



REGENCY PETROLEUM COMPANY LIMITED POLICY			
Policy	Board Charter		
Policy #	1004		
Approval	BOARD OF DIRECTORS	APPROVAL DATE	May 8, 2023

BOARD

Board Charter

1.0 Introduction

1.1 The Board of Directors is responsible for the management of the business and affairs of [XXXXXX] ([XXXXXX]). The most difficult situation for the Board is understanding and applying its decision-making dynamics in relationship to management and fulfilling the responsibilities attached to its role in harmony with management. As a rule, the [XXXXXX] Board will not directly manage but will supervise the management of the enterprise and rely on appointed officers to manage its day-to-day affairs, in accordance with the plans and policies agreed with the Board. The Board, however, reserves the power to intervene in management's decisions when required.

2.0 Role of the Board

- 2.1 The core objective of REGENCY PETROLEUM COMPANY LIMITED as a business corporation, is to create and increase shareholder value. The role of the Company's Board of Directors as representatives of its owners, the shareholders, is to provide leadership, guidance, and oversight for the management of the company to achieve this fundamental purpose to grow shareholder wealth.
- 2.2 The Board performs its role essentially through decision-making and oversight. The decision-making function is exercised through formulating with management and approving corporate policy and strategic goals, and taking action, mostly in fulfilment of its statutory mandate, but otherwise in relation to its reserved powers.
- 2.3 The oversight function concerns the review of management decisions, ongoing monitoring of corporate business performance, plans and strategies, risk assessment, management compliance with legal requirements and corporate policies, and the quality of financial and other reports to shareholders.
- 2.4 In carrying out its role, the Board is guided by its statutory limitations, industry responsibilities, regulatory requirements, and best practices for complying with these.
- 2.5 The Board has established formal delegation of authorities, defining the limits of management's power and authority, and delegating to management certain powers to manage the Company's business. The delegation of authorities conforms to statutory

limitations specifying responsibilities of the Board that cannot be delegated to management. Any responsibilities not delegated to management remain with the Board of Directors and its committees.

3.0 Overall Board Responsibilities and Activities

The Board makes decisions, reviews and approves key policies and decisions of the Company in particular in relation to the following matters:

3.1 Strategic Planning

3.1.1 Scope

- Review and approve a Strategic Planning Policy for formulating, approving and administering a consolidated Strategic Plan.
- Collaborate with management in formulating the Company's strategic direction and articulating its Vision and Strategic Objective.
- Approve the Company's annually revised strategic plan, including operating and capital expenditure programs and plans, the operational structure of the Company and its subsidiaries, and the Company's lines of businesses.
- Review and approve the Company's corporate financial objectives and operating plans and actions.
- Approve business decisions having a significant impact on the Company's strategic or operating equilibrium.
- Review regular input from management on the ongoing development of the Company's strategic plan.
- Regularly review the effectiveness of Strategic Plan implementation.

3.1.2 The consolidated Strategic Plan is built from bottom up, after considering the broad strategies of subsidiaries. Following Board approval of the Company's Strategic Plan, .

3.1.3 Management develops the [XXXXXX] Strategic Plan in collaboration with the [XXXXXX] President and the Board of Directors. The Board's task is to collaborate with management by providing constructive and insightful inputs into management's proposals for the annual strategic plan. A draft plan is eventually presented to the full board for review and discussion, an event for which a full day is set aside off-site.

3.2 Enterprise Risk Management

3.2.1 Scope -

- Review and approve [XXXXXX]'s Enterprise Risk Management Policy dealing with structures and processes for comprehensive and integrated management of enterprise risks.

- Review and have a working understanding of the Company's inherent risk profile and internal control priorities.
- Review management's plans for fostering a strong risk culture in the Company.
- Review and approve [XXXXXX] policies for identifying, originating, administering, monitoring and reporting the Company's significant risks.
- Review and approve major capital expenditures, raising capital, allocations of capital among lines of business, transactions within the Board's reserved power, organizational restructurings, and other major financial activities.
- Regularly review the effectiveness with which key enterprise risks are managed.
- Review management's supervision over risk management to ensure the control system is adequate, independent and objective.
- Review the processes that ensure compliance with applicable regulatory, corporate, securities and other legal requirements.

3.2.2 Risk is managed in a uniform, integrated and comprehensive system across the [XXXXXX], supervised by the Chief Risk Officer who reports directly to the President and CEO. The Company's approach to enterprise risk management is to use the same methodologies throughout the [XXXXXX] for identifying and labelling inherent risk, mitigating the likelihood of adverse effects, measuring and reporting risk, and for setting aside risk reserves. The Risk Management Committee of the Board is responsible for ensuring an effective risk architecture is in place to address identification and management of risk. The Committee also monitors performance against policy requirements and plans. The Audit Committee monitors the effectiveness of risk management through internal audit procedures. Both the Risk Committee and the Audit Committee receive reports on regulatory compliance matters.

3.3 Succession Planning and Performance Evaluation

3.3.1 Scope -

- Review and approve the Company's Succession Planning Policy, Performance Evaluation Policy, and Compensation Policy.
- Review and approve the Company's succession planning process, including identifying requirements, selection, and appointment and development of the President and CEO; review and approve in the case of other senior officers.
- Review and approve annual performance targets for the President/CEO and other executive officers in alignment with Company targets, evaluate performance annually and approve compensation.

- Review and approve the process within the Company for identifying high potential officers forming the bedrock for the succession planning chain.
- 3.3.2 The Company's policy is to hire the best, train and develop, and use its people base to source placements. This approach, however, is not inconsistent with other policy in which the Company regularly endeavours to enrich its gene pool by recruiting outsiders to fill positions when new skills and experience are required. The policy to promote from within makes succession planning a priority, which necessitates an integrated HR program that emphasizes performance management and talent recognition. The Human Resource Committee is primarily charged with the responsibility for succession planning for the President and CEO and other key officers, reviewing [XXXXXX]'s plans for the development of senior talent, and fostering depth in management by identifying people with long term potential for senior positions. The Committee reports to the Board annually on succession planning matters. The President/CEO has a written objective that makes succession planning a priority.

3.4 Oversight of Communications and Public Disclosure

3.4.1 Scope -

- Review and approve a Company Communications Policy (for facilitating stakeholder communications) and a Public Disclosure Policy to govern the release of information about the Company.
- Review the Company's communications program, including measures for receiving feedback from stakeholders.
- Review the control infrastructure for ensuring accurate, timely and full public disclosure of disclosable events, transactions, and conditions.
- Review due diligence processes and controls for certifying Company financial statements.
- Review all financial reports and related materials of the Company prior to release and ensure that financial reports reflect the financial condition of the Company with accuracy and transparency.
- Approve disclosure items prior to disclosure in accordance with Policy.
- Review feedback directed to the Board from stakeholders via shareholders proposals.
- Review the effectiveness of communications and disclosure programs against Policy.

3.4.2 Stakeholder communications and public disclosure have catapulted into serious issues of governance and will continue to command attention by regulators and stakeholders, particularly institutional investors. Directors must have empathy for the public's need to know, they must ensure that appropriate communications channels are opened and that the right information is disseminated. This implies

that directors themselves must have good knowledge of what is to be disclosed or communicated and that they are satisfied the Company is acting in accordance with law and regulations. The Corporate Governance and Ethics Committee oversees the Company's relationship with stakeholders while the Audit Committee supervises public disclosure management.

3.5 Internal Controls

3.5.1 Scope -

- Review and approve the Company's Code of Conduct and management's plans for instilling the right value system in the Company.
- Review and approve the Company's Internal Control Policy.
- Review management's plan for ensuring the Company is operating within an appropriate internal control framework.
- Review the effectiveness of the Company's internal controls and management information systems.
- Review external and internal audit plans for evaluating the effectiveness of internal controls.
- Review the Company's financial statements and oversee its compliance with applicable audit, accounting and reporting requirements.
- Review the Company's compliance with applicable legislative, regulatory and internal policy requirements, and ensure that systems are in place for achieving compliance on an ongoing basis.
- Establish a basis for reliance on independent oversight functions (internal audit, compliance, risk management) by ensuring they are independent, have the authority to carry out their responsibilities, and have direct access to the Board.

3.5.2 As a matter of policy, internal controls are to be routinely bolted onto enterprise structures and processes in recognition of their function as risk mitigation techniques. Throughout the enterprise, sensitivity must be shown towards the need, where applicable, for independence, objectivity, avoidance of conflicts of interest, checks and balances, limits of authority, tolerance levels, and reconciliations. Internal controls are foremost the subject of policies and procedures within the risk management framework. The Audit Committee oversees the effectiveness of the internal control framework and regularly reviews internal and external audit reports on control effectiveness.

3.5.3 It is incumbent on every director, as part of the commitment underlying his/her directorship, to be familiar with the key compliance requirements governing our operation. Such knowledge must come from director orientation, management interaction, and director will to know. It is management's responsibility to

consistently alert the board of key compliance requirements through policy formulation, regular compliance reporting, and internal audit reports.

3.6 Corporate Governance

3.6.1 Scope –

- Develop and maintain corporate governance policies and guidelines and a code of ethics consistent with regulatory and legal requirements, industry best practices, and Company needs.
- Establish such Board Committees as required by law, regulation and necessity to assist the Board in carrying out its responsibilities. Each Committee shall be composed entirely of independent directors and shall report to the Board after each Committee meeting. Members of management and non-independent directors may be invited to Committee meetings but shall not participate in the in-camera sessions of any Committee.
- Establish and approve a Charter for each standing Committee and require each Committee to annually review its performance against the Committee Charter and report to the board.
- Establish appropriate structures and procedures to allow the Board to function independently of management.
 - Establish procedures for effective teamwork with management.
 - Establish criteria for Board composition and director nomination and apply these standards to ensure board vibrancy and balance.
 - Set expectations and responsibilities for directors, including attendance at, preparation for, and participation in meetings.
 - Undertake annual performance evaluation of the Board, its Chairman, Committees and members in the context of their defined expectations.
 - Establish the protocols for subsidiary supervision.

3.6.2 Our corporate governance structures must comply with statutory, industry, regulatory, and company best practices. Where there is conflict, we must first obey the laws of our land and the regulators who granted our operating licenses. It is incumbent on directors to take initiative for educating themselves not only as to their legal governance duties and responsibilities but as set out in the Company's corporate governance policies and guidance. In particular, directors must understand the Company's business and its industry as a pre-requisite for contributing to good governance. Governance matters fall within the Corporate Governance and Ethics Committee, which works with management to ensure effective collaboration.

3.6.3 Objective –

To provide entrepreneurial leadership guidance and oversight to the Company (for maximizing shareholder wealth within the bounds of the law and community standards of ethical behavior).

4.0 Summary of Board Responsibilities

- 4.1 The Board's responsibility for providing the Company with entrepreneurial leadership is put in perspective with the following 10 questions that deal with outcomes:
- 4.1.1 Does the Board have the right President and CEO for the Company? Is the performance of the President and CEO consistent with Strategic and Business Plans? Is the Board providing this officer with maximum support for getting the job done? If not, does the Board have credible and actionable succession plans in place? Regardless, has the Board identified anyone within the Company who can take the place of the President and CEO on very short notice, even temporarily?
 - 4.1.2 Is the Board satisfied that the President/CEO's compensation elicits the right behaviour for the Company's short and long-term success? Does the board understand the components of this compensation and how they relate to Company performance? Is the right behaviour being compensated and at a level consistent with market practice?
 - 4.1.3 Does the Board understand and accept the Company's strategy as a viable proposition for its long-term success? Is the Strategy aligned to Company Vision and Objective? Does the Board understand how the chosen strategy translates into wealth? Is the Board convinced that the strategy is the best long-term solution considering the external threats and opportunities surrounding the Company? Does the Board have a good grasp of these threats and opportunities?
 - 4.1.4 Does the Board understand the dynamics of the Company's organic growth? Does the Board have a clear sense of the impact of organic growth on the Company's financial success, separate from the effects of acquisitions? Is the Board satisfied that organic operations are receiving adequate investments of capital to maintain competitive buoyancy or that effective organic operations are duly recognized for divestment or discontinuation?
 - 4.1.5 Does the Board have a good sense of how to evaluate financial performance and health? Does the Board understand the true indicators of operating success, e.g. cash flow versus net income? Are operating units judged on a common playing field of allocated overhead costs, allocated risk-adjusted cost of capital, omission of extraordinary items, and adequate factoring of risk provisions into reserves? Does the Board assess the quality of Company performance by comparison with competitors?
 - 4.1.6 Does the Board understand the root causes of financial performance? Does the Board understand the managed variables for making money in the Company's

various businesses? Is the Board regularly informed about root causes when financial variance is explained in management reports?

- 4.1.7 Is the Board confident in the depth of the Company's human resource pool? Is the Board satisfied there is a disciplined and credible process for identifying high calibre people and for developing their potential and streaming their careers? Does the Company's succession plan reveal lines of qualified successors within the human resource base? Are sufficient new people being brought into the Company versus over-relying on internal promotions?
- 4.1.8 Does the Board regularly receive from management the unvarnished truth and in time? Is management sharing bad news with the board and doing so in a timely fashion? If not, why not?
- 4.1.9 Is the Board satisfied that its board sessions contribute to entrepreneurial leadership in the Company? Is the board adding value to the efforts of the President and CEO to manage the company? Does the Board regularly engage itself in critical Company issues and reach consensus for guiding the President and CEO? Is this consensus constructive and useful?
- 4.1.10 Is the Board satisfied that the Company has opened up effective channels for obtaining stakeholder feedback? Does the Board know what is being said by customers, staff, shareholders, investors, suppliers, and regulators regarding their respective satisfaction with the Company?

5.0 Independent Advisors

The Board shall have the authority to retain such independent advisors as it may deem necessary or advisable for its purposes. The expenses related to such engagement shall be funded by the Company.

6.0 Implementation and Review of Charter

It is the responsibility of the Corporate Governance and Ethics Committee to implement and review this Charter to ensure its relevance, completeness and workability, in addition to ensuring the Board and management comply with its stipulations. The Committee will conduct an annual review and assessment of this Charter in such matter as the Committee deems fit and submit its recommendations to the Board.

7.0 Board Agenda

The business of Board meetings must be consistent with the responsibilities and priorities inherent in its Charter. The meeting agenda and its momentum are therefore to be set in a manner that enables the Board to fully exercise its decision-making and review authority in discharging these responsibilities. Care has to be exercised that the Board does not dissipate its scarce time in micromanagement or in low-priority matters but keeps its focus on the Company's balanced performance for the long-term.

7.1 The following guidance is to be observed in planning the Board Agenda:

- 7.1.1 Ownership for setting the Board Agenda rests with the Chairman of the Board.
- 7.1.2 It is the duty of the Company Secretary to draw up and administer the Agenda on behalf of the Chairman.
- 7.1.3 In entering items for the Agenda, the Secretary initiates a draft that comprises scheduled items from the “Schedule of Critical Board Agenda Items” (see below), statutory and other applicable corporate matters, and matters arising from previous minutes, both of these to be determined by the Secretary. The Secretary proposes the sequence and duration time for each agenda item, guided by the “Processes Relating to Execution of Board Responsibilities” or by the nature of the item itself, and allocating time in proportion to Company priority. As a standard, presentations are to be limited to no more than half the time devoted to any topic and the balance of time is expressly reserved for discussion.
- 7.1.4 This Draft Agenda is sent to the Chairman, Committee Chairman (if applicable) and CEO at least 10 business days before Board meeting
- 7.1.5 The Chairman, Committee Chairman and CEO forward a response to the Secretary within five business days from receipt of the original Draft Agenda and requests amendments to the draft, if applicable. Once the Draft Agenda has been settled, the Secretary communicates the Final Agenda to the Chairman, Committee Chairman and CEO.
- 7.1.6 Material to be supplied by management in support of Agenda items is to be sent to directors by the Secretary at least five business days prior to the Board Meeting.
- 7.2 It is incumbent upon the Secretary to ensure that information obtained from management complies with the “Processes Relating to Execution of Board Responsibilities”, in particular the requirement for Board Summaries. Equally important, it is the Secretary’s responsibility to ensure the allocation of meeting time between Agenda items reflects the relative priority of the items and if there is a concern, this should be discussed with the Chairman.
- 7.3 As a rule, management is to be guided by the “Schedule of Critical Board Agenda Items” below and it is to ensure regularly that matters as scheduled are boarded in a timely fashion. If, for some reason management cannot deliver as scheduled, it shall advise the Corporate Secretary as soon as possible so that the Draft Agenda is prepared, and the Chairman alerted accordingly.
- 7.4 **Schedule of Critical Board Agenda Items**

The purpose of this Schedule is to render to the Board and management certainty regarding the focus of the Board in carrying out its duty to supervise the management of the Company and to facilitate proactive planning of the Board Agenda. The Schedule reflects and operationalizes Board responsibilities and is intended to be as permanent as the Board Charter. It is not however, a checklist of every Board activity; it emphasizes business management activities and internal Board governance, while relying on the Corporate Secretarial function to schedule statutory and routine events.

- 7.4.1 The items to be included in the Schedule are non-recurring, structural, significant and are not likely to change. The timing of the events is built around the Company's yearend, i.e. closing off one year and planning for the next. For a number of the issues below, the content and process for Board decision-making and review are covered in the section "Processes Relating to Execution of Board Responsibilities".
- 7.4.2 The extension of a topic from one quarter to the next does not necessarily mean the matter will require two quarters but that its consideration may commence in the earlier quarter and, in any event, be concluded by the next quarter.
- 7.4.3 For the sake of avoiding complexity, no distinction is made between matters dealt with directly by the Board and Committees.
- 7.4.4 To avoid scheduling conflicts in Q4 with year-end and next-year issues, some matters which logically would have been aligned to Q4 have been re-assigned to earlier quarters, e.g. Enterprise Risk Profile.

7.5 Annual Schedule of Critical Board Agenda Items

BOARD ENGAGEMENT	MEETING			
	Q1	Q2	Q3	Q4
<i>STRATEGIC PLANNING AND IMPLEMENTATION</i>				
Review and approve the Company's Strategic Direction and Strategic Plan			x	x
Review and approve the organization structure, subsidiary structure, lines of business and capital allocation, in line with the Strategic Plan.			x	x
Review and approve the Company's capital structure against policy.				x
Review performance against key strategies as per the Strategic Plan.	x	x	x	x
<i>RISK MANAGEMENT</i>				
Review the Enterprise Risk Profile against enterprise risk appetite and policies.			x	
Review performance indicators, as per policy, relating to risk management effectiveness for: Credit Risk, Liquidity Risk, Market Risk, Pricing Risk, Capital Adequacy, and Compliance Risk.	x	x	x	x
Review the Annual Internal Audit Schedule for coverage of critical risk areas consistent with the Enterprise Risk Profile.	x			
Review procedures designed to promote compliance with laws and procedures and setting an ethical tone at the top, as per the Code of Business Conduct and Ethics.		x		

BOARD ENGAGEMENT	MEETING			
	Q1	Q2	Q3	Q4
FINANCIAL PLANNING & PERFORMANCE & SHAREHOLDER REPORTING				
Review and approve the Annual Business and Capital Expenditure Plans				
Review Quarterly Financial Performance from a business management perspective.	X	X	X	
Review and approve the firm of external auditors and their annual engagement program.				
Review the external auditor assessment of the effectiveness of controls relating to accounting, financial reporting and disclosures, according to policy.		X		
Review the external auditor Management Letter				X
Review and approve Annual Report contents and interim financial performance, as per Communications Policy.	X	X	X	X
HUMAN RESOURCES				
Review summary results of team member annual satisfaction survey against pre-determined goals.			X	
Review summary results of team member annual performance evaluation and cost of performance rewards relative to Budget.		X		
Review performance for the President/CEO and other Designated Officers along pre-determined performance measures and decide compensation.	X			
Review and approve succession and management development plans for the President and CEO and Designated Officers.	X	X	X	X
Review the list of High Potential Officers against pre-determined criteria.		X		
Review and approve the Company's team member compensation (regular and incentive).			X	
BOARD OPERATION				

BOARD ENGAGEMENT	MEETING			
	Q1	Q2	Q3	Q4
Review and approve directors' compensation program.				X
Review investor correspondence/feedback to the Board	X	X	X	X
Evaluate performance for the Board, directors, Chairman, and Committees and determine director eligibility for re-nomination.				X
Review management's effectiveness in keeping the Board informed.				X
Recommend director candidates for election by shareholders.	X			
Review Company Secretary effectiveness along predetermined measures.	X			
Ensure directors annually review and sign-off Code of Business Conduct and Ethics.	X			

8.0 Board Reserved Powers

The following matters specifically reserved to the Board for decision are as follows:

1. <u>Regulatory/Legal Requirements</u>
1.1 Approval of the interim and preliminary company results.
1.2 Approval of any interim dividend and recommendation of any final dividend.
1.3 Approval of the Annual Report and Accounts, Summary Financial Statements of the Company and any interim statement published or issued to shareholders.
1.4 Appointment and removal of the Company Secretary
1.5 Receipt of declarations of interest from Directors.
1.6 Approval of listing particulars
1.7 Approval of the annual report on Directors' remuneration contained in the Annual Report and Accounts
1.8 Approval of capital structure, including material changes in composition of capital, reduction of capital, share issues, share buy backs and use of treasury shares.
2. <u>Legal and Capital Structure</u>
2.1 Capital structure including material changes in composition of capital reduction of capital share issues, share buy-backs, use of treasury shares.
2.2 Legal and corporate structure
2.3 Changes to the Company's Articles of Incorporation
3. <u>Organisational Structure and Operations</u>

3.1	Management and control structure of the Company, including subsidiary alignment
3.2	Corporate structure of the Company
3.3	Delegation of authorities to the President/CEO and to senior officers.
3.4	Relocation of Company operations likely to have a material effect of the Company.
3.5	Outsourcing of operations having strategic impact on the Company.
3.6	Approval of all policies having or capable of having a material impact on the Company.
3.7	Business mergers and acquisitions
4.	<u>Appointments, Training, Evaluation and Terms of Reference</u>
4.1	Appointment and removal of Directors.
4.2	Appointment of any Director as Chairperson or Vice Chairperson of the Board or Senior Independent Director and ending such appointments.
4.3	Determination of the independence of any Director or proposed Director.
4.4	Apportionment of responsibilities to the Executive Directors of the Company including appointments to (and removal from) the positions of Chief Executive and Chief Finance Officer Director.
4.5	Appointment and removal of the President and CEO and Designated Officers.
4.6	Succession planning for Designated Officers.
4.7	The scope and extent of delegation to the Chairperson, Vice Chairperson, and Chief Executive
4.8	Approval of the terms of reference of all Board Committees.
4.9	Performance evaluation of the Board at least once each year and reporting in the Annual Report and Accounts as to whether such performance evaluation has taken place and how it has been conducted.
4.10	Approval of policy on Executive Director's remuneration.
4.11	Approval by the Chairperson and Executive Directors of the remuneration and terms of appointment of Non-Executive Directors of the Company.
4.12	Ensuring that a satisfactory dialogue with shareholders takes place.
5.	<u>Management and strategic direction</u>
5.1	Approval of the Company Business Plan and capital expenditure budgets.
5.2	Approval of long-term objectives and Company strategy.
5.3	Approval of any significant changes to Company Policies and Standards on financial and non-financial risks.
5.4	Approval of the policy in relation to the provision of non-audit services by external auditors, as recommended by the Audit Committee.
5.5	Approval of the agenda of the Shareholder meetings of the Company.
5.6	The review and approval of any material changes to the levels and nature of the insurance cover and other risk management programmes held by the Company.
5.7	Approval of, and significant changes to, the Company's internal control system.

5.8	Annual review of the effectiveness of the Company's/[XXXXXX]'s internal control system and reporting to shareholders that this has been done.
5.9	Approval of, on the recommendation of the Audit Committee, the Audit Engagement Letter.
5.10	Review and approval of any plans to expand into functionally new products or geographic markets.
6.	<u>Transactions</u>
6.1	Approval of any significant transaction regarding the acquisition or disposition in one transaction or a series of transactions of real or personal property not carried on in the ordinary course of the company's business or any significant capital and revenue expenditure, including an acquisition or disposal of financial assets that exceeds 20% of total assets or such other limits as determined by the Board.
6.2	Approval of the commencement by any Company in the [XXXXXX], where such business has not previously been transacted and where the activity is expected to represent, in its first full year of trading, more than 1% gross income of the [XXXXXX] in the recent financial year.
6.3	Approval of cessation, by any Company in the [XXXXXX], of any activity previously conducted, representing more than 1% of gross expenses of the [XXXXXX] in the most recent financial year.
7.	<u>Guarantees/Indemnities/Securities</u>
7.1	Approval of the provision of any guarantee, indemnity, security by the company.
7.2	Authorisation of payment of a commission on a share issue.
8.	<u>Subsidiaries / Associates/ Joint Ventures</u>
8.1	The Subsidiary Boards will approve their own list of matters reserved unless otherwise determined by that Subsidiary.
8.2	The Company has the powers of a sole or majority shareholder to appoint or move directors and exercises indirect control over the activities of its subsidiaries by the retention of certain powers, subject to the legal rights of minority shareholders.
8.3	The operations of associates and joint ventures will normally be governed by the provisions of detailed agreements or constitutional documents, the terms of which should determine the powers of the Board of the associate or joint venture, and the procedures for creating and approving business plans for the associate or joint venture.
9.	<u>Share Capital and Financing</u>
9.1	Approval of any increase/reduction in the issued share capital within the Authorised Share Capital approved by Shareholders.
9.2	Approval of the issue or repayment of any share capital or debt securities or any other borrowings by any [XXXXXX] Company other than: <ul style="list-style-type: none"> a. Where such issue, repayment, subscription or borrowing is in the ordinary course of business and has been approved in the [XXXXXX] Business Plan; and/or, b. Any issue where any [XXXXXX] Company or its nominee will be or is the sole holder of those securities and the sum to be subscribed or paid does not exceed 20% of the total authorized share capital of that entity.

10. <u>Human Resource Management – Officers and Team members</u>
10.1 Approval of Team member compensation and benefit policy.
10.2 Approval of changes in the rules of the Company pension schemes and changes of trustees
10.3 Specifying the duties of Designated Officers, who shall include the following: <ul style="list-style-type: none"> a. President and Chief Operating Officer b. Chief Operating Officer c. Chief Financial Officer d. Chief Internal Auditor e. Chief Information Officer f. Chief Compliance Officer g. Corporate Secretary
11. <u>Directors’ Remuneration</u>
11.1 Approval of directors’ fees.

9.0 Directors in General

- 9.1 **Purpose** - The director’s purpose, in conjunction with the body of other directors, is to provide the Company with entrepreneurial leadership. The director achieves this purpose by helping the Board provide effective supervision over management of the Company.
- 9.2 **Responsibilities** - The director, acting collectively with other directors, provides effective supervision of the Company by:
- 9.2.1 Setting the Company’s values and standards;
 - 9.2.2 Setting the Company’s strategic direction;
 - 9.2.3 Ensuring effective management of risk;
 - 9.2.4 Ensuring a system of effective controls;
 - 9.2.5 Ensuring the necessary financial and human resources are in place;
 - 9.2.6 Reviewing management performance; and,
 - 9.2.7 Ensuring that obligations to shareholders, regulators, and other stakeholders are understood and met.
- 9.3 **Director Attributes** - Aside from the specific functional expertise a director brings to the boardroom, he/she was nominated on the basis of the following characteristics, which the director is obliged to manifest in his/her conduct as a director:
- 9.3.1 High ethical standards consistent with the Company’s Code of Business Conduct and Ethics

- 9.3.2 Commitment to business leadership
 - 9.3.3 Courage to express and to defend a position
 - 9.3.4 Decisive and willing to be held accountable
 - 9.3.5 Effective intervention and decision-making style
 - 9.3.6 Contributes to team synergy
 - 9.3.7 Mature and thoughtful perspective on business
- 9.4 **Director Core Competencies** – These competencies are collectively required of the Directors in order for them to carry out their fiduciary responsibilities and include but are not limited to:
- a. Corporate Law
 - b. Human Resources
 - c. Information Technology
 - d. Financial Accounting
 - e. Business Management
 - f. Risk Management
- 9.5 **Director Reliance** - In discharging Board or Committee duties a director, who does not have knowledge that makes reliance unwarranted, is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, prepared or presented by any of the persons specified below.
- 9.5.1 One or more officers or team members of the corporation whom the director reasonably believes to be reliable and competent in the functions performed or the information, opinions, reports or statements provided;
 - 9.5.2 Legal counsel, public accountants, or other persons retained by the corporation as to matters involving skills or expertise the director reasonably believes are matters (i) within the particular person’s professional or expert competence or (ii) as to which the particular person merits confidence; or
 - 9.5.3 A Committee of the Board of directors of which the director is not a member if the director reasonably believes the committee merits confidence.
- 9.6 **Director Operation** - The director owes a duty of skill and care to the Company, meaning that he/she should not act negligently in carrying out his/her duties. As a consequence, the director has a duty to acquire and maintain an understanding and knowledge of the Company, sufficient for the director to properly discharge his/her duties. In this regard, the director is expected to:

- 9.6.1 Attend all Board and applicable Committee meetings unless there is a compelling reason for non- attendance;
 - 9.6.2 Understand the Company’s organization structure, objectives, strategies, key risks and controls, and its money-making operations;
 - 9.6.3 Be sensitive to the external environment as it applies to the Company’s business and strategies;
 - 9.6.4 Prepare for each meeting of the Board by reviewing materials provided in advance of the meeting; preparation time required for each meeting will depend on the topics to be addressed;
 - 9.6.5 Take decisions objectively in the interests of the Company;
 - 9.6.6 Constructively challenge management and other directors and help develop proposals on strategy;
 - 9.6.7 Scrutinize the performance of management in meeting agreed goals and objectives;
 - 9.6.8 Satisfy himself/herself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.
 - 9.6.9 With the approval of the Chairman of the Board, engage external advisors at the expense of the [XXXXXX].
- 9.7 **Conflict of Interest** - The director owes a fiduciary duty to the Company, meaning that as the director is in a position of trust, decisions he/she makes must be in good faith and not for personal interest. In this regard:
- 9.7.1 The director is subject to conflict of interest guidelines for which the Company has established monitoring procedures. Directors must excuse themselves from a particular matter where there may be a perception of conflict or a perception that they may not bring objective judgment to the consideration of the matter.
 - 9.7.2 Directors are required to complete annually an Independence and Conflict of Interest Questionnaire to confirm their compliance with policy.
- 9.8 **Director Annual Evaluation** -
- 9.8.1 A director’s performance is evaluated through a written self-assessment exercise followed by a meeting with the Chair.
 - 9.8.2 The director’s qualifications in terms of independence and conflict of interest compliance are annually reviewed prior to the Board nominating that Director for re-election.

9.9 **Director Remuneration -**

- 9.9.1 The director's compensation is reviewed annually to ensure application of a compensation strategy that properly aligns the interests of directors with the long-term interests of the Company.
- 9.9.2 Directors do not obtain stock options as a form of compensation. Directors may elect to receive their compensation in cash or some equivalent form approved by the Board.
- 9.9.3 Directors are persuaded to hold an equity position in the Company upon joining the Board. The Company's common shares are considered equity for this purpose, while stock options are not.

9.10 **Director Induction and Continuing Education** - The Company provides an induction program for new directors, as well as an ongoing education program for all directors. As part of the program, directors' seminars, divisional presentations to the Board, induction and update materials, and on-site visits to the Company's operations assist directors to better understand the Company's strategies, operations and the external business and competitive environment.

9.11 **Director Resignation** - In the following circumstances a director is expected to submit his or her resignation to the Chairman of the Board for determination by the Board upon recommendation of the Committee. If any of these circumstances apply, the Board Chairman will first discuss the matter with the director and then request the director to submit a letter of resignation:

- 9.11.1 If the director is no longer qualified under the Company's Bylaws or applicable law.
- 9.11.2 If the director does not meet eligibility rules under the Board's independence and conflict of interest guidelines.
- 9.11.3 If the credentials underlying the appointment of such director materially change.
- 9.11.4 If the director's performance as a director is unacceptable.

9.12 **Protection for Directors** - The Company shall indemnify directors against losses that may arise from the appropriate exercise of their authority as directors and shall arrange for an adequate level of Directors and Officers Liability Insurance to supplement this indemnification.

10.0 **Role of Chairman**

10.1 **Purpose** - Creates the conditions for overall Board and individual director effectiveness, both inside and outside the Boardroom.

10.2 **Specific Responsibilities -**

- 10.2.1 Run the Board and set its agenda. The agenda should take full account of the issues and the concerns of all Board members. Agendas should be forward looking and concentrate on strategic matters rather than formulaic approvals of proposals which can be the subject of appropriate delegated powers to management;
- 10.2.2 Ensure that the members of the Board receive accurate, timely and clear information, in particular about the company's performance, to enable the Board to take sound decisions, monitor effectively and provide advice to promote the success of the company;
- 10.2.3 Ensure effective communication with shareholders and ensure that the members of the Board develop an understanding of the views of major investors;
- 10.2.4 Manage the Board to ensure that sufficient time is allowed for discussion of complex or contentious issues, where appropriate arranging for informal meetings beforehand to enable thorough preparation for the Board discussion. It is particularly important that non-executive directors have sufficient time to consider critical issues and are not faced with unrealistic deadlines for decision-making;
- 10.2.5 Take the lead in providing a properly constructed induction programme for new directors that is comprehensive, formal and tailored, facilitated by the Company Secretary;
- 10.2.6 Take the lead in identifying and meeting the development needs of individual directors, with the Company Secretary having a key role in facilitating provision. It is the responsibility of the Chairman to address the development needs of the Board as a whole with a view to enhancing the overall effectiveness as a team;
- 10.2.7 Ensure that the performance of individuals and of the Board as a whole and its committees is evaluated at least once a year;
- 10.2.8 Build an effective and complementary Board, initiating change and planning succession in Board appointments, subject to Board and shareholders' approval;
- 10.2.9 Promote the highest standards of corporate governance and seeks compliance with the provisions of applicable codes wherever possible;
- 10.2.10 Ensure a clear and effective structure and process for running Board committees;
- 10.2.11 Ensure effective implementation of Board decisions.

10.3 **Chairman's Leadership Style -**

- 10.3.1 Upholds the highest standards of integrity and probity;
- 10.3.2 Sets the style and tone of Board discussions to promote effective decision-making and constructive debate;

- 10.3.3 Establishes a close relationship of trust with the President and Chief Executive Officer, providing support and advice while respecting executive responsibility;
- 10.3.4 Provides coherent leadership of the company, including representing the company and understanding the views of shareholders;
- 10.3.5 Fosters and motivates teamwork and encourages active engagement by all the members of the Board;
- 10.3.6 Demonstrates commitment to director accountability and responsibility through example; and
- 10.3.7 Gains the trust and respect of fellow directors through thoughtful listening and responding.

11.0 Board Committees

11.1 Mandatory Board Committees

11.1.1 **Basic Purpose of the Board Committee** - These Board committees assist the Board in managing its workload by carrying out specialized or recurring tasks and referring to the Board its recommendations for consideration by the Board. The Committee process can also be used to ensure a certain level of independence by excluding attendance of executives who are directors.

11.1.2 **The four mandatory Committees of the Board are:**

- Audit Committee
- Risk Management Committee
- Corporate Governance and Ethics Committee
- Human Resource Committee.

11.2 Committee Structure and Operation

11.2.1 **Appointment of Committee Members** - Members, including the Chairman of the Committee, are appointed by a resolution of the Board on the recommendation of the Board Corporate Governance & Ethics Committee, which reviews the composition of each Committee regularly.

11.2.2 **Committee Mandate** - The Committee mandate and the scope of its authority are set out in the Board resolution establishing the Committee. Each Committee must have a charter that sets out the following minimum information:

- Purpose and objectives;
- Responsibilities;
- Frequency of and attendance at meetings;

- Qualifications of membership;
- Appointment and removal procedures;
- Structure and operations;
- Reporting to the Board.

11.2.3 **Committee Charters** – The Charters of the four mandatory committees are contained in Appendix 2.

11.2.4 **Committee Size** - Committee membership is to be confined to as few members as is necessary to carry out Committee work with effectiveness and efficiency, but in no event will membership be less than three directors.

- **Committee Independence** - Committees are to be composed entirely of independent directors within the meaning of “independence” as defined in the [XXXXXX]’s Director Independence Policy and the Banking Services Act. Committees will regularly hold in camera meetings without management present, where necessary.
- **Board Accountability** - Committees have no more authority than that delegated to them by the Board. “If the Board does delegate authority to a committee, it is not relieved of its responsibility with respect to the matters within the committee’s mandate – it must continue to exercise the same oversight that it does when it delegates authority to management. If the committee makes recommendation to the Board, the Board must review the reports and recommendations of the committee as it would any other input it receives, ask the pertinent questions and make any further inquiries necessary to make an informed business judgment.”¹
- **Committee Powers** - Unless specifically authorized by the Board, the Committee has no decision-making powers and it concludes its work with its Chairman making recommendations or providing reports to the Board at the end of each meeting.
- **Written Procedures** - Committees are to establish written procedures for the conduct of routine business, especially as it applies to relations with outside parties, e.g. management, external auditors, advisors, consultants. A copy of these written procedures is to be given to each director and compliance should be monitored by an audit committee of the Board.
- **Annual Agenda** - Committees are to prepare annual agendas of items to be considered, guided by the Schedule of Critical Board Agenda Items in the Board Agenda Preparation section of the Corporate Governance Manual and attached as an Appendix to this Charter.

¹ “What Directors Need to Know: Corporate Governance” 2003 p. 82 Carol Hansell.

- **Meeting Agenda** - The Committee agenda for a particular meeting is to be drafted by the Company Secretary for the Committee Chairman and is to be guided by unfinished business from the previous meeting, the Schedule of Critical Board Agenda Items, and ad hoc issues proposed by management and the Committee Chairman.
- **Communication of Agenda Information** - The agenda and material to be reviewed by the Committee are to be delivered to Committee members at least five business days prior to the meeting and the Company Secretary is to ensure that presentation of the information complies with requirements of the Board Processes for Engaging Critical Business Issues.
- **Meeting Minutes** - The minutes of meetings are to record the decisions taken and provide sufficient background to those decisions. All papers presented to the meeting should be clearly identified in the minutes and retained for reference.
- **Circulation of Minutes** - The minutes of all meetings (or a written summary thereof) are to be circulated to the Committee at least three (3) business days prior to the next meeting and members should take the opportunity at that meeting to ask questions thereon.
- **Meeting Attendance** - Committee members are expected to attend each Committee meeting, unless there are exceptional circumstances that prevent them from doing so.
- **Independent Advice** - Committees may engage independent expert advice at the [XXXXXX]'s expense. (Individual directors may, with the approval of the Chairman of the Board, engage external advisors at the expense of the [XXXXXX].)
- **Performance Evaluation** - Committees are to submit annually to a performance evaluation of its effectiveness in fulfilling its mandate responsibilities.
- **Basic Purpose of the Committee Chairman** - Operating in a task-oriented environment, the Committee Chairman plays an active role in leading and guiding the team of directors in analysing and assessing various matters and formulating clear and insightful recommendations for referral to the board.

11.3 Primary Responsibilities of the Committee Chairman –

- 11.3.1 Ensure, in cooperation with the Board Chairman and Chairman of the Corporate Governance and Ethics Committee, that director skills and experience on the Committee are commensurate with its responsibilities.
- 11.3.2 Plan the Committee's annual calendar of business to ensure most effective use of the Committee's time in relation to its mandate.

- 11.3.3 Collaborate with the Chairman of the Board and the Company Secretary to establish the frequency of committee meetings and the agendas for individual meetings.
- 11.3.4 Ensure that the Committee is provided information on a timely basis and in a form consistent with the requirements outlined in Board Processes for Engaging Critical Business Issues.
- 11.3.5 As appropriate and in consultation with the Committee, retain, oversee and terminate independent advisers to assist the Committee or its members in fulfilment of their responsibilities.
- 11.3.6 Ensure Committee members receive appropriate induction to the [XXXXXX] and ongoing training and exposure to enable effective discharge of their responsibilities.
- 11.3.7 Ensure Committee work is in accordance with statutory/regulatory requirements and best practices.
- 11.3.8 Foster team-spirit and synergy within the Committee to bring the best out of members.
- 11.3.9 Foster a climate of constructive debate and challenge and strive for closure on issues based on consensus.
- 11.3.10 Manage Committee time to ensure meeting objectives are achieved without compromising opportunity for full member participation and debate.
- 11.3.11 Lead the Committee in annually reviewing and assessing the adequacy of its mandate.
- 11.3.12 Lead the Committee in assessing performance feedback of Committee effectiveness.
- 11.4 **Reporting to the Board** - Provide clear, insightful and decisive recommendations and reports to the full Board after each Committee meeting.
- 11.5 **Other Board Committees** - The Board in its discretion may operate other committees, including ad hoc committees, to the extent it deems necessary.

12.0 Relationship between Board and Management

12.1 Role of Management

- 12.1.1 Corporate governance specifies the distribution of rights and responsibilities among the different participants making up the corporation, such as the board and management (as well as shareholders and other stakeholders). It is accepted that the Board's role is to supervise the management of the Company while the officers' role is to execute its management. In other words, the board is concerned with

governing the Company to ensure it is properly run, while management attends to running the business.

- 12.1.2 The President/CEO and senior officers are responsible for managing the institution on a day-to-day basis, within the authorities delegated to them by the board and in compliance with applicable laws and regulations. In this regard, management's skills, competence, integrity and experience are critical factors in the safety and soundness of the institution.

12.2 **Management Conduct**

- 12.2.1 Management's undertaking is to support directors in the fulfilment of their responsibilities to the Company (the flip side of directors' obligation to management). Directors are under a legal duty of skill and care to the Company and it is management's function to ensure directors are able to carry out their responsibilities in a way that minimizes the burden on them to exercise skill and care. However, it is not part of the director's duty of skill and care to closely watch over management's shoulders, unless directors have reason to suspect management is dishonest or incompetent. If management appears competent and honest, directors may rely on the information they provide and question neither its reliability nor sufficiency.
- 12.2.2 Management and board may be operating in perfect harmony with information given and received, neither side attentive or concerned about best practices, each endeavouring to be cooperative. Irrespective of whether management or the board is competent, and especially if they are not, it is in the best interests of the Company to ensure operating effectiveness, transparency, and regulatory compliance by institutionalizing best practices to govern the communications relationship between board and management.
- 12.2.3 Moreover, members of management should be aware that they are subject to the same fiduciary duty and duty of care as are directors of the Company and must discharge its responsibilities in accordance with these duties. Collaboration between management and the Board in running the Company and in ensuring good information flows provides a useful check and balance in this structure.
- 12.2.4 "Best practices" are those that support the board in carrying out its responsibilities described in the Board Charter. The tasks and process elements relating to these best practices are covered in the section "Processes Relating to the Execution of Board Responsibilities". In addressing its own role within these processes, management should reflect on the following premises governing its role within the institution.

12.3 **Management Guidance Governing Board Information**

- 12.3.1 **Corporate Role** - Management is responsible for ensuring the board is adequately informed to discharge its statutory, regulatory and leadership duties with care and skill. This premise considers the fact that management is expected to have full

working knowledge of Company affairs whereas directors are not, deferring to management instead.

- 12.3.2 **President and CEO** - The board's primary interface with management is the President and CEO, who is ultimately accountable to the Board for Company performance. Directors may however, communicate directly with other officers and vice-versa without undermining the authority of the President and CEO.
- 12.3.3 **Oversight Functions** - The President and CEO ensures that critical oversight functions (internal audit, compliance, and risk management) that provide assurances to the Board are provided with adequate infrastructure for ensuring independence and objectivity.
- 12.3.4 **Board Information** - When management provides information to the Board, management does so ensuring the information is comprehensive, accurate, and relevant, and is not likely to mislead or overwhelm directors.
- 12.3.5 **Information Essence** - Directors expect to receive from management information in which the essence is disaggregated from distracting and ponderous details. If the Board is required to render a decision on a matter, management ensures that the information it supplies to the Board is distilled in a form that allows the board to easily understand the key considerations; that the proposition and arguments are concisely and clearly articulated; and, that the information is presented in a format that enables directors to readily absorb the key issues, formulate judgments, and gather useful insights.
- 12.3.6 **Information Lead Time** - Information required by directors to conduct their business shall be provided by management with sufficient lead time to enable directors to assimilate the information, taking into account the volume and complexity of the situation, the nature of the director's required response, and the assumption the director has other competing priorities on his/her time. As a general rule, information is to be provided to directors no less than five business days prior to their meeting.
- 12.3.7 **Management Reliance** - Directors are entitled to rely on the information they receive from management, but they may not accept management's assumptions, analysis, and recommendations without question if there is reason for doubt. "Good faith" reliance on management information does not mean directors blindly accept what they hear or read; they must decide if assertions are reasonable and test the basis of facts and analysis.
- 12.3.8 **Director Access to Management** - When directors review information supplied by management, it is the directors' responsibility to seek from them clarification or amplification where necessary and directors may do so through direct communication. Management shall respect the right of directors to make inquiries, which shall be dealt with professionally.

- 12.3.9 **Management Evaluation** - As part of its overall annual evaluation, the board will also assess management's effectiveness in providing it with information for discharging its responsibilities.

13.0 Board Reserved Authorities

13.1 Management and Strategic Direction -

- 13.1.1 Approval of long-term objectives and company strategy.
- 13.1.2 Approval of the annual business plan and capital expenditure budgets.
- 13.1.3 Expanding into functionally new product or geographic markets.
- 13.1.4 Business mergers and acquisitions.
- 13.1.5 Divestment or discontinuation of any business, operations or product lines.

13.2 Legal and Capital Structure

- 13.2.1 Capital structure, including material changes in composition of capital, reduction of capital, share issues, share buy-backs, use of treasury shares.
- 13.2.2 Legal and corporate structure.
- 13.2.3 Adoption, amendment or repeal of Company by-laws.

13.3 Organization Structure and Operations

- 13.3.1 Management and control structure of the Company, including subsidiary alignment.
- 13.3.2 Corporate structure of the [XXXXXX], including subsidiary rationalization.
- 13.3.3 Delegation of authorities to the President/CEO and to senior officers.
- 13.3.4 Relocation of Company operations likely to have a material effect on the Company.
- 13.3.5 Outsourcing of operations having strategic impact on the Company.
- 13.3.6 Approval of all policies having or capable of having a material impact on the Company.

13.4 Human Resource Management – Officers and Team members

- 13.4.1 Team member compensation and benefits policy.
- 13.4.2 Changes in the rules of the Company pension schemes and changes of trustees.
- 13.4.3 Specifying the duties of Designated Officers, who shall include the following:

- President and Chief Operating Officer
- Chief Operating Officer
- Chief Financial Officer
- Chief Risk Officer
- Chief Internal Auditor
- Chief Information Officer
- Chief Compliance Officer
- Corporate Secretary

13.4.4 Reviewing the performance measures for Designated Officers.

13.4.5 Reviewing management's performance evaluation of Designated Officers.