



**BOARD OF DIRECTORS' CHARTER
AND
TERMS OF REFERENCES**

1.0 DEFINITIONS AND INTERPRETATION:

1.1 In this Board charter, where the context so admits the following expression shall have the following meanings:

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| “Act” | The Companies Act, 1965 as amended from time to time and includes any re-enactment thereof. |
| “AGM” | Annual General Meeting of the Company. |
| “Articles” | Articles of Association of the Company. |
| “Board” | Board of Directors of the Company. |
| “Business” | Business of the Company. |
| “Bursa Malaysia” | Bursa Malaysia Securities Berhad. |
| “Chairman” | Chairman of the Board. |
| “Charter” | Charter of the Board. |
| “Code of Conduct” | The Code of Conduct encapsulating the core values and principles of the Company as implemented and revised from time to time. |
| “COO” | The chief operating officer of the Company. |
| “Executive Director” | An executive member of the Board other than the Managing Director. |
| “Independent Members” | Members who are independent as defined under the provisions of the Listing Requirements. |
| “Listing Requirements” | Main Market Listing Requirements of Bursa Malaysia, as amended from time to time. |
| “Managing Director” | A director who is appointed to hold such a position and attends to the day to day business and management of the Company. |
| “Members” | Members of the Board. |

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| “Perisai “ or the “Company” | Perisai Petroleum Teknologi Bhd (Company No: 632811-X). |
| “Perisai Group” or “Group” | Perisai and its subsidiaries, collectively. |
| “Secretary” | Company Secretary of the Company. |
| “Senior Management” | The Senior Management team of the Company which includes the Managing Director and Executive Director and the highest ranking executives of Perisai who are not Members of the Board. |
| “Shareholders” | Shareholders of the Company. |

1.2 In this charter, unless the context otherwise requires, words importing the masculine gender shall include the feminine, neuter genders and vice versa; and

1.3 Words importing the singular shall include the plural and vice versa.

2.0 PART 2 BOARD GOVERNANCE PROCESS

2.1 Role of the Board

2.1.1 The role of the Board is to effectively represent and promote the interests of Shareholders with a view to adding long-term value to the Company’s shares.

2.1.2 Having regard to its role, the Board shall direct and supervise the management of the Business and affairs of the Company including, in particular:

- a. setting, endorsing, reviewing and adopting the strategic direction on all matters of importance to the Company which are presented to the Board in the form of the yearly Budget and Business Plan of the Company or such other presentation made by a Senior Management from time to time;
- b. oversee the conduct of the Company’s business;
- c. setting the Company’s strategic objectives so that the Company can conduct its activities sustainably over the long term and endorsing material initiatives to support delivery of those objectives;

- d. reviewing the adequacy and the integrity of the Company's internal control systems and management information system, including systems for compliance with applicable laws, regulations, rules, directives and guidelines, and ensuring that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance;
- e. establishing policies for strengthening the performance of the Company including ensuring that Senior Management is proactively seeking to build the Business through initiative, innovation and technology;
- f. monitoring the performance of Senior Management and reviewing its performance against agreed corporate objectives;
- g. taking into account the recommendations of the relevant committees (where applicable) to determine succession planning, including the implementation of appropriate systems for appointing, training, fixing the compensation of and where appropriate, replacing Senior Management and to ensure that the Senior Management is of the highest caliber;
- h. taking into account the recommendations of the relevant committees, to appoint the Managing Director and Executive Director, setting the terms of the Managing Director's and Executive Director's employment contract and, where necessary, terminating the Managing Director's or Executive Director's employment with the Company;
- i. ensuring that the Company's financial statements are true and fair and conform with all applicable law and regulations;
- j. ensuring that the Company adheres to high standards of ethics and corporate behavior in accordance with the Code of Conduct;
- k. developing and maintaining a policy on health and safety conforming to the best standards of the oil and gas industry;
- l. developing a policy on sustainability premised on environmental, social and governance aspects as may be contained in the Code of Conduct;
- m. ensuring that the Company has appropriate risk management and regulatory compliance policies in place to identify, manage and mitigate risk in the operations and business of the Company;
- n. ensuring that the Company complies with the continuing disclosure obligations contained in the Listing Requirements and providing the Shareholders and members of the public with timely and balanced disclosure of all material matters concerning the Company;

- o. approving/adopting a Limits of Authority and the procedure thereto to determine which transactions require the Board's approval;
- p. leveraging on information technology for effective dissemination of information;
- q. deciding on such steps that are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- r. ensuring that the Board continues to have the blend of skills, experience and attributes appropriate for the Company and its business, and to this end ensure, that appropriate directors are selected and appointed as required; and
- s. evaluating and determining the specific and continuous training needs of the Members on a regular basis in addition to the Mandatory Accreditation Programme (MAP) as required by Bursa Malaysia.

2.1.3 The day to day management of the Company shall be in the hands of Senior Management.

2.2 The Board's Relationship with Shareholders

- 2.2.1 The Board shall use its best endeavors to familiarize itself with issues of concern to Shareholders.
- 2.2.2 The Board shall regularly evaluate economic, political, social and legal issues; and any other relevant external matters that may influence or affect the development of the Business or the interest of Shareholders and, if thought appropriate, to take outside expert advice on these matters.
- 2.2.3 The Board shall develop and implement an investor relations programme or Shareholder communication policy for the Company. The policy is to ensure that it effectively communicates the key aspects of the operations of the Company to the Shareholders. It shall also accommodate proactive engagements with Shareholders.
- 2.2.4 The Board shall identify a senior independent non-executive Director of the Board in the Company's annual report to whom Shareholders may convey their concerns.
- 2.2.5 The Board shall take reasonable steps to encourage Shareholders participation at general meetings, including explaining to Shareholders their rights at general meetings.

2.3 Board Procedures

- 2.3.1 The conduct of Members shall be consistent with their duties and responsibilities to the Company and, indirectly, to Shareholders. The Board will carry out its role, with emphasis on strategic issues and policy.
- 2.3.2 Members shall use their best endeavors to attend Board meetings and to prepare thoroughly. Members are expected to participate fully, frankly and constructively in Board meetings, discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the Board table. Members who are unable to attend a meeting shall advise the Secretary accordingly.
- 2.3.3 Board discussions shall be open and constructive, recognizing that genuinely-held differences of opinion can, in such circumstances, bring greater clarity and lead to better decisions. The Chairman shall, nevertheless, seek a consensus in the Board but may, where considered necessary, call for a vote. All discussions and their record will remain confidential unless there is a specific direction from the Board to the contrary, or such disclosure as required by law.
- 2.3.4 The Board has sole authority over its agenda. Any Member may request the addition of an item to the agenda. The relevant agenda and a set of board papers shall be circulated to the Members prior to meetings in a timely manner to facilitate Members' participation in Board discussions on a fully-informed basis.
- 2.3.5 The Board shall hold meetings regularly as the occasion requires but nevertheless will meet at least four (4) times a year. At each meeting, the Board may consider, amongst others, the financial performance, business operations, annual business plan and budget, material acquisition or disposal of assets, major investments, Board appointments and reports of the various board committees.
- 2.3.6 Members are entitled to have access, at all reasonable times, to the Senior Management and Secretary, to all relevant company information of the Company.
- 2.3.7 Members are entitled to obtain independent professional advice as outlined in paragraph 2.9 of this Charter.
- 2.3.8 Members shall continue to undergo relevant training programmes and seminars from time to time as they consider necessary in addition to the Mandatory Accreditation Programme as required by Bursa Malaysia, to

equip themselves with the relevant skills and knowledge to discharge their duties effectively.

2.3.9 Members are expected to strictly observe the provisions of the Act and other rules and regulations.

2.4 Board Committees

2.4.1 The Board has four standing committees, namely –

- a) Audit Committee;
- b) Remuneration Committee;
- c) Nomination Committee; and
- d) ESOS Committee.

Other committees may be formed for specific purposes and disbanded as required.

2.4.2 The Board shall appoint Members to the respective Board committees and approve the Terms of Reference of each of the respective Board committees.

2.4.3 The Board shall review and upon deliberation and due consideration given, may approve recommendations made by the respective committees.

2.4.4 Subject to its respective Terms of Reference, Board committees shall observe the same rules of conduct and procedure as the Board, unless the Board determines otherwise.

2.5 Board Composition and Mix

2.5.1 The composition of the Board underpins the effectiveness of its ability to perform its duties and responsibilities and in setting the Company's strategy and seeing that it is implemented.

2.5.2 The Board is committed to a policy of selecting, as members of the Board, persons who have the necessary skills, competencies and experience.

2.5.3 The selection of appropriate persons as members of the Board shall also be within a policy to seek diversity to the Board, in terms of gender, capabilities, core skills and experience.

2.5.4 The Board shall formulate a process which is to be implemented by the Nomination Committee, designed to assess the effectiveness of the Board as a whole.

2.5.5 The Board, through the Nomination Committee shall annually review its required mix of skills and experience and other qualities, including core

competencies which non-executive Directors should bring to the Board. The Board, through the Nomination Committee shall also annually assess whether a non-executive director remains independent.

- 2.5.6 The size of the Board shall be such that the common purpose, involvement, participation, harmony and sense of responsibility of the Members are not jeopardized. It must be large enough to ensure a range of knowledge, views and experience, with the majority being non-executive. The Board must comprise of such number of independent directors as required by the Act or such other regulations and best practices.
- 2.5.7 Non-executive Directors shall be persons of caliber, credibility and have the necessary skill and experience to bring an independent judgement to bear on issues of strategy, performance and resources including key appointments and standards of conduct.
- 2.5.8 Member shall hold office subject to any obligation to retire by rotation in accordance with the Company's Articles and the Member then may choose to offer himself for re-election at the Company's AGM.
- 2.5.9 On recommendation of the Nomination Committee, the Board may propose for Shareholders' approval, the extension of an independent director who has served in the same capacity for more than nine years if the Board is satisfied that he/she is able to continue to be independent and bring independent judgement to Board deliberations.

2.6 Induction of New Members

- 2.6.1 On first appointment of new Members, they shall have the benefit of an induction programme aimed at deepening their understanding of the Company and the Business and the environment and markets in which the Company operates. Whenever possible, Members shall receive a folder of essential Board and Company information and shall meet with Senior Management.
- 2.6.2 Members are expected to keep themselves abreast of changes and trends in the Business and in the Company's environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally.

2.7 Members' Remuneration

- 2.7.1 The Board shall determine the level of remuneration paid to non-executive Members, based on the experience, level of expertise and responsibilities undertaken by the non-executive Members concerned and within any limitations imposed by Shareholders.

- 2.7.2 Non-executive Members shall be paid a basic fee as ordinary remuneration and may be paid, as additional remuneration, an extra fee as member of Board committees and an extra fee for any special service as Chairman of such Committee. The Chairman shall be paid a level of fees appropriate to his office.
- 2.7.3 The Remuneration Committee is responsible for recommending to the Board on the remuneration package for the Executive Members.
- 2.7.4 Executive Members shall receive no fees but shall be paid as employees of the Company in accordance with their contracts of employment with the Company.
- 2.7.5 Members shall play no part in decisions on their own remuneration.

2.8 Other Board Appointments

- 2.8.1 Members are subject always to the limitation on numbers of directorship as imposed by the Act or the Listing Requirements.
- 2.8.2 The new appointments shall not be in conflict with the interest of the Business and would not detrimentally affect the Member's performance as a Member.
- 2.8.3 Board members are required to commit sufficient time and attention to the affairs of the Company before accepting additional directorships. A Member who wishes to accept new directorship shall notify the Chairman before accepting the same and to indicate the time expected to be spent on the new appointment.
- 2.8.4 All other appointments must be disclosed to the Secretary.

2.9 Independent Professional Advice

- 2.9.1 Any Member is entitled to obtain independent professional advice relating to the affairs of the Company or to his other responsibilities as a Member.
- 2.9.2 If a Member considers that such advice is necessary, the Member shall first discuss it with the Chairman and, having done so, may then decide to proceed to seek such independent professional advice.
- 2.9.3 The cost of the advice shall be reimbursed by the Company but the Member shall ensure, so far as is practicable, that the cost is reasonable.

2.10 Conflicts of Interest

- 2.10.1 Members must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. If any matter is to

be discussed at the Board meeting which would involve one or more Members having a material conflict of interest, then those Members shall disclose that conflict of interest and shall not participate in any voting and decision making process.

2.11 Indemnities and Insurance

2.11.1 The Company shall provide all Members with, and will pay the premiums for, indemnity and insurance cover while acting in their capacities as Members.

2.12 The Secretary

2.12.1 The Secretary must be someone who is suitably qualified, competent and capable of carrying the duties to which the post entails.

2.12.2 The appointment and removal of the Secretary must be approved by the Board.

2.12.3 The Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation are in place.

2.12.4 All Members, particularly the Chairman, shall have access to the advice and services of the Secretary for the purposes of the Board's affairs and the Business.

3.0 PART 3 BOARD-MANAGEMENT RELATIONSHIP

3.1 Position of Managing Director

3.1.1 The Board shall delegate the management of the Company and its functions to the Managing Director.

3.1.2 The Board shall identify and agree with the Managing Director specific corporate objectives and Managing Director is authorized to make a decision and take any action in accordance with the policies of the Company as delegated/empowered to him by the Board from time to time.

3.1.3 Between Board meetings, the Chairman plays the role of maintaining an informal link between the Board and the Managing Director. The Chairman shall be kept informed by the Managing Director on all key important matters, and is available to the Managing Director to provide counsel and advice where necessary.

3.2 Duties of Managing Director/Executive Directors and Accountability to the Board

- 3.2.1 The Managing Director/Executive Directors are accountable to the Board for the observance of Company policies which are to be executed within the specific authorities delegated to them by the Board.
- 3.2.2 The Managing Director/Executive Directors are expected not to cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics as may be contained in the Code of Conduct.
- 3.2.3 In allocating the capital and resources of the Company, the Managing Director/Executive Directors are expected to adhere to the Company's rules, regulations and policies.
- 3.2.4 The Managing Director/Executive Directors are expected not to cause or permit any action without taking into account the health, safety, environmental and political consequences and their effect on long-term shareholder value.
- 3.2.5 The Managing Director/Executive Directors shall be responsible for the assets of the Company which are expected to be adequately maintained and protected, and not unnecessarily placed at risk.
- 3.2.6 The Managing Director/Executive Directors are expected not to permit employees and other parties working for the Company to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.
- 3.2.7 The Managing Director/Executive Directors are expected not to cause or permit payments to be made or rewards given unless they are in return for contributions towards the purposes of the Business and are proportional to the extent that the contribution in question has furthered such purposes.
- 3.2.8 The Managing Director/Executive Directors shall ensure that all policies adopted by the Board and/or the Committees together with the Code of Conduct shall be observed and complied with at all times.

4.0 PART 4 DUTIES OF THE CHAIRMAN

- 4.1 The Board shall appoint from among the Members, a Chairman.
- 4.2 The Chairman shall be a non-executive Member.
- 4.3 The Chairman's principal roles as stated below are not exhaustive, and merely serve as a guideline, and they include:
 - 4.3.1 Representing the Board to Shareholders;

- 4.3.2 Ensuring the integrity and effectiveness of the governance process of the Board as set out in this Charter;
- 4.3.3 Maintaining regular dialogue with the Managing Director over all matters and shall consult with the remainder of the Board promptly over any matter that gives him cause for concern;
- 4.3.4 Acting as facilitator at meetings of the Board to ensure that no Member, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among Members is forthcoming. The Chairman shall ensure that discussions result in logical and understandable outcomes;
- 4.3.5 Providing overall leadership to the Board, without limiting the principle of collective responsibility for Board decisions;
- 4.3.6 Actively participating in the selection of Board Members (undertaken through the recommendation of the Nomination Committee) and ensuring, subject to Board's and Shareholders' approval, that the membership of the Board is properly balanced;
- 4.3.7 Chairing meetings of the Board in such a manner that shall stimulate debate on the issues before the Board and encourage the most effective contribution from each Member;
- 4.3.8 Ensuring reasonable time frame for effective study and discussion of business under consideration and that every Board resolution is put to a vote to ensure that it is the decision of the majority that prevails;
- 4.3.9 Guiding discussions so that they are courteous and harmonious but always pertinent while at the same time seeing that genuine disagreements are aired and resolved;
- 4.3.10 The Chairman shall not dominate discussions but shall maintain good control of proceedings. The Chairman shall see that the decisions are reached and that they are properly understood and recorded;
- 4.3.11 The Chairman shall be fair but firm and the interests of the Company must predominate. At all times the Chairman shall be mindful of the potential for conflicts of interest between Members and the Company; and be familiar with the procedure to be followed as required by legislation and the Company's Articles;
- 4.3.12 Reviewing the minutes of the meetings of the Board before the meeting at which they shall be presented for confirmation, to ensure that:
 - a) they accurately reflect the Board's deliberations; and

b) matters arising from the meeting and on which further action is required have been minuted; and

4.3.13 Monitoring and evaluating the individual performance of the Members which is to be done in collaboration with the relevant committees and taking the initiative in instigating periodic evaluations of the Board as a whole.

The evaluation of the Chairman himself shall be carried out by the other Members.

4.4 The Chairman shall be kept informed by the Managing Director of all such important matters such as emerging problems, risks, potentially good or bad publicity, investment and divestment proposals, funding issues and current performance.

4.5 The Chairman shall make himself available to the Managing Director at all time, to:

4.5.1 act as a sounding board and be part of the control mechanism in ensuring that the Managing Director's decisions are properly considered and soundly based; and

4.5.2 give assistance and advice when needed especially on sensitive matters which the Managing Director feels he is unable to discuss with Senior Management.

4.6 Subject to any contrary provisions in the Company's Articles, the Chairman of the Board is also expected to chair meetings with Shareholders. This role calls for special skills and personal qualities that allow and encourage Shareholders to have their say while remaining relevant to the matter at issue, and the Chairman must also have the capability to summarise and unify thoughts and ideas.

4.7 The Chairman shall also have a sound knowledge of meeting procedures and be able, when required, to deal with the technical aspects of resolutions, amendments, etc and be sufficiently familiar with company law and the contents of the Company's Articles to enable him to handle (with assistance from the Company Secretary and legal advisers if necessary) such matters as voting on a poll and the items that may be properly discussed at the meeting.

4.8 The Chairman's address at Shareholder's meetings is an opportunity to inform Shareholders about the Company's affairs.

4.9 The Chairman shall also be prepared to lead the presentation of the Company's cause, whether formally or informally, with politicians and others having influence on the environment in which the Company operates.

4.10 While performing the functions set out above, the Chairman, in conjunction with the Managing Director, shall also be expected to play a leading role in:

4.10.1 the process of forming the Company's vision and goals;

- 4.10.2 the Company's strategic direction and planning process;
 - 4.10.3 fostering high corporate ethical standards and positive relationship with the Company's stakeholders; and
 - 4.10.4 ensuring adherence by the Company to both the letter and the spirit of the law.
Whatever the degree of participation, leadership must nevertheless always remains one of the Chairman's most essential qualities.
- 4.11 As leader of the Board, the Chairman is in a unique position to set the culture of the Company, in other words the tone and values by which it operates. He shall use every endeavor to ensure that this responsibility is discharged in the best interest of the Company, with a view to adding value to the Company and its shares, and all those associated with it.

5.0 **REVISION OF THE CHARTER**

- 5.1 The Board shall periodically review this Charter to ensure it remains consistent with the Board's objectives and responsibilities. Any revision or amendment to this Charter, as proposed by any Member, or any third party, shall first be presented to the Board for its approval.
- 5.2 Upon the Board's approval, the said revision or amendment shall form part of this Charter and this Charter shall be considered dully revised or amended.

Dated the 10th day of April 2013

Approved by:

The Board of Directors
Perisai Petroleum Teknologi Bhd



TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Constitution

The Audit Committee (“the Committee”) was formed pursuant to a resolution passed by the Board of Directors on 15 June 2004.

2. Membership

The Committee shall be appointed by the Board of Directors from among their members. It shall be composed of not fewer than 3 members, who are non-executive-directors, with a majority thereon comprising independent directors.

The members of the Committee shall elect a chairman from among their members who are an independent director. The chairman of the Board shall not be the chairman of the Committee. The chairman elected shall be subject to endorsement by the Board.

If a member of the Committee (including chairman) resigns, dies or for any other reason ceases to be a member with the result that the number is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members,

No alternate Director shall be appointed as a member of the Committee.

All members of the Committee should be financially literate and at least one member of the Committee:-

- a) must be a member of the Malaysian Institute of Accountants; or
- b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and:-
 - i. he must have passed the examination specified in Part 1 of the First Schedule of the Accountants Act, 1967; or
 - ii. he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - iii. he fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad and/or other relevant authorities from time to time.

For engagement of a former key audit partner as member, there is a cooling-off period of a least two (2) years before being appointed as member of Committee.

The terms of office and performance of the Committee and each of its members must be reviewed by the Board via Nomination Committee annually to determine whether the Committee and members have carried out their duties in accordance with its terms of reference.

3. Notice of Meeting and Attendance

The agenda for Committee meetings shall be circulated before each meeting to members of the Committee.

Meetings shall be held at least four (4) times a year with a minimum quorum of two (2) members who are both independent non-executive Directors. Additional meetings may be called at any time at the discretion of the Committee. However, at least once a year the Committee shall meet with the external auditors without executive Board members and management present.

The Company Secretary or his/her representative shall act as the Secretary of the Committee.

Only members of the Committee have the right to attend Committee meetings. However, the finance director, head of internal audit and external audit lead partner will be invited to attend meetings of the committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.

By invitation of the Committee, the managing Director/chief executive officer and other appropriate officer(s) may be invited to attend the Committee, where their presence are considered appropriate as determined by the Committee chairman.

Attendance at a meeting may be in person or by way of participation via video conference or teleconference or such other means as may be agreed by the members.

The Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

4. Annual General Meeting

The chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

5. Responsibilities and Duties

The duties and responsibilities of the Committee shall be:-

- a) to consider the nomination and recommend the appointment/re-appointment of external auditors, to consider the adequacy of experience, resources, audit fees and any issues regarding resignation or dismissal of the external auditors and to review the letter of resignation from the external auditors if applicable and report the same to the Board. In considering the appointment/re-appointment of the external auditor, to consider among others:-

- (i) the adequacy of the experience and resources of the accounting firm;
- (ii) the persons assigned to the audit;
- (iii) the accounting firm's audit engagements;
- (iv) the size and complexity of the listed issuer's group being audited; and
- (v) the number and experience of supervisory and professional staff assigned to the particular audit;

The Committee is to also consider the performance of the external auditor and its independence as below:-

- (i) the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- (ii) the competence, audit quality and resource capacity of the external auditor in relation to the audit;
- (iii) the nature and extent of the non-audit services rendered by the external auditor and the appropriateness of the level of fees;

In the event that the non-audit fees paid to the Company's external auditors, or a firm or corporation affiliated to the external auditors' firm are significant (eg. constitute 50% of the total amount of audit fees paid to the Company's external auditors) the Company is required to state the details on the nature of non-audit services rendered in the Audit Committee Report.

- (iv) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- b) to oversee all matters pertaining to audit including the review of the audit plan and report;
 - c) to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
 - d) to discuss problems and reservations arising from the interim and final results, and any matters the external and internal auditors may wish to discuss (in the absence of management where necessary);
 - e) to review the quarterly interim results, half-yearly results, annual financial statements and audit report, focusing on:
 - i. any changes in or implementation of major accounting policies and practices;

- ii. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed;
 - iii. compliance with accounting standards and other legal requirements;
 - iv. adequacy of disclosure of all information in the financial statements essential to a true and fair representation of the financial affair of the Company and its subsidiary companies; and
 - v. compliance with applicable approved accounting standards, financial reporting standards and business practices.
- f) to review any management letter sent by the external auditors to the Company and the management's response to such letter;
 - g) To review whether there is reason, supported by ground, to believe that the external auditors are not suitable for re-appointment;
 - h) to discuss with the external auditors their evaluation of the quality and effectiveness of the internal control and management information systems;
 - i) to establish policies and procedures to assess the suitability and independence of external auditors.
 - j) to review the adequacy of the scope, functions, resources and competency of the internal audit function and that it has the necessary authority to carry out its works;
 - k) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - l) to review and approve the annual audit plan proposed by the internal auditors;
 - m) to review the co-operation or assistance given by the Company's officers to both external and internal auditors;
 - n) to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
 - o) to review all related party transactions and potential conflict of interests situations;
 - p) to identify a Head of Internal Audit (including from the firm on which the internal audit function is outsourced to) who should have the relevant qualifications and will be responsible for providing assurance to the Committee that the internal controls are operating effectively and who shall report directly to the Committee;
 - q) To do the following, in relation to the internal audit function:-

- Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - Review the internal audit programme, processes, the results of the internal audit programme and process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - Review any appraisal or assessment of the performance of members of the internal audit function;
 - Approve any appointment or termination of the internal auditors;
 - Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
 - Investigate or cause to be investigated any activity within its terms of reference; and
 - To have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.
- r) to verify the allocation of options under the employees' share option scheme; and
- s) to consider other matters, act upon the Board of Directors' request to investigate and report on any issues or concerns in regards to management of the Group, as defined.

6. Rights and Authority

The Company must ensure that whenever necessary and reasonable for the performance of its duties, the Committee, in accordance with the procedures to be determined by the Board and at the cost of the Company, shall:

- a) investigate any matters within its terms of reference;
- b) have adequate resources which it needs to perform its duties;
- c) have full access to any information which it requires in the course of performing its duties;
- d) have unrestricted access to all employees of the Company;
- e) have direct communication channels with the external auditors and persons carrying out the internal audit functions and convene meetings with external auditors and the persons carrying out the internal audit functions or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary;
- f) have access to independent professional or other advice in the performance of its duties; and

- g) be able to invite outside professionals with relevant experience and expertise to attend its meeting, if necessary.

7. Reporting Responsibilities

The Committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.

The Committee shall compile a report on its activities to be included in the Company's annual report. The report should include the number of Committee meetings held during the financial year and details of attendance of each Committee member, summary of the work of the Committee in the discharge of its functions, duties for that financial year and how it has met its responsibilities as well as a summary of the work of the internal audit function.

8. Minutes

The minutes of meetings of the Committee shall be circulated to all members of the Board. The minutes shall be kept at the registered office of the Company under the custody of the Secretary of the Company and shall be open for inspection by the Board. Any request by management or other persons to inspect the minutes shall be subject to the approval of the Committee.

Dated the 29th day of August 2017

Approved by:
The Board of Directors
Perisai Petroleum Teknologi Bhd.



TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

COMPOSITION

The Remuneration Committee (“the Committee”) of Perisai Petroleum Teknologi Bhd (“Perisai” or “the Company”) shall be appointed by the Directors from among themselves and shall comprise wholly or mainly of non-executive Directors, majority of them must be Independent Directors.

The chairman of the Committee shall be a non-executive Director appointed by the Board. Only members of the Committee have the right to attend committee meetings. However, other individuals such as the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

OBJECTIVE

The objective of the Committee is to set the policy framework and to make recommendations to the Board on all elements of the remuneration, terms of employment, reward structure and fringe benefits for managing Directors, executive Directors, chief executive officers and other selected top management positions with the aim to attract, retain and motivate individuals of the highest quality and caliber.

Executive Directors shall abstain from the deliberations and voting on decisions in respect of their remuneration package.

The remuneration and entitlements of the non-executive Directors including the non-executive chairman shall be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.

ANNUAL GENERAL MEETING

The Chairman of the Committee should attend the annual general meeting to answer any shareholder questions on the Committee’s activities.

AUTHORITY

In carrying out its duties and responsibilities, the Committee will in principle have access to Perisai’s records, properties and personnel. The Committee may obtain the advice of external consultants at the Company’s expense on the appropriateness of remuneration package and other employment conditions if required.

The Committee will review the compensation of the managing Director and executive Directors and recommend appropriate adjustments to the Board of Directors for their approval.

DUTIES AND RESPONSIBILITIES

The following are the main duties and responsibilities of the Committee collectively. These are not exhaustive and can be augmented if necessary by Board approval:-

- a) Setting the remuneration policy for all executive Directors;
- b) In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements. The objective of remuneration policy is to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company;
- c) Review and recommend to the Board the remuneration of executive Directors, non-executive Directors in all forms;
- d) Review the remuneration package for the non-executive Directors and the committees to be aligned with their responsibilities and contribution;
- e) Review at least once a year the performance of the executive Directors and the managing Director/chief executive officer and recommend to the Board specific adjustments in remuneration and/or reward payments if any reflecting their contributions for the year;
- f) Ensure that the remuneration packages are determined on the basis of the Directors' merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics;
- g) Ensure that the level of remuneration to be aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities, and reflects the experience and level of responsibilities undertaken by the Directors; and
- h) Recommend the engagement of external professional advisors to assist and/or advise the Committee, on remuneration matters, where necessary.

MEETINGS

The Committee shall meet at least once a year. The Committee will meet as and when required and report to the Board after each meeting.

The Committee meetings shall be chaired by the chairman of the Committee. In the absence of the chairman of the Committee, the members present shall elect from among themselves, a chairman for the meeting. The chairman also has the discretion to call for additional meetings at any time. The quorum for each meeting shall be two (2) members. All recommendations and findings of the

Committee shall be submitted to the Board of Directors for approval. In the absence of a meeting, any issues shall be resolved through circular resolution.

The company secretary or his/her representative shall act as the secretary of the Committee.

The managing Director (if not a member of the Committee) and/or other appropriate officers may be invited to attend where their presence is considered appropriate as determined by the Committee chairman.

Attendance at a meeting may be in person or by way of participation via video conference or teleconference or such other means as may be agreed by the members.

A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

REPORTING RESPONSIBILITIES

The chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.

The Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

MINUTES

The minutes of meetings of the Committee shall be circulated to all members of the Board. The minutes shall be kept at the registered office of the Company under the custody of the secretary of the Company and shall be open for inspection by the Board. Any request by management or other persons to inspect the minutes shall be subject to the approval of the Committee.

A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members. The company secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee

Dated the 29th day of August 2017

Approved by:
The Board of Directors
Perisai Petroleum Teknologi Bhd.



TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

COMPOSITION

The Nomination Committee (**“the Committee”**) shall be appointed by the Directors from among themselves and shall comprise exclusively of non-executive Directors with a majority thereon being independent Directors.

The chairman of the Committee shall be an independent non-executive Director or senior independent non-executive Director of Perisai Petroleum Teknologi Bhd. (“Perisai” or “the Company”) appointed by the Board. In the absence of the chairman, the members present shall elect a chairman for the meeting from amongst themselves.

Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the managing Director/chief executive officer, external advisers and/or other appropriate officers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

OBJECTIVE

The objective of the Committee is to ensure that the Directors of the Board comprise persons that would bring a mix of responsibilities, skills and experience to the Board. The Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of non-executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole and contribution of each individual Director and Board Committee member as well as the independence of independent directors.

When a vacancy exists or when it is considered that the Board would benefit from the services of a new Director, the Committee shall recommend to the Board on or more candidates with the appropriate expertise and experience. The Committee may in making its recommendations, consider candidates for directorships proposed by the managing Director and within the bounds of practicability, by any Director and by the shareholder or may use the services of a professional recruitment firm. The Committee will then make its recommendation on the candidates for proposal to the Board for approval.

ADVISERS

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Group at the Company’s expense, as and when it considers this necessary in the discharge of its responsibilities.

MEETINGS

The Committee shall meet at least once a year. The Committee will meet as and when required and report to the Board after each meeting.

The Committee meetings shall be chaired by the chairman of the Committee. In the absence of the chairman of the Committee, the members present shall elect from among themselves who would qualify under these terms of reference to be appointed to that position of the Board, a chairman for the meeting. The chairman also has discretion to call for additional meetings at any time. The quorum for each meeting shall be two (2) members, both of whom must be independent Directors. All recommendations and findings of the Committee shall be submitted to the Board of Directors for approval. In the absence of a meeting, any issues shall be resolved through circular resolution.

The Company Secretary or his/her representative shall act as the Secretary of the Committee.

Attendance at a meeting may be in person or by way of participation via video conference or teleconference or such other means as may be agreed by the members.

A resolution in writing, signed by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

AUTHORITY

The Committee should not have delegated power from the Board to implement its recommendations but would be obliged to report its recommendations back to the full Board for its consideration and implementation. This is in recognition of the importance of diversity within the Board and the need for Board membership to be endorsed by all or the majority.

In carrying out its duties and responsibilities, the Committee will in principle have access to Perisai's records, properties and personnel. The Committee may use the services of professional recruitment firms to source for the right candidate for directorship or see independent professional advice whenever necessary.

ANNUAL GENERAL MEETING

The Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

DUTIES AND RESPONSIBILITIES

The following are the main duties and responsibilities of the Committee collectively.

There are not exhaustive and can be augmented, if necessary, by Board approval:-

- a) Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness and ensure that at every annual general meeting, one-third of

the Directors for the time being shall retire from office. A retiring Director shall be eligible for re-election. Every director, including the managing Director, shall be subject to retirement at least once in every three (3) years.

- b) Review annually the structure, size and composition (including skills, knowledge, experience and diversity) of the Board, including core competencies which non-executive Directors should bring to the Board and the appropriateness and fulfillment of the diversity representation of the Board which diversity includes gender, age, experience and ethnicity, and disclose the same in the annual report.
- c) Develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors.
- d) Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- e) Ensure that the appointment of any managing Director or executive Director of Perisai shall be for a fixed term not exceeding three (3) years at any one time with power to re-appoint, remove or dismiss thereafter.
- f) Subject to the provisions of paragraph (h) below, ensure that the tenure of any independent Director should not exceed a cumulative term of nine (9) years.
- g) Subject to the provisions of paragraph (h) below, ensure that upon the completion of the nine (9) years, an independent director may only continue to serve on the board subject to the Director's re-designation as a non-independent director.
- h) May however consider and recommend to the board that it retains as an independent director a person who has served in that capacity for more than nine (9) years on condition that it is able to provide strong justification to support the recommendation to enable the board to justify and seek shareholders' approval.
- i) Recommend to the Board, candidates for all directorships proposed by the managing Director and, within the bounds of practicability, by any other senior executive or any Director or shareholder and to recommend to the Board candidates to fill the Audit, Nomination, Remuneration or other Board Committees, A description/specification for the new Directors should be drafted before identifying possible candidates. Candidates should be evaluated against this specification. In making its recommendations, the Committee shall assess and consider the candidates':-
 - a. skills, knowledge, expertise and experience;
 - b. commitment (including time commitment) to effectively discharge his/her role as a Director;
 - c. professionalism;

- d. boardroom diversity including gender, age, professional background and ethnicity diversity;
 - e. character, integrity, commitment (including time commitment) and competence; and
 - f. in the case of candidates for the position of independent non-executive Directors, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from independent non-executive Directors.
- j) Review the Board's succession plans.
 - k) Recommend to the Board the company's gender, age, experience and ethnicity diversity policies, targets and discuss measures to be taken to meet those targets.
 - l) Review and recommend to the Board, candidates for the position of chief executive officer.
 - m) Review the character, experience, integrity, competence and time to effectively discharge the roles of chief executive and chief financial officer*.
 - n) Ensure that woman candidates are sought as part of recruitment exercise.
 - o) Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity vide a formal and objective assessment. All assessment and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented and disclosed in the annual report.
 - p) Assess annually the continued independence of independent directors.
 - q) Consider and recommend the Directors for re-election/re-appointment at each annual general meeting.
 - r) Assess annually the term of office and performance of the audit committee and each of its members to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

REPORTING RESPONSIBILITIES

The chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.

The Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

The Committee shall produce a report to be included in the company's annual report about its activities in the discharge of its duties and the process used to make appointments and explain if external advice or open advertising has not been used.

MINUTES

The minutes of meetings of the Committee shall be circulated to all members of the Board. The minutes shall be kept at the registered office of the Company under the custody of the Secretary of the Company and shall be open for inspection by the Board. Any request by management or other persons to inspect the minutes shall be subject to the approval of the Committee.

***Definition of:-**

Chief executive - means the principal executive officer of the corporation for the time being, by whatever name called, and whether or not he is a director.

Chief financial officer - means the person primarily responsible for the management of the financial affairs of the corporation (such as record keeping, financial planning and financial reporting), by whatever name called.

Dated the 29th day of August 2017

Approved by:
The Board of Directors
Perisai Petroleum Teknologi Bhd.