

**DUTCH LADY MILK INDUSTRIES BERHAD  
(5063-V)**

**TERMS OF REFERENCE OF THE NOMINATING & REMUNERATION COMMITTEE OF  
THE BOARD**

1. The Nominating & Remuneration Committee comprises only of Non-Executive Directors, a majority of whom are Independent Directors.
2. The Nominating & Remuneration Committee Members shall elect a Non-Executive Director from amongst them as its Chairman.
3. The quorum for the Nominating & Remuneration Committee shall be at least two (2) members present at the meeting.
4. The Company Secretary of the Company shall act as the Secretary of the Nominating & Remuneration Committee.
5. The Nominating & Remuneration Committee's primary responsibilities includes:-
  - a) To study and periodically review and implement policies and procedures governing the remuneration for Directors and senior management (namely, the Managing Director);
  - b) To make recommendations to the Board on the remuneration and terms of employment for Directors and the Managing Director;
  - c) Leading the process for Board appointments and making recommendations to the Board;
  - d) Annually assessing the effectiveness of the Board as a whole, the Committees of the Board and the individual Directors on an on-going basis; and
  - e) Annually reviewing the required skills and core competencies of Non-Executive Directors, including familiarisation with the Company's operations and contributions towards board engagements.
6. Duties

The Nominating & Remuneration Committee will:-

- a) Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- b) Evaluate the balance of skills, knowledge and experience on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment of Director.



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- c) Review the time required from a Non-Executive Director. The performance evaluation should be used to assess whether the Non-Executive Director is spending enough time to fulfil their duties.
- d) Consider candidates from a wide range of professions backgrounds and look beyond the "usual selection criteria".
- e) Give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future.
- f) Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regards to any changes.
- g) Regularly review and assess the independence of each Independent Director.
- h) Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- i) Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.
- j) Ensure that the Company provides an induction programme for newly appointed Directors which aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors. The Company Secretary is primarily responsible for the induction programme.
- k) Review the performance of the Audit Committee annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.
- l) Carry out a formal review of Non-Executive Directors' remuneration annually which shall take into consideration the level of remuneration offered by listed companies of similar size, complexity and risk profile as the Company. The review of remuneration shall cover Directors' Fees, Committee Members' Fees, Meeting Allowances and other benefits normally extended to Non-Executive Directors.
- m) Make recommendations to the Board on the remuneration and terms of employment for the Managing Director.





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- n) Ensure that at any one time, at least two (2) or one third, whichever is higher, of the Board members must be Independent Directors, and at all times make best endeavours to have at least 30% women Directors on the Board.
7. The Nominating & Remuneration Committee will make the following recommendations to the Board:
- a) As regards plans for succession for Directors to maintain an appropriate balance of skills on the Board;
  - b) As regards the re-appointment of any Non-Executive Director at the conclusion of their specified term of office;
  - c) Concerning the re-election by shareholders of any Director under the retirement by rotation provisions in the Company's articles of association;
  - d) Concerning any matters relating to the continuation in office of any Director at any time; and
  - e) Concerning the appointment of any Director to executive or other office other than to the positions of Chairman and MD, the recommendation for which would be considered at a meeting of the Board.
8. In the event the Board appoints a new Chairman, the Nominating & Remuneration Committee will be guided by the following principles prior to making recommendations to the Board:-
- a) That the Chairman leads the appointment process.
  - b) That a systematic evaluation be undertaken to identify the skills and expertise required for the role.
  - c) That all short-listed candidates be considered with the possibility of obtaining external advice, if necessary.
9. Remuneration Policy
- In determining the level of remuneration, the Nominating & Remuneration Committee will take into account the Company's Remuneration Policy.

Dated: 21 November 2019

