

# CORPORATE GOVERNANCE REPORT

<b>STOCK CODE</b>	<b>0080</b>
<b>COMPANY NAME</b>	<b>STRAITS ENERGY RESOURCES BERHAD</b>
<b>FINANCIAL YEAR</b>	<b>December 31, 2022</b>

## 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>Straits Energy Resources Berhad ("<b>Straits</b>" or "<b>the Company</b>") and its subsidiaries ("<b>the Group</b>") is headed by the Board of Directors ("<b>Board</b>"). In discharging its functions and responsibilities, the Board is guided by the Board Charter. The Board delegates certain roles and responsibilities to the Board Committees i.e. Audit Committee ("<b>AC</b>"), Nomination &amp; Remuneration Committee ("<b>NRC</b>") and Board Risk &amp; Compliance Committee ("<b>BRCC</b>").</p> <p>The Board recognises the key role it plays in charting the strategic direction and management of the Group.</p> <p>The Board is principally responsible for:</p> <ol style="list-style-type: none"><li>1) Reviews and approves business strategies, major capital and operating budgets and matters of policy. The Board also monitors the Management's performance in implementing the adopted strategies and it provides relevant direction and advice, where necessary, to ensure the achievement of the Company's objectives and goals.</li><li>2) Reviews the Management team's performance ensuring that the Company is managed properly. The Group Managing Director is responsible for the day-to-day operation and management of the Group. He is supported by two Executive Directors and Key Senior Management personnel to ensure the operations of the Group are carried out smoothly.</li><li>3) Reviews the quarterly and year-end results of the Group as recommended by the AC prior to announcement of the same to Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>"). At these Board Meetings, the operational and financial performance of the Group, together with any material development and issues relating to the business of the Group, were discussed and, where considered appropriate, remedial measures were undertaken.</li></ol>

	<p>4) Reviews, deliberates and approves Board Committees' reports and recommendations.</p> <p>5) Considers the internal audit reports, which were tabled by the independent outsourced internal auditor and reviewed by AC. This process served to apprise the Board on the adequacy and operating effectiveness of the Group's system of risk management and internal controls.</p> <p>6) Identifies, evaluates, monitors and supervises the management of any relevant major risks faced by the Group so that the Group will achieve its business objectives and ensure the adequacy and integrity of risk management and internal control system of the Group.</p> <p>Further details of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control ("<b>SORMIC</b>") of the Company's Annual Report in respect of the financial year ended 31 December 2022 ("<b>Annual Report 2022</b>").</p> <p>The Board Charter and the Terms of Reference for respective Board Committees are available on the Company's corporate website at <a href="https://www.straits-energyresources.com">https://www.straits-energyresources.com</a>.</p>
<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

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>The Chairman of the Board, Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah plays a key role in ensuring the effective functioning of the Board, providing effective leadership, strategic direction and necessary governance to the Group.</p> <p>The roles and responsibilities of the Chairman are clearly set out in the Board Charter. Apart from being primarily responsible for leading the Board, the Chairman carries out the following roles:</p> <ol style="list-style-type: none"><li>1) Leads the Board in its responsibilities for the business and affairs of the Company.</li><li>2) Oversees the Board in the effective discharge of its supervisory role, including determining, in conjunction with the Company Secretaries, the agenda items included in the notice of meetings.</li><li>3) Ensures the efficient organisation and conduct of the Board's function and meetings.</li><li>4) Facilitates the effective contribution by all Directors by allowing Directors to provide their views on the issues being deliberated, including dissenting views, if any, to be discussed.</li><li>5) Promotes constructive and respectful relations between Board members and between the Board and Management.</li><li>6) Commits the time necessary to discharge effectively his roles as Chairman.</li><li>7) Ensures that there is effective evaluation of the Board's performance.</li></ol>
<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

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 positions of Chairman of the Board and the Group Managing Director are held by two (2) different individuals, each with clearly defined scope of duties and responsibilities. Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah is the Non-Independent Non-Executive Chairman of the Company while Dato' Sri Ho Kam Choy is the Group Managing Director. The distinct and separate roles of the Chairman and Group Managing Director promote accountability and facilitate the division of responsibilities between them.</p> <p>The role and responsibilities of the Chairman and Group Managing Director are formally documented in the Board Charter, which is published on the Company's corporate website at <a href="https://www.straits-energyresources.com">https://www.straits-energyresources.com</a>.</p>
<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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Company has applied Practice 1.4 of the Malaysian Code on Corporate Governance MCCG 2021 (" <b>MCCG</b> "), whereby the Chairman of the Board is not a member of the AC and NRC. This is to ensure that the objectivity of the Chairman and the Board is not impaired when deliberating on observations and recommendations put forth by the AC and NRC.
<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

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>There are two (2) named Company Secretaries of the Company, who are members of the Malaysian Institute of Chartered Secretaries and Administrators (“<b>MAICSA</b>”) and Malaysian Association of Company Secretaries (“<b>MACS</b>”).</p> <p>The Company Secretaries are suitably qualified, in accordance with the requirements of the Companies Act 2016, and competent to support the Board. As members of MAICSA and MACS, the Company Secretaries are apprised periodically on changes to regulatory requirements that affect the Company and Directors.</p> <p>The Company Secretaries also advise the Board, Board Committees and Management on disclosure requirements as and when they are inquired by Board members and Management on ad hoc basis.</p> <p>The Company Secretaries attend all the Board and Board Committees meetings and ensures that all deliberations at the Board and Board Committees meetings are well captured and minuted and subsequently communicated to the Management for appropriate actions.</p> <p>Every member of the Board has an unrestricted access to the advice and services of the Company Secretaries.</p>
<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

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 Board meets at least once in every quarter with additional meetings convened as and when necessary. The meeting agenda, the relevant reports and Board papers are furnished to the Directors and Board Committees members within reasonable periods prior to the meetings to allow the Directors to have sufficient time to read them for effective discussion and decision making at the meetings.</p> <p>The Senior Management members are invited to attend these meetings to explain and clarify matters being tabled. Matters requiring Board's decision during the intervals between the Board meetings are circulated and approved through circular resolutions.</p> <p>The Company Secretaries attend all the Board and Board Committees meetings as well as the Annual General Meeting and Extraordinary General Meeting and ensure that the meetings are properly convened, constituted and conducted. After the meetings of the Board and Board Committees, the Company Secretaries would summarise the actions that need to be taken and issue an action plan to Management for the appropriate actions to be taken and prepare the minutes for all the meetings accordingly.</p>
<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

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 has established and adopted a Board Charter, which sets out the Board's composition, roles and responsibilities of the Board, Board Committees, individual Directors and Management.</p> <p>The Board has reserved certain material matters for the collective review and decision by the Board. Matters reserved for the Board include but are not limited to the following:</p> <ul style="list-style-type: none"><li>• Group's business strategies and business plans;</li><li>• Annual budgets, including major capital expenditure projects;</li><li>• Material acquisition and disposal of assets; and</li><li>• Significant financial matters.</li></ul> <p>The Board Charter will be reviewed periodically and updated in accordance with the needs of the Company and any new regulations to ensure that it remains current and relevant.</p> <p>The Board Charter is available on the Company's corporate website at <a href="https://www.straits-energyresources.com">https://www.straits-energyresources.com</a>.</p>
<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 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>The Board has put in place Code of Ethics for Directors and Group's Code of Conduct and Ethics for employees ("<b>Code</b>") which subject the Directors, Management and employees to a set of values, and standards of conduct that are expected of them.</p> <p>The Code of Ethics for Directors is formulated to enhance the standard of corporate governance and corporate behaviour with a view to achieve the following objectives:</p> <ul style="list-style-type: none"><li>i) To establish a standard of ethical conduct for Directors based on acceptable beliefs and values a person of right mind upholds; and.</li><li>ii) To uphold the spirit of social responsibility and accountability in line with legislations, regulations and guidelines governing a company.</li></ul> <p>The Employees Code of Conduct and Ethics of the Group is comprehensively listed in the Group's Employee Handbook and it provides the ethical framework to guide actions and behaviors of all its employees when carrying out their duties. All employees are expected to act with highest standards of personal and professional integrity in all aspects and to comply with applicable law, regulations and policies.</p> <p>The Board recognises the importance of adhering to the Code and has taken measures to ensure its compliance which include the managing of the following areas:</p> <ul style="list-style-type: none"><li>i) Anti-bribery and anti-corruption;</li><li>ii) Anti-money laundering;</li><li>iii) Conflict of interests;</li><li>iv) Insider trading; and</li><li>v) Abuse of power.</li></ul>

	The Code of Ethics for Directors is available on the Company's website at <a href="https://www.straits-energyresources.com">https://www.straits-energyresources.com</a> .	
<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 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 Company is committed to carrying out its business in accordance with the highest standards of professionalism, honesty, integrity and ethics.</p> <p>In view thereof, the Board has established and adopted a Whistleblowing Policy where it provides an avenue for the employees and external parties to raise genuine concerns, without fear of reprisal, about possible improprieties on matters pertaining to financial reporting, compliance, malpractices and unethical business conduct within the Group.</p> <p>The Whistleblowing Policy is available on the Company's website at <a href="https://www.straits-energyresources.com">https://www.straits-energyresources.com</a>.</p>
<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 4.1

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>	:	<p>The Board has an overall responsibility on the Company's sustainability initiatives.</p> <p>The Board takes into account sustainability considerations when exercising its duties including amongst others the development and implementation of Company's strategies, business plans, major plans of action and risk management.</p> <p>In view of the above, the Company has established a Sustainability Management Committee which comprises key management personnel with direct reporting to the Group Managing Director in providing leadership and direction for the implementation of sustainability initiatives and reporting throughout the Group.</p> <p>Further details of the sustainability practices are disclosed in the Sustainability Statement of Annual Report 2022.</p>
<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 4.2

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>	:	<p>The Group has always been working closely with various stakeholders, which allows Straits to fully comprehend and complement various expectations and requirements from the stakeholders and enables the Group to better manage matters pertaining to sustainability.</p> <p>As part of the sustainability initiatives, the Company will continuously improve the stakeholder engagement approach via various engagement platforms.</p> <p>With engagements with both internal and external stakeholders, the Company believes in delivering both stakeholders and social values for the long-term growth by building excellent corporate governance that will contribute positively to the society and the environment.</p> <p>In addition, the Company's sustainability performance has also been set out in its Sustainability Statement for the information of its internal and external stakeholders.</p> <p>Details of the Stakeholders Engagement are as set out in the Sustainability Statement of the Annual Report 2022.</p>
<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>	:	<p>During the Board evaluation exercise undertaken for the financial year ended 31 December 2022 (“FY2022”), all the Directors were encouraged to attend suitable training programmes for the financial year ending 31 December 2023 to keep abreast with the latest business and regulatory development including corporate governance, sustainability, or any other applicable topics which would aid in their discharge of fiduciary/statutory duties as Directors.</p> <p>The Board will ensure its members undergo training programmes on sustainability issues and continue to keep themselves abreast with the sustainability issues relevant to the Company and its business.</p>
<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 4.4**

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>	:	Applied	
<b>Explanation on application of the practice</b>		An evaluation of the performance of the Board members was carried out during the year by the NC. An assessment of the performance of the senior management was conducted by the Group Managing Director.	
<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 4.5- 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.

<i>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.</i>	
<b>Application</b>	Not Adopted
<b>Explanation on application of the practice</b>	

## 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 NRC upon its recent annual review carried out, is satisfied that the size of the Board is sufficient for the Board to effectively discharge its roles and responsibilities for the benefit of the Company and its business and that there are appropriate mix of skills and core competencies in the composition of the Board.</p> <p>The NRC is satisfied that all the members of the Board are suitably qualified to hold their positions as Directors of the Company given their respective academic and professional qualifications, experience and qualities. The Directors were evaluated amongst others on contribution at meetings, objectivity during discussions and decisions.</p> <p>On 27 July 2022, Ho Fook Meng resigned as Independent Non-Executive Director. During the FY2022, Dato' Yoong Leong Yan was appointed as an Executive Director on 1 August 2022 and Datin Ng Fong Shiang was appointed on 17 August 2022 as an Independent Non-Executive Director.</p> <p>Subsequently, on 18 January 2023, Leong Kok Chaw was appointed as an Independent Non-Executive Director of the Company.</p> <p>In appointing or reappointing a Board member, the Board considers the current composition of the Board and the tenure of each Director on the Board. The Board takes cognisance of the new provisions of the ACE Market Listing Requirements of Bursa Securities on the limit of tenure of 12 years for independent directors.</p> <p>The NRC annually reviews the performance of all Directors including those seeking re-election based on fit and proper criteria, contribution and performance and independence (for Independent Directors).</p>

	<p>The Board had also adopted a Directors' Fit and Proper Policy, which serves as a guide to the NRC and the Board in their review and assessment of candidates to be appointed to the Board as well as existing Directors who are retiring and seeking re-election.</p> <p>The aforesaid policy serves to ensure that the person to be appointed or re-elected as a Director possesses the necessary character and integrity, experience and competence as well as the ability to discharge and give appropriate commitment and participation and contribution to the Board and the Company.</p> <p>The Directors' Fit and Proper Policy is published on the Company's website at <a href="https://www.straits-energyresources.com">https://www.straits-energyresources.com</a>.</p>
<p><b>Explanation for departure</b> :</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><b>Timeframe</b> :</p>	

**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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board comprises ten (10) members; wherein one (1) Group Managing Director, two (2) Executive Directors, three (3) Non-Independent Non-Executive Directors, three (3) Independent Non-Executive Directors and one (1) Alternate Director. The composition of the Board complies with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities which stipulated that at least two (2) Directors or one third (1/3) of the Board, whichever is the higher, are Independent Directors.</p> <p>Although less than half of the Board comprises Independent Directors, the Board views that the presence of the three (3) Independent Directors, all of whom are of sufficient calibre and experience, bring objectivity, balance and independent judgement to the decision-making process of the Board.</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>	:	
<b>Timeframe</b>	:	

### 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 Board is mindful that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years unless it is recommended by the NRC.  As at to-date, the tenure of all our Independent Directors does not exceed nine (9) years.
<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**

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: 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.</i>	
<b>Application</b>	Not Adopted
<b>Explanation on application of the practice</b>	

## 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>	:	<p>In identifying and nominating candidates to fill Board vacancies when they arise and appointment of additional new Director, the NRC sources for candidates, normally through recommendations of fellow Directors or major shareholders, and evaluates candidates based on, amongst others, their skills, knowledge, competency, experience, time commitment, character, professionalism and integrity.</p> <p>In evaluating candidates, the NRC applies strictly the concept of meritocracy, with no specific targets towards, nor discrimination against, any age group, cultural background or gender criteria although these attributes are taken into consideration in deriving a decision.</p> <p>The Board believes that diversity in skills and experience is fundamental towards good governance and in enhancing the effectiveness of Board's deliberation.</p> <p>The Board consists of qualified individuals with diverse experience, backgrounds and perspectives and who have demonstrated commitment to the Company from the attendance at meetings and deliberations at the same. The composition and size of the Board is such that it facilitates the making of informed and critical decisions.</p> <p>The Executive Directors are complemented by the experience and independent views of the Independent Non-Executive Directors as well as Non-Independent Non-Executive Directors who are professionals in the field of finance, banking, accounting, administration, strategic and business management.</p>

	The mix of skills and diverse experience of Board members and Senior Management are vital in directing and supervising the Group's overall business activities in light of the increasing challenging economic and operating environment in which the Group operates.	
<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**

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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company’s Board Charter sets out the process for which members are appointed to the Board. The NRC is responsible for assessing proposed candidates based on selection process and fit and proper criteria expected of a Director and makes recommendation to the Board if the proposed candidates are found to be suitable.</p> <p>The decision on new appointment of Directors rests with the Board after considering the recommendation of the NRC. In practice, upon the need to seek for a candidate for appointment of Directorship, the NRC, will source for candidates via recommendations from the existing Board members, Management or major shareholder.</p> <p>The Board is of the view that this process has been working well towards enhancing the effectiveness of the Board. Moreover, through the recommendation of familiar parties, the Board is to a certain extent assured of the integrity of the candidates for Directorship. Going forward, the Board will, nonetheless, consider sourcing candidates from external sources as promulgated by MCCG when the need to appoint Director arises.</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>	:	
<b>Timeframe</b>	:	

## 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>	:	<p>Shareholders are kept informed on the Board's decision in respect of appointment of Directors via announcements to Bursa Securities and updates on the Company's website.</p> <p>Dato' Yoong Leong Yan was appointed as an Executive Director on 1 August 2022 and Datin Ng Fong Shiang was appointed on 17 August 2022 as an Independent Non-Executive Director. Subsequently, on 18 January 2023, Leong Kok Chaw was appointed as an Independent Non-Executive Director of the Company.</p> <p>The details of Dato' Yoong Leong Yan, Datin Ng Fong Shiang and Leong Kok Chaw's interest, qualification, position, working experience and occupation are disclosed in the public announcements submitted to Bursa Securities.</p> <p>The profiles of Directors which include their age, gender, date of appointment and last re-election, directorships in other public/listed corporations, working experience and any conflict of interest with the Company, if any, are published in the Annual Report.</p> <p>The details of Directors who are standing for re-election at the forthcoming 26<sup>th</sup> Annual General Meeting of the Company are set out in the Board of Directors' Profile on pages 19, 20, 22, 24, 26 and 27 of Annual Report 2022.</p>
<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

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 Terms of Reference of the NRC provides that the Chairman of the NRC shall be appointed amongst the Independent Non-Executive Directors of the Company.  The current Chairman of the NRC is Datin Ng Fong Shiang, who is an Independent Non-Executive Director of the Company.
<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

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> :		
<b>Explanation for departure</b> :	<p>The Company currently has two (2) women Directors out of the total ten (10) Directors (including Alternate Director).</p> <p>The existing appointment to the Board were based on suitability of the person without any preference for, or discrimination against any particular gender.</p> <p>The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and socio-economic background and recognises the benefits of this diversity. The Board also encourages a dynamic and diverse composition based on competencies, skills, experience, character, time commitment, integrity and other qualities.</p> <p>The Board will continually assess the composition of the Board for gender diversity. The Board has not set a gender diversity target at the moment and will endeavour to ensure that gender, ethnicity and age diversity will be considered in future appointments of Directors to the Board.</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> :		
<b>Timeframe</b> :		

## 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>	:	
<b>Explanation for departure</b>	:	<p>The Board has not formalised a gender diversity policy for the Board and Senior Management.</p> <p>The Board also does not have a specific policy for setting targets on gender, ethnic or age composition on the Board or Senior Management. Assessment of suitability of candidates for Directorship is based on the candidates' competency, character, time commitment, integrity and experience in meeting the Company's needs, whilst the selection of Senior Management is largely based on the merits, skills and relevant experience of the candidates concerned.</p> <p>The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre.</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>	:	
<b>Timeframe</b>	:	

## 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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC members are tasked with evaluating the effectiveness of the Board, Board Committees and the performance of each individual Director. The evaluation exercise is undertaken after the end of each financial year.</p> <p>The evaluation involved the Board Committee members completing separate questionnaires regarding the performance of the Board and its Board Committees, their effectiveness and where improvements could be considered. The evaluation process also involved peer and self-review assessments, where Directors would assess their own performance and that of their fellow Directors. These assessments and comments were then discussed amongst the NRC members and a collective conclusion was reported to the Board.</p> <p>Straits is not a Large Company and hence no independent expert was engaged for this purpose.</p>
<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 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>	:	<p>The Board has adopted the Remuneration Policy to determine the remuneration of Directors and Senior Management.</p> <p>The Company aims to set remuneration at levels which are sufficient to attract and retain high calibre Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.</p> <p>The Board, vide the NRC, reviews and assesses the remuneration of the Group Managing Director, Executive Directors, Non-Executive Directors and Senior Management.</p> <p>The Board recommends the fees and other benefits of Non-Executive Directors on a yearly basis to the shareholders for approval at the Annual General Meeting in line with the provision of the Company's Constitution.</p> <p>Each individual Director abstains from participating in discussion or voting on decision pertaining to his own remuneration at relevant NRC and Board meetings.</p> <p>The Remuneration Policy is set out in the Board Charter and is periodically reviewed and made available on the Company's website at <a href="https://www.straits-energyresources.com">https://www.straits-energyresources.com</a>.</p>
<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 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 Board has established a NRC, comprising three (3) Directors, a majority of whom are Independent Non-Executive Directors.</p> <p>The NRC is in-charged with the duties for developing and implementing remuneration policy including reviewing and recommending matters relating to the remuneration of the Board and Senior Management.</p> <p>The composition and activities of the NRC are set out in the Corporate Governance Overview Statement on pages 51 to 54 of the Annual Report 2022.</p> <p>The TOR of the NRC is made available in the Company's website at <a href="https://www.straits-energyresources.com">https://www.straits-energyresources.com</a>.</p>
<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**

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>	:	Details of the remuneration of individual Directors of the Company are disclosed on named basis as stated below. The remuneration breakdown of individual Directors is also set out on pages 54 to 56 of the Annual Report 2022 of the Company.

No	Name	Directorate	Company (RM '000)							Group (RM '000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah	Non-Executive Non-Independent Director	54	5.2	-	-	-	-	59.2	294	5.2	-	-	7	-	306.2
2	Tan Sri Mohd Bakri Bin Mohd Zinin	Non-Executive Non-Independent Director	48	24.2	-	-	-	-	72.2	288	24.2	-	-	7.2	-	319.4
3	Leong Fook Heng	Independent Director	48	25.8	-	-	-	-	73.8	48	25.8	-	-	-	-	73.8
4	Ho Fook Meng (Resigned on 27/07/2022)	Independent Director	28	16.8	-	-	-	-	44.8	28	16.8	-	-	-	-	44.8
5	Harison Binti Yusoff	Non-Executive Non-Independent Director	48	6.2	-	-	-	-	54.2	48	6.2	-	-	-	-	54.2
6	Dato' Sri Ho Kam Choy	Executive Director	-	-	180	15	-	23.9	218.9	36	-	750	92.5	-	110.6	989.1
7	Captain Tony Tan Han (Chen Han)	Executive Director	-	-	-	-	-	-	-	-	-	534.4	-	-	105.5	639.9
8	Ho Hung Ming (Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin)	Non-Executive Non-Independent Director	-	-	-	-	-	-	-	-	-	228	35	-	34.8	297.8
9	Dato' Yoong Leong Yan (Appointed on 1/8/2022)	Executive Director	-	-	-	-	-	-	-	-	-	100	8.3	-	5.6	113.9
10	Datin Ng Fong Shiang (Appointed on 17/8/22)	Independent Director	17.9	6	-	-	-	-	23.9	17.9	6	-	-	-	-	23.9

## 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> :																	
<b>Explanation for departure</b> :	<p>The remuneration of the top five (5) Key Senior Management (Group basis) for FY 2022 is as follows:-</p> <table border="1"><thead><tr><th>Range of Remuneration per annum (RM)</th><th>Key Senior Management (Group Basis)</th></tr></thead><tbody><tr><td>100,001 - 150,000</td><td>1</td></tr><tr><td>150,001 - 200,000</td><td>1</td></tr><tr><td>200,001 - 250,000</td><td>-</td></tr><tr><td>250,001 - 300,000</td><td>-</td></tr><tr><td>300,001 - 350,000</td><td>-</td></tr><tr><td>350,001 - 400,000</td><td>-</td></tr><tr><td>More than 400,000</td><td>3</td></tr></tbody></table> <p>The Board has not applied Practice 8.2 on the disclosure on named basis of the top five (5) senior management's remuneration due to confidentiality reasons and such disclosures may be prejudicial to the Company's business interests given that poaching of qualified Senior Management is common.</p> <p>As an alternative, the Board is of the view that the disclosure of the remuneration paid to the top five (5) Key Senior Management (Group Basis) for the FY2022 on unnamed basis in the bands of RM50,000 is adequate.</p>	Range of Remuneration per annum (RM)	Key Senior Management (Group Basis)	100,001 - 150,000	1	150,001 - 200,000	1	200,001 - 250,000	-	250,001 - 300,000	-	300,001 - 350,000	-	350,001 - 400,000	-	More than 400,000	3
Range of Remuneration per annum (RM)	Key Senior Management (Group Basis)																
100,001 - 150,000	1																
150,001 - 200,000	1																
200,001 - 250,000	-																
250,001 - 300,000	-																
300,001 - 350,000	-																
350,001 - 400,000	-																
More than 400,000	3																
<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> :																	

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.

<i>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.</i>	
<b>Application</b> :	Not Adopted
<b>Explanation on application 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>	:	The Chairman of the AC is not the Chairman of the Board. The Company has applied Practice 9.1 of MCCG which stipulated that the Chairman of the AC is not the Chairman of the Board. The AC is chaired by an Independent Non-Executive Director, Leong Fook Heng who is not the Chairman of the Board.
<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

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 Company has adopted an External Auditors Assessment Policy which stated that a former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the AC.</p> <p>The cooling off period safeguards the independence of the audit by avoiding the potential threats which may arise when a former partner of the external audit firm is in position to exert significant influence over the audit and preparation of the Company's financial statements.</p> <p>None of the members of the Board are former partners of the external audit firm of the Company and in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of Board.</p>
<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**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has in place a formalised External Auditors Assessment Policy to enhance the External Auditors' assessment processes and procedures. The policy shall assess the performance, suitability, objectivity and independence of the External Auditors.</p> <p>The AC has undertaken an assessment of the independence, timeliness, competence, audit quality and resource capacity of the External Auditors, Messrs. Moore Stephens Associates PLT, in relation to their audit, the nature and extent of the non-audit services rendered and the appropriateness of the level of fees.</p>
<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**

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

<i>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.</i>	
<b>Application</b> :	Not Adopted
<b>Explanation on application 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>The AC members possess a wide range of skills to discharge their duties and their profiles are set out in the Annual Report 2022. All AC members are financially literate and they have sufficient knowledge and understanding of the Group's businesses to enable them to discharge their duties effectively.</p> <p>Based on the outcome of the AC's effectiveness assessment, the Board is satisfied with the AC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC and discharged their duties effectively.</p> <p>All AC members are aware of the need to undertake professional development from time to time to keep abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>During the AC meetings, the members were briefed by the External Auditors on the following key areas:-</p> <ul style="list-style-type: none"><li>i) Financial Reporting developments;</li><li>ii) Adoption of Malaysian Financial Reporting Standards; and</li><li>iii) Other changes in regulatory environment.</li></ul>
<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

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 has adopted a Framework for Enterprise Risk Management ("<b>ERM Framework</b>") to provide a comprehensive approach to identify and manage risk which could be prevented, to effectively achieve its business goals and strategies.</p> <p>The Board through the AC would obtain report from the Internal Auditors on their review of the internal control system.</p> <p>The Board has also established a BRCC to assist with the oversight of risk management activities.</p> <p>Details of the Risk Management and Internal Control Framework are set out in the SORMIC of the Company's Annual Report 2022.</p>
<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

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>	:	The Board has disclosed key features of its risk management and internal control system in SORMIC in the Annual Report 2022.  As stated in the SORMIC, the Board is of the opinion that the risk management and internal control systems of the Group are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report 2022.
<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**

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.

*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> :	Not Adopted
<b>Explanation on application of the practice</b> :	

## 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 Board acknowledges its responsibility for the Group's system of internal controls, which is designed to identify and manage the risks facing the business in pursuit of its objectives. The system of internal control covers risk management, financial, organisational and compliance controls to safeguard shareholders' investments and the Group's assets. This system can only provide reasonable but not absolute assurance against misstatement or loss.</p> <p>The outsourced Internal Auditors provides the AC with their internal audit reports outlining the observations and recommendations to improve the effectiveness of risk management, internal control and governance processes.</p> <p>The Board takes comfort that the outsourced internal auditors have the necessary competency, experience and resources to function effectively and that the outsourced internal auditors is independent of the management of the Group.</p> <p>For more information about the internal audit function and the scope of works covered for the financial year under review, please refer to the AC Report and SORMIC included in the Annual Report 2022 of the Company.</p>
<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

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 Internal Audit Function is carried out in accordance with the International Professional Practice Framework (“<b>IPPF</b>”) by an outsourced independent professional firm, Tricor Axcelasia Sdn Bhd (“<b>Axcelasia</b>”).</p> <p>The number of staff deployed for the internal audit reviews is four (4) staff per visit including the Engagement Executive Director. The staff involved in the internal audit reviews possess professional qualifications and/or a university degree and some are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence</p> <p>The engagement Executive Director of Axcelasia is Chang Ming Chew, who is an Executive Director of Axcelasia. Chang Ming Chew is a Certified Information Systems Auditor from ISACA; Certified Internal Auditor and holds a Certification in Risk Management Assurance from the Institute of Internal Auditors; professional member of the Institute of Internal Auditors Malaysia; member of the Association of Chartered Certified Accountants (UK); and member of the MIA.</p> <p>In November 2022, the Board has approved the appointment of Resolve IR Sdn Bhd as the new outsourced internal auditors in place of Axcelasia as recommended by the AC, to conduct internal audit for the Group for the financial year ending 31 December 2023.</p>
<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

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>The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, stakeholders and public at large. Pursuant to that, the Board has formalised an internal Corporate Disclosure Policy.</p> <p>The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and media release.</p> <p>The Annual General Meeting (“<b>AGM</b>”) and Extraordinary General Meeting (“<b>EGM</b>”) are vital and principal forums for dialogues with shareholders of the Company. AGM and EGM provide important platforms for Directors and Senior Management personnel to engage with shareholders to facilitate greater understanding of the Group's business developments and its financial performance.</p> <p>The Company has a website which is accessible at <a href="https://www.straits-energyresources.com">https:// www.straits-energyresources.com</a>.</p> <p>A dedicated “Investors Relations” section has been established at the Company's website to enable shareholders to obtain the information on announcements, annual report, general meetings, financial reports, etc.</p>
<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**

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>	:	
<b>Explanation for departure</b>	:	Not adopted as the Company is not a large company.
<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

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Annual Report together with the notice of AGM is circulated at least twenty-eight (28) days before the meeting date to provide shareholders sufficient time to go through the Annual Report and make the necessary attendance and voting arrangement at the AGM. Each item of special business included in the notice of the meeting will be accompanied by a full explanation on the effects of a proposed resolution.</p> <p>The Company continuously applied this Practice. For its 25<sup>th</sup> AGM held on 23 June 2022, the Company issued the notice on 29 April 2022, which represents a notice period of more than 28 clear days.</p>
<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

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>	:	<p>The AGM and the EGM are the main forums by which the Company provides the opportunity for dialogue between Board members, External Auditors and the shareholders. Ample time is given for question and answer sessions.</p> <p>The Company's 2022 EGM and AGM were held fully-virtual on 19 January 2022 and 23 June 2022 respectively.</p> <p>Board of Directors including the Chair of the respective Board Committees attended the EGM and AGM to provide meaningful response to questions posed by the shareholders or proxies via the remote participation and voting facilities.</p> <p>The Chairman, at the commencement of EGM and AGM explained to shareholders their rights to be heard, to exercise their voting rights and to raise questions pertaining to the agenda items tabled at the meetings, should they need any clarification, before putting the relevant resolutions to vote by poll. The results of the votes were scrutinised by an independent scrutineer and declared by the Chairman of the meeting.</p>
<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

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>	:	<p>At the Company's EGM and 25<sup>th</sup> AGM held on 19 January 2022 and 23 June 2022 respectively, the Company has leveraged on technology to conduct a fully virtual meeting with Remote Participation and Voting ("RPV") facilities provided by Tricor Investor &amp; Issuing House Services Sdn Bhd ("Tricor") in accordance with the Constitution of the Company and Section 327(1) and (2) of the Companies Act 2016.</p> <p>It enabled shareholders to attend and vote via the RPV facilities or consider appointing the Chairman of the General Meeting as proxy to attend and vote on their behalf.</p> <p>The Company has appointed the share registrar, Tricor as Poll Administrator to conduct the polling process and Asia Securities Sdn Berhad as scrutineers to verify the poll results for both EGM and AGM.</p> <p>Shareholders logged on to Tricor's TIH Online website with their usernames and passwords and participated in the EGM and AGM remotely via the live streaming. Shareholders exercised their rights to attend, participate and vote at the meeting remotely using the RPV facilities at <a href="http://tih.online">http://tih.online</a>.</p> <p>TIH Online platform is hosted on a secure cloud platform with good cyber hygiene practices and security in place to prevent cyber threat.</p>
<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

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> :	<p>The digital meeting platform with the RPV facilities has enabled the shareholders and proxies to raise their questions via query box, prior to and during the EGM and 25<sup>th</sup> AGM held virtually on 19 January 2022 and 23 June 2022 respectively.</p> <p>Shareholders and proxies were given sufficient time to send in their questions before the meetings i.e. from the date of notice of meeting up to 48 hours before the time appointed for the meeting, and also to pose their questions via query box (real time) prior to and during the EGM and 25<sup>th</sup> AGM.</p> <p>The Board and Management attended to the questions raised on the Company's financial and non-financial performance and shared their responses with the shareholders and proxies at the EGM and 25<sup>th</sup> AGM. Such arrangement made by the Company has given the opportunity for the shareholders and proxies to have a real-time and two-way interaction with the Board and Management.</p>
<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

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.

*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.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The details of the virtual EGM and AGM held in year 2022 and guidance notes on the conduct of EGM and AGM were stated explicitly in the Administrative Guide to Shareholders together with the Notices of EGM and AGM which were sent through email and/or by ordinary post and the same were also published in the Company's website.</p> <p>The shareholders were guided accordingly for their participation in the EGM and AGM. The proceedings of the EGM and AGM were live broadcasted, and the shareholders were able to join the live streamed EGM and AGM via web portal or mobile application which was facilitated by Tricor, being the Share Registrar of the Company and the poll administrator for the EGM and AGM.</p> <p>The Chairman also encouraged shareholders to pose questions during the meeting by using query box provided in the livestreaming platform at the "Questions and Answers" session in the meeting. Shareholders have experienced real time interaction with the Board during the EGM and AGM. The questions and corresponding replies were read out by the Group Managing Director during the EGM and AGM.</p>
<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

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> :	Departure
<b>Explanation on application of the practice</b> :	
<b>Explanation for departure</b> :	<p>The Board acknowledges the recommendation of MCCG to circulate the minutes of the general meeting to the shareholders no later than 30 business days after the general meeting and would consider taking necessary action to publish the minutes of meeting in a platform which accessible to the shareholders i.e. Company's website.</p> <p>The General Meeting Minutes of the Company are available for shareholders inspection upon request.</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> :	
<b>Timeframe</b> :	

**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.*

N/A
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