

CORPORATE GOVERNANCE REPORT

STOCK CODE : 6012
COMPANY NAME : MAXIS BERHAD
FINANCIAL YEAR : December 31, 2019

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors of Maxis (“the Board”) has an overall responsibility to manage the business and affairs of Maxis Berhad (“the Company”) whilst delivering sustainable value to its stakeholders. The Leadership and Governance Structure drives the effective discharge of the Board’s functions and responsibilities in Maxis. The Leadership and Governance Structure is supported by the Board Charter which outlines reserved matters for the Board and delegates and entrusts certain powers to the various established Board Committees (viz the Audit and Risk, Remuneration, Nomination, Business and IT Transformation Committees and the newly established Government and Regulatory Affairs Committee) 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>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 that the Board’s obligations to its shareholders and other stakeholders are understood and met:-</p> <p>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</p>

Senior Management to promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour with the highest standard of integrity. This is demonstrated by the Board and Committees' Structure and Terms of References. Policies in place include Code of Business Practice ("Code"), Whistleblowing Policy, Limits of Authority ("LOA") for Management and established processes are regularly reviewed by the Audit and Risk Committee ("ARC") and reported to the Board.

During the year, a number of significant activities were undertaken to enhance Maxis' corporate governance framework in relation to the new Section 17A of the MACC Act 2009 ("S17A") (S17A is expected to come into effect on 1 June 2020. It introduces, amongst others, new corporate liability for companies, arising from corrupt acts committed by employees or person associated with the company). A gap analysis was undertaken by Transparency International (TI) Malaysia. Based on the assessment, a task force was established to take steps to put in place and implement the Maxis Anti-Bribery and Corruption ("MABC") system. The MABC system is designed to implement adequate procedures, policies and controls for the prevention of corrupt acts and practices. The Board has approved the MABC system and endorsed the policy statement which sets out Maxis' stance against bribery and corruption. In implementing the MABC system, key policies are reviewed and enhanced which includes updates to the Enterprise Risk Management ("ERM") Framework to include bribery and corruption risk, establishment of an integrity and governance function, enhancement of the Code for directors, employees and third parties.

Strategy planning and performance. The Board reviews and considers the strategic plan at the Strategy Session and proposals for the Company, and monitors its implementation by Management at every meeting, scheduled at least 4 times a year. Specifically during the year, the Board set the Company's strategic aims in the scheduled Annual Operating Plan 2020 (AOP) and reviewed the Long Range Plan 2024, tabled discussions for the Company and Group's strategy, budget and plans for 2020, and approved the financial statements for each quarter and year end. The AOP includes all aspects of the operations, finance and people (resources). The Board also reviewed the tracking of the AOP and Business Performance every quarter at the Board meetings to determine whether the Management is on track to achieve the Group's targets. The Board would among others, consider challenges encountered by Management and assess the availability of resources in meeting their targets based on current

market landscape, as well as to provide further guidance to the Management as necessary. Subsequent to the Board's approval in 2019, the Maxis' strategic directions were communicated to employees via various engagements, ensuring that everyone understands his or her role in the achievement of the targets.

In addition, the Board ensures that the strategic plan of the Company supports long-term value creation, for Maxis as well as its stakeholders and includes strategies on economic, environmental and social considerations underpinning sustainability. In FY2019, this was done through a review of Maxis' material matters by key business representatives taking into consideration the impact of these matters to Maxis and their importance to stakeholders, as gathered through various external and internal stakeholder engagement platforms. Further details on Maxis' top material matters and Value Creation Model can be found on pages 30 and 36-37 respectively within Maxis' Integrated Annual Report 2019.

The Board also supervises and assesses Management's performance to determine whether the business is being properly managed. At the Strategy Planning Meeting held in October 2019, each Division presented their detailed plan, for the Board's deliberation and guidance. Members of the Board actively participated in the discussions and constructively challenged and posed questions/clarifications to Management. The Strategy Planning Session Meeting spanned over 10 hours so that all directors had the opportunity to ask questions/clarifications and to undertake proper deliberation and considerations without any impediments. At the end of the Strategy session, the Chairman summarised the key issues and action points for Management, and the Board collectively approved the Strategy. The AOP and Strategy are regularly updated, tracked and reported at every Board meeting.

Risk Management and Internal Control. The Board via the ARC ensures there is a sound framework for internal controls and enterprise risk management ("ERM"). The ARC reviews the principal risks of the Company's business and recognises that business decisions involve the taking of appropriate risks, sets the risk appetite within which the Board expects Management to operate and ensures that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks, including key risk indicators. The ARC reviews all internal control matters and reports its proceedings and deliberations

to the Board after each meeting. In addition, the Board receives annual updates on ERM and Internal Control.

Human Capital Management. The Board via the Remuneration Committee (“RC”) reviews the overall People and Organisation Structure, that includes monitoring of the necessary skills and experience, talent management, remuneration structure and succession planning of the Company. The RC also oversees the remuneration structure of the Board and Management. During the year, there were a few key appointments to the Maxis Management Team :-

- i. Gokhan Ogut as Chief Executive Officer
- ii. Mariam Bevi Batcha as Chief Corporate Affairs Officer
- iii. Rob Sewell as Chief Digital and Transformation Officer; and;
- iv. Natalia Binti Ahmad Shukri Navin (“Natalia Navin”) as Chief Human Resource Officer.

Natalia Navin has extensive experience in human capital management including policy matters, and will be working with the RC and Board on Maxis’ human capital matters.

Investors Relations The Company has procedures and a Corporate Disclosure Policy in place to enable effective communication with its shareholders and other stakeholders. This includes quarterly briefings with analysts, annual general meetings, investors conferences and roadshows, in addition to regular dialogues with investors. Further details on how we engage with our key stakeholder groups can be found on pages 43, 67, 77 and 78 within Maxis’ Integrated Annual Report 2019.

Reporting 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 ARC reviews the Maxis Berhad Group’s audited financial statements in detail, together with the external auditors PricewaterhouseCoopers PLT. The Board also acknowledges its responsibility in the preparation of Maxis’ Integrated Annual Report 2019 which brings together financial and non-financial information, taking into consideration the social and environmental context within Maxis’ operation. The Board has approved the Maxis’ Integrated Annual Report 2019 on 5 March 2020.

	<p>Throughout the year under review, regular briefings/updates (including by external advisors) were organised on various areas such as IT Transformation by Amdocs, Huawei on 5G, technology, competitors' trends, cyber security, industry developments, digital and economic trends, operations, legal and regulatory matters, governance updates, a detailed workshop conducted by an independent consulting firm on global transformational topics and cyber/data threats that also enhanced the Board' knowledge on risk, and Spencer Stuart on the Board Effectiveness Evaluation which were attended by all Directors. In addition, all of Maxis' Directors regularly attended talks, and utilised reading materials and online learning tools on operational, legal, regulatory and industry matters to keep themselves appraised and to assist in the discharge of their functions. A retail visit to the Maxis Centre in Gardens Mall, Kuala Lumpur was organised in April 2019 as part of the Directors ongoing training to understand the business and operations of Maxis.</p> <p>Note : The Board Charter and Terms of References of each of the Audit and Risk, Nomination and Remuneration Committees are published on the Maxis website : www.maxis.com.my/corp.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The role of the Chairman is specified in the Board Charter. The Chairman's role is benchmarked against comparable public listed companies and tracked by the Nomination Committee ("NC") to ensure effective 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 a 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 6 of the Integrated Annual Report 2019). 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, 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 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 meetings and discussions by encouraging active participation by all</p>

	<p>Directors and allowing dissenting views to be freely expressed during Board deliberations. The Chairman promotes a boardroom environment that allows constructive challenge to status quo, effective communication and contribution from Directors to facilitate informed decision making at the Board, and also fostering interactions of Board members whilst sharing his insights. At the end of each Agenda item at Board Meetings, the Chairman summarises the views, consensus, position, and decisions taken by the Board. There are regular informal engagements with Board members and Management outside the Boardroom that promote a healthy camaraderie and avenues to raise clarifications and promote understanding of the business and operations.</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"> i. a sounding board for the Chairman; ii. an intermediary for other Directors when necessary; and iii. the point of contact for shareholders and other stakeholders on any queries and concerns regarding the Maxis Group, including any reporting on any whistleblowing. 	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman, Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda and the CEO, Gokhan Ogut's positions are held by separate individuals. The CEO is not a member of the Board. Their roles and responsibilities are distinct and separate as stated in the Board Charter Sections 3.2.4.1 and 3.2.4.2.</p> <p>There are clear division of responsibilities that ensures a balance of power and authority, between leading the functioning of the Board and running the management of day to day business operations respectively, for proper, effective and unfettered decision making. The Chairman and CEO have regular conversations and the division of responsibilities would ensure sufficient time commitment of the Chairman and CEO to allow effective discharge of their respective duties. The Chairman provides constructive counsel and insights to the CEO that promotes regular sharing of significant information and updates to the Board throughout the year and not only at Board meetings.</p> <p>The division of responsibilities is regularly reviewed taking into consideration the operational, business and governance requirements of the Company so as to ensure that they Company's strategic aims are consistently met.</p> <p>Note : The Board Charter is published on the Maxis website : www.maxis.com.my/corp</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The present Company Secretary, Ms Dipa Kaur, whose profile can be found within page 13 of Maxis' Integrated Annual Report 2019 has over 26 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 and Chartered Governance Professional of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), holds a license by the Registrar of Companies, is a qualified lawyer, with postgraduate Qualifications, and a Graduate of the Australian Institute of Corporate Directors.</p> <p>The Board is responsible for the appointment or removal of the Company Secretary. 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">i. Advisory role to the Board with regards to the MCGG 2017, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("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;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, including follow up on the matters until closure;iii. Management of the Annual General Meeting ("AGM") that includes the preparation of the Integrated Annual Report , Circulars to Shareholders, Notice of AGM, working with the Share Registrars

	<p>and ensuring that the due processes and proceedings are in place for the effective conduct of the AGM Meeting;</p> <ul style="list-style-type: none"> iv. Plays an important role in advising the Board on application of the best practices, developments and principles for corporate governance that meets the Board’s needs and stakeholder expectations; v. Facilitating the induction of the new Directors and addresses the continuous training needs of Directors identified pursuant to the Board Effectiveness Evaluation (to be read in tandem with Practice 5.1 of this report); and vi. Serves as a focal point for stakeholder engagement and communication on corporate governance issues, specifically for communications between regulators and the Board and Senior Management. <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 as 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 and, a member of the Corporate Governance Task Force of MAICSA.</p> <p>The 2019 Board Effectiveness Evaluation findings indicate that the level of support given by the Secretary to the Board has been satisfactory in terms of effectiveness, adequacy and timely execution of actions.</p>
<p>Explanation for departure :</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>Measure :</p>	
<p>Timeframe :</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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors are given due advance notice of the schedule of Board and Committee Meetings ("Meetings"), including Annual General Meeting for the year, in advance of the new 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.</p> <p>The Chairman in line with the Maxis culture encourages open discussions and constructive challenges. The Secretary together with</p>

	<p>the Chairman and Chief Executive Officer schedule the Agenda and planning of Meetings to allow sufficient time 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 Secretary thereafter follows up on the progress and updates the Board until closure of the matter. Action items would remain as matters arising in the minutes of meetings until they are resolved.</p> <p>Key decisions are made in Board meetings with Circular Resolutions limited to urgent matters or to formalise matters which have already been discussed during Board meetings. All Circular Resolutions are tabled at the following Board meeting. 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>	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter as published on Maxis' website www.maxis.com.my/corp functions as the primary reference to aid the Board in upholding the highest standards of corporate governance throughout Maxis and specifies the respective roles and responsibilities of the Board and Board Committees. The Board Charter also sets out the key values and principles of the Board and it is acknowledged that the duties and scope of Directors should remain unfettered. Each of the Committees have detailed Terms of References that sets out their scope and authority. The Limits of Authority Manual specifies the authorities of the Management and levels of accountability.</p> <p>Items specifically reserved for the Board are identified in both the Board Charter Section 3.2.3 and the Limits of Authority Manual. Matters reserved for the Board as entrenched in the Board Charter include amongst others, approval of strategy, plans, budgets, new major ventures, acquisitions and disposals; changes to management and control structure and appointment of Board members, Committee members, CEO and Secretary. Additionally, please refer to Practice 1.1 above on the overall items reserved for the Board as part of the Board's responsibilities. The role of the Senior Independent Director ("SID") is to be read in tandem with Practice 1.2 within this report.</p> <p>The Board Charter is periodically reviewed and was last updated in 2020 for consistency with the Malaysian Code on Corporate Governance 2017 and Companies Act 2016.</p>

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>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, bribery and corruption, insider trading, data privacy, and misconduct. The reporting of unlawful or unethical practices is encouraged through the Whistleblowing Policy and procedures via the Ethics Hotline. 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 and compliance to the relevant laws and regulations that govern the matters covered by the Code. 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.</p> <p>In line with the new provision on corporate liability for corruption offences under the Malaysian Anti-Corruption Commission (MACC) Act 2009 which is expected to come into effect on 1 June 2020, Maxis fully supports the Government's efforts in ensuring companies do not conduct corrupt business practices. It is fundamentally important for Maxis to comply with, uphold and conduct its business in accordance with anti-bribery and corruption law. The Board has approved the MABC system and endorsed the policy statement which sets out Maxis' stance against bribery and corruption. Therefore, Maxis will implement a zero-tolerance approach against all forms of</p>

	<p>bribery and corruption. In this regard, Maxis is working on putting in place the MABC system which will be applicable to all directors, employees as well as third parties. The MABC system will complement the Code – which itself contains prohibition on bribery and corrupt activities. Moving forward, to cascade Maxis’ stance on anti-bribery and corruption, trainings and communication plans relating to the abovementioned system will be rolled out for directors, employees, and third parties.</p> <p>The Code is periodically reviewed by the Audit and Risk Committee (“ARC”) and Board. This Code is also tracked by the Defalcation Committee and the outcome of any reports/investigations will be reported to the ARC 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 adherence to the Code. Likewise, there are regular campaigns, reminders and communication of the Code, to create awareness, ensure understanding and application of the Code to third parties. The Code is published on the website: www.maxis.com.my/corp and will be updated from time to time.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

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.

Application	: Applied
Explanation on application of the practice	<p>In light of the requirements stipulated under the Bursa Malaysia's Corporate Governance Guide and the Companies Act 2016, Maxis' Whistleblowing Policy, established by the Board provides a secure reporting avenue via the Ethics Hotline for employees and third parties, who have knowledge or are aware of any improper conduct or unethical behavior including suspected fraud, corruption, criminal activity.</p> <p>The clear policies and procedures on whistleblowing are made available on the Company's website and through internal policies. Dedicated channels for reporting have been set up under the Ethics Hotline. These channels, under the custody of the Internal Assurance Division, are:</p> <ol style="list-style-type: none">i. Call or SMS to Ethics Hotline number (03-2330 6678 or 017-200 3922);ii. Email to ethics@maxis.com.my;iii. Letters/documents to the Maxis Ethics Office c/o Internal Assurance Division (Level 21, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia);iv. Email to mmokhza@maxis.com.my, Senior Independent Director <p>The Defalcation Committee meets regularly to deliberate on cases related to fraud and unethical conduct, as reported under the Ethics Hotline. Updates on the status and outcome of the reported/ investigated cases are provided to the Audit and Risk Committee ("ARC") on a quarterly basis. The ARC oversees the implementation of the Whistleblowing Policy, reviews the policies as well as reports from Management.</p> <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</p>

	<p>superiors or any member of the Management provided that they act in good faith in their reporting. All concerns raised will be investigated by a team comprising of Internal Assurance, People & Organisation personnel and/or line management.</p> <p>The Whistle Blowing Policy is published on the website : https://maxis.listedcompany.com/corporate_governance.html</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The composition of the Board as at 31 Dec 2019 and as at 28 Feb 2020 which is the date of the Integrated Annual Report 2019, 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 and Risk (“ARC”), Nomination (“NC”) and Remuneration Committees (“RC”) 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 and Risk, Nomination and Remuneration Committee are Independent Directors. The Chairpersons encourage 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>The independence of Maxis’ Directors is measured based on the criteria prescribed under the Listing Requirements in which a Director should be independent of management and free from any business or other relationship that could materially interfere with or could be perceived to materially interfere with, the exercise of unfettered and independent judgment or the ability to act in the best</p>

	<p>interest of the Company. Objective assessment of the independence of Directors based on the provisions of the Listing Requirements is re-affirmed biannually. The review of Directors' independence also forms part of the annual Board Effectiveness Evaluation ("BEE") exercise carried out by the Nomination Committee. During FY2019, an independent consultant, Spencer Stuart was appointed to assess the independence of the 4 Independent directors using the criteria prescribed under the Listing Requirements. All Independent Directors have confirmed their independence through Maxis Self-Assessment. The outcome of the BEE results indicated the independent directors are clearly independent in thought and action.</p> <p>No single person can influence Maxis' policies and compliance, as there are processes, approval matrices and governance requirements to adhere to. Specifically, each of the ARC, NC and RC have majority independent directors. Please also refer to pages 86-91 of the Integrated Annual Report 2019 on Statement of Risk Management and Internal Control that sets out the internal control processes and risk management of Maxis Berhad.</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>Measure</p>	<p>: 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 ARC, NC and RC 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.</p>	
<p>Timeframe</p>	<p>: Within 3 years</p>	<p>The suitability of the candidates will be assessed by the NC and Board</p>

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.

Application	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	<p>The Board through the Nomination Committee ("NC") assesses the independence of each Independent Director twice a year, using the criteria specified in the Listing Requirements, and also other factors in light of the Directors' disclosure of interests. The Board is of the view that tenure should not be considered in isolation, as other aspects such as character, experience, integrity, competence and time committed to effectively discharge their fiduciary duties should also be factored 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. The Board also believes that there are significant benefits to be reaped from long-serving Directors given that they have a deep understanding of the Company's needs and direction. Recommendations by the Board and justifications to shareholders will be provided in circumstances where a Director is to remain as an Independent Non-Executive Directors despite serving more than nine years.</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 were appointed as Independent Directors on 16 October 2009 and have both served as Independent Non-Executive Directors for cumulative terms of more than 9 years, which exceeded on 17 October 2018. Shareholder approval via</p>

Ordinary Resolution for both RA and MM will be sought to continue to act as Independent Non-Executive Director from 18 October 2020 to 17 October 2021.

The NC and the Board are satisfied that RA and MM are able to exercise independent judgment and have the ability to act in the best interests of the Company. Both RA and MM have continued to exercise independence and due care during their present tenures as Independent Non-Executive Directors and have contributed in the following roles: RA as Chairman of the Board, NC and Government and Regulatory Affairs Committee (“GRAC”) and member of the Remuneration Committee (“RC”) and the Audit and Risk Committee (“ARC”) and MM as Chairman of the ARC and member of the NC, RC and GRAC. MM has also been appointed as the Senior Independent Director of the Board. RA and MM have both abstained from all deliberations and voting at the NC and Board in relation to the recommendation to the shareholders at the forthcoming AGM. The Board and NC have recommended that RA and MM continue to serve as Independent Non-Executive Directors based on the following justifications:-:

- i. RA and MM have each fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements.
- ii. 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. Their independence was also verified by the external consultant, Spencer Stuart as part of the Board Assessment exercise in 2019.
- iii. The length that they have remained in office does not interfere with their respective abilities to exercise independent judgment as Independent Directors.
- iv. RA and MM, together with the other Independent Directors, each function as a check and balance to the Board and exercise objectivity as Directors.
- v. 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. Their insights and guidance provide impartiality to matters considered at Board and Committee levels.
- vi. Each of RA and MM has devoted sufficient time and attention to his professional obligations to Maxis for informed and balanced decision making.

	The profiles of both RA and MM are found on page 6 of Maxis Integrated Annual Report 2019.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied												
Explanation on application of the practice	:	<p>While the Board is responsible for the appointment of new Directors and Senior Management (Maxis Management Team), the Nomination Committee (“NC”), as delegated, reviews the recommendations and appointments of Directors, Chief Executive Officer, Chief Operating Officer and Chief Financial Officer & Chief Strategy Officer with due regard to the requirements of Para 2.20A of the Listing Requirements, and the Remuneration Committee as delegated reviews the appointments of Maxis Management Team and organisation structure. The NC comprises majority independent directors and recommendations to the Board are objectively made based on the best interests of the Company as and when required subsequent to the annual review of the Board composition.</p> <p>The initial screening and selection of candidates includes internal recommendations as well as external consultants and search firms. The NC takes into consideration the skills, experience, merit, insights and the ability of the candidate to contribute to Maxis’ growth ambitions, while having due regard for age, cultural background, and gender diversity to draw diverse perspectives to meet the needs of Maxis. Maxis’ Board Diversity Policy is further detailed in Practice 4.5.</p> <p>The disclosure on the Directors’ and Management’s diversity statistics is provided below:</p> <p>Board:</p> <table border="1"><thead><tr><th colspan="2">Skills and Experience</th></tr></thead><tbody><tr><td>Telecommunications and Media</td><td>6</td></tr><tr><td>Consumer Related</td><td>3</td></tr><tr><td>Digital/New Technologies</td><td>3</td></tr><tr><td>Investment and Venture Capital</td><td>5</td></tr><tr><td>General Management</td><td>4</td></tr></tbody></table>	Skills and Experience		Telecommunications and Media	6	Consumer Related	3	Digital/New Technologies	3	Investment and Venture Capital	5	General Management	4
Skills and Experience														
Telecommunications and Media	6													
Consumer Related	3													
Digital/New Technologies	3													
Investment and Venture Capital	5													
General Management	4													

Age Group				Gender	
30-40	40-50	50 - 60	>60	Male	Female
1	2	4	2	8	1

Maxis Management Team (Senior Management):

Age Group		Gender	
40-50	>50	Male	Female
4	4	6	2

The profiles of the Board and Maxis Management Team indicating their diverse skills and experience are on pages 6-12 of the Integrated Annual Report 2019.

There were new appointments to the Maxis Management Team during the year under review:-

- i. Gokhan Ogut as Chief Executive Officer.
- ii. Mariam Bevi Batcha as Chief Corporate Affairs Officer
- iii. Rob Sewell as Chief Digital and Transformation Officer
- iv. Natalia Navin as Chief Human Resource Officer

Note: Maxis Management Team are Senior Management as defined in Para 4A of Appendix 9C of the Listing Requirements.

The structure and compensation of Senior Management positions are reviewed by the Remuneration Committee ("RC"). There were no appointments to the Board during the financial year.

Explanation for departure :

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

Measure :

Timeframe :

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board recognises that diversity in its composition is critical in ensuring its effectiveness and good corporate governance. A truly diverse board will include and make use of differences in the skills, experience, background, race, gender and nationality of its members. Underpinning Maxis Board Diversity Policy is Maxis' commitment to ensuring that all directors are appointed on merit, in line with the standards as set out in Para 2.20A of the Listing Requirements. The Board regularly reviews its composition to improve its diversity including its gender diversity.</p> <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 is cognisant of the diversity requirements and the measures to meet the 30% women director targets. In pursuing the Board's gender diversity, the NC is carrying out an exercise in 2020 to expand the pool of potential candidates with profiles of women professionals in the country having the combination of skills, experience and strength in qualities which are relevant to Maxis to meet the target within 3 years.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	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.	
Timeframe	: Within 3 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.

Application	:	Applied
Explanation on application of the practice	:	<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, including utilising independent sources to meet the skill sets and requirements of the Board. The Board will use a myriad of resources to source for candidates based on recommendations and independent sources.</p> <p>The NC has established a formal and transparent procedure for the selection, nomination and appointment of suitable candidates to the Board as described below:</p> <ul style="list-style-type: none">i) Identification of gaps or vacancy based on the review of Board composition and succession planii) Identification of candidatesiii) Evaluation of suitability of candidates based on skill set, experience, knowledge, integrity, competency and time commitment to effectively discharge their roles as Directors.iv) Meeting/ engagement with the shortlisted candidatesv) Finalisation of proposed candidate by the NCvi) Recommendation to the Board <p>There were no new appointments to the Board during the year. The Board has in the past utilised an independent source to identify Dato’ Hamidah Naziadin (“HN”) as a Director.</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

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.

Application	:	Applied.
Explanation on application of the practice	:	<p>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 6 of the Integrated Annual Report 2019, and also under Practice 1.2 of this Corporate Governance Report. The Terms of Reference of the NC specifies that the Chairman must be an independent director.</p> <p>As the Chairman of the NC, RA has the following duties, but are not limited to:</p> <ul style="list-style-type: none">a) Lead the succession planning and appointment of the board members, including Board, Board Committees and CEO.b) Lead the assessment of the effectiveness of the Board and Board Committee as a whole, and the contribution of each individual director and Board Committee member is independently assessed. <p>The comprehensive duties of the NC can be found in the NC’s Terms of Reference.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	: Applied
Explanation on application of the practice	<p>The Board, through the Nomination Committee (“NC”), undertakes a formal and objective annual evaluation to determine the effectiveness of the Board, Board Committees and each individual director. The Board will appoint an independent expert periodically to conduct the Board Effectiveness Evaluation (“BEE”).</p> <p>During the year under review, Spencer Stuart, an independent consultant was appointed to assess the effectiveness of the Board, including the review of the effectiveness of each individual director, Board structure and composition, and the independence assessment of the 4 Independent Directors. The Nomination Committee (“NC”) oversaw the BEE process. Spencer Stuart undertook one to one interviews and questionnaires with each of the Directors and selected management for the exercise to ensure candid and objective evaluations.</p> <p>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 assess the overall effectiveness of the Board, Committee and Directors.</p> <p>The criteria assessed included inter alia:</p> <ol style="list-style-type: none">i. Each Director’s effectiveness, the Board’s and Board Committees’ composition and mix of skills.ii. The Board’s roles and responsibilities and effectiveness in areas of performance and strategy planning, risk, human capital management, regulatory requirements and Board communication.

- iii. The Board and Board Committees' roles and scope, frequency and length of meetings.
- iv. Management's supply of sufficient and timely information to the Board and the overall effectiveness and efficiency in discharging their functions.

Individual Director Evaluation were customised to cover their skills, contribution, level of preparedness and contribution to the Board and Board dynamics.

The summary of the outcome of the independent assessment is that Maxis' Board is professionally run and the Independent Directors are clearly independent in thought and action.

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. These include, inter alia, enhancing the Board's composition and dynamics, succession planning and deeper dives into specific areas of the telecommunication industry. Key workshops and training programmes conducted by reputable industry experts have been scheduled in 2020 to support the continuing development amongst Board members.

Each Director also undertook a self-assessment of his/her performance during the financial year ended 31 December 2019 based on the criteria as prescribed under Para 2.20A of Listing Requirements confirming their character, experience, integrity, competence and time committed in order to discharge their respective roles as Directors of Maxis.

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 and Risk Committee ("ARC") and each of the members, carried out by Spencer Stuart. The NC and the Board found that the ARC and its members carried out their duties in accordance with ARC's terms of reference and was satisfied with the ARC's performance as its Chairman and members possess the requisite knowledge, experience, expertise and skills which contributed to the overall effectiveness of the ARC. Details of the ARC's performance assessment can be found on page 80 in the Statement of the Nomination Committee of the Integrated Annual Report 2019.

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

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has delegated to the Remuneration Committee ("RC") the responsibility to oversee and recommend the structure of the remuneration policy and frameworks for the Directors and Maxis' Management Team. Maxis' remuneration policy underpins its aim to develop a remuneration structure that is able to attract, reward and retain qualified Directors and Senior Management in steering Maxis to achieve its strategic goals and create long-term value.</p> <p><u>Directors</u></p> <p>The remuneration policy for Directors is reviewed annually by the Nomination Committee ("NC") and 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 are undertaken for Directors fees. The RC may engage an external consultant to advise and review the Group's remuneration policy.</p> <p>As stated in Page 76 of the Integrated Annual Report 2019, during the year, Willis Towers Watson ("WTW") was appointed to undertake an independent review and benchmarking exercise of remuneration structures adopted by the boards and committees of local and regional companies.</p> <p>Remuneration of our Non-Executive Directors is subject to annual approval by shareholders. The current remuneration packages of the</p>

	<p>Non- Executive Directors consist of fees, benefits-in-kind and other benefits (where applicable). Executive Directors’ remuneration would include basic salaries and bonuses, benefits-in-kind and other benefits. During the year under review, Robert Nason was appointed as an Interim CEO, and therefore held the position as Executive Director up to 30 April 2019.</p> <p>The CEO is not a director on the Board of Maxis Berhad and his remuneration is reviewed by the RC and recommended to the Board. In determining the bonus, RC reviews the performance based on the scorecards of the CEO which specifies his achievements and results of KPIs for Corporate Goal (financial and business KPIs), individual Priorities (operational KPIs) and Employee Development.</p> <p><u>Maxis Management Team (Senior Management)</u></p> <p>Maxis is committed to providing competitive total compensation opportunities that attract, reward, and motivate our employees to deliver outstanding performance. Our remuneration strategy and practices support our overall strategy and links individual remuneration with the Company and individual performance. The current compensation packages of for senior management consist of fees, basic salaries, bonuses and other employee benefits.</p> <p>WTW was also appointed to evaluate remuneration of Maxis Management Team that included :-</p> <ul style="list-style-type: none"> i. The salaries, allowances, incentive (short term bonus and long term incentive), benefits-in-kind; ii. Report taking into account of the role and responsibility, corporate objectives and strategy, market competitiveness; and iii. Benchmarks with local and regional companies in comparative environment and market capitalisation. <p>Note: The Terms of Reference of the NC and RC, and Maxis’ Remuneration Policy are published on the Maxis website www.maxis.com.my/corp</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure :		
Timeframe :		

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.

Application	: Applied
Explanation on application of the practice	<p>The remuneration 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 for Non-Executive Directors consist of fees, benefits-in-kind and other benefits (where applicable). Remuneration for CEO and Senior Management includes salary, bonus, and Long Term Incentive Plan ("LTIP"). The RC is governed by a detailed Terms of Reference to ensure that the 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 every year.</p> <p>During the year, the RC reviewed the following key matters:-</p> <ol style="list-style-type: none">i. The Organisational Structure of Maxis that included the mix of employees' diversity, race breakdown and nationality.ii. Talent Management of employees.iii. Contracts and Benchmarks of the salaries of Maxis Management Team.iv. The review of the structure of the performance bonus and

	<p>salaries of employees to ensure that declarations and payments were in line with benchmarks, practices and Maxis' corporate objectives.</p> <ul style="list-style-type: none"> v. Review and policy decisions on the Company's Long-Term Incentive and vesting periods for shares offered under the Long Term Incentive Plan. vi. Gokhan Ogut's contract of employment as CEO, salary structure and share based incentive scheme. vii. Review of Robert Nason's bonus payments as Interim CEO and contract arrangements. <p>During the year, Willis Towers Watsons was appointed to evaluate remuneration of Maxis Management Team that included:-</p> <ul style="list-style-type: none"> i. The salaries, allowances, incentive (short term bonus and long term incentive), benefits-in-kind; ii. Report taking into account of the role and responsibility, corporate objectives and strategy, market competitiveness; and iii. Benchmarks with local and regional companies in comparative environment and market capitalisation. <p>Directors' Fees and Benefits-in-Kind</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 25 April 2019. The Company will be requesting shareholders' approval for the payment of Remuneration to Non-Executive Directors for the period commencing from the conclusion of the upcoming Annual General Meeting up till the conclusion of the next Annual General Meeting of the Company in 2021 in accordance with the remuneration structure set out in the AGM Notice which will be sent to shareholders in due course.</p> <p>Note : The Terms of Reference of the RC, and Maxis' Remuneration Policy are published on the Maxis website : www.maxis.com.my/corp</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

Measure :		
Timeframe :		

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.

Application	: Applied																																																																																														
Explanation on application of the practice	<p>The detailed fees and benefits in kind paid and payable to Directors are disclosed in the Integrated Annual Report 2019 on page 76. 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>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 remuneration received by each of the Directors in 2019 is set out in the table below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #2e8b57; color: white;"> <th rowspan="2" style="width: 30%;"></th> <th colspan="2" style="background-color: #2e8b57; color: white;">Received or to be received from the Company</th> <th colspan="4" style="background-color: #2e8b57; color: white;">Received or to be received from a subsidiary</th> <th rowspan="2" style="background-color: #2e8b57; color: white;">Total Amount</th> </tr> <tr style="background-color: #2e8b57; color: white;"> <th style="background-color: #2e8b57; color: white;">Fee</th> <th style="background-color: #2e8b57; color: white;">Benefits in-Kind</th> <th style="background-color: #2e8b57; color: white;">Salaries</th> <th style="background-color: #2e8b57; color: white;">Bonus and incentives</th> <th style="background-color: #2e8b57; color: white;">Other Short-Term Benefits</th> <th style="background-color: #2e8b57; color: white;">Benefits in-Kind</th> </tr> <tr style="background-color: #d9ead3;"> <th style="text-align: left;">Name of Director</th> <th style="text-align: center;">RM</th> <th style="text-align: center;">RM</th> <th style="text-align: center;">RM</th> <th style="text-align: center;">RM</th> <th style="text-align: center;">RM</th> <th style="text-align: center;">RM</th> <th style="text-align: center;">RM</th> </tr> </thead> <tbody> <tr> <td>Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda</td> <td style="text-align: right;">490,020</td> <td style="text-align: right;">48,540</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">538,560</td> </tr> <tr> <td>Tan Sri Mokhzani Bin Mahathir</td> <td style="text-align: right;">390,024</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">390,024</td> </tr> <tr> <td>Robert Alan Nason⁽ⁱ⁾</td> <td style="text-align: right;">213,344</td> <td style="text-align: center;">-</td> <td colspan="4" style="text-align: center;">Please refer to pages 140 to 141 of the Integrated Annual Report 2019</td> <td style="text-align: right;">213,344</td> </tr> <tr> <td>Dato' Hamidah Naziadin</td> <td style="text-align: right;">340,020</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">340,020</td> </tr> <tr> <td>Mohammed Abdullah K. Alharbi</td> <td style="text-align: right;">270,012</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">270,012</td> </tr> <tr> <td>Mazen Ahmed M. AlJubeir</td> <td style="text-align: right;">290,016</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">290,016</td> </tr> <tr> <td>Abdulaziz Abdullah M. Alghamdi</td> <td style="text-align: right;">270,012</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">270,012</td> </tr> <tr> <td>Lim Ghee Keong</td> <td style="text-align: right;">303,185</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">303,185</td> </tr> <tr> <td>Alvin Michael Hew Thai Kheam</td> <td style="text-align: right;">300,016</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">300,016</td> </tr> </tbody> </table> <p>Notes: Save as disclosed above, no other remuneration has been paid to the Directors by the Company and/or its subsidiaries. ⁽ⁱ⁾ Redesignated as Non-Executive Director since 1 May 2019.</p>		Received or to be received from the Company		Received or to be received from a subsidiary				Total Amount	Fee	Benefits in-Kind	Salaries	Bonus and incentives	Other Short-Term Benefits	Benefits in-Kind	Name of Director	RM	RM	RM	RM	RM	RM	RM	Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda	490,020	48,540	-	-	-	-	538,560	Tan Sri Mokhzani Bin Mahathir	390,024	-	-	-	-	-	390,024	Robert Alan Nason ⁽ⁱ⁾	213,344	-	Please refer to pages 140 to 141 of the Integrated Annual Report 2019				213,344	Dato' Hamidah Naziadin	340,020	-	-	-	-	-	340,020	Mohammed Abdullah K. Alharbi	270,012	-	-	-	-	-	270,012	Mazen Ahmed M. AlJubeir	290,016	-	-	-	-	-	290,016	Abdulaziz Abdullah M. Alghamdi	270,012	-	-	-	-	-	270,012	Lim Ghee Keong	303,185	-	-	-	-	-	303,185	Alvin Michael Hew Thai Kheam	300,016	-	-	-	-	-	300,016
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	Fee	Benefits in-Kind	Salaries	Bonus and incentives	Other Short-Term Benefits	Benefits in-Kind																																																																																									
Name of Director	RM	RM	RM	RM	RM	RM	RM																																																																																								
Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda	490,020	48,540	-	-	-	-	538,560																																																																																								
Tan Sri Mokhzani Bin Mahathir	390,024	-	-	-	-	-	390,024																																																																																								
Robert Alan Nason ⁽ⁱ⁾	213,344	-	Please refer to pages 140 to 141 of the Integrated Annual Report 2019				213,344																																																																																								
Dato' Hamidah Naziadin	340,020	-	-	-	-	-	340,020																																																																																								
Mohammed Abdullah K. Alharbi	270,012	-	-	-	-	-	270,012																																																																																								
Mazen Ahmed M. AlJubeir	290,016	-	-	-	-	-	290,016																																																																																								
Abdulaziz Abdullah M. Alghamdi	270,012	-	-	-	-	-	270,012																																																																																								
Lim Ghee Keong	303,185	-	-	-	-	-	303,185																																																																																								
Alvin Michael Hew Thai Kheam	300,016	-	-	-	-	-	300,016																																																																																								

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

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<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 endeavours to hire the best talents from Malaysia as well as the international markets. Many of its Malaysian talents also have a lot of international experience. 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. The Board believes that the disclosure of Senior Management's remuneration is not in its best business interests given the sensitivity of such information and the intense competition for talent in the industry. Disclosing the bands of RM50,000 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>			
Measure	:	The Board will re-evaluate this requirement from time to time.	
Timeframe	:	Others	To evaluate from time to time.

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman of the Board and Audit and Risk Committee ("ARC") are held by separate individuals, who are independent directors. The Chairman of the Board is Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda while the Chairman of the Audit and Risk Committee is Tan Sri Mokhzani Bin Mahathir. This promotes robust and open deliberations by the Board on matters referred by the ARC.</p> <p>The ARC comprises majority independent directors, and has a detailed Terms of Reference to govern the activities of the ARC. The Terms of Reference of the ARC has been amended in 2017 to reflect the requirements of Practice 8.1 that "The ARC 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 6 of the Integrated Annual Report 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>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 and Risk Committee ("ARC"), prior to any recommendation to the Board. None of the members of the Board and consequently members of the ARC were former key audit partners of PricewaterhouseCoopers PLT ("PwC"), Maxis' present external auditors within the cooling off period of two years. This ensures that the suitability, objectivity, independence and effectiveness of the external auditors are retained.</p> <p>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 ARC and each of its members annually to determine whether such ARC and members have carried out their duties in accordance with their terms of reference.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	: Applied
Explanation on application of the practice	<p>The services rendered by the external auditor must comply with the Maxis External Audit Independence Policy (EAIP). The EAIP covers the following aspects:</p> <ul style="list-style-type: none">i) Spending limit on non audit/audit related services.ii) List of pre-approved type of services.iii) List of prohibited services that should not be carried out by the external auditors.iv) Process for approving, recording and reporting the provision of non-audit/audit related services.v) Monitoring responsibilities of the ARC on the internal auditor's independence, objectivity and effectiveness. <p>In ensuring the external auditor's effectiveness, objectivity and independence, the Audit and Risk Committee ("ARC") 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 along with other company policies i.e. the internal Limits of Authority ("LOA") and Procurement Manual, was also reviewed and audited by Internal Assurance and reported to the ARC on an annual basis.</p> <p>The ARC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at private meetings, which demonstrated their independence, objectivity and professionalism.</p>

	<p>Based on the on-going monitoring on the external auditor's engagements by ARC and the annual assessment conducted by the Internal Assurance, the external auditor of the Company PricewaterhouseCoopers PLT ("PwC") was found to be in full compliance with the policies. PwC annually confirms in writing to the ARC their independence to the Group within the meaning of the provisions of the Bye-Laws on Professional Independence of the Malaysian Institute of Accountants and PwC's firm's requirements.</p> <p>The ARC was satisfied and remains confident with the external auditor's effectiveness, objectivity and independence throughout its services rendered in 2019 based on the assessed seven categories, audit firm's calibre, quality process, audit team, scope, communication, governance, independence, and audit fees. Based on the outcome of the annual assessment of external auditors, the Board had in February 2020 approved the ARC's recommendation for the Board's approval to be sought at the forthcoming 11th AGM on the appointment of PwC as external auditors of the Company for the financial year ending 31 December 2020.</p>	
Explanation for departure		
	<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure		
Timeframe		

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman and members of the Audit and Risk Committee ("ARC") are financially literate, have extensive business experience, and with each member having skill sets that make the ARC effective as a team, lending it the ability to effectively discharge its duties and responsibilities in accordance with the Terms of Reference of the ARC.</p> <p>The Audit and Risk Committee ("ARC") is chaired by Tan Sri Mokhzani Bin Mahathir who has more than 30 years of experience in the IT, property, and oil and gas sector. Members of the ARC, Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda is a Fellow of the Institute of Chartered Accountants in England and Wales, and Robert Nason is a fellow of CPA Australia. This meets the the Listing Requirements for Audit Committees to have at least one member of an association of accountants specified in Part II of the First Schedule of the Accountants Act 1967.</p> <p>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 ARC and each of the members and was satisfied that the ARC and members have carried out their duties in accordance with the ARC's terms of reference. The detailed ARC Report can be found on pages 82 to 85 of the Integrated Annual Report 2019.</p>

	<p>Members of the ARC attend trainings and talks, including receiving briefings at ARC Meetings to keep them updated on developments on financial standards. Online learning tools on various subjects are made available to all our Directors, including the ARC members. The external auditors, PricewaterhouseCoopers PLT (“PwC”) share publications with ARC 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 appraised and to assist in the discharge of their functions. The Directors including the ARC members also have access to members of Management to clarify any queries/questions about Maxis’ operations, business and financial related matters.</p> <p>Key trainings, talks and briefings attended by the ARC members during the year are:-</p> <ol style="list-style-type: none"> i. Briefings on the ARC Agendas and proceedings. They were respectively briefed on the ARC Charter, and roles and responsibilities of the ARC ii. 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 iii. Detailed workshop conducted by an independent consulting firm on global transformational topics and cyber/data threats that also enhanced the Board’ knowledge on risk. iv. Report and assessment of Maxis’ processes and policies in preparation for Section 17A of the MACC Act by Transparency International <p>Details of key trainings attended by ARC members and Directors are available in page 75 of the Integrated Annual Report 2019.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Maxis, in discharging its responsibilities, is fully committed to articulating, implementing and reviewing a sound risk management and internal control environment. The Board is responsible for determining the Group's risk appetite and risk tolerance level within which the Board expects Management to operate.</p> <p>The Management has primary responsibility for identifying, assessing, monitoring and reporting key business risks to the Board in order to safeguard shareholders' investments and the Group's assets. Risk management and internal control systems are designed to identify, assess and manage risks that may impede the achievement of the Group's business objectives and strategies rather than to eliminate these risks entirely. They can only provide reasonable and not absolute assurance against fraud, material misstatement or loss, and this is achieved through a combination of preventive, detective and corrective measures.</p> <p>The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit and Risk Committee. The Audit and Risk Committee ("ARC"), supported by the Internal Assurance division, provides an independent assessment of the effectiveness of the Maxis Enterprise Risk Management ("ERM") framework which comprise three (3) lines of defence with established and clear functional responsibilities and accountabilities for the management of risk. The ARC reports to the Board on a yearly basis.</p> <p>The roles and responsibilities of ARC on risk management and internal control are outlined in the ARC's TOR. Details of risk</p>

	management and internal controls are available in the Statement on Risk Management and Internal Control (“SORMIC”) as provided in pages 86 to 91 of the Integrated Annual Report 2019.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit and Risk Committee. The Maxis ERM framework is broadly based on the ERM framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The Maxis ERM framework involves systematically identifying, analysing, measuring, monitoring and reporting on risks that may affect the achievement of its business objectives.</p> <p>There is an ERM team that administers the ERM process to ensure risks that may affect the achievement of Maxis' business objectives are identified, evaluated and managed. A structured process has been established where ERM discussions are held on a regular basis between units within departments/sections to identify potential risks that might deter the department/section from achieving its business objectives. This also includes continual review of existing identified risks and effectiveness of risk mitigation plans and controls. The analysis and evaluation of risks are guided by approved risk criteria. The Company also leverages on risk management tools to support the risk management process and reporting.</p> <p>In February 2020, the ARC reviewed and recommended the 4th quarter key enterprise risks assessment, for Board approval. The Board considered the residual risk severity of the top 11 key risks of the Group and took into consideration the potential impact that could affect the strategic objectives of the Group. All the 11 existing risks were maintained.</p> <p>The Management will continue to assess and rate key enterprise risk based on key risk indicators and financial impact. The ARC will</p>

	<p>regularly monitor the key risks that may affect the Group's business strategy.</p> <p>Further details on the key risk areas, management and reporting of principle risk, and the controls in place to mitigate and manage those risks are provided in the Statement on Internal Control and Risk Management on pages 86 to 91 of the Integrated Annual Report 2019.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application :	Not Adopted
Explanation on adoption of the practice :	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Assurance Division reports independently to the ARC. In addition, the Head of the Internal Assurance has direct access to the Chairman of the ARC. The Internal Assurance is responsible to provide objective and independent assessment on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by Management. Reviewing the Internal Assurance function's effectiveness and independence is part of Audit and Risk Committee ("ARC")'s oversight responsibilities as stipulated in the ARC Charter approved by the Board. Please also refer to Page 85 of the Integrated Annual Report 2019.</p> <p>Internal Assurance aims to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. Internal Assurance assists the Group to achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the Group's management of risk, control, and governance processes. Internal Assurance also provides advisory input on management's initiatives to develop the Group's governance framework.</p> <p>In keeping abreast with the current development of the profession and relevant industry regulations and practices, Internal Assurance staff attend trainings and conferences relevant to their area of responsibilities. Throughout 2019, a total of 94 days was spent by the Internal Assurance staff attending internal/external trainings and conferences in various technical and non-technical subjects, representing an average of 5 days per auditor.</p> <p>In ensuring the effectiveness and independence of the internal assurance function, the ARC:</p> <ol style="list-style-type: none">i. Recommends to the Board to approve the appointment and removal of the Head of Internal Assurance.ii. Approves the risk based internal audit plans including budget and resource plan.

	<ul style="list-style-type: none"> iii. Make appropriate inquiries of management and the Head of Internal Assurance to determine whether there are inappropriate scope or resource limitations. iv. Receive communications from the Head of Internal Assurance on the internal audit activity's performance relative to its plan and other matters. v. Reviews and approves the Internal Assurance Charter on an annual basis. vi. Assessment of performance of the Internal Assurance function and performance of the Head of Internal Assurance. <p>Internal Assurance carried out its activities based on the risk-based Annual Audit Plan approved by ARC. Based on the approved Annual Audit Plan for 2019, a total of 54 engagements were conducted as at year-end covering the following key areas:</p> <ul style="list-style-type: none"> i. Accounting & Financial Activities (6%) ii. Key Projects Implementation (19%) iii. Network and Information Technology (11%) iv. Regulatory Compliance (20%) v. Sales Operations (13%) vi. Contracts Management (7%) vii. Investigations (24%) <p>At the ARC's quarterly meetings, Internal Assurance presented updates of its Annual Audit Plan 2019, including the status of engagements, key findings from audit reports, audit recommendations by the internal auditors, results of investigations performed by the internal auditors and the representations made, as well as corrective actions taken by Management to address and resolve issues, ensuring these were adequately addressed on a timely basis.</p> <p>The detailed activities carried out by the Internal Assurance and the annual effectiveness of the Internal Assurance are provided in the ARC Report on pages 83 to 85 of the Integrated Annual Report 2019.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Internal Assurance Division reports functionally to the Audit and Risk Committee (“ARC”). It is headed by Shafik Azlee Mashar, who has extensive experience in managing internal audit functions within telecommunications, FMCG and banking organisations. Shafik holds a Bachelor’s degree in Information Systems Engineering from Imperial College of Science Technology & Medicine, London and is a Certified Information Systems Auditor (CISA). His profile is available on page 13 of the Integrated Annual Report 2019.</p> <p>Internal Assurance governs itself by adherence to the Institute of Internal Auditors’ (IIA) mandatory guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing (“Standards”). The function adheres to the Group’s Code of Business Practice; relevant policies and procedures; and the Internal Assurance’s standard operating procedures manual. Internal Assurance also adheres and to the relevant best practices frameworks such as COSO, COBIT and eTOM.</p> <p>Internal Assurance team currently comprises of 20 auditors, with all having tertiary qualifications. In addition, 67% of the auditors are professionally certified in the following fields as of 31 December 2019:</p> <ul style="list-style-type: none">i. CPA, ACCA, CAii. Certified Internal Auditor (CIA)

	<ul style="list-style-type: none"> iii. Certified Information Systems Auditor (CISA) iv. Certified Information Systems Security Professional (CISSP) v. Certified Fraud Examiner (CFE) <p>To provide for the independence of the Internal Assurance Division, its staff report to the Head of Internal Assurance, who reports directly to the Chairman of the ARC and administratively to the Chief Executive Officer. The Head of Internal Assurance must confirm to the Committee, at least annually, the organisational independence of the internal audit activity. All the Internal Assurance personnel have confirmed via annual declarations that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence.</p> <p>Additionally, in accordance with the TOR of the ARC, the ARC had in January 2020 conducted an annual assessment of the effectiveness and performance of the Internal Assurance function and was satisfied that its activities were performed independently and with impartiality, proficiency and due professional care. The assessment covered three key categories of effectiveness, i.e. Positioning (Mandate & Strategy, Organisation & Structure, Stakeholders & Funding), People (Leadership, Competencies, Staffing Strategy, Culture and Reward & Appraisal) and Processes (Risk Assessment & Planning, Execution and Reporting).</p> <p>Internal Assurance Charter which defines the internal auditors' purpose, authority, scope and responsibility in their work are also reviewed and approved by the ARC periodically to ensure effective and positive contribution to the Group.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of providing effective communication platforms to provide accurate, timely, transparent and valuable insights on the Company's performance and position to its internal and external stakeholders. This allows stakeholders to make informed decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility. In providing timely disclosures to shareholders, all required/ material announcements will be released immediately to Bursa Securities when matters are triggered in accordance with the Listing Requirements and applicable regulations.</p> <p>The Company has in place a detailed Corporate Disclosure Policy that provides guidance and reference on the principles and channels of communication, policies and procedures on dissemination of material information to various stakeholders (as set out in Page 43 of the Integrated Annual Report 2019) while being committed to compliance with the continuous disclosure obligations in accordance with the Listing Requirements.</p> <p>The Company actively promotes active engagement and communications with its shareholders and stakeholders through the following channels:-</p> <ol style="list-style-type: none">1. <u>Investor Relations via Company's Website</u> An online Investor Relations section and online Newsroom are available for shareholders, investors and general public to have access to financial statements, presentation materials, Integrated Annual Report , announcements made to Bursa Securities, share price information, dividend information, the corporate and governance structure (including charters, terms of reference,

policies), notices of general meetings and minutes of general meetings of Maxis. These information are all accessible at Maxis' website www.maxis.com.my with direct access via <https://maxis.listedcompany.com/> for ease of access to the latest information about Maxis.

2. Integrated Annual Report

The Integrated Annual Report provides investors, shareholders and the general public with key information on the Company's business, strategy, governance, performance and other key activities. The Board takes overall responsibility of the Integrated Annual Report and places great importance on the content to ensure the accuracy of the information disclosed. In 2019, Maxis published its first Integrated Annual Report which is also available on the Company's website.

3. Quarterly Results and Analyst Briefings

Quarterly results briefings are chaired by the Chief Executive Officer, shortly after each announcement of quarterly results to Bursa Securities. These briefings are typically conducted via conference calls and attended by senior management. This allows a platform for dialogue between fund managers and analysts with senior management, ensuring balanced and timely view of Maxis' performance are disseminated to the investing public via analyst reports. The presentation materials and transcripts are made available on the company's website at the end of the briefing session.

4. Announcements to Bursa Securities

Quarterly financial results, circulars and various announcements are made via Bursa LINK in full compliance with regulatory authorities' disclosure requirements. These are also available on Maxis' website <https://maxis.listedcompany.com/>

5. Media releases

All key business initiatives and corporate developments are provided to the media to ensure investors, shareholders and the general public are constantly updated on the Company's business and performance. Media releases are available online via Maxis' Newsroom <https://www.maxis.com.my/about-maxis/newsroom/>

6. General Meetings

The Annual General Meeting ("AGM") and General Meetings represent the primary platforms for direct two-way interaction

between the shareholders and Board/Management of the Company. The attendance of shareholders at the Group's general meetings has always been high as evidenced by the presence of more than 4,500 shareholders, proxies and corporate representatives at the 10th AGM held on 25 April 2019. Active participation by the shareholders is encouraged during the AGM through open platform made available to the shareholders to raise questions relevant to the AGM agenda and appropriate response and clarification are promptly provided by the Board/Management. The specific AGM engagement email address is available from the date of the issuance of the AGM Notice up to one day after the AGM.

7. Internal communication channels

The Company engages with its employees primarily through its internal employee portal and network (e.g. intranet Squiggle and Yammer), surveys, meetings, feedback sessions, training sessions and talks. Maxis encourages open and two-way communication with its employees to discuss, among others, the Company's performance, growth strategies, wellbeing, training, performance evaluation and management, remuneration and benefits, as well as employee volunteerism.

8. Community Programs

The Company engages with its local communities via Flagship community programmes (e.g. eKelas, Wifi Komuniti) and festive outreach programmes to empower and equip them with digital marketing skills. The Company encourages all its employees to volunteer in these programmes, mainly by helping the communities to leverage on the power of technology and the Internet, bringing a positive and long-lasting impact to their lives.

In addition, the Board has identified Tan Sri Mokhzani Bin Mahathir (email mmokhza@maxis.com.my) as the Senior Independent Director to who queries or concerns about the Group may be conveyed. Please refer to Practice 1.2 on the role of the Senior Independent Director.

Contact details for queries and/or concerns regarding the Group are:

i. Wayne Treeby

Chief Financial Officer & Chief Strategy Officer, for financial related matters

Email: wayne@maxis.com.my

	<p>ii. Paul Zaman Head of Investor Relations, for investor relations matters Email: ir@maxis.com.my</p> <p>iii. Shafik Azlee Mashar Head of Internal Assurance Email: mshafik@maxis.com.my</p> <p>iv. Dipa Kaur Company Secretary, for shareholders' enquiries Email: sdipak@maxis.com.my</p> <p>Further details of relevant stakeholder engagement platforms, key areas of concerns and interest and how the Company is responding are available on pages 43 and 67 of the Integrated Annual Report 2019.</p>	
<p>Explanation for departure</p>	<p>:</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</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.

Application	:	Applied
Explanation on application of the practice	:	<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 new key sections in the Integrated Annual Report to provide our stakeholders with a clear understanding on how Maxis maintains our competitive advantage, including, but not limited to:</p> <ul style="list-style-type: none">• Maxis Strategy• Risk and Opportunities Mapping of Material Matters <p>Also, we have further enhanced our Value Creation Model to provide our stakeholders with a clear understanding on how Maxis maintains our competitive advantage. 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, FY2019 to FY2021, to enhance our reporting towards a fully integrated report.</p>

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

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.

Application	: Applied
Explanation on application of the practice	<p>The Notice of Annual General Meeting (“AGM”) with the detailed Agenda, Integrated 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 Listing Requirements. Shareholders are encouraged to attend the AGM. The 28 days’ notice allows shareholders to participate at 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 in the Klang Valley that is familiar, convenient and easily accessible.</p> <p>The Notice of the AGM contains detailed description and notes for each of the Agenda items, e.g. fees, re-election of Directors, re-appointment of auditors, Director’s remuneration for shareholders’ background and for informed decision making. There are opportunities to seek clarification and ask questions before the AGM via ir@maxis.com.my or at the AGM itself. Directors and Management are usually in attendance early at the venue so that shareholders have an opportunity to engage and seek clarifications as appropriate.</p> <p>Detailed notes on the venue, location, contact numbers and registration for the AGM in 2019 were sent in an Administrative Note to the shareholders together with the Letter to Shareholders advising the publication of the Integrated Annual Report on the Maxis website www.maxis.com.my/corp, 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</p>

	<p>is advertised in one (1) widely circulated newspaper in Malaysia in the English language.</p> <p>The Eleventh AGM was initially scheduled to be held in April 2020. However, following the Malaysian Government's announcement of the Movement Control Order (MCO), the Company is monitoring the situation closely to determine the appropriate time to schedule our Eleventh AGM. Consequently, both the Integrated Annual Report 2019 and the Corporate Governance Report 2019 are issued, prior to the Eleventh AGM. The Notice of the Eleventh AGM will be issued closer to the date of the Eleventh AGM.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</p>		

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.

Application	: Applied
Explanation on application of the practice	<p>All Maxis Directors are committed to attend Maxis' General Meetings, save for unforeseeable circumstances that are beyond their control. 8 out of 9 Directors of Maxis attended the last Annual General Meeting (Tenth AGM) held on 25 April 2019, and this was also recorded in the Minutes of the AGM available on the Maxis website : www.maxis.listedcompany.com/corporate_governance.html</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 and Risk Committee ("ARC"), 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 PLT were in attendance.</p> <p>The AGM of Maxis Berhad is always well attended by shareholders, proxies and corporate representatives 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") and Gokhan Ogut the CEO designate of the Company presented the Company's financial and operational performance for 2018 that was also accompanied by a video. The Chairman explained the detailed 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 (MSWG). The summary of the AGM proceedings together with the CEO's presentation and responses were also put up on the Maxis website as part of the Key Matters Discussed.</p> <p>The Chairman invited shareholders, proxies and corporate representatives to raise questions for each of the resolutions put</p>

	<p>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, and other queries/clarifications in connection with the AGM and the Annual Report. 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, 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.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</p>		

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>Maxis is supportive of any technology that allows shareholders' participation at General Meetings, including the 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 will also consider various factors, requirements, processes and communications to the shareholders for implementation of voting in absentia and remote participation by shareholders.</p> <p>Maxis Berhad presently has a large shareholder base of 35,224 shareholders, out of which 90% are individual shareholders. Attendances at Maxis' AGMs include members, corporate representatives and proxies ("AGM Attendees"). At the last AGM held on 25 April 2019, there were 4,555 AGM Attendees. Maxis' AGMs are held at familiar and convenient locations with easily accessible travel facilities and amenities. A detailed Administrative Notice is dispatched with the AGM Notice and is also made available on the Maxis website. The Administrative Notice sets out administrative matters for the AGM Attendees such as location, parking, registration times, door gifts, refreshments, website links and contact details for questions/clarifications.</p> <p>Maxis values in person engagement with shareholders, who are encouraged to attend Maxis' AGMs so that they may have an opportunity to meet and interact with Directors and Management. Shareholders who have questions and queries are welcome to submit</p>

	<p>questions at any time via the email ir@maxis.com.my. Management will endeavour to respond within a 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 three AGMs of Maxis held on 26 April 2017, 19 April 2018 and 25 April 2019 respectively. Maxis had extended the e-voting process through e-Vote mobile application. Free wifi was provided to the shareholders and proxyholders to encourage them to download the e-Vote application onto their own mobile device. For security purposes, a passcode was issued during registration. Shareholders must scan the passcode as an added security measure for access and casting of votes. The Share Registrars, Boardroom Share Registrar Sdn Bhd were in attendance to explain the procedures, and to provide support to shareholders and proxies, and were the appointed Poll Administrator to conduct the Polling process. Boardroom Corporate Services Sdn Bhd was appointed as Independent Scrutineers to verify the results of the Poll.</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>Measure</p>	<p>: 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.</p>	
<p>Timeframe</p>	<p>: Within 1 year</p>	<p>Will be implemented in the coming Eleventh AGM.</p>

**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
