



# **Master Drilling Group Limited**

## **Board of Directors Terms of Reference**

## **ROLE AND FUNCTION OF THE BOARD**

1. Master Drilling Group Limited (“the Company”) must be headed by an effective Board of Directors (“Board/the Board”) to lead and control the Company. The Board should comprise of executive and non-executive directors (including independent directors) as envisaged in these terms of reference. The Board structure is that of a unitary Board, consisting of executive directors with their intimate knowledge of the business and non-executive directors who can bring a broader view to the Company’s activities. Management of business risk and the exercise of commercial judgment on behalf of the Company will be enhanced by this mutual association and exchange of business experience and knowledge. The Board has a collective responsibility to ensure effective management and corporate governance that involves a set of relationships between the Management of the Company, its Board, its shareholders, and other relevant stakeholders, in a manner whereby the Board should:
  - 1.1. determine the Company’s purpose and values;
  - 1.2. determine the strategy to achieve its purpose and to implement its values (that is, its organisational behaviour and norms to achieve its purpose) in order to ensure that it survives and thrives;
  - 1.3. exercise leadership, enterprise, integrity and judgement in directing the Company so as to achieve continuing prosperity for the Company;
  - 1.4. ensure that procedures and practices are in place that protect the Company’s assets and reputation;
  - 1.5. monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;
  - 1.6. ensure that the Company complies with all relevant laws, regulations and codes of best business practice;
  - 1.7. ensure that technology and systems used in the Company are adequate to run the business properly and for it to compete through the efficient use of its assets, processes and human resources;
  - 1.8. identify key risk areas and key performance indicators of the Company’s business in order for the Company to generate economic profit, so as to enhance shareholder value in the long-term (the wider interests of society should at the same time be recognised);
  - 1.9. assess its performance and effectiveness, and that of individual directors, including the chief executive officer; and
  - 1.10. ensure that the Company has in place a succession plan for its executive directors and senior management.

2. The Board should focus on “performance” in directing the commercial and economic fortunes of the Company, and not only concentrate on issues of “conformance”. Enterprise is the disposition to engage in undertakings of risk. Business is the undertaking of risk for reward. The entire Board must contribute to that enterprise and thus the Board should be constituted in a manner that provides a balance between enterprise and control. All Board members must have absolute integrity and the ability to meet their onerous obligations and responsibilities.
3. The Board should comprise a balance of executive and non-executive directors, preferably with a majority of non-executive directors of whom sufficient should be independent of Management. The actual proportion and balance of executive, non-executive and independent directors should reflect the circumstances and nature of business of the Company.
4. The Board should be composed of individuals of integrity who can bring a blend of knowledge, skills and objective leadership, under the guidance of a chairman (preferably an independent non-executive director), who accept the responsibilities and duties that the post entails, to provide the direction necessary for an effective Board. If the chairman is not an independent non-executive director, and preferably in any case, a lead independent director shall be appointed who is an independent non-executive director.
5. The Board should exercise objective judgment regarding the corporate affairs of the business enterprise, independent from Management but with sufficient management input and information to enable a proper and objective collective assessment by the directors. The Board should guide and set the pace of the Company’s current operations and future developments. In so doing, the Board should regularly review and evaluate the present and future strengths, weaknesses, and opportunities of, and threats to, the Company. Comparisons with competitors, locally and internationally, and best practice are important ingredients in this process - especially in the era of the global economy and the rapid transmission of information electronically.
6. Transactions between the Company and its managers, directors or large/dominant shareholders are an area of potential conflict of interest. The personal interests of a director, or persons closely associated with the director, must not take precedence over those of the Company and its shareholders. A director should avoid conflicts of interest, even where these could only be perceived to be such. Full and timely disclosure of any conflict, or potential conflict, must be made known to the Board. Where an actual or potential conflict does arise, on declaring such interest, a director may (subject to applicable legal and regulatory requirements) participate in the debate and/or vote on the matter but must give careful consideration to his/her own integrity in such circumstances and the potential consequences it may have for the Board, the Company and him/herself personally. In the extreme case of continuing material conflict of interest, the director should consider resigning from the Board. Any director who is appointed to the Board at the instigation of a party with a substantial creditor or significant supplier or advisor interest, should recognise the potential for a conflict of interest and accept that their primary duty and responsibility is to always act in the interests of the Company.
7. The Board, in motivating Management and employees effectively and productively, should promote a culture that supports enterprise and innovation with appropriate short and long-term performance-related rewards that are fair and achievable. The Board must seek to drive the business enterprise proficiently through proper and considered decision-making processes that recognise entrepreneurial endeavour amongst members of Management without contravening laws and regulations. The Board should ensure that the Company

identifies and develops reciprocal relationships with stakeholders with an interest in the Company's activities.

8. The Board should recognise that the Company does not function independently from the societies and environment in which it operates. Corporate actions must be compatible with societal and environmental objectives concerning cohesion, individual welfare, and opportunities for all.
9. The Board should determine schedules and procedures for the holding of its meetings and those of its formally established committees. It should also ensure efficient and timely methods for informing and briefing Board members before meetings. The information needs of the Board should be well defined and regularly monitored. Each Board member should play a full and constructive role in the Board's affairs and has a responsibility to be satisfied that the Board has been furnished with adequate relevant information before making a decision.
10. The Board should define its own levels of materiality, reserving specific powers to itself and delegating other matters to Management with the necessary written authority. Any such delegations must have due regard for the directors' statutory and fiduciary responsibilities to the Company, while considering strategic and operational effectiveness and efficiencies.
11. The strategies, policies, Management performance criteria and business plans of the Company must be clearly defined and reliably measurable. Each aspect requires a thorough assessment against accurate and relevant financial and non-financial information as appropriate and should be obtained from the Company's own internal reporting systems as well as from external sources so that an informed assessment can be made of all issues facing the Board and the Company. The Board should ensure that internal control procedures provide reliable and valid information for monitoring and evaluation. Internal controls include not only financial matters, but also operational and compliance controls and management of the business risk associated with the Company.
12. The Board may obtain at the expense of the Company such external legal and other independent professional advice as it considers necessary to carry out its functions and duties.

**Reviewed and approved by the Board of Directors on 21 November 2023**