

INARI AMERTRON BERHAD

Terms of Reference of the Remuneration Committee

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

1. Purpose

- 1.1 The purpose of the Remuneration Committee (“RC”) is to assist the Board of Directors (“Board”) in ensuring that the remuneration of Board members and Senior Management of Inari Amertron Berhad (“Inari” or the “Company” or the “Group”) is underpinned by formal, fair and transparent processes and procedures. Senior Management refers to Executive Directors and C-suite members at Group level; and
- 1.2 In the exercise of its functions, it is understood that the Committee is not delegated with decision-making powers but shall report its recommendations to the Board for decisions. 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; and
- 2.2 Unless otherwise provided by or subject to any applicable laws or legislative requirements, the Committee shall have the permission to obtain resources needed to fulfil its duties and responsibilities as set out in this Terms of Reference based on an agreed-upon procedure and at the expense of the Group, such as:
 - (a) full and unrestricted access to information, records, properties and employees of the Group;
 - (b) The advice and support of the Company Secretary and key senior management in the Human Capital/ Human Resource department; and
 - (c) to obtain 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

3.2 Size

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

3.3 Membership

- 3.3.1 The Committee shall consist wholly of Non-Executive Directors and a majority of whom must be Independent Directors (*Guidance on Practice 6.2, Malaysian Code on Corporate Governance*).

3.4 Chairman of the Committee

- 3.4.1 The Board shall elect a Chairman from the Committee, whom must be an Independent Director.

3.5 Secretary of the Committee

3.5.1 The Secretaries to the Committee shall be the Company Secretaries.

4. Appointment of Members

- 4.2 The Nomination Committee (“NC”) in consultation with the RC shall recommend the appointment of RC members to the Board;
- 4.3 Members shall be appointed based on their ability to devote time, skills and experience relevant to their duties of RC; and
- 4.4 The members serving the Committee shall be changed at appropriate 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 on a progressive basis.

5. Performance Evaluation

- 5.2 The effectiveness of the RC (including skills mix and contribution of members) shall be assessed annually by the NC (*paragraph 15.08A of Listing Requirements of Bursa Malaysia Securities Berhad and Practice 5.1 of the Malaysian Code on Corporate Governance*). The assessment shall be facilitated using self and peer rating by the chairman of the RC and the NC shall discuss the outcome of the assessment with the Chairman of the RC.

6. Duties and Responsibilities

The Committee shall be responsible for the following duties and responsibilities:

- 6.2 recommend policy and procedures on remuneration for directors and senior management so as to ensure remuneration, in all forms, is set at a competitive level to recruit, attract, retain and motivate high caliber individuals, which takes into account the demand, complexities and aligned to corporate performance as well as skills and experience required (*Practice 6.1, Malaysian Code on Corporate Governance*);
- 6.3 recommend to the Board an appropriate remuneration and performance framework, endorse its application in setting performance targets for the remuneration of the Executive Directors, and assessing their performance against such targets, determine resultant annual remuneration levels;
- 6.4 recommend to the Board the remuneration packages of Non-Executive Directors and abstain in instances where the remuneration package relates to them individually;
- 6.5 review any proposals of the Executive Directors and senior management (if any) remuneration and benefit including but not limited to salary, bonuses, allowances, benefits in kind, other emoluments (include share based payments);
- 6.6 ensure the fees and benefits payable of the Non-Executive Directors; fees and any non-contractual benefits payable to the Executive Directors (if any), and any compensation for loss of employment of an Executive Director or former Director of the Group (if any) shall be approved at the General Meeting [*Section 230(1) of Companies Act 2016 and paragraph 7.24 of Main Market Listing Requirements by Bursa Malaysia Securities Berhad*]; and
- 6.7 carry out review of the remuneration policy and procedures as well as other responsibilities, functions or assignments as may be defined by the Board from time to time.

7. Disclosure

- 7.2 The RC must ensure detailed disclosure, on named basis for the remuneration of individual directors, the remuneration breakdown of individual directors shall include fees, salary, bonus, benefits in-kind and other emoluments (including share based payments) in the Annual Report/CG Report of the Company. (*paragraph 11, Appendix 9C of Listing Requirements, Practice 7.1 of MCCG, write up to Practices 7.1, 7.2 and Step Up 7.3 of Corporate Governance Guide 3rd Edition by Bursa Malaysia Berhad and Practice 7.1, Malaysian Code on Corporate Governance*); and
- 7.3 If deemed necessary having taken into account the Company's nuances, the RC to ensure there is disclosure in the annual report, on named basis for the top five members of the Senior Management. The top five Senior Management personnel would refer to the five highest paid Senior Management members of Inari, including Executive Directors and C-suite members at Group level and Vice President/General Managers or equivalent. The remuneration component shall include salary, bonus, benefits in-kind and other emoluments (e.g. share based payments) in bands of RM50,000 (*Practice 7.2, Malaysian Code on Corporate Governance*).

8. Meetings

8.2 Frequency and calling of meetings

- 8.2.1 The full committee shall meet as and when required; and
- 8.2.2 The Chairman of the Committee shall call for a meeting if requested to do so by the Chairman of the Board or requested by another member of the Committee.

8.2 Notice of meetings and information flow

- 8.2.1 The Secretaries shall be guided by the Chairman of the Committee in setting the Agenda for the committee meetings; and
- 8.2.2 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 of the meeting 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*).

8.3 Quorum and participation

- 8.3.1 The quorum for meetings shall be a minimum of 2 (two) members;
- 8.3.2 The Chairman of the Committee shall chair the Committee meetings and in his/her absence, the members present shall elect one (1) of the members to be Chairman of the meeting;
- 8.3.3 Each individual Committee member shall attend at least 50% of Committee meetings held during the financial year;
- 8.3.4 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 Remuneration Committee;

8.3.5 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 tele/video-conferencing or other appropriate means may be permitted; and

8.3.6 In appropriate circumstances, the Committee may deal with matters by way of circular resolution in lieu of convening a formal meeting.

8.4 Voting

8.4.1 A matter put to vote at the Committee meetings shall be decided by a simple majority of the votes cast and in the event of an equality of votes, the Chairman has the casting vote; and

8.4.2 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.

8.5 Minutes of meeting

8.5.1 The Secretaries shall promptly prepare the written minutes 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;

8.5.2 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

8.5.3 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.

8.6 Follow up Meetings

8.6.1 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

8.6.2 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.

9. Review and Amendment of the Terms of Reference

9.2 This Terms of Reference has been endorsed by the Board. It is 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;

9.3 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

9.4 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