

EXECUTIVE BOARD CHARTER

VERSION: 1.0

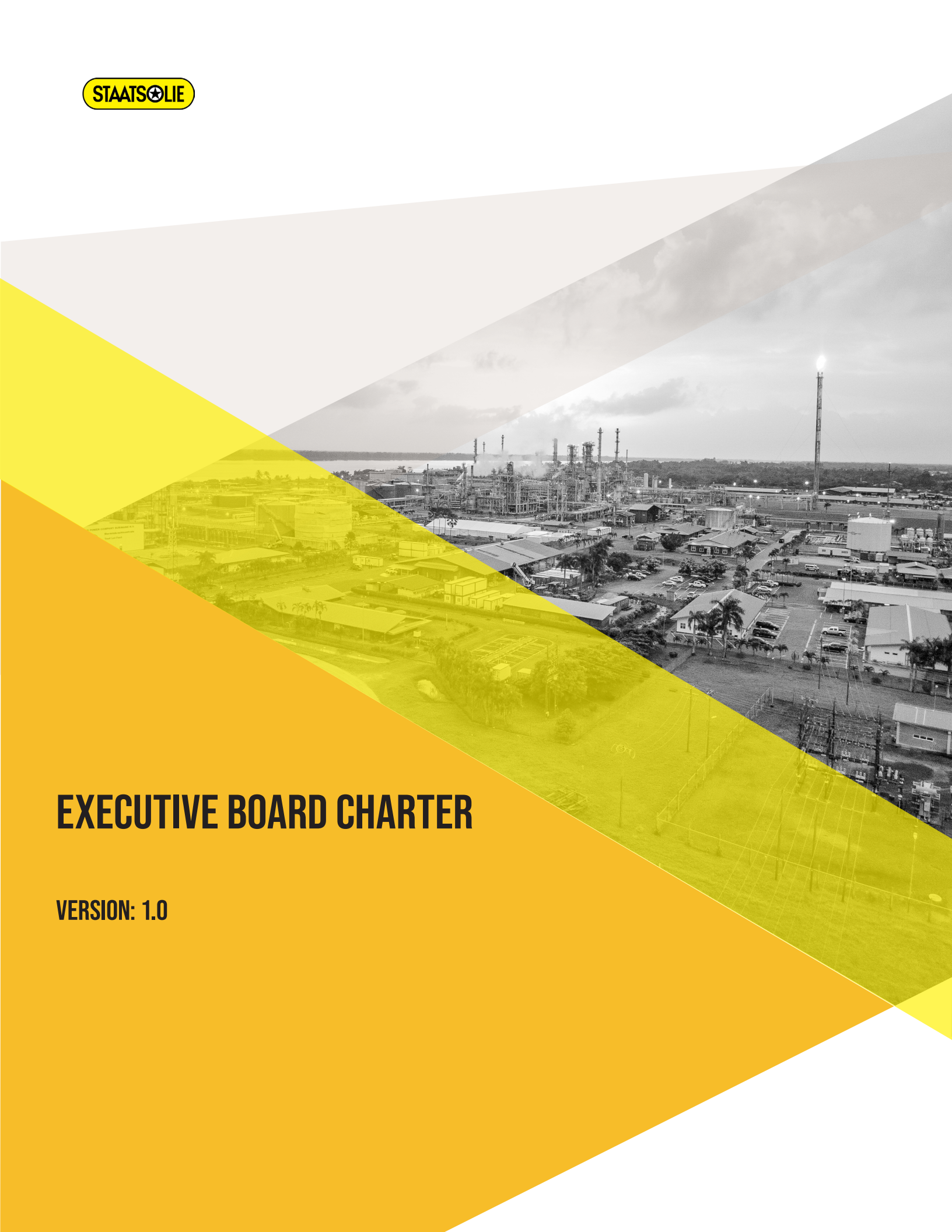




TABLE **OF CONTENTS**

1. PURPOSE OF CHARTER	4
2. MANDATE AND PURPOSE	6
3. RELATIONSHIP BETWEEN THE EXECUTIVE AND SUPERVISORY BOARDS	8
4. EXECUTIVE BOARD'S ROLES AND RESPONSIBILITIES	10
5. EXECUTIVE BOARD MEMBER'S ROLES AND RESPONSIBILITIES	16
6. COMPOSITION	20
7. MEETINGS	24
8. CONFLICTS OF INTEREST	28
9. EMPLOYEES	30
10. ENVIRONMENT	32
11. SOCIAL RESPONSIBILITY	34
12. RELATIONSHIP WITH OTHER STAKEHOLDERS	36



01

**PURPOSE
OF CHARTER**

CHARTER OBJECTIVES

The Executive Board Charter outlines the operations of the Board of Executive Directors (“the Executive Board”) and is intended to assist the Executive in the discharge of their responsibilities. It also seeks to delineate the role and responsibilities of the Executive Board from that of the Supervisory Board, in order to regulate its activities in accordance with good corporate governance principles and established practices.

This Charter is not intended to supersede any governing regulations or legislation.

REVIEW OF CHARTER

This Charter is to be biennially reviewed, updated and approved by the Supervisory and Executive Board.

However, the Charter may be updated between the assigned review dates as necessary, based on changes in regulation, legislation, business processes, and the strategic direction of the Company, outcomes of risk assessment or identification of any other material content gaps.



02

**MANDATE
AND PURPOSE**

MANDATE

The Executive Board is a Management Board established by the Supervisory Board under the leadership of the (Executive) Managing Director. In accordance with the Company's Articles of Incorporation, the Managing Director(s) is mandated to manage all aspects of the Company's operations:

- Article 6 (1 & 2) states: "The Company shall be managed by a Management (Board), consisting of one or more Managing Directors. Each Managing Director shall be appointed on nomination of the Supervisory Board and shall be dismissed for legitimate reasons by the General Meeting of Shareholders."

PURPOSE

The Executive Board was established to support and assist the Managing Director to discharge his/her responsibility which is to effectively manage the Company. As such, the Executive Board is the highest-level management body entrusted by the Supervisory Board with the overall day-to-day management of the affairs of the Company.

The main objective of the Executive Board is to formulate and execute the Company's strategy taking into consideration the interests of all stakeholders whilst acting within the framework of the Company's laws, applicable legislation and in a manner, that reflects an acceptable standard of governance.

The Supervisory Board has overall responsibility for the stewardship of the Company. The Executive Board agrees the strategic direction with the Supervisory Board and discusses the status of strategy implementation with the Supervisory Board at regular intervals, based on the strategic plan developed by the Executive Board and approved by the Supervisory Board.

The Executive Board has overall responsibility for the conduct of the Company and all operational matters, allocation of resources, and direction-setting towards the achievement of the Company's strategic plans as approved by the Supervisory Board.

To allow the Supervisory Board to effectively fulfil its oversight role, the Executive Board is also responsible for the provision of timely, complete and accurate information to the Supervisory Board.



03

**RELATIONSHIP BETWEEN
THE EXECUTIVE AND SUPERVISORY BOARDS**

- The Supervisory Board is accountable for the supervision of the Company and the Executive Board (Managing Director and Executive Management) is responsible for the day-to-day administration/operation of the Company.
- The Managing Director is accountable to the Supervisory Board and provides regular updates including verbal responses and written reports.
- The Managing Director may be supported in his/her presentations to the Supervisory Board by Heads of Divisions. The Heads of Divisions may also be required to make presentations to the Supervisory Board in their respective areas and respond to questions and queries on such presentations, from the Supervisory Board.
- Any formal communication between a member of the Supervisory Board and a member of Executive Board shall be made through the Corporate Secretary.
- Where a Supervisory Board member is temporarily required to assume a management position (including serving on the Executive Board), such as in the case where the Executive/Manager is unable to perform their duties, the member must first resign from the Supervisory Board.



04

**EXECUTIVE BOARD'S
ROLES AND RESPONSIBILITIES**

The Executive Board shall have the following functions and responsibilities:

GENERAL

- Together with the Supervisory Board, setting the tone at the top by ensuring that clear expectations concerning the Company's culture, values and behaviors are established and communicated.
- Together with the Supervisory Board, championing integrity, ethical behavior and corporate values in keeping with the Company's Code of Conduct.
- Creating a culture that contributes to long-term value creation of the Company and promotes openness and accountability.
- Designing and implementing an effective corporate governance framework.
- To exercise sound and objective judgment about the affairs of the Company at all times.
- Responsible for the quality, accuracy and completeness of all publicly disclosed Company information.
- Any other tasks as delegated by the Supervisory Board.

GOVERNANCE MATTERS

- Defining the proposed delegated limits of authority for Management and submitting to the Supervisory Board for approval.
- Developing and periodically updating (at least annually) succession plans for the Managing Director, Executive Board and the Senior Management for presentation to the Nomination and Remuneration Committee (NRC).
- Reviewing and making recommendations to amend the Executive Board Charter on an biennial basis where required.
- Establishing a Code of Conduct for the Company and implementing policies and procedures, which include managing conflicts of interests, diversity, preventing the abuse of power and corruption.

- Reviewing the performance, needs and recommendations of Management and the Management Committees on an ongoing basis.
- Reviewing and recommending for approval by the Supervisory Board, company-wide policies for the effective management of the operations of the Company.
- Encouraging the reporting of unlawful or unethical behavior.
- Informing the Supervisory Board of the Company's public disclosures to the media.

STRATEGY IMPLEMENTATION AND MONITORING

- Driving the strategic planning process by leading the formulation of strategy in line with the Company's mission and long-term goals, taking into consideration feasibility, current business models, opportunities and risks.
- Developing and proposing for Supervisory Board approval, annual and medium-term strategic plans to support the achievement of the Company's mission and long-term goals.
- Implementing strategic plans and establishing appropriate systems to monitor the Company's execution of the strategic plans including the internal/external environment's impact on the Company's strategies and initiatives.
- Periodically (at least every two years) updating/refreshing the Company's overall strategic plans.
- Reviewing the organization's overall execution of its annual and medium-term strategic plans on a quarterly basis and reporting quarterly to the Supervisory Board on progress towards achieving strategic objectives, agreed key performance indicators and rolling forecasts.

RISK MANAGEMENT AND INTERNAL CONTROLS

- Establishing and monitoring the administration, adequacy and effectiveness of the Company's framework to effectively identify, assess, monitor and manage risks.
- To this end, the Executive Board shall have responsibility for inter alia:
- Reviewing and validating the Company's risk profile submitted by the Corporate Risk Management Lead, challenging its contents if necessary, and highlighting any emerging risks.
- Recommending resource allocation based on prioritization of risk monitoring and control activities in relation to business operations and assigning ownership for risk remediation strategies across departments.
- Reviewing the organization's overall risk profile on a quarterly basis and issuing quarterly reports to the Audit, Risk and Compliance Committee (ARCC) in relation to the company's risk profile, inclusive of performance against risk appetite, impact of significant risks, critical risk trends, emerging risks and risk mitigating strategies.
- Proposing draft risk appetite statements (risk tolerance, targets and limits) prior to submission to the ARCC for approval on an annual basis, and monitoring performance against risk appetite statements once approved.
- Meeting monthly, with the Corporate Risk Management Lead to discuss ongoing activities, the implementation status of risk related items, escalating risk issues that are not being addressed in a timely manner (based on escalation protocols) and any other matters that the Executive Board or risk management deem appropriate.
- Making certain that management fully participates and proactively supports the Corporate Audit function in their systematic assessment of the design and operational effectiveness of the Company's internal control systems.
- Acknowledging the major findings and recommendations of reports produced by the internal audit function, following up on key issues raised and making certain that recommendations are implemented within the agreed timeframes.

COMPLIANCE

- Establishing and monitoring the administration, adequacy and effectiveness of the Company's framework for compliance with any applicable statutory/regulatory obligations.
- Establishing and monitoring the processes for employee communication and attestation of Company's Code of Conduct.
- Actively monitoring compliance with the Company's statutory/regulatory obligations and its Code of Conduct along with the results of any investigations in relation to instances of non-compliance.
- Meeting monthly, with the Chairman of the Integrity Committee to discuss ongoing activities, status of any current investigations and any other issues/concerns that the Executive Board or Chairman of the Integrity Committee deem appropriate.
- Issuing quarterly updates to the ARCC on all areas of non-compliance with the Code of Conduct and the results of any ongoing investigations, or follow-up actions (including disciplinary action) in relation to breaches of the Company's Code of Conduct.

FINANCIAL REPORTING AND OPERATIONAL REPORTING

- Establishing and actively monitoring systems to safeguard the integrity, adequacy and quality of the Company's financial and operational reporting, to verify that:
 - a. Systems to identify, monitor and mitigate risks, comply with applicable statutory, regulatory laws and regulations and provide reasonable assurance that internal controls are operating effectively.
 - b. Appropriate and robust ICT systems are in place and effectively functioning to maintain the security and trustworthiness of data.
 - c. Financial information is reported in a manner consistent with applicable global accounting standards.
- Making certain that financial and operational information from business divisions and subsidiaries is consistently reported and that the integrity of the information is not compromised.

- Establishing and maintaining internal procedures where all major financial and operational information is known to the Executive Board.
- Preparing and presenting annual operating and capital budgets on a timely basis to allow adequate time for review and approval by the Supervisory Board.
- Monitoring the Company's financial and operational performance relative to agreed targets and including key performance highlights along with any major performance issues/concerns in the monthly reporting packages issued to the Supervisory Board.

EXTERNAL AUDITOR

- On a regular basis, maintaining contact with the External Auditor, including discussing the draft audit plan before presenting to the ARCC.
- Making certain that the External Auditor receives all information necessary for completing the engagement and allowing the External Auditor the opportunity to respond to the information provided.
- On an annual basis, reporting observations to the ARCC on the functioning of the External Auditor and the fulfilment of duties.

MANAGEMENT COMMITTEES

- Establishing Management Committees to assist with the discharge of the Executive Board's responsibilities when required but shall maintain decision-making authority.
- Providing advice, guidance and recommendations to Management Committees, via the Committee Chairman, in relation to any matters the Executive Board deems necessary.
- Appointing the Chairman and other members of any Committee it establishes.
- Establishing and periodically reviewing Charters to govern each Management Committee.
- Verifying that where the Management Committee engages the services of external advisors to facilitate the effective discharge of its duties and responsibilities, that such services shall be approved by the Executive Board.
- The Executive Board will establish and maintain as a standing committee:
 - a. An Integrity Committee
- The Executive Board may from time to time establish other ad hoc committees to consider specific matters.



05

EXECUTIVE BOARD

MEMBER'S ROLES AND RESPONSIBILITIES

CHAIRMAN

- Facilitating the effective contribution of all Executive Board members and promoting constructive and respectful relations between Executive Board members and Management.
- Verifying that Executive Board meetings are conducted in an efficient and effective manner and setting the agenda for Executive Board meetings.
- Overseeing the Company's financial performance, investments and other business ventures.
- Providing leadership to the Executive Board and maintaining a professional environment that supports open communication.
- Verifying that an effective system of induction, orientation and member development is in place.
- Championing the strategic agenda at Executive Board deliberations.
- Communicating and maintaining relationships with the Supervisory Board, shareholders and key regulatory/statutory authorities and representing the views of the Executive Board at various public forums and events.
- Delegating responsibilities and supervising the work of the executive team while providing guidance and monitoring the execution of the decisions by the Executive Board.
- Consulting with the Supervisory Board whenever it is considered useful or necessary for the interest of the Company.
- Attending meetings of the Supervisory Board.

EXECUTIVE DIRECTORS

- Guiding and advising the Executive Board and designated Management Committees on key strategic and operational matters within their respective areas of authority.
- Participating in a probative manner in the Executive Board and any other designated Management Committee meetings.
- Complying with the applicable requirements of the respective Executive Board and Management Committee charters.
- Annually attesting to and complying with the Company's Code of Conduct.

CORPORATE SECRETARY

The Corporate Secretary shall be a senior officer within the General Counsel/Corporate Secretarial function that is not a voting member of the Executive Board and will be responsible for:

- Coordinating the proceedings and activities of the Executive Board and its Committees which include but are not limited to, the preparation of the Executive Board agenda and Executive Board papers, recording and dispatching the minutes of meetings of the Executive Board and its Committees.
- Managing internal and external correspondence (including shareholder communications) on behalf of the Executive Board.
- Securing and managing access to Executive Board minutes and other key documentation related to the Executive Board.
- If required, advising the Chairman on the proper conduct and mandatory requirements of any meeting.
- Providing (or obtaining) appropriate advice to the Executive Board on the requirements of the Company's existing governance framework and on other general corporate governance issues.



06

COMPOSITION

MEMBERSHIP

The Executive Board shall consist of:

- Statutory and Non-Statutory Directors
- If required, the Executive Board may recommend the appointment of additional members to their Board. Such recommendations must be accompanied by the submission of a formal evaluation report to the Supervisory Board for approval (via the Nomination and Remuneration Committee).
- At least three and at most seven members, appointed by the Supervisory Board.
- The Managing Director shall be the Chairman or the Executive Board.
- After reaching the age of sixty, the directorship may be extended by a maximum period of five years, as proposed by the Shareholder and following approval by the relevant Statutory Director(s).

EXECUTIVE BOARD MEMBER CRITERIA

The Executive Board should be comprised of suitably qualified and skilled members. All members of the Executive Board must possess the requisite qualifications and experience as defined in their respective job descriptions.

- Board members should possess the following qualities:
- The ability to assess, analyze, suggest and promulgate alternative strategies.
- Previous experience and/or exposure to specified disciplines of the Company's business.
- The highest standards of integrity and probity.
- Critical assessment and judgment skills.
- The ability to listen and forge relationships and develop trust.
- Leadership and management experience

TENURE

All Executive Directors will automatically become ex officio members of the Executive Board at the time of their Executive Directorship appointment by the Supervisory Board in consultation with the shareholders at their AGM.

Additional members may be appointed or reappointed to the Executive Board at a meeting of the Supervisory Board where the agenda includes the review and approval of nominations to the approved Supervisory Board Committees and the Executive Board and where nominations are supported by an evaluation report on the recommended Executive Board member's qualifications, experience, and skills to serve.

The term of any additional members appointed to the Executive Board shall be for a period of two years or until the members' death, resignation, removal or disqualification. Reappointments shall be for a term of a further two years.

EXECUTIVE BOARD INDUCTION AND TRAINING

- At the start of their appointment, Executive Board members should receive orientation training on their terms of reference and authority, along with high level walkthroughs in relation to the operation and functions of the Company and its subsidiaries.
- Annual training must also be provided so that Executive Board members are kept abreast of significant developments in the oil and gas industry as well as the legislative and regulatory environment.

EVALUATION

- The Executive Board shall participate in an annual performance evaluation. This evaluation shall examine the performance of the Executive Board in relation to the expectations and responsibilities specified in this Charter.
- A summary of the findings of the Executive Board's annual performance evaluation, inclusive of recommendations for changes (if required) should be provided in written form to the Chairman of the Supervisory Board.



07

MEETINGS

- The Managing Director presides over Executive Board meetings but may nominate another Member to chair meetings if he or she is unable to do so. If the nominated Member is also unable to attend the meeting, the Members present may nominate another Director to chair the meeting.
- The Agenda and Executive Board package should be distributed to each director by the Managing Director at least one (1) week before the scheduled meeting; unless, as determined by the Managing Director, an urgent matter needs to be included within the Executive Board packages after this deadline has expired.
- All Executive Board meetings shall start at the times affixed on the agenda and Executive Board members must arrive on time and stay until the meeting is adjourned, except when excused by the Managing Director.
- The Executive Board and its Committees may invite the presence and input of appropriate persons (internal or external) based on the nature of the matter being considered.
- Each Executive Director (and the Corporate Secretary) is expected to hold in confidence the proceedings of the Executive Board and Management Committees.

QUORUM

Majority of Executive Board members shall constitute a quorum, but only if included among the majority is the Managing Director or designated Chairman.

A quorum must be present at all times for the duration of the meeting and where appropriate, such quorum may meet by video and/or teleconference.

MEETING FREQUENCY

- The Executive Board shall meet whenever this Executive Board or the Managing Director deems it necessary. The Executive Board shall meet not less than twelve (12) times a year.
- Unscheduled meetings may be convened provided that Executive Board members are given at least three (3) working days prior notice.

DECISIONS

- All questions to be determined by the Executive Board shall be determined by a majority of votes and in the event of equality of votes, the Managing Director shall have the casting vote.
- Where appropriate, the Executive Board shall defer action on items until they can be studied and discussed or where expert advice or due diligence is required.
- Executive Board members will support decisions made by the Executive Board, even when there is disagreement but the views or concerns of dissenting members will be noted.

MINUTES

- The Corporate Secretary shall attend all meetings and prepare minutes of each meeting in proper form.
- Where a meeting is held in the absence of the Corporate Secretary or designate, the Managing Director shall ensure that a summary of the discussions and any decision is submitted to the Corporate Secretary as soon as practicable after the meeting.
- Draft minutes of meetings of the Executive Board and Management Committees should be dispatched to each Member after at least ten (10) working days and, where appropriate, the decisions to the Managing Director at least five (5) working days after the meeting for his or her review and feedback.
- The minutes shall be confirmed and signed by the Chairman of the meeting and the secretary at the next following meeting.
- Minutes are to be confirmed before the formal agenda items are discussed.



08

**CONFLICTS
OF INTEREST**

Conflicts of interest may arise from various external relationships held by Executive Board Members including business, social and family circumstances. Notwithstanding, Executive Board members have a duty to act with objectivity in all matters where a specific conflict of interest does not arise.

The Executive Board may authorize any matter or situation proposed to them which would otherwise involve a member breaching his duty to avoid conflicts of interest as long as:

- a. The matter in question is proposed for consideration in the same way that any other matter may be proposed to the Executive Board.
- b. Any requirement as to the quorum for consideration of the relevant matter is met without counting the conflicted member.
- c. The matter is agreed to without any conflicted member being present or participating in any way in the deliberations.
- d. All applicable aspects of the Company's Conflict of Interest policy as defined in the Code of Conduct are adhered to.

In addition to the above, Executive Board members must also be aware of and comply with their obligations under Staatsolie's Code of Conduct.



09

EMPLOYEES

- The Executive Board acknowledges that the employees are invaluable assets of the Company and play a vital role in achieving the vision and mission of the Company.
- The Executive Board shall develop and implement comprehensive and documented policies and procedures with respect to occupational safety and health, industrial relations and fair practices in respect of employees.



10

ENVIRONMENT

- The Executive Board acknowledges the need to safeguard and minimize the impact to the environment in the course of achieving the Company's strategic objectives, vision and mission.
- The Executive Board shall develop and implement policies, procedures (or the modification of existing policies) and initiatives to support the Company's commitment to protect the environment and contribute towards sustainable development.



11

**SOCIAL
RESPONSIBILITY**

- The Executive Board acknowledges that the Company should play an important role in contributing towards the welfare of the communities in which it operates.
- The Executive Board shall develop and implement policies and initiatives to support the Company's commitment to charitable causes, community development and welfare projects.



12 **RELATIONSHIPS WITH OTHER STAKEHOLDERS**

- In order to maximize the Company's long-term value, the Executive Board recognizes that the needs and interests of other stakeholders must also be taken into consideration in the course of pursuing the strategic objectives, vision and mission of the Company.