

**SERICA ENERGY PLC**  
**(the "Company")**

**Board Charter & Matters Reserved for the Board**

**1 Introduction**

- 1.1 The Board has a twofold role: decision making and oversight. Decision making: shall be exercised with respect to the formulation with the management of fundamental polices and strategic goals and through the approval of certain and significant actions. Oversight: concerns the review of management decisions, the adequacy of systems and controls and implementation of policies.

**2 Composition and Board Organisation**

- 2.1 Nominees for directors are initially considered and recommended by the Nominations and Corporate Governance Committee of the Board and approved by the entire Board.
- 2.2 The Board should be comprised of a majority of members who have been determined by the Board to be independent. A member is independent if the member has no direct or indirect relationship and there are no circumstances which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgement. The Board should state its reasons if it determines that a director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination.
- 2.3 Certain responsibilities of the Board may be delegated to Committees of the Board. The responsibilities of the Committees shall be set out within their Terms of Reference, as amended and approved by the Board from time to time.

**3 Duties and Responsibilities**

- 3.1 The Board is required to always act honestly, in good faith and in the best interests of the Company. The Board is responsible for providing effective entrepreneurial leadership to supervise the management of the Company's business and affairs to grow value responsibly in a profitable and sustainable manner within a framework of prudent and effective controls which enables risk to be assessed and managed.
- 3.2 The Board is required to ensure that health and safety duties and benefits are communicated throughout the Company. Executive directors must develop policies to avoid health and safety issues and must always respond quickly where difficulties arise or new risks are introduced. Non-executive directors must ensure that health and safety is properly addressed throughout the organisation.

## **4 Matters reserved for decision by the Board of directors**

### **4.1 Strategy and Management**

- 4.1.1 Responsibility for the overall leadership of the Company and setting the Company's values and standards.
- 4.1.2 Approval of the Company's strategic aims and objectives.
- 4.1.3 Approval of annual operating and capital expenditure budgets and any material changes to them.
- 4.1.4 Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 4.1.5 Extension on the Company's activities into new business or geographical areas.
- 4.1.6 Any decision to cease to operate all or any material part of the Company's business.

### **4.2 Structure and Capital**

- 4.2.1 Major changes to the Company's corporate structure.
- 4.2.2 Changes to the Company's management and control structure.
- 4.2.3 Any changes to the Company's listing.

### **4.3 Financial Reporting and Controls**

- 4.3.1 Approval of half yearly, interim management statements and any preliminary announcements of final year results.
- 4.3.2 Approval of the annual report and accounts, including the corporate governance statement and remuneration report.
- 4.3.3 Approval of any dividend policy and declaration of any dividend.
- 4.3.4 Approval of any significant changes in accounting policies or practices.
- 4.3.5 Approval of any commodity or currency hedging policy
- 4.3.6 Approval of treasury policies including foreign currency exposure and the use of financial derivatives.

#### **4.4 Internal Controls**

4.4.1 Ensuring maintenance of a sound system of internal control and risk management, including:

(a) Receiving report on, and reviewing the effectiveness of, the Company's risk and control processes to support its strategy and objectives.

(b) Approving an appropriate statement for inclusion in the annual report.

#### **4.5 Contracts**

4.5.1 Major capital contracts exceeding £3 million.

4.5.2 Contracts which are material, strategically or by reason of size, entered into by the Company or any subsidiary in the ordinary course of business, for example acquisitions or disposals of fixed assets above £3 million.

4.5.3 Contracts of the Company or any subsidiary not in the ordinary course of business, for example loans and repayments above £1 million, major acquisitions or disposals above £3 million.

4.5.4 Major investments including the acquisition or disposal of interests in the voting shares of any company or the making of any takeover offer.

#### **4.6 Communication**

4.6.1 Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting.

4.6.2 Approval of all circulars and prospectuses.

#### **4.7 Board membership and other appointments**

4.7.1 Changes to the structure, size and composition of the Board (subject to the provisions of the Company's articles of association).

4.7.2 Ensuring adequate succession planning for the Board and senior management.

4.7.3 Appointments to the Board.

4.7.4 Selection of the chairman of the Board and the chief executive.

4.7.5 Membership and chairmanship of Board committees.

- 4.7.6 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 AGM and otherwise as appropriate.
- 4.7.7 Continuation in office of any directors at any time, including the suspension or termination of service of an executive director as an employee of the Company, subject to the requirements of the law and their service contract.
- 4.7.8 Appointment or removal of the Company Secretary.
- 4.7.9 Appointment, reappointment or removal of the external auditor to be put to shareholders for approval, following the recommendation of the audit committee.

#### **4.8 Remuneration**

- 4.8.1 Determining the remuneration policy for the directors and other senior executives.
- 4.8.2 Determining the remuneration of the non-executive directors, subject to the articles of association and shareholder approval as appropriate.
- 4.8.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.

#### **4.9 Delegation of Authority**

- 4.9.1 The division of responsibilities between the chairman, the chief executive and other executive directors.
- 4.9.2 Approval of terms of reference of Board committees.
- 4.9.3 Receiving reports from Board committees on their activities.

#### **4.10 Corporate Governance Matters**

- 4.10.1 Reviewing the Board's own performance, that of its committees and individual directors.
- 4.10.2 Determining the independence of directors.
- 4.10.3 Considering the balance of interests of different stakeholders.
- 4.10.4 Reviewing the Company's overall corporate governance arrangements.

#### **4.11 Policies**

- 4.11.1 Approval of Company policies, including the share dealing code.

## **4.12 Other**

- 4.12.1 Approval of the appointment of the Company's principal professional advisers.
- 4.12.2 Prosecution, defence or settlement of litigation involving above £1 million or being otherwise material to the interests of the Company.
- 4.12.3 Approval of the overall levels of insurance for the Company including directors' and officers' liability insurance and indemnification of directors.
- 4.12.4 This schedule of matters reserved for decisions by the Board.