



IRC Limited 鐵江現貨有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 1029)

IRC Limited (the Company)

TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE

Adopted by the Board on 20 February 2012

In these Terms of Reference the following terms shall have the following meanings:

Board shall mean the Board of Directors of the Company; and

Committee shall mean the Nomination Committee.

1 Introduction

These Terms of Reference have been produced to identify and formalise the roles, tasks and responsibilities of the Committee for compliance with the Hong Kong Corporate Governance Code and to assist the Committee in achieving best practice in corporate governance for the Company and its subsidiaries (the **Group**).

2 Membership and Attendance

- 2.1 The Committee shall be appointed by the Board (other than in respect of the initial members of the Committee as set out in paragraph 2.2 below) from amongst the directors of the Company and shall be made up of at least three members, the majority of whom shall be independent non-executive directors of the Company.
- 2.2 The Board shall appoint the Committee chairman who shall be an independent non-executive director or the chairman of the Board. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of their members to chair any meeting of the Committee from those who would qualify under these Terms of Reference to be appointed to that position by the Board. The chairman of the Board shall not chair the Committee when it is dealing with the appointment of a successor to the chairmanship.
- 2.3 Only members of the Committee shall have the right to attend and vote at Committee meetings. However, other individuals such as the chief executive officer of the Company, the Company's head of human resources and external advisers of the Company may be invited to attend for all or part of any meeting as and when appropriate and necessary.

- 2.4 Members of the Committee shall be appointed by the Board for a period of up to three years. Such appointment may then be extended by further periods of up to three years, provided the member continues to meet the criteria for membership of the Committee.

3 Secretary

- 3.1 The Company secretary or his/her nominee shall act as the secretary of the Committee (**Secretary**).
- 3.2 The Secretary shall also act as a co-ordinating intermediary between the Board and the Committee.

4 Quorum

The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5 Frequency of Meetings

The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require. Meetings should be organised so that attendance is maximised.

6 Notice of Meetings and Proceedings at Meetings

- 6.1 Meetings of the Committee shall be summoned by the Secretary at the request of the chairman of the Committee.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors of the Company, no fewer than five days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 6.3 Meetings of the Committee may be conducted when the members are physically present or in the form of either video or audio conferences.

7 Minutes of Meetings

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings (including the names of those present and in attendance) and shall ensure the Committee is properly constituted and advised.

7.2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all other members of the Board, unless it would be inappropriate to do so.

8 Annual General Meeting

8.1 The chairman of the Committee shall attend the Company's Annual General Meeting prepared to answer any shareholder questions on the Committee's activities.

9 Duties

9.1 The Committee shall, in conducting all of its duties in accordance with these Terms of Reference, act in a way it considers in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Committee must have regard (among other matters) to:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees;
- (c) the need to foster the Company's business relationships with suppliers, customers and others;
- (d) the impact of the Company's operations on the community and the environment;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between the members of the Company.

9.2 The Committee shall:

- (a) annually review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations which complement the Company's corporate strategy to the Board with regard to any changes;
- (b) give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- (c) be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

- (d) before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- (e) for the appointment of a chairman of the Company, the Committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise;
- (f) prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- (g) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (h) keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- (i) review the results of the Board performance evaluation process that relate to the composition of the Board;
- (j) assess the independence of independent non-executive directors;
- (k) review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties; and
- (l) ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

- 9.3 The Committee shall also make recommendations to the Board concerning:
- (a) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairman and chief executive officer of the Company;
 - (b) membership of the Audit and Remuneration Committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees,
 - (c) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - (d) the re-election by shareholders of any director under the annual re-election provisions of the Hong Kong Corporate Governance Code or the 'retirement by rotation' provisions in the Company's articles of association having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);
 - (e) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract; and
 - (f) the appointment of any director to executive or other office.

10 Reporting Responsibilities

- 10.1 The chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.
- 10.4 The Committee shall make available to shareholders these Terms of Reference by placing them on the Company's website.

11 Other Matters

- 11.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required.

- 11.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 11.3 The Committee shall, at least once a year, review its own performance, constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 11.4 The Committee shall give due consideration to relevant laws and regulations, the provisions of the Hong Kong Corporate Governance Code and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and any other applicable rules as appropriate.

12 Authority

- 12.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Group in order to perform its duties.
- 12.2 In connection with its duties the Committee is authorised by the Board to:
- (a) seek legal or other professional advice;
 - (b) within any budgetary constraints imposed by the Board, commission any reports, surveys or information which it deems necessary to help fulfil its obligations; and
 - (c) secure the attendance of external advisers at its meetings;
- all at the Company's expense.
- 12.3 Although the Committee can seek the advice and assistance of any of the Group's executives, it needs to ensure that this role is clearly separated from their role within the business.

13 Procedure

Subject to the constitutional documents of the Group, the Committee shall determine its own procedures.