

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5218  
**COMPANY NAME** : SAPURA ENERGY BERHAD  
**FINANCIAL YEAR** : January 31, 2023

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board of Directors ("<b>the Board</b>") of Sapura Energy Berhad ("<b>SEB</b>" or "<b>the Company</b>") is responsible for the stewardship of SEB's business and affairs on behalf of its shareholders with a view to enhance long term shareholder value and investor interest while taking into account the interests of other stakeholders and maintaining high standards of transparency, accountability and integrity.</p> <p>The principal responsibilities of the Board are to:</p> <ul style="list-style-type: none"> <li>• review and adopt a strategic business development plan for the Company and its subsidiaries ("<b>the Group</b>");</li> <li>• oversee the conduct of the Group's businesses and evaluate whether or not the businesses are being properly managed;</li> <li>• identify principal risks and ensure the implementation of appropriate systems to manage these risks;</li> <li>• implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing the Group Chief Executive Officer ("<b>GCEO</b>") and Non-Independent Executive Directors of the Company;</li> <li>• oversee the development and implementation of investor relations programme or shareholder communication policy for the Group;</li> <li>• review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines</li> </ul> <p>The Board reserves a formal schedule which includes the following matters for deliberation and decision to ensure that the direction and control of the Company is firmly in its hands:</p> <ul style="list-style-type: none"> <li>• strategic risks and opportunities</li> <li>• debt and operational restructuring</li> <li>• business planning and performance appraisal</li> </ul>

- succession planning of Executive Committee members (management) and ensuring the top management team have the requisite skills, values, attitudes and energy essential to long term success
- significant acquisition or disposal of shares (quoted and unquoted), businesses, mergers and acquisitions
- material revenue contracts
- material service expenditure
- financial performance report
- write-off of significant bad debts and assets
- disposal of significant assets
- quality, health, safety and environment
- corporate governance matters
- related party transactions

The Board also reviewed and deliberated on the Management's proposals from its own perspectives, as well as challenged the Management's views and assumptions to achieve the Company's targets. Proposals comprising comprehensive and balanced financial and non-financial information are encapsulated in the Board papers covering, amongst others, strategies, reviews of operational and financial performances as well as significant performance and issues, all of which enable the Board to examine both the quantitative and qualitative aspects of the business.

Board meetings are convened promptly following the finalisation of the Company's quarterly and annual results for the Board's review and approval, prior to announcement to Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Board is updated by the Group Chief Financial Officer on the Company's and the Group's performance during the relevant Board meetings. The report includes a comprehensive summary of the Company's and the Group's business drivers and financial performance of each reporting period.

The Board is also kept abreast of the key strategic initiatives, significant operational issues and latest developments in the oil and gas industry. Whenever necessary, Senior Management and/or external advisors are invited to attend Board and Board Committees meetings to provide clarification on agenda items relating to their areas of responsibility, and to brief and provide clarifications and details on recommendation so as to enable the Board and/or the Board Committees to arrive at considered and informed decisions. In discharging their duties, the Board also shall obtain independent professional advice, from time to time and if necessary.

In view of the Group's financial position, the Company had set up a Board Restructuring Taskforce ("**BRTF**") in 2021 as well as on-boarded legal and financial advisors to assist the Group in developing a comprehensive restructuring plan for the future, and assist in negotiations with the Group's lenders as part of the restructuring plan.

The Board recognises the importance of developing a healthy relationship with the investment community. To create shareholder value and improve communication with investors, the Strategic Communication Department and Investor Relations Department have been tasked to undertake this responsibility. The Company continues to nurture strong relationship with stakeholders in a timely, proactive and transparent manner, to keep them abreast of the Group's strategies, performance and key business activities.

For the financial year ended 31 January 2023 ("FY2023"), the Board was supported by the following 3 Board Committees:

- a) Board Audit Committee ("**BAC**"),
- b) Board Nomination and Remuneration Committee ("**BNRC**")
- c) Board Risk Management Committee ("**BRMC**")

These Board Committees operate on Terms of Reference ("**TOR**") approved by the Board and have the authority to examine pertinent issues and report back to the Board with their recommendations.

#### **BAC**

The Board is responsible for ensuring the adequacy and integrity of the Company's and Group's internal control system. With the support of the BAC and Group Internal Audit, the Board ensures that there is a process for reviewing the adequacy and effectiveness of the Company's and the Group's internal control system. Details of the Company's and the Group's internal control system and the review of its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control in the Annual Report 2023 of the Company.

The BAC assists the Board to oversee the accounting and financial matters, the Group's system of internal controls of the Group.

The roles and responsibilities of BAC are as follows:

- Comply with specified accounting standards and required disclosures as administered by Bursa Securities, the relevant accounting standards bodies, and any other laws and regulations as amended from time to time
- Present a balanced and understandable assessment of SEB's positions and prospects
- Establish a formal and transparent arrangement for maintaining an appropriate relationship with the external auditors and internal auditors
- Maintain a sound system of internal control to safeguard shareholders' investments in the Group
- Act upon the Board's request to investigate and report any issues or concerns with regards to the Management of the Group
- Promote and strengthen the confidence of the public in the Group's reported results

**BNRC**

The BNRC assists the Board to oversee the nomination and remuneration matters.

The roles and responsibilities of BNRC are as follows:

- Address business continuity of the Company and the Group by having in place a succession plan for the Board and Senior Management
- Consider potential candidates and nominate suitable persons to the Board
- Oversees the succession planning for Directors and Senior Management
- Recommend on the appointment of Board members and Board Committee members
- Review and recommend to the Board, the re-election of directors under the annual re-election or retirement provisions under the Company's Constitution
- Annual review of the performance of the Board members as a whole and as individuals as well as Board Committees on an on-going basis. Taking into account the required character, skills, knowledge, expertise, experience, professionalism, core competencies, experience, skills, the number of meeting attendance, contribution of the members in the Board meetings, fit and properness, and the performance of their duties and responsibilities
- Responsible for recommending to the Board the remuneration and reward framework for Executive Directors and Senior Management to allow the Company to attract and retain its Executive Directors and Senior Management giving due regard to the financial situation and performance of the Company
- Assess and recommend the remuneration packages of the GCEO, Executive Directors and Non-Executive Directors of SEB
- Assist in reviewing and recommending the annual bonus payment rate and increment range to all employees of the Group based on the Group's policy
- Administer the Share Issuance Scheme, the Share Bonus Scheme and Executive Share Option Scheme in accordance with the By-Laws and the Guidelines, respectively
- Carry out such other duties or functions as may be delegated by the Board from time to time

**BRMC**

The BRMC assists the Board in ensuring the effectiveness of the Group's Risk Management and Quality Health Safety and Environment ("QHSE") practices to oversee the assessment of processes relating to the Company's risks and controls. The BRMC shall determine that Management has implemented policies in ensuring that the Group's risks are identified and evaluated and that the control measures which

	<p>are in place are adequate and properly functioning in addressing the risks which are crucial to ensure the Company is able to meet its objectives and goals.</p> <p>The BRMC's role in the oversight of risk management and review of the adequacy and integrity of the Group's control environment includes:</p> <ul style="list-style-type: none"> <li>• submission of periodical divisional risk updates to the Board;</li> <li>• providing the necessary information required to support the rating of each risk identified;</li> <li>• upholding a culture that emphasises integrity;</li> <li>• embedding a holistic risk management framework in all aspects of the Group's activities;</li> <li>• applying the Board's acceptable "risk appetite", i.e. the extent of risk the Board is prepared to accept in achieving the Company's objective;</li> <li>• evaluating the principal risks and ensuring these risks are appropriately communicated to Management;</li> <li>• establishing, the risk management and risk mitigating strategies for the business in general;</li> <li>• conceiving and adopting a befitting scheme of delegation of Board responsibilities to committees;</li> <li>• ensuring timely and regular receipt of reports from Management on principal risks and that appropriate follow-up measures are implemented on timely basis;</li> <li>• adopting risk management as part of the Board's own decision-making culture;</li> <li>• conducting quarterly review of QSHE performance and risk issues raised by business divisions and monitoring progress of action plans implemented especially that of high probability or significant impact to business divisions and the Group;</li> <li>• Ensuring on compliance with applicable laws, standards and any other QHSE requirements that are legally binding;</li> <li>• Emphasising the need on conducting QHSE due diligence in business decisions;</li> <li>• Ensuring mechanisms are in place to enable Board of joint ventures not under the Group operational control, to formally monitor and assess QHSE policy implementation and QHSE performance in line with the Group QHSE Policy; and</li> <li>• Influencing internal and external views on QHSE.</li> </ul>
<p><b>Explanation for departure</b></p>	<p>: N/A</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

## Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>For the financial year ended 31 January 2023, the Board was steered under Dato' Mohammad Azlan Abdullah ("<b>Dato' Azlan</b>"), a Non-Independent Non-Executive Chairman. Dato' Azlan was appointed as the Chairman of the Board on 7 May 2022.</p> <p>As the Chairman of the Board, Dato' Azlan is responsible for leading the Board and focusing it on strategic matters, overseeing the Group's business and setting high corporate governance standards.</p> <p>Although Dato' Azlan is a Non-Independent Non-Executive Director, his involvement and influence on the Board was balanced by the appointment of the following Independent Directors who have strong credibility:</p> <ol style="list-style-type: none"><li>1) Datuk Muhamad Noor Hamid;</li><li>2) Datuk Ramlan Abdul Rashid;</li><li>3) Mr Lim Tiang Siew;</li><li>4) Dato' Azmi Mohd Ali;</li><li>5) Mr. Lim Fu Yen (<b>Appointed on 1 June 2022. Redesignated to Non-Independent Non-Executive Director on 11 March 2023 following his appointment as the Court-Nominated Director on 11 March 2023</b>);</li><li>6) Datuk Nur Iskandar A. Samad (<b>Appointed on 26 May 2023</b>); and</li><li>7) Cik Wan Mashitah Wan Abdullah Sani (<b>Appointed on 26 May 2023</b>).</li></ol> <p>The Chairman acted as a facilitator at Board meetings to ensure that Board decisions were reached unanimously or at least by majority votes of Board members. He also ensured positive and appropriate discussions throughout the meetings and relevant opinions among the Board Members were deliberated and addressed aiming for sound decisions by the Board in line with the Company's objectives and in the best interest of the Company. The Chairman encourages healthy debate on issues raised at meetings.</p> <p>Pursuant to SEB's Board Charter, the Chairman's primary responsibilities are as follows:</p> <ul style="list-style-type: none"><li>• Representing the Board to shareholders</li><li>• Ensuring the adequacy and integrity of the governance process</li></ul>



	<ul style="list-style-type: none"> <li>• Maintaining regular dialogue with the GCEO over all operational matters and consulting with the remainder of the Board members promptly over any matter that gives him cause for major concern</li> <li>• Functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates the discussion; that appropriate discussions take place and that all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings</li> <li>• Ensuring that Management look beyond their executive functions and accept their full share of responsibilities on governance</li> <li>• Guiding and mediating Board actions with respect to organisational priorities and governance concerns</li> <li>• Undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis</li> <li>• Performing other responsibilities assigned by the Board from time to time</li> </ul> <p>The performance of the Chairman is also being assessed by the Board members as part of board assessment exercise for FY2023. Based on the Board’s assessment, the Board had given an overall rating of 100% to the Chairman’s performance. The Board concluded that the Chairman has effectively built a good and healthy boardroom dynamics and managed to steer the Board discussions and deliberations towards achieving a consensus. The Chairman ensure thorough consideration of matters to enable effective decision-making process.</p>
<b>Explanation for departure</b>	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: N/A
<b>Timeframe</b>	: N/A

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Company is Dato' Azlan and Datuk Mohd Anuar Taib is the GCEO.</p> <p>The Chairman, in leading the Board, was responsible for the effective overall function of the Board. He maintains professional relationship with the GCEO and his Senior Management team and acts as mentor as and when required. He chairs Board meetings and concerns himself with the good governance and effectiveness of the Board and its processes.</p> <p>The GCEO, in leading the Senior Management, in essence is to ensure the effective development and implementation of the Group's strategic plan and policies as well as to manage the daily conduct of the business to ensure its smooth operations. He is also accountable to the Board for the achievement of the Group's goals.</p> <p>The details of separate roles and responsibilities of the Chairman and GCEO are clearly stipulated under items 4.2 and 4.3 of the Company's Board Charter, as follows:</p> <p><u>Item 4.2 - Roles of the Chairman</u></p> <p>The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. The Chairman is primarily responsible for:</p> <ul style="list-style-type: none"><li>• representing the Board to shareholders</li><li>• ensuring the adequacy and integrity of the governance process</li><li>• maintaining regular dialogue with the GCEO over all operational matters and consulting with the remainder of the Board members promptly over any matter that give him cause for major concern</li><li>• functioning as a facilitator at meetings of the Board to ensure that no member, whether executive or non-executive, dominates the discussion; that appropriate discussions take place and that relevant opinions amongst members are forthcoming. The Chairman ensures that discussions result in logical and understandable outcomes</li><li>• ensuring that all Directors are enabled and encouraged to participate at Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive</li></ul>

	<p>timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings</p> <ul style="list-style-type: none"> <li>• ensuring that Management look beyond their executive functions and accept their full share of responsibilities on governance</li> <li>• guiding and mediating Board actions with respect to organisational priorities and governance concerns</li> <li>• undertaking the primary responsibility for organising information necessary for the Board to deal with items on the agenda and for providing this information to Directors on a timely basis</li> <li>• performing other responsibilities assigned by the Board from time to time</li> </ul> <p><u>Item 4.3 - Roles of the GCEO</u></p> <p>The Company is headed by the GCEO and responsible for the following:</p> <ul style="list-style-type: none"> <li>• Ensure the effective development and implementation of the Group’s strategic plan and policies are reviewed and adopted by the Board as well as to manage the daily conduct of the business to ensure its smooth operations</li> <li>• Accountable to the Board for the achievement of the Group’s goals and objectives and observance of Management’s limit;</li> <li>• Planning, directing and controlling the different aspects of the business operations, in so far as it relates to their respective portfolios, in cost effective manner</li> <li>• Effectively represent the interests of the Company with stakeholders like major clients, potential clients, government and their agencies, investors, potential investors, and industries at large, to ensure general goodwill towards the Company and cooperation in planned development</li> <li>• Responsible for providing leadership and direction in the establishment, implementation and evaluation of Group-wide Health, Safety and Environmental management system resulting in a safe and secure environment for Group</li> <li>• Assures the Group that its corporate identity and services provided are of high standards and are reflective of market environment</li> <li>• Assist the Chairman in compiling and organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis</li> <li>• Provide summary reports, subject to the threshold set by the Board in the Limits of Authority, on the performance and activities of the Company and its subsidiaries and specific proposals for strategic investments, tender participation, capital expenditure, acquisitions and disposals and give such assurances as the Board considers necessary to confirm that Management’s limits are being observed</li> <li>• Plays a strategic role over management of the Group’s operations and certain support services functions directly linked to operations like QHSE and supply chain, covering, inter-alia, the development of a strategic plan, an annual operating plan and budget, performance benchmark against approved plans to gauge Management’s</li> </ul>
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	<p>performance and the analysis of management reports, for each operating division and relevant support service function</p> <ul style="list-style-type: none"> <li>• Developing long term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved</li> <li>• Oversee the human resource of the organisation with respect to key positions in the Group hierarchy and ensure the general well-being of employees, determination of remuneration as well as terms and conditions of employment for Senior Management and the issues pertaining to discipline of all employees</li> </ul>
<b>Explanation for departure</b>	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: N/A
<b>Timeframe</b>	: N/A

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Chairman of the Board, Dato' Azlan, a Non-Independent Non-Executive Director, is neither a member of any of the Company's Board Committees nor participate in any of the Board Committees' meetings by way of invitation.
<b>Explanation for departure</b>	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: N/A
<b>Timeframe</b>	: N/A

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board was supported by two suitably qualified external Company Secretaries namely, Ms. Tai Yit Chan and Ms. Tan Seiw Ling, appointed under Section 235 of the Companies Act 2016. Both have vast corporate secretarial experience and exposure in various industries.</p> <p>All Board members have separate and independent access to the advice and services of the Company Secretaries especially on governance matters to enable them to discharge their duties and responsibilities effectively in accordance with their TOR and best practices.</p> <p>The Company Secretaries support the effective functioning of the Board, provide advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions, Directors' training/development and facilitate effective information flow amongst the Board, Board Committees and Senior Management.</p> <p>The Company Secretaries are responsible for the proper recording of the meeting minutes. The minutes of the Board, Board Committees (include detailed discussions, deliberations and decisions of the Board and Board Committees) and general meetings are circulated to all the Directors for their comments.</p> <p>The Company Secretaries also observe the Corporate Governance from time to time and support the Board in discharging their roles and responsibilities based on corporate governance best practices.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A

<b>Timeframe</b>	:	N/A	
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### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The agenda and supporting papers for Board and Board Committees are distributed in advance to all Board and Board Committees respectively, in order to allow sufficient time for appropriate review to facilitate full discussion at the meetings. The agenda of meetings that include, amongst others, comprehensive management reports, minutes of meetings, project or investment proposals and supporting documents, are targeted for dissemination to the respective members at least three (3) days prior to the meetings. However, Board papers that are deemed urgent may still be submitted to the Company Secretary for tabling at the meetings subject to the approvals of the Chairman and the GCEO. Information is prepared and delivered in an appropriate manner to ensure clear and adequate presentations of the subject matter.</p> <p>Meeting materials with a structured format, sufficient amount of details, clear and concise will be circulated to all Directors in advance (according to the respective timeline in the Board Charter and TORs of the respective Board Committees) to ensure that Directors are provided with sufficient information and time to prepare for board meeting and to facilitate robust discussions.</p> <p>Prior to Board and Board Committees meetings, Directors are provided with minutes of the previous meeting(s) to ensure the minutes accurately reflect the deliberations and decisions of the Board and Board Committees.</p> <p>Minutes of meetings are duly recorded and thereafter, confirmed at the subsequent meetings of the Board and Board Committees. All minutes of Board Committee meetings are tabled at the subsequent Board of Directors' meeting for notation by the Board. The Chairman of the respective Board Committees would also provide a report at the subsequent Board meeting of key issues or matters discussed and recommended by the respective Board Committees. All Directors have the right to make further enquiries as and when deemed necessary.</p> <p>The Company Secretary will communicate to the Management on the Board's and Board Committees' decisions, or recommendations via circulation of draft minutes of meetings for appropriate actions to be taken.</p>



	Board materials are uploaded to a secured board server for the Directors to download to their tablets/personnel devices. This initiative has made the process of creating, distributing and reviewing confidential board materials more efficient and secure. It speeds up the process of board pack dissemination and eliminates the need for distribution of meeting materials in hard copy. The initiative also enhances the Company's corporate responsibility in line with environmental initiatives by reducing its paper consumption.	
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter was established by the Board to set clear roles and responsibilities of the Board, Chairman, GCEO, Board Committees, individual Director, Management and Company Secretary. The Board Charter also provides guidelines on Board Structure and Processes.</p> <p>The roles and responsibilities of the Board of Directors, Chairman, GCEO and other Executive Directors and Company Secretary are clearly outlined under items 3 and 4 of the Board Charter.</p> <p>The Board Charter is published on the Company's website at <a href="http://www.sapuraenergy.com/board-charter/">www.sapuraenergy.com/board-charter/</a>.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>SEB's Code of Ethical Conduct and Anti-Bribery and Anti-Corruption and policies and procedures are made available on the Company's website at <a href="https://www.sapuraenergy.com/wp-content/uploads/2020/12/SEB-Code-of-Ethical-Conduct.pdf">https://www.sapuraenergy.com/wp-content/uploads/2020/12/SEB-Code-of-Ethical-Conduct.pdf</a> and <a href="https://www.sapuraenergy.com/wp-content/uploads/2020/12/SEB-ABAC.pdf">https://www.sapuraenergy.com/wp-content/uploads/2020/12/SEB-ABAC.pdf</a></p> <p>The purpose of the Code of Ethical Conduct and Anti-Bribery and Anti-Corruption policies is to ensure that the business is conducted in accordance with the highest ethical standards and in compliance with all applicable laws and regulations.</p> <p>The Company will take prompt action to prevent and mitigate any form of corruption arising out of or relating to its operations and will fully support the efforts of its employees and partners in the fight against corruption.</p> <p>Amongst others, the Code of Ethical Conduct addresses policies and guidance surrounding the following areas:</p> <ol style="list-style-type: none"><li>(1) Anti-corruption and bribery;</li><li>(2) Gifts and hospitality;</li><li>(3) Conflict of interests;</li><li>(4) Fair competition;</li><li>(5) Insider Trading;</li><li>(6) Money laundering; and</li><li>(7) Whistleblowing.</li></ol> <p>Roles and Responsibilities under the Code of Ethical Conduct and Anti-Bribery and Anti-Corruption policies are as follows:</p>

	<ol style="list-style-type: none"> <li>1. GCEO <ul style="list-style-type: none"> <li>• Lead and model the behaviour sought</li> <li>• Frequent address about the Company's values</li> <li>• Communicate the Company's ethics policy and standards</li> <li>• Be ruthless in addressing deviations from the standards set</li> </ul> </li>   <li>2. Senior Management &amp; Managers <ul style="list-style-type: none"> <li>• Create and preserve a company culture and working environment that promotes the ethics codes</li> <li>• Demonstrate leadership in ethical conduct and behaviour</li> <li>• Be a role model in practicing the ethical codes and educate their personnel of the same</li> <li>• Ensure that employees understand, support and abide strictly by these standards</li> <li>• Support their employees through provision of sound advice in reporting of ethical concerns</li> <li>• Ensure that third parties, agents and other Company's representatives understand, support and strictly abide by these standards</li> <li>• Monitor at-risk environments and act immediately on any deviations</li> </ul> </li>   <li>3. Employees <ul style="list-style-type: none"> <li>• Take personal responsibility to understand, support, implement and abide by the Company's ethical standards;</li> <li>• Be vigilant to any non-compliant behaviour or representations and report deviations</li> <li>• Speak openly and ask questions to the Compliance Team where any doubt exists</li> </ul> </li>   <li>4. Agents &amp; other Representatives <ul style="list-style-type: none"> <li>• Understand, support, implement and abide by the SEB's ethical standards</li> </ul> </li>   <li>5. Compliance Unit and Compliance Counsel <ul style="list-style-type: none"> <li>• Internal control point for ethics and improprieties, allegations, complaints and conflicts of interest</li> <li>• Install ethical culture and ensure strict ethics &amp; compliance</li> <li>• Ensure the provision of suitable Code of Ethics recurrent training to SEB Management and SEB employees</li> <li>• Act as the key knowledge and contact point for all ethics matters</li> </ul> </li> </ol>
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	<p>The Code of Ethical conduct is to ensure that SEB employees conduct their business in accordance with the highest ethical standards and in compliance with all laws, regulations, rules, guidelines, directives and official requirements applicable to the Group as amended from time to time, including but not limited to the Malaysian Anti-Corruption Commission Act 2009 (as amended by the Malaysian Anti-Corruption Commission (Amendment) Act 2018), the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001. The Company further endeavours to comply with globally acclaimed legislation on bribery and corruption such as the UK Bribery Act 2010 and the Foreign Corrupt Practices Act 1977. The Group will take prompt action to combat any form of corruption arising out of or relating to its operations. The Group will fully support the efforts of SEB employees and partners in the fight against corruption.</p>	
<p><b>Explanation for departure</b></p>	<p>: N/A</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>: N/A</p>	
<p><b>Timeframe</b></p>	<p>: N/A</p>	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Whistleblowing policies and procedures is one of the main items in the Code of Ethical Conduct of the Company as stated under Practice 3.1 above.</p> <p>The Whistleblowing Policies and Procedures among others cover the following areas:</p> <ol style="list-style-type: none"> <li>(1) Duty of the employees to report legitimate concerns about misconduct such as fraud, bribery, abuse of power, conflict of interest, theft/embezzlement, misuse of Company's properties and violations of or non-compliance with Company's procedures;</li> <li>(2) Protection for legitimate whistleblowers including third party;</li> <li>(3) Reporting procedures and channels;</li> <li>(4) Checklist and reminder on violation of the Whistleblowing Policies and Procedures; and</li> <li>(5) Complaint investigation process and reporting to the Complaint Investigation Committee and the Board Audit Committee.</li> </ol> <p>All complaints will be channelled to the Whistleblower Hotline. The Whistleblowing policy and procedures are incorporated in SEB's Code of Ethical Conduct and made available on the Company's website at <a href="http://www.sapuraenergy.com/corporate/compliance">www.sapuraenergy.com/corporate/compliance</a>.</p>
<b>Explanation for departure</b>	:	N/A
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Our sustainability framework supported by economic, environmental, and social pillars, underlined by good governance. Focusing on these three pillars, we are able to create value for our key stakeholders, namely our investors, lenders, shareholders, employees, customers, vendors/suppliers, business partners, the government and regulators as well as local communities.  As outlined in the annual report, our Company’s sustainability as a going concern is currently under threat, and therefore our Company is compelled to prioritise our financial well-being in order to sustain our business and continue to create value for our stakeholders.
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has in place a sustainability framework supported by economic, environmental, and social pillars, underpinned by good governance. By focusing on these three pillars, we can create value for our key stakeholders, including investors, lenders, shareholders, employees, customers, vendors/ suppliers, business partners, the government and regulators as well as local communities. The Annual Report 2023 included both the material matters and outline the Company’s sustainability priorities	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Given the increased understanding of material sustainability risks and opportunities and the need for better information to assess the potential impacts of climate-related risks on the Group's business model, the Board supports sustainable investments and continued improvement in companies' reporting, where necessary.  Pertaining to continuous professional development on sustainability skills, the training program is being developed. Where opportunities exist, the Board attends training on sustainability which is relevant to the energy sector.	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	N/A	
<b>Explanation for departure</b>	:	Key Performance Indicators (“KPIs”) for Senior Management include limited sustainability KPIs. The Company will expand these KPIs in future once we regain financial and operational stability.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	To review GCEO’s KPIs related to sustainable transformation and ensure the elements are embedded according to the Practice.  To establish a new board evaluation form which includes the review of Company’s material sustainability risks and opportunities.	
<b>Timeframe</b>	:	2 years	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The GCEO with the support of our Group Chief Strategy Officer is responsible for developing our sustainability strategies and plans, ensuring all aspects of the Group's business are aligned with the direction set by the Board. The GCEO is supported by the Executive Committee and our Chief Risk Officer, who has been designated to manage our sustainability strategically and to integrate sustainability considerations into the Company's operations.

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board via the BNRC has undertaken a formal and objective annual assessment of the effectiveness of Board and Board Committees, the performance of individual Directors, Board composition against a matrix of desired competencies and the independence of Directors. The assessment took into account the contribution and performance of the Directors in relation to their core competencies, time commitment, experience in meeting the needs of the Company.</p> <p>The BNRC reviews the Board composition regularly and evaluates the performance and contribution of the Board members annually. Kindly refer to Corporate Governance Overview Statement in Annual Report for details.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied																														
<b>Explanation on application of the practice</b>	:	<p>The composition of the Board as at 31 May 2023 comprised 6 Independent Non-Executive Directors, 4 Non-Independent Non-Executive Directors and 1 Executive Director as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>1.</td><td>Dato' Mohammad Azlan Abdullah</td><td>Chairman/Non-Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Dato' Shahrman Shamsuddin</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Encik Rohaizad Darus</td><td>Non-Independent Non-Executive Director</td></tr><tr><td>4.</td><td>Mr Cosimo Borrelli (Court-Nominated Director) <b>(Ceased as Court-Nominated Director on 10 March 2023)</b></td><td>Non-Independent Non-Executive Director</td></tr><tr><td>5.</td><td>Mr Lim Tiang Siew</td><td>Senior Independent Non-Executive Director</td></tr><tr><td>6.</td><td>Datuk Ramlan Abdul Rashid</td><td>Independent Non-Executive Director</td></tr><tr><td>7.</td><td>Datuk Muhamad Noor Hamid</td><td>Independent Non-Executive Director</td></tr><tr><td>8.</td><td>Dato' Azmi Mohd Ali</td><td>Independent Non-Executive Director</td></tr><tr><td>9.</td><td>Mr Lim Fu Yen <b>(Redesignated to Non-Independent Non-Executive Director on 11 March 2023 following his appointment as a Court-Nominated Director)</b></td><td>Non-Independent Non-Executive Director</td></tr></tbody></table>	No.	Name	Designation	1.	Dato' Mohammad Azlan Abdullah	Chairman/Non-Independent Non-Executive Director	2.	Dato' Shahrman Shamsuddin	Non-Independent Non-Executive Director	3.	Encik Rohaizad Darus	Non-Independent Non-Executive Director	4.	Mr Cosimo Borrelli (Court-Nominated Director) <b>(Ceased as Court-Nominated Director on 10 March 2023)</b>	Non-Independent Non-Executive Director	5.	Mr Lim Tiang Siew	Senior Independent Non-Executive Director	6.	Datuk Ramlan Abdul Rashid	Independent Non-Executive Director	7.	Datuk Muhamad Noor Hamid	Independent Non-Executive Director	8.	Dato' Azmi Mohd Ali	Independent Non-Executive Director	9.	Mr Lim Fu Yen <b>(Redesignated to Non-Independent Non-Executive Director on 11 March 2023 following his appointment as a Court-Nominated Director)</b>	Non-Independent Non-Executive Director
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	10.	Datuk Mohd Anuar Taib	GCEO/Executive Director
	11.	Datuk Nur Iskandar A. Samad <b>(Appointed on 26 May 2023)</b>	Independent Non-Executive Director
	12.	Wan Mashitah Wan Abdullah Sani <b>(Appointed on 26May 2023)</b>	Independent Non-Executive Director
<p>All 6 Independent Directors have completed and signed the Independent Director's Declaration, confirming their continued independence status in accordance with the requirements of Main Market Listing Requirements of Bursa Securities.</p> <p>All Independent Directors are independent of management and free of any interest, position, association or other relationship that might materially influence the Independent Director's capacity to bring an independent judgement and to act in the best interest of the Group and its stakeholders. The Independent Directors were heavily involved in the deliberation at the Board and Board Committee levels. Majority of all Board Committee members comprised Independent Directors. Hence, there was independence and objectivity in decision making which was made in the best interest of the Company.</p>			
<b>Explanation for departure</b>	:	N/A	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The two-tier voting process is now applicable for tenure above 9-year instead of 12-year under the MCCG 2021.  The Company adopts a policy that the tenure of independent director does not exceed a term limit of nine (9) years.	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: The Board has agreed to adopt the policy to limit the tenure of its Independent Directors to nine (9) years effective from 29 January 2020.



### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Currently the selection criteria based on the TOR of BNRC are as follows: <ul style="list-style-type: none"><li>• skills, knowledge, expertise and experience</li><li>• education background, qualifications and professionalism;</li><li>• competency</li><li>• integrity and objectivity</li><li>• in the case of candidates for the position of independent non-executive directors, the candidates' ability to discharge such responsibilities/function as expected from an independent non-executive director</li><li>• Diversity targets in the boardroom to include diversity in gender, ethnicity and age</li><li>• Level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group</li><li>• Ability to work together with other members of the Board for the best interest of the Company</li></ul>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company relies on various sources to identify candidates to be appointed to the Board, including utilising independent sources.	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Sufficient information of the directors to be appointed and re-appointed in the Annual General Meeting (“AGM”) is disclosed in the Annual Report to enable the shareholders to make an informed decision.	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the BNRC as at FY2023 is Dato' Azmi Mohd Ali (" <b>Dato' Azmi</b> "), an Independent Non-Executive Director of the Company. Dato' Azmi Mohd Ali was appointed as the Chairman of BNRC on 31 May 2022.	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	N/A
<b>Explanation for departure</b>	:	<p>The Board regards that diversity requirements for its composition is based on factors that include merit, gender, background, expertise, exposure, age and the imminent and longer term challenges the Company faces from time to time.</p> <p>The Company has appointed one (1) woman director on board on 26 May 2023, namely, Cik Wan Mashitah Wan Abdullah Sani and hence the Company is in compliance with the Main Market Listing Requirements to have at least one (1) woman director by 1 June 2023.</p> <p>The Board remains committed to achieve 30% female representation on the Board.</p> <p>The Board is cognizant of the need to have an appropriately sized Board, consisting of new women directors with complementary skills and experiences to further enhance the Board's diversity is planned in the future.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<p>The Board will continue its effort to identify suitable female directors to meet 30% women representative. The Board views attainment of Board overall diversity as an ongoing process and shall remain steadfast in this commitment.</p> <p>The current Board composition consists of the right balance mix between skills, experiences and diversity needs to progress the Company's new strategic plans and key focus areas to turnaround the business of the Company.</p> <p>The Company intends to appoint additional women Directors within 2 years.</p>

<b>Timeframe</b>	:	2 years	
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**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	N/A	
<b>Explanation for departure</b>	:	The Company intends to formalise the gender diversity policy due to several-changes on the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	To establish gender diversity policy for the Board and Senior Management	
<b>Timeframe</b>	:	Immediately	

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

## Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Board evaluation was being undertaken annually and the disclosure on the areas of assessment, outcome as well as the areas for improvement are disclosed in the CG Report.</p> <p>The evaluation process was based on peer and self-review assessment whereby the Directors assessed themselves and also the Board as a whole as well as the performance of the Board Committees. The criteria and outcome of the assessment were properly documented.</p> <p><u>Areas for improvement</u>  <i>The Board plans to engage independent experts at least every three years to facilitate objective and candid board evaluations.</i></p>
<b>Explanation for departure</b>	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: N/A
<b>Timeframe</b>	: N/A



### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Board has in place remuneration framework to review and determine the remuneration of Directors and Senior Management.  The framework reflects the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed.
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The BNRC is responsible to implement its policies on remuneration of the Board and Board Committee members.</p> <p>As stated in its TOR, the principal objective of the BNRC is to assist the Board in its responsibilities in assessing and recommending the remuneration packages of the GCEO, Executive Director and Non-Executive Directors of the Company.</p> <p>The BNRC meets once a year to review and assess the remuneration packages for GCEO, Non-Executive Directors and all employees including Senior Management of the Group based on the Group's policy.</p> <p>BNRC had on 17 May 2022 recommended to the Board the Non-Executive Directors' fees and benefits from the AGM in 2022 until the next AGM in 2023 for shareholders' approval.</p> <p>Following are the roles and responsibilities of BNRC in relation to remuneration of Board and Senior Management:</p> <ol style="list-style-type: none"><li>1. Establish and recommend the remuneration structure and policy for GCEO and Executive Directors; the terms of employment or contract of employment/service, any benefit, pension or incentive scheme entitlement; other bonuses, fees and expenses; any compensation payable on the termination of the service contract by the Company and to review for changes to the policy, as necessary. The GCEO and Executive Directors should play no part in decisions involving their own remuneration.</li></ol>

	<ol style="list-style-type: none"> <li>2. Ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration forming a significant proportion of the total remuneration package of GCEO and Executive Directors.</li> <li>3. Review with the GCEO and the Executive Directors, their performance against these objectives as well as contribution to the corporate strategy.</li> <li>4. Review and recommend the proposed remuneration framework and packages of Non-Executive Directors to the Board and for approval by the shareholders at Annual General Meeting as relevant.</li> <li>5. Annually review and recommend the bonus payment rate and salary increment range to all employees of the Group based on the Group's policy.</li> <li>6. Review and recommend to the Board regarding any proposed new employees' share option scheme to be given to the Directors and employees and/or amendments to the existing scheme.</li> <li>7. Assist the Board in discharging their responsibilities relating to, amongst others, compensation strategy, management development and other compensation arrangement.</li> <li>8. Ensure corporate accountability and governance in respect of the Board remuneration and compensation function.</li> <li>9. Consider and examine such other matters as the BNRC considers appropriate.</li> <li>10. Review the remuneration policies, framework and procedures for Directors, Senior Management and employees every 2 years.</li> <li>11. The Terms of Reference of the BNRC is available on the Company's website at <a href="https://www.sapuraenergy.com/torbnc/">https://www.sapuraenergy.com/torbnc/</a>.</li> </ol>
<b>Explanation for departure</b>	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: N/A
<b>Timeframe</b>	: N/A

### **Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### **Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The remuneration of the Executive Director and Non-Executive Directors for the FY2023 are disclosed in the Corporate Governance Overview Statement in the Annual Report 2023 of the Company.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Mohammad Azlan Abdullah <sup>1</sup>	Chairman, Non-Independent Non-Executive Director	375	25	-	-	1	29	-	-	-	-	-	-	-	430
2	Datuk Mohd Anuar Taib	Group Chief Executive Director/Executive Director	-	-	1,654	-	9	-	-	-	-	-	-	-	-	1,663
3	Dato' Shahrman Shamsuddin	Non-Independent Non-Executive Director	218	22	-	-	-	-	-	-	-	-	-	-	-	240
4	En. Rohaizad Darus <sup>2</sup>	Non-Independent Non-Executive Director	170	39	-	-	-	-	-	-	-	-	-	-	-	209
5	Mr. Cosimo Borrelli <sup>3</sup>	Non-Independent Non-Executive Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Mr. Lim Tiang Siew <sup>4</sup>	Senior Independent Non-Executive Director	356	52	-	-	-	16	-	-	-	-	-	-	-	424
7	Datuk Muhamad Noor Hamid	Independent Non-Executive Director	351	57	-	-	-	-	-	-	-	-	-	-	-	408
8	Datuk Ramlan Abdul Rashid	Independent Non-Executive Director	255	30	-	-	-	-	-	-	-	-	-	-	-	285

9	Dato' Azmi Mohd Ali	Independent Non-Executive Director	314	44	-	-	-	-	-	-	-	-	-	-	-	358
10	Mr Lim Fu Yen <sup>5</sup>	Non-Independent Non-Executive Director	162	32	-	-	-	-	-	-	-	-	-	-	-	194
11	Tan Sri Dato' Seri Shamsul Azhar Abbas <sup>6</sup>	Chairman, Non-Independent Non-Executive Director	156	4	-	-	7	11	-	-	-	-	-	-	-	178
12	Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor <sup>7</sup>	Senior Independent Non-Executive Director	108	6	-	-	-	6	-	-	-	-	-	-	-	120
13	Bernard Rene Francois Di Tullio <sup>8</sup>	Non-Independent Non-Executive Director	136	13	-	-	-	-	-	-	-	-	-	-	-	149
14	Datuk Iain John Lo <sup>9</sup>	Independent Non-Executive Director	149	11	-	-	-	-	-	-	-	-	-	-	-	160

**Notes:**

- 1 Appointed as Chairman of the Board on 7 May 2023. Following his appointment, he ceased to be a member of Board Risk Management Committee on 31 May 2022.
- 2 Appointed as Non-Independent Non-Executive Director on 1 June 2022.
- 3 Nominated and appointed as Non-Independent Non-Executive Director on 25 March 2022. Ceased to be Non-Independent Non-Executive Director (Court-Nominated Director) on 10 March 2023.
- 4 Appointed as Senior Independent Non-Executive Director on 31 May 2022.
- 5 Appointed as Independent Non-Executive Director on 1 June 2022. On 11 March 2023, he was redesignated as Non-Independent Non-Executive Director following his appointment as a Court-Nominated Director. On 24 May 2023, he resigned as a member of Board Risk Management Committee.
- 6 Retired as Chairman, Non-Independent Non-Executive Director on 7 May 2022.
- 7 Resigned as Senior Independent Non-Executive Director on 7 May 2022. Following his resignation, he ceased to be the Chairman of Board Nomination and Remuneration Committee on 7 May 2022.
- 8 Resigned as Non-Independent Non-Executive Director on 31 May 2022. Following his resignation, he ceased to be a member of Board Audit Committee and Board Risk Management Committee on 31 May 2022.
- 9 Resigned as Independent Non-Executive Director on 31 May 2022. Following his resignation, he also ceased to be the Chairman of the Board Risk Management Committee and Board Nomination and Remuneration Committee.

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	N/A
<b>Explanation for departure</b>	:	<p>The Company has opted not to disclose the required band and on named basis the remuneration of top five (5) Senior Management due to sensitive information.</p> <p>The Board is of the view that disclosing the top five (5) Senior Management's remuneration is not in the best interest of the Company. Such information may put the Company in a disadvantageous position in the fierce competition for talent globally in the oil and gas industry.</p> <p>The Board assures that there is a robust internal process to ensure that the remuneration of Senior Management is fair and competitive when benchmarked internally for equitability and externally with the market.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will revisit Practice 8.2 annually going forward and evaluate the appropriateness of disclosure in the future.
<b>Timeframe</b>	:	4 years

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.



**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.  
The company’s financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the BAC and the Chairman of the Board are held by two distinct individuals. The Chairman of BAC is not the Chairman of the Board.</p> <p>Currently, the Chairman of the BAC is Mr Lim Tiang Siew, who is also the Senior Independent Non-Executive Director of the Company. a Chartered Accountant. He is a member of The Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.</p>	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The TOR of BAC has been revised to change the cooling off period to at least three (3) years instead of two (2) years before being appointed as a member of the BAC.</p> <p>The BAC does not have any former key audit partner appointed as a member of the BAC.</p>	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>For financial year ended 31 January 2023, the BAC had at its meeting held on 20 May 2022 conducted an annual assessment of the independence and effectiveness of the Company's external auditors, Messrs. Ernst &amp; Young PLT. Thereafter, BAC recommended the re-appointment Ernst &amp; Young PLT to the Board for shareholders' approval at the Eleventh AGM of the Company held on 28 July 2022.</p> <p>The TOR of the BAC also requires BAC to monitor the extent of non-audit work to be performed by the external auditors to ensure that the provision of non-audit services does not impair their independence and objectivity.</p> <p>BAC will consider if there is reason (supported by grounds) to believe that the external auditors are not suitable for appointment or reappointment before recommending the appointment or reappointment of the external auditors and their audit fees. The BAC will also review any letter of resignation from the external auditors of the Group, if there is any.</p> <p>Currently, the Company's BAC consists of three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.</p> <p>The appointment of En. Rohaizad Darus, a Non-Independent Non-Executive Director, to the BAC is because of his sound understanding of the oil and gas industry and its key risks, which will help in the robustness of discussions at the BAC meeting.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All BAC members are financially literate and have carried out their duties in accordance with the TOR of the BAC.</p> <p>During the FY2023, the following BAC Member has professional qualifications in accounting and finance:</p> <p>1) Mr Lim Tiang Siew</p> <ul style="list-style-type: none"><li>• Member, Malaysian Institute of Certified Public Accountants.</li><li>• Chartered Accountant, Malaysian Institute of Accountants.</li></ul> <p>The BAC is aware of the importance of continuous professional development. To enhance their skills, the members have attended training during the financial year, the details of which are disclosed in the Corporate Governance Overview Statement of the Annual Report 2023 of the Company.</p> <p>In addition, the external auditors also brief the BAC from time to time on any updates in accounting and auditing standards, and any other relevant developments which are significant to the Company.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A



<b>Timeframe</b>	:	N/A	
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### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibilities in establishing a sound risk management framework and internal control system as well as reviewing its adequacy and effectiveness within the Group. The Board is assisted by the BRMC which has been delegated with oversight responsibilities over the Group’s risk management activities.</p> <p>The key responsibility of the BRMC is to ensure the Management is managing the Group’s key risks with integrity and transparency with the objective of safeguarding the interest of shareholders and other stakeholders.</p> <p>The BRMC sets the risk appetites and reviews risks management initiatives, actions and measures implemented by the Management to ensure that the Group’s risks are identified and assessed, and control measures are put in place and functioning as intended in addressing these risks.</p> <p>The Statement on Risk Management and Internal Control, which provides an overview of the risk management and state of internal control within the Group, is set out in the Annual Report 2023 of the Company.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Referring to the Group Risk Management Policy, the Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile and ISO 31000 principles and guidelines.</p> <p>The Group's principal areas of risk include:</p> <ul style="list-style-type: none"> <li>• Unsustainable financial condition - the Group's financial condition and its liquidity constraints</li> <li>• Strategic risks – climate change and energy transition, orderbook replenishment and competition</li> <li>• Operational risks – health &amp; safety, pandemic, project execution, talents retention and cybersecurity</li> <li>• Conduct risks – reputation, and compliance to Anti-Bribery &amp; Corruption, Anti-Competition and Data Privacy Laws</li> </ul> <p>The Internal Audit Charter also provides that acceptable and widely used internal control framework, i.e. the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which identified components and corresponding principles to an effective internal control system, is adopted in audit work for the evaluation of internal controls.</p> <p>The main features of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control in the Annual Report 2023 of the Company.</p>
<b>Explanation for departure</b>	:	N/A
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The BRMC consists of three (3) members, two of whom are Independent Directors. The BRMC supports the Board in providing oversight over risk management activities of the Group.

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The BAC of the Company is responsible for overseeing the Group's internal audit ("GIA") function and evaluate its performance.</p> <p>The GIA function is carried out in-house and is led by the Group Chief Internal Auditor ("GCI") who reports directly to the BAC. The GIA's authority is set out in its Internal Audit Charter.</p> <p>GIA has access to all relevant records and properties within the Group to carry out its duties. The GIA independently reviews the risk identification procedures and control processes implemented by the Management, conducts audit that encompass review of critical areas being identified, and reports to BAC on a quarterly basis.</p> <p>As stipulated within the TOR for the BAC, the BAC assumes the following duties and responsibilities:</p> <ol style="list-style-type: none"><li>1) Review and approve the Internal Audit Charter, which defines the authority, accountability, responsibility, independence of the internal audit function in the Group;</li><li>2) Review and approve the Group Internal Audit Plan ("IA Plan"); and</li><li>3) Review and approve the appointment of the GCI and responsible for the performance review of the GCI.</li></ol> <p>The roles and responsibilities are further stipulated in the TOR of BAC available on the Company's website at <a href="http://www.sapuraenergy.com">www.sapuraenergy.com</a>.</p> <p>On 11 January 2023, the BAC had reviewed the IA Plan for the financial year ending 31 January 2024 as well as performance of GIA for FY2023. During FY2023, the GCI reported to BAC the reports on audits that had been completed during the year and the ongoing audits at various stages of completion.</p> <p>IA reports were also issued to Management and they contained improvement opportunities, audit findings, management responses and corrective actions in areas with significant risks and internal control deficiencies. Management provided the corrective and preventive actions as well as deadlines to complete the actions. All IA reports were tabled to BAC for deliberation.</p>

	<p>BAC assessed and evaluated the resource requirements of IA as well as the adequacy and effectiveness of the IA function.</p> <p>Further information is available in the BAC Report and IA function in the Annual Report 2023.</p>	
<b>Explanation for departure</b>	:	N/A
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The GIA of the Company is headed by Mohd Khairul Nizam Alias, a Certified Internal Auditor, Chartered Member of The Institute of Internal Auditors Malaysia and Associate Member of Association of Certified Fraud Examiners. He holds a Bachelor of Commerce and Management from Lincoln University, New Zealand. As at 31 January 2023, GIA has a headcount of nine (9) full-time internal auditors with relevant experience and qualifications i.e. certified internal auditors, chartered accountants, engineers (marine, production &amp; operations and QA / QC) and quantity surveyors.</p> <p>The members of the GIA are required to complete an annual independence declaration to ensure audit personnel are free from relationships or conflict of interest that could impair their objectivity and independence.</p> <p>The purpose, authority and responsibility of GIA are formally defined in the Internal Audit Charter, as approved by the BAC, which establishes the framework for the effective and efficient functioning of GIA. The standards and practices adopted by GIA are aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors.</p>
<b>Explanation for departure</b>	:	N/A
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A



## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>It has always been the Company's practice to maintain good relationship with its stakeholders. Major corporate developments and happenings in the Company have been duly and promptly announced to all shareholders, in line with Bursa Securities' requirements of ensuring transparency and good corporate governance practices.</p> <p>In line with item 4.8 of the Board Charter, the Board is responsible for maintaining an effective communications policy that enables both the Board and Management to communicate effectively with shareholders, stakeholders and the general public.</p> <p>The Board also oversees the development and implementation of an investor relations programme for the Company. The programme ensures that the operations of the Company are effectively interpreted and explained to shareholders, while also accommodating their feedback.</p> <p>There is a section on the Company's website under Investor Relations that provides shareholders with detailed information on the Group's business, financial performance and latest developments and corporate announcements.</p>
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

## Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

## Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	N/A	
<b>Explanation for departure</b>	:	Value creation is a key driver of SEB's strategy as it underpins the Company's long-term business sustainability. While the Company has yet to adopt the integrated framework, it is committed to providing valuable information to shareholders that maximises value creation in the long run.	
		The Company takes an incremental approach towards integrated reporting and intends to gradually move towards a more integrated approach of reporting.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Company will continuously enhance the content of its Annual Report to improve its communication to its stakeholders towards full Integrated Reporting adoption.	
<b>Timeframe</b>	:	2 years	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:	N/A	
<b>Explanation for departure</b>	:	The Constitution of the Company provides that notice of AGM should be circulated to shareholders at least twenty one (21) days before the meeting.	
		The Eleventh AGM of the Company held on 28 July 2022 and the Notice of the said meeting was issued to shareholders on 7 July 2022.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board will meet the 28-day notice period for the upcoming AGM.	
<b>Timeframe</b>	:	Immediately	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	At the Eleventh AGM of the Company held on 28 July 2022, all Board and Board Committees members, Senior Management and external auditors were present at the AGM.	
<b>Explanation for departure</b>	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	N/A	
<b>Timeframe</b>	:	N/A	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Eleventh AGM and Extraordinary General Meeting (“EGM”) held on 28 July 2022 and 17 October 2022 respectively were conducted on a fully virtual basis, that is through live streaming and remote voting using the remote participation and voting facilities for shareholders who wish to participate in the AGM and EGM. Once the vote casting process completed, the scrutineer verified the results and passed to the Chairman of the meeting for announcement. All the resolutions set out in the Notice of the AGM and EGM were put to vote by poll and duly passed. The outcomes of the AGM and EGM were announced to Bursa Securities on the same meeting day.
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The presentation to the shareholders at the AGM includes financial and non-financial performance as well as the Group's long-term strategies. Shareholders are also given sufficient opportunity to pose questions during the general meeting and receive meaningful response.
<b>Explanation for departure</b>	:	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	N/A
<b>Timeframe</b>	:	N/A

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: In the Company's Eleventh AGM held virtually on 28 July 2022, the shareholders and proxy holders had submitted their questions prior to the meeting. Besides that, shareholders and proxy holders can submit their questions to the Board via real time submission of typed texts at meeting platform during live streaming of the AGM. The Chairman of the Meeting read out the questions by the shareholders before the Board and Management provides its response to the questions.  The Company had opted for Boardroom Smart Investor Portal to conduct the Eleventh AGM virtually as it is a well-tested and secure application and has sufficient hardware and infrastructure in place.
<b>Explanation for departure</b>	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: N/A
<b>Timeframe</b>	: N/A

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: Minutes of Eleventh AGM and EGM were published on the Company's website within 30 days from the date of AGM and EGM.
<b>Explanation for departure</b>	: N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	: N/A
<b>Timeframe</b>	: N/A



**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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