

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 7036  
**COMPANY NAME** : Borneo Oil Berhad (the “Company” or the “Group”)  
**FINANCIAL YEAR** : June 30, 2024

## 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 PERSUANT 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 is collectively responsible for the long-term success of the Company and for delivering sustainable value to its stakeholders. To effectively fulfil its functions and responsibilities, the Board has established a Board Charter and set up Board Committees with clear Terms of Reference.</p> <p>The Board Charter guides the Board's roles and responsibilities, including reviewing and adopting the Group's strategic plans, overseeing business operations, ensuring the adequacy of internal controls, identifying and managing principal risks, establishing a succession plan, developing a shareholder communication policy, reviewing management information and internal control systems, and promoting a culture of good corporate governance that fosters ethical, prudent, and professional behaviour.</p> <p>The roles and responsibilities of the Board include:</p> <ul style="list-style-type: none"> <li>i. Identifying principal risks and ensuring the implementation of appropriate internal controls and risk management measures;</li> <li>ii. Reviewing and adopting the Company's strategic plans;</li> <li>iii. Overseeing the conduct of the Company's business;</li> <li>iv. Succession planning;</li> <li>v. Overseeing the development and implementation of an investor communication policy for the Company; and</li> <li>vi. Reviewing the adequacy and integrity of the Company's management information and internal control system.</li> </ul>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<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 role of the Chairman of the Board, as outlined in the Board Charter, is to provide leadership, promote good governance, set the tone for governance, and maintain the Board's focus on its objectives during and outside board meetings, as well as offer insights on current issues both within and outside the industry.</p> <p>Mr. Tan Kok Chor serves as the Non-Independent Non-Executive Chairman of the Company, with his profile detailed in the accompanying Annual Report 2024. Under his leadership, he has ensured that the Board functions effectively while maintaining strong corporate governance. As Chairman, Mr. Tan brings experience in commercial, legal, and administrative matters and holds various directorships in other private limited companies in Malaysia.</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 1.3

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	Mr. Tan Kok Chor serves as the Non-Independent Non-Executive Chairman, while Datuk Joseph Lee Yok Min @ Ambrose holds the position of Managing 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

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 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 Company Secretaries are Ms. Chin Siew Kim and Ms. Andrea Huong Jia Mei, both of whom are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016.</p> <p>They are experienced, competent, and knowledgeable, playing a crucial role in advising the Board on corporate compliance with relevant laws, rules, procedures, and regulations that affect the Board, the Group, and governance best practices. Their roles and responsibilities are outlined in the Board Charter.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretaries. The Board is regularly updated on relevant legislation, regulations, and guidelines, including any amendments issued by Bursa Malaysia Securities Berhad, the Securities Commission Malaysia, and other regulatory authorities. This includes guidance on corporate law reform in Malaysia and applicable foreign jurisdictions, and the impact of new or amended legislation on both the Directors and the Group.</p> <p>The Company Secretaries ensure that decisions made by the Board and its committees are properly documented and communicated to Management for timely action. They are responsible for operating the secretariat function, which includes lodgements with relevant statutory and regulatory bodies, managing the administration of Board and Board Committee meetings (such as preparation of minutes, matters arising, and Board Committee Chairman's reports), overseeing processes related to the Company's general meetings, and assisting the Board in adopting the latest corporate governance practices to meet the Board's needs and stakeholders' expectations.</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 1.5**

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>All Directors receive an agenda and a set of board papers, including previous minutes and other relevant information, well in advance of Board Meetings. This ensures that Directors can understand the issues to be discussed and seek further explanations if needed.</p> <p>Directors have the option to participate in Board or Board Committee meetings through electronic means, with meetings held either physically or in hybrid mode. All discussions and decisions made during Board or Board Committee meetings, including dissenting views and instances where a Director abstained from voting or deliberation, are duly recorded in the minutes.</p> <p>The Board papers contain comprehensive information, and the meeting minutes ensure that Board members can make well-informed decisions. Senior management staff may be invited to attend Board meetings to provide input on relevant matters.</p> <p>Draft minutes of the meetings are typically circulated to the Directors within 14 days after each meeting for review.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<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>	:	The Board has established a Board Charter that delineates the responsibilities of the Board, Board Committees, Chairman, Independent Non-Executive Directors, Executive Directors, and the Company Secretary in line with good corporate governance principles, as outlined in policy documents and guidelines issued by relevant regulatory authorities. The Board Charter is available on the Company's website at <a href="http://borneo-oil.com.my">Board Charter (borneo-oil.com.my)</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 3.1

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 implemented a Code of Conduct and Ethics ("the Code") throughout the Group, outlining the ethical standards and good conduct expected from every director and employee. The Code provides a framework for behaviour, and failure to comply may lead to disciplinary actions, including termination of employment or appointment.</p> <p>The Code covers various areas, including compliance with the law, professional integrity, accurate accounting, bribery, gifts and entertainment, conflicts of interest, diversion, confidentiality, protection of company assets, political and charitable contributions, as well as occupational health, safety, and environmental activities.</p> <p>The Code of Conduct and Ethics is available on the Company's website at <a href="#">Code of Conduct and Ethics.pdf (borneo-oil.com.my)</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 3.2

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 Board ensures a safe and confidential avenue for all employees of the Group, as well as members of the public, to raise concerns regarding poor or unacceptable practices and misconduct. Whistle-blowers are assured of protection from any detrimental action or unfair treatment for raising concerns in good faith. The whistleblowing policy aims to encourage employees and stakeholders to report unethical behaviour, illegal activities, malpractices, or non-compliance with legal or regulatory requirements in the workplace.</p> <p>The Company is committed to handling all disclosures confidentially and sensitively, with the whistle-blower's identity kept confidential unless prior written consent has been obtained or if disclosure is required by law or regulatory authorities.</p> <p>The Whistleblowing Policies and Procedures can be found on the Company's website at <a href="http://borneo-oil.com.my">Whistleblowing Policies and Procedures (borneo-oil.com.my)</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**

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

**Practice 4.1**

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>According to the Board Charter, the Board composition must include a minimum of two directors or one-third of the Board of Directors, whichever is greater, as Independent Non-Executive Directors (INEDs).</p> <p>As of the end of the financial year, the Board consists of seven members, three of whom are INEDs. This composition meets the requirement outlined in Paragraph 15.02 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, ensuring that at least one-third of the Board comprises independent directors.</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 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company acknowledges the recommendation from the Malaysian Code on Corporate Governance (MCCG) that the tenure of an independent director should not exceed a cumulative limit of nine years. After completing this term, an Independent Director may continue to serve on the Board, provided there is an assessment by the Board and approval from shareholders at a general meeting.</p> <p>According to the MCCG 2021, an independent director who has served for nine years may remain on the Board as a non-independent director. If the Board wishes to retain an independent director beyond this nine-year period, it must provide justification and obtain annual shareholder approval through a two-tier voting process.</p> <p>Mr. Seroop Singh Ramday, Senior Independent Non-Executive Director, has completed nine years of service in this capacity. Consequently, the Company will seek shareholders' approval through a two-tier voting process at the upcoming 40th Annual General 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**

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

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption 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 4.4**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company outlines its approach to diversity on the Board, encompassing gender, age, and ethnic diversity. However, the Board is dedicated to further enhancing diversity in terms of skills, experience, and cultural backgrounds within its composition. Rather than setting specific targets for boardroom diversity, the Board believes that the selection of members should be grounded in objective criteria, merit, and a thoughtful consideration of diversity.</p> <p>In identifying suitable candidates, the Nomination Committee is tasked with recommending Directors for re-election when they retire by rotation. This recommendation is based on formal evaluations of Directors' performances, considering the Board competency matrix and each Director's contributions through their knowledge, experience, level of independence, and commitment to acting in the best interests of the Group during decision-making processes.</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 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has consistently recognised the importance of gender and workplace diversity, as outlined in Practice 5.5 and Practice 5.10 of the MCCG 2021, which advocate for increasing women's representation at both the Group level and within the boards of its subsidiaries. However, the Board believes that while promoting gender diversity is essential, the primary selection criteria for directors should focus on a robust combination of competencies, skills, and extensive experience in areas identified as priorities by the Board. This ensures that qualifications, experience, and capabilities are not compromised.</p> <p>When appointing a director or senior management, the Nomination Committee evaluates candidates based on their individual merits, experience, skills, competencies, knowledge, and potential contributions, while also considering boardroom diversity. The Company does not set specific targets for boardroom diversity, but female representation will be factored in when identifying suitable candidates.</p> <p>As of June 30, 2024, the Board consists of three female directors: Ms. Georgia Suzanne Lingam @ Gerogianne, Ms. Susie Chung Kim Lan, and Ms. Siti Ainee Hanum Binti Suhaidi.</p> <p>These three female directors represent 42.85% of the total Board composition.</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 4.6**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee (NC) will conduct an annual review of the necessary mix of skills, experience, and other qualities, including core competencies that Directors should contribute to the Board. This review will assess the overall effectiveness of the Board and address succession planning, as well as boardroom and gender diversity, to ensure its ongoing effectiveness.</p> <p>The procedures for appointing Board members are formal and transparent. Candidates may be identified through recommendations from existing Board members, senior management, shareholders, and independent third-party referrals.</p> <p>When selecting candidates for Board appointments, various factors are considered regarding their mix of skills, experience, and strengths that would be pertinent for the effective fulfilment of the Board’s responsibilities.</p> <p>The Board will also consider referrals from external sources to find suitably qualified candidates, ensuring it does not rely solely on recommendations from current Board members, management, or major shareholders.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<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 4.7**

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 Nomination Committee consists solely of Non-Executive Directors, all of whom are independent.  The committee is chaired by Mr. Seroop Singh Ramday, who serves as the Senior Independent Non-Executive 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**

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

**Practice 5.1**

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The effectiveness of the Board, its committees, and individual directors, including Independent Directors, was evaluated internally under the guidance of the Nomination Committee (NC) and facilitated by the Company Secretaries.</p> <p>The evaluation criteria for the Board, Board Committees, and individual Directors were primarily based on regulatory requirements and emerging best practices from the MCCG.</p> <p>The Board also evaluated the independence of the Independent Directors for the financial year under review, which was conducted internally with assistance from the Company Secretaries. Following these assessments, the Board is confident that the Company's Independent Directors maintain their independence from management and are free from any business or other relationships that could compromise their independent judgment.</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 6.1

The board has in place 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 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 Group's policy on the remuneration of Directors and Senior Management outlines formal and transparent procedures for determining their compensation. This policy aims to attract and retain talented Senior Management, align their interests with those of shareholders, and support the Company's long-term objectives.</p> <p>The Remuneration Committee reviews and recommends the remuneration for Executive Directors to the Board for approval. This review considers individual performance, economic conditions, the inflation rate, achievement of budgetary goals, and data from independent sources regarding salary benchmarks for similar positions in comparable companies. The Remuneration Policies is published on the Company's website at <a href="http://borneo-oil.com.my">Remuneration Policy (borneo-oil.com.my)</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 6.2

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>In accordance with the best practices outlined in the MCG 2021, the Board has established a Remuneration Committee (RC) consisting of three Independent Non-Executive Directors, chaired by the Senior Independent Non-Executive Director, Mr. Seroop Singh Ramday.</p> <p>A summary of the key activities undertaken by the RC during the financial year is provided in the RC Report within the Company's Annual Report 2024.</p> <p>The Remuneration Committee operates under written Terms of Reference that outline its authority and responsibilities, which are available on the Company's website at <a href="http://borneo-oil.com.my">RC Term of Reference (borneo-oil.com.my)</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 7.1**

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 specific details of each Director's remuneration for the financial year under review are provided on a named basis in the Corporate Governance Overview Statement of the Company's Annual Report 2024.	
<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 7.2

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 Board believes that disclosing the detailed remuneration of its Senior Management on a named basis is not in the Company's best interest, given the competitive nature of the industry and the sensitivities surrounding such disclosures. Maintaining the confidentiality of this information is vital for the Group's effective talent management.</p> <p>As an alternative to the recommended practice, the Board has chosen to disclose the number of Senior Management whose aggregate remuneration for the financial year under review is outlined in the Corporate Governance Overview Statement of the Company's Annual Report 2024.</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 assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - 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>	:	

**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 8.1**

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 Audit Committee is chaired by Ms. Susie Chung Kim Lan, who serves as an Independent Non-Executive Director and does not hold the position of Chairperson 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 8.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company has neither a precedent nor an intention to appoint a former auditor as a member of the Audit Committee. Consequently, no policy regarding this matter has been established at this time.	
<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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The primary role of the Audit Committee is to assist the Board in fulfilling its responsibility to ensure that the Group's financial statements comply with Malaysian Financial Reporting Standards ("MFRS") and other relevant accounting standards. Additionally, it reviews the adequacy and effectiveness of the Group's internal control systems.</p> <p>The Audit Committee ensures the independence of external auditors regarding the activities they audit. It also examines contracts for any non-audit services provided by the external auditors to maintain their independence and objectivity. This annual review and assessment include evaluating the external audit firm's reputation, independence, objectivity, audit quality, performance, audit team, audit scope and planning, fees, communication, and resources, as supported by evaluations from relevant management members.</p> <p>The external auditors have confirmed to the Audit Committee that they have maintained their independence throughout the audit engagement, adhering to the independence criteria established by the Malaysian Institute of Accountants.</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 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee consists exclusively of three (3) Independent Non-Executive Directors:  1. Ms. Susie Chung Kim Lan - Chairperson 2. Mr. Seroop Singh Ramday - Member 3. Ms. Siti Ainee Hanum Binti Suhaidi - Member  None of the members serves as an alternate director.

### 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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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 qualifications and experience of each Audit Committee member are detailed in the Directors' profile section of the Annual Report 2024.</p> <p>Throughout the financial year under review, all Audit Committee members participated in relevant training programs to stay updated on the latest developments in accounting and auditing standards, statutory laws, regulations, and best practices, ensuring they can effectively fulfil their responsibilities.</p> <p>The specific training programs attended by the Audit Committee members during this period are outlined in the Corporate Governance Overview Statement of the Company's Annual Report 2024.</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 9.1

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 is regularly informed about the Group's internal control system, which includes risk management practices alongside financial, operational, and compliance controls. It oversees all identifiable risks within the Group to ensure that policies and procedures related to risks and internal controls are executed in line with the Group's business objectives. Additionally, the Board is dedicated to maintaining and reviewing the adequacy and integrity of the internal control system, which aims to provide reasonable assurance regarding the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with applicable laws and regulations.</p> <p>The Risk Management Committee assesses the risk management policies developed by Management and evaluates the effectiveness of the mechanisms established to identify, assess, and mitigate risks. It subsequently provides risk-related recommendations to the Board for consideration and approval. The Risk Management Committee is also tasked with ensuring that appropriate systems are in place to identify and highlight areas of potential business or operational risk within the Group.</p>
<b>Explanation for departure</b>	:	
<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>	:	
<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 9.2

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>	:	Details regarding the characteristics of the risk management and internal control framework, as well as the adequacy and effectiveness of this framework, are outlined in the Statement on Risk Management and Internal Control included in the Annual Report 2024.
<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 9.3 - 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 Group's Risk Management Committee, composed entirely of Independent Directors from the Audit Committee, is responsible for overseeing the Company's risk management framework and policies.

### 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 10.1

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 recognises the significance of internal audit functions and has enlisted an independent professional firm to deliver impartial assurance to both the Board and the Audit Committee. This firm assesses the adequacy, efficiency, and effectiveness of the Group's internal control system.</p> <p>The internal audit adopts a risk-based approach, formulating its audit plan according to the Group's risk profiles derived from risk assessments. Internal audits are conducted as per the annual audit plan approved by the Audit Committee, with reports generated and reviewed by Audit Committee members throughout the year.</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 10.2

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 has been outsourced to an independent professional firm that is free from any relationships or conflicts of interest that could compromise its objectivity and independence. The Audit Committee conducted a review of the internal auditors' appointment before their engagement.</p> <p>The appointed internal audit firm, Valens Consult Services Sdn. Bhd., brings technical expertise and resources to the table, conducting audits in accordance with a recognised framework, as outlined in the Statement on Risk Management and Internal Control.</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 11.1

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 Company features a dedicated Investor Relations ("IR") section on its website, which facilitates regular communication with all stakeholders, including key institutional investors and analysts, and addresses shareholder inquiries.</p> <p>The Board strives to provide timely and accurate disclosures of all material information related to the Group to shareholders and investors. This information is shared through various disclosures and announcements made to Bursa Securities, including quarterly financial results, audited financial statements, and Annual Reports.</p> <p>All disclosed information is also published electronically on Bursa Securities and the Company's corporate website at <a href="http://www.bursamalaysia.com">www.bursamalaysia.com</a> and <a href="http://www.borneo-oil.com.my">www.borneo-oil.com.my</a>, both of which are accessible to the public.</p> <p>The Board strictly follows the Bursa Securities disclosure framework to ensure that investors and the public receive accurate and complete information promptly. Additionally, the Board ensures that authorised personnel manage confidential information to prevent leakage and misuse, remaining vigilant that any information deemed material is announced immediately.</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 11.2**

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

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<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 12.1

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>In accordance with the Companies Act 2016 and the Main Market Listing Requirements (MMLR) of Bursa Securities, an Annual General Meeting (AGM) must be called with a minimum notice of 21 days. However, our Board has opted to extend this notice period to at least 28 days for the 40th AGM. We believe this provides our shareholders with ample time to make informed decisions regarding the AGM's business agenda and to arrange their attendance, whether in person or through corporate representatives, proxies, or attorneys.</p> <p>The AGM Notice will also feature an accompanying AGM Guide, offering shareholders important information about the meeting, including their rights to attend, appoint proxies or representatives, and details about the voting procedures. Additionally, relevant explanatory notes for the proposed resolutions will be included in the AGM Notice to help shareholders better understand and evaluate the issues at hand, enabling them to make informed decisions when exercising their voting rights.</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 12.2**

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>All Directors are expected to attend and actively participate in the Company's general meetings, except in cases of unforeseen circumstances.</p> <p>Shareholders are encouraged to attend the Annual General Meeting (AGM) each year and are welcome to ask questions regarding any proposed resolutions. The Chairman and Directors will be present at the meeting to address any concerns raised by stakeholders related to the functions and activities of their respective Committees.</p> <p>During the previous AGM, all Directors were in attendance.</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 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company will conduct its 40th Annual General Meeting (AGM) at the Plaza Shell in Kota Kinabalu, Sabah, ensuring that the venue is easily accessible for shareholders.</p> <p>The Board has chosen a physical platform to enhance engagement with shareholders, facilitating a more effective two-way communication flow during the general meetings.</p> <p>In the future, the Board may consider incorporating technology to enable voting in absentia and remote participation for shareholders, promoting broader involvement in general meetings.</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  
PERSUANT 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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