



**DIGI.COM BERHAD (425190-X)**  
**TERMS OF REFERENCE FOR REMUNERATION 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 Remuneration Committee (RC) of Digi is to assist the Board in the following areas:

- Ensure the remuneration package of Non-Executive Directors of the Group are well-structured and able to attract, retain and motivate Directors; and
- Implement remuneration policies and procedures including reviewing and recommending matters relating to the remuneration of the Board and senior management.

**2.0 Composition**

The RC shall consist of at least three (3) members, all of whom shall be Non-Executive Directors. The Chair of the RC and the members shall be appointed by the Board based on recommendations from the Nomination Committee. The appointment of a RC member terminates when the member ceases to be a Director, or as determined by the Board.

**3.0 Authority**

- 3.1 The RC may consult the Chair of the Company regarding proposals relating to the remuneration of Directors. The RC may consult other Non-Executive Directors in its evaluation of the Chief Executive Officer and/or Executive Directors. The RC may request other Directors, members of Management, counsels, consultants as applicable to participate in RC Meetings, as necessary, to carry out the Committee’s responsibilities.
- 3.2 The RC shall have access to such information and may recommend the engagement of external professional advisors to assist and/or advise the RC and the Board on remuneration matters, where necessary, at the expense of the Company. No Director or Executive shall take part in decisions involving his/her own remuneration.



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**4.0 Responsibilities**

The responsibilities of the RC shall include the following:-

- 4.1 To establish and recommend to the Board the remuneration structure and policy for Directors and senior management aligned with their responsibilities and contributions. This includes the terms of employment or contract of employment or service, benefits, pension or incentive scheme entitlement, bonuses, fees and expenses, and any compensation payable on the termination of the service contract by the Company and/or the Group, and to review for changes to the policy, as necessary.

In determining such policy, the RC shall take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of the remuneration policy is to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than necessary, having regard to the views of shareholders and other stakeholders. The RC shall administrate a fair and transparent procedure for setting such policy. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals.

- 4.2 To review and determine the remuneration in all forms for the Directors, to be aligned with their merit, qualification, responsibilities, contributions and competence, having regard to the Company's operating results, individual performance and comparable market statistics.

The detailed remuneration of each Director (including the remuneration for services rendered to Digi Group) should be disclosed in the Annual Report on a named basis.

The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman, should be a matter for the Board as a whole where the individuals concerned shall abstain from discussion of their own remuneration.

The RC shall delegate to the CEO to determine the remuneration of senior management, to be aligned with their merit, qualification, responsibilities, contributions and competence having regard to their individual achievement mapped against specific financial and non-financial performance measures and targets, the Company's operating results and comparable market statistics.

- 4.3 To review the CEO's goals and objectives, and to assess his/her performance against these objectives as well as contribution to corporate strategy.



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- 4.4 To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration setting forms a significant proportion of the total remuneration package of CEO.
- 4.5 To review the fees and any benefits payable to the Directors including any compensation for loss of employment of a Director or former Director.
- 4.6 Pursuant to Section 230 of the Companies Act 2016, the fees and any benefits payable to the Directors including any compensation for loss of employment of a Director or former Director of the Company and its subsidiaries shall be approved at a general meeting.

## **5 Meetings**

### **5.3 Frequency of Meetings**

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

### **5.2 Quorum and Proceedings of Meetings**

- 5.2.1 The quorum for the RC meeting shall be at least two (2) members. 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, with each member having one (1) vote. In the event of equality of votes, the Chair of the RC 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 Chair will not have a casting vote.
- 5.2.3 The RC 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 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 RC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing, signed or approved by letter, electronic email or other electronic communication by all members of the RC, shall be as effectual as if it had been passed at a meeting of the RC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more RC members.



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**6.0 Secretary and Notice of Meetings**

- 6.1 The Company Secretary shall be the Secretary of the RC and shall be responsible, in consultation with the Chair of the RC, for drawing up the agenda, supported by explanatory documentation, and circulating it to the RC at least five (5) working days before the meeting date. The Secretary shall also attend each RC meeting, and be responsible for keeping the minutes of RC meetings and circulating them to the RC and other members of the Board.
- 6.2 The Chair of the RC may also invite other Board members and/or senior management to participate in the meeting as and when necessary.

**7.0 Minutes of Meetings**

- 7.1 The draft minutes of each RC meeting are to be reviewed by the Chair of the RC and circulated to all RC members by the Company Secretary as soon as practicable but no later than the distribution date for papers for the next RC meeting at which the minutes of the meeting are to be confirmed.
- 7.2 The minutes of the meetings shall be signed by the Chair of the meeting 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 RC.

**8.0 Reporting Responsibilities**

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

**9.0 Annual General Meeting**

- 9.1 The Chair of the RC should attend the Annual General Meeting of the Company to answer any shareholder's questions on the RC's activities.



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**10.0 Other**

10.1 The RC 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.

10.2 Any revision or amendment to this Terms of Reference, as proposed by the RC 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.

**11.0. Approval**

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