Overview on Corporate Governance

The Board is pleased to provide an overview of the corporate governance practices by the Company. This Overview summarises the application by the Company of the Principles and Recommendations of the Malaysian Code of Corporate Governance 2017 ("the Code") during the financial year ended 31 December 2017.

The Company's detailed application of the Principles and Recommendations of the Code ("Corporate Governance Report") can be found at this link http://www.maxis.com.my/corp. This Overview and Corporate Governance Report were approved by the Board on 7 February 2018.

A. BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities, Composition and Remuneration

The Maxis Board comprises Eleven (11) Directors, out of which Ten (10) are Non-Executive Directors, Four (4) are Independent Non-Executive Directors and One (1) Executive Director. The Chairman is an Independent Non-Executive Director. The Directors' mix of qualification is diverse covering accounting, finance, engineering, human resources and law whilst their skills and expertise is vast covering general management, international expertise, technology/digital/media, finance and treasury, marketing, telco industry, human resource/people and regulatory/local affairs.

The Board is of the view that its composition and size is adequate for the effective discharge of its functions and responsibilities. With its diversity of qualifications and skills, and the governance structure of the Committees and Board, the Board has been able to provide clear and effective collective leadership to the Group and has delivered informed and independent judgment to the Group's strategy and performance to ensure that the highest standards of conduct and integrity are always at the core of the Group's undertakings. None of the Non-Executive Directors participate in the day-to-day management of the Group.

The Audit, Nomination and Remuneration Committees comprise majority independent directors. The presence of the Independent Non-Executive Directors both in the Board and Committees is essential in providing unbiased and impartial opinion, advice and judgment to Board deliberations to ensure that the interests, not only of the Group, but also of its shareholders, employees, customers, suppliers and other communities with which the Group conducts its business are well-represented and taken into account.

The assessment of the independence of each of its Independent Non-Executive Directors was undertaken twice during 2017 according to set criteria as prescribed by the Main Market Listing Requirements of Bursa Securities ("MMLR"). As recommended by the Code, the tenure of directorship of not more than Nine (9) years should form also part of the assessment criteria for independence of a Director, which specific tenures of directors were duly reviewed and confirmed for suitability by the Nomination Committee ("NC") and Board. The relevant processes and procedures have been provided for in the Board Charter and Terms of Reference of the NC.

Raja Tan Sri Arshad ("RA") and Tan Sri Mokhzani ("MM") would have exceeded the cumulative tenure of nine years after 16 October 2018. The NC and Board, save for RA and MM have reviewed and considered the suitability of RA and MM to continue to act as independent directors. Shareholders are requested to review the justifications as found on page 61 and in the Notice of AGM on page 220.

Roles and Responsibilities of Directors

- The Directors are responsible for the management of the Company and their powers are defined in the Constitution, the Companies Act 2016 and corresponding regulations.
- Directors are aware of their duties and responsibilities and time commitment as a Director.
- The Board Charter sets out clearly the roles and responsibilities of the Board, the Chairman, the Secretary and Senior Independent Director.
- Limits of Authority with clear delegation of authority to Chief Executive Officer ("CEO") and Management as specified in Maxis' Manual of Limits of Authority ("LOA") and the Board Charter.
- 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.

In 2017, the Maxis Board reviewed, deliberated and approved (where specifically required) the following, Maxis' detailed business and operations, brand, customer service and consumer insights, financial results, cashflow, funding requirements, proposed dividends and investor relations briefings, Network and Information Technology systems program, People and Organisation which include updates on movement of personnel, key performance indicators, employee engagement and succession, talent and retention planning, risk management and internal controls, budget and Rolling Plan 2018, corporate sustainability, specific corporate and operational matters for the Board's approval.

Roles and Responsibilities between the Chairman and the CEO

The roles of the Chairman and CEO are clearly separated and the Chairman was not previously a CEO of the Company. The Board Charter specifies the duties of the Chairman, and the CEO's Key Performance Indicators are reviewed and tracked by the Remuneration Committee.

Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR and Companies Act 2016 and other relevant laws and regulations. The Company Secretary is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrations and is a qualified lawyer, with postgraduate Qualifications. She has 24 years of company secretarial experience.

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Board Meetings and Access to Information

Directors were given due notices of proposed meetings held during the financial year. Board meeting materials were shared and uploaded electronically for Board members prior to such meetings. Directors have also participated in Board meetings and Committee meetings in person or via conference call. Minutes of the meetings are circulated to all members of the Board.

Additionally, throughout the year, the Board was furnished with ad-hoc reports/updates to ensure that it is appraised of key business, financial, operational, corporate, legal, and regulatory and industry matters, as and when the need arises. Members of Management had given full support to the Board.

Board Committees

The Board is supported by four Board Committees viz the Audit, Nomination, Remuneration and Business and IT Transformation. These Committees play a significant part in reviewing matters within each Committee's Terms of Reference, and facilitating the Board's discharge of its duties and responsibilities. Each of these Committees have specific terms of reference, scope and specific authorities to review matters tabled before the Committees prior to decisions by the Board as a whole. The Audit, Nomination and Remuneration Committees comprise a majority of Independent Directors. The Business and IT Transformation Committee comprises majority Non-Independent Directors.

At every Board Meeting the Chairmen of the respective Committees provide detailed summary of the reports, deliberations and recommendations made at the respective meetings for the Board's further deliberation, and recommend matters that require decisions of the Board. Minutes of the Committee Meetings are made available to all members of the Board.

Appointments to the Board

The NC makes independent recommendations for appointments to the Board, based on criteria which they develop, maintain and review. The NC may consider the use of external consultants in the identification of potential directors.

In making these recommendations, the NC assesses the suitability of candidates, taking into account the Board's required mix of skills, diversity, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other relevant qualities of the candidates, before recommending their appointment to the Board for approval.

Board Diversity Policy

The Board recognises the importance of diversity in its composition to ensure effectiveness and good corporate governance. The NC and Board regularly review the composition of the Board to ensure the proper discharge of its functions and obligations. All Directors are appointed on a robust process, merit and in line with the standards as set out in Para 2.20A of the MMLR. The background of each Director can be found on pages 24 to 30 which demonstrates the Board's diversity policy.

Board Evaluation and Effectiveness Assessment

In 2017, the Chairman of the NC oversaw the overall evaluation process and responses were reviewed and analysed by the NC, before it was tabled and communicated to the Board. In addition, the individual Directors also conducted self-assessments, the results of which were also shared with the Board. The Board agreed on the action points moving forward including specific training needs.

The NC and Board also reviewed the suitability of the following Directors due for re-election:

(i) Robert Alan Nason
(ii) Dato' Hamidah Naziadin
(iii) Mohammed Abdullah K. Alharbi
(iv) Lim Ghee Keong

RA and MM were appointed as Independent Directors on 16 October 2009 and their tenure as Independent Directors shall exceed 9 years on 17 October 2018. In accordance with the Code, the Board through the NC has undertaken relevant assessments and recommended for the two Directors to continue to serve as Independent Non-Executive Directors based on the following justifications:

(a) RA and MM have each fulfilled the criteria under the definition of Independent Director as stated in the MMLR;
(b) RA and MM, and the other independent directors each function as a check and balance to the Board and exercise objectivity as directors;
(c) 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; and
(d) Each of RA and MM has devoted sufficient time and attention to his professional obligations to Maxis for informed and balanced decision making.

The NC and the Board are satisfied that each of RA and MM are able to exercise independent judgment and have the ability to act in the best interests of the Company. Each of RA and MM have continued to exercise their independence and due care during their present tenure as an Independent Non-Executive Director in the following roles; RA is Chairman of the Board and NC and a member of the RC while MM is a member of the Audit Committee ("AC"), NC and Remuneration Committee ("RC"). RA and MM have abstained from all deliberations at the NC and Board in relation to the recommendation of resolutions 5 and 6 to the shareholders.

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Training and Development of Directors

The NC and the Board assess the training needs of each of its Directors on an ongoing basis, by determining areas that would best strengthen their contributions to the Board. Amongst others, trainings include:

(i) Orientation and familiarisation programmes for the new appointments;
(ii) Regular briefings/updates (some by external advisors) on various matters including those relating to the industry and governance matter;
(iii) The Board has taken steps to ensure that its members have ongoing access to appropriate continuing education programmes;
(iv) Online learning tools are made available to all Directors; and
(v) The external auditors share relevant publications with all Directors.

Remuneration of Directors and Maxis Management Team

The objectives of the Group's policy on Directors' remuneration are to ensure that formal and transparent remuneration policies and procedures have been put in place to attract and retain Directors of the calibre needed to run the Group successfully. In Maxis, the component parts of remuneration for the Executive Director are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Director concerned.

The remuneration of the Non-Executive Directors are subject to annual approval by Shareholders.

Directors' Remuneration Packages comprise fees, basic salary (Executive Director), bonus scheme (Executive Director) and benefits-in-kind and other benefits.

The aggregate emoluments received by the Directors of the Company during the financial year ended 31 December 2017 are stated as follows:

		Received or to be received from the Company		Received or to be received from a subsidiary				
	Name of Directors	Fee (RM)	Benefits-in-Kind (RM)	Salaries and Other Short-term Employee Benefits (RM)	Other Long-term Employee Benefits (RM)	Incentive Arrangement (RM)	Benefits-in-Kind (RM)	Total Amount (RM)
1	Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	470,015	50,700	-	-	-	-	520,715
2	Tan Sri Mokhzani bin Mahathir	310,018	-	-	-	-	-	310,018
3	Dato' Hamidah Naziadin	340,018	-	-	-	-	-	340,018
4	Robert Alan Nason	400,018	-	-	-	-	-	400,018
5	Mohammed Abdullah K. Alharbi	270,011	-	-	-	-	-	270,011
6	Mazen Ahmed M. AlJubeir	290,015	-	-	-	-	-	290,015
7	Naser Abdulaziz A. AlRashed	270,011	-	-	-	-	-	270,011
8	Dr. Kaized B. Heerjee	267,987	-	-	-	-	-	267,987
9	Lim Ghee Keong	292,098	-	-	-	-	-	292,098
10	Alvin Michael Hew Thai Kheam	270,011	-	-	-	-	-	270,011
11	Morten Lundal (Executive Director)	-	-	Please refer to page 120 of the Annual Report 2017				

Note:
1. Save as disclosed above, no other remuneration has been paid to the Directors by the Company and/or its subsidiaries.

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B. EFFECTIVE AUDIT AND RISK MANAGEMENT
Audit Committee, Risk Management and Internal Control Framework

The roles and responsibilities and activities of the Audit Committee in respect to effective audit and risk management is explained in the Audit Committee Report on page 65 of the Annual Report.

The Group has the following processes in place for effective audit and risk management.

(i) Accountability and Audit
The Directors endeavoured to present a clear, balanced and comprehensive assessment of the Group's financial position, performance and prospects. This also applies to other price-sensitive public reports and reports to regulators.

(ii) Related Party Transaction ("RPT")
The Group has in place review and approval processes and procedures for RPT to ensure that the transaction prices, terms and conditions of the agreement and the quality of the products/services are comparable with those prevailing in the market. This is to ensure that the terms of the transactions are not favourable to the related party and are not detrimental to the minority shareholders of the Group. The Group will track the status of the mandated Recurrent RPTs monthly to ensure all transactions are within limit and plan the compliance processes if required.

(iii) Risk Management and Internal Control
The Board affirms its overall responsibility for the Group's System of Risk Management and Internal Control and for reviewing the adequacy and effectiveness of the system. The Audit Committee supported by Internal Audit Division provides an independent assessment of the effectiveness of the Maxis Enterprise Risk Management ("ERM") framework and report to the Board yearly.

The key elements of the Group's control environment include Organisation Structure, Audit Committee, Internal Control, Code of Business Practice, Revenue Assurances, Subscriber Fraud Management, Business Continuity Planning, Regulatory, Legal, Company Secretary, Limit of Authority, Policies and Procedures, Financial and Operational Information and Systems and Information Security.

Detailed reports on the effective Audit and Risk Management can be found on pages 65 to 68 and 69 to 74 of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS
Communications with Stakeholders and Conduct of General Meeting

The Board is aware that the shareholders have the legitimate rights to know how the Company is doing and endeavours to provide timely disclosure to shareholders and all required/material announcements will be released immediately when matters are triggered.

Other than issuance of its Annual Reports and release of financial results, Maxis has been promoting proactive engagements and communications with its shareholders and stakeholders through the following channels comprising Press Releases, online Investor Relations section and online News Room which can be accessed at www.maxis.com.my. Please also refer to the Investor Relations section on pages 20 to 21 of this Annual Report.

Maxis has provided the relevant contact details for queries and/or concerns regarding the Group under the Corporate Information Section.

AGM
The Board has taken reasonable steps to encourage shareholder participation at general meetings.
(i) Shareholders are encouraged to participate in the Question and Answer sessions.
(ii) Written answers will be provided to any significant questions that cannot be readily answered during the AGM.
(iii) Shareholders are welcome to raise queries by contacting Maxis at any time.
(iv) Maxis issued notices of AGM with 28 days notice period (beyond the prescribed period).
(v) An email account has also been created to attend to all queries from shareholders pertaining to the Annual Report and all other matters relating to the AGM.

Whistle-Blowing
In light of the requirements stipulated under the Capital Markets and Services Act 2007, the Bursa Malaysia' Corporate Governance Guide and the Companies Act 2016, the Board recognises the importance of whistle-blowing and is committed to maintaining the highest standards of ethical conduct within the Group. A secure reporting mechanism for employees and third parties called the 'Ethics Hotline' has been established to report any alleged unethical behaviour, actual or suspected fraud within the Group. Dedicated channels for reporting have been set up. These channels, under the custody of the Internal Audit Department, are:
(i) Call or SMS to Ethic Hotline number (03-2330 6678 or 017-200 3922);
(ii) Email to ethics@maxis.com.my;
(iii) Letters/documents to the Ethics Hotline Office c/o Internal Audit Department (Level 21, Menara Maxis, Kuala Lumpur City Centre.).

For further details, please refer to Corporate Governance Report.

What's Next
To support Maxis' transformation and digital ambitions, the Board's processes, proceedings and governance structure are constantly assessed and benchmarked to remain competitive, refreshed and agile. The Board is fully committed to compliance with the regulatory requirements under the Code, and the corresponding rules and regulations. The key focus areas for 2018 are the appointment of the new CEO, the maintenance and enhancement of Board dynamics, and the review of the appointment of additional independent and women directors. As an ongoing effort for the next few financial years, the Board will benchmark itself against other comparable international digital and technology companies.