

THE JOURNEY TO WHAT'S NEXT

Sustainability Report 2015/2016



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WE ARE MAXIS

As the leading communications and Internet service provider in Malaysia, we take pride in connecting Malaysians to a constantly expanding universe of digital applications in an **'Always On'** world.



We enable all our customers to do more in an always connected and ever interactive world. As the leading communications and Internet service provider in Malaysia, we take pride in connecting Malaysians to a constantly expanding universe of digital applications in an 'Always On' world. We are obsessed with continuously innovating and providing an unmatched end-to-end communications experience.

We empower our enterprise customers with New Ways of Working through our mobility solutions and fixed connections, so that businesses are able to take their digital engagement with their customers to a whole new level.

At Maxis, we won't settle for anything other than the best for network performance. And that's why our average is not the average. Our industry-leading 4G LTE network is the widest and fastest in the country. We continue to invest significantly and expand our 4G LTE coverage to ensure that all our customers enjoy a fantastic Internet experience.

Our people are the heroes behind the MaxisWay of life, a high-performing culture driven by passion, positivity and collaboration. Paired with a workplace that is fun and dynamic, our employees are happy and eager to contribute their unique talents – making them the envy of the industry and making Maxis an employer of choice.

Beyond connecting people with our services, we are also passionate about upholding our responsibility to give back to the communities that we operate in. We are committed to driving sustainable progress with our customers and partners through programmes designed for social, economic and environmental benefit.

As we continue our journey towards a fully digitalised Maxis, we are well on our way to become the preferred choice for digital experience seekers.

We are committed
to driving sustainable
progress with our customers
and partners through
programmes designed for
**social, economic and
environmental benefit.**



STRIVING FOR EXCELLENCE

2015 Awards



2015 Frost & Sullivan Malaysia Excellence Awards

Information & Communication Technologies - Malaysia Mobile Data Service Provider of the Year
Excellence in Customer Experience - Telecommunications Industry Malaysia - In Store
Excellence in Customer Experience - Telecommunications Industry Malaysia - Contact Centre

YouTube Ads Leaderboard

Hotlink Malaysia Winner

Putra Brand Awards 2015

The People's Choice - GOLD Communication Network

Computerworld Malaysia Customer Care Awards

Best Customer Care for Telecommunication Services
(based on popular votes by the readers of Computerworld)

Lowyat.NET Community Choice Awards

Malaysia's Best Telco Provider & LTE Network

2016 Awards

Telecom Asia's 19th Annual Awards

Best Emerging Market Operator
Telecom CEO of the Year

Effie Awards

Brand of the Year: 2 Golds, 5 Silvers, 4 Bronzes

Putra Brand Awards 2016

GOLD Communication Network

Lowyat.NET Community Choice Awards

Malaysia's Best Telco Provider & LTE Network

The Edge Billion Ringgit Club 2016

Highest Return on Equity over Three Years for the Super Big Cap Companies (Companies with more than RM40 Billion Market Capitalisation) Category

MCMC Wireless & Wired Broadband Services 2016

Best Network

OWNERSHIP

Based on the Record of Depositors as at 31 December 2016, the 10 largest shareholders of Maxis are listed below:

No.	Name of Shareholder	No. of Shareholding	Percentage
1.	BGSM Equity Holdings Sdn. Bhd.	4,875,000,000	64.91
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	654,598,010	8.72
3.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	631,182,500	8.40
4.	Lembaga Tabung Haji	128,503,600	1.71
5.	Kumpulan Wang Persaraan (Diperbadankan)	109,778,400	1.46
6.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	67,525,400	0.90
7.	Amanahraya Trustees Berhad AS 1Malaysia	52,483,600	0.70
8.	HSBC Nominees (Asing) Sdn. Bhd. BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	41,724,250	0.56
9.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt AN for State Street Bank & Trust Company (West CLT OD67)	40,582,800	0.54
10.	Cartaban Nominees (Tempatan) Sdn. Bhd. PAMB for Prulink Equity Fund	34,213,000	0.46

FINANCIAL HIGHLIGHTS

	For the year ended 31 Dec 2014	For the year ended 31 Dec 2015	For the year ended 31 Dec 2016
Financial Indicators: (RM 'mn)			
Revenue	8,389	8,601	8,612
Service Revenue	8,209	8,520	8,455
EBITDA ⁽²⁾	4,229	4,331	4,551
Normalised EBITDA ⁽³⁾	4,251	4,425	4,484
Profit from Operations	2,816	2,872	3,152
Profit Before Tax ("PBT")	2,436	2,460	2,737
Profit After Tax ("PAT")	1,725	1,747	2,013
Normalised PAT ⁽⁴⁾	1,943	1,960	1,963
Profit attributable to equity holders of the Company	1,718	1,739	2,013

Financial Ratios:			
EBITDA Margin (%)	50.4	50.4	52.8
Normalised EBITDA Margin (%)	50.7	51.5	52.1
PBT Margin (%)	29	28.6	31.8
PAT Margin (%)	20.6	20.3	23.4
Normalised PAT Margin (%)	23.2	22.8	22.8
Interest Cover Ratio	6.6	6.1	6.7
Earnings per share (sen):			
Basic	22.9	23.2	26.8
Fully diluted	22.9	23.2	26.8
Dividends per share (sen) ⁽⁵⁾	40.0	20.0	20.0

FINANCIAL POSITIONS			
Financial Indicators: (RM 'mn)			
Equity attributable to equity holders of the Company	4,716	4,190	4,721
Total Assets	18,109	18,984	19,643
Total Borrowings	8,798	9,130	9,253
Financial Ratios:			
Return on Invested Capital (%)	16.9	17.9	18.9
Return on Average Equity (%)	32.1	39.1	45.2
Return on Average Assets (%)	12.0	11.8	12.6
Gearing ratio	1.53	1.86	1.82
Net assets per share attributable to equity holders of the Company (RM)	0.63	0.56	0.63

Notes:

- (1) The comparative results were restated to provide more comparable information with the current year
- (2) Defined as Earnings Before Interest, Taxes, Depreciation and Amortisation
- (3) Exclude below items for the respective years:
 - (a) Year 2016 - RM67 million comprising reversal of contract obligations provision of RM47 million and unrealised foreign exchange gains of RM20 million
 - (b) Year 2015 - unrealised foreign exchange losses of RM94 million
 - (c) Year 2014 - RM22 million comprising unrealised foreign exchange losses of RM44 million offset by reversal of contract obligations provision of RM22 million
- (4) Exclude below items (after tax effects) for the respective years:
 - (a) Year 2016 - RM50 million comprising accelerated depreciation of RM37 million offset by reversals of asset impairment and contract obligations provision of RM71 million and unrealised foreign exchange gains of RM16 million
 - (b) Year 2015 - RM213 million comprising accelerated depreciation of RM143 million and unrealised foreign exchange losses of RM70 million
 - (c) Year 2014 - RM218 million comprising accelerated depreciation of RM201 million and unrealised foreign exchange losses of RM33 million offset by reversal of contract obligations provision of RM16 million
- (5) Dividends per share consist of interim and final dividends declared and proposed in respect of the designated financial years

CEO'S STATEMENT



MORTEN LUNDAL
Chief Executive Officer



Transforming for the future



When we started our transformation journey in 2014, we wanted to revitalise the Company and become a high performing mobile operator. By 2016, we achieved three years of market share growth and gained the highest customer satisfaction score ever. We are now in our next phase of transformation which focuses on digitalisation. The work has already started and we are progressing well in our ambition to become a digital enabler of people, homes and businesses by 2018.

What does this mean for Maxis? In rethinking our business model, there are three things which are very clear to us;

- We want to be a fully digital company ourselves where the customers can interact with us digitally and our products become solutions for customers. It means building digital interfaces between ourselves and customers, partners and vendors so that they can connect and engage with us easily and faster. Additionally, we need to make fundamental changes to our operational setup, IT and processes in supporting these ambitions.

- We want to provide a complete quality experience of home Internet in an integrated way.
- We want to provide solutions to enable companies to work differently. Our vision is to drive the enterprises towards their own digital transformation.

This is our fourth Sustainability Report which elaborates our commitment to promote sustainability, while shaping positive change for our marketplace, workplace, the communities we operate in, and the environment. We have also shared briefly what's important to us and how we look at sustainability in the Sustainability Statement of our 2016 Annual Report.

Focusing on what matters most

Digitalisation is really at the core of this next phase of our transformation. One of the key goals is to enhance customers' digital experience as they engage with us. This requires a lot of change on the customers' front, IT systems, our own capabilities and the way we work to serve our customers in a simple and more automated way.

We want to enable customers to fully interact with us digitally by 2018. We have made good progress on this front

CEO'S STATEMENT

with MyMaxis and Hotlink RED apps in giving customers better control over their accounts. Beyond this, we are looking at a channel revolution where we will be making changes to our retail, distribution and digital channels.

Internally, our people have already embraced new ways of working. We use cloud-based applications for HR processes and solutions for sourcing and finance functions. It is also important to have a robust and vibrant platform for our people to engage and collaborate. After two years, we are a matured user of Yammer, a cloud-based file sharing and collaboration platform for our internal communication where over 90% of our employees are active users. The young workforce of today is completely comfortable with a wireless, cloud-based, sophisticated social network existence. They expect this technology to also be a reality at work and are choosing employers who have embraced new technologies.

We are witnessing how consumers and businesses are being empowered by the Internet. Our priorities remain the same as what we have established at the onset of our journey - that the Internet is always best with Maxis. We want our customers to have an 'Always On', worry-free experience, and the freedom to communicate and connect wherever, whenever and however they choose.

As more individuals and businesses rely on a combination of mobile, software and cloud infrastructure, great connectivity as a whole, really matters. To provide the best experience, it's important to have the best network. We have invested over RM1.3 billion in 2015 and RM1.2 billion in 2016. We are proud that our industry-leading 4G LTE network reaches out to 88% of the population and is the widest in the country. So apart from having the best network, IT has to be fast, consistent and absolutely secure. With continuous investment in network and IT, by end 2018, we will have the most modern network in the country and an all new IT system.

We have been competitive in providing even more value to our customers. While intense price-focused competition was a common theme throughout 2016, we have stayed focused on giving an attractive overall value proposition for our customers, where price point, functionality, quality and customer experience work together to create a fantastic experience for our customers. For our business

customers, we have been strengthening our enterprise capabilities to offer new ways of working and drive enterprises towards digital transformation. By empowering individuals and businesses to thrive in the digital world, we are helping the society to progress, and us, to grow. And this is important to our sustainability.

While more and more people are going online, we know that some are being left behind especially in the underserved areas. We continue to contribute to the Universal Service Provisioning ("USP") fund under the Malaysian Communications and Multimedia Commission ("MCMC") in supporting the deployment of fixed and mobile access to less advanced areas. Beyond that, we want to do more. As a company, we have always been passionate about education – how can we best equip our children to thrive in the future and realise their potential. And that's how we developed Maxis eKelas, an after-school supplementary e-learning initiative to mainstream digital education for students from rural and urban poor communities.

Leveraging on the Internet, we are streaming experienced teachers to selected community Internet centres under our care and making quality education content available, in line with the Malaysian School Syllabus. Our ambition is to extend the eKelas programme to more Internet centres and reaching out to more students. Digital inclusion for all levels of society is important. The more connected people are, the more opportunities they have and the more empowered they can be.

We will not be able to achieve so much without the efforts of our highly energised and passionate people. This year, we recorded the highest ever employee engagement score of 85%, reflecting the conviction and confidence of our people in our culture and brand. As we move towards a fully digital Maxis, we are building new capabilities and inspiring digital mindsets, always living the MaxisWay.

Towards a fully digital Maxis in 2018

2016 was the first stepping stone in our transformation to be a fully digital Maxis. It is still another two years' journey for us but we will be showcasing more capabilities as we go along. For 2017, we look forward to creating unique and attractive product propositions for our customers, and continue driving our digital ambitions to reality.

OUR APPROACH TO SUSTAINABILITY

We look at sustainability as ‘What’s Next’ in everything we do. In the next two years, we have a goal to transform ourselves further to thrive in a digital world. This means moving from products to solutions, from access to digital services, from traditional to digital channels, supported by being fully digitalised ourselves.

We completed the first phase of our transformation journey to fix the fundamentals and revitalise the Company in 2015. Now we have moved into the second phase of our transformation, to become a digital enabler for people, homes and businesses.

Sustainability governance

The CEO leads and drives our transformation agenda, with a focus on growth and sustainability of the business well into the future. He reports on progress and key developments to the Board, which has strategic oversight for sustainability. The CEO meets with key divisions and project teams on a weekly and monthly basis. The Maxis Management Team (“MMT”) is also present in these meetings to ensure that the teams execute initiatives well and that targets are met. The Company announces its financial and operational performance results to the public on a quarterly basis.

Earlier in 2011, the Board approved Maxis’ Corporate Responsibility (CR) framework, which clearly outlines Maxis’ CR mission, strategic pillars, philosophies and governance structure. The framework is being updated to reflect current business goals.

Our overall governance is supported by a series of policies and processes to track our performance and accountability. Please refer to the Corporate Governance pages of the 2016 Maxis Annual Report for a comprehensive view of Maxis’ Governance Structure, composition of the Board, roles and responsibilities of the Board and mechanism for shareholders and employees to provide recommendations.

Understanding our material matters

We identify what’s important to us as part of our annual operating planning. Sources used for this process include our business strategy, insights gained from market research and industry benchmarking, reviews of key concerns across our customers, regulators and employees, as well as the key trends likely to affect our business.

These are what’s important to us in the marketplace, workplace, community and the environment:



Becoming the preferred choice for digital experience seekers

1. Best network

- A modernised and resilient network
- Improving fleet efficiency with Maxis Tracking System
- Responsible network deployment
- Measures to improve network resilience
- Connectivity during flood

2. Happy customers

- Delivering ‘Always On’ and worry-free experience
- Digitalisation of customer service and support
- Excellent customer service
- Going the extra mile to delight customers with 24-Hour Maxis Everywhere Express
- Engaging with stakeholders for customer insights

3. Connecting the unconnected

- Bringing digital education to communities
- Connecting underserved communities
- Giving back to the community



Fuelling potential for excellence

1. Building capabilities and leadership

- I Know – Simplified processes and the best information and tools to be effective
- I Grow – Deepening skills and broadening scopes
- I Lead – Great leaders for great people

2. Engaged people

- I Engage – promoting engagement and collaboration

3. Diversity and inclusion

- Nurturing young talents

4. Health and safety

- Health and safety management



Advocate environmentally friendly practices

1. Energy use and efficiency

- Increasing energy efficiency
- Reducing CO2 footprint

2. Managing waste

- Recycling of waste from office use
- Supporting mobile e-waste

3. Green awareness

- Supporting green practices in the office

MANAGING RISK

Maxis drives a pro-active risk management culture where regular risk awareness and coaching sessions are held to ensure that employees have a good understanding and application of risk management principles.

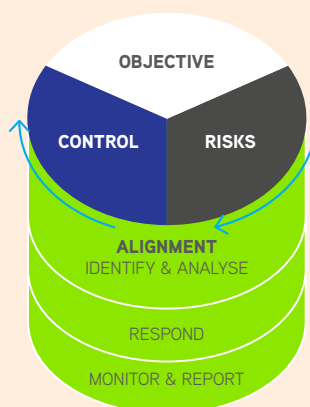
We have an established risk management framework and procedures for internal control. These procedures are subject to regular review by the Board. They provide an on-going process for identifying, evaluating and managing the significant risks faced by the Group that may affect the achievement of its business objectives and strategies. A dedicated Enterprise Risk Management (“ERM”) department works closely with the divisions across the Company to continuously strengthen the risk management initiatives.

The Board regards risk management as an integral part of the Group’s business operations and the Board has oversight over this critical area through the Audit Committee. The Audit Committee, supported by the Internal Audit department, provides an independent assessment of the effectiveness of the Maxis ERM framework and reports to the Board on a yearly basis.

To embed a risk management culture in Maxis, we have a series of awareness and training initiatives:

- Workshops on risk awareness to assist new risk owners, representatives and/or project managers to establish an effective risk management process in their functional units/projects;
- Online ERM reference material to facilitate on-going support and as an online reference site; and
- Online ERM Course by Maxis Academy for staff to evaluate their knowledge on ERM.

Maxis’ Enterprise Risk Management Framework



The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the ERM framework;
- Tailor responses to business circumstances;
- Regularly assess status of risks and risks responses; and
- Monitor and report compliance with the ERM framework

All identified risks are displayed on a 5 by 5 risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks.

Risk Rating Scale - 5 By 5 Matrix

	LIKELIHOOD OF OCCURENCE				
	1. Unlikely	2. Low Probability	3. Possible	4. High Probability	5. Almost Certain
IMPACT					
Critical	Medium	Medium	High	High	High
Major	Medium	Medium	Medium	High	High
Moderate	Low	Medium	Medium	Medium	High
Minor	Low	Low	Medium	Medium	Medium
Insignificant	Low	Low	Low	Low	Medium
	High	Medium	Low		

To learn more about our risk management approach and for a summary of our material business risks, please refer to our 2016 Annual Report.

ENGAGING OUR STAKEHOLDERS

In our drive for long-term sustainability, we actively engage with our stakeholders as their views are important to help us understand their needs and expectations.

Our engagement processes are tailored to suit each different stakeholder group so that we can have effective platforms to receive their feedback, explain our perspectives and discuss on issues to address.

Regular engagements also help build strong relations with respective stakeholders, and our regional offices play an important role in forming relationships within their respective regions.

More specifically, we work together with our regulator to identify industry pain points and ways to address them so that collectively as an industry, we can be closely aligned with the broadband connectivity agenda at the national level.

We are also pro-active in evaluating the effectiveness of information disseminated to Maxis' shareholders and the wider investing community.

Stakeholder Group	Key Engagement Areas	Methods of Engagement
Customers	<ul style="list-style-type: none"> • Network quality and coverage • Innovative offerings • Security protection • Education and awareness 	<ul style="list-style-type: none"> • Maxis Centres and Exclusive Partner Outlets • Customer satisfaction surveys • Focus group discussions • Customer service channels (Maxis Forum, customer helpline, social media) • Maxis website • Mass media
Employees	<ul style="list-style-type: none"> • Training and development • Diversity and inclusion • Health and safety 	<ul style="list-style-type: none"> • Annual employee engagement survey • CEO and MMT chats • CEO messages to employees • Squiggle (intranet) and Yammer (internal social media) • Regular employee townhalls and briefings • Team building • Engagement activities • Employee volunteerism • Maxis news on our website
Shareholders, investors and analysts	<ul style="list-style-type: none"> • Profits and dividends • Responsible business • Corporate Governance 	<ul style="list-style-type: none"> • Annual report and quarterly financial announcements • Annual General Meeting/ Extraordinary General Meeting • Dedicated Investor Relations page on our corporate website, www.maxis.com.my • Dedicated investor relations email address • Analyst and investor briefings • Maxis news on our website
Government and regulators	<ul style="list-style-type: none"> • Connectivity and access to technology in underserved areas • Development of the telco industry and market • Spectrum management • Access issues and policies • Quality of service and consumer issues • Collaborative programmes related to the national agenda 	<ul style="list-style-type: none"> • Regular reports and progress updates • Formal and informal meetings • Participation in government programmes and initiatives • Maxis news on our website

RESPONSIBLE BUSINESS



We recognise that our long-term success depends on how we respond to the changing social and environmental expectations of our employees, customers, investors, regulators and the community. These expectations extend beyond our own operations and into our supply chain and relationships with our business partners.

Working ethically

We require all our employees to observe high standards of business and personal ethics. To ensure this, we look to our Code of Business Practice that underpins the way we conduct our business. The Code sets out in detail the standards of behaviour we expect of our people.

Our Code of Business Practice includes elements that address the following key areas:

- Non-discriminatory and safe work environment;
- Anti-bribery and anti-corruption;
- Fraud and criminal conduct;
- Gifts, prizes and hospitality; and
- Conflicts of interest and outside activities.

Our focus in implementing the Code, apart from requiring mandatory acceptance by all employees and others covered under it, is through constant communication and education.

We also emphasise the importance of protecting personal data in the Code, and have taken steps to be compliant with the Personal Data Protection Act 2010 (“PDPA 2010”). We will not disclose information without their consent unless allowed by the PDPA 2010, and any other applicable laws and regulations.

Whistle-blowing

We encourage our people across Maxis to take action if they have any concerns about unethical, illegal or improper behaviour. Our whistle-blowing policy is supported by a confidential, anonymous whistle-blowing service that provides appropriate protections for our people and members of the public to report their concerns. These channels, under the custody of the Internal Audit department, are:

- Call or SMS to Ethics Hotline number (03-2330 6678 or 017200 3922);
- Email to ethics@maxis.com.my;
- Letters/documents to the Ethics Hotline Office c/o Internal Audit Department (Level 21, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia).

Good practices in sourcing

Maxis’ emphasis and expectation of high ethical business standards in its Supply Chain Management process is reiterated with the requirement for all its active registered vendors to periodically acknowledge their commitment to the Maxis Code of Business Practice.

This is to assure compliancy and commitment to conduct business with Maxis in the most transparent way. In 2016, our emphasis was on performing regular audits, steering continuous improvements in our procurement processes and policies.

BECOMING THE PREFERRED CHOICE FOR DIGITAL EXPERIENCE SEEKERS

Our ambition is to deliver the best Internet experience and create as many LIKE moments as possible for our customers. This essentially means constantly delivering innovative, worry-free services that ensure our customers enjoy an 'Always On' experience. Underpinning this ambition is our commitment to provide the best network and unmatched customer experience.

BEST NETWORK

We have the widest 4G LTE coverage in the country, covering

88%
of the population



We achieved a

98%



reduction in the number of speed violations, accidents and summons in 2016 alone

A modernised and resilient network

Network coverage and data quality are becoming critical for consumers. Over the last two years, we have been investing significantly to expand our superfast 4G LTE network. Today, we have the widest 4G LTE coverage in the country, covering 88% of the population. We also continued to upgrade and modernise our legacy 2G and 3G network nationwide and now over 94% of population nationwide is able to utilise and leverage on our modernised network for an enhanced voice and data quality service.

In anticipation of demand for future needs, we have been investing in the development of new technologies such as Small Cells and 4.5G.

Improving fleet efficiency with Maxis Tracking System

In 2014, we developed the Maxis Tracking System for our Assets ("MTS-A") as a system to track and monitor our network assets such as batteries, Remote Radio Unit ("RRU") and cables. Leveraging GPS tracking and the MTS-A web-based app, we were able to monitor our network assets against thefts and vandalism more efficiently. This has resulted in more than 56% reduction in the number of theft cases and savings of more than RM11 million in the past three years (2014 to 2016). We then extended the MTS-A platform to Maxis Tracking System for Vehicles ("MTS-V") in 2015.

Apart from monitoring and tracking of Maxis-owned vehicles, this new platform also enables other capabilities such as auto reporting and triggering of speed violation, among others. We use Internet of Things ("IoT") connections to transmit data to the MTS platform via M2M technology. This has enabled us to monitor driving style, safety and fuel consumption to identify opportunities for improvements.

BECOMING THE PREFERRED CHOICE FOR DIGITAL EXPERIENCE SEEKERS

Responsible network deployment

Our telecommunications network has been certified with ISO 9001:2015 [ISO 9001:2008] by SIRIM QAS International Sdn Bhd, for planning, design, implementation and maintenance. All our base station (“BTS”) sites are designed and built in compliance with local planning regulations and international safety guidelines. Our site implementation guidelines and standards are consistent in five key areas: legal compliance, environmental impact, radio frequency (“RF”) emissions, site planning and selection, and health and safety. The standards and guidelines also apply to our contractors and their sub-contractors and we conduct regular audits to ensure compliance.

Measures to improve network resilience

In line with our promise to continuously deliver quality service, we made substantial investments to provide diverse fibre paths to reduce the number of customers impacted by any single point of failure. We also implemented several initiatives to protect against theft and fibre cuts. These efforts have resulted in continuous reduction of complaints. In 2016, mobile complaints dropped 31% compared to the preceding year.

Connectivity during flood

Apart from finding new ways to enhance efficiency and sustainability, we also want to ensure our customers remain connected in the event of a disaster. In anticipation of recurring floods, particularly during the monsoon season, Maxis has put in place several initiatives to address any challenges that may arise. These include:

- Raised cabin or genset platform with concrete slab for flood-prone areas
- All standby gensets are equipped with diesel fuel for an average of five days of operation
- Close communications with relevant authorities

HAPPY CUSTOMERS

Delivering ‘Always On’ and worry-free solutions

We stayed focused on delivering value to our customers. Data explosion continued and we witnessed tremendous growth in the average usage of mobile Internet per

customer. From an average of 1.5GB per month in 2015, our customers are now using almost 4.0GB per month. We made a fundamental change by offering truly limitless voice and SMS as well as a generous and worry-free data offering when we gave our customers the ‘Always On’ proposition with free basic Internet. It was truly a game changer for the Malaysian market and also a first in Asia. MaxisONE subscription base doubled to 1.7 million and Hotlink FAST surpassed 1.5 million users, and continued to attract high mobile Internet ARPU users.

Some of the great things we have delivered to our customers:

- We enhanced our MaxisONE Plan where we not only gave our customers lots of data but also introduced more ways to use it. We executed a massive upgrade of data allocation for existing and new customers which was combined with an attractive sharing proposition;
- To cater to our increasingly Internet-hungry prepaid users, we offered free 2GB worth of 4G Internet, each weekend for life, via Hotlink FAST. This means customers will enjoy 8GB a month of non-stop weekend streaming, surfing and sharing; and
- Additionally, we became the first to launch a smartphone ownership programme without any contract, upfront payment or penalties. Our ‘Zerolution’ programme made this possible and also offered flexibility to change rate plan at any time.

For business customers, we have been strengthening our enterprise capabilities to offer new ways of working and driving enterprises towards digital transformation. In 2015, we introduced our first cloud-based solution, Microsoft Office 365 that allowed collaboration within businesses based on a consumption model. A Mobile Device Management (“MDM”) feature was also introduced so that businesses can remotely secure organisational information on employee’s devices. We also introduced mPOS, a mobile Point-of-Sale solution that leverages the benefits of wireless payment mobility anytime, anywhere, while our managed M2M service was enhanced with real-time vehicle tracking capabilities for more efficiency and resource optimisation.

BECOMING THE PREFERRED CHOICE FOR DIGITAL EXPERIENCE SEEKERS

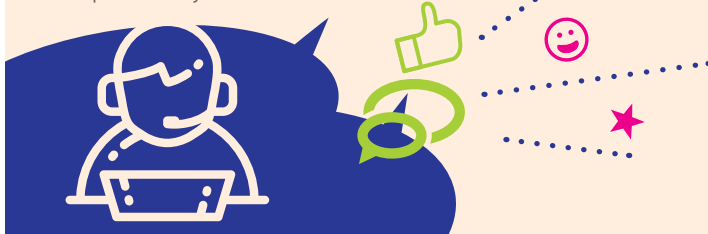
We introduced several new solutions in 2016:

- **Flexishare** empowers companies to buy data in bulk to share among employees. Data can be allocated, monitored and managed using the ONE Business Hub, a self-serve portal dedicated to serving the needs of Enterprise customers. Apart from encouraging the optimisation of data usage, the plan also comes with unlimited calls and text – creating a complete and worry-free mobile experience.
- **mDrive** allows small businesses to increase efficiency and optimise costs via real-time monitoring of their vehicles. This includes location tracking, monitoring driver behaviour and diagnosing engine issues. The mDrive solution is accessible via a simple-to-use, self-service portal on mobile and Web, enabling businesses to monitor and manage their vehicles anytime, anywhere.
- Our partnership with Vodafone enables us to offer Vodafone's world-leading IoT services to businesses. By pairing our local market knowledge and leading high-speed data network with Vodafone's expertise and market leading platform, Maxis can now offer enterprises best-in-class IoT solutions to optimise costs and improve operational efficiency.

Digitalisation of customer service and support

The digitalisation initiatives have a two-pronged approach; on the customer's end, the focus is on providing mobile applications which enable self-serve capability and enhance their digital experience. While for the employees, the focus is on providing a platform with enhanced capability and simplifying day-to-day processes.

- **Hotlink RED app** – extending our prepaid mobile app towards enabling purchase of add-ons, usage management, self-serve for payment or reloads, rewards and gaming
- **MyMaxis app** – giving customers greater control over their postpaid accounts, and be better informed of product features and support options
- **Maxis website** – providing rich information on our products and services
- **Enterprise ONE Business Hub** – providing capabilities for business administrators to facilitate self-serve for enterprise accounts servicing and spend analysis
- **Maxis Pay and operator billing digital payment features** – enhancing and enabling digitalised payment with simplified connectivity to all payment options from credit card to bank integration.
- **Maxis Centre iPad sales and servicing tool** – extension of digitalised tools at retail stores to provide a consistent and secure sales and service experience across all Maxis exclusive dealers and Maxis centres
- **Mobile dealer app and Enterprise mobile sales tools** – supporting our channel partners in sales and channels digital tools



BECOMING THE PREFERRED CHOICE FOR DIGITAL EXPERIENCE SEEKERS

Excellent customer service

We embarked on an initiative to develop a structured operational framework of a customer experience journey in 2014, using insights identified from our Voice-of-Customers surveys. From then on, the changes in customer journey processes have been systematically implemented, resulting in a significantly simplified customer journey. For example, process improvement resulting in quicker transactions such as data/content transfer at our retail outlets is now completed in two minutes.

The MMT and Senior Leadership Team (“SLT”) members continue with their engagements at various Maxis locations nationwide to better understand business operations and customer experience. Feedback from MMT and SLT are then channelled to relevant departments for further improvement and resolution.

Our Contact Centre, besides handling call-ins, support online enquiries i.e. social media and live chat. We have benchmarked ourselves and have built one of the finest and most modern contact centres. We created a fully open, professional and vibrant office which promotes collaboration, flexibility, team mobility, smarter and simpler ways of working. Some of the factors taken into consideration were staff occupancy and usage space for overall floor, seating optimisation, lighting among others. The whole purpose is to energise people, enabling them to collaborate, exchange ideas and eliminate ‘silo’ thinking.

**Our modernised
lifestyle stores are
set to redefine our
engagement and service
support to our customers.**



Some of the additional changes in our stores include:

- Providing experiential and engaging environment with thematic lifestyle verticals such as music, videos, fitness and games;
- A consumer-empowered approach that allows customers to discover, touch and play. Customers who are interested to learn more about mobile phone features and functions, or to view new product snippets have the option to attend the tutorials provided by our tech help specialists; and
- Self-serve kiosk which serves beyond bill payment - it allows registration and SIM card replacement.

The best evidence of how our customer service levels have improved is the significant drop in our customer complaints which has further reduced 33% in the 2015-2016 period.

Going the extra mile to delight customers with 24-Hour Maxis Everywhere Express

For the third year running, our 24-Hour Maxis Everywhere Express delivered thousands of iPhones to hundreds of locations nationwide within the first day of launch. We delivered iPhone 6 and iPhone 6s devices in 2016 and iPhone 7 units in 2016. During the midnight delivery, more than 200 of our people volunteered to deliver the phones to customers.

Engaging with stakeholders for customer insights

Maxis’ customer service team engages with the Complaint Bureau of MCMC via periodical meetings to mutually discuss and review complaint management matters, product and services information, quarterly performance reports and statistics on complaints management. We also engage with the Public Complaints Bureau in the Prime Minister’s Department, Consumer Forum Malaysia (“CFM”) and other government agencies to obtain feedback.

BECOMING THE PREFERRED CHOICE FOR DIGITAL EXPERIENCE SEEKERS

CONNECTING THE UNCONNECTED

Our engagement with the community includes enabling digital education for students in the rural areas, helping people recover from natural disasters, contributing time and funds to organisations that do good work — demonstrating our commitment to contribute to the community that we operate in and going beyond mere generosity. In 2016 alone, close to 2,300 of our employees contributed a total of 12,700 hours in volunteering for activities within our business as well as giving back to the community.

Bringing digital learning to rural and urban poor communities

We took a significant step in mainstreaming digital education for Malaysians with the launch of Maxis eKelas, our brand new Corporate Responsibility programme in November 2016. Leveraging on technology and the Internet, eKelas is a structured after-school e-learning initiative that aims to improve the academic performance of students in rural and urban poor communities in Malaysia.

We are the first company to bring digital education to Pusat Internet 1Malaysia (“PI1M”). Designed to remove distance as a barrier for education, eKelas offers technology-enabled teaching and learning in a fun, vibrant and engaging way using highly interactive digital content, in line with the Malaysian School Syllabus. Students have immediate access to experienced teachers via live video tutorials and have the opportunity to participate in group activities such as holiday camps and competitions.

During the pilot stage, we reached out to 1,200 students in terms of class population and delivered a total of 450 hours of live tutorials at 10 PI1Ms under Maxis’ care. Our ambition for 2017 is to roll out live tutorials in more PI1Ms and develop an eKelas portal to enable self-paced studies for more students to benefit.



Providing connectivity to underserved communities

We continued to do our part in supporting Malaysia Communication and Multimedia Commission’s (“MCMC”) PI1M initiative. Over the next five years, the PI1Ms’ role will be enhanced to empower communities with the right tools, knowledge and facilities. PI1Ms will be a hub for the locality’s information repository, creativity and innovation, education, communication and social network, and also entrepreneurship and e-commerce.

In addition to the PI1M initiative, Maxis has also worked closely with MCMC in delivering communication facilities and services for the benefit of rural and remote populations:

- Deployment and installation of 1,460 WiFi access points nationwide for provision of wireless broadband access (WiFi Komuniti, Kampung Tanpa Wayar and WiFi 1Malaysia);
- Provision of Maxis 2G and 3G services at 1,551 underserved locations/areas nationwide through TIME 3 – mobile tower and base station infrastructure initiative. Under this project, Maxis’ mobile services are made available to surrounding communities from our own built sites and through Domestic Roaming and Radio Access Network (“RAN”) sharing with other fellow service providers; and
- Nationwide distribution of 1.1 million subsidised smart devices at selected underserved areas. The sale of such devices in these areas will raise the rate of smart device penetration and allow the benefit and experience of mobile data access to be experienced by all.

In addition to cellular technology, we also look at VSAT technology, where we have the largest number of VSATs in rural areas. We also have about 130 2G nano sites and 330 3G femto sites serving remote areas in east Malaysia.

BECOMING THE PREFERRED CHOICE FOR DIGITAL EXPERIENCE SEEKERS

GIVING BACK TO THE COMMUNITY

1

#PROJECTNOURISH

Distributing food boxes and essential supplies to the urban poor and homeless in and around the Klang Valley. Pre-loved clothes collected from our internal donation drive were also handed to these families.

2

#MYSECONDCHANCE

Partnering with MySkills Foundation, an NGO that provides training and transformation programme for at-risk youths, to improve the condition at their flats including painting, surfacing a futsal court and planting a vegetable garden.

3

#GONGXIHOME

We helped to pack and deliver 150 food boxes to urban poor families in Klang Valley, Penang and Johor. We also teamed up with Malaysia's top online shopping destinations and EPIC Homes, a social enterprise, to crowdfund homes for families without a safe place to live. We managed to build homes for two Orang Asli families from Perkampungan Orang Asli Serendah, in Rawang, Selangor.

4

#SENYUMRAYA

We provided assistance to the residents of Pusat Jagaan Al-Fikrah, a welfare home for the elderly located in Kajang. Together with EPIC Homes, about 100 Maxis volunteers worked together to improve the living conditions at the home.

5

#LIGHTALIFE

We supported MySkills Foundation in its 'Light a Life' campaign. For this campaign, Maxis launched a special microsite to encourage Malaysians to give back to underprivileged youths and to make a difference through donation and volunteerism. Maxis also produced an interactive dual-story film using innovative touch technology to help raise awareness about these youths.

6

#MAXISMAGICALCHRISTMAS

We brought festive cheer to the children at The Salvation Army, Kuching Children's Home in Sarawak by refurbishing the playground area.

7

#SUPPORTMALIMGUNUNG

Distributing school uniforms to the children of the guides from Mount Kinabalu Guides Association whose livelihood was impacted by the earthquake that hit Ranau, Sabah in June 2015 and donated RM10,000. We also donated 20 units of 400 gallon water tanks to 10 villages in Kundasang which were affected by the earthquake.

8

#TUARANHOME

Additionally, we helped to refurbish a damaged home in Tuaran. Strong winds had blown the roof away and damaged the home - during which a toddler was swept away in her cradle but miraculously survived. Working with local contractors, we reinforced the beams, pillars, roof framework and underside footing as well as repainted the house. Our regional team in Sabah also organised a 'Gotong-Royong' session to clean the surrounding areas.

FUELLING POTENTIAL FOR EXCELLENCE

We care about creating a work environment that promotes active employee engagement and provides an abundance of opportunities to excel and grow. Our aspirations for working well together and having fun are based on the values of the MaxisWay of working – being positive, passionate and collaborative.

All the initiatives we delivered are guided by the Maxis People Promise:

The Maxis People Promise



- **I Know:** You are super aware of your performance and potential, and have the best information and tools to be effective at work.
- **I Grow:** You have great opportunity to grow and develop. You can know more, do more, and lead others. We'll help you learn anywhere anytime.
- **I Engage:** You are excited to contribute towards the company's success and enhance your own career and well-being while working well together and having fun.

We want Maxis to be the benchmark company on the cutting-edge of digital enablement and whose people fully embrace the digitalisation solutions we are offering to our own customers.

To attract and retain the best, we have invested in programmes and technologies that promote personal and professional well-being, growth and development.

BUILDING CAPABILITY AND LEADERSHIP

We are working continuously to nurture our talents. As we journey towards being a fully-digitalised Maxis, we continue to acquire and build the types of capabilities and behaviours that are relevant to our ambitions.

Between 2015 to 2016, we rolled out a series of initiatives to equip our employees with the tools and development that they would need to become great leaders.



I Know

'I Know' is part of the Maxis People Promise.

Here are some initiatives under 'I Know':

- Adoption of a cloud-based HR system that is simple and mobile-enabled. Additionally, we implemented a number of online digital learning tools, an improved payroll system, a learning management system, multiple communication channels within the intranet, internal social media and collaboration tools as well as a comprehensive document management system. These new and improved systems are meant to make employees' lives simpler.
- Simplification of policies and procedures, aimed at helping employees identify what is important for them and for Maxis, and encouraging employees to be proactive rather than reactive and overly compliance-oriented.

FUELLING POTENTIAL FOR EXCELLENCE

- Review of rewards and compensation to drive performance and growth. In 2015, we implemented a long-term, shares-based incentive plan to motivate and retain our high potential employees, who are critical contributors to our long-term success. The recipients of this new scheme were selected by their managers through our talent review process.
- To ensure we always remain competitive in our pay and benefits packages, we consistently benchmark against the market. We also designed a flat benefits package to support the idea of respect for employees regardless of level or hierarchy. Recently we also introduced other benefits such as:
 - Expectant mothers are eligible for up to six months of maternity leave where the first three months are on full pay leave and the remaining three months on half pay leave. Fathers are eligible for up to seven consecutive calendar days of paternity leave.
 - MaxisONE Employee plan gives employees access to the latest Maxis services for their work and personal use. Under the plan, employees are given a monthly rebate of RM400 which covers MaxisONE Plan 188 Share, Wireless Broadband (“WBB”) and selected Value-Added Services (“VAS”). Employees also get to enjoy MaxisONE Home at half the rate.



We want our employees to have every opportunity to learn, grow and develop in Maxis. ‘I Grow’ lets them deepen their skills, broaden their scopes and take on leadership positions.

The combination of technology and vibrant learning spaces at Maxis encourage new ways of learning. Today, employees can learn from anywhere and at anytime through online platforms like SmartUp, Lynda.com and Harvard ManageMentor. Through our encouragement to use these tools, we have become amongst the world’s best in the utilisation and effectiveness of these tools according to analyses by the suppliers.

LEARNING ANYTIME, ANYWHERE **LEARNING MANAGEMENT SYSTEM (LMS)** **& ONLINE TOOLS**



Learning Management System

- Cloud-based system used to track learnings and training records
- Interface for personal growth agenda and learning development roadmaps
- Single Sign-On compliant



Lynda.com

- Online video content provider
- Courses include Business Development, Marketing, Soft skills and Software training



Harvard ManageMentor

- Content by Harvard Business School
- Online content includes articles, case studies and exercise files involving management training
- Will be used as a key component of our management development programmes



SmartUp

- Mobile app to view articles
- Content includes thought-provoking articles from industry leaders
- Contributors include CEOs from top 500 startups worldwide
- Ability to customise articles and set up private communities for internal use

FUELLING POTENTIAL FOR EXCELLENCE

Financial aid to support learning and development

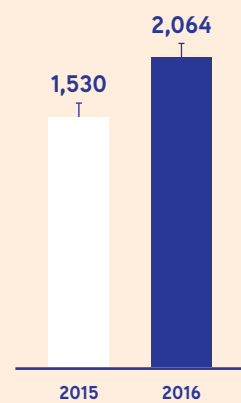
We provide opportunities for employees who are interested in pursuing a postgraduate degree/diploma (in any field of their choice) through our What's Next Scholarship. The programme can be done either online, in a local university or overseas. The scholarships are meant for those who have a strong performance track record and potential. The scholarships cover full-time postgraduate degrees or postgraduate diplomas, whether locally or abroad. It covers full tuition as well as cost of living.

Meanwhile, Maxis Education Loans help employees who want to achieve their ambitions, but who may not qualify for the scholarship programme. The loans cover undergraduate and postgraduate degrees, and professional qualifications, and are meant for programmes offered in Malaysia or abroad, either full-time or part-time.

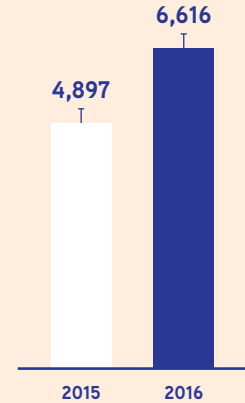
Snapshot of our training hours, both online and within the classroom are as follows:

2016 Online Training Hours				
Average Hours	2015	2016		
Total Employees Who Attended Training	1,530	2,064		
Total Hours	4,897	6,616		
Total Headcount	2,885	3,029		
Total Average Hours	3.20	3.21		
Gender	Number of Employee	Total Hours	Number of Employee	Total Hours
Male	645	2,193	1,145	3,903
Female	885	2,704	919	2,714
Employee Level	Number of Employee	Total Hours	Number of Employee	Total Hours
Associate, Specialist, Senior Specialist	1,224	3,428	1,593	5,528
Manager / Head	306	1,469	471	1,089

Total Employees Who Attended Training

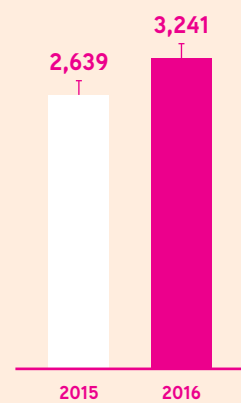


Total Hours

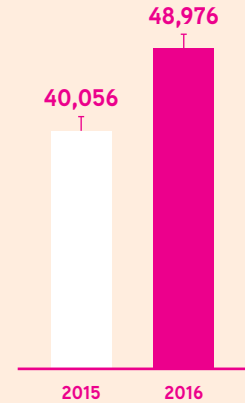


2016 Classroom Training Hours				
Average Hours	2015	2016		
Total Employees Who Attended Training	2,639	3,241		
Total Hours	40,056	48,976		
Total Headcount	2,885	3,029		
Total Average Hours	15	15		
Gender	Number of Employee	Total Hours	Number of Employee	Total Hours
Male	1,505	23,552	1,972	31,000
Female	1,134	16,504	1,269	17,976
Employee Level	Number of Employee	Total Hours	Number of Employee	Total Hours
Associate, Specialist, Senior Specialist	1,861	30,792	2,074	38,136
Manager/Head	778	9,264	1,167	10,840

Total Employees Who Attended Training



Total Hours



In addition, employees also have the opportunity to undergo job rotation within the company either on a permanent or project basis to get more exposure and experience in other areas of the business, and to expand their skills and knowledge.

FUELLING POTENTIAL FOR EXCELLENCE

To further the cause of 'I Grow', we introduced monthly sessions known as 'Pit Stops' in order to encourage employees to have open conversations with their leaders. From these sessions, employees are well-informed on all aspects of their performance, development and growth.



I Lead

In January 2016, we launched Leadership Expectations, a set of guiding principles which are meant to encapsulate all the desired qualities we seek in our leaders.

Our focus on creating great leaders within Maxis has become the reason why people come to work with us, and also the reason why they stay and grow with us.

Almost 450 managers from around the country attended the Maxis Managers' Meeting, and the 'Leaders of What's Next' workshop on 6 and 7 January 2015. With the theme of 'Imagine What's Next', the MMT shared Maxis' M18 vision and expectations, motivating managers to be forward-leaning and to stay focused on reaching their targets, as well as to work together and take accountability.

In August 2016, we rolled out the 'I Lead in Action' leadership development programme. Through a series of blended learning programmes incorporating classrooms, online and workshops, managers are given the right tools and knowledge to succeed as leaders in Maxis.

We also introduced Quarterly Leadership Surveys ("QLS"), to measure our managers' ability to live up to Leadership Expectations. This survey focuses on optimising our leadership pool's potential and identifying areas of improvement. The scores are also critical to gauge the effectiveness of the leaders and managers. The Voice of Maxis and QLS scores are used to improve their leadership performance. The detailed results are shared with all divisions across the Company and Heads of Divisions are tasked to identify the key areas for improvements and formulate action plans.

ENGAGED PEOPLE

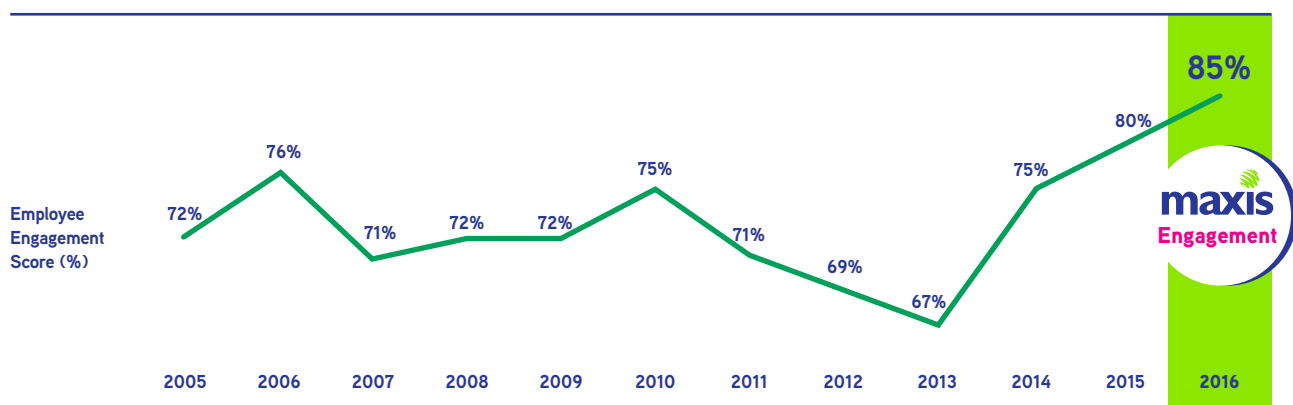
I Engage

As part of our Maxis People Promise, we also want to ensure that our people are highly engaged at work. We measure and deliver this through the Voice of Maxis survey and #FitterFasterStronger.

Voice of Maxis

We use our annual Voice of Maxis survey to measure employee engagement. Apart from engagement, the survey also shows where we stand on many other areas such as career development, manager's effectiveness and pay and benefits.

Engagement scores went up from 67% to 75% in the last two years, and we achieved a score of 80% in 2015 during the peak of our transformation period. In 2016, we showed great improvement in all areas with an Employee Engagement Index of 85% – an improvement over four years in a row and the highest ever score for Maxis. Our scores improved across all 11 categories measured, allowing us to benchmark against other high-performing companies in Malaysia and globally.



FUELLING POTENTIAL FOR EXCELLENCE

PHYSICAL



fitness and outdoor activities,
sports carnival and running events

PERSONAL



learn a new skill i.e. language,
cooking and self-defence

FINANCIAL



talks on financial planning and
wealth management

SOCIAL



activities of similar interest
i.e. reading, music, theatre and
photography, festive celebration
and treasure hunt

#FitterFasterStronger

Our holistic well-being programme, #FitterFasterStronger was introduced in 2015 for two key reasons: firstly, we want to provide meaningful benefits that support our culture. Secondly, we believe work-life balance equals greater engagement in the workplace and more likelihood to deliver outstanding results.

The programme includes physical, personal, social, financial, community and career well-being activities and it has received tremendous response as it provided opportunities for greater interaction and socialising outside of work.

#FitterFasterStronger activities not only allow our employees to learn new skills, but also to have fun participating together in activities that are free and organised at their convenience. For example, one could learn Mandarin during lunch time or attend any class of their choice in the office after work hours.

Based on post event polls and surveys, over 90% of our employees were very happy with the programme and wanted it to continue. The #FitterFasterStronger programme continues to evolve and new activities will be incorporated in 2017. While we will still focus on our employees' holistic well-being, we are going to incorporate digital engagement into the programme as part of the company's M18 ambition.

DIVERSITY AND INCLUSION

We believe in having a diverse and inclusive workforce. This belief makes for a workplace that is not only tolerant, respectful and mindful of our different backgrounds and perspectives, but also helps us to understand our customers' individual and unique needs. We value our multi-generational workforce. To attract young talents, we have the following programmes:

Maxis Management Associate Programme

- This programme includes a customised rotation during the candidate's final nine months. This allows the candidate to focus the second half of the programme in the area that he or she will permanently be attached to. This means by the time they "graduate" to the designated function, they are almost "up to speed" with what would be expected of them in that particular role or area.

Young Talent Engagement Sessions

- We partner with universities, youth organisations and various technopreneur communities to introduce Maxis as the exciting, forward-leaning digital organisation that we are.



Maxis Internship Programme

- Interns have the opportunity to gain valuable experience during an eight-week work stint at Maxis. A total of 94 interns participated in the programme in 2016. They also become a critical talent pipeline for our young talents.

FUELLING POTENTIAL FOR EXCELLENCE

HEALTH AND SAFETY

Employees are assured of a safe working environment through our Safety Management System (“SMS”).

While the SMS serves as a point of reference, additional measures have been taken to cultivate a safety-first culture through policies, manuals, procedures and guidelines as listed below.

Policies / Manuals	Descriptions
Health, Safety and Environment (“HSE”) Manual, Procedure and Guidelines	For hazard prevention, performance monitoring and measurement. This policy raises awareness of potential risks at work and helps reduce accidents and injury rates among employees.
Contractor Safety Management Procedure	Ensures all contractors conform to Maxis’ HSE policy, procedures, guidelines and requirements.
Contractor HSE Plan	Designed to inform contractors on the basic health, safety and environmental practices in the workplace. It also provides basic information on relevant laws and regulations concerning safety and health in the telecommunications industry.

We conducted Safety & Security Day road shows for employees at all of our buildings i.e. Menara Maxis, Plaza Sentral, Sunway Pinnacle, Sungai Besi TOC and Subang Hi-Tech TOC. Many participating vendors joined the event by setting up booths with health and safety-related equipment to promote a healthier and safer work environment.

A new initiative in 2016 saw the installation of 15 Automated External Defibrillator (“AED”) units at Menara Maxis, Plaza Sentral, Sunway Pinnacle, Sg.Besi TOC and Subang Hi-Tech TOC. The AED is a portable device used to treat sudden cardiac arrests. To date, we have conducted five sessions of First Aid + Cardiopulmonary Resuscitation (CPR) + AED Workshop to ensure our employees can provide basic emergency rescue procedures during emergencies.

We also demonstrate our commitment to maintaining optimum health and safety standards by embedding

OHSAS 18001 and MS 1722 into our daily practice. These initiatives highlight our commitment to mitigate occupational health and safety risks and be admired for having the best practices in the workplace.

Maxis has also implemented several HSE initiatives to instill a safe working culture within the Company. These include:

- Safety Inspection for Network-related projects i.e. Installation, Upgrading, Maintenance and Survey;
- WorkSafe training programmes for internal (Maxis employees) and external (Contractors) workforce;
- Half-yearly audits of contractors;
- Quarterly communication sessions with our 42 main-contractors’ Safety and Health Officers; and
- Maintaining a strong working relationship with the Department of Occupational Safety & Health (“DOSH”).

- Ensuring compliance to all local legislations in relation to HSE i.e. Occupational Safety & Health Act (“OSHA”) 1994, Factories and Machinery Act (“FMA”) 1967 and other relevant regulations.

The table below are statistics on HSE-related activities/initiatives carried out between January 2015 and December 2016:

Safety Activities	No. of Activities	
	Jan-Dec 2015	Jan-Dec 2016
Safety Briefing/ Training	44	39
Workforce Participation	258	518
Safety Inspection	88	74
Contractors Documentation Audit	10	3

Note: Audit frequency is half-yearly

There were no fatalities reported in 2015 and 2016.

ADVOCATING ENVIRONMENTALLY FRIENDLY PRACTICES

Our environmentally friendly initiatives are centred on improving the energy efficiency of our network facilities as well as reducing and managing our carbon emissions. This year, we looked into managing our waste more efficiently and amplified our efforts to enhance green awareness among our employees.

ENERGY USE AND EFFICIENCY

We take our role in preserving the environment seriously. One of our greatest impacts on the environment is the consumption of electricity and fuel (energy) and generation of greenhouse gas (GHG) emissions associated with our operations. Ninety-five per cent of our energy consumption is associated with our networks. As our network and services expand, the demand on these resources continues to increase.

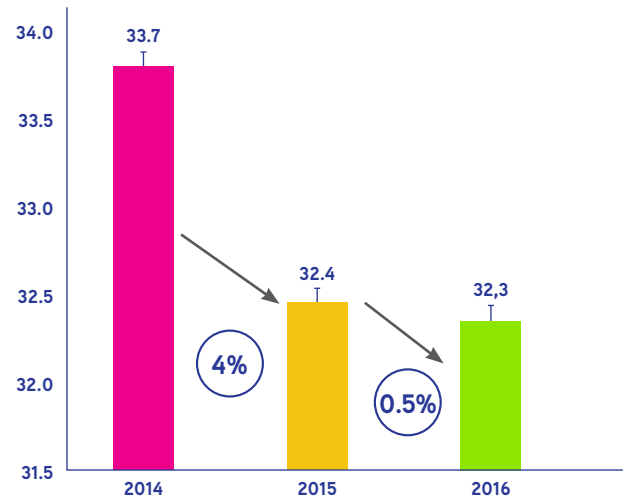
Our energy efficiency improvements initiatives include:

- Network modernisation and IT transformation**
 We have improved our energy usage over the years by adopting various energy efficiency solutions at our BTS and Technical Operations Centres (TOC), which include the changing of 2G radio to compact 2G and 3G radio, converting our BTS cabins to outdoor cabinets, installing free cooling systems, energy efficient air conditioners and LED lighting. We also install high capacity solar panels and chargers to harvest more energy for equipment and battery at some of our remote BTS. In 2016, Maxis saved about 1.3MWh or RM1.5 million in network electricity costs through improved energy efficiency and performance management initiatives.
- Building and facilities energy efficiency upgrades**
 Retrofitting existing buildings including implementing smarter lighting and heating, installing new cabling system for energy efficient air conditioners, renovating our warehouse to minimise the use of artificial lighting, moving one of our offices to a green building as certified by Green Building Initiative and rated gold by the BCA Green Mark Scheme, using energy-efficient laptops and shared printing facilities.



As a result of these initiatives, **OUR AVERAGE ENERGY CONSUMPTION PER BASE STATION WAS REDUCED BY ALMOST 4% in the last three years.**

Average Energy Consumption Per Base Station
(MWh/Base Station)



This graph shows the total number of physical sites (2G and 3G) against our network energy usage over the past three years. Although we are building more sites year-on-year, our effective energy usage has decreased with the implementation of energy efficiency initiatives.

We have also contained our carbon emissions. We have a reduction of 4% in our carbon dioxide (“CO₂”) emissions per base station from 25.2 tonnes in 2014 to 24.5 tonnes in 2015. In 2016, the results increased slightly by 2% to 24.9 tonnes due to network modernisation and LTE data throughput demand for MaxisONE Plan.

ADVOCATING ENVIRONMENTALLY FRIENDLY PRACTICES

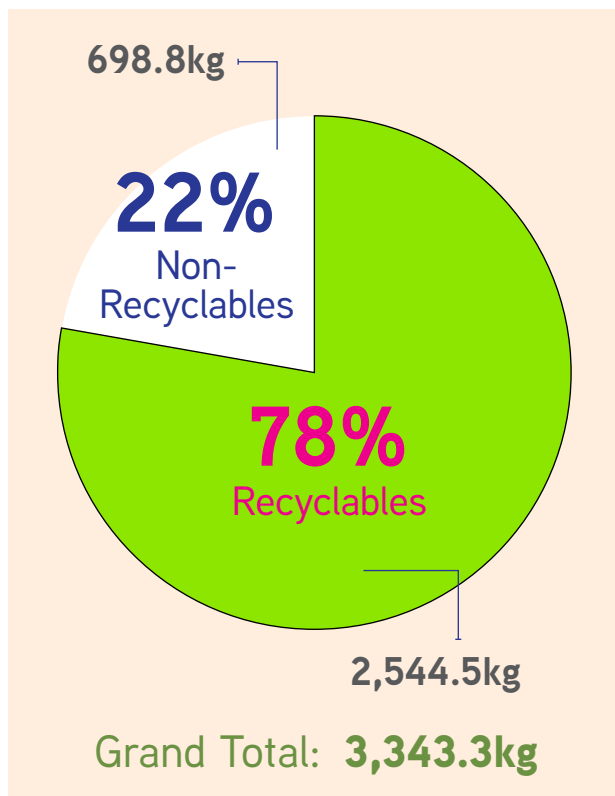
MANAGING WASTE

We continue to look for new ways to improve waste management.

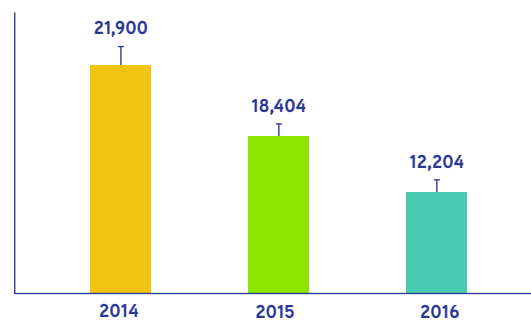
Office waste

We embarked on an initiative to recycle our office waste in 2016. For this purpose, we partnered with Pertubuhan Kebajikan Masyarakat Melalui Kitar Semula (Community Recycle Charity - CRC), a non-governmental organisation, focusing on community, recycling and charity, to recycle paper, plastic, aluminum, glass and alkaline batteries - at five of our offices namely Menara Maxis, Plaza Sentral, Sunway Pinnacle, Subang Hi-Tech and Sg. Besi Technical Operation Centre. Funds collected from our recycling efforts are donated to charity.

To ensure proper collection and recycling, awareness activities and campaigns are carried out with incentives for employees.



Total (reams)



We also encourage responsible paper use across our operations. Over the last three years, our paper use as measured by the number of reams reduced 44.3%.

Mobile e-waste at Maxis Retail Stores

In 2016, we participated in MCMC's mobile e-waste recycling programme. We placed 12 recycling bins at selected Maxis centres in Kuala Lumpur, Penang, Ipoh, Johor Bahru, Kuantan, Kuching and Kota Kinabalu. We also extended the programme to ten selected PI1M centres under our care in Negeri Sembilan, Perlis, Kedah, Kelantan and Sarawak. We also created awareness about this programme through our website and social media platforms by inviting the public to recycle end-of-life SIM-based devices, batteries and electronic accessories.

GREEN AWARENESS

We want employees to start embracing green habits. To this end, we have set up a dedicated team called the Green Forum consisting of passionate individuals from across the organisation to raise the environmental awareness and promote company-wide participation in our green campaign. We also set up a network of green advocates across our regional offices to help raise awareness.

In 2016, we kicked off 'Green Up', a key campaign to promote green habits among employees. The initiatives include quarterly awareness campaigns for waste and energy, workshops and talks to encourage a green mindset and behaviour, e-waste recycling programmes and carpooling.

Based on the Voice of Maxis, our annual employee survey, 87% of our employees were aware of the 'Green Up' campaign.

ABOUT THE REPORT

Reporting period

This is Maxis' fourth Sustainability Report. The report covers the 24-month period from 1 January 2015 to 31 December 2016.

Reporting scope

Our report covers the operations of Maxis Berhad in Malaysia. This Sustainability Report discloses our activities in 2015 and 2016, detailing the initiatives that have been undertaken in the marketplace, workplace, community and environment. This report is to be read alongside our 2016 Annual Report for a more comprehensive view of the Company's overall financial and non-financial performance.

Reporting framework

We develop our sustainability reporting in accordance with the Global Reporting Initiative (GRI) G4 Core Sustainability Reporting Guidelines (GRI G4 Guidelines). We are also guided by Bursa Malaysia's new Sustainability Reporting Guidelines.

Feedback

We welcome your feedback on our sustainability reporting, approach and performance. The report is available to all stakeholders at our website, www.maxis.com.my

For further information and comments, please contact:

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GLOSSARY

1. 3G – Third generation of cellular communications standards. 2G refers to the previous generation
2. 4G LTE – Or Long Term Evolution; the next generation of mobile communications beyond 3G, which will deliver higher capacity bandwidth for Internet connectivity
3. ARPU – Average Revenue Per User; revenue generated by a typical subscriber or device
4. BTS – Base Transceiver Station provides cellular communications coverage and capacity
5. Digitalisation - The adoption of digital technologies by an organisation to generate revenue streams and create business opportunities
6. Genset – a combination of diesel engine and electricity generator
7. Femto sites – femtocell sites; small, low-powered cellular base station that has a communications range of at least 10 metres
8. MWh – or a million watt hours, a unit to measure energy consumption
9. Nano sites – or microcell sites, that has a longer range than femtocells but only up to two kilometres
10. ICT – Information and Communications Technology; an umbrella terms that includes any communications device or application, encompassing radio, television, cellular phones, computer and network hardware and software, satellite systems as well as various services and applications associated with them, such as video conferencing and distance learning
11. IP – Internet Protocol; a standard that keeps track of network addresses for different nodes. This protocol also routes outgoing messages and recognises incoming messages
12. IoT – The Internet of Things is the internetworking of physical devices, vehicle, buildings and other items which are embedded with electronics, software, sensors and network connectivity that enable these objects to collect and exchange data
13. M18 –Our ambition to become a digital enabler of people, homes and businesses by 2018
14. M2M – Machine-to-machine; technologies that enable wired and wireless devices to exchange information without human assistance
15. USP - Universal Service Provision; an initiative to promote the widespread availability and usage of network and/or applications services by encouraging the installation of network facilities and the provision of network and/or applications services in underserved areas
16. VSAT – A Very Small Aperture Terminal; part of a satellite communications system that serves business and home users

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