

**HIBISCUS PETROLEUM BERHAD**  
**Registration Number : 200701040290 (798322-P)**  
**("Hibiscus Petroleum" or the "Company")**

**BOARD CHARTER**

**TABLE OF CONTENTS**

|   | Page |
|---|------|
| 1.0 Definitions and Interpretation                            | 2    |
| 2.0 Powers  | 3    |
| 3.0 Composition   | 3    |
| 4.0 Duties and Responsibilities                               | 4    |
| 5.0 Role of the Chairman                                      | 5    |
| 6.0 Role of the Managing Director ("MD")                      | 5    |
| 7.0 Board Meetings  | 6    |
| 8.0 Training  | 7    |
| 9.0 Board Performance   | 8    |
| 10.0 Investor Relations                                       | 8    |
| 11.0 Directors' External Commitments and Conflict of Interest | 8    |
| 12.0 Disclosure   | 9    |
| 13.0 Amendments to the Board Charter                          | 9    |

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**BOARD CHARTER**

**1.0 DEFINITIONS AND INTERPRETATION**

1.1 In this Board Charter, where the context so admits the following expressions shall have the following meanings:

|                                   |   |
|-----------------------------------|---|
| "Board"                           | The Board of Directors of Hibiscus Petroleum  |
| "Company Secretary"               | Company Secretary(ies) of Hibiscus Petroleum  |
| "Group"                           | Hibiscus Petroleum Berhad (Registration Number: 200701040290 (798322-P)) and its subsidiary companies                     |
| "Hibiscus Petroleum" or "Company" | Hibiscus Petroleum Berhad (Registration Number: 200701040290 (798322-P))  |
| "Independent Director"            | A director as defined in Chapter 1 of the Listing Requirements  |
| "Senior Management"               | Employees of the Company who are able to exercise significant influence in making strategic decisions in the Group        |
| "Listing Requirements"            | The Main Market Listing Requirements of Bursa Malaysia Securities Berhad, including any amendments made from time to time |
| "Policies Manual"                 | Policies maintained at the Company's Electronic Document Management System (" <b>EDMS</b> ")                              |

1.2 In this Board Charter, unless the context otherwise requires:

1.2.1 words importing the masculine gender shall include the feminine, neuter genders and vice versa; and

1.2.2 words importing the singular shall include the plural and vice versa.

## 2.0 POWERS

In carrying out its duties and responsibilities, the Board shall have the following rights:

- (a) The explicit authority to investigate any matter relating to the Group;
- (b) Full and unrestricted access to all information;
- (c) Full and unrestricted access to the services of the Company Secretary, management and any other professional services at the Company's expense and at reasonable cost;
- (d) Direct communication channels with the external auditors and internal auditors;
- (e) Ability to obtain independent professional or other advice, at the cost of the Company, and to invite external parties with relevant experience to attend the Board meetings, if required, and to brief the Board thereof;
- (f) Approval of the appointment and removal of the Company Secretary; and
- (g) Delegation of powers to its Board Committees in accordance with their respective Terms of Reference.

## 3.0 COMPOSITION

- (a) At least half of the Board shall comprise of Independent Directors<sup>1</sup>. In the event the Company becomes a Large Company<sup>2</sup>, the Board shall comprise a majority Independent Directors.
- (b) At least one director of the Company shall be a female Director<sup>3</sup>.
- (c) The Chairman's and Managing Director's roles are distinct and separate to ensure an effective balance of empowerment and authority is met.
- (d) The Chairman's main responsibility is to provide overall leadership to the Board while the Managing Director is responsible for ensuring that the Company's corporate and business objectives are achieved.
- (e) Directors will submit themselves for re-election at least every 3 years at a shareholders' meeting.
- (f) A director should inform the Chairman before he/she accepts any new directorships in other companies, if there is any potential conflict of interest. The process to do so is further outlined in the Group's Code of Conduct and Ethics.
- (g) The tenure of an Independent Director should not exceed a cumulative term of nine years unless it is recommended by the Nominating Committee and the Board is satisfied that he or she is able to continue bring independent judgement for the Board deliberations, and subject to obtaining shareholders' approval. The tenure of an Independent Director must not exceed a 12-year period.

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<sup>1</sup> An "Independent Director" shall have the meaning as defined in the Listing Requirements.

<sup>2</sup> As defined in the Malaysian Code on Corporate Governance 2021, Large Companies are those that are on the FTSE Bursa Malaysia Top 100 Index or have a market capitalisation of RM2 billion and above, at the start of the companies' financial year.

<sup>3</sup> In compliance with Chapter 15.02(1)(b) of Listing Requirements.

#### 4.0 DUTIES AND RESPONSIBILITIES

- (a) Establish and promote the Group's and Company's business objectives;
- (b) Provide leadership to the Group and Company;
- (c) Review and adopt the strategic business plans and annual budget for the Group and Company;
- (d) Monitor the Group's performance and build sustainable value for the shareholders by ensuring that the strategic plan and budget of the Group supports and integrates long-term value creation and includes initiatives on economic, environmental and social considerations underpinning sustainability;
- (e) Oversee and guide the development, implementation and monitoring of the Company's sustainability priorities and targets, ensuring alignment with business plans and long-term value creation. The Board is responsible for ensuring that sustainability risks and opportunities are adequately assessed and communicated to stakeholders, both internally and externally.
- (f) Identify principal risks and ensure the implementation of proper and appropriate systems to manage these risks;
- (g) Review the adequacy, integrity and effectiveness of the Group's risk management and internal control system to safeguard shareholders' investments and the Group's assets;
- (h) Ensure a satisfactory framework of reporting on internal financial controls and regulatory compliance;
- (i) Establish and review the policies from time to time for enhancing the performance of the Group and Company as contained in the Policies Manual;
- (j) Approves the appointment and re-election of directors on the board of the Group in accordance with the Fit and Proper Policy for the Appointment and Re-election of Directors of the Group;
- (k) Monitor the performance of Directors and Managing Director, all C-Suites or high ranking officers reporting directly to the Managing Director, and any other senior officer(s) deemed appropriate by the Board;
- (l) Determine the succession plan of Senior Management;
- (m) Develop and implement a Corporate Disclosure Policy;
- (n) Promote good corporate governance culture within the Group and ensure that the Group adheres to high standards of ethics and corporate behaviour;
- (o) Ensure the Company complies with the Listing Requirements of Bursa Malaysia Securities Berhad;
- (p) Ensure that the financial statements have been made out in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the financial position of the Group and the Company;
- (q) Recommend the appointment or re-election of external auditors for the Company for presentation to the shareholders of the Company for approval, and their related audit fees; and
- (r) Responsible to ensure continuing education/training for the Directors to update their knowledge and enhance their skills through attendance at relevant programmes, so as to enable them to gain insights and enhance their contributions to Board deliberations.

## **5.0 ROLE OF THE CHAIRMAN**

The Chairman carries out a leadership role in the conduct of the Board and its relations with the shareholders and other stakeholders. The Chairman is primarily responsible for:

- (a) Leading the Board in the oversight of management;
- (b) Representing the Board to shareholders and to chair and ensure the efficient organisation and conduct of the Board and/or meeting of the shareholders;
- (c) Ensuring the integrity of the governance process and issues;
- (d) Maintaining regular dialogue with the MD over all operational matters and consulting with the remainder of the Board promptly over any matter that gives cause for major concern;
- (e) Ensuring that executive Director(s) look beyond their executive function and accept their share of responsibilities in governance;
- (f) Guiding and mediating Board actions with respect to organisational priorities and governance concerns; and
- (g) Performing other responsibilities assigned by the Board from time to time.

## **6.0 ROLE OF THE MD**

The position of the MD, in essence, is to ensure the effective implementation of the Group's business plan and policies established by the Board as well as to manage the daily conduct of the business to ensure its smooth operation.

The MD is responsible to the Board for the following:

- (a) Executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; the direction and development of sustainability strategies and plans, including implementation of approved execution timelines;
- (b) Developing long-term strategic and short-term cashflow plans, designed to ensure that the Group's requirements for growth, profitability and increase in shareholders' value are achieved;
- (c) Directing and controlling all aspects of the business operations in a cost-effective manner, in consultation with the Senior Management;
- (d) Effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy and recruitment of Senior Management staff, determination of remuneration as well as terms and conditions of employment for Senior Management;
- (e) Ensures that the Group's Financial Reports present a true and fair view of the Group's financial position and operational results and are in accordance with the relevant accounting standards jointly with the Chief Financial Officer ("CFO");

- (f) Assures the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- (g) Ensures compliance with governmental procedures and regulations;
- (h) Coordinates business plans with the business heads and cost containment process in consultation with the CFO;
- (i) Responsible for the Group's risk management through the Executive Risk Management Committee ("ERMC") which includes the oversight and management of health & safety risks and climate change risks, as part of the consolidated risk register and management monitoring carried out;
- (j) Overseeing the preparation and collation of information necessary for the Board to deal with, the Board agenda and for providing this information to Directors on a timely basis; and
- (k) Giving assurance to the Board (at least annually) whether the company's risk management and internal control system is operating adequately and effectively.

## **7.0 BOARD MEETINGS**

- (a) Each director shall attend more than 50% of the total meetings held in a financial year. A director may participate in a meeting by means of a teleconference or any communication equipment. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly. \*
- (b) The minimum number of Board meetings to be held in each financial year is 4 meetings. Additional meetings may be called at any time, at the discretion of the Chairman or the MD. The Chairman or any Director, and the Company Secretary, upon such request, shall at any time summon a meeting of the members by giving due notice.\*
- (c) Any decision made at meetings shall be by a simple majority. In the event issues requiring the Board's decision arise between meetings, such issues shall be resolved through circular resolution subsequent to discussions being held amongst the directors, either via teleconference, videoconference, email, etc. in order for the Board as a whole to be apprised on such matters and to obtain their view points before arriving at a decision. Such circular resolution in writing shall be valid and effectual if it is signed by the Director and transmitted to the Company by any technology purporting to include a signature and / or electronic or digital signature of the Director. \*
- (d) The Chairman shall preside at all meetings of Directors. If the Chairman is not present within fifteen minutes of the time of holding the meeting, or an absence of apology has been conveyed, the Directors present shall choose one of their numbers to be the Chairman of the meeting.

- (e) If within half an hour from the time appointed for the meeting a quorum is not established, the meeting shall be dissolved. The meeting shall stand adjourned to such day and at such time and place as the members may determine. \*
  - (f) The Company Secretary shall draw up an agenda for each meeting. The notice containing the agenda shall be sent to all directors and any other persons who may be required to attend the meeting. \*
  - (g) At a minimum, the agenda of the Board meetings shall encompass :-
    - (i) reviews of the operational and financial performance
    - (ii) approval of the quarterly results
    - (iii) approval of the annual audited financial statements (when required)
    - (iv) major capital and/or operational expenditure (when required)
    - (v) significant issues
    - (vi) key activities and opportunities
  - (h) Board papers shall be circulated to the Board at least 3 days prior to the Board meeting. \*
  - (i) The Company Secretary shall promptly prepare the written minutes of the meeting and distribute to the Chairman of the meeting. The minutes of meetings shall be confirmed by the Board and signed by the Chairman. \*
  - (j) The minutes of each meeting shall be entered into the minutes book kept at the registered office of the Company under the custody of the Company Secretary of the Company. \*
- \* *This shall also apply to the various Board Committees.*

## **8.0 TRAINING**

- (a) Newly appointed Directors shall attend the Mandatory Accreditation Programme within 4 months from the date of appointment, if they have never attended such programme. In addition, they should also attend an induction programme of the Company aimed at deepening their understanding of the Company.
- (b) Directors are required to attend continuous training annually which will help them effectively discharge their duties. The annual report will disclose as to whether the directors have attended any training during the financial year.
- (c) Directors shall undergo specific training on sustainability governance, including the integration of sustainability risks and opportunities in the Company's strategy, to facilitate their effectiveness in overseeing and guiding the Company's sustainability initiatives effectively.

## 9.0 BOARD PERFORMANCE

- (a) The performance of the Board as a whole and each individual director would be assessed on an annual basis through the Nominating Committee based on the criteria detailed in the Fit and Proper Policy for the Appointment and Re-election of Directors.
- (b) The remuneration package of the Executive Director(s) and Senior Management would be assessed on an annual basis through the Remuneration Committee.

## 10.0 INVESTOR RELATIONS

- (a) Key information shall be uploaded onto the Company's website [www.hibiscuspetroleum.com](http://www.hibiscuspetroleum.com) on a timely basis.
- (b) The Board has designated the Senior Independent Director as the person to whom concerns from the shareholders and / or queries from the public can be conveyed. The Senior Independent Director may be contacted at [sid@hibiscuspetroleum.com](mailto:sid@hibiscuspetroleum.com).
- (c) The Company has established the following Investor Relations ("IR") structure and responsibility for the implementation of IR programme and strategy:-

### **Spokespersons:**

Chairman, MD and Vice President, Corporate Development.

The Company's Chairman, MD and Vice President, Corporate Development have been appointed to communicate with audience constituents and respond to questions in relation to the corporate vision, strategies, developments, future prospects, financial results and plans, operation matters, etc.

## 11.0 DIRECTORS' EXTERNAL COMMITMENTS AND CONFLICT OF INTEREST

- (a) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Companies Act, 2016. The Director concerned shall not participate in deliberations and shall abstain from casting his votes in any matter arising thereof.
- (b) Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.
- (c) An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty and in accordance with the Group's Code of Conduct and Ethics.



**12.0 DISCLOSURE**

The Board is required to prepare an Annual Report as required by the Listing requirements (Part A of Appendix 9C of the Listing Requirements).

**13.0 AMENDMENTS TO THE BOARD CHARTER**

Any amendment to the Board Charter shall first be presented to the Board for approval. Upon the Board's approval, the said amendment shall form part of the Board Charter.