

REMUNERATION AND FRAMEWORK FOR TOP AND SENIOR MANAGEMENT

The future success of Telekom Malaysia Berhad (“TM”) is dependent of its ability to attract, motivate and retain the right talented leaders. Among the key tools that we have as a business to support this aspiration is a competitive remuneration policy.

TM has established a remuneration policy for Top & Senior Management to support our vision and drive business strategy of the TM Group.

The NRC shall set the policy framework and make recommendations to the Board on all elements of the remuneration package including terms of employment, reward structure and fringe benefits for Executive Directors, pivotal management positions and Top and Senior Management positions.

The key elements of our remuneration package for Top and Senior Management are summarised below:

FIXED ELEMENTS	
Base Salary	Supports the recruitment and retention of Top and Senior Management of the calibre required to implement our strategy. Reflects the individual’s skills, experience, performance and role within TM Group.
Fixed Allowances	Provides a simple competitive alternative to the provision of itemised benefits and pension, not linked to base salary.
Other Benefits	Provides certain benefits on a cost-effective basis to aid attraction and retention of Top and Senior Management.
PERFORMANCE RELATED ELEMENTS	
Short Term Bonus	Incentivises year-on-year delivery of stretching short-term financial, strategic and operational objectives and personal performance objectives selected to support our annual business strategy and the ongoing enhancement of shareholder value. The ability to recognise performance through annual bonus enables us to control our cost base flexibly and react to events and market circumstances.
Long Term Incentive Plan	The LTIP encourages Top and Senior Management to focus firmly on the sustained delivery of high performance results and sustainable returns for shareholders over the longer term.

TM believes in performance culture as well as an appropriate balance of risk and reward. Therefore, remuneration at TM is based on the following principles:

Principle 1. ALIGNMENT WITH SHAREHOLDER INTERESTS. The remuneration package should be comprised of an appropriate balance of fixed and performance related elements paid over time that properly aligns with long-term group strategy and shareholders' interests.

Principle 2. PAYING COMPETITIVELY. The overall remuneration package offered to Top and Senior Management should be sufficiently competitive to attract and retain highly experienced and talented individuals, without paying more than is necessary.

Principle 3. PAY FOR SUSTAINABLE PERFORMANCE. Acknowledging that success is not only measured by delivering financial returns, remuneration package should be determined on the basis of a combination of financial and non-financial factors that reflect both the current period and a longer period.

Principle 4. PREVENTING INAPPROPRIATE RISK-TAKING. We believe that our risk management process provides the necessary control to prevent inappropriate risk-taking. The overall remuneration plan should incorporate appropriate governance processes and procedures.