

# **INARI AMERTRON BERHAD**

## **Terms of Reference of the Nomination Committee**

This Terms of Reference sets out the matters concerning the governance of the Nomination Committee (“NC” or the “Committee”).

### **1. Purpose**

**The Nomination Committee is primarily responsible for the following tasks:**

- I. Conduct regular review of the Board and Board Committee composition;
- II. Assist the Board of Directors (“Board”) in conducting assessment of effectiveness of Board members and Senior Management of Inari Amertron Berhad (“Inari” or the “Company” or the “Group”) underpinned by robust processes and procedures taking into consideration the needs of the board such as mix of skills, experience, industry knowledge and diversity. Senior Management refers to Executive Directors and C-suite members at Group level; and
- III. Review the standard of governance and compliance within Inari and make the appropriate recommendation to the Board to ensure best practice of corporate governance and the interest of the company is safeguarded.

### **2. Authority**

- 2.1 The Committee shall have the authority to deliberate and approve on matters within its primary duties and responsibilities as set out in this Terms of Reference; and
- 2.2 The Committee shall have the liberty to obtain the necessary resources required to fulfil its duties and responsibilities as set out in this Terms of Reference based on an agreed-upon procedures at the expense of the Group, such as:
  - (a) full and unrestricted access to information, records, properties and employees of the Group;
  - (b) advice and support of the Company Secretary and Key Senior Management in the Human Capital/ Human Resource department; and
  - (c) professional and independent advice from external advisors with relevant knowledge and experience, as and when necessary for the performance of its duties.

*(paragraph 15.04 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad)*

### **3. Composition of the Committee**

#### **3.1 Size**

The Committee shall consist of no fewer than three (3) members at any time.

#### **3.2 Membership**

All the Committee members shall be Non-Executive Directors, with majority of them being Independent Directors *[paragraph 15.08A(1) of Main Market Listing Requirements by Bursa Malaysia Securities Berhad]*.

### 3.3 Chairman of the Committee

The Chairman of the Committee shall be elected among the committee members, who is an Independent Director or a Senior Independent Director (*Practice 4.7, Malaysian Code on Corporate Governance*); and

### 3.4 Secretary of the Committee

The Secretaries of the Committee shall be the Company Secretaries or their representatives.

## 4. Appointment of Members

4.1 The members of the Committee shall be determined and appointed by the Board;

4.2 The criterion to be appointed a member of the Committee shall include the ability to devote time, skills and experience relevant to the requirement of the NC;

4.3 The members serving the Committee shall be changed at appropriate and regular intervals, if deemed necessary. In order to ensure that the entire Committee is not replaced at any one time, such change of members shall be done in a progressive manner; and

4.4 Members of the NC may relinquish their membership in the Committee with prior written notice to the Secretary and may continue to serve as Directors of the Company.

## 5. Performance Evaluation

5.1 The effectiveness of the Board, Board Committees and individual Directors (including skills mix and contribution of members) shall be assessed annually. The assessment shall be facilitated using self and peer rating by the Chairman of the NC and the outcome of the assessment shall be discussed with the Chairman of the Board.

5.2 The NC shall engage independent experts periodically to facilitate an objective and candid board evaluation.

## 6. Duties of the Committee Chairman

6.1 Lead the succession planning and appointment of Board members, including the future Chairman and CEO (*Guidance to Practice 4.7, Malaysian Code on Corporate Governance*); and

6.2 Lead the annual review of Board effectiveness evaluation, ensuring that performance of the Board, each individual Board Committee and Director is independently assessed (*Guidance to Practice 4.7, Malaysian Code on Corporate Governance*).

## 7. Duties and Responsibilities of the Committee

### 7.1 Composition of the Board and Senior Management team

7.1.1 Review the structure, size and composition of the Board on a regular basis or at least annually, and make recommendations to the Board on any adjustments that are deemed necessary including in terms of the appropriate size and skills;

7.1.2 To recommend to the Board of Directors on the establishment of new Committees or the dissolution of any existing Committees of the Board which no longer serves its purpose;

- 7.1.3 Determine the appropriate limit for the total number of directorships that can be held by a Director nominee in companies, institutions or organisations; and
- 7.1.4 Actively seek women directors in promoting boardroom diversity (*Practice 4.4, Malaysian Code on Corporate Governance*).

## 7.2 Nomination, appointment and re-appointment of Directors and Senior Management

- 7.2.1 Establish and recommend to the Board the minimum requirements on skills, business experience, professional and academic qualifications, expertise and other core competencies of a Director;
- 7.2.2 Establish a formal and transparent procedure for the recommendation of eligible candidates for appointment or re-appointment of the Board and Senior Management personnel, ensuring that the appointment of Board and Senior Management members is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender (*Practice 4.4, Malaysian Code on Corporate Governance*);
- 7.2.3 Recommend to the Board, on the nomination of new candidates for all directorships of the Company and its subsidiaries. The actual decision as to who shall be nominated shall be the responsibility of the Board after considering the recommendations of the NC;
- 7.2.4 The committee may utilise sources such as directors network, recommendation of major shareholders and independent sources to identify suitably qualified candidates to be appointed to the Board. (*Guidance to Practice 4.6, Malaysian Code on Corporate Governance*);
- 7.2.5 In the case of candidates for the position of Independent Non-Executive Directors, the Committee will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Director;
- 7.2.6 Ensure that all Non-Executive Directors are clear on their roles and responsibilities as well as time commitment expected, together with relevant Board documents;
- 7.2.7 Recommend to the Board on whether Directors retiring by rotation should be put forth for re-election;
- 7.2.8 Watch for indicators of entrenchment amongst long-serving Independent Directors. The tenure of an Independent Director shall not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, the Board shall justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) year, the Board should seek annual shareholders' approval through a two (2) tier voting process [Practice 4.2 of MCCG];
- 7.2.9 Recommend Directors to be appointed to the Board Committees;
- 7.2.10 Review the succession of the Board, Board Committees and Senior Management; and
- 7.2.11 To consider and approve any appointment of new candidates for CEO/CFO of the Group and Company and other Senior Management posts which require announcements to Bursa Malaysia at a meeting to be convened before recommending

to the Board for approval (*paragraph 2.20A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad*);.

### 7.3 Board assessment process

- 7.3.1 Conduct evaluation of new Directors being appointed to the Board and Senior Management members based on the Group's policy to assess the candidates' ability to discharge their duties effectively. The evaluation shall consider the dimensions of character, experience, integrity, competence and time (*paragraph 2.20A of Main Market Listing Requirements by Bursa Malaysia Securities Berhad*);
- 7.3.2 Undertake a formal and objective annual evaluation to determine the effectiveness of the Board, Board Committees and each individual Director (*Practice 5.1 of Malaysian Code on Corporate Governance*); and
- 7.3.3 Supervise and assess Senior Management's performance to determine whether the business is properly managed (*Guidance to Practice 1.1 of Malaysian Code on Corporate Governance*).

### 7.4 Directors' training

- 7.4.1 Oversee the development of familiarisation programme for new Directors; and
- 7.4.2 Evaluate and determine on a continuous basis the training needs of the Directors, in which the subject matter of training must be one that aids the Director in the discharge of his/her duties as a Director [*paragraph 15.08(2) of Main Market Listing Requirements by Bursa Malaysia Securities Berhad*].

7.5 To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

## 8. Disclosure

- 8.1 The Committee must provide, in the Company's annual report, a statement about its activities in the discharge of its duties for the financial year [*paragraph 15.08A(3) of Main Market Listing Requirements by Bursa Malaysia Securities Berhad*].

## 9. Meetings

### 9.1 Frequency and calling of meetings

- 9.1.1 Meetings shall be held at least once a year. Additional meeting shall be arranged as and when required; and
- 9.1.2 The Chairman of the Committee shall call a meeting if requested to do so by the Chairman of the Board or requested by another member of the Committee.

### 9.2 Notice of meetings and information flow

- 9.2.1 The Secretaries shall draw up an agenda for each meeting, in consultation with the Chairman of the Committee; and
- 9.2.2 Unless otherwise agreed by the members and whenever necessary, the notice of each meeting confirming the venue, date and time together with the brief agenda shall be circulated to all members and any other persons who may be required to attend the meeting within a reasonable period prior to the meeting (*Paragraph 4- notice on*

*meetings, Third Schedule of Companies Act 2016 and Practice 1.5, Malaysian Code of Corporate Governance).*

### 9.3 Quorum and participation

- 9.3.1 The quorum for meetings shall be a minimum of 2 (two) members;
- 9.3.2 The Chairman of the Committee shall chair the Committee meetings. In the absence of the Chairman of the NC in a meeting, the members present may elect any one of them to be the chairman of the meeting;
- 9.3.3 Each Committee member must attend at least 50% of Committee meetings held during the financial year;
- 9.3.4 Senior Management and other individuals such as Directors, Human Resource personnel and external advisers may attend the meetings as and when appropriate and necessary upon invitation of the NC;
- 9.3.5 The meetings shall convene in a face-to-face manner. If a member is unable to be present at the meeting venue, his/her participation through telephone/video-conferencing or other appropriate means may be permitted; and
- 9.3.6 In appropriate circumstances, the Committee may deal with matters by way of circular resolution in lieu of convening a formal meeting.

### 9.4 Voting

- 9.4.1 A matter put to vote at the Committee meetings shall be decided by a simple majority and in the event of an equality of votes, the Chairman has the power to exercise a casting vote; and
- 9.4.2 A member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall not participate in the voting process.

### 9.5 Minutes of Meetings

- 9.5.1 The meeting minutes shall be promptly upon the completion of the meeting and distribute it to each member in a timely manner. The minutes of the Committee shall be confirmed and signed by the Chairman of the Committee;
- 9.5.2 All members should ensure that the meeting minutes accurately reflect the deliberations and decisions of the Committee, which includes any dissenting comments made (*Guidance to Practice 1.5, Malaysian Code on Corporate Governance*); and
- 9.5.3 The Secretaries shall be responsible for keeping minutes of meetings of the Committee at the registered office of the Company under the custodian of the Company Secretaries.

### 9.6 Follow up Meetings

- 9.6.1 The Chairman of the Committee meeting shall provide a written or a verbal report of each meeting of the Committee at the next regular Board meeting or as may otherwise be required by the Board; and
- 9.6.2 The Chairman of the Committee and/or other Committee members must be available to meet with governmental and regulatory bodies to explain, seek clarification or follow up on any matter deliberated by the Committee at Committee meetings.

## **10. Review and Amendment of Terms of Reference**

- 10.1 This Terms of Reference for the NC has been endorsed by the Board. It will be periodically reviewed and made available on the Company's website. The Board may also review and amend this Terms of Reference as and when it is necessary;
- 10.2 Any revision or amendment to the Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference; and
- 10.3 The Company Secretary shall ensure that the provisions of this Terms of Reference continue to comply with corporate governance requirements applicable to Inari and, if necessary, shall suggest amendments to the Terms of Reference for consideration by the Board.

Date: 28 August 2018