

<b>DotAsia Board / Governance / Policy Document:</b>		<b>Doc ID:</b>		BGC-005	
<b>Appointment of Board Directors to Subsidiaries and Relevant Entities</b>					
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DotAsia maintains varying stakes in multiple legal entities for various projects and requirements. This document describes the processes for the recommendation and appointment of Board Directors to such entities.

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## 1. DotAsia Foundation and Ex Officio

DotAsia Foundation Limited is a charitable organization with a charity license in Hong Kong. DotAsia Organisation is the sole member of DotAsia Foundation and the operations of DotAsia Foundation is fully integrated into DotAsia. In accordance with the [DotAsia Board Elections Procedures \(BGC-004\)](#), all DotAsia directors are also appointed as directors of DotAsia Foundation.

The DotAsia CEO serves on the boards of DotAsia subsidiaries and relevant entities as ex officio of DotAsia.

## 2. Fiduciary and Duties of Care, Skill and Diligence

This section incorporates pertinent aspects of legal advice received on the matter.

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In considering the recommendation and appointment of directors to subsidiaries and relevant entities, DotAsia Board Directors must ensure that any choice of candidates does not offend the fiduciary duties, especially as put forward in the DotAsia Code of Conduct (BGC-002).

In particular, DotAsia Directors must refrain from exercising their powers for any improper purpose, and must not place themselves in a position where their own interests conflict with those of DotAsia or where they might profit from their office by making secret profits or by using information or opportunities belonging to DotAsia. Regarding the appointment of individuals to serve on the board of subsidiaries and relevant entities of DotAsia, company law permits the particular director to have regard to the interests of DotAsia as a member nominating or appointing the individual to the extent that those interests are not incompatible with the individual's duty to act in the best interests of the subsidiary and/or relevant entity.

Furthermore, DotAsia may not bind any of the individuals whether they are DotAsia Board Directors or not who are nominated or appointed to the boards of subsidiaries and related entities in how they go about exercising their duties to that particular entity.

Therefore, DotAsia Directors, in considering any of the candidates to serve on the boards of its subsidiaries and/or related entities, must take into account any facts or circumstances they are aware of which would put them on notice of the possibility of the risk a board candidate may breach any of their fiduciary duties in the performance of his or her duties as a director in the subsidiary or relevant entity. Not to do so may leave DotAsia and its Directors so appointing open to allegations that they themselves are in breach of their duties.

### 3. Nomination Process

A period of no more than 5 days should be provided for receiving nominations and seconds when an opening for one or more board seats are open at a particular subsidiary or relevant entity of DotAsia. The term of the appointment, in number of months or based on milestone reached, the number of open seats, and, any other criteria for consideration, are to be included in the call for nominations.

Nominations and seconding of candidates for consideration should be made by DotAsia Board Directors and received by the Board Governance Committee (BGC) at a particular BGC meeting or sent to the BGC mailing list. A brief rationale explaining the qualifications and motivations of having the particular individual for the position must be accompanied with a nomination.

Each nomination must be seconded by another DotAsia Board Director to be considered complete and valid.

#### 3.1. Nomination of Individuals Not Being a DotAsia Director

Given the fiduciary duty of DotAsia Directors in taking care to select individuals to be recommended and appointed to subsidiaries and relevant entities of DotAsia, and the legitimate interests of DotAsia to ensure that the appointed individual acts in the best interests of DotAsia so long as it does not conflict with the best interests of the

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particular subsidiary or relevant entity, candidates should best be identified within the current DotAsia Directors. In the rare case that an individual beyond the DotAsia Board is to be considered, additional due diligence process are to be included, and the individual must expressly affirm adherence to the DotAsia Code of Conduct (BGC-002) as a DotAsia Representative if selected.

### 3.2. Limits on Nominations and Seconds

Given that the number of board directors at a particular subsidiary or relevant entity of DotAsia is anticipated to be small, the number of nominations and seconds by a Board Director should be limited to one.

## 4. Vetting and Due Diligence Process

In accordance with the legal considerations on DotAsia Directors' fiduciary duties of care, the vetting and due diligence process is critical in ensuring that any eventually appointed candidate exhibits a track record that can be trusted upon to uphold their fiduciary responsibilities as well as have the care, skill and diligence to act in the best interests of both DotAsia and the particular subsidiary or relevant entity where appropriate.

The due diligence process is designed to establish that a particular nominated candidate fulfils, at a minimum, the following criteria:

- Demonstrate reasonable familiarity of the history and business of, as well as DotAsia's motivations and interests in, the particular subsidiary or relevant entity, and/or show strong willingness to understand details of which;
- Demonstrate reasonable familiarity of DotAsia's continuing role and works in the particular subsidiary or relevant entity, and/or show strong willingness to understand details of which;
- No record or evidenced indication of any breach of fiduciary responsibilities, including duties of care, declaration of conflicts of interest and confidentiality at the DotAsia Board or other board governance positions;
- Demonstrate reasonable understanding of potential conflicts of interests, including as it applies to DotAsia's legitimate interests as it applies to the particular subsidiary or relevant entity;
- No record or evidenced indication of the returning of favours because of the position as a board member on the DotAsia Board or other board governance positions; and,
- Demonstrate respect in upholding board resolutions, including resolutions and decisions duly made by the DotAsia Board in the past.

The above criteria along with any other considerations shall be included in the call for nominations as explained in Section 3. above.

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#### **4.1. Survey of Candidates**

Candidates will be asked to complete a questionnaire within 15 days with questions covering the criteria identified above, as well as to provide a current curriculum vitae or bio as part of the due diligence process.

#### **4.2. Board Governance Track Record and Reference**

For candidates who are current or former DotAsia Board Directors or board directors of subsidiaries and relevant entities of DotAsia, a record of attendance and relevant information regarding fiduciary duties and confidentiality will be compiled. For candidates who are not DotAsia Board Directors, a reference in this regard will be sought from relevant sources as indicated by the candidate or in the information provided by the candidate in the survey explained in Section 4.1 above.

#### **4.3. Review of Information and Recommendations**

A nominations report will be compiled within 15 days based on the materials from the survey, records and references obtained. The report will be considered by a committee of DotAsia Board Members not participating as a nominator, seconder or candidate.

A set of recommendations shall be produced for the consideration of the DotAsia Board within 21 days.

### **5. Endorsement Process**

The Appointment of board directors to the subsidiaries and relevant entities of DotAsia is not intended to be a competitive election process, but rather a measured selection by the DotAsia Board in fulfilment of its fiduciary duties of care. Candidates for which record or evidenced indication is found for breach of fiduciary duties and confidentiality will not be considered for endorsement.

#### **5.1. Endorsement of Candidates by DotAsia Board**

Upon receiving the NomCom Recommendations, the DotAsia Board shall consider the endorsement of candidates. Given the importance of the appointment of board members to subsidiaries and both the potential liability exposure to DotAsia for any such appointment, and that DotAsia cannot legally bind the appointed candidate to the best interests of DotAsia, a very high level of trust is placed on the appointed individual. As such, all endorsements shall require a major-majority agreement of the DotAsia Board.

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## 5.2. Selection by Poll of Confidence

In the case that selection is required because there are more acceptable candidates than open seats, a poll of confidence will be carried out. DotAsia Board Members shall in the poll indicate for each candidate if they are “confident” or “uncertain” about the candidate. The candidates with the least number of votes of “uncertain” will be shortlisted to the number of seats open. Each shortlisted candidate is still subject to endorsement as explained in Section 5.1 above.

## 6. Updates

This document may be updated from time to time to improve the processes and address issues as they arise. Updates to the document should be considered and reviewed by the Board Governance Committee (BGC) and recommendations made to the whole DotAsia Board for consideration and adoption.