



**BARAKAH OFFSHORE PETROLEUM BHD (980542-H)**

# **BOARD CHARTER**

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## **1. PURPOSE**

The Board of Directors of Barakah Offshore Petroleum Bhd (“Barakah” or “Company”) and its subsidiary and associate companies (collectively refers to as the “Group”) are governed by the Companies Act 1965 (CA), and its Memorandum and Articles of Association and any other applicable laws or regulations in Malaysia. The Board of Directors has adopted this Board Charter to set out the role and responsibilities of the Board and those matters which are delegated to management.

The Board of Directors is accountable to shareholders and other stakeholders and has primary responsibility for the governance and management of the Group, and fiduciary responsibility for the financial and organisational health of the Group. It is responsible for the overall performance of the Group and corporate governance including its strategic direction and establishing objectives for management.

In performing its responsibilities in good faith, the Board will act:

- i. in the best interests of Barakah;
- ii. honestly, fairly and diligently; and
- iii. in accordance with the duties and obligations imposed upon it by Barakah’s constitution and the law.

## **2. COMPOSITION OF THE BOARD**

In accordance with Article 85 of the Company’s Articles of Association, the minimum number of Directors will be two (2) and the maximum number of Directors will be fifteen (15). The Board has adopted a policy of having:

- i. At least two directors or one third (1/3) of the Board of Directors, whichever is higher, shall be Independent Non-Executive Directors pursuant to Paragraph 15.02 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (“Bursa”).
- ii. If the number of directors of the Company is not 3 or a multiple of 3, then the number nearest 1/3 must be used.
- iii. In the event of any vacancy in the Board of Directors, resulting in non-compliance with sub-paragraph (i) above, the company must fill the vacancy within 3 months.

The Board may review this requirement from time to time.

The Board consists of Directors who have a proper understanding of the business of Barakah. Although the shareholders appoint directors, the board will seek to ensure that the directors have a board range of experience and expertise and have (or can develop) a thorough understanding of Barakah’s business.

The board will appoint a Chairperson who is a non-executive director and will satisfy the criteria for independence set in Practice Note 13 of the MMLR of Bursa.

## Classification of Directors

### i. Independent Director

Means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Group. Without limiting the generality of the foregoing, an independent director is one who:

- a. is not an executive director of the Group.
- b. has not been an officer of the Group within the last 2 years.
- c. is not a major shareholder of the Group
- d. is not a family member of any executive director, officer or major shareholder of the Group
- e. is not acting as a nominee or representative of any executive director or major shareholder of the Group.
- f. has not been engaged as an adviser by the Group under such circumstances as prescribed by Bursa or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Group under such circumstances as prescribed by the Bursa; or
- g. has not engaged in any transaction with the Group under such circumstances as prescribed by Bursa or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than the Group) which has engaged in any transaction with the Group under such circumstances as prescribed by Bursa.

### ii. Alternate Director

Any director with the approval of the majority of Directors may appoint any person (whether a member of the Group or not) to be an Alternate or Substitute Director in his place during such period as he thinks fit and shall entitled to the rights of such director, pursuant to Article 106 of the Company's Articles of Association.

### iii. Associate Director

The Directors may from time to time appoint any person to be an associate director and may from time to time cancel any such appointment. The Directors may fix, determine and vary the power, duties and remuneration of any person so appointed, but a person so appointed shall not be required to hold any shares to qualify him for appointment nor have any right to attend or vote at any meeting of Directors except by the invitation and with the consent of the Directors pursuant to Article 132 of the Company's Articles of Association.

### **3. AUTHORITY**

With the exception of specific corporate decisions stated in the law and regulations, Companies Act 1965, and the Articles of Association, that require the passing of ordinary or special resolutions by shareholders, the Board of Directors shall have full authority to approve all decisions.

The Board shall also have the power to delegate specific functions and authority to its Committees, any individual Director, or the Management.

The Board of Directors shall form the relevant Board Committees as part of its effort to ensure that the discharge of duties is effective. The Board shall delegate certain functions to certain Committees with each operating within its clearly defined terms of reference. The Chairmen of the various Committees will report to the Board on the outcomes of the Committee meetings.

The Board has established the following committees to assist the Board in the execution of its duties:

- i. Audit and Risk Management Committee;
- ii. Nomination and Remuneration Committee; and
- iii. Employees' Share Option Scheme Committee.
- iv. Executive Committee (EXCO)

Details of the composition, responsibilities and functions shall be dictated in its respective terms of reference, shown separately from here.

### **4. ROLES AND RESPONSIBILITIES OF THE BOARD**

In addition to those matters specifically reserved by laws, the powers and functions reserved to the Board are:

- i. approving of the overall Corporate Objectives and Terms of Reference; and
- ii. approving the Group's development of long-term business strategy;
- iii. approving as required, the matters set out in Barakah's Limits of Authority ("LOA") that specifically require Board's approval for delegating an appropriate level of authority to management, and in particular, the Executive Committee ("EXCO") and President & Chief Executive;
- iv. delegating to the EXCO on the approval of the annual business plan, budget, policies, capital expenditures, capital management and administration;
- v. appointing the members of the various Board Committees established in accordance with this Board Charter and reviewing the performance of Directors;
- vi. appointing and removing, as well as determining the terms and conditions of appointment of the Top Management (grade S-S3)

- vii. providing guidance in the setting of performance goals, monitoring and evaluating the performance of the Top Management (grade S-S3) against such goals;
- viii. monitoring the financial performance of Barakah and other required reportings.
- ix. reviewing and approving of the following reports in Annual Report:
  - a. Financial statements (including annual audited accounts and quarterly financial results);
  - b. Audit & Risk Management Committee Report and Internal Control Statement for the Annual Report;
  - c. Statement explaining the Board's responsibility for preparing the annual audited accounts;
  - d. Corporate Governance Statement on compliance with the Malaysian Code on Corporate Governance 2012 for the Annual Report;
  - e. Corporate Social Responsibility Statement;
- x. recommending and authorising the distribution of interim and final dividends, subject to applicable legal requirements;
- xi. approving the issues of any shares, options, equity instruments or other securities in Barakah in accordance with the Companies Act, 1965 or any other applicable laws or regulations in Malaysia;
- xii. safeguarding the interests of the Group's shareholders, employees, customers, suppliers and the communities in which it operates;
- xiii. reviewing and ratifying systems of risk management and internal control;
- xiv. reviewing and adopting strategic plans which aim to promote sustainability;
- xv. overseeing the compliance with legal & regulatory requirements and ensuring that these are adhered to;
- xvi. succession planning matters – including appointing, training, compensating, and where appropriate replacing the Top Management whilst overseeing the human capital development;
- xvii. overseeing that the standards of work health, safety and environment, code of ethics and conduct are adhered to;
- xviii. approving the appointment, resignation or removal of Company Secretary(ies);
- xix. reviewing and proposing the appointment, re-appointment, termination and removal of external auditors and their related audit fees for approval of shareholders; and
- xx. ensuring proper maintenance of a sound Board through regular election, re-election, rotation by retirement and filling of interim vacancies.

5. **ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND PRESIDENT & CHIEF EXECUTIVE OF BARAKAH**

The roles of the Chairman of Barakah and President & Chief Executive of Barakah are strictly separate and will not be exercised by the same individual.

**Roles and responsibilities of Chairman**

The Chairman of the Barakah's Board holds a non-executive function. The general roles and responsibilities of Chairman are as follows:

- i. playing a leadership role in harnessing the relationship between the Board and the management in managing the affairs of the Broad and an exemplary leader for upholding the corporate image of the Group;
- ii. acting as the Board's representative;

- iii. ensuring effective communications with the shareholders and other stakeholders;
- iv. presiding the Board meetings and functions including setting the agenda, facilitating effective contribution of all Directors and promoting constructive and respectful relations between Board members and between the Board and management in the interest of good corporate governance; and
- v. primarily responsible for overseeing the development of individual directors of the Board as a whole and the development of the management succession plans of the Group.

#### Roles and responsibilities of President & Chief Executive

The President & Chief Executive of Barakah holds an executive function in executing the matters that has been delegated to the management. His roles and responsibilities towards the efficient and effective operation of Barakah are as follows:-

- i. responsible for the business development of the Group, including to facilitate and enhance organisational changes which results in the establishment of new businesses and the development of existing activities of the Group;
- ii. ensuring efficient and effective day-to-day operation of The Group with due care and diligence. This will require participating in the administration, co-ordination and control of the day-to-day activities of subsidiary and associate companies;
- iii. ensuring all material matters that affect the Group are brought to the Board's and/or EXCO's attention in a timely manner to promote effective decision-making by the Board and/or EXCO;
- iv. assisting the Board in exercising overall control of the Group and its activities;
- v. selecting and recommending the appointment of suitable candidates for the jobs under his direct supervision and to ensure that they are fully versed with their functions and responsibilities;
- vi. assisting the Board in establishing the Group's objectives and policies, formulating its plans to achieve such objectives, including the up-keeping and updating of the policies and procedures in line with the prevailing situation and requirements;
- vii. ensuring maximum effective utilisation of financial and non-financial resources of the Group without compromising the effectiveness of the internal control system;
- viii. facilitating and enhancing organisational changes which result from the establishment of new businesses and the development of existing activities of the Group;
- ix. creating a good working relationship environment within the Group that will maintain a high level of employees morale; and

- x. undertaking all other instructions in discharging of such duties and powers, provided always that he shall observe and comply with all resolutions, regulations and directions from time to time as approved by the EXCO or/and Board and shall keep the Board or /and EXCO fully briefed at all times.

## **6. QUORUM AND MEETINGS**

Board meetings will be conducted in accordance with Barakah's Articles of Association, the Companies Act, 1965 and any other applicable laws or regulations in Malaysia.

Principally, the Board shall meet at minimum four (4) times in a financial year and at any such time(s) as it deems necessary to fulfil its responsibilities. The Quorum for Board meetings shall be at a minimum of two (2) Directors in person pursuant to Article 65 of the Company's Articles of Association, of which at least one shall be an independent director.

Members of the management, employees, and representatives of the internal and external auditors shall attend the meeting only by invitation of the Board.

## **7. PROCEDURES OF BOARD**

Notice of a meeting of the Board shall be given to all Directors in writing in a timely manner via facsimile or email or by hand or by courier.

Board and Committee papers will contain sufficient information to enable Directors to be properly informed on the matters to be considered at the forthcoming Board and Committee meetings.

The Company Secretary(ies) who is appointed by the Board under the CA shall be responsible for preparation of agenda in consultation with the Chairman, and distribution the papers to be deliberated at the meeting to all members of the Board. The minutes of Board meetings shall be written by the Company Secretary and shall be confirmed at the next meeting and signed by the Chairman. All minutes of meetings shall be made available for inspection by the Board of Directors.

A resolution put to vote shall be decided by a majority of votes of the members present and each member shall have one vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

The Board may deal with matters by way of circular resolution, signed by majority of the Board members, in lieu of convening a formal meeting. A resolution in writing signed by a majority of all Directors shall be valid and effective as if it had been passed at a meeting of the Directors duly called and constituted. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the Company's Minutes Book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more Directors. The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, telex, cable, telegram, email or other forms of electronic communications.

#### **8. PROFESSIONAL ADVICE**

A Director may, with the approval of the Board, obtain independent professional advice, at the Company's expense, in relation to their duties as a Director of the Group to help them carry out their responsibilities.

#### **9. COMMUNICATIONS**

The Board will maintain an effective communications policy that enables both the Board and management to communicate effectively with the shareholders and the stakeholders. The Board regards clear, balanced, comprehensive and timely reporting of all material events affecting the Group and its business as crucial. In this regard, the Board will ensure that:

- i. written disclosure policy and related procedures are prepared, maintained and enforced;
- ii. appropriate person(s) within the Group have responsibility for disclosure; and
- iii. enhancing clarity of reporting in the management discussion and analysis in relation to the Group's financial results.

#### **10. REVIEW OF BOARD CHARTER**

The Board Charter shall be reviewed by the Board annually or where necessary to ensure its relevance in assisting the Board to discharge its duties with the changes in corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities.