

# ARAWAK ENERGY LIMITED

## Matters Reserved for the Board

Adopted on May 7, 2008

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This document sets down those powers reserved for the full Board of the Company (the "**Board**") and not delegated to the Company's executive directors. The list contains some matters which the Board cannot, as a matter of law, delegate. The Board may, however, appoint committees as it thinks fit to exercise certain of its powers. Specific areas of delegation are set out in the Terms of Reference for the Remuneration Committee, the Governance, Regulatory & Nominations Committee, the Audit Committee, the Reserves Committee and the Environment, Health and Safety Committee of the Company as required by the Combined Code, although the final decision on these matters is required to be taken by the whole Board.

### 1. STRATEGIC ISSUES

- 1.1 To approve the annual business plan.
- 1.2 To receive and approve at least annually a regular review of the long-term objectives and strategic direction of the overall business.
- 1.3 To approve the risk management policies including insurance, hedging, borrowing limits and corporate security.
- 1.4 To approve the commencement of any major new business activity which is materially different from that being undertaken by an existing part of the Company's business.
- 1.5 To approve any expansion or diversification into any new geographic area where business is not currently undertaken.
- 1.6 To approve:
  - 1.6.1 the formation, acquisition, divestment, liquidation or the cessation of operations of a company (including a joint venture company) or other assets or liabilities; and
  - 1.6.2 any investment or capital projects or any other transactions,in each case where such transaction constitutes either a Class 1 or Class 2 transaction or a reverse takeover for the purposes of the Listing Rules issued by the Financial Services Authority.
- 1.7 To enter into discussions with any third party in relation to any corporate transaction, including a takeover of the Company.

**1.8** To review the performance of the business in light of the Group's strategy objectives, business plans and budgets ensuring that any necessary corrective action is taken.

**1.9** To be responsible for the overall management of the Group.

## **2. FINANCIAL ITEMS**

**2.1** To approve the interim and final financial statements and the annual report and accounts.

**2.2** To approve the dividend policy, declare the interim dividend and recommend the final dividend.

**2.3** To approve any significant changes in accounting policies and practices.

**2.4** To approve the recommendations of the Audit Committee, including the remuneration of the Company's Auditors and recommendations for the appointment, re-appointment or removal of the Company's Auditors to be put to shareholder approval.

**2.5** To approve the accounting policies and practices (including any significant changes thereto) to be applied and adopted in the preparation of the Group's financial statements, to receive any proposed qualification to the accounts.

**2.6** To ensure the maintenance of a sound system of internal controls and risk management including approval of an appropriate statement for inclusion in the annual report.

**2.7** To receive and review the reports of the Audit Committee.

**2.8** To approve the Group's annual budget including the operating and capital expenditure budgets and any material changes to them.

**2.9** To receive for post-completion review a report on all capital expenditure projects which it approves.

**2.10** To approve increases in the authorised share capital of the Company and the issue of shares or of securities conferring rights of subscription for or conversion into shares in the Company.

**2.11** To authorise transfers to reserves and appropriations of profit by the Company.

**2.12** To authorise calls on or forfeiture of shares.

**2.13** To approve any own purchases or redemptions of shares or any reductions of capital by the Company including the use of treasury shares.

**2.14** To approve any contracts with a third party, including relating to property or land, in excess of one year's duration or not in the ordinary course of business.

**2.15** To approve any contracts which are material strategically or by reason of size entered into in the ordinary course of business.

### **3. TREASURY ITEMS**

**3.1** To receive at least twice each year proposals setting out the policy for the financing of the Group.

**3.2** To approve the issue to third parties of debenture or loan stocks, bonds and other paper programmes, delegating authority, as appropriate, to finalise details.

**3.3** To approve guarantees and letters of comfort where the amount of the loan or liability is material to the Company and its subsidiaries.

**3.4** To approve in principle the granting of security over any Group asset, the entering into of loan facilities, debt factoring, sale and leaseback arrangements and contracts for derivatives, in each case with third parties, delegating authority, as appropriate, to finalise details.

**3.5** To approve at least once each year proposed credit limits for the placing of deposits with individual financial institutions.

**3.6** To receive and review at least twice each year proposals in respect of the management of the Group's foreign exchange and interest rate exposures.

### **4. LEGAL, ADMINISTRATION, PENSION AND OTHER BENEFITS**

**4.1** To authorise the commencement or settlement of any legal (or similar) process in relation to matters having a material value or effect on the Group.

**4.2** To authorise signatories on the Company's bank mandate and authorise/ratify the affixing of the Common Seal of the Company.

**4.3** To receive and review at least annually regular reports on pension, health, safety and environment and insurance matters, and any material litigation affecting the Company or its subsidiaries.

**4.4** To approve, where appropriate, any increases in pension benefits payable under the Company's pensions schemes, to authorise appointments of trustees to such schemes and to approve major changes in the rules of the Company pension scheme.

**4.5** To approve the application of the Company's share option schemes as recommended by the Remuneration Committee.

- 4.6 To receive notification of sales or purchases of shares by directors and senior management of the Company in accordance with the Company's code of dealing for such transactions by directors and senior management.
- 4.7 To submit for shareholder approval any proposed share option scheme and alterations thereto as required by the scheme's rules and to approve certain other matters of detail arising under any such schemes.
- 4.8 To approve the overall levels of insurance for the Group including Directors' and Officers' liability insurance and indemnification of directors.

## **5. COMMUNICATIONS WITH SHAREHOLDERS**

To approve:

- 5.1 the form and issue of the annual report, the preliminary statement and the interim report and any other similar reports or statements of the Company including those published on a quarterly basis;
- 5.2 the form and issue of circulars to shareholders of the Company and the form and issue of other prospectuses/issue documents;
- 5.3 Company announcements (i.e. to the Financial Services Authority or the London Stock Exchange) concerning matters decided by the Board;
- 5.4 the calling of shareholder meetings and the resolutions to be put forward at general meetings; and
- 5.5 any communications with analysts in connection with the items mentioned in paragraphs 5.1 and 5.3 above.

## **6. BOARD AND SENIOR MANAGEMENT APPOINTMENTS AND ARRANGEMENTS**

6.1 To approve:

- 6.1.1 changes to the structure, size and composition of the Board, following recommendations from the Nomination Committee;
- 6.1.2 arrangements relating to the appointment and resignation of directors to or from the Board (both executive and non-executive) and of the Company Secretary and the senior management of the Company and all terms and conditions thereof (including, for the avoidance of doubt, their removal from office or termination of employment). In the case of executive directors and the senior management, the terms and conditions shall be recommended by the Remuneration Committee. In

the case of non-executive directors, the terms and conditions, including fees from time to time, shall be for approval by the Board in accordance with the Articles of Association;

- 6.1.3** the responsibilities of the senior management of the Company and arrangements regarding appropriate training, development and succession for the directors and the senior management;
- 6.1.4** the appointment of directors to specified offices of the Board including the chairman and senior independent director and to approve the selection of the Chief Executive;
- 6.1.5** the continuation in office of directors at the end of their term of office or at any time;
- 6.1.6** applications by executive directors for permission to accept outside appointments;
- 6.1.7** the chairmanship, composition and terms of reference of the Remuneration Committee, the Nomination Committee, the Audit Committee, the Reserves Committee and the Health and Safety Committee and any other committees established by the Board and to receive the reports of such Committees;
- 6.1.8** the terms of reference, procedures and limits of authority granted to the Group Chief Executive and the Group Operating Board;
- 6.1.9** the division of responsibilities between the chairman and chief executive which should be in writing;
- 6.1.10** transactions with directors and other related parties;
- 6.1.11** appointments to the boards of subsidiary companies; and
- 6.1.12** any other matter as directed from time to time by the Board.

**6.2** To ensure adequate succession planning for the Board and senior management.

## **7. MISCELLANEOUS**

**7.1** To approve the formulation of policies regarding charitable or political donations and a code of ethics and business practice.

**7.2** To approve the appointment of professional advisers in addition to the Company's Auditors.

**7.3** To approve this schedule of matters reserved for board decisions.

- 7.4 To undertake a formal and rigorous review annually of its own performance, that of its committees and individual directors.
- 7.5 To determine the independence of the directors.
- 7.6 To review all transactions with related parties in particular with Rosco SA/Vitol.
- 7.7 To receive reports on the views of the Company's shareholders.

## **8. MONETARY LIMITS**

Those monetary limits specified in paragraphs 3.3 and 4.1 are subject to variation by the Board on a specific or general basis (as the case may be).

*Note: In addition to the specific areas of delegation mentioned above, the Board has delegated certain of its powers to the Remuneration Committee, the Governance, Regulatory & Nominations Committee, the Audit Committee, the Reserves Committee and the Environment, Health and Safety Committee in accordance with the Principles of Good Governance and Code of Best Practice contained in the Combined Code.*

References in this document to the "**Group**" mean the Company and its subsidiaries.