

TM DIRECTORS' AND SUBSIDIARIES' BOARD REMUNERATION FRAMEWORK

A. REMUNERATION AND BENEFITS FOR TM BOARD OF DIRECTORS

TM Directors' Board's remuneration policy ensures that the remuneration mix is market competitive and equitable. The aim of the remuneration policy is to align with our strategic thrusts and value drivers, attract and retain Directors of such calibre who are able to provide the necessary skills and experience, commensurate with the responsibilities for the effective management of TM Group as well as support the philosophy of value-based management. The policy and framework for the overall remuneration of the Executive Directors and Non-Executive Directors are reviewed against market practices by the Board Nomination and Remuneration Committee, following which recommendations are submitted to the Board for approval.

1. Fixed Monthly Fees

- a) RM30,000.00 per month for Non-Executive Chairman.
- b) RM20,000.00 per month for Non-Executive Directors only.
- c) This allowance is not meant for Alternate Directors.

2. Meeting Attendance Allowance

(a) TM Board Meetings

RM3,500.00 for Non-Executive Chairman per attendance of Board of Directors' Meetings and RM3,000.00 for Non-Executive Directors per attendance of Board of Directors' Meetings.

(b) Board Audit Committee (BAC) and Board Tender Committee (BTC) Meetings

RM3,250.00 for Non-Executive Chairman per attendance and RM2,500.00 for Non-Executive Members per attendance of BAC meetings and BTC meetings.

(c) Other Board Committee Meetings

RM2,500.00 for Non-Executive Chairman per attendance of Board Committees' Meetings and RM2,000.00 for Non-Executive Members per attendance of Board Committees' Meetings.

Meeting attendance allowances are payable to Non-Executive Directors only and payable for each Board and/or Board Committee meeting held. The said allowances are payable to Alternate Directors who attend meetings in the absence of their substantive Directors. Meeting attendance allowances are payable on per meeting basis.

3. Fixed Fee for Senior Independent Director

- a) Any Independent Non-Executive Director who is designated as a "Senior Independent Director (SID)" is entitled to a fixed fee in addition to his/her entitlement to the Board Fixed Fee.
- b) The payment of the fixed fee for the SID is to be made on monthly basis of RM2,250 per month i.e. RM27,000 per annum.

4. Annual Overseas Business Development Trips (AOBDT) and Board Leave Passage (BLP)

- a) Executive and Non-Executive Directors are entitled to an annual trip overseas for official business development for a period of seven (7) days. The AOBDT is an officially sanctioned trip that is non-taxable.
- b) Disbursement of flight fare for the AOBDT shall be capped at a maximum of RM50,000.00 only.
- c) This is an additional entitlement over and above other official visits organised by TM, namely, "Investors relations roadshows" seminars, etc.

- (d) The AOBDT should not apply in circumstances where a Board member is assigned to attend an overseas meeting, as an overseas trip under this entitlement should be for the Director's development.
- (e) However, if the AOBDT is not utilised or taken, it shall be a benefit-in-kind that is taxable. For clarity, the entitlement shall be called a Board Leave Passage (BLP).
- (f) A BLP shall be utilized in the following manner:
 - (i) Notification in writing is to be forwarded to TM Company Secretary (Cosec) indicating the intention for the BLP together with relevant supporting documents, such as invoices, to process the claim.
 - (ii) The claim for the BLP shall comprise cash payment for expenses to be incurred, such as flight tickets (which shall be capped at a maximum of RM50,000.00), lodging and out of pocket allowances. A provision for currency fluctuation shall be made.
 - (iii) In the event the BLP is unable to be utilised in the same year, it can be carried forward to the first six months of the following year, failing which, the BLP entitlement shall lapse.
- (g) The Board shall consider providing cash-in-lieu of the BLP only if the Director is leaving the Company, such as due to resignation or retirement.
- (h) A Director shall only be entitled to the AOBDT and BLP after serving a period of 6 months upon his/her official appointment date. This eligibility criteria shall be applicable to new EDs and NEDs, appointed after the effective date of this criteria.
- (i) These benefits are not applicable to Alternate Directors.

5. **Overseas Travels for TM**

Entitlement for all overseas trips shall be as follows whether for AOBDT or trips organised by TM:

Air Ticket	One (1) first class return ticket <u>OR</u> Two (2) business class return tickets where One (1) of the tickets shall be for the spouse.
Lodging	One (1) Junior Hotel Suite with receipt <u>OR</u> USD300 per day without receipt.
Out of Pocket Allowances	USD200 per day <u>OR</u> no limit with receipts

6. **Travelling within Malaysia**

- (a) Entitlement of Directors travelling within Malaysia are as follows:

Air Ticket	One (1) first class return ticket <u>OR</u> Two (2) business class return tickets where One (1) of the tickets shall be for the spouse.
Lodging	Junior Suite with receipt <u>OR</u> RM300 without receipt.
Out of Pocket Allowances	RM200 per day <u>OR</u> no limit with receipts.

- (b) Directors are entitled to the above hotel claims with an additional two (2) nights for one (1) isolated Meeting to allow for flight scheduling and travelling time.
- (c) The out of pocket allowances shall be payable to Directors who attend trainings for purposes of TM Board Training Programme.

7. **Travels within Malaysia for Subsidiaries/Associate Companies of TM**
- (a) Director's entitlement shall be the same as item (6) above.
- (b) Where policies of individual subsidiaries are not able to match the provisions of item 6, TM shall bear the difference.
8. **Entitlement of Foreign Directors Travelling to Malaysia or Other Places to attend TM Board/Committee Meetings or Official Functions organised by TM**
- (a) Foreign TM Directors travelling to Malaysia or other places for the purpose of attending TM Board, Board Committees or any official functions organised by TM shall be paid per diem allowance of RM5,000.00, calculated from the date of departure until date of arrival at the place of origin, with a total of three (3) travelling days.
- (b) Allowance is payable for an extended length of stay PROVIDED THAT it is upon official request by TM.
9. **Business Equipment**
- Each Director and their Alternates :
- (a) are eligible to claim a total value of RM10,000.00 per annum for business equipment and its peripherals.
- (b) The Directors can either submit the invoice, sales receipt or quotation for self-reimbursement or payment to the vendor OR procure the assistance from the Group Company Secretary office to undertake the purchase of the equipment.
- (c) This provision is effective retrospectively from 1 January 2013.
10. **Telephone Lines and Bills**
- (a) Each Director and their Alternates shall be entitled to a total waiver of up to RM15,000 per annum for telecommunications bills (such as telephone or internet bills) of TM Group only.
- (b) [Deleted]
- (c) Upon resignation or retirement, TM Directors and his/her alternates are entitled to the fixed line and broadband services, or any consumer product provided by TM Group only, for a duration equivalent to the number of years of their service as director of the Company with a maximum capping of 5 years provided that they have served the Company for a minimum of 3 years.
11. **Insurance Benefits**

Class of Insurance		Coverage
(a)	Group Personal Accident (Director & Spouse)	<ul style="list-style-type: none"> Accidental Death Permanent Disablement due to accident
(b)	Group Term Life (Director Only)	<ul style="list-style-type: none"> Death due to natural cause/sickness Permanent Disablement due to natural cause/sickness
(c)	Business Travel Protector (Director Only)	<ul style="list-style-type: none"> Accidental Death during the journey Permanent Disablement due to accident during the journey
(d)	Business Travel Accident	<ul style="list-style-type: none"> Medical Expenses Personal Property/Money
(e)	Directors' & Officers' Liability	<ul style="list-style-type: none"> Indemnity for wrongful act in Directors' capacity

12. **Medical Benefits**

- (a) TM will provide the following Medical Benefits for Directors:
- (i) Medical treatment, medical consultancy and prescription provided by Panel Doctors or Government Hospitals.
 - (ii) In case of emergency, Directors are allowed to obtain services from any Authorised Medical Officer and TM will reimburse the payment as stated in the bills or receipts of payment or other supporting documents for the medical treatment, medical consultancy and prescription. However, follow-up treatment needs to be obtained from Panel Doctors only.
 - (iii) Medical treatment, medical consultancy and prescription provided by any specialists from any private hospitals appointed by TM from time to time for the Directors and his family members, can be made upon recommendations from Panel Doctors.
 - (iv) Treatment at First Class Ward at Government Hospital or any medical institution authorised by TM. Upon hospitalisation, TM would bear all medical and/or operation costs. The Board of Directors may in its discretion, consider and approve for any medical treatment and/or operation to be performed overseas, upon the recommendation of Panel Doctors or doctor from Government Hospital, or if the operation is not provided in Malaysia.
 - (v) Dental treatment for extraction and amalgam filling, synthetic and acrylic for the Directors without limit.
 - (vi) Payment for normal maternity up to RM2,500.00 for each delivery up to 5 living children only.
- (b) Irrespective of the above provisions, medical benefits provided by TM to the Directors are not inclusive of the following:
- (i) Medical costs for abortion, immunisation, fertility treatment, birth control or expenses for artificial body components, spectacles, contact lenses, other optical instruments and dentures.
 - (ii) Medical cost for disabilities caused by participation in dangerous sports, suicidal attempts, unhealthy and illegal activities and exposure to unjustified dangers, except in attempts to life-saving.
 - (iii) Medical costs for mental illness that has been duly confirmed by psychiatrist, self-inflicted injuries, consequences of alcohol abuse and drug addiction.
 - (iv) Medical costs for treatment and prescription incurred overseas during personal business.
 - (v) Medical cost for cosmetic surgery and treatment, eye refraction and hearing aids except as necessitated by injuries.
 - (vi) Medical cost for treatment of sexually transmitted diseases.
 - (vii) Medical cost for non-therapeutic dietary supplements (including vitamins), appetite suppressants, anabolic steroids and pharmaceutical products not registered with the Ministry of Health, Malaysia.
- (c) The abovementioned medical benefits coverage is for the Directors and one named spouse and:
- (i) all children of 18 years old and below; or
 - (ii) In the case of children who are still in school or studying in local higher learning institution, the age limit is 21-year old; or
 - (iii) For handicapped children, there is no age limit.

(d) All Directors are entitled for “Deluxe Room” ward at private hospitals.

(e) Medical Benefits upon Retirement

Medical benefits shall be accorded to Non-Executive Directors and Executive Directors upon their retirement or resignation for a duration equivalent to the number of years of their service as director of the Company with maximum capping of 5 years PROVIDED THAT they have served the Company for a minimum of 3 years, subject upon satisfaction of the approved eligibility criteria.

This entitlement is only for a director (not including spouse) as defined in the Board Charter and who qualifies under the eligibility criteria therein.

(f) Medical Benefits for Foreign Non-Executive Director

Medical benefits shall be accorded to a foreign Non-Executive Director (non-resident in Malaysia) up to a limit of RM20,000 per annum, subject to the list of medical services provided by PM Care or any other Health Management Service Provider appointed by the Company.

The Board Nomination and Remuneration Committee (NRC) shall have the discretion to decide for claims of medical benefits exceeding RM20,000 per annum.

13. Upon Resignation

Upon resignation, TM Board of Directors and Alternates are entitled to:

(a) retain all equipment and personal effects provided by TM to them which facilitated fulfilment of their duties as Directors of the Company; and

(b) overseas business development trips and all other entitlements including usage of company car and driver if so provided, up to one month after the date of their resignation or any later date (which is deemed reasonable) at the discretion of the Chairman of TM.

B. TM SUBSIDIARIES BOARD REMUNERATION FRAMEWORK

TM has in place a Subsidiaries' Board Remuneration Framework (SRF) in which subsidiaries are categorised into tiers based on its strategic, revenue and impact levels to TM, as well as focus of business. The remuneration of the subsidiaries' Board comprised Directors' Fee and Meeting Allowance and Benefits in Kind as stipulated below:

a) Tier 1 Subsidiaries

	Chairman		Non-Executive Director		Committee Fee	
	Fixed Monthly Fee	Meeting Allowance	Fixed Monthly Fee	Meeting Allowance	Chairman Meeting Allowance	Member Meeting Allowance
External Director* Main Board (TM) Director	RM15,000	RM1,500	RM10,000	RM1,000	RM500	RM300

Meeting Allowance for TM's Non-Executive Chairman and Non-Executive Directors who are invited to attend Tier 1 Subsidiaries' Board Meeting	
TM's Non-Executive Chairman	RM1,500 per attendance
TM's Non-Executive Directors	RM1,000 per attendance

b) Tier 2 Subsidiaries

Tier 2 Subsidiaries	Chairman		Non-Executive Director		Committee Fee	
	Fixed Monthly Fee	Meeting Allowance	Fixed Monthly Fee	Meeting Allowance	Chairman Meeting Allowance	Member Meeting Allowance
External Director	Nil	RM1,500	Nil	RM1,000	Nil	Nil
Main Board (TM) Director	Nil	RM1,500	Nil	RM1,000	Nil	Nil

c) Tier 3 Subsidiaries

Tier 3 Subsidiaries	Chairman		Non-Executive Director		Committee Fee	
	Fixed Monthly Fee	Meeting Allowance	Fixed Monthly Fee	Meeting Allowance	Chairman Meeting Allowance	Member Meeting Allowance
External Director	Nil	RM1,500	Nil	RM1,000	Nil	Nil
Main Board (TM) Director	Nil	Nil	Nil	Nil	Nil	Nil

Benefits in kind (BIK)

- i) Regardless of the number of directorships held in the Group, external Directors shall be entitled to:
- TM Directors' & Liability Officers' Liability Insurance; and
 - Telephone/internet bills of up to RM15,000/- per annum.
- ii) In the event a subsidiary feels that their Director requires additional BIK, the subsidiary should make a formal request supported with reasons and justifications to TM's Nomination and Remuneration Committee (NRC) for consideration and approval.

All directors, including non-TM directors of the Company are currently covered under TM's Directors and Officers Liability Insurance (DOLI). However, the insurance does not provide coverage in the event a Director (or member of management) is proven to have acted negligently, fraudulently or dishonestly.

Note: * External director means directors other than those who sit on TM Board or representatives from TM management.