

# **MMG LIMITED**

(Company)

## **TERMS OF REFERENCE**

**OF**

## **THE GOVERNANCE AND NOMINATION COMMITTEE**

(Approved by the board of directors of the Company at a meeting held on 20 October 2015)

## MMG LIMITED

### TERMS OF REFERENCE OF THE GOVERNANCE AND NOMINATION COMMITTEE

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#### 1. CONSTITUTION

- 1.1 The Governance and Nomination Committee (Committee) is established pursuant to a resolution passed by the board of directors of the Company (Board) at its meeting held on 20 October 2015. The Committee shall report directly to the Board.

#### 2. MEMBERSHIP

- 2.1 Members of the Committee (Members) shall be appointed by the Board from amongst the directors of the Company (Directors) and shall consist of not less than three Members, a majority of which shall be independent non-executive Directors.
- 2.2 The Nomination Committee should be chaired by the chairman of the Board or an independent non-executive Director.
- 2.3 The General Counsel, or his or her delegate, shall be the secretary of the Committee (Secretary).
- 2.4 The appointment of the Members may be revoked, or additional Members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee.

#### 3. PROCEEDINGS OF THE COMMITTEE

- 3.1 **Notice:** Unless otherwise agreed by all the Members, a meeting shall be called by at least seven days' notice. A Member may, and on the request of a Member, the Secretary shall, at any time summon a Committee meeting. Notice shall be given to each Member in person orally (which shall be confirmed in writing), in writing, by way of telephone, email, facsimile or any other remote electronic information delivery system at the address as notified by the Member to the Secretary from time to time or otherwise in such other manner as the Members may from time to time determine. The notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the Members for the purposes of the meeting.
- 3.2 **Quorum:** The quorum of the Committee meeting shall be three Members.
- 3.3 **Frequency:** Meetings shall be held at least once every six months or as otherwise determined by the Members.

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- 3.4 **Attendance:** The Committee may invite other Board members, senior management, external or internal auditor or other person to be present at meetings. The Board members shall have the right of attendance. Management representatives and others attend by invitation only and for avoidance of doubt are not members of the Committee.

**4. WRITTEN RESOLUTIONS**

- 4.1 Written resolutions may be passed by a majority of the Members in writing.

**5. ALTERNATE MEMBERS**

- 5.1 A Member may appoint an alternate but such attendance shall not be counted as attendance by the Member himself.

**6. AUTHORITY OF THE COMMITTEE**

- 6.1 The Committee may exercise the following powers:
- (a) to seek any information it requires from any employee of the Company and its subsidiaries (together, "Group") and any professional advisers (including auditors), to require any of them to prepare and submit reports and to attend Committee meetings and to supply information and address the questions raised by the Committee;
  - (b) to obtain, at the Company's expense, outside legal or other independent professional advice or assistance as it considers to be necessary, including the advice of external law firms or other professionals, and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary. The Committee shall have full authority to commission any advice, report or survey which it deems necessary to help it fulfill its duties and should be provided with sufficient resources to discharge its duties; and
  - (c) invite the Company's auditor or any employee of the Group to attend a meeting of the Committee, and to the extent permitted by law and any applicable listing rules, access any document, report, material or information in the possession of an employee or external adviser of the Group.

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**7. DUTIES OF THE COMMITTEE**

7.1 The duties of the Committee shall be:

***Governance***

- (a) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;
- (b) to approve or ratify (as the case may be) all Group policies and any Group standards that are required to be established, approved or monitored by the Board under applicable laws and regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules) or the Board Charter, and any material amendments to such Group policies and standards;
- (c) to review and monitor the training and continuous professional development of Directors and senior management;
- (d) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements, which is covered in the Corporate Legal Compliance Standard;
- (e) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (f) to review and advise the Board on the Company's compliance with any applicable listing rules including the Corporate Governance Code in Appendix 14 of the Listing Rules, the Hong Kong Companies Ordinance, and other applicable laws and regulations and listing rules of relevant stock exchanges and on the Company's disclosure in the Corporate Governance Report;
- (g) to review and recommend to the Board for approval the Corporate Governance Report for inclusion in the Company's annual report;
- (h) to advise the Board with respect to significant developments in the laws and practices of corporate governance;

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- (i) to review and monitor the training programme for new Board members and the continuing education program for members of the Board if required or advisable;
- (j) to review the terms of reference of this Committee and all the committees of the Board, and the board charter, at least once every two years or at the request of the Board at any time, and to recommend to the Board for approval on any changes considered necessary or desirable in order to ensure that they remain appropriate and fit for purpose; and
- (k) to review and approve the terms of reference or frameworks for committees reporting to this Committee from time to time including the Mineral Resources and Ore Reserves Committee charter and the Disclosure Framework.

***Nomination***

- (l) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Group's corporate strategy;
- (m) to provide advice to the Board with respect to the necessary and desirable competencies of Directors of the Board and making suitable recommendations for the appointment and removal of Directors to the Board;
- (n) to lead the Board appointment process for new Directors, establishing appropriate selection criteria and recommending suitable candidates to the Board;
- (o) to make recommendations to the Board regarding the size and membership of the Board and each committee of the Board, including identifying Directors suitably qualified to fill vacancies on the Board and board committees of the Company and making recommendations to the Board on the selection of individuals nominated for directorships accordingly, having regard to such factors as the Committee considers appropriate, including judgement, skill, diversity, experience with business and other organisations of a comparable size, the interplay of the Director's experience with the experience of other Board members of the Company, the candidate's capacity to commit to the Board's activities and any relevant legal and regulatory requirements;

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- (p) to, prior to a director's appointment, ensure that each individual nominated for appointment to a board as director: (i) has had his performance assessed individually and received the support of the Board and the board to which that Director is proposed to be appointed and (ii) has expressly acknowledged that he will have sufficient time to fulfil the responsibilities and duties expected of him;
- (q) to ensure that an effective and up to date induction and education program for new Directors of the Company is in place to ensure that they have an understanding of: (i) the Group's financial, strategic, operational and risk management position (ii) their rights, duties and responsibilities (iii) the role and responsibilities of those executives of the Group reporting directly to the Chief Executive Officer of the Company and (iv) the role of the board committees of the Company;
- (r) to assess the independence of independent non-executive Directors and give advice on why the Committee believes a proposed independent non-executive Director should be elected and why the Committee considers him to be independent;
- (s) to make recommendations to the Board on the appointment or re-appointment of all Directors (including the Executive Directors) and succession planning for all Directors (including the Executive Directors), in particular the Chairman and the Chief Executive Officer of the Company;
- (t) to implement a policy concerning diversity of the members of the Board;
- (u) to assist the Board with annual evaluation of the performance of the Board (including the performance of individual Directors, as required) and its principal committees and review with the Board the results of these assessments, recommending actions for addressing any findings and overseeing the implementation of any resulting action plan;
- (v) to oversee the functioning of the committees of the Board and recommend to the Board any appropriate changes, including the establishment, removal and restructure of Board committees;
- (w) to make recommendations to the Board for approval on the appointment or removal of executive committee members and succession planning for the executive committee members;

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- (x) wherever practicable, the Chair of the Committee to use reasonable endeavors to conduct exit interviews with any Director or Senior Management upon their resignation in order to ascertain the reasons for his departure.

***Mineral Resources and Ore Reserves***

- (y) to oversee, review and approve the mineral resource and ore reserves reporting processes of the Group;
- (z) to oversee compliance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as defined by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC Code), and any applicable listing rules;

***Disclosure***

- (aa) to ensure compliance by the Company with any applicable listing rules and any other laws and regulations by releasing information to the HKEx in the form of HKEx releases, or where appropriate, through disclosure in the form of other documents such as announcements and reports on the HKEx; and
- (bb) to consider other matters, as defined or assigned by the Board from time to time.

7.2 The Committee will ensure that:

- (a) material issues arising from the work of the Committee that relate to matters which fall within the responsibilities of other board committees (i.e. the Risk Management Committee, the Audit Committee and/or the Remuneration Committee) should be referred or communicated to such board committees and considered by such board committees;
- (b) where there is a perceived overlap of responsibilities between the Committee and the other board committees, the Chairs of the Committees shall agree the most appropriate committee to fulfil any obligation and failing agreement shall refer the matter to the Board. An obligation under the terms of reference of the Committee will be deemed by the Board to have been fulfilled provided that it is dealt with by one of the board committees.

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**8. REPORTING PROCEDURES**

- 8.1 Minutes of Committee meetings should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Subject to paragraph 8.2, draft and final versions of the minutes of Committee meetings should be sent to all the Members for their comment and records, in each case within a reasonable time after the meeting.
- 8.2 In the case of final version of the minutes of the Committee meetings, once endorsed by the Chair of the Committee they should be sent to all Board members prior to the next Board meeting where practicable.
- 8.3 The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.

**9. CONTINUING APPLICATION OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

- 9.1 The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

**10. POWERS OF THE BOARD**

- 10.1 The Board may, subject to compliance with the articles of association of the Company and any applicable listing rules, amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.