



BOARD CHARTER

Table of Contents

	Page
Introduction -----	2
Board Composition -----	2
Roles and Responsibilities of the Board -----	2
Roles and Responsibilities of the Chairman -----	4
Roles and Responsibilities of the Independent Director -----	4
Roles and Responsibilities of the Executive Director -----	5
Roles and Responsibilities of the Company Secretary -----	5
Board Committees -----	6
Audit Committee -----	6
Nominating Committee -----	7
Remuneration Committee -----	7
Board Appointments -----	7
Board Selection Criteria -----	8
Evaluation of Independence of Directors -----	9
Directors' Orientation and Continuous Education Training -----	10
Meetings and Board Attendances -----	10
Whistle-Blowing Policy -----	11
Review of The Board Charter -----	11

BOARD CHARTER

INTRODUCTION

The Board Charter outlines the roles and powers that the Board specifically reserves for itself, and those which it delegates to Management. It also served to set the tone of the various Board Committees to ensure compliance with all applicable legal and regulatory obligations by the Company, members of the Board and members of the management.

This Board Charter is subject to the provisions of the Companies Act 2016 (“Companies Act”), the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa”), the Malaysian Code on Corporate Governance 2017 (“MCCG”) and any other applicable law or regulatory requirements.

BOARD COMPOSITION

The Company shall have at least two (2) and not more than fifteen (15) directors. Subject to the Listing Requirements and any vacancy arising, at least two (2) directors or at least one-third (1/3) of the Board of Directors, whichever is higher, shall be independent directors.

Independent directors in its boardroom are to foster greater objectivity in its deliberations and decision-making. Equipped with the counterweight, independent directors are able to encourage, support and drive each other in the value creation of the Company.

The tenure of an independent director shall not exceed a cumulative term of nine (9) years. If the Board intends to retain an independent director who has served on the Board beyond nine (9) years, an annual shareholders’ approval shall be obtained.

To promote board quality and strengthen board independence, the enhanced Listing Requirements now limit the tenure of an independent director to not more than a cumulative tenure of 12 years in a listed issuer and its group of corporations. All long-serving independent directors impacted by this enhancement must resign or be re-designated as non-independent directors by 1 June 2023.

The Board regularly reviews its composition with the aim of ensuring that it achieves a balanced board. In selecting suitable candidates, the Company takes into account the benefits of having diverse elements in its board, including gender, age, ethnicity, nationality, professional background, skills and experience. The final decision, however, is underpinned by the merits and contributions the candidates are able to bring forth to the Company.

ROLES AND RESPONSIBILITIES OF THE BOARD

At the helm of the Company, the Board is responsible for overseeing the management of the business and affairs of the Company to meet its objectives and goals, including the commitment to sustainability, in the best long-term interests of the Company. In meeting the goals and objectives of the Company, the Board has the following overall responsibilities:

- Establishing, reviewing and refining strategies and performance objectives of the Company towards long-term value creation and strategies on economic, environmental and social considerations underpinning sustainability;
- Selecting, appointing and supporting the executive director who heads the executive/senior management team (Management);
- Monitoring and evaluating the performance of the executive director;
- Undertaking a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director;
- Formulating and implementing policy on succession planning of both members of the Board and management to ensure that appropriate and ready candidates are available as and when vacancies arise;
- Monitoring and ensuring the accuracy and integrity of financial reporting and non-financial reporting as well as the timeliness of periodic filing with authorities;
- Establishing and maintaining an effective group-wide risk management framework;
- Establishing and maintaining an effective group-wide compliance framework to facilitate and ensure compliance with all applicable laws and regulations affecting the Group and/or its business activities;
- Reviewing the adequacy and effectiveness of the Group's internal control measures;
- Establishing the level of risk tolerance and putting in place processes to identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets;
- Evaluating and determining the training needs of its directors;
- Subject to cost-benefit analysis, leveraging on technology and systems to ensure efficient use of resources as well as effective dissemination of information;
- Formulating and reviewing communication policies to encourage constructive and effective engagement, dialogue and other forms of communication with shareholders, investors and/or the community; the Company's shareholder communications policy;
- Promulgating and upholding ethical business practice, corporate social responsibility, long-term sustainability and good corporate governance;
- Reviewing and deciding on management's proposals for the Company for meeting its objectives and goals and monitoring its implementation;
- Supervising and assessing management performance to ensure the businesses of the Company are properly managed; and
- Establishing and maintaining an effective framework to monitor and manage the Company's business risks.

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN

The chairman of the Board shall preside at every general meeting of the Company. He is primarily responsible for:

- The effective leadership of the Board;
- Overseeing the Board in the effective discharge of its fiduciary role;
- Ensuring accurate, complete and timely information, in particular about the performance of the Company, to be furnished to Board members;
- Setting the agenda, style and tone of Board deliberations, facilitating effective review, analysis, discussions and contributions by each director with sufficient time allocated for discussion of complex and contentious issues, encouraging constructive debate so as to enable a sound decision-making process;
- Establishing a close relationship of trust with the management, executive director and board providing support and advice while respecting executive responsibility and, hence, fostering a collegial relationship or partnership with the board and management team;
- Leading efforts to address the Board's developmental needs;
- Organising, convening, and chairing of general meetings, and ensuring a smooth, open and constructive dialogue between the Board and shareholders; and
- Establishing and monitoring good corporate governance practices in the Company.

ROLES AND RESPONSIBILITIES OF THE INDEPENDENT DIRECTOR

Independent directors are persons of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on the issues of strategy, performance and resources, including key appointments and standards of conduct, for discharging the roles and responsibilities as a Board member.

Independent directors are required to make an independent assessment of the information, reports or statements, having regard to the directors' knowledge, experience and competence, to provide an independent view and demonstrate objectivity in reviewing and challenging the management's proposals at meetings.

Independent directors are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to keep abreast of industry issues, market development and trends, and enable them to sustain their active participation in board deliberations.

Independent directors act as a channel of communication between management, shareholders and other stakeholders, and provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

ROLES AND RESPONSIBILITIES OF THE EXECUTIVE DIRECTOR

The executive director is appointed by the Board to be overall responsible for the efficient and effective management and operation of the Group, in accordance with the strategic direction of the Board. The executive director is accountable to the Board for, amongst other things, the following:

- Development and recommendation to the Board of the strategy and vision of the Group and the annual business plans and budgets that support the Group's long-term view;
- Achievement of performance goals, objectives and targets;
- Maintenance of an effective management team and management structures;
- Ensuring appropriate policies are formulated and implemented; and
- Ensuring deployment of effective internal organisation and governance measures.

ROLES AND RESPONSIBILITIES OF THE COMPANY SECRETARY

The company secretary is the chief administrative officer of the Board and the Company and is responsible alongside with Board members to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices.

Appointment and removal of the company secretary are matters for the Board as a whole. It is of paramount importance for the company secretary to possess the professional knowledge and skill to discharge the duties which the position entails. In general, the company secretary is accountable for:

- Ensuring that board procedures are followed and reviewed regularly and that applicable rules and regulations for the conduct of the Board are complied with;
- Supporting and advising the Board members on all applicable rules, laws, regulations and governance practices affecting the Company and/or the directors as well as its roles and responsibilities;
- Keeping abreast of and informing, the Board of current and new developments regarding Listing Requirements, best corporate governance practices, and all other related laws;
- Ensuring governance practices to meet the Board's needs and stakeholders' expectations;
- Maintenance of statutory records in accordance with legal requirements;
- Organising and facilitating the convening of board meetings, meetings of the board committees, and general meetings, in consultation with the Board members and the chairman;
- Facilitating the appointment of new directors and assisting in director training and development; and
- Serving as a focal point for shareholders' communication and engagement on corporate governance issues.

BOARD COMMITTEES

The Board may from time to time establish appropriate committees (Board Committees) to facilitate the effective discharge of its function. However, the Board Committees are limited to making recommendations to the Board as the Board is not empowered to delegate its decision-making authorities to the Board Committees.

Each Board Committee is governed by its own terms of reference approved by the Board. The company secretary shall act as the secretary of the Board Committees. It is the company secretary's responsibility to ensure that members of the respective Board Committee receive information and papers in a timely manner to enable full and proper consideration to be given to the issues and to ensure that there is clear coordination between the Board and the various Board Committees. Notice of each Board Committee meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Board Committee, no later than 5 business days before the date of the meeting (unless members unanimously consent to shorter notice).

The company secretary shall minute the proceedings and resolutions of all meetings of the Board Committees, including taking record of those in attendance. Minutes of the Board Committee meetings shall then be circulated promptly to all members of the Board Committee, and once agreed, to all members of the Board. Furthermore, the chairman of the respective Board Committee will brief the Board on the various deliberations and/or issues of concern raised during the course of the meetings together with a list of recommendations and/or other matters for the deliberation of the Board.

The Board Committees shall have access to sufficient resources to facilitate the carrying out of their duties, including obtaining, at the Company's expense, outside legal or other professional advice on any matters within their term of reference.

Audit Committee

Members of the Audit Committee shall be appointed by the Board, on the recommendation of the Nominating Committee. The Audit Committee shall comprise not less than 3 non-executive directors, the majority of whom must be independent. The chairman of the Audit Committee is not the chairman of the Board.

The term of office and performance of the Committee and each member shall be reviewed by the Board annually to determine whether the Audit Committee and its members have carried out their duties effectively in accordance with their terms of reference.

A former key audit partner shall be observed a cooling-off period of at least two years before being appointed as a member of the audit committee.

The Audit Committee shall meet as often as it requires but at least once for every financial quarter and annual reporting. The quorum necessary for the transaction of business shall be 2 members. To better discharge the function, the Audit Committee is authorised to seek any information it requires and/or to invite any personnel of the Company to give relevant clarifications at the meeting as and when necessary.

Nominating Committee

The Nominating Committee must be made up exclusively of not less than 3 non-executive directors, the majority of whom must be independent and is chaired by an independent director or senior independent director. In the absence of the chairman, the Nominating Committee shall appoint one of the independent non-executive members present to chair the meeting.

Appointments to the Nominating Committee are made by the Board. The term of office and performance of the Nominating Committee and each member shall be reviewed by the Board annually to determine whether the Nominating Committee and its members have carried out their duties effectively in accordance with their terms of reference.

The Nominating Committee shall meet as often as it requires but at least once per financial year. The quorum necessary for the transaction of business shall be 2 members.

Remuneration Committee

The Remuneration Committee must be made up of not less than 3 non-executive directors, and the majority are independent directors. In the absence of the chairman, the Remuneration Committee shall appoint one of the non-executive members present to chair the meeting.

Appointments to the Remuneration Committee are by the Board upon recommendation by the Nominating Committee. The term of office and performance of the Remuneration Committee and each member shall be reviewed by the Board annually to determine whether the Remuneration Committee and its members have carried out their duties effectively in accordance with their terms of reference.

The Remuneration Committee shall meet as often as it requires but at least once per financial year. The quorum necessary for the transaction of business shall be 2 members.

The chairman of the Remuneration Committee may invite personnel such as the executive directors, executives of the business divisions or the head of the human resource department as and when appropriate and necessary.

Members of the Remuneration Committee shall not participate or be involved in the deliberations or discussions of their own remuneration.

The remuneration of the non-executive directors shall be a matter for the executive members of the Board; no director shall be involved in any decisions as to their own remuneration. The policies and procedures to determine the remuneration of the directors and senior management personnel are made available on the Company's website.

BOARD APPOINTMENTS

Board appointments are decided by members of the Board upon recommendation of the Nominating Committee.

An induction program aimed at understanding the businesses of the Company and its related group of companies (Group) shall be conducted for all newly appointed directors. Any non-executive director shall

be at liberty to accept appointment to other boards, so long as such appointment does not result in any conflict of interests with the Company and/or impair his commitment to the Company.

The directors' network and referrals from incumbent directors and business associates are the primary means to source for directors at the Company as they represent a tried and tested method of sourcing high-calibre directors with a sound understanding of the business imperative. The directors' appointment process is carried out based on a methodical and robust process undertaken by the Nominating Committee. Candidates are thoroughly assessed based on their competence, integrity, character, time commitment and experience. The Nominating Committee would also endeavour to seek access to a broader database of candidates by inter alia referring to directors' registries as well as industry and professional associations.

BOARD SELECTION CRITERIA

The Nominating Committee believes that it is in the best interests of the Company and shareholders to have only the highly qualified individuals to serve on the Board. In this respect, the Committee is guided by the following criteria in evaluating a person's candidacy to the Board:-

Integrity and professionalism

Nominees must be individuals of the highest standards of moral and ethical character, personal integrity, honesty and impeccable corporate credentials.

Expertise and Experience

Nominees should be highly accomplished in their respective field, with the skill, aptitude, expertise and experience to understand fully the legal responsibilities of a director and governance processes of a listed company, and the ability to make sound contributions to Board deliberations in line with the current and long-term corporate objectives of the Company.

Independence and Objectivity

Nominees must not have or not appear to have, a conflict of interests that may impair their ability to act in the best interests of the Company.

Personal Attributes, Dedication and Commitment

Nominees must demonstrate key personal attributes such as integrity, courage, professionalism, good judgment and maturity, which will ensure proper questions to be asked, constructive deliberation of issues, and hence, informed decisions being reached. Besides, nominees must be able and ready to commit enough time in discharging their responsibilities. More often than not, the Nominating Committee would be reluctant to consider candidates with excessive board directorships.

Board Diversity

In addition to diversity in skills and expertise, the Committee places paramount emphasis on diversity in viewpoints, which is premised on gender diversity, ethnicity, age, race, professional background, nationality, culture and socio-economic backgrounds. The Nominating Committee concedes gender

diversity as a desired attribute of a balanced board composition, which will ultimately translate to better decisions and performance.

EVALUATION OF INDEPENDENCE OF DIRECTORS

The Company is governed by and operates in accordance with the provisions of the Listing Requirements of Bursa Securities and MCCG. Accordingly, the Board and the Nominating Committee have adopted the following policies and guidelines for assessing the independence of the directors: -

An independent director must be independent of management and free from any business or other relationship which could interfere with the exercise of business judgment or the ability to act in the best interests of the Company. A director may be considered as independent if the director:

- is not an executive director of the Company or its related corporation* (said Corporation);
- has not within the last 2 years and is not an officer of the said Corporation; an officer includes any director, secretary or employee of the said Corporation;
- is not a major shareholder of the said Corporation;
- is not a family member of any executive director, officer or major shareholder of the said Corporation;
- is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
- has not personally provided professional advisory services to the said Corporation within the last 2 years or is presently a partner, director (except as independent director) or major shareholder of a firm or corporation (the Entity) which has provided professional advisory services to the said Corporation within the last 2 years and the consideration in the aggregate exceeds 5% of the gross revenue on a consolidated basis of the said director or the Entity or RM1 million, whichever is the higher; and
- has not personally engaged in transactions with the said Corporation (other than as non-executive director) within the last 2 years or is presently a partner, director or major shareholder of an Entity (other than the Company's subsidiaries) which has engaged in transactions with the said Corporation within the last 2 years and the consideration in aggregate exceeds 5% of the gross revenue on a consolidated basis of the said director or the Entity or RM1 million, whichever is the higher, save for the exempted transactions in accordance with Practice Note 13 of the Listing Requirements.

In addition to the above criteria, the Board is mindful of the fact that the long tenure of an independent director may impair his independence. Accordingly, the Nominating Committee and the Board are bound by the Recommendation in the Code which states that an independent director is deemed to lose his independence after having served on the Board for 9 years or more, unless strong justifying circumstances to the contrary exist.

Generally, a director will be considered independent if he/she satisfies all the above criteria, subject however to the fulfilment of the criterion that the director is independent of management or any other material business or other relationships with the said Corporation which could interfere or are likely to interfere with the exercise of independent judgement by the said director or the ability of the said director to act in the best interests of the Company.

If necessary, the Board will engage independent experts to facilitate the evaluation of independent directors and the board as this would improve board effectiveness and bring significant benefits to the Company.

** related corporation is where a corporation*

a) is the holding company of another corporation;

b) is a subsidiary of another corporation; or

c) is a subsidiary of the holding company of another corporation.

DIRECTORS' ORIENTATION AND CONTINUOUS EDUCATION TRAINING

All newly appointed Board members shall undergo a formal induction and continuous education programme to ensure that they understand:

- their roles and responsibilities;
- the Board's expectations in terms of their knowledge contribution;
- the nature of the Group's business;
- current issues faced; and
- strategies adopted by the Group.

All directors shall ensure that they keep abreast of regulatory changes, other developments and broad business trends. The Board must evaluate the training needs of its directors on a continuous basis and ensure all directors have access to appropriate continuing education programmes.

MEETINGS AND BOARD ATTENDANCE

Board meetings shall be held at such venue and at such time as the Board deems appropriate, but the directors shall meet at least 5 times in each financial year.

Directors shall use their best endeavours to attend board meetings and to prepare thoroughly for each board meeting. Directors are to participate fully, frankly and constructively in discussions and to bring the benefit of their knowledge, skills and abilities to the Board. Directors who are unable to attend shall advise the company secretary who shall keep a record of attendance of directors at board meetings.

An annual calendar of board meetings, with an outline of the businesses to be considered at each meeting, shall be drawn up by the company secretary, in consultation with the chairman and executive director. It shall then be presented for approval by the Board in advance to facilitate the yearly planning by the directors. At least 5 business days' notice (unless directors unanimously consent to shorter notice) shall be given of a board meeting, and such notice shall be despatched together with the agenda and the supporting board papers.

The quorum of any board meeting shall be 2 as determined by the Constitution. The chairman may request executive directors to leave the board meeting for any part of the proceeding, especially so during deliberation relating to executive performance or remuneration. Professional advisers, officers or

members of staff whose input is required may also be invited to the meetings, at the discretion and invitation of the chairman.

Directors shall act in the best interests of the Company and shall disclose to the Board of any interest or potential interest as soon as he becomes aware of such interest. The company secretary shall keep a register of such declarations of interest.

Decisions of the Board shall be made by a majority of votes of the directors in attendance and invitees are not allowed to vote. The company secretary shall record proceedings and decisions taken during the board meetings, which minutes will be circulated to the members of the Board in a timely manner.

The Board is guided by the disclosure policy enshrined in the Listing Requirements in making immediate announcement of all material information save in the permitted exceptional circumstances, which information is also made available on the company website at www.borneo-oil.com.my after the release of the announcement.

WHISTLE-BLOWING POLICY

This Whistle-Blowing Policy has been formulated to achieve inter alia, the following:

- to encourage employees to disclose any malpractice or misconduct of which they become aware of;
- to ensure that all allegations are thoroughly investigated and appropriate action is taken accordingly;
- to protect the whistle-blowing employee from adverse employment actions, harassment or other forms of discrimination, even if the allegations are proven to be incorrect or unsubstantiated; and
- to take all steps necessary to preserve the anonymity of the whistle-blower, although there may be unavoidable situations where this cannot be achieved.

Procedures

An employee who reasonably believes or has reason to believe that inappropriate business conduct has occurred or is occurring should raise the issue with their immediate reporting manager or if the employee is not comfortable with the said manager, such conduct or activity should be reported to the executive director of the relevant business division. Upon receipt of such allegations, the same will have to be reported to the company secretary who has to report the occurrence to the executive director and the chairman of the Audit Committee.

The Audit Committee will then direct the internal audit to undertake the necessary inquiries and investigations, after which the Committee will make a finding based on the results of the investigations and the same will be notified to the whistle-blower.

If the claim of malpractice or misconduct is established, appropriate disciplinary actions will be taken against the defaulting officers up to and including termination of employment.

REVIEW OF THE BOARD CHARTER

The Board shall review and revise the Board Charter on a regular basis after taking into account the changing legal, regulatory and ethical standards.