscriber Fraud Management, Policies and Procedures, Systems and Information Security, etc, for identifying, evaluating and managing the significant risks faced by the Group.</li> </ul> <p>The above are regularly reviewed by the Audit Committee and Board for adequacy and effectiveness.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Applied and disclosed in detail in the Statement of Risk Management and Internal Control as found on pages 88 to 93 of the Annual Report 2018	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### **Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Reviewing the internal audit function's effectiveness and independence is part of Audit Committee ("AC")'s oversight responsibilities as stipulated in the AC Charter approved by the Board. Please also refer to Page 87 of the Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Internal Audit Department reports functionally to the Audit Committee (“AC”). The number of resources and qualification of the person responsible for internal audit are disclosed in the AC report section of the Annual Report 2018 page 87. Maxis Internal Audit function is carried out in accordance with the International Professional Practices Framework for Internal Auditing promulgated by the Institute of Internal Auditors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board endeavours to provide timely disclosures to shareholders and all timely disclosure to shareholders and all required/ material announcements will be released immediately to Bursa Securities when matters are triggered in accordance with the Listing Requirements and applicable regulations. The Company has in place a detailed Corporate Disclosure Policy that provides guidance and reference for compliance with the continuous disclosure obligations on the disclosure of material information in accordance with the Listing Requirements. In additions the Company's website is up to date and that serves as a platform for communication for current and comprehensive information on Maxis. Other means are the Annual General Meeting, investor briefings, media releases and attendance at investor conferences.</p> <p>The Company actively promotes active engagement and communications with its shareholders and stakeholders through the following channels:-</p> <ul style="list-style-type: none"><li>• issuance of its Annual Report available on the Company's website</li><li>• release of financial results on a quarterly basis</li><li>• media releases</li><li>• announcements to Bursa Securities</li><li>• an online Investor Relations section and online Newsroom that can be accessed by shareholders and the general public at Maxis' website <a href="http://www.maxis.com.my">www.maxis.com.my</a></li></ul> <p>The Board has identified Tan Sri Mokhzani Bin Mahathir (email <a href="mailto:mmokhza@maxis.com.my">mmokhza@maxis.com.my</a>) as the Senior Independent Director to who queries or concerns about the Group may be conveyed. Please refer</p>

	<p>to Practice 1.2 on the role of the Senior Independent Director.</p> <p>Contact details for queries and/or concerns regarding the Group are:</p> <p><b>(i) Wayne Treeby</b>  Chief Financial Officer &amp; Chief Strategy Officer, for financial related matters  Email: <a href="mailto:wayne@maxis.com.my">wayne@maxis.com.my</a></p> <p><b>(ii) Paul Zaman</b>  Head of Investor Relations, for investor relations matters  Email: <a href="mailto:ir@maxis.com.my">ir@maxis.com.my</a></p> <p><b>(iii) Shafik Azlee Mashar</b>  Head of Internal Audit  Email: <a href="mailto:mshafik@maxis.com.my">mshafik@maxis.com.my</a></p> <p><b>(iv) Dipa Kaur</b>  Company Secretary, for shareholders' enquiries  Email: <a href="mailto:sdipak@maxis.com.my">sdipak@maxis.com.my</a></p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	



## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

## Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Maxis has embarked on an integrated reporting journey in order to provide a more comprehensive and transparent reporting of our objectives, strategies and performance over time.</p> <p>We aim to communicate our value creation story to our various stakeholders, and in doing so, have adopted aspects of the guiding principles and content elements of the Integrated Reporting (IR) Framework of the International Integrated Reporting Council (IIRC). This year, Maxis introduced key new sections in the Annual Report, including, but not limited to:</p> <ul style="list-style-type: none"><li>• Business Model</li><li>• How Maxis Creates and Sustains Value</li><li>• Strategic Framework</li></ul> <p>These new sections provide our stakeholders with a clear understanding on how Maxis maintains our competitive advantage. Furthermore, we have included references and linkages throughout the Annual Report in an attempt to provide clarity and connectivity in our reporting.</p> <p>The process to fully integrate our report and adopt integrated thinking will necessarily take time. Maxis intends to continue to enhance our reporting and achieve a fully integrated report in line with the IR Framework.</p> <p>Maxis is projecting a three-year journey, 2019 to 2021, to enhance our reporting towards a fully integrated report.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice of Annual General Meeting (“AGM”) with the detailed Agenda, Annual Report and Circular to Shareholders are announced to Bursa Securities, published on Maxis’ website and issued 28 days before AGM. This is in advance of the 21 day requirement under the Companies Act 2016 and the Main Market Listing Requirements. Shareholders are encouraged to attend the AGM. The 28 days notice allows shareholders to participate the AGM either in person or via their validly appointed proxies or corporate representatives as applicable. This notice period also allows shareholders to consider the resolutions for informed decision making and the exercise of their rights at the AGM. The location of the AGM is usually at location in the Klang Valley that is easily accessible.</p> <p>Detailed notes on the venue, location, contact numbers and registration for the AGM details are sent in an Administrative Note to the shareholders together with the Letter to Shareholders advising the publication of the Annual Report on the Maxis website <a href="http://www.maxis.com.my/corp">www.maxis.com.my/corp</a> , Key Highlights brochure of the Annual Report 2018, the AGM Notice and the Proxy Form.</p> <p>Printed copies are made available to shareholders who request for Annual Reports and Circular to Shareholders. The Notice of the AGM is advertised in one (1) widely circulated newspaper in Malaysia in the English language.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

## Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Maxis Directors attend General Meetings. All of the 9 Directors of Maxis attended the last Annual General Meeting (Ninth AGM) held on 19 April 2018, and this was also recorded in the Minutes of the AGM available on the Maxis website : <a href="http://www.maxis.listedcompany.com/corporate_governance.html">www.maxis.listedcompany.com/corporate_governance.html</a></p> <p>Each of the Chairmen of the Board, Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda ("RA"), who is also the Chairman of the Nomination Committee ("NC"), Chairman of the Audit Committee ("AC"), Tan Sri Mokhzani Bin Mahathir ("MM") and the Chairman of the Remuneration Committee ("RC"), Dato' Hamidah Naziadin ("HN") attended the AGM. In addition, members of Management, the Company Secretary and the external auditors, PricewaterhouseCoopers were in attendance.</p> <p>The AGM of Maxis Berhad is always well attended by shareholders, corporate representatives and proxies who are encouraged to attend the Meeting proceedings, engage with the Board and Management and to raise questions or seek clarifications. Robert Nason, the Chief Executive Officer ("CEO") of the Company presented the Company's financial and operational performance for 2017 that was also accompanied by a video. The Chairman explained the voting and procedures for the meeting. The Chairman also shared the Company's responses to the questions submitted (in advance) by the Minority Shareholder Watchdog Group.</p> <p>The Chairman invited shareholders, corporate representatives and proxies to raise questions for each of the resolutions put forward for voting. The Chairman, CEO and members of the Management also responded to questions from shareholders, proxies and corporate representatives regarding Maxis' business and operations. The Chairman encouraged the shareholders, proxies and corporate representatives to ask as many questions/clarifications as they wished, and steered the conduct of the meeting to remain relevant to the financial statements,</p>

	business and operations of Maxis, and the Resolutions in the Notice. As some shareholders are also customers of Maxis' mobile and fibre lines, customer service representatives were also present to assist with any concerns or clarifications that shareholders had. There were follow up engagements with the customer service related matters where the answers/solutions could not be readily provided.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Maxis is supportive of any technology that allows shareholders' participation at General Meetings, that include Annual General Meetings ("AGMs"). In order to implement voting in absentia and remote shareholders' participation, Maxis would need to ensure the veracity of e-platforms, and the accuracy of such e-platforms before implementing this. Maxis Berhad presently has a shareholder base of 35,897 shareholders, out of which 90% are individual shareholders. Attendances for Maxis' AGMs include members, corporate representations and proxies.</p> <p>Shareholders are encouraged to attend Maxis' AGMs in person so that they may have an opportunity to meet, engage and interact with Directors and Management. Shareholders who have questions and queries are welcome to submit questions at any time via the email <a href="mailto:ir@maxis.com.my">ir@maxis.com.my</a>. Management will endeavour to respond within reasonable time. Shareholders who are unable to attend the meetings are allowed to appoint any person as their proxies to attend, participate, speak and vote in his stead at a general meeting. The Notice of AGM specifies the rights of shareholders to appoint proxies to exercise all of the shareholders' rights to attend, participate, speak and vote at the AGM.</p> <p>Maxis has adopted poll voting via e-voting for the last two AGMs of Maxis held on 26 April 2017 and 19 April 2018 respectively.</p>

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:	Maxis is fully supportive of the technologies to facilitate shareholder participation at AGM. Maxis would welcome testing the systems for voting in absentia, and remote participation based on large shareholder bases, and the implementation would be based on a rigorous process and verification of the system fit for the purpose, and the applicable laws.	
<b>Timeframe</b>	:	Others	Will be implemented once the system is fit for the purpose, and complies with applicable laws.



**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

Not applicable to Maxis Berhad
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