

MAGNUM BERHAD (24217-M)

NOMINATION COMMITTEE

TERMS OF REFERENCE

(I) COMPOSITION OF NOMINATION COMMITTEE

Members

The Nomination Committee shall be appointed by the Board of Directors ("**the Board**") from amongst their members (pursuant to a resolution of the Board) which composed exclusively of non-executive directors, majority of whom are independent.

Secretary

The Company Secretary of Magnum Berhad ("**Magnum**") shall act as the Secretary of the Nomination Committee.

(II) FUNCTIONS OF NOMINATION COMMITTEE

The functions of the Nomination Committee are as follows:-

- (a) Identify and recommend new nominees to the Board and committees of the Board of Magnum and its subsidiary companies. All decisions and appointments are made by the respective Boards after considering the recommendation of the Nomination Committee.
- (b) Assist the Board to systematically assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director on annual basis.
- (c) Assist the Board in reviewing its required mix of skills and experience and other qualities which non-executive directors should bring to the Board as well as the balance between Executive Directors, Non-Executive Directors and Independent Directors.
- (d) Assist the Board in assessing the independence of its independent directors on annual basis.
- (e) Recommend to the Board, the re-election of directors by shareholders under the annual re-election or retirement provisions under the Company's Articles of Association, the re-appointment of directors by shareholders pursuant to Section 129 of the Companies Act, 1965.
- (f) Assist the Board to review regularly the Board Charter together with the Directors' Code of Business Conduct and Ethics to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant standards of corporate governance.

- (g) Assist the Board in reviewing the training needs of directors and ensure that the training programme(s) attended by the directors must be one that aids the directors in the discharge of their duties.

(III) NOMINATION AND APPOINTMENT OF NEW DIRECTORS

In respect of the appointment of new Directors, the nomination process will involve the following:

Stage 1 Identification of candidates

The Nomination Committee will identify candidates for nomination as director(s). The Nomination Committee will consider candidates proposed by its members, other directors, senior management or shareholders of the Company.

Stage 2 Meeting up with the candidates

To the extent feasible, the Chairman of the Nomination Committee and/or at least one member of the Nomination Committee shall meet up with the potential candidates

Stage 3 Evaluation of the suitability of candidates

The Nomination Committee evaluates the suitability of the identified candidate for appointment as director.

This evaluation shall take into account the overall composition of the board in terms of the appropriate size and the balance of skills, knowledge, experience and diversity of the board from a number of aspects including but not limited to gender, age and ethnicity for the effective functioning of the Board.

Stage 4 Final deliberation by the Nomination Committee

The Nomination Committee will deliberate and further consider, among others, the following aspects in making the selection of the candidates to be appointed as director:

- (a) the person must have the key qualities such as honesty and integrity;
- (b) the person must have the appropriate qualification, training, skills, practical experience and commitment to effectively fulfill the role and responsibilities of the position; and
- (c) the person must manage his debts and financial affairs prudently.

Stage 5 Recommendation to the Board

The Nomination Committee makes recommendation to the Board on the appointment of the identified candidate as director.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and the overall effectiveness of the Board, taking into account the nature of the industry and the highly regulated environment in which the Group operates.

The proposed appointment of a new director to the Board will be approved by the full Board based on the recommendation of the Nomination Committee.

(IV) RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS

In considering whether to recommend a director for re-election or re-appointment, the Nomination Committee shall consider the following factors:

- (a) the results of the recent director's performance evaluation;
- (b) the director's attendance and past contributions to the Board and at Board committee's meetings;
- (c) the extent to which the director has worked constructively with the other members on the Board and contribute to the overall effectiveness of the Board.

(V) MEETINGS AND REPORTING PROCEDURES

- (a) The Nomination Committee shall meet at least twice a year and a quorum of three (3) is required to convene the meeting.
- (b) Other directors and employees shall attend any particular Nomination Committee meeting only at the invitation of the Nomination Committee.
- (c) The Secretary of the Nomination Committee is responsible for:-
 - (i) drawing up the agenda in consultation with the Chairman, and circulating it, supported by explanatory documentation, to the committee members prior to each meeting;
 - (ii) recording attendance of all members and invitees;
 - (iii) preparing and keeping minutes of meetings.
- (d) The Nomination Committee meeting minutes are to be extended to the Board.

Approved by the Board of Directors of Magnum Berhad on **29 April 2016**.