

BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD
(Company No. 4372-M)

**TERMS OF REFERENCE OF
THE NOMINATION AND REMUNERATION COMMITTEE**

A. COMPOSITION

1. The Nomination and Remuneration Committee shall comprise wholly of Non-Executive Directors and a majority of who are Independent Directors.
2. The Chairman of the Company shall be the Chairman of Nomination and Remuneration Committee, provided that the Chairman is an Independent Non-Executive Director.
3. The Company Secretary shall be the secretary of the Nomination and Remuneration Committee.

B. AUTHORITY

1. The Nomination and Remuneration Committee is authorised by the Board to act as follows:

Specific responsibilities in relation to nomination matters include the following:

- (a) To make proposals to the Board on suitable candidates for appointment as Directors;
- (b) To ensure that the Board has an appropriate balance of skills, knowledge, expertise, experience, professionalism, integrity, attributes and core competencies from its members;
- (c) To regularly review profiles of the required skills, knowledge, expertise, experience, professionalism, integrity, attributes and core competencies for membership of the Board;
- (d) To review succession plans for members of the Board;
- (e) To recommend to the Board, Directors to fill the seats on Board Committees;
- (f) To assess annually the effectiveness of the Board, the Committees of the Board and the contribution of each individual Director;
- (g) To assist the Board to assess the independence of all the independent directors annually; and
- (h) To implement a process and carry out annually an assessment on the effectiveness of the Board as a whole, its Committees of the Board and the contribution of each individual Director.

Specific responsibilities in relation to remuneration matters include the following:

- (a) To recommend to the Board's policy framework on the terms of employment of the Executive Directors and members of the Leadership Team;
- (b) To recommend to the Board on all elements of remuneration and compensation payments of the Executive Directors and members of the Leadership Team;
- (c) To review and approve the annual bonus and salary increment of the Executive Directors and members of the Leadership Team;
- (d) To review and recommend to the Board the remuneration of the Non-Executive Directors; and
- (a) To receive and note the minutes of the Executive Compensation Committee meetings from time to time and to update the Board where necessary.

C. MEETINGS AND MINUTES

1. The Nomination and Remuneration Committee shall meet at least once a year or upon the request of any of its members.
2. A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.
3. The Managing Director and/or Human Resources Director may be invited to attend the Nomination and Remuneration Committee Meeting.
4. The Executive Directors and Non-Executive Directors shall abstain from the deliberations and voting decisions in respect of their respective remuneration either at the Nomination and Remuneration Committee or Board level as the case maybe.
5. The Nomination and Remuneration Committee shall be entitled to call for advice internally from the Human Resources Department or from external sources, when necessary.
6. The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Nomination and Remuneration Committee and ensure that the minutes are properly kept and produced for inspection if required.
7. The Nomination and Remuneration Committee shall report to the Board and its minutes will be tabled to and noted by the Board.
8. A resolution in writing signed or approved by a majority of the members of the Audit Committee shall be valid and effectual as if it had been passed at a meeting of the Audit Committee. All such resolutions shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members of the Audit Committee. The expressions "in writing" or "signed" include approval by legible confirmed transmission by way of letter, facsimile, electronic means or other means of communication.