

# **INARI AMERTRON BERHAD**

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

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

#### **1. Purpose**

- 1.1 The purpose of the NC is to assist the Board of Directors (“Board”) in reviewing the composition of the Board and Board Committees as well as conducting assessment of the effectiveness of Board members and Senior Management of Inari Amertron Berhad (“Inari” or the “Company”) and its subsidiaries (collectively referred to as 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.
- 1.2 Review the standard of governance and compliance within the Group and make the appropriate recommendation to the Board to ensure best practice of corporate governance and the interest of the Group is safeguarded.
- 1.3 In the exercise of its functions, it is understood that the NC is generally not delegated with decision-making powers but shall report its recommendations to the Board for decision except otherwise stated in authoritative promulgations. The existence of the Committee does not diminish the Board’s ultimate statutory and fiduciary responsibility for the decision-making relating to the functions and duties of the Committee.

#### **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.
- 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 at the expense of the Group and in accordance with a procedure to be determined by the Board, such as:
  - (a) Full and unrestricted access to information, records, properties and employees of the Group;
  - (b) Advice and support of the Company Secretaries 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**

- 3.2.1. 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 5.8 of Malaysian Code on Corporate Governance*).

### 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.

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

4.5 In the event of any vacancy in the Committee, the vacancy must be filled within three (3) months.

## 5. Performance Evaluation

5.1 The effectiveness of the NC (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 NC, if deemed necessary.

5.2 The NC shall engage independent experts at least every three (3) years to facilitate an objective and candid board evaluation (*Practice 6.1 of Malaysian Code on Corporate Governance*).

## 6. Duties of the Committee Chairman

6.1 Lead the succession planning and appointment of Board members, and oversee the development of a diverse pipeline for Board and Management succession, including the future Chairman, Executive Directors and CEO.

6.2 Lead the annual review of Board effectiveness evaluation, ensuring that performance of each individual Director and Chairman of the Board are independently assessed.

*(Guidance to Practice 5.8 of 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 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.
  - 7.1.4 Actively seek women directors in promoting boardroom diversity (*Practice 5.9, 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 Directors and Senior Management personnel, ensuring that the appointment of Directors and Senior Management personnel is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. Directors appointed should be able to devote the required time to serve the Board effectively. The NC should consider the existing Board positions held by a Director, including on Boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Company should be avoided (*Practice 5.5 of Malaysian Code on Corporate Governance*).
  - 7.2.3 Recommend to the Board, on the nomination of new candidates for 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. If the selection of candidates is based on recommendations by existing Board members, management or shareholders, the NC shall justify why such sources suffice and other sources were not used (*Practice 5.6 of 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, taking into consideration board effectiveness evaluation and the fit and proper criteria set out in the Company's Fit and Proper Policy,
  - 7.2.8 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. The Board should provide justification and seek shareholders' approval if the Board intends to retain an Independent Director beyond the nine (9) year term limit.

- 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.
- 7.2.11 Conduct fit and proper assessment of potential candidates to be appointed to the Board as well as Directors who are seeking re-election. The fit and proper assessment shall be guided by the Fit and Proper Policy of the Company.
- 7.2.12 To consider and recommend any appointment of new candidates for CEO/CFO of the Group and Company and other Senior Management posts which require announcements to Bursa Malaysia (*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, financial 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, taking into consideration their probity with law and adherence to governance practices including anti-corruption policies and procedures. The annual evaluation shall also include a review of the performance of the Board in addressing the Group's material sustainability risks and opportunities (*Practice 4.4 and Practice 6.1 of Malaysian Code on Corporate Governance; and Paragraph 4.4.3(v) of the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009*).
- 7.3.3 Review the feedback arising from the annual evaluation and recommend action plan for improvement on areas identified to the Board, if necessary.

### 7.4 Directors' training

- 7.4.1 Oversee the development of familiarisation programme for new Directors, which includes topics related to anti-corruption and sustainability.
- 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, which includes topics related to anti-corruption and sustainability (*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. Reporting and Disclosure**

- 8.1 The minutes of each Committee meeting shall be tabled and presented to the Board during the subsequent Board meeting to keep them informed and updated on the key issues deliberated by the NC.

- 8.2 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*).
- 8.3 The Committee shall disclose the evaluation carried out on the Board effectiveness evaluation of the Board, Board Committees and individual Directors. The following information shall be disclosed in the Corporate Governance Report:
- 8.3.1 How the evaluation was conducted, the criteria used such as assessment of fit and properness, contribution and performance, calibre and personality of Directors;
  - 8.3.2 Whether an independent expert was engaged or internally facilitated;
  - 8.3.3 Key strengths and/or weaknesses identified from the evaluation;
  - 8.3.4 Steps or enhancements to be undertaken to mitigate or address the weaknesses identified; and
  - 8.3.5 Impact of the evaluation on Board composition, if any.
- (Guidance to Practice 6.1 of Malaysian Code on Corporate Governance)*
- 8.4 The NC shall oversee the disclosure of the Fit and Proper Policy for the Board of Directors during the financial year in the annual report (*paragraph 15.08A(3) of the Main Market Listing Requirements of 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.
  - 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 NC meeting agendas shall be developed by the Chairman of the NC and the Company Secretaries in consultation with the Committee members and Management.
  - 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 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 of notice on meetings, Third Schedule of Companies Act 2016 and Practice 1.6 of Malaysian Code of Corporate Governance*).
  - 9.2.3 Sufficient information such as the agenda and accompanying meeting materials for each meeting are circulated within a reasonable period prior to the NC meeting to the Committee members and all those who are invited to attend the meeting (*Practice 1.6 of Malaysian Code on Corporate Governance*).
- 9.3 Quorum and participation
- 9.3.1 The quorum for meetings shall be a minimum of two (2) 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 shall elect any one of them to be the Chairman of the meeting, of whom should be an Independent Director.
- 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.
- 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.
- 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 Company Secretaries shall promptly prepare the written minutes of meetings and distribute them in a timely manner to members of the NC and to the other members of the Board where issues can be further deliberated where necessary.
- 9.5.2 The minutes of the meetings shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- 9.5.3 All members should ensure that the meeting minutes accurately reflect the deliberations and decisions of the Committee, which includes any dissenting comments made and if any Committee members had abstained from voting or deliberating on a particular matter (*Guidance to Practice 1.6 of Malaysian Code on Corporate Governance*).
- 9.5.4 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; and the minutes of meetings shall be open to the inspection of any member of the NC or any member of the Board.

#### 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.
- 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.
- 10.3 The Company Secretaries 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.

Reviewed and approved by the Board on 26 September 2024.