



Terms of Reference of The Nomination and Remuneration Committee

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Approved by: The Board of DKSH Holdings (Malaysia) Berhad

Supersedes and replaces all prior versions as from the effective date.

Terms of Reference of The Nomination and Remuneration Committee

1. Preface

The Nomination and Remuneration Committee was established by the Board of Directors (“the Board”) of DKSH Holdings (Malaysia) Berhad (“DKSH” or “the Company”) on February 19, 2020. The Nomination and Remuneration Committee shall be accountable to the Board.

The main objective of the Terms of Reference is to set out the authority and duties of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee of DKSH is governed by the following Terms of Reference.

2. Composition

- (i) The Nomination and Remuneration Committee shall comprise at least 3 members.
- (ii) The Nomination and Remuneration Committee shall comprise exclusively of Non-Executive Directors, a majority of whom shall be independent.
- (iii) In the event of any vacancy in the Committee resulting in the number of members being reduced to below 3, the Board shall, within three (3) months fill the vacancy.

3. Chairman of the Nomination and Remuneration Committee

The Chairman of the Nomination and Remuneration Committee shall be a Senior Independent Director identified by the Board.

4. Functions

Without limiting the generality of these written Terms of Reference, the Board shall ensure the Nomination and Remuneration Committee discharges, among others, the following functions pursuant to the Listing Requirements and the Malaysian Code on Corporate Governance, including any amendments thereto that may be made from time to time.

Nomination matters

The duties and responsibilities with in relation to nomination matters are as follows:

4.1 Appointment and assessment

- (i) Identify, assess and recommend to the Board the candidature and appointment of members of the Board and the Board Committees. In assessing the suitability of candidates, consideration shall be given to the competencies, commitment, contribution and performance.
- (ii) Oversee the nomination and election process of members of the Board and the Board Committees.
- (iii) Develop, maintain and review the criteria used in the selection and assessment of members of the Board and the Board Committees.
- (iv) Contribute towards ensuring that the Board composition and size meets the current and future needs of the Company.
- (v) Implement a process annually for assessing the effectiveness of the Board as a whole, the Board Committees and individual Directors. All assessments and evaluations shall be properly documented.
- (vi) Review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with their Terms of Reference.

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- (vii) Periodically review and recommend revisions that may be required by the Board Diversity Policy, as appropriate to ensure its continued effectiveness, and recommend any such revisions to the Board for consideration and approval.
- (viii) Evaluate the eligibility of Directors who are due for retirement at the annual general meeting to stand for re-election and recommend to the Board for approval.

4.2 Assessment of Independent Directors

- (i) Undertake assessment of its Independent Directors annually and determine whether the Board member can remain as an Independent Director after serving a cumulative term of 9 years subject to valid justifications and obtaining shareholders' approval in accordance with the Malaysian Code on Corporate Governance.
- (ii) Develop the criteria to assess the independence of Directors for the Board annually, and to apply the criteria for the admission/nomination/election of Independent Directors when any new interest or relationship develops.

4.3 Directors training

- (i) Facilitate the Board induction and training programs.
- (ii) Assist the Board to evaluate and determine the training needs of its Directors and review training programs for the Board.

4.4 Others

Perform such other functions and activities as may be delegated by the Board and/or required under the Listing Requirements from time to time.

Remuneration matters

4.5 The duties and responsibilities with in relation to remuneration matters are as follows:

- (i) To review and recommend to the Board on the remuneration of Non-Executive Directors, particularly on whether the remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.
- (ii) To review and recommend to the Board the remuneration for the Non-Executive Directors of the Board, including but not limited to fees, allowances and benefits-in-kind (whichever applicable).
- (iii) To oversee the qualitative and quantitative disclosures of remuneration made in the annual report and notice to General Meetings.
- (iv) To provide clarification to shareholders during general meetings on matters pertaining to remuneration of Directors as well as the overall remuneration framework of the Company.
- (v) To obtain advice and information from external sources, if necessary, to compare the remuneration currently earned by the Non-Executive Directors of other companies of a similar size in a comparable industry sector.

The determination of remuneration of Non-Executive Directors should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration.

Note: As the Company is majority-owned by DKSH Switzerland, the remuneration of Executive Directors and Senior Management are based on DKSH Switzerland's own worldwide policy and procedures which are set in line with international standards. Hence, the Remuneration Committee will only look into reviewing the remuneration of Non-Executive Directors only.

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5. Meetings

- (i) The Nomination and Remuneration Committee shall meet at least once in a financial year or whenever required to fulfill its role and functions set out in item 4 above.
- (ii) The quorum for meetings shall not be less than 2 members.
- (iii) In the absence of the Nomination and Remuneration Committee Chairman, the remaining Nomination and Remuneration Committee members present shall elect one of themselves (who shall be an Independent Director) to chair the meeting.
- (iv) Members of the Nomination and Remuneration Committee may participate in its meeting by means of conference telephone, conference videophone or any similar communication equipment. Such participation in a meeting shall constitute presence in person at such meeting.
- (v) The Nomination and Remuneration Committee may pass circular resolutions in writing, signed by a majority of the members of Nomination Committee, which shall be valid and effectual as if it is passed at a meeting of the Nomination and Remuneration Committee duly convened and held. Circular resolutions to be passed may consist of several documents in like form each signed by one or more members.

6. Statement in annual report

- (i) A statement on the activities of the Nomination and Remuneration Committee in the discharge of its duties for the financial year shall be provided in the Company's annual report pursuant to the Listing Requirements including any amendments thereto that may be made from time to time.
- (ii) Such statement may include and contain the following information:
 - (a) how the requirements set out in paragraph 2.20A¹ of the Listing Requirements are met;
 - (b) the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Company;
 - (c) the nomination process of Directors and criteria used by the Nomination and Remuneration Committee in the selection process; and
 - (d) the assessment undertaken by the Nomination and Remuneration Committee in respect of the Board, the Board Committees and individual Directors together with the criteria used for such assessment.

7. Review of the Terms of Reference

The Terms of Reference of the Nomination and Remuneration Committee shall be reviewed and amended as necessary to determine its adequacy for current circumstances, the Company's policies and applicable rules and regulations.

Petaling Jaya, February 19, 2020

¹ Paragraph 2.20A of the Listing Requirements provide that the Company shall ensure that each of its Directors, chief executive or chief financial officer has the character, experience, integrity, competence and time to effectively discharge his role as a Director, chief executive or chief financial officer, as the case may be, of the Company.