

MAGNUM BERHAD (24217-M)

BOARD REMUNERATION POLICY

1. Objective

This Policy aims to guide the Company and its subsidiaries (collectively “Magnum Group”) in formulating a fair and competitive remuneration needed to attract, retain, motivate and reward its Directors of high quality to manage the businesses of the Magnum Group successfully

2. Remuneration of Non-Executive Director

2.1 The level of remuneration of Non-Executive Directors is determined, with regards to the Company’s needs to maintain appropriately skilled, experienced and qualified Board members, in accordance with the directors’ duties and responsibilities, and competitive pressures of the marketplace.

2.2 The remuneration of Non-Executive Directors is designed based on the following principles:

- to attract and retain high calibre directors.
- to motivate directors to achieve Company’s business objective.
- to align the interests of the Directors with the long term interest of the shareholders.

2.3 In determining the remuneration of Directors, the Remuneration Committee is guided by the Company’s Constitution (previously known as Memorandum and Articles of Association) which provides the following:

Article 90 – Director’s Remuneration

The Directors shall be paid by way of fees for their services such fixed sum (if any) as shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. Provided always that:-

- (i) *Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;*
- (ii) *Salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;*

- (iii) *Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;*
- (iv) *Any fee paid to an alternate director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

Article 91 – Reimbursement of Expenses

- (1) *The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board Meetings of the Company.*
- (2) *If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board of Directors of the Company, provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. Such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.*

Article 118 – Remuneration of Directors Holding Executive Office

The remuneration of a director holding an executive office pursuant to these Articles shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

- 2.4 An Independent Non-Executive Director is also paid allowances in accordance with the number of board and audit committee meetings attended during the year.
- 2.5 The Directors' fees and associated costs must not place an inappropriate burden on the Company's finances.

3. Remuneration of Executive Director

- 3.1 The Executive Director's remuneration packages are based on merit, qualification and competence. The said remuneration is also linked to the corporate and individual performance.
- 3.2 The Executive Director of the Company who is also an employee within the Group is remunerated separately in accordance with his employment contract.

- 3.3 The remuneration strategy for the Executive Directors is to pay competitively and, through the use of an integrated pay and benefits structure, to reward high performance individual, taking into account the individual's responsibilities, the demands, complexities and performance of the Group, and comparable market statistics.

4. Review of Directors' Remuneration

- 4.1 The Remuneration Committee conducts annual reviews and ensures that the remuneration fairly reflects the responsibilities, the expertise required by the Group and the complexity of its operations. The said remuneration should also be in line with the business strategy and long term objectives of the Group.
- 4.2 The Remuneration Committee may from time to time seek independent and professional advice on the latest development, market competitiveness and up-to-date information in respect of the remuneration of Directors, and make recommendations to members in relation to any increase in total fees and benefits.
- 4.3 Any review shall be tabled to the Board before recommending to shareholders at general meetings for approval.
- 4.4 The Board through the Remuneration Committee should also ensure that the remuneration and incentives for Independent Directors do not conflict with their obligations to bring objectivity and independent judgment on matters discussed at board meetings.

5. Review of this Board Remuneration Policy

This policy is subject to regular review by the Board through its Remuneration Committee and will be amended as appropriate to reflect the current best practices. The policy may be amended by a resolution of the Board.

6. Disclosure of Directors' Remuneration

The Board will make appropriate disclosure to shareholders in the Company's annual report of the key aspects of this Policy, including explaining any departure from the best practices and guidance as set out by the Malaysian Code on Corporate Governance 2017 (if any).

Approved by the Board of Directors
of Magnum Berhad on **26 December 2017**.