



## REMUNERATION POLICY

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**1. Overview** This policy sets out the remuneration philosophy and procedure (the “Policy”) of Nestlé (Malaysia) Berhad (the “Company”).

The Policy is designed with the key objectives of attracting and retaining experienced, qualified and high calibre members of the Board of Directors (the “Board”) and also the right calibre of employees to drive the business strategy, objectives, values and long-term interests of the Company.

In accordance with the Terms of Reference for the Nomination and Compensation Committee (the “Committee”), this Policy falls under the purview of the Committee.

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**2. Approach** The Committee is guided by the following philosophy and principles in recommending to the Board, the remuneration to be paid to the Non-Executive Directors and the employees of the Company and its subsidiary companies (the “Group”):

In determining the level of compensation, the Committee shall take into account:

- i. the demands, complexities of activities and performance of the Group;
- ii. the level of responsibilities, skills, expertise and experience required;
- iii. industry benchmarks against similar companies;
- iv. the market practice; and
- v. the risk environment and ensuring that the remuneration does not encourage excessive risk-taking.

The remuneration of the Executive Directors and the Senior Management which is reviewed on an annual basis is also guided by the compensation framework of Nestlé S.A.

In relation to the remuneration of Non-Executive Directors, the Committee is further guided by the following:

- i. a suitable balance of fees between annual Board retainer fees, annual Board Committee fees and meeting attendance fees. The principle is to ensure recognition of the workload and responsibilities for the Non-Executive Directors who sit on the various Board Committees, ensuring that a balance is struck



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- between compensating for time spent, frequency of meetings and also as a reflection of the continued responsibilities for all Directors;
- ii. the remuneration should not conflict with their obligation to bring objectivity and independent judgment;
  - iii. provisions of Article 107 of the Company's Constitution;
  - iv. the remuneration must not place an inappropriate burden on the Group's finances;
  - v. the Committee undertakes a robust review of the remuneration packages of the Non-Executive Directors at least once in every three (3) years and thereafter makes its recommendation to the Board. In conducting the review, the Committee may engage the services of an independent professional advisor; and
  - vi. all remuneration to be paid to the Non-Executive Directors, including any reviews of remuneration shall be tabled to the Shareholders at the Annual General Meeting for approval.

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### **3. Review and Monitoring**

It shall also be the Committee's responsibility to review and monitor the implementation of this Policy on a regular basis to reflect current best practices. The Committee shall further discuss any amendments to this Policy that may be required and will recommend such amendments to the Board for approval.

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**This Remuneration Policy was reviewed By the Committee on 19 February 2020 and approved by the Board on 25 February 2020.**