



HEINEKEN MALAYSIA BERHAD

(Company no. 5350-X)

NOMINATION & REMUNERATION COMMITTEE TERMS OF REFERENCE

Approved by the Board on 14 February 2018

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NOMINATION & REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. **Purpose of the Nomination & Remuneration Committee (“NRC”)**
 - 1.1 The purpose of the NRC is to assist the Board in discharging its statutory duties and responsibilities by ensuring:
 - (i) that the Board and the Board Committees have an effective and balance composition with a diverse mix of skills, experience, age, cultural background and gender to discharge their responsibilities respectively¹;
 - (ii) that an annual assessment² is conducted on the effectiveness of the Board and the Board Committees and the contribution of each individual Director and the independence of Independent Directors;
 - (iii) that the Group has in place a remuneration policy and framework consistent with the Group’s business strategy and a competitive remuneration structure to attract and retain the right talent in the Board (which includes the Managing Director) in order to drive the Group’s long term objectives³; and
 - (iv) that the Group has in place a succession plan for the Board and the Managing Director of the Company.
2. **Composition**
 - 2.1 The NRC shall be appointed by the Board amongst its Directors and shall comprise at least three (3) Non-Executive Directors, the majority of whom shall be Independent Directors⁴.
 - 2.2 In the event of any vacancy in the NRC resulting in the non-compliance of the above composition or the Bursa Securities Listing Requirements, the Board shall fill the vacancy within three (3) months from the date of the vacancy.
 - 2.3 The Chairman of the NRC shall be an Independent Director⁵ appointed by the Board. In the absence of the Chairman, the meeting shall be chaired by an Independent Director elected from amongst the NRC members. The Chairman of the NRC should assume, amongst others, the following responsibilities:
 - Conduct the NRC meetings and report to the Board on matters deliberated and recommended by the NRC.
 - Lead the succession planning and appointment of Board members, including the future Chairman and Managing Director; and
 - Lead the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed⁵.

¹ Practice 4.4 of the Malaysian Code of Corporate Governance (“MCCG”)

² Practice 5.1 of the MCCG and Paragraph 15.20 of Bursa Securities Listing Requirements

³ Practice 6 of the MCCG

⁴ Practice 6.2 of the MCCG and Paragraph 15.08 of Bursa Securities Listing Requirements

⁵ Practice 4.7 of the MCCG

2. **Composition (Continued)**

- 2.4 The Board shall review the terms of office and performance of the NRC members at least once a year to determine whether the NRC have carried out their duties in accordance with this terms of reference.
- 2.5 The Company Secretary or such other approved person shall be the Secretary of the NRC. He/she shall provide assistance to the NRC members, including but not be limited to assist in the preparation of agenda in consultation with the Chairman and preparation and safe-keeping of minutes of meetings of NRC, collation and distribution of information required by the NRC, as and when needed.

3. **Roles and Responsibilities**

The roles and responsibilities of the NRC include but are not limited to the following:

3.1 **Board and Board Committees' Appointment**

- (i) review the criteria for assessment of candidates for the Chairman and the Directors and the process for appointment, resignation or cessation of office;
- (ii) recommend to the Board, prospective candidates to be appointed to the Board, based on the approved criteria;
- (iii) recommend to the Board on the establishment of new Board Committees or dissolution of any existing Board Committee which no longer serves its purpose; and
- (iv) ensure succession plans and policies are in place for the Board and the Managing Director of the Company.

3.2 **Board and Board Committees' Assessment**

- (i) review the composition of the Board focusing on the mix of skills, experience, age, cultural background and gender⁶ and ensure the Board has a balance and diverse background and recommend to the Board with regard to any adjustment that is deemed necessary;
- (ii) evaluate the effectiveness of the Board and the Board Committees, term of office and contribution of each individual Director and the independence of Independent Directors⁷;
- (iii) recommend to the Board action plans for improvement on areas identified in the Board and Board Committees effectiveness assessment, where applicable;
- (iv) review the retirement of Directors who are eligible for re-election and the retention of Directors who have served beyond nine (9) years as Independent Non-Executive Directors, and assess their eligibility for re-election or retention; and
- (v) ensure new Directors go through a proper induction programme and evaluate training requirements for the Directors to ensure they keep abreast with the developments in the industry and changes in the regulatory requirements.

⁶ Practice 4.4 of the MCCG

⁷ Practice 5.1 of the MCCG and Paragraph 15.20 of Bursa Securities Listing Requirements

3.3 Remuneration⁸

- (i) review and recommend to the Board the remuneration package for Non-Executive Directors and ensure it is consistent with the Group business strategy and long term objectives to attract and retain Directors;
- (ii) review the framework and measures for performance bonus / incentive and salary increment for the Group employees and recommend to the Board for approval, where it deems necessary, any amendment or modification to the framework and measures; and
- (iii) review and recommend to the Board the annual performance bonus / incentive and salary increment allocation based on the performance targets / objectives set and the payout to the Group employees based on the Group performance achievement.

In discharging the above responsibilities, the NRC should ensure the following:

- The determination of remuneration packages of non-executive directors, including non-executive chairman should be a matter for the Board as a whole; and
- All directors should abstain from discussion of their own remuneration⁸.

3.4 Other Matters

- (i) ensure adequate disclosure of the Directors' remuneration in the Company's annual report in accordance with the Bursa Securities Listing Requirements;
- (ii) act on any other matters as may be directed by the Board.

4. Authority

4.1 The NRC in performing its duties shall:

- (i) have full and unrestricted access to the Group and Company's records, information, properties, personnel and other resources; and
- (ii) be able to obtain external professional advice and secure the attendance of persons with relevant experience and expertise if it considers this necessary.

5. Meetings

5.1 The NRC shall meet at least once in each financial year with additional meetings convened as and when necessary.

5.2 The quorum for NRC meetings shall be three (3), the majority of the members present must be Independent Directors.

5.3 Each member of the NRC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the NRC⁹.

⁸ Practice 6.2 of the MCCG

⁹ Clause 122 of the Company's Constitution

5. Meeting (Continued)

- 5.4 Any member of the NRC may participate at a meeting by way of telephone and video conferencing or by means of other communication equipment in which event such member shall be deemed to be present at the meeting.
- 5.5 The Managing Director and the Human Resource Director shall normally attend meetings of the NRC. Non-member Directors, employees of the Group, professional advisors or external consultants may attend a meeting of the NRC only at the invitation of the NRC Chairman.
- 5.6 A resolution in writing signed by a majority of the members shall be valid and effectual as if it had been passed at a meeting of the NRC duly called and constituted. All such resolutions shall be described as “Circular Resolutions of the Nomination & Remuneration Committee” and shall be recorded by the Company Secretary in the Company’s Minutes Book. A signed Circular Resolution transmitted by any electronic means shall be deemed to be an original.

6. Review

- 6.1 The NRC shall review this Terms of Reference annually or at such other intervals as it deems necessary and recommends to the Board on any changes required for its approval.
- 6.2 This Terms of Reference was reviewed and approved by the Board on 14 February 2018.