

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7045
COMPANY NAME : SCOMI ENERGY SERVICES BHD.
FINANCIAL YEAR : June 30, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The role of the Board of Directors ("Board") is to govern and set the strategic direction of the Company, whilst the Management manages the Company and the Group in accordance with the strategic direction and delegations of the Board. The responsibility of the Board is to oversee the activities of the Management in carrying out these delegated duties.</p> <p>To enhance the Board and the Management's accountability to the Company and its shareholders, the Board has established clear functions reserved for the Board and those delegated to the Management. The Board operates under a Board Charter and Board Policy Manual, which establishes a formal schedule of matters and deliberation at the Board Meetings.</p> <p>The Group is led and controlled by an effective Board which assumes, amongst others, the following principle roles and responsibilities in discharging its stewardship role, fiduciary and leadership functions:</p> <p>(a) Reviewing and adopting a strategic plan for the Company and the Group.</p> <p>The Board constructively challenges and contributes to the development of the Company and the Group's strategic directions, and subsequently monitors the implementation of the strategic business plan by the Management to ensure sustainability of the Company and the Group.</p> <p>The Group has in place an annual strategy planning session, whereby the Management presents to the Board its recommended strategy and proposed strategic business plans for the upcoming financial year. At the annual strategy planning and budget Board Meeting, the Board reviews and deliberates upon both the Management's and its own perspectives, as well as probes</p>

	<p>Management to ensure Management has taken into consideration the varying opportunities and risks whilst developing the strategic business plan.</p> <p>In conjunction with this, the Board also reviews and approves the proposed annual budget for the upcoming financial year and the key results areas (“KRA”) as prepared and presented by the Management.</p> <p>(b) Overseeing and evaluating the conduct and performance of the Company and the Group’s business.</p> <p>The Chief Executive Officer (“CEO”) has overall responsibility, with the support of the key management team, for the day-to-day management of the business and operations the Group as well as implementation of the Board’s policies, directives and strategic decisions.</p> <p>On quarterly basis, both the Audit and Risk Committee (“ARMC”) and the Board review the Group’s key financial performance metrics with the CEO who highlights concerns and issues, if any. The actual performance of the Group is assessed on quarterly basis against the approved annual budget, the results of the corresponding quarter and the immediate preceding quarter. Where significant variances in the performance results are reported by the Management to the ARMC and the Board, it is accompanied with explanation, clarification and corrective action taken.</p> <p>Besides this, the ARMC and the Board were also informed by the Management of the key initiatives and significant operational issues. A summary of the performance of each business division is also provided to the Board.</p> <p>Additionally, Management’s proposals which are reserved for the Board’s approval will be discussed at the Board Meetings, where the Board has the opportunity to scrutinise the proposals and seek for clarification from the Management team. The CEO ensures that Management has taken into account all appropriate consideration before tabling the proposals to the Board. Any significant updates on the proposals would be tabled to the Directors either in the next Board Meeting or in follow-up reports distributed.</p> <p>To ensure effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to the relevant Board Committees, CEO and Management through a clear and formally defined written Terms of Reference (“TOR”) and Delegated Authority Limits (“DAL”), which are the primary instruments that govern and manage the decision making process in the Group. The TOR and DAL are continuously reviewed and</p>
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updated to ensure their relevance to the Group's operations and for compliance with legislations and standards.

- (c) Identifying principal risks of the Company and the Group and ensuring the implementation of appropriate internal controls and mitigation measures to manage the risks.

Whilst the Board has overall responsibility for the Group's risk management framework and internal controls system, the Board has delegated the implementation of the risk management framework and internal controls systems to the Management and tasked the ARMC with the oversight responsibility to review the adequacy and effectiveness of the risk management framework and internal controls system.

However, the Board recognises that such systems are designed to manage and reduce, rather than eliminate, the risks identified to acceptable levels. Therefore, internal controls implemented can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

The Management reports to the ARMC on a quarterly basis on all risk areas faced by the Group and the audit findings identified from the internal audit activities conducted by the Group Internal Audit Department ("GIA"). The ARMC then deliberates the action taken by the Management to address those high risks areas and audit findings.

The Chairman of the ARMC will also report to the Board on any principal risks and internal controls related matters and recommendations deliberated by the ARMC at the immediate subsequent Board Meeting.

Details of the Enterprise Risk Management Framework and internal controls system of the Group are set out in the Statement on Risk Management and Internal Control in the Annual Report 2023.

- (d) Overseeing management performance and ensure a sound succession planning for key positions within the Company.

The Board, through the Nomination and Remuneration Committee ("NRC"), develops and agrees on the CEO's KRA with the CEO based on strategic objectives, measures and key performance indicators which are aligned to the Group's corporate goal and strategic business plan set by the Board.

The NRC is tasked by the Board to evaluate the performance of the CEO against the approved KRA or initiatives as set out upon finalisation of the Company's Audited Financial Statements. Subsequently, NRC provides the Board with its recommendation of the CEO's performance evaluation, for the Board's decision.

	<p>(e) Providing input and overseeing the development and implementation of investor relations and shareholder communications policy for the Company and the Group.</p> <p>Recognising the importance of accurate and timely public disclosures of corporate information in order for the shareholders to exercise their ownership rights on an informed basis, the Board has established a Global Communication Policy, where it outlines how the Group identifies and distributes information in a timely manner to all shareholders. It also reinforces the Group's commitment to the continuous disclosure obligations imposed by law, and describes the procedures implemented to ensure compliance.</p> <p>The Board through the Management oversees the Group's corporate disclosure practices and ensure implementation and adherence to the Global Communication Policy. The Board has authorised the CEO as the primary spokesperson responsible for communicating information to all stakeholders including the public.</p>
<p>Explanation for departure :</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>Measure :</p>	
<p>Timeframe :</p>	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>During the financial year ended 30 June 2023, the Company was led by YM Raja Ahmad Murad bin Raja Bahrin as Independent Non-Executive Chairman.</p> <p>The roles and responsibilities of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none"> • Leads the Board and ensure its effectiveness in discharging its responsibilities; • Ensures efficient conduct of the Board's function and meetings; • Leads the Board in establishing and monitoring good corporate governance practices in the Company; • Facilitates the effective contribution of all Directors at the meetings of the Board; • Promotes constructive and respectful relations between Directors, and between the Board and Management; • Ensures proper and timely flow of information to the Board; • Chairs general meetings of the Company and provides clarification on issues that may be raised by the shareholders; and • Ensures effective communication between the Board and the Management with shareholders, stakeholders and the public generally.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>Presently, the Chairman of the Board is YM Raja Ahmad Murad bin Raja Bahrin and the Chief Executive Officer of the Company is Encik Amirul Azhar bin Baharom.</p> <p>The roles and responsibilities of the Chairman and the CEO are held by two (2) separate individuals and are distinct and separate with each having a clear scope of duties and responsibilities to ensure there is a balance of power and authority. The division of the responsibilities of the Chairman and the CEO has been clearly defined in the Board Charter of the Company.</p> <p>The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the CEO has overall responsibility, with the support of the key management team, for the day-to-day management of the business and operations of the Group as well as the implementation of the Board's policies, directives, strategies and decisions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: <p>The Chairman of the Board, YM Raja Ahmad Murad bin Raja Bahrin is the Chairman of NRC and member of ARMC.</p> <p>Given the size of the Board, together with YM Raja Ahmad Murad bin Raja Bahrin's vast expertise and experience, the Board is of the view that there is more than sufficient independent oversight and competence present in the committee.</p> <p>The Board has put in the place safeguard mechanisms in the form of checks and balance to prevent the exercising of undue influence by the Chairman on the respective Committees. The decision-making processes of each Committee are collectively made in accordance with the Terms of Reference ("TOR") of each Committee.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two (2) suitably qualified and competent Joint Company Secretaries to provide sound governance advice, ensure adherence to rules and procedures and advocate adoption of corporate governance best practices. Both Company Secretaries are qualified to act as Company Secretary under Section 235 of the Companies Act 2016, and both are Associate Members of the Malaysian Institute of Chartered Secretaries and Administrators.</p> <p>The Joint Company Secretaries are responsible to regularly apprise and advise the Board on statutory and regulatory updates and requirements as well as pertinent governance matters. They ensure proper supply of relevant information as well as accuracy and adequacy of meeting materials, recording of meeting minutes and resolutions of the Board and Board Committees. The Joint Company Secretaries also serve as a focal point for stakeholders' communication and engagement on corporate governance issues.</p> <p>All Directors also had full and unrestricted access to the advice and services of the Joint Company Secretaries. The Board was regularly updated on new guidelines, directives and new regulatory issues affecting the Group by the Joint Company Secretaries as well as external consultants. The Joint Company Secretaries together with the CEO and Management assisted the Chairman of the Board and Chairman of the Board Committees to deal with the Board agendas and to provide the relevant information and documents to Directors on a timely basis.</p> <p>The Joint Company Secretaries constantly keep abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences, seminars and training programmes.</p> <p>The Board was satisfied with the support and performance rendered by the Joint Company Secretaries in assisting the Board to discharge its duties.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs to enable them to discharge their duties. All Directors are provided with reports and other relevant information on timely manner, covering various aspects of the Group's operations and performance.</p> <p>As best practices, notices of Board Meetings are issued at least seven (7) days prior to the meetings, unless there are matters requiring urgent attention. Board papers are circulated to the Directors prior to the meeting to allow sufficient time for the Directors to review, consider and deliberate on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.</p> <p>The Management is responsible for furnishing the Board with all information that may assist the Board in discharging its responsibilities and to facilitate informed decision making. Senior Management of the Group and advisers are also invited to attend Board Meetings on specific agenda which require clarification. The Board will also be briefed on latest updates on the Group's business activities.</p> <p>The Joint Company Secretaries attend all Board Meetings and ensure all proceedings of the meetings including issues raised, deliberations and decisions of the Board are properly minuted. The minutes of meetings are circulated within a reasonable period upon conclusion of the meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The Board has adopted a Board Charter to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practices of good corporate governance are applied in all their dealings in respect of and on behalf of the Company. The Board would regularly review this Board Charter to ensure they remain consistent with the Board's objectives. The Board Charter is available on the Company's website at www.scomienergy.com	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	: Applied
Explanation on application of the practice	<p>The Board has established a Code of Conduct for the Group which provides a framework to ensure that the Group conduct itself is in compliance with laws and ethical values. The Board and all employees of the Company and the Group are committed to adhering to best practices in corporate governance and observing the highest standards of integrity and behaviour in all activities conducted by the Company and the Group, including the interaction with its customers, suppliers, shareholders, employees and business partners, and within the community and environment in which the Company and the Group operate.</p> <p>The Board ensures that compliance is monitored through a confirmation of compliance declaration process where all employees of the Group of Grade 15 and above are required to confirm their receipt and understanding of the Code of Conduct and further to certify their continued compliance with the Code of Conduct on an annual basis. This serves to drive organisational culture and continuing awareness amongst the employees of the need to understand, develop and maintain a value-based culture beyond mere compliance.</p> <p>It is a condition of appointment and/or employment with the Group that the Board and all employees of the Group to comply with the Code of Conduct and all applicable laws, regulations and other policies of the Group and failure to comply may result in the commencement of disciplinary proceedings that may lead to termination of appointment and/or employment.</p> <p>The appropriateness and effectiveness of the Code of Conduct of the Group are continuously monitored and appropriate agreed improvements and reporting procedures will be adopted where necessary. The Code of Conduct is available on the Company's website at www.scomienergy.com</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has formalised and established a Whistleblower Framework and Policy, to provide an avenue for employees to raise genuine concerns internally or report any breach or suspected breach of any law or regulation, including the Group’s policies and procedures, to the Disclosure Officer in a safe and confidential manner, thereby ensuring that employees may raise concerns without fear of reprisals.</p> <p>The Whistleblower Steering Committee has been tasked by the Board to oversee the implementation of the Whistleblower Framework and Policy, whilst duties relating to the day-to-day administration of the policy are performed by the Disclosure Officer. The Whistleblower Framework and Policy is subject to periodical assessment and review to ensure that it remains relevant to the Group’s changing business circumstances. The Group has also put in safeguards to protect the identity of the Whistleblower to encourage employees of the Group to report any breach or reasonably suspected wrongful malpractices without fear of reprisal so that the problem can be identified at an early stage and resolved quickly within the Group.</p> <p>The Whistleblower Framework and Policy is available on the Company’s website at www.scomienergy.com</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The CEO, together with the key management personnel from corporate finance, project, marketing, human resources and general administration, work closely to drive the implementation of the Board’s sustainability strategies and practices.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company is cognisant its engagements with stakeholders. The Company’s sustainability strategies and priorities are communicated to external stakeholders through the annual report.</p> <p>The Company ensures the communications of the Company’s sustainability strategies, priority, and target to all employees through departmental meeting.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>To keep abreast of the sustainability issues including climate-related risk, the Company has worked towards preserving the environment while ensuring sustainability of its business.</p> <p>The Board also strives to promote conservation and encourages a paperless environment for all Board and Board Committees meetings, where digital access is given to meeting papers to save on the distribution of hard copies.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	The Board of Directors were formally assessed with regards to material sustainability risks and opportunities. The questionnaire deployed through a peer evaluation provided extensive coverage on the sustainability areas.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.5- Step Up

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

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is cognisant of the importance of progressively refreshing the Board. In line with the Malaysian Code on Corporate Governance 2021 ("MCCG"), the Board's composition has been reviewed annually to determine if the Board has the appropriate make up with regard to aspects such as independence, diversity, mix of skills and size to the Company's strategic goals and objectives. The profiles of the Directors are disclosed in the Annual Report 2023.</p> <p>The NRC, with a clear mandate as specified within its TOR, assesses and reviews the tenure of each Director and annual re-election of Directors at the annual general meeting ("AGM"), using the criteria specified in the Company's Constitution, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and also other factors such as independence, performance and contribution.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Departure
Explanation on application of the practice	:	Please provide an explanation on how the practice is being applied.
Explanation for departure	:	<p>The Board has (5) members, comprising:</p> <ul style="list-style-type: none">a. One (1) Independent Non-Executive Chairman;b. One (1) Independent Non-Executive Director;c. One (1) Executive Director;d. Two (2) Non-Independent Non-Executive Directors. <p>However, the present composition of the Board meets the requirements of Paragraph 15.02(1) of the MMLR whereby at least 2 Directors or 1/3 of the Board of a listed issuer, whichever is the higher, are independent Non-Executive Directors.</p> <p>The Board consists of qualified individuals with diverse experience, background and knowledge to enable them to discharge their duties and responsibilities effectively.</p> <p>All the Board Committee comprise majority of Independent Non-Executive Directors.</p> <p>The Independent Non-Executive Directors had demonstrated their independence and objectivity during the Board and Board Committees' proceedings whereby their genuine concerns were expressed during the meetings, and actions/transactions proposed or taken by the Management and the Board were subjected to scrutiny and challenged by the ARMC and Independent Non -Executive Directors to assert their roles as the independent element within the Board.</p> <p>Based on the annual Board's performance evaluation performed for the financial year under review, the independence assessment of Independent Non-Executive Directors was carried out through the review by the NRC and the results are reported to the Board for its review and concurrence.</p> <p>The Board is of the opinion that all Independent Non-Executive Directors remain objective and independent in participating in the deliberations and decision making of the Board and Board Committees.</p>

	<p>The Independent element within the Board is reinforced by the fact that the Chairman of the Board is an Independent Non-Executive Director who is responsible for the governance and orderly conduct and effectiveness of the Board and the positions of the Chairman and the CEO are separated which is a clear division of responsibilities between the Chairman and the CEO.</p> <p>The Board strongly believes that the independence element within the Board continues to be upheld and that independence and objectivity are asserted during the deliberation and decision making at the Board and the Board Committee's Meetings.</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>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has a policy to seek annual shareholder's approval if it intends to retain an independent director beyond nine (9) years.</p> <p>During the financial year under review, the Board does not have any independent directors whose tenure has exceeded a cumulative limit of nine (9) years.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC established by the Board, is entrusted with the responsibility of recommending new appointments to the Board, Board Committees and Senior Management of the Company. The duties of the NRC are detailed in its TOR.</p> <p>In making its recommendations to the Board, the NRC considers and assesses the suitability of a new appointment based on the following criteria:</p> <ul style="list-style-type: none">• skills, knowledge, expertise and experience;• gender, age and cultural background;• professionalism;• integrity;• in the case of candidates for the position of Independent Non-Executive Directors, their ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors; and• in consideration of Board Composition Policy. <p>A yearly assessment of the Board members and the CEO is carried out by the NRC.</p> <p>Currently, the Board and Senior Management are made up of members with a mix of skill sets, background and experiences in the areas of business, engineering, economics, accounting, finance, legal, business administration and strategy that contributes effectively in leading and directing the management and affairs of the Group.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC is tasked by the Board to ensure, amongst others, effective process for selection of new Directors which will result in the required mix of skills, experiences and responsibilities present on the Board. The nomination and appointment of new Directors takes place within the parameters set out in the TOR of the NRC and the Board Composition Policy.</p> <p>When it is determined that a new Director is necessary to complement existing Directors, the Board first determines the target knowledge, skills and personal characteristics sought. Such criteria ensure that all candidates are fairly and equitably considered and evaluated irrespective of, amongst others, sex, race, sexual orientation, age, disability, and religion or ethnic origin in compliance with the Company's Code of Conduct.</p> <p>In searching for and making a recommendation in relation to the appointment of Director, NRC may use the wide network of people known to its members to identify possible candidates or it may brief a search consultant on the target knowledge, skills and personal characteristics sought then obtain shortlisted candidates. The Chairman of the NRC then interviews such shortlisted candidates.</p> <p>The Chairman of the NRC shall make a recommendation to the NRC, which in turn shall make a recommendation to the Board. In making these recommendations, the NRC shall ensure an effective process for the selection of new Directors to the Board.</p> <p>Based on the recommendations of the NRC, the Board shall have power at any time and from time-to-time, to appoint any person to be a Director of the Company, either to fill a casual vacancy or as an addition to the existing Board subject to the maximum number fixed in the Constitution of the Company.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC has a formal and transparent procedure for the appointment of new Directors to the Board. When assessing new appointments to the Board, the NRC carefully reviews the combined skills and experience of the existing Board members to determine the required characteristics and profile of the new Director. Candidates are identified based on their corporate leadership, skills, knowledge, competencies, experience, reference check and expertise to complement the Board. Diversity of experience in business, professionalism, corporate industry standing, integrity as well as academic background, age, gender, ethnicity and cultural background are also considered.</p> <p>Besides carrying out reference checks, the candidates are interviewed as part of the assessment process. Consideration is given to ensure appointees have sufficient time to devote to the role, ability to discharge responsibilities and that the balance of skills, knowledge and experience on the Board will be maintained and enriched. When the NRC has found a suitable candidate, the NRC will make a recommendation to the Board for deliberation.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The NRC is chaired by YM Raja Ahmad Murad bin Raja Bahrin, who is an Independent Non-Executive Chairman of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	In 2022, the Board has one (1) woman Director, which constitutes 20% of the Board.	
		<p>The Board recognises gender diversity among Board members as important consideration when reviewing its composition. Considering diversity in a broader sense, the Board targets to maintain a balance in terms of the range of skills, experience and strength in qualities of individual Board members.</p> <p>The NRC and the Board are mindful of the target of at least 30% women directors and will look out to expand the pool of potential women candidates for the Board candidacy.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board does not set specific policy on gender diversity for the Board and Senior Management members. Nevertheless, the Board have been continuously enhancing workplace diversity at all levels.</p> <p>In 2023, 20% of the Board and 25% of the Senior Management are women.</p> <p>With the current composition, the Board and Senior Management members have the necessary knowledge, experience, diverse range of skills and competence to enable them to discharge their duties and responsibilities effectively.</p> <p>Nevertheless, the Board believes in and provides equal opportunities to candidates who have the skills, experience, core competencies and other qualities regardless of gender.</p> <p>The Board will endeavour in getting the participation of additional women and those of different ethnicity on its Board and Senior Management. The persons selected must be able to contribute positively to the development of the Group.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Board has adopted a formal and objective annual evaluation of the Board, which includes annual assessment of the Board's required mix of skills, experience, and competencies of the Directors, annual assessment of the effectiveness of the Board as a whole and Board Committees, and the contribution of each individual Director. The evaluation process is undertaken by the NRC and supported by the Joint Company Secretaries.</p> <p>During the financial year under review, the NRC carried out the following activities:</p> <ul style="list-style-type: none">• assessed the annual performance of each individual Director;• assessed the continued independence of each Independent Director; <p>Based on evaluation results, the NRC concluded that each Independent Director has fulfilled the independence criteria set out in the MMLR and they continue to demonstrate their independence through their engagement in all meetings, providing objective challenge to the Management and bringing independent judgement to decisions taken by the Board.</p> <ul style="list-style-type: none">• reviewed the skills, experience and competencies of each individual Director and based thereupon, assessed the training needs of each individual Director;• assessed the effectiveness of the Board and the ARMC, covering areas such as Board structure and operation, management relationship with the Board, Board's roles and responsibilities, the required mix of skills and experience of the Directors, time commitments, skills, experiences, integrity and competencies.

	<ul style="list-style-type: none"> • assessed the adequacy of the size and composition of the Board and Board Committees; • reviewed the proposed fees and benefits for the Non-Executive Directors of the Company; • reviewed the retirement and re-election of the Directors pursuant to the Constitution of the Company; • reviewed and recommended to the Board the CEO's KRA for the new financial year; and • evaluated the performance of the CEO and reviewed the proposed remuneration for the CEO. <p>The NRC was satisfied with the performance of all the Directors and Committee members during the financial year. The Board was also satisfied that the Board and the Board Committees had discharged their duties and responsibilities effectively.</p> <p>The Board was satisfied that the Board composition in term of size, age, gender, cultural background, the balance between executive, non-executive and independent Directors and mix of skills, experience and knowledge was adequate and in line with the Group's business operations and needs.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Remuneration Policy Framework and Procedures, which cover the Directors and Senior Management, such that the Group may attract, retain and motivate high quality Directors and Senior Management.</p> <p>Besides the remuneration practices and trends by other similar players in the market, the levels of Directors' and Senior Management's remuneration are also attributed to a few key factors, amongst them, qualification, experience and responsibilities.</p> <p>The Remuneration Policy Framework and Procedures is annexed as Appendix II of the Board Policy Manual which is available on the Company's website at www.scomienergy.com</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established an NRC which comprises wholly of Non-Executive Directors, with majority of them being independent. The NRC is tasked by the Board to:</p> <ul style="list-style-type: none">• ensure an effective process for selection of new directors and assessment of the Board, Board Committees and individual Directors which will result in the required mix of skills, experience and responsibilities being present on the Board;• establish, review and report to the Board on a formal and transparent policy on Executive Directors' remuneration; and• review and recommend to the Board the remuneration of the Executive Directors and compensation of Non-Executive Directors with the aim of attracting, retaining and motivating individuals of the highest quality needed to run the Company successfully. <p>The NRC is also responsible for the review of the overall remuneration policy for the Directors and the CEO whereupon recommendations are submitted to the Board for approval. The NRC advocates a fair and transparent Remuneration Policy Framework and Procedures such that the Group may attract, retain and motivate high quality Directors and Senior Management.</p> <p>The TOR of the NRC is available on the Company's website at www.scomienergy.com</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	The details of each individual Director's remuneration for the financial year ended 30 June 2023 are disclosed on named basis under the Corporate Governance Overview Statement's Principle A (Board Leadership and Effectiveness) of the Annual Report 2023 and this Corporate Governance Report.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	YM Raja Ahmad Murad bin Raja Bahrin	Independent Director	60	13	Input info here	Input info here	Input info here	Input info here	73	60	13	Input info here	Input info here	Input info here	Input info here	73
2	Ruziah binti Mohd Amin	Independent Director	60	13	Input info here	Input info here	Input info here	Input info here	73	60	13	Input info here	Input info here	Input info here	Input info here	73
3	Wong Mun Keong	Non-Executive Non-Independent Director	48	8	Input info here	Input info here	Input info here	Input info here	56	48	8	Input info here	Input info here	Input info here	Input info here	56
4	Aminodin bin Ismail	Non-Executive Non-Independent Director	58	12	Input info here	Input info here	Input info here	Input info here	70	58	12	Input info here	Input info here	Input info here	Input info here	70
5	Amirul Azhar bin Baharom	Executive Director	Input info here	88.4	705.5	Input info here	Input info here	Input info here	793.9	Input info here	88.4	705.5	Input info here	Input info here	Input info here	793.9
6	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	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

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.

Application	:	Not applicable - all members of senior management are members of the board	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the ARMC is Cik Ruziah binti Mohd Amin whereas the Chairman of the Board is YM Raja Ahmad Murad bin Raja Bahrin.	
Explanation for departure	:	Please provide an explanation for the departure.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The ARMC has in place a TOR that requires a former key audit partner to observe a cooling-off period of at least three (3) years before he/she could be considered for appointment as a member of the ARMC.</p> <p>This is to ensure that the independence of the audit process is safeguarded from potential threats and conflicts which may arise when a former key audit partner is appointed as ARMC member.</p> <p>The Company has not appointed any former key audit partner as Director of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, through the ARMC, maintains an appropriate, formal and transparent relationship with the Group's internal and external auditors.</p> <p>The ARMC is guided by the Group's policies and procedures in assessing the suitability, objectivity and independence of the external auditors, which also includes the provision of non-audit services by the external auditors to the Group and the Company to ensure their independence is not compromised. Those policies and procedures are to be read in conjunction with the TOR of the ARMC, which outlines the duties and responsibilities of the ARMC relating to the appointment of the external auditors.</p> <p>The external auditors, Crowe Malaysia PLT ("Crowe") was appointed on 19 May 2021 in accordance with the Policy on the Selection of External Auditors of the Company. Crowe was re-appointed by the shareholders at the Twenty-Sixth AGM ("26th AGM") of the Company held on 19 December 2022.</p> <p>At its meeting subsequent to the completion of the audit of the financial year ended 30 June 2023, the ARMC will undertake the annual assessment of the suitability, objectivity and independence of the external auditors and should all performance, technical competency and audit independence as well as fulfilment of criteria as set out in the Policy on the Selection of External Auditors of the Company and Paragraph 15.21 of the Main Market Listing Requirements be met, the ARMC will recommend the appointment or re-appointment, as relevant for financial year ending 30 June 2024.</p> <p>Based on ARMC's recommendation, the Board would recommend for the shareholders' approval to be sought at the forthcoming 27th AGM on the appointment or re-appointment of the external auditors of the Company for the financial year ending 30 June 2024.</p> <p>The ARMC has received confirmation from the external auditors that for the audit of the financial statements of the Group and Company for the financial year ended 30 June 2023, they have maintained their</p>

	<p>independence in accordance with their firm’s requirements and with the terms of relevant professional and regulatory requirements and they have reviewed the non-audit services provided to the Group during the financial year in accordance with the independence requirements and are not aware of any non-audit services that have compromised their independence as external auditors of the Group.</p> <p>The external auditors also reaffirmed their independence at the completion of the audit.</p>	
<p>Explanation for departure</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>Measure</p>		
<p>Timeframe</p>		

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.

Application :	Not Adopted
Explanation on adoption of the practice :	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The ARMC members have a wide range of necessary skills and experience as well as being financially literate to enable the ARMC to discharge its duties as per its TOR.</p> <p>Through the NRC, the Board reviews the terms of office of the ARMC and annually assesses the performance of the ARMC during the Board Annual Evaluation exercise.</p> <p>During the ARMC meetings, the members were briefed by the external auditor on the Financial Reporting developments, adoption of Malaysian Financial Reporting Standards and other changes in the regulatory environment.</p> <p>The ARMC members continuously received briefings and updates on regulatory and industry development, including information on the Group's businesses and operations, risk management activities and other initiatives undertaken by the Group, amendments to Listing Requirements, etc.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges its overall responsibility in establishment and oversight of the Group's Risk Management Framework and Internal Controls System which is designed to manage the Group's risks within an acceptable level. The implementation of the framework and system has been delegated to the Management whilst the ARMC was tasked by the Board with oversight responsibility to review the adequacy and effectiveness of the risk management framework and internal controls system.</p> <p>The Board also receives reports from the Chairman of the ARMC in relation to the principal risks and internal controls related matters deliberated by the ARMC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is assisted by ARMC to review the adequacy and integrity of the Group’s internal control and risk management systems, including the management information system and systems for compliance with applicable laws, regulations, rules, directives and guidelines and to ensure that the Group’s risk management strategy and methodology have been implemented and consistently applied.</p> <p>An Enterprise Risk Management Framework encompassing policy and procedures is in place to guide the Group to adopt and implement appropriate process to identify, assess, treat, monitor and report significant risks.</p> <p>The key features of the risk management framework and internal controls system, together with its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control as presented in the Annual Report 2023 of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Not Adopted
Explanation on adoption of the practice	:	Please provide an explanation on the adoption.

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The ARMC are supported by an independent and adequately resourced an outsourced professional Internal Auditor Consultant (“IAC”), PKF Risk Management Sdn Bhd (“PKF”) in the discharge of their duties and responsibilities. The functions of PKF are guided by its Internal Audit Charter and Internal Audit Policies and Procedures Manual, which have been approved by the ARMC and the Board respectively.</p> <p>The IAC reports directly to the ARMC and maintains its impartiality, proficiency and due professional care. The principal responsibility of the internal auditor is to provide independent assurance on the adequacy and effectiveness of the internal controls system implemented by the Group and monitors the compliance with policies and procedures. The internal audit function includes undertaking reviews of the Group’s system of internal controls, its operations and selected key activities based on risk assessment and in accordance with the annual internal audit plan approved by the ARMC.</p> <p>ARMC receives and reviews the audit reports including agreed corrective actions to be undertaken by auditees. PKF monitors the status of the agreed corrective actions submitted by auditees which will be assessed and verified by both prior to reporting to the ARMC. This is to ensure that the action plans are carried out effectively. The consolidated status of the audit findings is also submitted and presented to the ARMC for deliberations on annual basis.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent consulting firm, PKF and is headed by Dr Wong Ka Fee, the Director of Risk and Governance Advisory. Dr Wong Ka Fee has over 15 years of professional experience in internal audit, risk management, compliance review and business advisory.</p> <p>He is a Fellow Financial Accountant with the Institute of Financial Accountants (UK), a Fellow Member of Association of International Accountants (UK), a Fellow Member of Institute of Public Accountants (Australia), a Chartered Member of the Institute of Internal Auditors Malaysia and an Associate Member of Association of Certified Fraud Examiners.</p> <p>All internal audit staff are encouraged to continuously enhance their knowledge, skills and competencies through relevant professional courses, seminars, training courses and on-the-job training.</p> <p>None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions.</p> <p>The internal audit function is guided by its Internal Audit Charter and Internal Audit Policies and Procedures Manual which defines the authority, duties, responsibilities and independence of all internal audit members.</p> <p>The internal audit function is guided by the Code of Professional Standards – International Professional Practices Framework issued by the IIA (The Institute of Internal Audit) that sets out the objectives, authority, independence, scope and responsibility of the internal audit function.</p> <p>The audit approach and objectives are based on the guidance of the Institute of Internal Auditors’ International Professional Practices</p>

	Framework and the Committee of Sponsoring Organisations of the Treadway Commission Internal Control – Integrated Framework.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the shareholders of the Company are treated equitably and provides them with comprehensive, accurate and quality information on a timely and non-selective basis, in order to keep them abreast of all material business matters affecting the Company and the Group.</p> <p>Recognising the importance of accurate and timely public disclosures of corporate information in order for the shareholders to exercise their ownership rights on an informed basis, the Board has established a Global Communications Policy with the following intention:</p> <ul style="list-style-type: none">• to provide guidance and structure in disseminating corporate information to, and in dealing with investors, analysts, media representatives, employees and the public;• to raise Management's and employees' awareness on the disclosure requirements and practices;• to ensure compliance with legal and regulatory requirements on disclosure; and• to protect the brand equity of the Group by managing the risk associated with the brand i.e. exposures to the brand that can undermine its ability to maintain its desired differentiation and competitive advantage. <p>The Global Communications Policy outlines how the Group identifies and distributes information in a timely manner to all shareholders. It also reinforces the Group's commitment to the continuous disclosure obligations imposed by law, and describes the procedures implemented to ensure compliance.</p> <p>The Board through the Management oversees the Group's corporate disclosure practices and ensures implementation and adherence to the policy. The Board has authorised the CEO as the primary spokesperson</p>

	<p>responsible for communicating information to all stakeholders including the public.</p> <p>The Group also maintains a corporate website, www.scomienergy.com to disseminate information and enhance its investor relations.</p> <p>The Group recognises the need for due diligence in maintaining, updating and clearly identifying the accuracy, veracity and relevance of information on the website. The Corporate Communications Department has ongoing responsibility for ensuring that information on the website is up-to-date.</p> <p>In addition, the email address, name and contact number of the Company's designated person is listed on the website to enable the public to forward queries to the Company.</p> <p>The Board has appointed Cik Ruziah binti Mohd Amin as the Senior Independent Non-Executive Director ("SID"), to address any valid and appropriate issues raised by shareholders. Shareholders may raise issues to the SID via the following channel:</p> <p>Mail : SCOMI ENERGY SERVICES BHD No. 1-1, Block C1, Jalan PJU 1/41, Dataran Prima 47301 Petaling Jaya Selangor Darul Ehsan Email : sid.sesb@scomienergy.com</p> <p>The Company is also of the view that the AGM is an important opportunity to meet with shareholders and address their concerns. At the AGM, the CEO will provide a brief overview of the Group's annual operating and financial performance, followed by a question and answer ("Q&A") session. Active participation from shareholders is encouraged, including clarifying and questioning the Group's strategic direction, business operations, performance and proposed resolutions.</p>
Explanation for departure :	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

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.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	The 26th AGM of Scomi was held on 19 December 2022. The Company issued the Notice of 26th AGM at least 28 days before the Meeting. By applying Practice 13.1 of MCCG, the Company has exceeded the minimum notice period as stipulated in Section 316(2) of the Companies Act 2016 and paragraph 7.15 of the MMLR.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>All the Directors, Chairpersons of ARMC and NRC, Management and external auditors attended the 26th AGM held on 19 December 2022 to respond to the shareholders' and proxies' queries.</p> <p>During the 26th AGM, the Board encouraged participation from the shareholders and proxies by having a Q&A session.</p> <p>The proceedings of the 26th AGM were properly recorded in the minutes.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The 26th AGM was held and conducted on a fully virtual basis through live streaming and online remote voting via an online meeting platform on 19 December 2022, which is in line with the revised Guidance and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia. All shareholders and proxies who attended and participated in the 26th AGM remotely through remote participation and voting (“RPV”) facilities were able to vote online.</p> <p>The Company used the RPV facilities provided by the service provider which has been robustly tested to gain assurance on its reliability, stability and security to allow for a large number of participants to attend, participate and vote at the 26th AGM simultaneously.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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>	
Application	: Applied
Explanation on application of the practice	: <p>The Chairman of the Company has always been cognisant of the importance in ensuring the AGM supports meaningful engagement between the Board, Management and shareholders.</p> <p>At the 26th AGM held on 19 December 2022, the Chairman encouraged the participation of shareholders and proxies through the Q&A session. The shareholders were given the opportunity to email their questions to the Board of the Company prior to the 26th AGM as well.</p> <p>The CEO was authorised to answer all questions raised by the shareholders and proxies during the 26th AGM of the Company.</p> <p>The outcome of the 26th AGM was announced to Bursa Securities on the same day after the conclusion of the 26th AGM.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.5

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: The Company's 26th AGM was successfully held and conducted on a fully virtual basis through live streaming and online remote voting on 19 December 2022. The shareholders and proxies were encouraged to pose their questions using RPV facilities. The CEO has answered all questions posed by the shareholders and proxies present at the 26th AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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>	
Application	: Applied
Explanation on application of the practice	: The Company was in compliance with this practice as the minutes of the 26th AGM was published on the Company's website within 30 business days from the conclusion of the 26th AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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