

**Adopted by the General meeting of shareholders**

**of GLOBALTRANS INVESTMENT LTD**

**Resolution of 20 March 2008**

## **GLOBALTRANS INVESTMENT LTD**

### **TERMS OF REFERENCE**

### **BOARD OF DIRECTORS**

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## **1. GENERAL PROVISIONS**

### **Article 1 Regulations on the Board of Directors**

- 1.1 These Terms of reference (hereinafter *Terms*) shall, in accordance with the legislation of Cyprus, the listing rules of the UK Listing Authority, and the Memorandum of association of Globaltrans Investment Ltd (hereinafter *the Company*), describe the Board of Directors' activities, rights and duties of the members of the Board of Directors, the nomination and remuneration of its members and other matters related to the operations of the Board of Directors.
- 1.2 The Company strives to comply with generally accepted principles of corporate governance, which is reflected in these Terms.
- 1.3 These Terms may be amended, when required, which is subject to approval by the General Meeting of Shareholders of the Company upon recommendation of the Board of Directors.

### **Article 2 Operating principles of the Board of Directors**

- 2.1. The aim of the Board of Directors is to ensure maximum profits, increase the assets of the Company, protect the rights and lawful interests of the shareholders of the Company, exercise control over the executive bodies of the Company, and guarantee completeness, reliability and objectivity of public information about the Company.
- 2.2. To achieve these goals, the Board of Directors shall be guided by the following principles:
  - approval of resolutions on the basis of reliable information about the operations of the Company;
  - exclusion of impairment of the rights of shareholders to participate in the management of the Company, receive dividends and information about the Company in accordance with the legislation of Cyprus;
  - appropriate limitation of shareholders involvement in Company's business letting the management to run the business with the appropriate extent of independence;
  - attainment of the balance of interests of various groups of the shareholders, and approval by the Board of Directors of the most objective resolutions in the interests of all shareholders of the Company;
  - any irremediable ambiguity in the rules provided by laws and regulations shall be construed by the Board of Directors in favor of expansion of the rights and lawful interests of the shareholders.

### **Article 3 Objectives of the Board of Directors**

- 3.1. The Board of Directors' role is to provide entrepreneurial leadership to the Company.
- 3.2. The Board of Directors sets the corporate strategic objectives, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and review management performance.
- 3.3. The Board of Directors sets the Company's values and standards and ensures that its obligations to its shareholders are understood and met.
- 3.4. The Board of Directors maintains sound system of internal control and enterprise risk management to safeguard shareholders' investment and Company's assets.

## **2. STRUCTURE OF THE BOARD OF DIRECTORS**

### **Article 4 General requirements to the structure of the Board of Directors**

- 4.1. The number of members of the Board of Directors of the Company is established by appropriate resolution of the General Meeting of Shareholders.
- 4.2. Only individuals may be elected to the Board of Directors, both from among the Company shareholders and non-shareholders of the Company.
- 4.3. The Board of Directors is comprised of no less than three Directors.

- 4.4. There should be at least two Non-Executive Directors considered by the Board of Directors to be independent. The Company within the sphere of its competence shall respond appropriately to secure the required number of Independent Directors in the Board of Directors in accordance with corporate governance rules.
- 4.5. The Board of Directors elects from its members the Chairman of the Board of Directors and Senior Independent Director.

### **3. MEMBERS OF THE BOARD OF DIRECTORS**

#### **Article 5 Rights of the member of the Board of Directors**

- 5.1. The member of the Board of Directors shall have the right to:
- demand the officers and employees of the Company to furnish him/her with any information required (documentation materials);
  - receive a fee for, and/or reimbursement of the expenses incurred by him/her in connection with, the discharge by him/her of his/her duties of the member of the Board of Directors in situations and in the amount stipulated by the appropriate resolution of the General Meeting of Shareholders;
  - review the minutes of the meetings of the Board of Directors and other collective governing bodies of the Company, and receive copies of such minutes;
  - demand that his/her dissenting opinion on the matters on the agenda and resolutions approved be noted in the minutes of the meeting of the Board of Directors;
  - where directors have concerns which cannot be resolved about the running of the Company or a proposed action they have the right to have their concerns recorded in the board minutes.

#### **Article 6 Duties of the member of the Board of Directors**

- 6.1 The member of the Board of Directors shall have an obligation to:
- act within his/her rights in accordance with the aims and objectives of the Board of Directors;
  - act in the best interests of the Company as a whole, rather than in the best interests of individual shareholders, officers or other persons;
  - refrain from disclosing any information, which, according to internal documents adopted by the Company, is confidential;
  - initiate meetings of the Board of Directors to resolve urgent issues;
  - attend the meetings of the Board of Directors;
  - participate in approval of resolutions of the Board of Directors by voting on the matters included into the agenda of its meetings; the delegation of the right to vote by any member of the Board of Directors to another member of the Board of Directors is not allowed; the right to vote may be delegated to a third person acting upon a written proxy providing that in case of such delegation the balance of the Executive and Non-Executive directors in the Board of Directors is not altered;
  - participate in the work of existing Committees of the Board of Directors within individual role;
  - make reasonable decisions based on review of all necessary information (materials), conduct investigations;
  - make decisions subject to careful examination of all associated risks, and all possible adverse consequences;
  - notify the Chairman of the Board of Directors (for appropriate evaluation) of all his/her affiliated persons, and of all applicable changes in transactions with the securities of the Company or its subsidiary (controlled) companies and of any changes and significant information that can affect the execution of his/her duties within the Board of Directors;
  - refrain from any action, which may lead to a conflict of interest between them and the Company, and in case such conflict arises, disclose such information to the Board of Directors;
  - refrain from voting on the matters wherein he/she is personally interested;

- participate in expert evaluation of projects and programs proposed by the Board of Directors. Independent expert can be involved in project expertise upon the decision by the Board;
  - develop proposals related to the improvement of financial and business operations of the Company, if and when requested so by the Board of Directors;
  - notify other members of the Board of Directors of all violations by the employees of the Company, including any officers of the Company, of laws and regulations, the Memorandum of association, internal regulations, rules and procedures of the Company that became known to him/her;
  - prepare and submit for consideration by the Board of Directors issues lying within his/her scope of competence;
  - form his/her opinion as to the annual reports, annual IFRS-based financial statements;
  - attend the General Meeting of Shareholders and reply to the questions posed by the participants thereof.
- 6.2 The members of the Board of Directors and their affiliated persons may not accept gifts from persons interested in the approval of resolutions associated with the discharge by them of their duties, or receive either direct or indirect benefits offered by such persons (with the exception of symbolic gestures as are consistent with generally accepted rules of courtesy and souvenirs presented in the course of events).

#### **Article 7        Duties of the officers of the Company to comply with the requests of the members of the Board of Directors**

- 7.1 The Company and subsidiaries' executives shall, if and when so requested by the member of the Board of Directors, furnish him/her with any information, whether related or unrelated to the operations of the Company or its subsidiaries, to the extent permitted by the applicable legislation, with the exception of, e.g., information about their private lives and information violating the right to privacy, family secrets, and secrets contained in their correspondence, telephone conversations, letters, telegraphs and other messages.
- 7.2 If it is impossible to furnish the member of the Board of Directors with the information requested by him/her, the executive management of the Company shall forthwith prepare a motivated refusal and furnish it to the member of the Board of Directors in writing within three working days following the date of the request.
- 7.3 Refusal to disclose information shall be communicated by the member of the Board of Directors to the Board of Directors.
- 7.4 The executive management of the Company shall, if and when so requested by the member of the Board of Directors, grant to the latter access to information and an opportunity to make copies of documents and materials.
- 7.5 The agreements executed by and between the Company on the one hand, and the executive management of the Company on the other hand, shall contain provisions stipulating liability for the failure to disclose information to the member of the Board of Directors.

### **4. CHAIRMAN OF THE BOARD OF DIRECTORS**

#### **Article 8        Election of the Chairman of the Board of Directors**

- 8.1 The Chairman of the Board of Directors shall be elected from the members of the Board of Directors by a majority vote of the entire Board of Directors. The Chairman should on appointment meet the independence criteria, but thereafter the test of independence is not appropriate in relation to the Chairman.
- 8.2 The Board of Directors may at any time reelect the Chairman of the Board of Directors.
- 8.3 The members of the Board of Directors may elect a deputy Chairman of the Board of Directors who shall perform the functions of the Chairman of the Board of Directors in his/her absence.

#### **Article 9        Duties of the Chairman of the Board of Directors**

- 9.1 The Chairman of the Board of Directors shall:

- organize the work of the Board of Directors, convene and chair its meetings, and ensure that minutes are maintained at all meetings of the Board of Directors;
  - be responsible for the preparation of the agendas of the meetings of the Board of Directors;
  - organize the proceedings at the meetings of the Board of Directors so that discussion of the matters on the agenda thereof be open, comprehensive, concise, representative of diverse points of view, and conducive to the approval of specific agreed resolutions;
  - organize development of efficient resolutions on the matters on the agenda and, if necessary, free discussion of the relevant issues, and ensure that the meetings of the Board of Directors are conducted in a supportive and constructive atmosphere;
  - ensure that all Directors receive accurate, timely and clear information;
  - initiate development of draft resolutions on the matters under consideration;
  - ensure effective communication with shareholders;
  - ensure that the Directors continually update their skills and the knowledge and familiarity with the Company required to fulfill their role both on the Board of Directors and on Board of Directors' Committees;
  - ensure that new Directors receive a full, formal and tailored induction on joining the Board of Directors and or its Committees;
  - hold meetings with the Non-Executive Directors in the absence of executives;
  - maintain promptly ongoing contacts with other governing bodies and officers of the Company with a view to not only obtain complete and reliable information as may be required for the purposes of informed decision-making by the members of the Board of Directors, but also to ensure efficient interaction of such governing bodies and officers among themselves and with third parties;
  - facilitate efficient operation of the Committees of the Board of Directors, initiating nomination of the members of the Board of Directors to various Committees based on their professional and personal qualities and subject to the proposals of the members of the Board of Directors as to the creation of such Committees, provided that, if necessary, the matters examined by such Committees are submitted for consideration by the plenary meetings of the Board of Directors;
  - ensure that the performance of individuals, the Board of Directors as a whole, and its Committees is evaluated at least once a year.
- 9.2 In the absence of the Chairman of the Board of Directors and his/her deputy, his/her functions shall be performed by one of the members of the Board of Directors of the Company as decided by the resolution of the Board of Directors.  
The persons performing the functions of the Chairman of the Board of Directors in his/her absence may exercise any powers vested in the Chairman of the Board of Directors.

## **5. COMPANY SECRETARY**

### **Article 10 Election of the Company Secretary**

- 10.1 The Company Secretary shall be elected by the Board of Directors of the Company.
- 10.2 The Company Secretary shall not necessarily be a member of the Board of Directors of the Company.
- 10.3 There should be an agreement with the Company Secretary stipulating the liability of the former for disclosure of confidential information about the operations of the Board of Directors.
- 10.4 The Board of Directors may at any time reelect the Company Secretary.

### **Article 11 Duties of the Company Secretary**

- 11.1 The Secretary's responsibilities, under the direction of the Chairman of the Board of Directors, include:
- ensuring good information flows within the Board of Directors and its Committees and between senior management and Non-Executive Directors;
  - facilitating induction and assisting to the members of the Board of Directors with professional development, as required;

- advising the Board of Directors through the Chairman of the Board of Directors on all governance matters.
- 11.2 The Secretary is responsible for ensuring that the Board of Directors complies with its procedures.
- 11.3 In his/her day-to-day activities the Secretary has the following responsibilities:
- maintain and draw the minutes of the meetings of the Board of Directors. In Secretary's absence the meeting minutes shall be maintained by the members of the Board of Directors appointed therefore by the person chairing the meeting;
  - maintain the records and organize the storage of the documents and copies of outgoing correspondence of the Board of Directors;
  - notify the members of the Board of Directors in advance of the meetings of the Board of Directors, distribute information (materials) to be provided to the members of the Board of Directors prior to the meetings of the Board of Directors;
  - provide technical and administrative support to the members of the Board of Directors in preparation of the matters on the agenda;
  - monitor timely implementation of the resolutions of the Board of Directors
  - in case of violation or inappropriate implementation of the resolution, inform the Chairman of the Board of Directors;
  - make up the drafts of reports on the operations of the Board of Directors.

## **6. APPOINTMENT, ELECTION AND TERMINATION OF THE DIRECTORS**

### **Article 12 Procedure of appointment, election and termination of the Directors**

- 12.1 The Board will lead the process for new Board members' appointments and make recommendations to shareholders. Shareholders approve all appointments of new members of the Board. Shareholders may also appoint and elect new members of the Board on their own.
- 12.2 The terms and conditions of appointment of Non-Executive Directors should be made available for inspection by any person at the Company's registered office during normal business hours and at the Annual General Meeting (for 15 minutes prior to the meeting and during the meeting).
- 12.3 On appointment to the Board, each Non-Executive Director receives a formal letter of appointment setting out clearly what is expected of him/her in terms of time commitment and committee service.
- 12.4 Non-Executive Directors should undertake that they will have sufficient time to meet what is expected of them. Other significant commitments should be disclosed to the Board before appointment, with a broad indication of the time involved and the Board should be informed of subsequent changes.
- 12.5 All Directors should be subject to election by shareholders at the First Annual General Meeting after their appointment, and to re-election at intervals of no more than three years.
- 12.6 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 take an informed decision on their election.
- 12.7 All Directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance. The Board should ensure planned and progressive refreshing of the Board.
- 12.8 Non-Executive Directors should be appointed for specified terms subject to re-election. The Board should set out to shareholders in the papers accompanying a resolution to elect Non-Executive Director why they believe an individual should be elected. The Chairman should confirm to shareholders when proposing re-election that, following formal performance evaluation, the individual's performance continues to be effective and he/she demonstrates commitment to the role.
- 12.9 Any term beyond six years (e.g. two three-year terms) for a Non-Executive Director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the Board.
- 12.10 Non-Executive Directors may serve longer than nine years (e.g. three three-year terms), subject to annual re-election. Serving more than nine years could be relevant to the determination of a Non-Executive Director's Independence.

- 12.11 The Board can make a recommendation on termination of the Directors' basing on the results of performance evaluation or for progressive refreshing of the Board. Members of the Board will be paid compensation in the event of early termination.

## **7. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS**

### **Article 13 Procedure of remuneration of the members of the Board of Directors**

- 13.1 The General Meeting of Shareholders may resolve that the members of the Board of Directors shall be paid remuneration for the work performed by them during their terms in office and/or reimbursed for the expenses associated with discharge of their duties. The amount of such remuneration and reimbursement shall be established by resolution of the General Meeting of Shareholders.
- 13.2 The payment of such remuneration and reimbursement to the members of the Board of Directors shall constitute a separate matter on the agenda of the General Meeting of Shareholders.
- 13.3 The remuneration is based on individual performance and shall be paid on the basis of resolution of the General Meeting of Shareholders out of the annual financial results of the Company.
- 13.4 Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of the role.
- 13.5 No Director should be involved in deciding his or her own remuneration.
- 13.6 Non-Executive Directors should not receive remuneration in form of share options unless the shareholders decide otherwise.
- 13.7 The remuneration and reimbursement of the members of the Board of Directors are based on terms of appointment.
- 13.8 The members of the Board of Directors may not receive, by any method and in any form, any remuneration and/or reimbursement of the expenses incurred by them in connection with the discharge by them of their duties for approval of resolutions by the Board of Directors and other governing bodies of the Company, or exercise by them of their rights and discharge by them of their duties, other than the remuneration and/or reimbursement of expenses approved by resolution of the General Meeting of Shareholders.
- 13.9 Appropriate insurance liability coverage for the Directors is subject to shareholders' decision. The conditions of insurance coverage should be determined by the General Meeting of Shareholders and maintained for the full term of appointment.

## **8. MEETING OF THE BOARD OF DIRECTORS**

### **Article 14 Convocation of the meeting of the Board of Directors**

- 14.1 The Board of Directors will hold regularly scheduled meetings at the dates determined in the Schedule approved by the Board of Directors. (Matters reserved for the Board of Directors are stated in Appendix 1)
- 14.2 Extraordinary Meetings may be convened from time to time based on the needs of the business or upon the request of the Chairman of the Board of Directors or any two Directors.
- 14.3 For each meeting of the Board of Directors the following items shall be determined:
- date, time and place of the meeting;
  - agenda of the meeting;
  - list of the matters to be put to the vote;
  - list of information (materials) to be furnished to the members of the Board of Directors prior to the meeting.
- 14.4 The agenda of the meeting is determined by the Chairman of the Board of Directors. Any Director may suggest reasonable items to be included in the agenda.
- 14.5 The agenda for the scheduled meeting will be distributed at least seven days in advance, and the related materials at least five days before the meeting to allow Directors to get ready for the meeting.
- 14.6 The minutes of the meeting shall be prepared no later than seven days after the meeting and be signed by each Director as soon as reasonably possible. Circular resolutions shall be effective only if they are signed by the majority of Directors of the applicable quorum.



- The minutes and circular resolutions (originals and/or copies) shall be stored by the Company Secretary.
- 14.7 All materials used for the meetings will be in English.

#### **Article 15 Place and time of the meeting of the Board of Directors**

- 15.1 The Directors shall use their reasonable efforts to ensure that, to the extent practicable, meetings of the Board of Directors shall be convened in Cyprus.
- 15.2 Provided it is agreed in writing by each Director, meetings may be held through telephone conferences, though the Directors shall endeavor to keep such meetings to a minimum.
- 15.3 All members of the Board of Directors shall be notified of the convocation of the meeting of the Board of Directors in advance in order to enable them to properly organize their schedule.
- 15.4 If circumstances, which make it impossible or difficult to conduct the meeting of the Board of Directors in a place and/or at a time of which the members of the Board of Directors were notified, arise the meeting with the same agenda may be conducted in a different place and/or at a different time.
- 15.5 All members of the Board of Directors shall be notified of the change of place and/or time of the meeting of the Board of Directors by the Secretary on behalf of Chairman of the Board of Directors within the time reasonably sufficient to ensure their attendance. The notice of the aforementioned changes shall be delivered to the members of the Board of Directors in any form which guarantees receipt thereof at their physical or mailing addresses.

#### **Article 16 Quorum of the meeting of the Board of Directors**

- 16.1 Availability of quorum at the meeting of the Board of Directors shall be determined by the person chairing the meeting.
- 16.2 The quorum is a simple majority of directors, including at least one Independent Director.
- 16.3 If the agenda of the meeting of the Board of Directors includes matters where availability of quorum and approval of resolutions require a different number of votes, availability of quorum shall be determined separately for each matter on the agenda. The meeting of the Board of Directors shall be conducted on the matters on the agenda with respect to which there is a quorum.
- 16.4 If there is no quorum on all matters on the agenda, the meeting shall be announced not to have taken place. In that event, the person chairing the meeting shall, having consulted with all attending members of the Board of Directors, announce the time of a new meeting to be held instead of the failed meeting with the same agenda.

#### **Article 17 Minutes of the meeting of the Board of Directors**

- 17.1 The minutes of the meeting of the Board of Directors shall be drawn within seven days following the date of such meeting.
- The minutes of the meeting of the Board of Directors shall contain the following information:
- full name of the Company;
  - date, place and time of the meeting;
  - persons attending the meeting;
  - persons who have furnished their written opinions on the matters on the agenda;
  - agenda of the meeting;
  - matters put to the vote, and the outcome of voting thereon;
  - resolutions approved.
- 17.2 The minutes of the Board of Directors shall be signed by the Chairman and by the Secretary of the meeting.
- 17.3 The Company shall ensure that the shareholders, the members of the Board of Directors, the members of the Audit Committee, and the Auditor of the Company have access to the minutes of the meetings of the Board of Directors.

## **9. INDEPENDENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS**

### **Article 18 Criteria of independence of the members of the Board of Directors**

18.1 Directors are considered independent if there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. In particular, it is important that they:

- have not been employees of the Company or any of its consolidated subsidiaries within the last five years;
- do not have and have not had a material business relationship with the Company, either directly or indirectly; have not received and do not receive additional remuneration from the Company except for their remuneration as a Director, do not participate in the share option plan, a performance-related pay plan, or a pension plan of the Company;
- do not have close family ties with any advisor, Director or senior manager of the Company;
- do not hold cross Directorships and have no significant links with other Directors through involvement in other companies or bodies;
- do not represent a significant shareholder; and
- have not served on the Board of Directors for more than nine years from the date of their first election.

### **Article 19 Independent member of the Board of Directors**

19.1 Each independent member of the Board of Directors responsible for the performance of specific functions of the Board of Directors (such as being a member of any Committee of the Board of Directors) shall have professional knowledge in the area consistent with such functions (area of operations of the Company, law, crisis management, corporate governance, financial analysis, audit, etc.).

19.2 The Independent Director shall refrain from committing acts which may impair his/her independence.

19.3 If following the election of the Independent Director to the Board of Directors there occur changes, or there arise circumstances, which impair the independence of the Independent Director, he/she shall serve on the Board of Directors a notice describing such changes or circumstances. In that event, and if and when the Board of Directors otherwise becomes aware of such changes or circumstances, the Board of Directors shall notify the shareholders accordingly and may, if necessary, convene the Extraordinary General Meeting of Shareholders to elect a new Board of Directors.

## **10. EVALUATION OF THE OPERATION OF THE BOARD OF DIRECTORS**

### **Article 20 Evaluation of the operations of the Board of Directors, Its Committees and individual members**

20.1 The operation of the Board of Directors, its Committees and individual Directors shall be subject to annual evaluation.

20.2 The evaluation of the Board of Directors and individual Directors' performance shall be made through self-assessment and cross-assessment or by external third party.

20.3 The Non-Executive Directors, led by the Senior Independent Director, are responsible for performance evaluation of the Chairman of the Board of Directors.

## **11. COMMITTEES OF THE BOARD OF DIRECTORS**

### **Article 21 Creation of the Committees of the Board of Directors**

21.1 To properly perform its functions, the Board of Directors shall create, from among its members, permanent Committees. Such Committees shall be responsible for the preliminary consideration of the most important matters in the area of their competences and preparation of recommendations based on which the Board of Directors shall approve resolutions on such matters.

- 21.2 The Board of Directors shall approve the internal regulations (terms of reference) governing the procedures for the creation and operation of the Committees.
- 21.3 The Board of Directors shall create the Audit Committee, and such other committee as it determines appropriate. If necessary, the Board of Directors may resolve to create other permanent Committees.
- 21.4 The Committees shall consist of the members of the Board of Directors who have necessary experience and knowledge in the relevant area of operations.
- 21.5 Each Committee shall have at least two members.
- 21.6 No Committee shall have the right to make decision for and on behalf of the Board of Directors.
- 21.7 The Audit Committee shall be headed by an Independent Director. The Chairman of the Board of Directors can't be the member of the Audit Committee.
- 21.8 The Chairman of the Board of Directors may also be the Chairman of any Committee other than the Audit Committee.
- 21.9 The Chairmen of the Committees shall be elected and approved at the meeting of the Board of Directors.
- 21.10 No one other than the Committee's Chairman and members is entitled to be present at the meeting of the Committee. It is for the Committees to decide if non-member shall attend for a particular meeting or a particular item of meeting. If necessary, the Committee may enroll the services of experts having the requisite professional knowledge.

## **12.DISCLOSURE OF INFORMATION ABOUT THE BOARD OF DIRECTORS**

### **Article 22 Disclosure of information on the Board of Directors' activities in the annual report**

- 22.1 The annual report shall include a statement of how the Board of Directors operates, including a high level statement of which types of decisions are to be taken by the Board of Directors and which are to be delegated to management. It shall also set out the number of meetings of the Board of Directors and its Committees and individual attendance by Directors.
- 22.2 The annual report shall identify the Chairman of the Board of Directors, the deputy Chairman of the Board of Directors, the Senior Independent Director and the chairmen and members of the Committees.
- 22.3 The Board of Directors shall identify in the annual report each Non-Executive Director it considers to be independent.
- 22.4 The Board of Directors shall state in the annual report how performance evaluation of the Board of Directors, its Committees and its individual Directors has been conducted.

## **13. THE BOARD OF DIRECTORS AND SHAREHOLDERS RELATIONSHIP**

### **Article 23 The Board of Directors and Shareholders relationship**

- 23.1 The decision on the Board of Directors establishing shall be made by the shareholders at the General Meeting.
- 23.2 All Directors shall 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. The names of Directors submitted for election or re-election shall be accompanied by sufficient biographical details and any other relevant information to enable shareholders to take an informed decision on their election.
- 23.3 The Board of Directors shall set out to shareholders the reasons of election of Non-Executive Director in the paper attached. The Chairman shall confirm to shareholders when proposing re-election that the individual's performance is effective and he/she demonstrates commitment to the role.
- 23.4 The Company shall offer to major shareholders the opportunity to meet a new Non-Executive Director.
- 23.5 The Chairman of the Board of Directors shall ensure that the Company maintains as required contact with its principal shareholders about remuneration of the Board of Directors.

- 23.6 The Board of Directors shall take reasonable efforts to ensure that it receives regular information regarding the issues and concerns of shareholders.
- 23.7 The Company recognizes the importance of dialogue with both institutional and private shareholders. Institutional shareholders, fund managers and analysts are briefed at regular meetings and presentations. Regular meetings shall be held with institutional shareholders during the year (at least once a year), either one-to-one or as part of a larger grouping. Non-Executive Directors are offered the opportunity to attend the meetings and would attend if required by major shareholders.
- 23.8 The Company shall disclose the significant information about the Board of Directors activities in annual report and communicate this information to shareholders.
- 23.9 Among other information the Board of Directors shall, at least annually, report to shareholders on the results of review of the effectiveness of the system of internal control of the Company and its subsidiaries. The review shall cover all material controls, including financial, operational and compliance controls and risk management system.

## **APPENDIX 1 SCHEDULE OF MATTERS RESERVED FOR THE BOARD OF DIRECTORS**

The Board of Directors of the Company shall be competent to take decisions on all matters with respect to the Company's activities except for the matters reserved to the shareholders in accordance with the applicable law and the Company's Memorandum and Articles of Association.

The matters falling within the competence of the Board of Directors shall include, without limitation, the following:

### **1 Strategy and Management**

- 1.1 Responsibility for the overall management of the Company.
- 1.2 Approval of the Company's long-term corporate strategic objectives.
- 1.3 Approval of the annual operating and capital expenditure budgets and any material changes to them.
- 1.4 Oversight of the Company's operations ensuring:
  - competent and prudent management;
  - sound planning;
  - adequate accounting and other records;
  - compliance with statutory and regulatory obligations.
- 1.5 If at the level of the Company's subsidiaries any matter arises which is reserved to the General Meeting of Shareholders of such subsidiary, such matter shall be dealt with, and action shall be taken by the Board of Directors of the Company.
- 1.6 Review of performance in the light of corporate strategic objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 1.7 Extension of the Company's activities into new business or geographic areas.

### **2 Structure and capital**

- 2.1 Recommendations to shareholders on changes to the Company's capital structure including reduction of capital, share issues.
- 2.2 Recommendations to shareholders on major changes to the Company's corporate structure.
- 2.3 Recommendations to shareholders on changes to the Company's management and control structure.
- 2.4 Recommendations to shareholders on any changes to the Company's listing or its status.
- 2.5 Changes of the Company name.

### **3 Financial reporting and controls**

- 3.1 Approval of preliminary announcements of interim and final results.
- 3.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report of the Board of Directors.
- 3.3 Declaration of the interim dividend and recommendation of the final dividend.

### **4 Internal control**

- 4.1 Ensuring maintenance of a sound system of internal control and risk management including:
  - receiving reports on, and reviewing the effectiveness of the Company risk and control processes to support its strategy and objectives;
  - undertaking an annual assessment of these processes;
  - approving an appropriate statement for inclusion in the annual report.

### **5 Contracts**

- 5.1 Approval of major capital projects.
- 5.2 Contracts which are material strategically or by reason of size, entered into by the company or any subsidiary in the ordinary course of business, including:
  - acquisitions, divestments or disposals of fixed assets;

- arranging borrowing facilities or financings.
- 5.3 Contracts of the company or any subsidiary not in the ordinary course of business, major acquisitions or disposals on non-contested terms with an acquisition cost, including the assumption of debts.
- 5.4 Major investments including the acquisition or disposal of interests of more than 5 percent in the voting shares of any company or the making of any takeover offer.

## **6 Communication**

- 6.1 Approval of resolutions and corresponding documentation be put forward to shareholders at a General Meeting.
- 6.2 Approval of all circulars and listing particulars/prospectus.
- 6.3 Approval of press releases concerning matters decided by the Board of Directors.

## **7 Board membership and other appointments**

- 7.1 Recommendations to the shareholders on the structure and composition of the Board of Directors.
- 7.2 Ensuring adequate succession planning for the Board of Directors and senior management.
- 7.3 Appointment or removal of the Chairman of the Board of Directors.
- 7.4 Appointment or removal of the Senior Independent Director.
- 7.5 Appointment or removal of the Company Secretary.
- 7.6 Establishment of Board of Directors Committees and membership of Board of Directors' Committees.
- 7.7 Appointment or removal of the Chairman of the Board of Directors' Committee.
- 7.8 Continuation in office of Directors at the end of their term of office, when they are due to be re-elected by shareholders at the Annual General Meeting of Shareholders.
- 7.9 Continuation in office of any Director at any time, including the suspension or termination of service of an executive Director as an employee of the company, subject to the law and their service contract.
- 7.10 Recommendation to shareholders on the appointment or removal of Auditors and approval of the Auditors' remuneration.
- 7.11 Appointments to Boards of Directors of subsidiaries (for further approval by subsidiaries' shareholders).

## **8 Remuneration**

- 8.1 Determining the remuneration of the Non-Executive Directors, subject to the articles of association and shareholder approval as appropriate.
- 8.2 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

## **9 Delegation of authority**

- 9.1 Approval of terms of reference of Board of Directors' Committees.
- 9.2 Receiving reports from Board of Directors' Committees on their activities.

## **10 Corporate governance matters**

- 10.1 Undertaking a formal and rigorous review of its own performance, that of its Committees and individual Directors.
- 10.2 Determining the independence of Directors.
- 10.3 Considering the balance of interests between shareholders, employees, customers and the community.
- 10.4 Review of the Company's overall corporate governance arrangements.
- 10.5 Receiving reports on the views of the company's shareholders.
- 10.6 Convening of General Meeting of Shareholders.

## **11 Policies**

The Board of Directors shall approve the following policies:

- 11.1 Code of Corporate Governance.
- 11.2 Corporate Vision, Values and Principles.
- 11.3 Operational policies.
- 11.4 Compliance policies.