



REGENCY PETROLEUM COMPANY LIMITED
CORPORATE GOVERNANCE POLICY GUIDELINES

DEFINITIONS

Chairman – The independent non-executive director elected by the Board who has responsibility for presiding over and leading the Board meetings. The term Chairman includes both the masculine and feminine genders.

Corporate Citizenship – This refers to an ethical relationship of responsibility between the company and the community in which it operates. As a responsible corporate citizen, the company should protect, enhance and invest in the wellbeing of the economy, society and the natural environment.

Corporate Social Responsibility - This is an important and critical component of the broader notion of corporate citizenship. One is a good corporate citizen, inter alia, by being socially responsible. Corporate social responsibility is the responsibility of the company for the impacts of its decisions and activities on the society and the environment. Through transparent and ethical behaviour that: contributes to sustainable development, including health and the welfare of society; by taking into account the legitimate interests and expectations of all stakeholders; compliance with applicable law and consistency with international norms of behaviour; integrated throughout the company and evidence in its relationships.

Diversity – This refers to the composition of the Board taking into account the appointment of persons with the requisite skills, experience, competence, age, gender, independence and such other requirements as the Board may determine in keeping with best practices and applicable law.

Ethics - The terms 'Ethics' and 'morality' can be used interchangeably. This refers to that which is good or right in human interaction. Ethics involves three key, interlinked, concepts – that of 'self', 'good', and 'other'. Thus, one's conduct is ethical if it gives due consideration not only to that which is good for oneself, but also good for others.

Executive Director - A director who is employed to the company and who has management responsibility for aspects of the company's day to day operations.

Independent Non-Executive Director - A director who is free of any interest, position, association or relationship that might influence or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgment to bear on issues before the Board and to act in the best interest of the entity and its stakeholders generally.

Independence - Independence is the absence of undue influence and bias which can be affected by the nature of the relationship between the director and the company.

Non-executive Director - A director who is not an executive director.

Risk Management - The identification and evaluation of actual and potential risk areas as they pertain to the company as a total entity, followed by a process of either avoidance, termination, transfer, tolerance (acceptance), exploitation, or mitigation (treatment) of each risk, or a response that is a combination or integration of these.

Senior Management - The first layer of management below board level.

Significant Shareholder - A shareholding of twenty per centum (20%) of the aggregate shareholding of a company.

Stakeholders - Any group affected by and affecting the company's operations and shall include but not limited to shareholders, employees, clients, customers, vendors and the community.

1. DIRECTORS

1.1. The Board

Main Principle

The company shall be governed by an effective board, which is collectively responsible for the long term success of the company. The Board of Directors should adopt a board charter setting out, among other things, as deemed necessary, its roles, responsibilities and frequency of meetings. Each member of the board of directors of a company owes a duty of care to the company.

In discharging this duty, the Companies Act states that a director may have regard to the interests of the company's shareholders and employees and the community in which the company operates.

Roles and Responsibility

The Board will be responsible for:

- (a) affirming the company's vision and mission and defining the strategic goals, while providing input into and final approval of management's development of the corporate strategy and performance objectives;
- (b) overseeing the business of the company, including its control and accountability systems, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct, and legal compliance;
- (c) appointing and removing the chief executive officer, or its equivalent;
- (d) monitoring senior executives' development, performance and implementation of strategy;
- (e) as appropriate ensuring adequate resources are available to achieve the company's strategic objectives;
- (f) approving and monitoring the progress of significant or major capital expenditure, capital management, and acquisitions and divestments;

(g) approving and monitoring financial and other reporting;

Code provisions

- 1.1.1. The size of the Board will be guided by the Articles of Incorporation of the Company and any applicable Guidelines.
- 1.1.2. The composition of the Board should enable the Board to properly exercise its role and add value to the company and all shareholders. The number of directors, diversity and experience, skills and knowledge, and the directors' ability to independently challenge the management and provide strategic advice on the direction of the company are all elements that shape the Board's effectiveness. Diversity on the Board should relate to academic qualifications, technical expertise, relevant industry knowledge and gender.
- 1.1.3. The Board should meet at least six (6) times in each year or sufficiently and regularly and as frequently as may be required to discharge its duties effectively. There should be a formal schedule of matters specifically reserved for its decision. These matters take into account the size, complexity and ownership structure of the company, and will be influenced by its tradition and corporate culture, and by the skills of directors and senior executives.
- 1.1.4. The Annual Report should identify the Chairman, the Deputy Chairman (where there is one), the lead independent director (where there is one), the Chief Executive Officer, and the Chairmen and members of the Board committees. It should also set out the number of meetings of the Board and those committees and individual attendance of directors.
- 1.1.5. The company should arrange appropriate Directors and Officers' Liability Insurance coverage in respect of legal actions brought against its directors and the Company Secretary in the discharge of their duties in such capacities as permitted by section 204 of the Companies Act.

1.2. Chairman and Chief Executive Officer

Main Principle

There should be a clear division of responsibilities between the operations of the Board and the executive responsibility for the running of the company's business.

Code Provisions

- 1.2.1. The roles of Chairman and Chief Executive Officer should not be exercised by the same individual. The division of responsibilities of the Chairman and Chief Executive Officer should be clearly established.
- 1.2.2. The Chairman should on appointment, satisfy the independence criteria set out in below [2.1.1]. A person who ceases to be Chief Executive Officer should not immediately go on to be the Chairman of the same company.

1.3. Non-Executive Directors

Main Principle

As part of their role as members of the Board, non-executive directors should constructively challenge, help develop and approve proposals on strategy.

1.3.1. Non-executive directors should carefully and diligently review the performance of management against the agreed goals and objectives and monitor the reporting of performance. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.

1.3.2. The Chairman should hold meetings with the non-executive directors without the executives present. The non-executive directors should meet separately to appraise the Chairman's performance on such other occasions as are deemed appropriate

1.3.3. Where directors have concerns about the running of the company or a proposed action, which cannot be resolved, they should ensure that their concerns are appropriately recorded in the board minutes. On resignation, a non-executive director should provide a written statement to the Chairman, for circulation to the Board, if they have any such concerns.

2. BOARD EFFECTIVENESS

2.1. The Composition of the Board

Main Principle

The Board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.

Code Provisions

2.1.1. The Board should identify in the Annual Report each non-executive director it considers to be independent. The Board should determine whether the director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment. The Board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination, including if the director:

- has been an employee of the company or group within the last three years;
- has, or has had within the last three years, a material business relationship with the company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;

- has received or receives additional remuneration from the company apart from a director's compensation, participates in the company's share option or a performance related pay scheme;
- has close family ties with any of the company's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder.

2.1.2 The number of independent non-executive members appointed to the board of directors should be proportionate to the number of members on the board. The number of independent non-executive directors should be no less than 1/3 to the nearest whole number of the members on the board, with a minimum of 1.

2.1.3 The Board should regularly assess whether each non-executive director is independent. Each non-executive director should provide to the Board all information that may be relevant to this assessment. If a director's independent status changes, this should be disclosed and explained in a timely manner to the market.

2.2 APPOINTMENTS TO THE BOARD

Main Principle

There should be a formal, rigorous and transparent procedure for the appointment of new directors to the Board.

2.2.1 The Board shall appoint a committee whose responsibility will be to lead the process for nomination and selection of the directors. This may be assigned to the Corporate Governance (CG) or Nomination Committee or other Board Committee as may be appropriate.

2.1.2. The Corporate Governance or Nomination or other Board committee leading the appointment process should evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required.

2.1.3 The Corporate Governance or Nomination Committee or other Board Committee should consider implementing a plan for identifying, assessing and enhancing director competencies. It should consider whether succession plans are in place to maintain an appropriate balance of skills, experience and expertise on the Board.

2.1.3. The Annual Report should describe the work of the Corporate Governance or Nomination or other Board committee, including the process it has used in relation to board appointments.

2.2. COMMITMENT

Main principle

All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.

2.3. INFORMATION AND PROFESSIONAL DEVELOPMENT

Main Principle

The Board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. All directors should receive information on joining the Board and should periodically update and refresh their skills and knowledge.

Code Provisions:

- 2.3.1. New directors should receive a full, formal and tailored induction on joining the Board. The Chairman should periodically review and agree with each director their training and development needs.
- 2.3.2. There should be agreed procedures by the Board for directors, especially non-executive directors, to have independent professional advice if necessary to discharge their responsibilities as directors, at the company's expense. Committees should be provided with sufficient resources to undertake their duties.
- 2.3.3. All directors should have access to the advice and services of the company secretary, who is responsible to the Board for ensuring that board procedures are complied with. Both the appointment and removal of the company secretary should be a matter for the Board as a whole.

2.4. PERFORMANCE EVALUATION

Main Principle

The Board should perform an annual rigorous evaluation of its performance as a whole as well as the performance of its committees and individual directors. The purpose of such an evaluation is to determine the strengths and weaknesses of the board in carrying out its responsibilities. This may take the form of a self assessment conducted internally.

2.4.1 The Board should state in the annual report how performance evaluation of the Board, its committees and its individual directors was conducted. Evaluation of the Board of companies should be externally facilitated at least every six (6) years.

2.4.2. The non-executive directors, led by the lead independent director (where there is one), should be responsible for the performance evaluation of the Chairman.

2.5. RE-ELECTION OF DIRECTORS

Main Principle

Directors are eligible for re-election at the Annual General Meeting in accordance with the Company's Articles of Incorporation, subject to continued satisfactory performance.

Code Provision

- 2.5.2. All directors should be subject to election by shareholders at the first annual general meeting after their appointment, and to re-election thereafter at intervals of no more than three years subject to the Company's articles. The names of directors submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information to enable shareholders to make an informed decision on their re-election.
- 2.5.3. Before proposing re-election, the Chairman should be satisfied that the non-executive director continues to contribute effectively and demonstrate commitment to the role.

3. BOARD COMMITTEES

Main Principles

The Board should establish at least two standing committees - an Audit and a Corporate Governance or Remuneration Committee each with clearly defined terms of reference, procedures, responsibilities and powers.

The Board may appoint any Ad Hoc Committee as it deems necessary. The rules under which such Committee governs will be set out at each occasion by the Board. All Committees will be subject to the annual evaluation process, similar as applied to the Board itself.

THE AUDIT COMMITTEE

Main Principle

The Board should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

Code Provisions:

- 3.1.2. The Audit Committee shall be comprised of at least three, independent non-executive directors. The Board Chairman may be a member but not chair the committee. The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.
- 3.1.3. The main role and responsibilities of the Audit Committee should be set out in written terms of reference and should include:
 - to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgments contained in them;

- to review the company's internal financial controls and risk management systems.
- where a separate board risk committee is appointed it will comprise of non-executive directors;
- to monitor and review the effectiveness of the company's internal audit function;
- to make recommendations to the Board, who will put to the Shareholders for approval, in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to recommend the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services; and
- to report to the Board on how it has discharged its responsibilities.

3.1.4. The terms of reference of the Audit Committee, including its role and the authority delegated to it by the Board, should be made available on the company's website.

3.1.5. The Audit Committee has authority to:

- (a) Conduct or authorize investigations into any matters within its scope of responsibility;
- (b) Resolve any disagreements between management and the auditor regarding financial reporting;
- (c) Pre-approve all auditing and non-audit services provided by the external auditor;
- (d) Retain independent professional advisors to advise the committee or assist in the conduct of an investigation;
- (e) Seek any information it requires from employees, all of whom are directed to cooperate with the committee's requests, or external parties;
- (f) Meet with company officers, external auditors, or outside counsel, as necessary;
- (g) Monitor the activities of the internal audit ensuring its objectivity and independence in the performance of its duties;
- (h) Ensure the internal audit function reports to the Board through the Audit Committee;

- (i) Facilitate the chief internal audit executive confirmation to the Board directly or through the Audit Committee at least annually on the organizational independence of the internal audit activity.

THE COMPENSATION /REMUNERATION COMMITTEE

3.2.1

The Compensation/Remuneration Committee shall be comprised of at least three, members of which two must be independent non-executive directors. The Board Chairman may be a member but not chair the committee.

The Compensation/Remuneration Committee is responsible for reviewing and recommending for approval, the remuneration arrangements of the directors and senior officers of the company. The level and form of compensation should reflect the time, commitment, and responsibilities of the role.

Main Principle

Executive directors' remuneration should be designed to promote the long-term success of the company. Performance-related elements should be transparent, and rigorously applied but should not encourage excessive risk taking or risk taking outside of the company's defined risk parameters.

3.2.2. In designing schemes of performance-related remuneration for executive directors, the Compensation or Remuneration Committee or other Board Committee should include provisions that would enable the company to recover sums paid or withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so.

3.2.3. Levels of remuneration for non-executive directors should reflect the time, commitment and responsibilities of the role. Where remuneration for non-executive directors includes share options or other performance related elements, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least two years after the non-executive director leaves the Board. It should be borne in mind that remuneration of this nature could be relevant to the determination of a non-executive director's independence.

Service Contracts and Compensation

3.2.4. The Corporate Governance or remuneration committee or other Board Committee should carefully consider all elements of compensation obligations (including pension contributions) the company may have to consider in appointing a director in the event of early termination. The aim should be to avoid rewarding poor performance.

3.3. PROCEDURE

Main Principle

There should be a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors. No executive director should be involved in deciding his or her own remuneration.

Code Provisions

- 3.3.2. The Board should establish a Corporate Governance or remuneration committee or other Board committee of at least three non-executive directors. The Corporate Governance or remuneration or other Board committee should make available to stakeholders its terms of reference, explaining its role and the authority delegated to it by the Board.
- 3.3.3. The Corporate Governance, Remuneration or other Board committee should have delegated responsibility for setting remuneration for all executive directors, including pension rights and any compensation payments. The committee should also recommend and monitor the level and structure of remuneration for senior management. The definition of 'senior management' for this purpose should be determined by the Board but should normally include the first layer of management below board level.

3.4. RISK MANAGEMENT AND INTERNAL CONTROL

Main Principle

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should ensure the maintenance of sound risk management and internal control systems¹.

Code Provisions

- 3.4.2. The company's annual report should confirm that a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity, has been carried out. The report should describe those risks and explain how they are being managed or mitigated.
- 3.4.3. Taking account of the company's current position and principal risks, the directors should state whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due, drawing attention to any qualifications or assumptions as necessary.
- 3.4.4. The Board should monitor the company's risk management and internal control systems and, carry out a review of their effectiveness. The monitoring and review should cover all material controls, including financial, operational and compliance controls.

3.5. AUDIT COMMITTEE

Main Principle

The Board should establish formal and transparent arrangements for considering how they should apply the financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.

Code Provisions:

3.5.2. The Board should establish an Audit Committee of at least three, independent non-executive directors. Chairman may be a member of, but not chair the committee. The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant financial experience.

3.5.3. The main role and responsibilities of the Audit Committee should be set out in written terms of reference and should include:

- to monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgments contained in them;
- to review the company's internal financial controls and risk management systems.
- where a separate board risk committee is appointed it will comprise of non-executive directors;
- to monitor and review the effectiveness of the company's internal audit function;
- to make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to recommend the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services; and
- to report to the Board on how it has discharged its responsibilities.

3.5.4. The terms of reference of the Audit Committee, including its role and the authority delegated to it by the Board, should be made available on the company's website.

3.5.5. The Audit Committee has authority to:

- (j) Conduct or authorize investigations into any matters within its scope of responsibility;

- (k) Resolve any disagreements between management and the auditor regarding financial reporting;
- (l) Pre-approve all auditing and non-audit services provided by the external auditor;
- (m) Retain independent professional advisors to advise the committee or assist in the conduct of an investigation;
- (n) Seek any information it requires from employees, all of whom are directed to cooperate with the committee's requests, or external parties;
- (o) Meet with company officers, external auditors, or outside counsel, as necessary;
- (p) Monitor the activities of the internal audit ensuring its objectivity and independence in the performance of its duties;
- (q) Ensure the internal audit function reports to the Board through the Audit Committee;
- (r) Facilitate the chief internal audit executive confirmation to the Board directly or through the Audit Committee at least annually on the organizational independence of the internal audit activity.

4. RELATIONS WITH SHAREHOLDERS

Main Principle

There should be regular communication between the company and its shareholders based on the mutual understanding of objectives. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.

Code Provisions:

- 4.1.2 The Chairman should ensure that the views of shareholders are communicated to the Board as a whole. The Company should ensure that there is a channel established for the views of shareholders to be expressed even outside of the Annual General Meeting such as on the website or email addresses of a single officer appointed by the company for this purpose.

- 4.2.2. Articles of Association.²

5. TIMELY AND BALANCED DISCLOSURES

Main Principle

Companies should promote timely and balanced disclosure of all material matters concerning the company

Supporting Principles

Companies should put in place mechanisms designed to ensure compliance with legislation, regulations and where applicable with JSE Listing Rule requirements such that:

Code Provisions

- 5.2. The Company should establish written policies designed to ensure compliance with JSE Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

There should be vetting and authorisation processes designed to ensure that company announcements are made in a timely manner, and factual and not speculative and does not omit any material information. The disclosure should be expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

- 5.3. Companies should include commentary on their financial results to enhance the clarity and balance of reporting. This commentary should include information needed by an investor to make an informed assessment of the company's activities and results.

6. CORPORATE ETHICAL CONSIDERATIONS

Main Principle

The Board should ensure that the company acts ethically and responsibly with honesty, integrity and in a manner consistent with the legitimate interests and expectations of stakeholders and the broader community. The Board should ensure that the company is and is seen to be a good corporate citizen.

6.2. DECISION-MAKING

Main Principle

The Board should actively promote ethical and responsible decision-making.

Code Provisions

6.2.1. The Board should:

- comply with its legal obligations and have regard to the reasonable expectations of their stakeholders.
- publish the policy concerning the issue of Board and employee trading in company securities and in associated products, including products which operate to limit the economic risk of those securities.

6.2.2. WHISTLEBLOWING

The Board should ensure that the company has in place a confidential mechanism whereby an employee, supplier or other stakeholder can (without fear of retribution) raise issues with regard to potential or suspected breaches of a company's code of ethics or local law. The policy and the process for reporting any information should be available on the company's website.

6.2.3. CORPORATE SOCIAL RESPONSIBILITY

The Board should:

- i) consider not only financial performance but also the impact of the company's operations on society and the environment;
- ii) consider the protection, enhancement and investment in the well-being of the economy, society and the environment;
- iii) ensure that the company's performance and interaction with its stakeholders is guided by the Constitution and the Bill of Rights;
- iv) ensure that collaborative efforts with stakeholders are embarked upon to promote ethical conduct and good corporate citizenship;
- v) ensure that measurable corporate citizenship programmes are implemented; and
- vi) ensure that management develops corporate citizenship policies.

6.2.4. CODES OF CONDUCT /ETHICS

The Board should adopt high standards of business ethics through codes of conduct/ ethics (or similar instrument) and oversee a culture of integrity, notwithstanding differing ethical norms and legal standards in various countries. This should permeate all aspects of the company's operations, ensuring that its vision, mission and objectives are ethically sound and demonstrative of its values. Codes should be effectively communicated and integrated into the company's strategy and operations, including risk management systems and remuneration structures.

6.2.5. DIRECTOR AND OFFICER'S SHARE DEALING

The Board should develop clear rules regarding any trading by directors and officers in the company's own securities. Individuals should not benefit directly or indirectly from knowledge which is not generally available to the market.

The Board may from time to time make any changes it deems necessary to this Code and issue such guidelines as it may deem necessary in keeping with Corporate Governance best practices.

**APPROVED BY THE BOARD OF DIRECTORS
ON MONDAY MAY 8, 2023**

¹ JSE Rules Appendix 13 on MD&A

² Companies Act, First Schedule sec. 56 “The notice shall be exclusive of the day it is served or the day it is deemed to be served and of the day for which it is given.”