



STO Board Charter

The Directors Charter

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Board governance at STO is about acting in the best interests of the Company, maintaining transparency, and ensuring effective oversight, thereby leading the organization towards its strategic goals.

The Board is responsible for overseeing the overall operations of the Company and its Group, ensuring that decisions are made in the best interest of the Company and Group, while considering stakeholders. It approves the strategic direction, financial statements, risk strategy, and major corporate initiatives. Directors are expected to act independently, in good faith, avoid conflicts of interest, and uphold the Company's integrity and governance.



Purpose

This Charter sets forth the roles and responsibilities of a Board Director and serves as a reference for the effective fulfillment of the Director's duties.

Scope

This Charter applies to the Board of Directors of STO.

Effective date

Since December 2019.

Charter Overview

This Charter outlines the roles and responsibilities of STO Board Directors in fulfilling their duties to the Company and its stakeholders. It specifically defines the roles and responsibilities of the Chairman, Managing Director, Executive Directors, and Non-Executive Directors.

Authority

The Board of Directors holds the highest governing and strategic decision-making authority within the Company.

Term

The term of Directorship shall span from one Annual General Meeting to the next.



Board Charter

Roles and Responsibilities of the Board

1. Board of Directors

- a. The Board of Directors shall consist of a mix of executive and non-executive members, with a majority of the non-executive members being independent.
- b. Non-executive members may be appointed by either the Government or the Public, while executive members must be employees of the Company appointed to the Board by the majority shareholder.
- c. At least two members of the Board must be executive members, one of whom must be the MD/CEO of the Company.
- d. The other executive members are responsible for supporting the MD/CEO in effectively managing the business and implementing Board decisions.
- e. The Company must ensure that all appointed directors possess the attributes of an ideal director, as outlined in the Board Candidacy Policy.

2. General Roles and Responsibilities of the Board

- a. The Board shall monitor the overall activities of the Company and its Group.
- b. The Board shall act in the best interest of the Company and its operations, considering the interests of the Company's shareholders and other stakeholders.
- c. Board members shall perform their duties independently, without favoring any particular interest.
- d. The Board is accountable for the quality of its own performance.
- e. The Board shall approve the Company's strategic direction and significant corporate initiatives.
- f. The Board shall approve annual targets, financial statements, and oversee the financial performance of the Company and its Group.
- g. The Board shall determine the dividend policy, including the amount, nature, and timing of dividend payments.
- h. The Board shall prepare a report in the Annual Report, detailing activities during the financial year.



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Roles and Responsibilities of the Board

- i. Each Board member has access to the Company's books and records, as necessary to fulfill their duties. Unless otherwise specified by a Committee's Charter, Board members shall consult with the Chairman and the MD/CEO before exercising this right.
- j. The Board may hire experts to assist or advise them, with costs to be agreed upon by the Board and covered by the Company. A Board member may rely on an expert's advice unless there is reason to question the expert's findings.
- k. The Board shall discuss the Company's strategies, business risks, management's performance, internal risk management measures, control systems, and any significant changes to such systems at least once a year.
- n. The Board is also responsible for overseeing the nomination, appointment, and assessment of external auditors in an accountable manner.
- o. The Board must ensure that the Company has adequate technology and information systems to operate effectively, maintain competitiveness, and ensure strong internal controls.
- n. The Board must ensure that management is responsible for implementing corporate governance principles established by the Board.
- o. The Board shall ensure that records of the Company's decisions are properly maintained.
- p. The Board must establish commercial and financial policies and ensure the necessary major investments to achieve the Company's objectives and enhance shareholders' equity value.
- q. The Board shall fulfill its duties as required by law, the Company's Memorandum and Articles of Association, this Charter, Committee Charters, and all other applicable regulations and procedures.



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Roles and Responsibilities of Directors

3. *General Roles and Responsibilities of Individual Directors*

- a. Directors must act honestly and in good faith.
- b. Directors must exercise their powers for appropriate purposes.
- c. Directors must avoid conflicts between their duties and personal interests, including but not limited to competing with the Company, accepting benefits from third parties, and misusing corporate property, opportunities, or information. Any potential conflict must be disclosed promptly.
- d. Directors must protect the interests of the company, shareholders, employees, creditors and other relevant stakeholders.
- e. Directors must comply with the Company's constitution and decisions made in accordance with it.
- f. Directors must be diligent, careful, and well-informed about the company's affairs.
- g. Non-executive and independent directors must meet at least once a year without the presence of management and Executive Directors.
- h. Non-executive directors must scrutinize the performance of management in meeting the agreed goals and objectives and monitor the performance.
- i. Each director must be able and willing to dedicate sufficient time and effort to their duties. To ensure this, a director should not hold directorships in more than three Boards of public listed companies, including STO.
- j. Each director should add value to the Board and provide independent and objective judgment in their duties and decision-making. Any considerations regarding external directorship must be communicated to the Chairman before acceptance.



4. *Chairman*

The Chairman of the Board must be elected by the majority shareholder and must be a Non-Executive, Independent Director. The Chairman shall not have any executive or management responsibilities within the Company. In the absence of the appointed Chairman, the Board members may elect a Chairman for the meeting from among the independent members present.

The Chairman's direct reports are the Managing Director and the Company Secretary.

5. *General Roles and Responsibilities of Chairman*

- a. Chair Board and General Meetings.
- b. Lead the Board and ensure its effectiveness in all aspects, including the regularity and frequency of meetings.
- c. Set the Board agenda, considering the concerns and issues of all Board members, with a focus on strategic matters.
- d. Ensure appropriate delegation of authority from the Board to executive management.
- e. Ensure that directors receive accurate, timely, and clear information, including updates on the Company's performance, to enable sound decision-making, effective monitoring, and advising for the Company's success.
- f. Manage the Board to allow adequate time for discussion on complex or contentious matters, ensuring directors have sufficient time to consider critical issues, ask questions, and are not pressured with unrealistic deadlines for decision-making.
- g. Foster constructive relationships between executive and non-executive directors.
- h. Ensure the issuance of essential policies following appropriate consultation with the Board.
- i. Ensure new directors undergo a comprehensive, formal, and tailored induction program, facilitated by the company secretary.
- j. Ensure that the development needs of directors are identified and addressed, enabling them to continuously update their skills, knowledge, and familiarity with the company required to fulfill their Board and Committee roles effectively.



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Roles and Responsibilities of Chairman

- k. Ensure the performance of the Board, its committees, and individual directors is evaluated annually, and act on the results by recognizing strengths and addressing weaknesses.
- l. Through the Nomination & Remuneration Committee, propose new members for appointment to the Board or recommend the resignation of others as appropriate.
- m. Ensure effective communication with shareholders.
- n. Maintain adequate contact with major shareholders to understand their issues and concerns, particularly regarding governance, strategy, and remuneration.
- o. Ensure that shareholder views are communicated to the entire Board so that all directors develop an understanding of their perspectives.
- p. Uphold the highest standards of integrity and probity.
- q. Ensure a balance is maintained between the interests of shareholders and other stakeholders, including employees, customers, suppliers, and the community.
- r. With the assistance of the company secretary, promote the highest standards of corporate governance, ensuring compliance with the Capital Market Development Corporate Governance Code, and if full compliance is not possible, ensuring the reasons are understood, agreed upon by the Board, and communicated to shareholders.
- s. Ensure the long-term sustainability of the business.
- t. Foster continual improvement in the quality and capabilities of the management team.
- u. Establish a trusting relationship with the MD/CEO and CFO, providing support and advice while respecting their executive responsibilities.
- v. Provide coherent leadership of the Company alongside the MD/CEO when representing the Company to customers, suppliers, government, shareholders, financial institutions, media, community, and the public.



6. *Managing Director*

The MD of the Company holds the highest authority in the management of the Company, accountable to the Chairman and the Board of Directors. The MD is responsible for the day-to-day operations and executive management of the Company, with all executive management members reporting either directly or indirectly to him.

The MD must be chosen from amongst the Board members appointed by the majority shareholder. While the shareholder can recommend candidates, the Board of Directors must confirm the MD's appointment or removal.

7. *General Roles and Responsibilities of MD/CEO*

- a. Lead the Executive Directors and senior executive team in the day-to-day management of the Company.
- b. Monitor and effectively review the operations and businesses of STO and its Group, ensuring the optimal use and adequacy of the Group's resources.
- c. Collaborate closely with the Group Companies' MDs/CEOs to develop and manage business activities.
- d. Ensure that all STO operations comply with applicable laws, regulations, standards, and internal policies.
- e. Develop Company objectives and strategies, considering responsibilities to shareholders, customers, employees, and other stakeholders.
- f. Regularly review the operational performance and strategic direction of the Company's business.
- g. Propose an annual budget and financial plan for Board approval and oversee its execution.
- h. Review major capital expenditures and trade investments, making recommendations to the Board and seeking approval when necessary.
- i. Identify and carry out acquisitions and disposals with Board approval.
- j. Lead business expansion efforts.
- k. Identify and implement new business opportunities beyond the core activities.
- l. Manage the Company's risk profile, including health and safety, in accordance with Board-approved risk parameters.



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Roles and Responsibilities of MD

- m. Ensure appropriate and effective internal controls are in place.
- n. Seek advise on staff remuneration policies for Board approval.
- o. Facilitate timely and accurate disclosure of information.
- p. Ensure effective communication with shareholders.
- q. Implement effective HR policies, manage leadership development, succession planning, and approve senior management appointments and terminations.
- r. Chair the Executive Committee and relay decisions or recommendations to the Board as needed.
- s. Regularly evaluate the Company's organizational structure and recommend adjustments.
- t. Formalize roles and responsibilities for the senior executive team, including delegation of authority.
- u. Develop business and strategic plans along with major Company policies.
- v. Ensure adherence to all Company policies and procedures, maintaining the highest standards of governance.
- w. Provide, alongside the Chairman, coherent leadership of the Company, including representation to customers, suppliers, government, shareholders, financial institutions, employees, the media, the community, and the public.
- x. Oversee the effective implementation of STO Board decisions and audit recommendations.
- y. Keep the Chairman and the Board informed on all key matters.



8. Remuneration and Other Benefits of Directors

The remuneration and other benefits for Directors shall be provided as indicated in the Board Remuneration and Benefits Policy and any changes to remuneration must be approved by the shareholders at a general meeting.

9. Ethical Standards

Board members are expected to observe the highest standards of ethical behavior. The Board supports and encourages policies within the STO Group which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings.



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