

## **Nomination and Corporate Governance Committee**

### **Revised Terms of Reference**

**(adopted by the Board of Directors of the Company on March 28, 2012)**

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#### **1. ESTABLISHMENT**

- 1.1. The Nomination and Corporate Governance Committee (“Nomination and Corporate Governance Committee”) of IDT International Limited (the “Company”) is established by the board of directors of the Company (“Board”) to (i) review the structure, size and composition of the Board and recommend on matters in relation to appointments or re-appointments of directors of the Company (the “Directors”); and (ii) to perform the corporate governance duties set forth in these Terms and Reference.
- 1.2. Subject to the regulations contained in the Companies Act 1981 of Bermuda, the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited and the Bye-Laws of the Company (“Bye-Laws”), the procedures of the Nomination and Corporate Governance Committee shall be regulated by the provisions set out in these Terms of References of Nomination and Corporate Governance Committee (the “Terms of References”).

#### **2. COMPOSITION**

- 2.1. The Nomination and Corporate Governance Committee shall have at least three members (the “Members”), who shall be appointed by the Board out of their own number, the majority of whom must be independent non-executive Directors of the Company.
- 2.2. The Board may nominate any one of the Members as the chairman of the Nomination and Corporate Governance Committee and if no such Member is nominated, the Nomination and Corporate Governance Committee shall elect one of the Members as the chairman of the Nomination and Corporate Governance Committee, provided always that the chairman must be the chairman of the Board or an independent non-executive Director.

- 2.3. A Member who wishes to retire or resign from the Nomination and Corporate Governance Committee shall serve sufficient prior written notice to the Company.
- 2.4. A Member who ceases to be a member of the Board shall immediately and automatically cease to be a Member of the Nomination and Corporate Governance Committee.

### **3. FUNCTIONS, POWERS AND DUTIES**

- 3.1 The Nomination and Corporate Governance Committee shall make recommendations to the Board on all new appointments or re-appointments of Directors, including the continuation (or not) of service as an executive or non-executive Director, the establishment of a succession plan for Directors in particular the chairman of the Board and the chief executive officer [this part duplicate 3.2 below].
- 3.2 The Nomination and Corporate Governance Committee shall on an annual basis review the Board structure, size, composition (including the skills, knowledge and experience) and the independent element of Board members taking into account the balance between executive and non-executive, independent and non-independent Directors and make recommendations to the Board on any proposed changes to complement the Company's corporate strategy.
- 3.3 The Nomination and Corporate Governance Committee shall procure that at all times the Board shall include independent non-executive Directors representing at least one-third of the Board.
- 3.4 The Nomination and Corporate Governance Committee shall propose nomination procedures to select candidates for directorship and to develop the criteria for selection as Director with reference to any requirements of the Listing Rules (as amended from time to time) and the principles of good corporate governance for the approval of the Board. The Nomination and Corporate Governance Committee shall evaluate nomination procedures as and when appropriate and recommend to the Board for approval.
- 3.5 Based on the approved selection criteria, the Nomination and Corporate Governance Committee shall identify individuals suitably qualified to become new Board members, or, as the case may be, fill vacancies in the Board as and when they arise. The Nomination and Corporate Governance Committee shall select and make recommendations to the Board on individuals nominated for directorships.

- 3.6 The Nomination and Corporate Governance Committee shall recommend to the Board on election or re-election of those Directors (including independent non-executive Directors) who are due to retire and offer for re-election at each annual general meeting of the Company, having regard to such Directors' contribution and performance (such as their attendance, preparedness, participation and candour). The Nomination and Corporate Governance Committee will ensure that the names of Directors submitted for election or re-election at each annual general meeting shall be accompanied by such details and information to enable the shareholders of the Company to make an informed decision.
- 3.7 Annually the Nomination and Corporate Governance Committee shall determine whether or not an independent non-executive Director fulfils the tests of independence, by referring to the guidelines described in Rule 3.13 of the Listing Rules (as amended from time to time) and other salient factors. To aid the determination by the Nomination and Corporate Governance Committee, every independent non-executive Director shall, on appointment, and subsequently on an annual basis, submit to the Nomination and Corporate Governance Committee a return in the form provided by the Nomination and Corporate Governance Committee to confirm his/her independence. The Nomination and Corporate Governance Committee shall review the return and decide on whether such Director shall continue to be considered independent.
- 3.8 An independent Director shall notify the Nomination and Corporate Governance Committee immediately, if, as a result of a change in circumstances, he or she no longer meets the criteria for independence. The Nomination and Corporate Governance Committee, after considering the change in circumstances, in the light of the Listing Rules and these Terms of Reference, may take such action as it seems fit to maintain the independent element on the Board.
- 3.9 If the Nomination and Corporate Governance Committee determines that an independent non-executive Director who has failed one or more of the guidelines for assessing independence mentioned in Rule 3.13 of the Listing Rules (as amended from time to time) is nevertheless independent, it shall disclose to the shareholders of the Company in full the nature of such Director's failure and shall be responsible for explaining why such Director should be considered independent.
- 3.10 The Board can consider a Director as independent if any factor he or she may have with the Company or a counter-party to a transaction would not, in the individual case, be likely to affect the Director's exercise of independent judgement.
- 3.11 When a Director has multiple board representations, the Nomination and Corporate Governance Committee will decide whether or not a Director is able to and has been adequately carrying out his or her duties as a Director. If necessary, the Nomination and Corporate Governance Committee will draft

and adopt internal guidelines to address the competing time commitments faced by Directors serving on multiple boards. To aid the determination by the Nomination and Corporate Governance Committee, every Director shall, on appointment, and subsequently on an annual basis or upon changes, submit to the secretary of the Nomination and Corporate Governance Committee a return in the form provided in relation to his or her board representations in other companies.

3.12 The Nomination and Corporate Governance Committee shall be delegated with duties to discharge the following corporate governance functions of the Board :

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor code of conduct set out in the Company's policies or manual (if any) applicable to Directors and employees; and
- (e) to review the Company's compliance with the Corporate Governance Code (including amendments from time to time) and disclosure in the Company's corporate governance report.

3.13 The Company shall provide the Nomination and Corporate Governance Committee sufficient resources to perform its duties. Where necessary, the Nomination and Corporate Governance Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

#### **4. MEETINGS**

4.1 The Nomination and Corporate Governance Committee shall hold at least 1 meeting in each financial year of the Company to discharge its duties set forth in these Terms of Reference. The chairman or the secretary on the requisition of the chairman shall at any time summon a meeting of the Nomination and Corporate Governance Committee.

4.2 Seven days' notice or such shorter notice as may be agreed by Members will be given by the secretary, specifying the place, date, time and agenda of the meeting.

- 4.3 The chairman of the Nomination and Corporate Governance Committee shall chair all the Nomination and Corporate Governance Committee meetings. If no such chairman is appointed or if the chairman is not present within 15 minutes after the time appointed for holding any Nomination and Corporate Governance Committee meeting, the Members present may choose one of their number who must be an independent Member to be the chairman of the meeting.
- 4.4 The quorum necessary for the transaction of the business of Nomination and Corporate Governance Committee shall be two, at least one of them must be an independent non-executive Member who should chair the meeting and be given a casting vote in case of an equality of vote on any resolution.
- 4.5 Unless otherwise provided in these Terms of Reference, meetings and proceedings of the Nomination and Corporate Governance Committee shall be governed by the Company's Bye-Laws regulating the meetings and proceedings of Directors and committees.
- 4.6 Questions arising at any Nomination and Corporate Governance Committee meeting shall be determined by a majority of votes given that no Member shall vote on any recommendation on his/her own nomination.
- 4.7 The chairman (or in his/her absence, an alternative member) of the Nomination and Corporate Governance Committee shall attend the annual general meetings of the Company and be prepared to answer questions concerning the appointment of any Director.
- 4.8 The secretary shall minute the proceedings and resolutions of all meetings as well as keep appropriate records. Any minutes signed by the chairman of the meeting to which they relate or of the meeting at which they are read, shall be sufficient evidence without any further proof of the facts stated therein. Minutes of all meetings shall be circulated to all the Members and if the chairman of the Nomination and Corporate Governance Committee so decides, be circulated to such other Director(s) who is / are not Member(s) of the Nomination and Corporate Governance Committee.

## **5. REPORTING RESPONSIBILITIES**

- 5.1 The Nomination and Corporate Governance Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.2 The Nomination and Corporate Governance Committee shall make whatever recommendations to the Board it deems appropriate on any area within its ambit where action or improvement is needed.

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