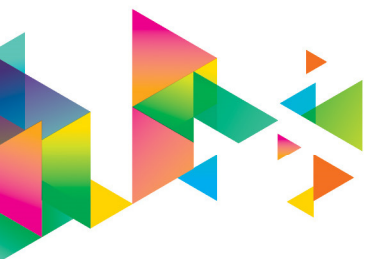


**TERMS OF REFERENCE  
BOARD REMUNERATION COMMITTEE**

**AXIATA GROUP BERHAD  
(242188-H)**



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(242188-H)

**TERMS OF REFERENCE OF BOARD REMUNERATION COMMITTEE**

**1.0 FUNCTION OF THE BOARD REMUNERATION COMMITTEE (“BRC”)**

1.1 The primary functions of the BRC are as follows:-

- i) to recommend to the Board the remuneration of the Executive Directors in all its forms, drawing from outside advice as necessary;
- ii) to assist the Board in determining the policy and structure for the remuneration of Directors and key management of Axiata Group; and
- iii) to Administer the ‘Performance-Based Employee Share Option Scheme and Share Scheme’ (“**Axiata Share Scheme**”) in accordance with the Bye-Laws of the Axiata Share Scheme (“**Bye-Laws**”) as approved by shareholders of the Company.

**2.0 COMPOSITION OF THE BRC**

2.1 The BRC shall be appointed by the Directors.

2.2 Members of the BRC may relinquish their membership in the BRC with prior written notice to the Company Secretary. The BRC will review and recommend, to the Board for approval, another candidate to fill up such vacancy.

2.3 The Chairman of the BRC shall be appointed by the Board.

2.4 The BRC must be composed of no fewer than 3 members, all of whom shall be wholly or mainly Non-Executive Directors and the majority of whom shall be Independent Non-Executive Directors/members.

2.5 The Board, may from time to time and in its absolute discretion, revise the composition of the BRC and the roles and responsibilities of the BRC.

**3.0 SECRETARY OF THE BRC**

3.1 The Company Secretary or any other person appointed by the BRC shall be the Secretary of the BRC.

3.2 The Secretary shall:

- i) ensure all appointments to the BRC are properly made;
- ii) ensure that the BRC receives information and papers in a timely manner to enable full and proper consideration to be given to issues;
- iii) prepare the minutes of the BRC meetings and record the conclusions of the BRC in discharging its duties and responsibilities;
- iv) circulate the minutes of the BRC meetings promptly to all members of the BRC and make the same available to Board members who are not members of the BRC; and

- v) ensure that the minutes of the BRC meetings are properly kept and produced for inspection if required.

## **4.0 MEETING GUIDELINES OF THE BRC**

### **4.1 Quorum**

In order to form a quorum, minimum two (2) members must be present.

Where only two (2) members are competent to vote on the question in issue and there is equality in vote, the resolution shall be deemed not to have been passed, whereupon the question in issue shall be tabled at the next meeting of the BRC or referred to the Board of Directors of Axiata, whichever is more expedient.

### **4.2 Meetings**

- 4.2.1 The BRC shall meet at least once a year. Additional meetings shall be held as and when the BRC or the Chairman of the BRC shall decide. The BRC meetings shall be governed by the provisions of the Company's Articles of Association relating to Board meetings unless otherwise provided for in this Terms of Reference. The BRC may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- 4.2.2 The BRC may request other Directors, members of Board committees /management, counsels and consultants as applicable to participate in the BRC meetings, as necessary, to carry out the BRC's responsibilities, provided, however, that no Director shall be entitled to vote at such meetings or be counted as part of the quorum for any meeting of the BRC unless he or she is a member of the BRC.
- 4.2.3 A member of the BRC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him. Where this causes a lack of quorum, the BRC shall appoint another candidate(s) who meets the membership criteria.
- 4.2.4 A member of BRC may participate in a meeting of BRC by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 4.2.5 The notice and agenda for each BRC meeting shall be sent to all members of the BRC and any other persons who may be required to attend.
- 4.2.6 The Chairman of the BRC shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the BRC that require the Board's approval at the Board meeting.

## **5.0 DUTIES AND RESPONSIBILITIES OF THE BRC**

- 5.1 In carrying out its responsibilities, the BRC's policies and procedures remain flexible to changes in circumstances and conditions that are in compliance with legal and regulatory requirements. The following are the main duties and responsibilities of the BRC respectively:-

- i) Set, review, advise and recommend for the approval and endorsement of the Board a remuneration policy and framework for the remuneration that commensurate with the experience, time, commitment and level of responsibility borne by the President /GCEO and individual Directors having regard to the overall Axiata Group policy guidelines and framework. The level of remuneration should be sufficient to attract and retain Directors and President/GCEO of the calibre needed to manage the Company successfully. In the case of Managing Directors/Executive Directors, the component parts of remuneration should be structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration should reflect the experience undertaken by the particular Non-Executive Director concerned. The policy and framework should be documented and any changes thereto should be subject to the endorsement of the full Board.
- ii) Set, review, advise and recommend for the approval and endorsement of the Board an overall remuneration policy and framework, performance management philosophies and rewards structure for top key positions in Axiata and the entire organisation. These policies and framework will also be recommended for adoption by the Axiata Group, where applicable.
- iii) Review and recommend to the Board for approval, the President's/ GCEO's and Managing Director's/Executive Director's individual remuneration packages and benefits including pension, share based remuneration (including option schemes), service contracts and compensation payment as well as other terms of employment. BRC must ensure that this is linked to, inter alia, the individual's, Company's, and Group's annual performance, relative shareholder return and the value of similar incentive awards at comparable companies.
- iv) Review and consider performance contracts and targets and the structure of the rewards for the President/GCEO and the Managing Directors/Executive Directors and assess the President's/GCEO's and Managing Directors'/Executive Directors' performance against these targets.
- v) Review and recommend compensation commitments/severance payments for Managing Directors/Executive Directors and/or the President/GCEO in the event of early termination of the employment/service contracts.
- vi) Approve remuneration packages, benefits as well as yearly performance evaluation and rewards and in the event of early termination of the employment/service contracts, compensation commitments/severance payments, for the following top key positions in Axiata as set out in the table below:-

<b>Position</b>	<b>Approval (Based on the general policies approved by the Board in Item 5.1 (b))</b>
Directors	} Approval by the Board on BRC's recommendation
President /GCEO	

<b>Axiata Top Key Positions</b>	
Group Chief Operating Officer	Approval by President/GCEO (If also a Board member, Board's approval and BRC's recommendation is required)
Group Chief Financial Officer	
Group Human Resource	
Group Chief Strategy Officer	
Any other top key positions as recommended by BNC and/or President/GCEO	To be determined by BRC
<b>Others</b>	
Group Chief Internal Auditor ("GCIA") <sup>1</sup>	Approval by Board Audit Committee
<i>Note:</i> 1 Yearly performance evaluation to be conducted by BAC.	

- vii) Consider other remuneration matters as prescribed to the BRC by the Board; and
- viii) In relation to administration of Axiata Share Scheme:-
- a) Do all acts and things and in such manner as it, in its discretion, deems fit and enter into any transaction, agreement, deed, document or arrangement and make such rules and regulations, impose such terms and conditions, which are to be done by the Board pursuant to the Bye-Laws;
  - b) Subject to the provisions of the Axiata Share Scheme, to construe and interpret the Bye-Laws, the Employee Share Option Scheme Options ("**Share Options**") and/or Restricted Share Plan Shares ("**RSP Shares**") granted under it, to define the terms therein and to recommend to the Board to establish, amend and revoke rules and regulations relating to the Axiata Share Scheme and its administration and the Board shall have the power by resolution to add to, amend and/or delete all or any of the Bye-Laws upon such recommendation, subject always to the terms of the Bye-Laws. In the exercise of this power, the BRC, may correct any defect, supply any omission or reconcile any inconsistency in the Bye-Laws or in any agreement providing for any option in such manner and to the extent it shall deem necessary to expedite and make the Axiata Share Scheme fully effective in accordance with the Bye-Laws;
  - c) To determine all questions of policy and expediency that may arise in the administration of the Axiata Share Scheme including, amongst others, the terms of eligibility of the employees of the Company and its subsidiaries, the method or manner in the grants are made to and exercised by Eligible Employees and any conditions imposed in relation thereto, and the termination of any options, and generally the exercise of such powers and performance of such acts as are deemed necessary or expedient to promote the best interests of the Company;
  - d) To develop and maintain the Company's policies and implementation guidelines in relation to the granting of Share

Options and RSP Shares in light of the Company's overall remuneration philosophy in accordance with the Bye-Laws;

- e) To approve and determine the manner in which Share Options and RSP Shares are granted to and subsequently exercised by Eligible Employees in accordance with the provisions of the Bye-Laws, including, inter alia, the determination of eligibility, grant level, terms of acceptance of Offer, terms of exercise of the Share Options and RSP Shares, performance conditions and any other terms and other conditions imposed, at the discretion of the BRC provided always that no member of the BRC shall participate in any deliberation or decision in respect of options to be granted to himself;
- f) Subject however to the prior approval of the Company's members in a general meeting for such grants having been obtained, to review the grants of Share Options and RSP Shares to the President/Group Chief Executive Officer and any other Executive Directors and make recommendations to the Board for approval;
- g) To determine the price at which the Grantee is entitled to subscribe for Share Options and/or RSP Shares in accordance with the Bye-Laws;
- h) To extend, at the BRC's discretion, the period of any offer for Share Options and RSP Shares which would have otherwise lapsed and become null and void in accordance with the provisions of the Bye-Laws;
- i) To determine whether or not to suspend (and if so, to later decide to lift such suspension of) the rights in respect of any Share Options and/or RSP Shares of a Grantee in the event of the commencement of Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of service) against such Grantee or determine any reduction in the number of shares comprised in the Share Options and RSP Shares held by that Grantee which are unexercised at the time or determine whether or not the Grantee may continue to exercise his Share Options and RSP Shares and to impose any limits, terms and conditions as it deems appropriate in respect of such exercise;
- j) To extend, at the discretion of the BRC and subject to any applicable law, the benefit of the Axiata Share Scheme to any employee of any company which is not a Group Company but which is a subsidiary of or is associated with a Group Company, and deem such an employee to be an Eligible Employee for the purposes of the Axiata Share Scheme, in the situation where such an employee had at any time (whether before or after the coming into force of these Bye-Laws) been seconded from any Group Company to that company;
- k) In the event of an alteration in the capital structure of the Company in the manner as prescribed in the Bye-Laws, to make any alterations to the number of shares comprised in an Share Options and RSP Shares, so far as they are unexercised, the price and/or manner of the exercise of the Share Options and RSP Shares;

- l) To determine with regard to the Share Options and/or RSP Shares, in the event of the cessation of the employment of a Grantee if cessation occurs by reason of the events set out in the Bye-Laws or in the event of the death of any Grantee before any expiry, any acceleration of exercise, as yet unexercised and the times and period at or within such accelerated Share Options and RSP Shares may be exercised;
- m) To process and approve the Axiata Share Scheme application forms (i.e. acceptance forms and notice of exercise) which have been completed and submitted in accordance with the terms of the Bye-Laws;
- n) To review the manner in which Share Options and/or RSP Shares are granted to and subsequently exercised by Eligible Employees from time to time to ensure compliance with the Bye-Laws and regulatory requirements; and
- o) To perform such other duties and functions as may be requested by the Board for the purpose of administering the Axiata Share Scheme pursuant to paragraph 8 of the Bye-Laws.

## **6.0 AXIATA SHARE SCHEME - RESERVED MATTERS**

6.1 The following matters shall be matters reserved for the Board:

The determination of the Group's performance measures and targets associated to each Offer.

- i) The determination of any special terms to apply to Offers and/or Share Options and/or RSP Shares to Grantees who are employed by a Group Company in jurisdictions outside Malaysia as may be considered necessary or appropriate to accommodate for differences in applicable law, tax, policy or custom and the approval of such supplements to or amendments, restatements or alternate versions of the Axiata Share Scheme made in relation thereto.
- ii) The determination of grants of Share Options and RSP Shares to the Executive Directors of the Company pursuant to the Axiata Share Scheme.
- iii) In the event of any take-over offer being made for the issued share capital of the Company or any corporate proposal (including but not limited to a selective capital reduction exercise), the determination on the alteration of any Share Options and RSP Shares Period application, the alteration of any Commencement Date and/or Termination date, the determination of any Commencement Date and/or Termination Date and or to alter the terms of any Share Options and RSP Shares.
- iv) In the event of any application being made to court for approval of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 176 of the Companies Act 1965, the determination in relation to Share Options and RSP Shares, of the terms of the exercise, including Share Options and RSP Shares that are not yet exercisable and the determination of the Commencement Date and the Termination Date.

- v) The formulation of any rules, procedures and policies relating to the Selling Flexibility and Selling Flexibility Pool.
- vi) The determination of all other matters relating to or in connection with the Axiata Share Scheme as the Board may in its discretion consider to be necessary or desirable for giving full effect to this Axiata Share Scheme.

## **7.0 POWERS AND AUTHORITY OF THE BRC**

7.1 In carrying out its duties and responsibilities, the BRC shall have the following powers and authority, in accordance with the procedures to be determined by the Board and at the cost to the Company:-

- i) Have the resources which are required to perform its duties.
- ii) Have full, free and unrestricted access to any information, records, properties and personnel of Axiata and of any other companies within the Axiata Group and in relation to the Axiata Share Scheme, including but not limited to the following:
  - 1) the full name and job title of a participant;
  - 2) the date of commencement of his/her employment with the Group;
  - 3) his/her ESOS Options and Axiata RSP Shares allocation;
  - 4) the total number of shares which comprise:
    - (a) the options granted to the participant;
    - (b) the options which had been accepted by him/her; and
    - (c) the balance over which options may be granted.
- iii) To appoint external counsels or other advisers and approve the terms and conditions of the appointment and obtain independent professional or other advice and services and to invite outsiders with relevant experience to attend the BRC's meetings (if required) and to brief the BRC thereof if the BRC considers this as necessary.
- v) Have access to the advice and services of the Company Secretary.

## **8.0 REVIEW & EVALUATION PROCEDURES OF THE BRC**

8.1 The BRC shall at least annually perform a review and an evaluation of its performance to ensure that it is meeting its responsibilities as set forth in this Terms of Reference. The review shall specifically include consideration of the following:

- i) Frequency and timeliness of the BRC meetings;
- ii) Adequacy and quality of information and materials provided to the BRC;
- iii) Effectiveness of the BRC in carrying out the duties as set out in this Terms of Reference;
- iv) Contribution of individual BRC member; and
- v) Appropriateness and adequacy of this Terms of Reference. The BRC shall recommend to the Board such changes to this Terms of Reference in such manner as the BRC deems appropriate.



## **POSITION DESCRIPTIONS**

### **9.0 Position Description of the BRC Chairman**

9.1 The following are the main duties and responsibilities of the BRC Chairman. These are not exhaustive and serve merely as a baseline:-

- i) Helps the BRC fulfil the goals it sets by assigning specific tasks to members of the BRC and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution.
- ii) Looks to the Company Secretary for guidance to the BRC on what their responsibilities are under the rules and regulations to which they are subject and how those responsibilities should be discharged. The compliance advice should extend to embrace all laws and regulations and not merely the routine filing requirements and other administrative requirements of the Companies Act 1965.
- iii) Provides a reasonable time for discussion at the meeting. Organises and presents the agenda for regular or special BRC meetings based on input from members and ensures that all relevant issues are on the agenda. In addition, the Chairman should encourage a healthy debate on the issue and bring to the BRC a healthy level of skepticism and independence.
- iv) Provides leadership to the BRC and ensures proper flow of information to the BRC, reviewing adequacy and timing of documentation.
- v) Ensures that all members are enabled and encouraged to play their full part in its activities. This includes making certain that all members receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at the BRC meetings.
- vi) Secures good corporate governance and ensures that members look beyond their BRC function and accept their full share of responsibilities of governance materials in support of management's proposals. Given the importance and particular nature of the Chairman's role of the BRC, in principle it should be separated from that of the President /GCEO.
- vii) Manages the processes of the BRC and for ensuring that the BRC discharges their responsibilities.
- viii) Ensures that every BRC resolutions are put to a vote where necessary to ensure that it is the will of the majority that prevails.
- ix) Ensures the working of the BRC and BRC's full discharge of its duties.

### **10.0 Position Description of BRC members**

10.1 Each BRC member will be expected to:

- i) Provide individual external independent opinions to the fact-finding, analysis and decision making process of the BRC, based on their experience and knowledge.
- ii) Consider viewpoints from the other BRC members; make decisions and recommendations for the best interest of the Board collectively.
- iii) Keep abreast of the latest corporate governance guidelines in relation to the BRC and the Board as a whole.
- iv) Continuously seek out Best Practice in terms of the processes (performance assessment etc) utilised by the BRC, following which these should be discussed with the rest of the BRC for possible adoption.

**Revision** : **Paragraph 2.2, 2.4, 4.1, 4.2.2 and 4.2.3.** Approved by Axiata Board vide Directors' Circular Resolution No. [06-11] dated 17 February 2011  
**Paragraph 5.16.** Approved by Axiata Board at the Board of Directors' Meeting [No.3-13] held on 20 February 2013  
**Inclusion of Duties and Responsibilities of administering Axiata's 'Performance-Based Employee Share Option Scheme and Share Scheme'**. Amalgamation of the BRC and Share Scheme Committee approved by Axiata Board vide Directors' Circular Resolution No. [04-14] dated 9 April 2014.

**Annexure** : Top Key Positions approval matrix affecting Board Remuneration Committee