



**DIGI.COM BERHAD (425190-X)**  
**TERMS OF REFERENCE OF NOMINATION COMMITTEE**

**DEFINITIONS**

“Digi” or “Company”	:	Digi.Com Berhad
“Board”	:	Board of Directors of Digi
“Group”	:	Digi and its subsidiaries

**1.0 Purpose**

The purpose of the Nomination Committee (NC) is to assist the Board in the following areas:

- Proposing new nominees for the Board of the Company. The actual decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the NC;
- Assessing the effectiveness of Directors of the Company on an ongoing basis;
- Review the effectiveness of the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO); and
- Assess the size, composition and desired skill set of the Board to ensure alignment with the objective, strategic direction and emerging challenges faced by the Company.

**2.0 Composition**

The NC shall have **at least three (3) members, all of whom shall be Non-Executive Directors with the majority being independent directors.** The NC Chair shall be an Independent Non-Executive Director. The Chairman and the members shall be appointed by the Board. The appointment of a NC member terminates when the member ceases to be a Director, or as determined by the Board.

**3.0 Authority**

The NC shall have access to such information and/or appropriate professional advice, both from within the Group and externally on any matters within its terms of reference, as it deems necessary or appropriate in discharging its responsibilities in



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accordance with the procedures determined by the Board and at the cost of the Group.

The NC may request other Directors, members of Management, counsels, consultants as applicable, to participate in NC meetings, as necessary, to carry out the NC's responsibilities.

#### **4.0 Duties and Responsibilities**

The duties and responsibilities of the NC shall include the following:-

- 4.1 Lead the process to identify and nominate suitable candidates for appointment to the Board to fill Board vacancies as and when they arise. Candidates for directorships proposed by any Director, shareholder or the CEO, within the bounds of practicability, shall be considered by the NC including an assessment of the time commitment expected;
- 4.2 Establish the criteria for Board membership and Board Committees required for a particular appointment including experience, skills, knowledge, expertise, professionalism, background, character, integrity, competence, commitment (including time commitment), contribution and performance, board diversity (including gender, age and ethnic diversity) and other factors having regard to the leadership needs of the Company. In the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidate's ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Directors;
- 4.3 Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors. The Board nomination and election process as well as the criteria used in the selection process and the assessment undertaken in respect of the Board, Board Committees and individual director should be disclosed in the Annual Report;
- 4.4 Evaluate and recommend the appointment, promotion, transfer and dismissal of the CEO and/or the executive directors and their duties;
- 4.5 Recommend to the Board the Directors to fill the seats on Board Committees;



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- 4.6 Evaluate and recommend to the Board the re-appointment of any non-executive director at the conclusion of his or her specified term of office, re-election of any director under the retirement by rotation provision in the Company's Constitution having regard to their performance and contributions to the Board as well as the removal of directors;
- 4.7 Review regularly the structure, size, balance and composition of the Board and the Board Committees including the required mix of skills, knowledge and experience, the independence of the Non-Executive Directors and Board diversity in terms of gender and age to competently discharge their duties and recommend to the Board with regard to any change;
- 4.8 Establish and implement processes for assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each director, the CEO and CFO including his time commitment, character, experience and integrity. All assessments and evaluations carried out by the NC in the discharge of all its functions shall be properly documented;
- 4.9 Undertake gap assessments and develop improvement programmes based on reviews of the Board, Board Committees and individual Directors.
- 4.10 Review annually:-
- (i) the required mix of skills, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board. This activity shall be disclosed in the Annual Report;
  - (ii) the effectiveness of the Board as a whole, the Board Committees and the contribution of each director including his time commitment, character, experience and integrity via a formal and objective assessment. All assessments and evaluations carried out by the NC in the discharge of all its functions shall be properly documented;
  - (iii) the term of office and performance of the Audit and Risk Committee and each of its members to determine whether they have carried out their duties in accordance with their terms of reference;
  - (iv) the effectiveness and performance of the CEO and CFO including their character, experience, integrity, competence and time to effectively discharge their respective roles; and
  - (v) the independence of its Independent Directors;



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- 4.11 Oversee and review the Board's succession plan including the succession of the Chair of the Board in order to maintain an appropriate balance of skills, knowledge and experience;
- 4.12 Ensure induction programme is in place for newly appointed Directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regard to their contribution to the Board and Group. If appropriate, the NC shall arrange for further training;
- 4.13 Assess the training needs of each Director; review the fulfillment of such training and disclose details in the Annual Report as appropriate;
- 4.14 Recommend to the Board the Company's gender, age, experience and diversity policies, targets and discuss measures to be taken to meet those targets.

#### **5.0 Meetings**

##### **5.1 Frequency of Meetings**

The NC shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the NC or the Chair of the NC.

##### **5.2 Quorum and Proceedings of Meeting**

- 5.2.1 The quorum for a meeting of the NC shall be at least two (2) members, of which one should be an Independent Director. In the absence of the Chair, the members present shall elect one of their members to chair the meeting.
- 5.2.2 Matters arising at any Meeting shall be decided by a majority vote, each member having one (1) vote. In the event of equality of votes, the Chair of the NC shall have a casting vote. However, at Meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman will not have a casting vote.
- 5.2.3 The NC may conduct its meeting to include participation thereat by any member or invitee via video or teleconferencing or any other means of audio or audio – visual



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communications which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person in such meetings.

5.2.4 The NC may deal with matters by way of circular resolutions in lieu of convening a formal meeting. A resolution in writing, signed or approved by letter, electronic mail or other electronic communication by all members of the NC, shall be as effectual as if it had been passed at a meeting of the NC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more NC members.

#### **6.0 Secretary and Notice of Meetings**

6.1 The Company Secretary shall be the Secretary of the NC and shall be responsible, in consultation with the Chair of the NC, for drawing up the agenda, supported by explanatory documentation, and circulating it to the NC members at least five working days before the meeting date. The Secretary shall also attend each NC meeting, and be responsible for keeping the minutes of NC meetings and circulating them to the NC and other members of the Board.

6.2 The Chair of the NC may also invite other Board members and/or senior management to participate in the meetings as and when necessary.

#### **7.0 Minutes of Meeting**

7.1 The draft minutes of each NC meeting are to be reviewed by the Chairman and circulated to all NC members by the Company Secretary as soon as practicable but no later than the distribution date for papers for the next NC meeting at which the minutes of the meeting are to be confirmed.

7.2 The Minutes of the NC shall be signed by the Chair of the NC at which the proceedings were held or by the Chair of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Such minutes shall be kept at the registered office of Digi and shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subject to the approval of the Chair of the NC.

#### **8.0 Procedures when appointing new directors**



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8.1 The Board follows formal and transparent procedures when appointing directors, as follows:-

- (i) The NC shall prepare descriptions of the director characteristics the Board is looking for in a new appointment.
- (ii) The NC will seek professional advice as and when it considers necessary to identify a short-list of suitable candidates and a list of nominations for candidates proposed by the CEO, and within the bounds of practicability, by any other senior executive, director or shareholder for considerations. The NC may also utilise independent services to identify suitable qualified candidates.
- (iii) All the candidates are interviewed by at least two members of the NC together with other directors whose evaluations will be circulated to all the members of NC. A target appointment date is then fixed.
- (iv) The NC then has to make a majority decision in recommending the appointment to the Board.
- (v) The Board then decides on the best candidate by ballot or majority decision and a Board resolution will be passed to appoint the candidate.
- (vi) The written consent of the nominees to act if elected shall be secured.

The NC shall regulate its own procedure to be followed in the discharge of its duties and responsibilities set out in section 4 above. The regulation and implementation of such procedures shall, as far as circumstances permit, be in keeping with the principles and requirements of the Malaysian Code on Corporate Governance.

### **9.0 Reporting Responsibilities**

9.1 The NC, through the NC Chair, shall report to the Board at the next Board of Directors' meeting on its proceedings on all matters within its duties and responsibilities after each NC meeting. When presenting any recommendation to the Board, the NC will provide such background and supporting information as may be necessary for the Board to make an informed decision.

8.2 The Chair shall report to the Board, summarizing the NC's activities in the discharge of its duties during the financial year and the related significant results and findings thereof.

9.3 The NC shall produce a report to be included in the Company's Annual Report about its activities in the discharge of its duties and the process used to make appointments, and explain if external advice or open advertising has not been used.



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**10.0 Annual General Meeting**

10.1 The Chair of the NC should attend the Annual General Meeting to answer any shareholders' questions on the NC's activities.

**11.0 Other**

11.1 The NC shall review its own performance and terms of reference regularly to ensure it is operating at maximum effectiveness and recommend any change it considers necessary to the Board for approval.

11.2 Any revision or amendment to this Terms of Reference, as proposed by the NC or any third parties, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision/amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised/amended.

**12.0 Approval**

12.1 This Terms of Reference was reviewed and approved by the Board of Directors on 15 March 2018