

BOARD CHARTER

1. Introduction

This Board Charter is a charter of the Board of Directors (Board) of Reach Energy Berhad ("REACH ENERGY" or "the Company").

The Board is accountable to REACH ENERGY Members for the corporate governance and performance of REACH ENERGY and is also committed to achieving the highest standards of business integrity, ethics and professionalism across REACH ENERGY's activities.

2. Purpose

The Board Charter sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and the power of the Board and the various Board Committees of the Company.

This Charter further defines the specific responsibilities of the Board, in order to enhance coordination and communication between the Senior Management and the Board and more specifically, to clarify the accountability of both the Board and the Management for the benefit of the Company and its shareholders.

In addition, it will assist the Board in the assessment of its own performance and of its individual Directors.

3. Board Composition and Balance

(a) Size and Composition

The Board consists of qualified individuals with diverse experience, background and perspective to enable them to discharge their duties and responsibilities effectively. The composition and size of the Board is such that it facilitates the decision making of the Company. Pursuant to the Constitution of the Company, the Board shall not be less than two (2) directors.

As prescribed by the Listing Requirements, at any one time, at least two (2) directors or one-third (1/3), whichever is higher, of the Board members must be Independent Directors. However, the Board must comprise a majority of Independent Directors where the Chairman of the Board is an Independent Director to ensure balance of power and authority on the Board.

The Executive Director(s) are the "Executive" Directors on the Board. However, the views of the Management are represented at meetings of the Board by the presence of senior executives when required.

The basis for the presence of an independent voice on the Board is to ensure that objectivity in decision-making of the Board is achieved and that no single party can dominate such decision-making in the Company.

The Independent Directors provide independent judgment, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all shareholders, and not only the interests of a particular fraction or group, are indeed taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

The views of the Independent Directors should carry significant weight in the Board's decision-making process.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, the Independent Director may continue to serve the Board subject to the Director being re-designated as a Non-independent Director. In the event the Director is to remain as Independent Director, the Board shall first justify and obtain shareholders' approval in a general meeting.

In order for an independent director to continue to serve on the Board as an independent director after twelve (12) years, shareholders' approval must be sought through a two-tier voting process and the Board must provide justifications for the retention.

The tenure of an Independent Director limit to not more than a cumulative period of 12 years from the date of such person's first appointment as an Independent Director in the applicant, listed issuer or any one or more of its related corporations.

On boardroom diversity, the Board will review the appropriate skills, experience and knowledge required of the Board members, in the context of the needs of the Company. The Board will review its composition and size the from time to time to ensure its appropriateness.

The Board collectively, and each Director individually, has the rights to seek independent professional advice at the Company's expense, subject to the approval of the Chairman or in the Chairman's absence, the Board.

If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this.

All Directors shall disclose and declare the nature and extent of any conflict of interest or potential conflict of interest including interest in any competing business, that they have with the Company or its subsidiaries.

(b) Appointments and Re-election

The Nomination and Remuneration Committee shall identify candidates with appropriate skills, experience, knowledge and expertise in order to discharge its mandate effectively and to maintain the necessary mix of expertise to the Board for approval.

New Directors are expected to have such expertise so as to qualify them to make a positive contribution to the Board performance of its duties and to give sufficient time and attention to the affairs of the Company.

The criteria for the recruitment or appointment (including e-election/ re-appointment) of Director is guided by fit and proper assessment by the Nomination and Remuneration Committee based on the Terms of Reference of the Nomination and Remuneration Committee.

In accordance with the Company's Constitution, all Directors appointed by the Board are subject to re-election by the shareholders in the next Annual General Meeting ("**AGM**") subsequent to their appointment. One-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) are required to retire from office by rotation annually and subject to re-election at each AGM. All Directors shall retire from office at least once in three (3) years but shall be eligible for re-election. The Directors to retire in every year shall be those who have been longest in office since their last election or appointment.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.

The Board has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors. The Company Secretary is primarily responsible for the induction programme with appropriate assistance from other senior Executive Directors.

The Board has adopted educational / training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

(c) Independence of Director

An Independent Director is independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgement or the ability to act in the best interests of the Company.

The Board undertakes to assess the independence of its Independent Directors upon appointment, annually and when any new interest or relationship develops.

(d) New Directorship and Time Commitment

Any Director shall notify the Chairman of the Board before accepting any new directorship in listed companies. The notification shall include an indication of time that will be spent on the new appointment.

The Chairman shall also notify the Board if he has any new directorships in listed companies or significant commitments outside of the Company.

Subject to the Board's approval, Executive Directors may take on more than one (1) non-executive directorship, or become Chairman of a major Company, and no individual should chair the Board of more than one (1) major Company.

The directorships held by any Board member at any time shall not exceed five (5) in listed companies.

4. Board Performance

(a) Directors' Assessment/Board Evaluation

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board reviews and evaluates its own performance and the performance of its Committees and individual Directors on an annual basis.

(b) Roles of the Board

The Board oversees the business and affairs of the Company and will assume, amongst others, the following duties and responsibilities:

- reviewing and approving the overall strategic plans and direction of the Company to supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- overseeing and evaluating the conduct and performance of the Company;
- identifying principal risks and ensuring implementation of a proper risk management system;

- establishing a succession plan;
- overseeing the development and implementation of a shareholder communication policy for the Company; and
- reviewing the adequacy and the integrity of the management information and internal controls system of the Company.

(c) Policy and Strategies

The following matters shall be reserved to the Board for determination and/or approval (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the Committees of the Board or Management and subject to the legal requirement for shareholders' approval):

- corporate plans and programmes;
- annual budgets, including capital commitments;
- new ventures;
- acquisitions and disposals of undertakings and properties;
- changes to the management and control structure within the Company and its subsidiaries, including key policies; and
- funding/financing requirements for the Company and its subsidiaries.

(d) Powers delegated to Management

The Board shall delegate to the Executive Director, the authority and power to manage the Company and its businesses within levels of authority specified by the Board from time to time. The Executive Director may delegate aspects of his or her authority and power but remain accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress being made by the Company's business units.

(e) Roles of Chairman and Executive Director

The Board will ensure that its Chairman is a non-executive member of the Board. The roles of the Chairman and the Executive Director are distinct and separated to ensure a balance of power and authority.

The Chairman is responsible for the overall leadership and efficient functioning of the Board. The key roles of the Chairman, amongst others, are as follows:

- Provides leadership for the Board so that the Board can perform its responsibilities effectively by ensuring the Board plays a full and constructive part in the determination of the Company's strategies and policies, and that the Board decisions taken are in the best interest and fairly reflect the Board's consensus and ensure that procedures are in place to govern the Board's operations.
- Plans the Board Meeting agenda in advance alongside with the Executive Director and Company Secretaries and ensure that the provision of accurate, timely and clear information to the Board members.

The Chairman also ensures that the Board members are properly briefed on issues arising at board meetings in a timely manner.

- Act as facilitator at Board meetings to ensure that adequate time is available for thorough deliberations of key issues and that decisions are taken on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board.
- Encourages active participation of the Board members and allows dissenting view to be freely expressed by ensuring that no Board member, whether executive or non-executive, dominates discussion, and that appropriate discussion takes place and that relevant opinion among Board members is forthcoming.
- Manages the interface between the Board and the Management by acting as the main conduit as well as develop positive relationship with the Executive Director.
- Acts as a spokesperson for the Board and as the main representative of the Company alongside with the Executive Director at the shareholders' meetings and on other occasions where key or major actions are taken or statements are made in the name of the Company to ensure appropriate steps are taken to provide effective communication with the stakeholders.
- Leads the Board in establishing and monitoring good corporate governance practices in the Company including the establishment of Board and Committees Charters, committee structure, induction as well as ongoing education programmes for directors and oversees and facilitates Board, Committee and Board Member evaluation reviews and succession planning alongside with the Chairman of the Nomination Committee.

The Chairman ensures that the Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance compliance.

The Chairman will have no casting vote if two (2) Directors form a quorum, or if there are only two (2) Directors competent to vote on the question at issue.

Executive Director, is responsible to the Board for the overall day-to-day management of the Company. The Board gives direction and exercises judgement in setting the Company's objectives and overseeing their implementation. The key roles of the Executive Director, amongst others, are as follows:

- developing and implementing the strategic direction of the Company.
- Recruiting and nurturing the human resources needed.
- ensuring that the Company's business is properly and efficiently managed, financially and operationally, by implementing the policies and strategies adopted by the Board and its Committees.

- ensuring that the objectives and standards of performance are understood by the Management and employees.
- ensuring that the operational planning and control systems are in place.
- monitoring performance results against plans.
- taking remedial actions, where necessary.

(f) Board Committees

The Board may from time to time establish committees as considered appropriate to assist in carrying out its duties and responsibilities. The Board delegates certain functions to the following committees to assist in the execution of its responsibilities:

- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee

The committees shall operate under clearly defined terms of reference. The committees are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference. The Chairman of the respective committees reports to the Board on the outcome of the committee meetings and the minutes will be included in the Board Papers for Board's notification.

The Terms of Reference of each of the above committees are published on the Company's website at www.reachenergy.com.my

(g) Board Meetings

The Company aims to provide all Directors with timely and quality information and in a form and manner appropriate for them to discharge their duties effectively.

The Board shall schedule at least four (4) quarterly meetings annually. However, Special meetings may be convened as required.

The Notice of Board meeting, full agenda and the supporting Board papers should be circulated to all Directors well in advance of each Board Meeting and the Directors are expected to review in advance any such materials in order to facilitate meaningful deliberation during each meeting.

The Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, assesses the type of information required to be provided to the Board. If the information provided by the Management is insufficient, the Board will make further enquiries where necessary to which the persons responsible will respond as fully and promptly as possible

Full Board minutes of each Board meeting are kept by the Company Secretary and are available for inspection by any Director during office hours.

(h) Directors' Remuneration

The Company shall provide a fair, reasonable and competitive remuneration for its executive directors to ensure that the Company attracts and retains high calibre executive directors who have the skills, experience and knowledge to increase entity value to the benefit of all shareholders.

The remuneration policy for Executive Directors is based on the achievements and contribution of each member measured against their respective Key Performance Indicators. The Board shall determine the remuneration of Executive Directors taking into consideration the recommendations of the Remuneration Committee.

For Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by each Director. The Non-Executive Directors will receive a fixed base fee, not by a commission or on percentage of profits/turnover, as consideration for their Board duties, attendance fee for attending meetings as well as training allowances.

The Board as a whole resolves on the fees and benefits for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The aggregate number of directors' fees and benefits to be paid to Non-Executive Directors is subject to the approval of the shareholders at a General Meeting.

Remuneration for Non-Executive Directors is not linked to individual performance.

A formal independent review of the Directors' remuneration is undertaken no less frequently than once every three (3) years.

There is adequate disclosure in the Annual Report with a note on the remuneration of Directors.

(i) Directors' Training and Continuing Education Programme

In addition to the mandatory Accreditation Programme (MAP) as required by the Bursa Malaysia Securities Berhad, the Directors shall continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board will assess the training needs of the Directors from time to time and will ensure Directors have access to continuing education programme.

(j) Internal Controls and Risk Management

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Company's system of internal controls. The Audit Committee receives and discusses audit reports prepared by the Internal Auditor regarding the outcome of audit reviews on a quarterly basis. These Internal Audit Reports will also be tabled to the Board and any issues/findings which requires the attention of the Board will be reported by the chairman of the Audit Committee.

The Management has established a Risk Management Policy. A comprehensive review of the Risk Management Policy shall be undertaken periodically to ensure its continued relevance and applicability in the face of changes in the Company's business environment.

The Executive Director is to provide an assurance to the Board, annually, on whether the Company's risk management and internal control system is operating adequately and effectively in all material aspects.

(k) Financial Reporting

The Company aims to present a clear and balanced assessment of the Company's financial position and prospects for its financial statements and quarterly announcements to the shareholders, including other price sensitive public reports and reports submitted to regulators.

The Board will ensure that the financial statements are prepared in accordance with the Companies Act and the applicable approved accounting standards set out by the Malaysian Accounting Standards Board so as to present a true and fair view of the state of affairs of the Company.

The Board ensures that the Company will announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.

The Board ensures that the Auditors Report shall contain a statement from the Auditors explaining their responsibility in forming an independent opinion, based on their audit, of the financial statements.

5. Company Secretary

The Board appoints the Company Secretary who plays an important advisory role and ensures that the Company Secretary fulfils the function for which he/she has been appointed.

The Board members have unlimited access to the professional advice and services of the Company Secretary. The Board views that:

- (a) The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- (b) The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- (c) The Company Secretary should advise Directors of their obligations to adhere to matters relating to:
 - (i) disclosure of interest in securities.
 - (ii) disclosure of any conflict of interest in a transaction involving the Company.
 - (iii) prohibition on dealing in securities.
 - (iv) restrictions on disclosure of price-sensitive information.
- (d) The Company Secretary must keep abreast of, and inform, the Board of current governance practices.

The Company Secretary shall be of a senior position with adequate authority and shall report directly to the Board. The appointment and removal of the Company Secretary will be subject to the approval of the Board.

6. Confidentiality and Disclosure on Conflict of Interest

The Directors are required to act in the best interests of the Company. The Directors also have a duty of confidentiality in relation to the Company's confidential information.

The Company's Constitution stipulates that a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare his interest in accordance with the provisions of the Companies Act 2016.

Directors should disclose to the Board:

- any material personal interest they have in a matter which relates to the affairs of the Company; and
- any other interest (direct or indirect) which the Directors believe is appropriate to disclose in order to avoid any conflict of interest or the perception of a conflict of interest.

The Director concerned shall not participate in deliberations and shall abstain himself from casting his votes in any matter arising thereof.

Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate of a Director such

as a spouse or other family members, or a related company, the Director involved shall make full disclosure and act honestly in the best interest of the Company.

An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty.

For the purpose of the above-mentioned paragraphs, the directors shall perform an annual self-declaration on independence (in respect of those who are Independent Directors) and conflict of interest for the Group's records.

The disclosure should be made as soon as practicable after the Directors become aware of their interest. Details of the disclosure must be recorded in the minutes of the meeting at which the disclosure is made or the meeting held following the disclosure.

7. Investor Relations and Shareholder Communication

The Company is committed to ensure that shareholders are well-informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company has implemented amongst others, the following:

- timely release of announcements and disclosures to Bursa Malaysia Securities Berhad, which include quarterly financial results, material contract and any other material information that may affect the investors' decision making;
- encourage full participation of shareholders at all Annual General Meetings to ensure a high level of accountability and discussion of the Company's strategy and goals. The Company will also invite the external auditor to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report;
- shareholders can gain access to information about the Company including the summary of the Company's investor relation activities and media releases through the Company's website, www.reachenergy.com.my.

8. Code of Ethics and Conduct

The Directors are expected to conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Company communicates the Code to all Directors and employees upon their appointment/employment and is deemed to be part of the Terms and Conditions of Service.

9. Review of Board Charter

This Board Charter shall be adopted by the Board and will be made available for reference on the Company's website, www.reachenergy.com.my.

The Board will review this Charter from time to time and make the necessary amendments to ensure that it remains consistent with the Board's objective, current law and practices.

**THE BOARD OF DIRECTORS
REACH ENERGY BERHAD**

Revised date: 28 November 2024