

BOARD CHARTER

The Board of Directors ("**Board**") as a whole is explicitly responsible for the long-term success, governance and management of **Magnum Berhad** and its subsidiaries (collectively "**Group**").

This Board Charter sets out the composition, roles and responsibilities of the Board, Board Committees, individual directors and Management, and issues and decision reserved for the Board in accordance with the principles and best practices of good corporate governance to safeguard the interest of all stakeholders and enhance shareholders' value as well as for long-term sustainable and business growth.

1 THE BOARD

1.1 Clear Roles and Responsibilities of the Board

The Board is collectively charged with the responsibility of leading and managing the business and affairs of the Group in an effective manner. Each director has a legal duty to act in the best interest of the Group.

The Board is guided by the Directors' Code of Business Conduct and Ethics in discharging its oversight role effectively. The Code of Business Conduct and Ethics requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders at all times.

The Board assumes, among others, the following principal duties and responsibilities:-

- (a) Establishing the corporate vision and mission, as well as the philosophy of the Group;
- (b) Reviewing, adopting and monitoring the overall strategies and direction of the Group including setting performance objectives and approving the annual operating budgets for the Group as well as ensuring that the strategies promote sustainability;
- (c) Overseeing the conduct and performance of the Group's businesses to evaluate whether the businesses are being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;
- (d) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- (e) Succession planning for the Board and Senior Management, including appointing, training, fixing the compensation of, and where appropriate, replacing Key Senior Management;

- (f) Developing and implementing an investor relations programme or stakeholders' communications policy for the Group to ensure an effective, transparent and regular communication with its stakeholders;
- (g) Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines;
- (h) Overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/significant risk facing the Group;
- (i) Review and support the World Lottery Association's Responsible Gaming Framework established to ensure compliance to the comprehensive set of standards related to social responsibility; and
- (j) Review and ensure Management compliance to the World Lottery Association's Security Control Standards which includes the Information Security Management System Standard ISO/IEC 27001:2013.

1.2 Division of roles and responsibilities of the Board members

The Board recognises the importance of ensuring a balance of responsibility and authority between the Non-Executive Chairman, the Executive Director and Non-Executive Director with clear division of responsibilities between the running of the Board and the Company's business respectively. The roles of Non-Executive Chairman of the Board and the Executive Director shall be distinct and separate, and these positions must be held by different individuals.

1.2.1 Roles of Non-Executive Chairman

The key roles and responsibilities of the Non-Executive Chairman include, among others, the following:

- (a) responsible for the leadership, effectiveness conduct and instilling good corporate governance practices of the Board;
- (b) managing the Board's communications and the Board's effective supervision over the Management;
- (c) ensuring orderly conduct and proceedings of the Board and general meetings;
- (d) ensuring Board proceedings are in compliance with good conduct and best practices;
- (e) protecting the interest and provide for the information needs of various stakeholders; and
- (f) maintaining good contact and effective relationships with external parties and investing public.

1.2.2 Roles of Executive Director

The Executive Director is responsible for:

- (a) day-to-day management of the Group with all powers, discretions and delegations authorised, from time to time, by the Board;
- (b) the development and implementation of the strategic business direction, plans and policies of the Group;
- (c) the effective leadership and operation of the Group;
- (d) ensuring that an effective management succession plan is in place to sustain continuity of operations; and
- (e) bringing material matters to the attention of the Board in an accurate and timely manner.

1.2.3 Roles of Non-Executive Director

The key roles and responsibilities of the Non-Executive Directors include, among others, the following:

- (a) providing independent and objective views (in the case of Non-Executive Directors who are independent Non-Executive Directors), assessment and suggestions in the deliberations of the Board;
- (b) providing the relevant checks and balances in the proceedings of the Board;
- (c) constructively challenge and contribute to the development of the business strategies and direction of the Group;
- (d) ensuring that appropriate standards of corporate governance are practiced in the Group;
- (e) ensuring that there are adequate systems and controls to safeguard the interests of the Group and all stakeholders.

1.3 Clear functions for the Board and Management

The Board has a formal schedule of matters reserved specifically for its decision (as set out in the Authority Chart) which includes the approval of corporate and business continuity plans, annual budgets, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

The Authority Chart guides the Management, headed by the Executive Director, in the day-to-day running of the business. The Authority Chart also spells out the approving limits and the types of authority delegated by the Board to the Senior Management who is responsible for the implementation of Board's policies and decisions.

The Management establishes targets and milestones which are presented to and approved by the Board. These targets and milestones are monitored and reviewed regularly and responsibilities re-aligned when necessary to ensure the Group's needs are consistently met.

The Board also maintains specific Board committees with clear responsibilities and terms of reference to assist the Board in carrying out its stewardship role and function, and fulfilling its fiduciary duties and responsibilities.

2 BOARD MEMBERSHIP GUIDELINES

2.1 Board Size and Composition

The Board is responsible to determine the overall composition of the Board. The Board aims for the appropriate size, balance and mix of many different elements including knowledge, skills, experience, gender, age, ethnicity, background and perspective necessary to realise the full potential of a diverse boardroom, its impact on organisational performance and the effective stewardships of the Group.

The Constitution (Memorandum and Articles of Association) provides for a minimum of 2 directors and a maximum of 9 directors to be appointed to the Board. At least 2 directors or one-third of the Board, whichever is higher, shall be independent directors as stipulated under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

2.2 Board Balance and Independence

The composition of the Board shall be adequate to provide for a diversity of views, facilitate effective decision making, and appropriate balance of Executive, Independent and Non-Independent Directors. The Chairman of the Board shall be a non-executive director, and must not concurrently hold the position of the Chairman of the Group Audit Committee.

The Malaysian Code of Corporate Governance 2017 ("**MCCG 2017**") recommends that at least half of the Board comprises independent directors. Notwithstanding this, the Board is of the opinion that there is no issue with regards to the balance of power and authority on the Board as the roles of the Non-Executive Chairman and Executive Director are set out and established, while the decision making process of the Board is based on collective decisions without any individual exercising any considerable concentration of power or influence and well balanced by the presence of strong elements of independence in the Board. The Board comprising a majority of Non-Executive Directors, who are not employees of the Company and they do not participate in the day to day management of the Company, is able to support an objective and independent deliberation, review and decision making of the Board.

2.3 Board Diversity Policy

Since November 2014, the Board has adopted a Board Diversity Policy which set out the approach to achieve boardroom diversity. This policy aspires to ensure the mix and profiles of the Board members from a number of aspects, including but not limited to gender, age, ethnicity, background, skills, knowledge and length of service, provide the necessary range of perspectives, experiences and expertise required to achieve effective stewardship and management of the Company and the Group.

However, the Board does not consider it appropriate at this time to set quotas for Board representation but, will monitor developments in best practice.

In its effort to promote gender diversity in the boardroom, the Board through its Nomination Committee has taken and will continue to take various steps to ensure that women candidates are sought from various sources including professional bodies as part of its recruitment exercise. Nonetheless, the Group practises equal opportunity, and all appointment and employments are based on merits.

On the Management front, the Board's commitment to promote the Group's 'Diversity, Inclusive and Gender Policy' for the workplace is reflected in the Group's healthy employee gender profile of at least 30% women employees including those at senior management positions.

2.4 Nomination and Appointment to the Board

The Board has delegated the screening and evaluation process for potential new directors to the Nomination Committee. The Nomination Committee oversees the overall composition of the Board in terms of the appropriate size and skills as well as the balance between Executive Director, Non-Executive Directors and Independent Directors, and mix of skills and other core competencies required to be appointed as Directors of the Company in accordance with the relevant statutory and regulatory requirements.

In respect of the appointment of Directors, the Nomination Committee practices a clear and transparent nomination process which involves the following:

Stage 1: Identification of candidates

Stage 2: Meeting up the candidates

Stage 3: Evaluation of suitability of candidates

Stage 4: Final deliberation by the Nomination Committee

Stage 5: Recommendation to the Board

The appointment of a new Director is a matter for consideration and decision by the full Board upon recommendation from the Nomination Committee.

The Nomination Committee considers, among others, the following aspects in making the selection of 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 fulfills the role and responsibilities of the position; and
- (c) the person must manage his debts and financial affairs prudently.

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.

A new director should commit sufficient time to attend to the Company's meetings/matters before accepting his/her appointment to the Board.

2.5 Re-election of Directors

Generally, the Board members have no fixed term of appointment. The Constitution of the Company provide that at every Annual General Meeting of the Company, at least one-third of the Directors and those appointed during the financial year shall retire from office and shall be eligible for re-election. The Constitution of the Company further provides that all directors shall retire in office at least once in three years.

The election of each Director is voted on separately by the shareholders at the Annual General Meeting. Retiring Directors who are seeking re-elections are subject to Directors' assessment overseen by the Nomination Committee. The process of re-election of Directors ensures that shareholders have a regular opportunity to reassess the composition of the Board.

2.6 Tenure of Independent Directors

The tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the 9 years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. Otherwise, the Board must review, justify and seek annual shareholders' approval at Annual General Meeting in the event it retains the director as an independent director beyond nine (9) years.

The MCGG 2017 recommends that if the Board continues to retain the independent director after the twelfth (12) years, the Board should seek annual shareholders' approval through a two-tier voting process whereby, shareholders' votes will be cast in the following manner at the same shareholders' meeting:-

- Tier 1 : Only the Large Shareholder(s) votes; and
- Tier 2 : Shareholders other than Large Shareholder(s) votes.

3 BOARD STRUCTURES AND PROCEDURES

3.1 Board Committees

The Board has delegated certain functions to the Committees it established to assist and complement the Board in the execution of its fiduciary duties and responsibilities. Each Board Committee operates within its terms of reference, which clearly define its functions and authority. Although specific authority are delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairman of the Board Committee and the tabling of minutes of the Board Committee meetings at Board meetings.

The Board has established and maintained four (4) Board Committees namely, the Group Audit Committee, Nomination Committee, Group Risk Management Committee and Remuneration Committee, all of which operate within the defined terms of reference to assist the Board in the discharge of its duties and responsibilities.

The terms of reference of all current Board Committees are available on the Company's website at www.magnum.com.my.

The Board may from time to time establish any other board committees as it considered necessary.

3.2 Board Meetings and Supply of Information to the Board

The Board shall conduct at least five (5) meetings per year. Additional meetings shall be convened as and when necessary. The quorum necessary for the transaction of business is fixed by the Company's Constitution which is two (2).

The Board recognises that decision making process is highly dependent on the quality of information furnished. As such, the Board expects and receives adequate, timely and quality information on an ongoing basis to enable the effective discharge of its duties.

The Board receives updates from the Management on the Group's operations and performance as well as the status of implementation of the Board's policies and decisions during the Board Meetings.

Prior to a Meeting, a formal agenda and the relevant proposal papers together with supporting documents are provided to the Board members not less than five (5) business days or a shorter period where deliberations involve price-sensitive information in accordance with the listing requirements, before the relevant Board and Board Committee meetings to ensure that they have sufficient time to peruse, deliberate, obtain additional information and/or seek further clarification on the matters to be tabled at the meetings.

The Board meetings are chaired by a Non-Executive Chairman, who is responsible to ensure that each of the agenda is adequately reviewed and thoroughly deliberated within a reasonable time frame. The Board meetings' dates of the Company are planned ahead of schedule and a commitment is obtained from the Directors on their availability to attend the Board meetings.

Where a director is directly or indirectly interested in any transaction entered into by the Company, he has a duty to make an immediate declaration to the Board and he is required to abstain from deliberations and decisions of the Board on the transaction.

The Chairman shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Board. The minutes of the Board meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. Minutes of each Board meeting shall also be distributed to all member of the Board in a timely manner.

All proceedings of the Board, including papers submitted and presentations made to the Board, shall be kept confidential and will not be disclosed or released to any person other than the Board members except as required by laws or as agreed by the Board.

3.3 Access to Information and Advice

The Board has direct access to the Senior Management staff and has full and unrestricted access to all information pertaining to the Group's businesses and affairs, whether as a full Board or in their individual capacity. The Directors may, if necessary, obtain independent professional advice in the furtherance of their duties from external consultants at the Company's expense.

If a director considers that professional advice is necessary, the director shall first obtain the approval of the Board. The director should provide proper notice to the Board of the intention to seek independent professional advice and shall provide the name(s) of the professional advisors that he intends to contact together with a brief summary of the subject matter for which professional advice is sought. In the event that one or more directors seek to appoint one or more advisors, the Chairman should take steps to facilitate discussions to arrive at a consensus.

Fees for the independent professional advice will be payable by the Company but proper approval of the Board will be required.

For avoidance of doubt, the above restriction shall not apply to the executive directors acting in the furtherance of their executive responsibilities and within their delegated powers. For purposes of this section, independent professional advice shall include advice sought from legal experts, accountants or other professional advisors and consultants. Independent professional advice shall exclude any advice concerning the personal interest of the director (such as with respect to their contracts or disputes with the Company/Group).

The Board acknowledges that confidential information received in the course of exercise of the Board's duties remains the property of the Company, whether it relates to the Company or another entity. It will not be disclosed unless either the Chairman or the Board has so authorised in writing or disclosure is required by law.

3.4 Support from Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries. Every Director has ready and unhindered access to the advice and services of the Company Secretary who plays an advisory role to the Board particularly with regard to the Company's Constitution, Board policies and procedures, corporate governance issues and directors' responsibilities in complying with the regulatory requirements, codes, guidance and legislation.

The Company Secretaries also regularly update the Board on changes to statutory and regulatory requirements and advise the Board on the impact, if any, to the Company and the Board. The Company Secretaries attend all Board and Board Committees meetings as well as general meetings and ensure that deliberations and decisions are well documented and kept, and subsequently communicated to the relevant Management for appropriate actions. They work closely with Management to facilitate the flow of timely and accurate information to the Board.

3.5 Directors' Remuneration

The objective of the Board in determining the Director's remuneration is that the levels of remuneration must be sufficient to attract, retain and motivate the Directors to manage the business of the Group successfully. The remuneration of the Executive Director is linked to the corporate and individual performance. The Executive Director of the Company who is also an employee within the Group is remunerated separately in accordance with his employment contract.

All the Non-Executive Directors receive a standard fixed fee approved by shareholders at the annual general meeting. The annual directors' fees and any benefits payable to Non-Executive Directors are endorsed by the Board based on the recommendation of the Remuneration Committee and are tabled for approval by the shareholders of the Company at the annual general meeting of the Company. Directors who are shareholders shall abstain from voting at general meetings to approve their fees.

The quantum of fixed fee takes into account of the increased fiduciary duties and the level of responsibilities of the Directors under the relevant regulatory requirements. Additional allowances are also paid to Independent Non-Executive Directors in accordance with the number of meetings attended during the year. The Company reimburses reasonable expenses incurred by the Non-Executive Directors in the course of carrying out their duties.

3.6 Annual Assessment of Board, its Committees and Individual Directors

The Board recognises the importance of assessing the effectiveness of the Board as a whole, the performance of the Board Committees and the contribution of each individual Director.

The Board through the Nomination Committee reviews and evaluates its own performance and the performance of the Board Committees and the individual directors on an annual basis by way of a set of customized self-assessment questionnaires.

The assessment of the Board is based on specific criteria, covering areas such as board conduct, board processes, board accountability, board governance, succession planning and interaction with management and stakeholders.

Each Board Committee is assessed based on the extent to which it had discharged its roles and functions set out in its terms of reference and each Committee Member's contribution to interaction, discussion and participation in the Committee's activities.

For individual self-assessment, the assessment criteria include integrity, commitment, leadership, knowledge and communication ability.

The Nomination Committee also assesses the Directors' independence annually against the independence criteria under Paragraph 1.01 of the Main Market Listing Requirements. The criteria for assessing the independent directors include the relationship between the independent director and the Company and his involvement in any significant transaction with the Company.

3.7 Directors' Training And Continuing Education

In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes which are relevant to the Group's operations and business. The Board through the Nomination Committee will assess the training needs of the Directors annually, and ensure Directors have access to continuing education programmes. This will enable Directors to effectively discharge their duties and sustain active participation in the Board's deliberation.

4 FINANCIAL REPORTING

The Board as a whole is responsible for the accuracy and integrity of the Company's financial reporting. The Board aims to present a balanced, clear and meaningful assessment of the Group's financial position and prospects in all its reports to the shareholders, investors and regulatory authorities.

In presenting the annual financial statements and quarterly results announcement of the Group, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board is assisted by the Group Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting to ensure that information to be disclosed are accurate, adequate and in compliance with relevant disclosure requirements.

5 BOARD'S RELATIONSHIP WITH SHAREHOLDERS

The Board regards the general meetings of the Company as the principal forum for dialogue with the shareholders of the Company. At every general meeting, shareholders are accorded the opportunity and time to ask questions regarding the resolutions being proposed at the general meetings and also on matters relating to the affairs, operations, performance and prospects of the Group. The Board members, Senior Management, the external auditors and the relevant advisors are available to respond to shareholders' queries.

The Board recognises the importance of timely and equal dissemination of information on major developments of the Group to shareholders which is carried out by means of various disclosures, press releases and announcement to the stock exchange, taking into consideration the legal and regulatory framework governing the release of material and price-sensitive information. The Group's performance is reported quarterly to the stock exchange and on a yearly basis, the Annual Report is an important channel used by the Company to provide its shareholders and investors with information on its business, financial performance and other key activities.

The Board has identified the Chairman of the Board as the main contact person to whom any shareholders' concerns may be conveyed.

The Company has, from time to time, held meetings and dialogues with investors and research or investment analysts to convey information regarding the Group's progress, performance and business strategies. Press interviews were also conducted on significant corporate developments to keep the investing community and shareholders updated on any major developments of the business of the Group.

In addition, the Group maintains a website at www.magnum.com.my which is updated from time to time to provide shareholders and members of the public the current information and events relating to the Group.

6 REVIEW OF BOARD CHARTER

The Board will regularly review the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities, and the relevant standards of corporate governance and will make any changes it determines necessary or desirable.

Approved by the Board of Directors of Magnum Berhad on **29 November 2017**.