

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 4596  
**COMPANY NAME** : SAPURA RESOURCES BERHAD  
**FINANCIAL YEAR** : January 31, 2021

## 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 TO 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 provides overall strategic direction and effective control of the Sapura Resources Berhad (“<b>SRB</b>”) and its group of companies (“<b>SRB Group</b>” or “<b>Group</b>”) and has established clear functions reserved for the Board and those delegated to Management by establishing a Board Charter to provide guidance and clarity for Directors and Management with regard to the roles of the Board, the Board Committees as well as those of Management.</p> <p>The Board had delegated specified matters to the Board Committees to oversee critical or major functional areas and to address matters which require detailed review or in-depth consideration. The Board is assisted by two (2) Governance Committees which are the Board Audit and Risk Committee (“<b>BARC</b>”) and the Board Nomination and Remuneration Committee (“<b>BNRC</b>”). The Terms of Reference (“<b>TOR</b>”) of the respective Board Committees are available on the Company's website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p> <p>The formal schedule of matters reserved for the Board is duly stipulated in the Board Charter to ensure the direction and control of the Group's business are in its hands, whilst a capable and experienced Management team is put in charge to undertake the day-to-day operations of the Group.</p> <p>A copy of the Board Charter of the Company is available on the Company's corporate website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p> <p>The duties and responsibilities of the Board broadly covers the following:-</p> <p><b>i) Promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.</b></p>

The Group has in place policies which promote good corporate governance culture. Such policies include the Code of Conduct and Ethics for Directors, Whistleblowing Policy and Anti-Bribery and Corruption Policy which was adopted on 28 November 2019. There is also a Subsidiaries Governance Framework that ensures governance is maintained throughout the Group.

**ii) Review and adopt a strategic plan for the Group**

The Board undertakes an active role in the development of the Group's strategies and business plan by reviewing, discussing at length, and approving Management's proposal on strategic business plan for the Group when the same is presented by the Management.

The Board comprises of highly respectable and professional individuals and represents a diverse background of insights, knowledge, expertise, and experience. Hence, with their combined experience and knowledge, they provide sound advice and judgement for the benefit of the Group and its shareholders to achieve its business goals and objectives.

The Board as a whole is able to bring about objective judgement and advice, drawing from their respective knowledge, expertise and experience, together to ensure that the Management takes into account all appropriate considerations in establishing strategic business plans for the Group.

The Board reviews, discusses thoroughly and approves the budget for the Group for the ensuing financial year at Board meeting every year.

**iii) Oversee the conduct of the Group's business**

The Board oversees the performance of Management in determining whether the business is being properly managed. The Managing Director ("**MD**") of the Company is tasked with the responsibility to keep the Board informed on all matters which may materially affect the Group and its business.

The MD is assisted by a team of senior personnel (collectively referred to as "**Key Management Team**") in ensuring that the two (2) core businesses of the Group (i.e., property and aviation) are well managed.

	<p><b>iv) Identify principal risks and ensure implementation of appropriate internal controls and mitigation measures</b></p> <p>The Board recognises the importance of managing risks and thus has put in place a sound system of internal controls which cover risk management, financial, organisational, and operational and compliance controls.</p> <p>The internal audit function of the Group is carried out by an outsourced professional service firm namely KPMG Management &amp; Risk Consulting Sdn. Bhd. (“KPMG”) that assists the BARC and the Board in maintaining the internal control system and governance processes of the Group. The BARC assists the Board in overseeing this function.</p> <p>The BARC also assists the Board in overseeing the risk management function to ensure relevant mitigation measures within the Group are in accordance with the BARC’s TOR. The key risk register of SRB Group is carried out and prepared by KPMG and is tabled to the BARC at every quarterly meeting.</p> <p><b>v) Review the adequacy and integrity of the management information and internal controls system of the Group</b></p> <p>The Board acknowledges its responsibility and accountability for reviewing the adequacy and integrity of the management information and internal controls systems. A detailed report on the Group’s internal control system is presented in the Statement on Risk Management and Internal Control of the Annual Report 2021.</p> <p><b>vi) Ensure the integrity of the Group’s financial and non-financial reporting.</b></p> <p>The Board is assisted by the BARC in ensuring the Group’s financial reporting processes are effective and the quality of the financial reporting is of high standard and comply with the relevant Financial Reporting Standards. During the financial year ended 2021 (“FYE2021”), the BARC reviewed the quarterly financial reports which were presented by the Chief Financial Officer prior to recommending them to the Board for approval and issuance to Bursa Malaysia Securities Berhad. The Directors were given assurance that the financial statements prepared for the financial year under review gave a true and fair view of the state of affairs of the Group as at the end of the financial year.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

<b>Measure</b>	:		
<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 key roles and responsibilities of the Chairman of the Board have been clearly specified in Section (C), Clause 5 of the Board Charter, which is available on the Company's corporate website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p> <p>The Board is chaired by an Independent Non-Executive Director ("INED") namely, Tan Sri Datuk Amar (Dr.) Hamid bin Bugo. The Chairman provides strong leadership to the Board and is able to provide effective strategic direction and governance to the Group.</p> <p>The Chairman is responsible for providing a leadership role in his conduct to the Board, controls the orderly and effective functioning of the Board, ensures that the integrity and effectiveness of the governance processes of the Board are maintained and consults with the Board promptly over any matter that is pertinent to the Group and of concern to the Group.</p> <p>The Chairman acts as facilitator at meetings of the Board and ensures that no Board Member, whether executive or non-executive, dominates the discussion. The Chairman also ensures that decisions are taken and made on a sound and well-informed basis, including by ensuring that all strategic and critical issues are considered by the Board, and that Directors receive the relevant information on a timely basis.</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

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

### Practice 1.3

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman and the MD of the Company are held by two (2) different individuals namely, Tan Sri Datuk Amar (Dr.) Hamid bin Bugo and Dato' Shahrizan bin Shamsuddin respectively.</p> <p>The roles of the Chairman of the Board and the MD of the Company are separate and each has a clear accepted and defined division of responsibilities to ensure that there is a balance of power and authority to promote accountability.</p> <p>Section (C), Clause 5 and Section (E), Clause 2 of the Board Charter have clearly outlined the role of the Chairman and the role of the MD to ensure that no one individual has unfettered powers of decision-making. The Board Charter is available on the Company's corporate website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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

### Practice 1.4

The 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 of the Company are Chua Siew Chuan and Yau Jye Yee. Both the Company Secretaries of Sapura Resources Berhad (“SRB”) have professional qualifications and are qualified company secretaries under Section 235(2) of the Companies Act 2016 and are registered with the Companies Commission of Malaysia. Ms. Chua Siew Chuan is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) whilst Ms. Yau Jye Yee is an Associate member of the MAICSA.</p> <p>The primary responsibilities carried out by the Company Secretaries include:-</p> <ul style="list-style-type: none"> <li>• Preparation and submission of returns and/or forms under the Companies Act 2016 to the Companies Commission of Malaysia;</li> <li>• Proper maintenance and safekeeping of statutory records;</li> <li>• Transmission/submission of corporate announcements to the Bursa Securities electronically via Bursa LINK;</li> <li>• Draft all necessary notices, Directors’ resolutions, minutes of Board meetings and shareholders’ meetings and relevant documents under the direction and instruction of the Board;</li> <li>• Attendance at Annual General Meeting (“AGM”) and Extraordinary General Meeting of shareholders;</li> <li>• Attendance at meetings of the Board, the BARC and the BNRC;</li> <li>• Preparation of Board papers and meeting materials for Board and Board Committees’ meetings or any other meetings, if required;</li> <li>• Compile, analyse and tabulate the results of the annual Board evaluation/assessments; and</li> <li>• Advise the Company and/or Directors on matters pertaining to the statutory requirements prescribed under the various statutes, in particular, the Companies Act 2016, the Listing Requirements of Bursa Securities, the Malaysian Code on Corporate Governance and in general, such other matters relating to secretarial practice.</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 1.5

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>Annual meeting timetable is prepared and circulated in advance before the start of a new financial year in order to facilitate the Directors' time planning. The annual meeting timetable provides the Directors with scheduled dates for the whole year meetings of the Board, the Board Committees, and the AGM.</p> <p>All Board members are supplied with information on a timely manner. The agenda of the Board/Board Committees Meetings is consulted with the respective Chairman of Board Committees and the MD of the Company for confirmation. The due notice of at least seven (7) days is given to the Directors which allows the Directors to plan ahead and devote time to maximise their participation.</p> <p>Meeting papers are circulated at least five (5) business days prior to the meetings and the meeting papers provide amongst others, financial and corporate information, significant financial and corporate issues, the Group's financial and business performance, and any management proposals which require the approval of the Board/Board Committees. This is to ensure that the Board/Board Committees are given sufficient time to peruse, consider and make an informed decision and to provide time and opportunity for the members of the Board/Board Committees to ask questions and have those questions answered at each meeting.</p> <p>The Board has direct access to the Management and unrestricted access to all information and affairs relating to the Company and its Group in discharging its duties.</p> <p>Minutes of the Board or Board Committees' Meetings which include a record of the decisions and resolutions of the meetings would be distributed by the Company Secretaries to all Directors on a timely manner for review and thereafter for confirmation at the next Board or Board Committee Meeting. Action items identified during Board/Board Committee Meetings are highlighted for status report and follow-up action by Management in a Matters Arising Report. The signed Board/Board Committees Minutes are enclosed in the Minutes Books kept at the registered office of the Company.</p>

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

## Intended Outcome

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

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

### Practice 2.1

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter serves as a source of reference to the Board for matters relating to the Board's organisation. It also provides guidance to the Board members to assist them in performing their duties, roles, and responsibilities as Directors of SRB and assist the Board in the assessment of its own performance and of its individual Directors.</p> <p>The Board reviews the Board Charter from time to time and make any necessary amendments as and when necessary to ensure they remain consistent with the Board's objectives, current law, and practices. The Board Charter is available on SRB's corporate website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p> <p>The roles and responsibilities of the Board of Directors, Senior Independent Non-Executive Director, Chairman, MD and Board Committees are clearly outlined in the Board Charter.</p> <p>In addition, the matters reserved for the Board is set out in Section B of the Board Charter.</p> <p>Apart from the above, the Board Charter also outlines the Board structure and procedures, relationship of the Board with Management, remuneration of the Board, assessment of the Board and relationship and communication between the Board and shareholders, institutional investors, press, customers and etc.</p> <p>In order to ensure continuing education for the Board to enhance their knowledge and expertise for better and insightful Board participation during meetings, the Board members had attended the following conference /seminar /forum /discussion /workshop /training during the financial year under review:</p>

Name of Directors	Title of Training Programmes / Seminars	Date
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	1. Anti-Bribery and Anti-Corruption Framework	10 December 2020
Tan Sri Dato' Seri Shahril bin Shamsuddin	1. Virtual Offshore Technology Conference (OTC) Asia 2020	2 – 6 November 2020
Dato' Shahrman bin Shamsuddin	1. 2020 Baker Tilly Tax & Budget Seminar 2. Presentation of Financial Statements – A Change for Better Comparability and Transparency of Companies Reporting Performance	27 April 2020 17 November 2020
Dato' Muthanna bin Abdullah	1. Risks: A Fresh Look from the Board's Perspective 2. Digital Financial Institution Series: Managing Virtual Banking and Insurance Businesses 3. A Special Presentation of "Banking Governance, Insuring Sustainability" 4. FORUM Annual Dialogue with the Governor of Bank Negara Malaysia 5. How to be an Effective Non-Executive Director in a Disruptive World 6. KPMG's CEO Webinar Series – Captains' Form: Transformation towards recovery   Session 1: Financial Resilience	8 July 2020 21 July 2020 4 August 2020 3 September 2020 21 September 2020 25 September 2020
Encik Ahmad Jauhari bin Yahya	1. Corporate Liability, Adequate Procedures and ISO 37001 Trident Integrity Solutions 2. Optimising Risk and Resilience Planning to Manage Disruptions	13 May 2020 19 August 2020
Mr. Andrew Heng	1. Baker Tilly Network Conference 2020 2. Corporate Board Leadership Symposium 2020 3. Islamic Finance Essentials 4. MIA Women Leadership Symposium 2020 5. Industry 4.0 and Its Impact of Malaysian Capital Market 6. Working Remotely 7. SMEs: The Mindset to Adopt During a Crisis – Webinar Series	7 – 9 January 2020 12 February 2020 18 February 2020 5 March 2020 11 March 2020 18 March 2020 11 June 2020

		8. Digital Transformation for SMEs in a Time of Crisis – Webinar Series 9. MIA Webinar Series: COVID-19: Financial Reporting on Going Concern, Risk & Viability 10. IVAS-IVSC Business Valuation Virtual Conference 2020 11. MIA Webinar Series: Current Issues on Compliance with Leases (IFRS/MFRS 16)	18 June 2020  30 September 2020  6 and 7 October 2020  28 October 2020
<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 for Directors is published on the Company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognised that it is important that there exists a level of acceptable corporate behaviour in order to uphold corporate integrity. As such, the Board formalised the ethical standards of corporate governance and corporate conduct and behaviour by adopting a Code of Conduct and Ethics for Directors ("<b>the Code</b>"). The Code is available on SRB's corporate website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p> <p>The Code shall be reviewed by the Board of SRB periodically and when internal or external events warrant a more frequent review to be undertaken and make such amendments to the Code as the Board may deems to appropriate.</p> <p>The key features of the Code comprise the following:-</p> <ul style="list-style-type: none"> <li>(i) Compliance with laws, rules and regulations;</li> <li>(ii) Conflict of interest;</li> <li>(iii) Anti-Corruption/Bribes;</li> <li>(iv) Company assets;</li> <li>(v) Confidentiality;</li> <li>(vi) Insider trading;</li> <li>(vii) Fair dealing and anti-competition;</li> <li>(viii) Reporting violations of the Code; and</li> <li>(ix) Enforcement of the Code.</li> </ul>
<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

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 and anti-bribery and corruption.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>(1) Whistleblowing Policy (“<b>the WB Policy</b>”)</p> <p>The WB Policy was adopted by the Company since 23 March 2018. The WB Policy is to encourage transparent and ethical conduct in the Group.</p> <p>The objectives of the WB Policy are to facilitate the whistleblower to report through appropriate communication and feedback channels about any improper conducts or wrongdoings they may observe in the Group without fear of retaliation and in doing so they should act in good faith when reporting such concerns. The WB Policy is to assure the whistleblowers that they will be protected from reprisals, discrimination, or victimisation.</p> <p>The WB Policy does not apply to grievances concerning an individual’s terms of employment, performance, or personal grievances. Should it be determined during initial investigation that the matter disclosed does not fall within the scope of the WB Policy, such matter will be transferred to the relevant department for appropriate procedures and actions to be taken.</p> <p>Only genuine concerns should be reported under the whistleblowing procedures. The report should be made in good faith with a reasonable belief that the information and any allegations made are substantially true and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and treated as a gross misconduct and if proven may lead to dismissal.</p> <p>Any report under the WB policy can be made to the WB committee or to the <a href="mailto:ChairmanBARCSRB@sapura.com.my">ChairmanBARCSRB@sapura.com.my</a>.</p> <p>The WB Policy will be reviewed by the Board annually or on an ad-hoc basis to assess its relevance and effectiveness.</p> <p>The WB Policy is available on SRB’s corporate website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p>



	<p>(2) Anti-Bribery and Corruption Policy (“the ABC Policy”)</p> <p>The ABC Policy was adopted by the Company since 28 November 2019 and upholds the Company’s stance on zero tolerance on bribery and corruption and that the Company is committed to the highest standards of ethical conduct and integrity in business activities.</p> <p>The scope of this ABC policy applies to the Company and all its subsidiaries. It is applicable to all directors, officers, and employees (whether permanent, contract or temporary) of the Company and its subsidiaries. The Company also expects that third parties that have dealings with the Group such as agents, distributors, representatives, contractor, sub-contractors, suppliers, vendors, consultants, customers, and others who perform work or services for and on behalf of the Group will comply with the relevant parts of this ABC policy when performing such work or services.</p> <p>The ABC Policy sets out the Company’s responsibilities including the employees, officers, and directors to observe and uphold the Company’s stance on zero-tolerance to bribery and corruption. The ABC Policy will provide information and guidance on how the Company expects the employees to conduct themselves, recognise bribery and corruption and to set out the procedure on how to raise concerns on breached of the ABC Policy without fear of reprisal.</p> <p>Any report on the breach of the ABC Policy can be made at <a href="mailto:SRBethicsline@sapura.com.my">SRBethicsline@sapura.com.my</a>.</p> <p>The ABC Policy will be reviewed by the Board annually or on an ad-hoc basis to assess its relevance and effectiveness.</p> <p>The ABC Policy is available on SRB’s corporate website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	
<p><b>Timeframe</b> :</p>	

## Intended Outcome

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

### Practice 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>As of the date of this Corporate Governance Report, the Board comprised of six (6) Directors, of which four (4) were INED, one (1) Non-Independent Non-Executive Director and one (1) Managing Director. This is in compliance with Paragraph 15.02(1) of the Main Market Listing Requirements (“MMLR”) of Bursa Securities which states that at least two (2) directors or one-third (1/3) of the Board of Directors of a listed issuer, whichever is the higher, are independent directors.</p> <p>Pursuant to the definition of independence under the MMLR of Bursa Securities, all of the four (4) Independent Directors have satisfied the independence test in the yearly assessment of the Independent Directors for the FYE2021.</p> <p>The Independent Directors bring independent views to Board deliberation to ensure decisions are made objectively in the best interest of the Company.</p> <p>Majority of the Board consists of INEDs.</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 4.2

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>As disclosed in the Board Charter, the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the Director's re-designation 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 (12<sup>th</sup>) year, the Board should seek annual shareholders' approval through a two-tier voting process at a general meeting.</p> <p>The Company will be seeking shareholders' approval at the forthcoming AGM for the following two (2) INEDs of the Company:-</p> <ul style="list-style-type: none"><li>(i) Dato' Muthanna Bin Abdullah, who has served the Board for a cumulative term of more than twelve (12) years since 18 December 2008, through a two-tier voting process as described in the Guidance to Practice 4.2 of MCCG; and</li><li>(ii) Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo who has served the Board for a cumulative term of more than nine (9) years since 25 August 2009, through the annual shareholder's approval.</li></ul> <p>In view that Tan Sri Datuk Amar (Dr.) Hamid Bin Bugo's cumulative term of more than twelve (12) years would only crystallise on 25 August 2021, his retention as an INED would only need to be through the usual voting process i.e., two-tier voting process is not necessary.</p> <p>The Board through the BNRC had undertaken relevant annual performance evaluations and assessments and recommended that the two (2) Directors to continue to serve as INEDs based on the following justifications:-</p>

	<ul style="list-style-type: none"> <li>(1) They have met the criteria set in the annual assessment of their independence in line with the MMLR of Bursa Securities;</li> <li>(2) Both of them have vast experience, knowledge and skills in a diverse range of businesses and therefore provide constructive opinion, counsel, oversight and guidance as Directors;</li> <li>(3) Their management and legal background have provided support to enable the Board to discharge its duties effectively and in a competent manner;</li> <li>(4) Both of them have actively participated and contributed to the discussion and deliberation of the Board and Board Committees. They have diligently attended all of the meetings held for the Board and Board Committees for the FYE 2020; and</li> <li>(5) They have exercised due care and diligence and acted in the best interest of the Company by providing independent views to the deliberations and decision making of the Board and Board Committees' Meetings.</li> </ul>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

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 BNRC is entrusted by the Board to make recommendations for the appointment of Directors to the Board including the election/re-election of retiring Directors at the AGM.</p> <p>In making recommendation of suitable candidates, the BNRC considers the following criteria:-</p> <ul style="list-style-type: none"> <li>• skills, knowledge and expertise, experience;</li> <li>• time commitment and contribution;</li> <li>• honesty, integrity, professional conduct and business ethics/practices;</li> <li>• specialised knowledge in line with the Company’s strategy;</li> <li>• number of directorships in other companies and other external obligations which may affect his/her commitment; and</li> <li>• diversity including gender diversity.</li> </ul> <p>The Company practices a clear and transparent nomination process in relation to the appointment of Directors. The process is as follows:-</p> <p>Stage 1 - Identify the vacancy/gaps  Stage 2 - Identify the candidates  Stage 3 - Evaluation of suitability of candidates  Stage 4 - Meeting up with the shortlisted candidates  Stage 5 - Final deliberation by the BNRC  Stage 6 - Recommend to the Board</p> <p>For the position of INEDs, the BNRC shall evaluate the candidate, at a minimum, with reference to the definition of “Independent Director” as stipulated by the MMLR of Bursa Securities.</p> <p>While the Board is supportive of gender diversity and recognises the multiplicity of perspectives and enhanced collaborations that it brings, the Board believes that any new appointment should be based on merits and capability.</p> <p>The appointment of Senior Management is based on skills, knowledge and experience, personal behaviours and motivation. The appointment of Senior Management will also be tabled to the BNRC for review and approval.</p>

The Board pursues diversity in both the Board level and Senior Management level. The Board recognises that a diverse Board in the Company could offer greater depth and breadth compared to non-diverse Board whilst the diversity at Senior Management will lead to better decisions.

The Board had established a Board Diversity Policy to ensure that a number of aspects such as professional experience, skills, knowledge, gender, educational background, ethnicity and age are considered in designing the Board’s composition. The Board Diversity Policy is available on the Company’s corporate website at [www.sapura-resources.com](http://www.sapura-resources.com).

The Board and Senior Management were appointed from a diverse pool in terms of age, gender and nationality. The Profile of the Directors and the Key Senior Management are presented in the Annual Report 2021.

With respect to the appointment of key senior management, the Board had on 1 January 2021 approved the revised TOR of the BNRC for adoption to encompass the review and approve, in consultation with the MD, the appointment of Group Head, Human Resource Department of the Company. A copy of the revised TOR of the BNRC is available on corporate website at [www.sapura-resources.com](http://www.sapura-resources.com).

The Board is supportive of gender diversity in the Board composition. Whilst the Board acknowledges that there is currently no female director on the Board of SRB since Dato’ Fuziah @ Fauziah binti Dato’ Ismail retired as a Senior Independent Non-Executive Director on 27 July 2020, the Company has started the process of identifying a female director.

The Board also views that the workplace and Board diversity are important to facilitate the decision-making process by harnessing different insights and perspectives. As of the date of this CG Report dated 10 June 2021, the current diversity in gender, ethnicity and age of the Board and the Key Senior Management of the Company are as follows:

		Directors	Key Senior Management (excluding the MD)
<b>Race/Ethnicity</b>	Malay	5	4
	Chinese	1	1
	Indian	0	0
<b>Age Group</b>	30 to 40	0	0
	41 to 50	1	3
	51 to 60	1	2
	61 to 70	3	0
	Above 70	1	0
<b>Gender</b>	Male	6	4
	Female	0	1

	Please refer to the Annual Report 2021 in respect of the Profile of Directors and the Profile of the Key Senior Management on pages 23 to 31 for further information.	
<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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supportive of gender boardroom diversity as stated in the Board Charter and the Board Diversity Policy.</p> <p>The Board Diversity Policy is available on the Company's corporate website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p> <p>Whilst the Board acknowledges that there is currently no female director on the Board of SRB since Dato' Fuziah @ Fauziah binti Dato' Ismail retired as a Senior Independent Non-Executive Director on 27 July 2020, the Company has started the process of identifying a female director.</p> <p>The Board will, from time to time, review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company while at the same time having due regard for diversity in skills, knowledge, experience, cultural background, gender, and age.</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 4.6

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 Board uses a variety of sources for the identification of suitable candidates. The Board may rely on recommendations from existing Board members and other sources to meet the skill sets and requirements of the Board.</p> <p>Pursuant to the TOR of the BNRC, the BNRC is responsible for recommending suitable candidates to the Board for their consideration. The BNRC is also open to referrals from external sources available, such as industry and professional associations, as well as independent search firms.</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 4.7

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 TOR of the BNRC explicitly states that the Chairman must be an INED.  The present Chairman of the BNRC is Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, who is an INED of the Company. His profile is set out on page 23 of the Annual Report 2021.
<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 annual assessment on the effectiveness of the Board as a whole, performance of the Board Committees and the contribution of each individual Director and each member of the BARC have been carried out for the FYE2021.</p> <p>In conducting each assessment/evaluation, the following main criteria were adopted by the BNRC:-</p> <p>(i) <u>Assessment of the effectiveness of the Board as a whole</u></p> <ul style="list-style-type: none"><li>• Board Mix and Composition;</li><li>• Quality of information and decision making; and</li><li>• Boardroom activities</li></ul> <p>(ii) <u>BARC member's self/peer evaluation</u></p> <ul style="list-style-type: none"><li>• Skill set and composition; and</li><li>• Performance.</li></ul> <p>(iii) <u>Directors' self/peer performance evaluation</u></p> <ul style="list-style-type: none"><li>• Fit and proper;</li><li>• Contribution to interaction;</li><li>• Quality of input;</li><li>• Understanding of role;</li><li>• Board Chairman's role; and</li><li>• Calibre and personality.</li></ul> <p>Based on the results of the evaluation conducted for FYE2021, the BNRC was satisfied with the performance of the Board as a whole, BARC and individual members of the Board and the BARC.</p> <p>All the Directors and Board Committees provided their feedback anonymously on their peers' performance and individual performance contribution to the Board and respective Board Committees. The results were then collated by the Company Secretaries and tabled to the BNRC for deliberation. The assessment report together with the report on the Board balance (the required mix of skills, experience,</p>

	<p>and other qualities) were deliberated and circulated to the BNRC. The results affirmed that the Board and each of its Committees continue to discharge its duties effectively.</p> <p>To review the independence of the INEDs, the fundamental premise of the assessment is that an INED must be independent of management and free from any business, family, or other relationship, that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of his/her independent and objective judgement in addition to the independence guidelines and criteria as set out in the MMLR of the Bursa Securities.</p>	
<p><b>Explanation for departure</b></p>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	:	
<p><b>Timeframe</b></p>	:	

## Intended Outcome

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 Board had in March 2018, adopted a Board Remuneration Policy to support business strategy which is more long term and strategic in nature with the aim to motivate the Directors to achieve the SRB Group's business objective. The remuneration of the directors is determined with regards to SRB's needs to maintain appropriately experienced and qualified Board members in accordance with competitive pressures in the marketplace. The said Policy is available on the corporate website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p> <p>The Directors' fees and benefits payable to the Non-Executive Directors are tabled to the shareholders for approval on an annual basis via the AGM of the Company.</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

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>The Board is satisfied that the BNRC has effectively and efficiently discharged its roles and responsibilities with respect to the nomination and remuneration functions relating to the Board and Senior Management. As such, it is not necessary to separate the nomination and remuneration functions into distinct nomination and remuneration committees.</p> <p>The Board, as a whole, determines the remuneration of the Non-Executive Directors, with each Director concerned abstaining from any decision with regard to his remuneration. The Company pays its Directors the fees which shall be voted for approval by the shareholders annually during the AGM. It was agreed that the following resolutions shall be tabled at the forthcoming AGM for the shareholders' approval:-</p> <ul style="list-style-type: none"> <li>(i) Directors' fees payable for the FYE2021; and</li> <li>(ii) Directors' benefits payable for the period from 15 July 2021 until the next AGM of the Company under Section 230(1)(b) of the Companies Act 2016.</li> </ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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</b> :	The details of the remuneration for Directors during the FYE2021 are as follows: -																																																																																																							
<b>on application of the practice</b>	<table border="1"> <thead> <tr> <th>Company/Group</th> <th>Directors' Fees (RM)</th> <th>Salaries (RM)</th> <th>Allowance (RM)</th> <th>Benefits-in-kind (RM)</th> <th>Others Emoluments (RM)</th> <th>Total (RM)</th> </tr> </thead> <tbody> <tr> <td colspan="7"><b>INEDs</b></td> </tr> <tr> <td>Tan Sri Datuk Amar (Dr.) Hamid bin Bugo</td> <td>136,000.00</td> <td>-</td> <td>5,000.00</td> <td>323.00</td> <td>-</td> <td>141,323.00</td> </tr> <tr> <td>Dato' Muthanna bin Abdullah</td> <td>101,000.00</td> <td>-</td> <td>8,000.00</td> <td>323.00</td> <td>-</td> <td>109,323.00</td> </tr> <tr> <td>Encik Ahmad Jauhari bin Yahya</td> <td>81,980.82</td> <td>-</td> <td>6,500.00</td> <td>323.00</td> <td>-</td> <td>88,803.82</td> </tr> <tr> <td>Mr. Andrew Heng</td> <td>83,000.00</td> <td>-</td> <td>7,000.00</td> <td>323.00</td> <td>-</td> <td>90,323.00</td> </tr> <tr> <td>Dato' Fuziah @ Fauziah binti Dato' Ismail (retired w.e.f. 27 July 2020)</td> <td>40,249.32</td> <td>-</td> <td>4,000.00</td> <td>323.00</td> <td>-</td> <td>44,617.32</td> </tr> <tr> <td><b>Subtotal</b></td> <td><b>442,275.14</b></td> <td><b>-</b></td> <td><b>30,500.00</b></td> <td><b>1,615.00</b></td> <td><b>-</b></td> <td><b>474,390.14</b></td> </tr> <tr> <td colspan="7"><b>MD</b></td> </tr> <tr> <td>Dato' Shahrman bin Shamsuddin</td> <td>59,000.00</td> <td>1,560,000.00</td> <td>255,300.00</td> <td>7,523.00</td> <td>362,896.00</td> <td>2,244,719.00</td> </tr> <tr> <td><b>Subtotal</b></td> <td><b>501,275.14</b></td> <td><b>1,560,000.00</b></td> <td><b>285,800.00</b></td> <td><b>9,138.00</b></td> <td><b>362,896.00</b></td> <td><b>2,719,109.14</b></td> </tr> <tr> <td colspan="7"><b>NINED</b></td> </tr> <tr> <td>Tan Sri Dato' Seri Shahril bin Shamsuddin</td> <td>59,000.00</td> <td>-</td> <td>4,500.00</td> <td>323.00</td> <td>-</td> <td>63,823.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>560,275.14</b></td> <td><b>1,560,000.00</b></td> <td><b>290,300.00</b></td> <td><b>9,461.00</b></td> <td><b>362,896.00</b></td> <td><b>2,782,932.14</b></td> </tr> </tbody> </table>						Company/Group	Directors' Fees (RM)	Salaries (RM)	Allowance (RM)	Benefits-in-kind (RM)	Others Emoluments (RM)	Total (RM)	<b>INEDs</b>							Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	136,000.00	-	5,000.00	323.00	-	141,323.00	Dato' Muthanna bin Abdullah	101,000.00	-	8,000.00	323.00	-	109,323.00	Encik Ahmad Jauhari bin Yahya	81,980.82	-	6,500.00	323.00	-	88,803.82	Mr. Andrew Heng	83,000.00	-	7,000.00	323.00	-	90,323.00	Dato' Fuziah @ Fauziah binti Dato' Ismail (retired w.e.f. 27 July 2020)	40,249.32	-	4,000.00	323.00	-	44,617.32	<b>Subtotal</b>	<b>442,275.14</b>	<b>-</b>	<b>30,500.00</b>	<b>1,615.00</b>	<b>-</b>	<b>474,390.14</b>	<b>MD</b>							Dato' Shahrman bin Shamsuddin	59,000.00	1,560,000.00	255,300.00	7,523.00	362,896.00	2,244,719.00	<b>Subtotal</b>	<b>501,275.14</b>	<b>1,560,000.00</b>	<b>285,800.00</b>	<b>9,138.00</b>	<b>362,896.00</b>	<b>2,719,109.14</b>	<b>NINED</b>							Tan Sri Dato' Seri Shahril bin Shamsuddin	59,000.00	-	4,500.00	323.00	-	63,823.00	<b>Total</b>	<b>560,275.14</b>	<b>1,560,000.00</b>	<b>290,300.00</b>	<b>9,461.00</b>	<b>362,896.00</b>	<b>2,782,932.14</b>
Company/Group	Directors' Fees (RM)	Salaries (RM)	Allowance (RM)	Benefits-in-kind (RM)	Others Emoluments (RM)	Total (RM)																																																																																																		
<b>INEDs</b>																																																																																																								
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	136,000.00	-	5,000.00	323.00	-	141,323.00																																																																																																		
Dato' Muthanna bin Abdullah	101,000.00	-	8,000.00	323.00	-	109,323.00																																																																																																		
Encik Ahmad Jauhari bin Yahya	81,980.82	-	6,500.00	323.00	-	88,803.82																																																																																																		
Mr. Andrew Heng	83,000.00	-	7,000.00	323.00	-	90,323.00																																																																																																		
Dato' Fuziah @ Fauziah binti Dato' Ismail (retired w.e.f. 27 July 2020)	40,249.32	-	4,000.00	323.00	-	44,617.32																																																																																																		
<b>Subtotal</b>	<b>442,275.14</b>	<b>-</b>	<b>30,500.00</b>	<b>1,615.00</b>	<b>-</b>	<b>474,390.14</b>																																																																																																		
<b>MD</b>																																																																																																								
Dato' Shahrman bin Shamsuddin	59,000.00	1,560,000.00	255,300.00	7,523.00	362,896.00	2,244,719.00																																																																																																		
<b>Subtotal</b>	<b>501,275.14</b>	<b>1,560,000.00</b>	<b>285,800.00</b>	<b>9,138.00</b>	<b>362,896.00</b>	<b>2,719,109.14</b>																																																																																																		
<b>NINED</b>																																																																																																								
Tan Sri Dato' Seri Shahril bin Shamsuddin	59,000.00	-	4,500.00	323.00	-	63,823.00																																																																																																		
<b>Total</b>	<b>560,275.14</b>	<b>1,560,000.00</b>	<b>290,300.00</b>	<b>9,461.00</b>	<b>362,896.00</b>	<b>2,782,932.14</b>																																																																																																		



<b>Explanation :</b> <b>for</b> <b>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>	: Applied										
<b>Explanation on application of the practice</b>	<p>The remuneration for the top five Key Senior Management in bands of RM50,000 during the FYE2021 are as follows:-</p> <table border="1"> <thead> <tr> <th>Remuneration Range (RM)</th> <th>Top Five Senior Management</th> </tr> </thead> <tbody> <tr> <td>600,000 – 650,000</td> <td>Syed Haroon bin Omar Alshatrie</td> </tr> <tr> <td>550,000 – 600,000</td> <td>Burhanudin bin Noordin Ali</td> </tr> <tr> <td>400,000 – 450,000</td> <td>Mai Eliza binti Mior Mohamad Zubir</td> </tr> <tr> <td>100,000 – 150,000</td> <td>Ivan Oh Boon Wee Wan Haslan bin Wan Hassan <i>(both appointed in October 2020)</i></td> </tr> </tbody> </table>	Remuneration Range (RM)	Top Five Senior Management	600,000 – 650,000	Syed Haroon bin Omar Alshatrie	550,000 – 600,000	Burhanudin bin Noordin Ali	400,000 – 450,000	Mai Eliza binti Mior Mohamad Zubir	100,000 – 150,000	Ivan Oh Boon Wee Wan Haslan bin Wan Hassan <i>(both appointed in October 2020)</i>
Remuneration Range (RM)	Top Five Senior Management										
600,000 – 650,000	Syed Haroon bin Omar Alshatrie										
550,000 – 600,000	Burhanudin bin Noordin Ali										
400,000 – 450,000	Mai Eliza binti Mior Mohamad Zubir										
100,000 – 150,000	Ivan Oh Boon Wee Wan Haslan bin Wan Hassan <i>(both appointed in October 2020)</i>										
<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 7.3 - 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>	:	<p>The Board Audit Committee was established on 5<sup>th</sup> May, 1994 and was subsequently renamed to Board Audit and Risk Committee ("BARC") on 20 April 2018.</p> <p>The BARC comprises three (3) members, all of whom are INEDs.</p> <p>The positions of the Chairman of the Board and the BARC are held by separate individuals.</p> <p>Dato' Muthanna bin Abdullah, an INED of the Company, is presently the Chairman of the BARC. Whereas the Chairman of the Board is Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, also an INED. This has ensured that the objectivity of the Board's review on the BARC's findings and recommendations are not impaired. This separation is set out clearly in the TOR of the BARC.</p> <p>The TOR of the BARC is available on the Company's website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The TOR of the BARC has clearly set out that that the appointment of a former key audit partner as a member of BARC shall observe a cooling-off period of at least two (2) years before being appointed as a member of BARC.</p> <p>None of the members of the Board were former key audit partners and notwithstanding the above provision and in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

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

### Practice 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 BARC recognises that one of its responsibilities as set forth in the TOR of the BARC is to conduct annual assessment on the suitability, objectivity, and independence of the external auditors, Ernst &amp; Young PLT ("EY"). For the financial year under review, the BARC was satisfied with the performance and independence of the external auditors as well as the fulfillment of criteria based on the following observations:-</p> <ul style="list-style-type: none"> <li>• EY's active communication with the BARC;</li> <li>• EY has produced the necessary quality of audit review;</li> <li>• Presentation of a comprehensive audit plan and audit findings report; and</li> <li>• Adequacy of the firm's expertise and its resources to carry out the audit work that they were tasked with.</li> </ul> <p>EY had also provided their written confirmation to the BARC that they had been independent throughout their conduct of audit engagement with the Company for the financial under review.</p> <p>Having considered all the above criteria, the Board had upon recommendation by the BARC, approved the recommendation for the re-appointment of EY as external auditors of the Company for the ensuing year for the shareholders' approval at the forthcoming AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### **Intended Outcome**

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 BARC comprises solely of three (3) INEDs as disclosed in the BARC Report set out in the Annual Report 2021.

## 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>All members of the BARC are financially literate and possess a wide range of experience and expertise in areas such as accounting, finance, audit, business acumen, analytical skills, corporate law and public administration and management.</p> <p>Mr. Andrew Heng, who was appointed on 3 June 2019, is a Chartered Accountant of the Malaysian Institute of Accountants (MIA), Member of the Chartered Public Accountant ("CPA") in Australia, a Member of the Cambodian Institute of CPAs, a Certified Financial Planner with the Financial Planning Association of Malaysia and an Associate Member of the Institute of Auditors Malaysia. Therefore, the requirement of Paragraph 15.09(1)(c) of the MMLR of Bursa Securities where at least one (1) member of the BARC must be a qualified accountant has been complied with.</p> <p>All members of the BARC have undertaken continuous professional developments and during the financial year under review, the BARC members attended the trainings as set out in Practice 2.1 of this Corporate Governance Report.</p> <p>Based on the outcome of the performance assessment on the BARC by the BNRC, both the BNRC and the Board are satisfied with the performance of the BARC.</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 9.1

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has overall responsibility for maintaining a system of internal control and risk management that enables the Company to make informed decisions with reasonable assurance of achieving effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines amidst its efforts to achieve the Company's objectives and business goals.</p> <p>The Board had appointed the BARC to review and monitor the effectiveness of the Group's system of internal control and the risk management policies, processes and infrastructure which are established to manage various types of risks and to ensure an effective internal audit function.</p> <p>The Board adopted an Enterprise Risk Management ("ERM") Policy on 25 June 2020 upon the recommendation of the BARC. The ERM shall be a core management competency that incorporates a well-structured systematic process to identify business risk and lessen their impact on the Group. This involves the following core elements:</p> <ul style="list-style-type: none"> <li>• the identification of each business risk;</li> <li>• the measurement of the identified business risk;</li> <li>• the control or the way the risk is managed in line with the needs of the Group's policies and strategies; and</li> <li>• constant monitoring and communicating of risks associated with any activity, function or process in a way that will enable the Group to minimise losses and maximize opportunities.</li> </ul> <p>The Statement on Risk Management and Internal Control set out in the Annual Report 2021 provides an overview and key features of the internal control within the Group together with the adequate and effective measures taken for the financial year under 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

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>	:	<p>The Board had via the BARC oversees the risk management and internal control system of the Group. The BARC is assisted by the Group Risk Management Committee ("<b>GRMC</b>"), which is primarily responsible for the review of the risk management processes. Significant risk issues evaluated by the GRMC and/or major changes proposed by the committee shall be discussed at the BARC and Board meetings.</p> <p>The Company also engaged KPMG, the Internal Auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. KPMG's engagement objectives are to support the BARC and the Board in ensuring the effectiveness of the ERM framework by reviewing the implementation status of action plans committed by the Management and to facilitate risk update of top principal business risks focusing on the relevancy and adequacy of risk profiles.</p> <p>The Statement on Risk Management and Internal Control set out in the Annual Report 2021 provides an overview and key features of the internal control within the Group together with the adequate and effective measures taken during the financial year under 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**

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

## Intended Outcome

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

### Practice 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>For an effective and independent internal audit function as an integral part of the control structure and risk management framework of the Group, the Company outsourced the internal audit function to KPMG, a third-party service provider.</p> <p>It is the responsibility of the internal auditors to provide the BARC with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures.</p> <p>To this end, the functions of the internal auditors are to:</p> <ul style="list-style-type: none"> <li>• perform audit work in accordance with the pre-approved internal audit plan;</li> <li>• carry out reviews on the system of internal control of the Group and the Company;</li> <li>• review and comment on the effectiveness and adequacy of the existing control policies and procedures; and</li> <li>• provide recommended corrective actions, if any, for the improvement of the control policies and procedures.</li> </ul> <p>The BARC and the Board are satisfied with the performance of the internal auditors, KPMG, in the provision of outsourced internal audit services to the Group and the Company.</p> <p>During the financial year under review, the internal auditors conducted internal audit works covering (i) strategic management and procurement; (ii) ground handling services; and (iii) IT general controls.</p> <p>Further details of the Internal Audit Function are disclosed in the BARC Report of Annual Report 2021.</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 Company has outsourced its internal audit function to KPMG. The internal audit engagement by KPMG is headed by an Executive Director, namely Encik Mohd Khaidzir Shahari. Encik Khaidzir is a professional member of the Institute of Internal Auditors, Malaysia, a Chartered Accountant (Malaysian Institute of Accountants) and a Certified Internal Auditor. Encik Khaidzir has accumulated over 20 years of experience in a wide range of governance advisory, risk and internal audit works.</p> <p>There was a total of three (3) personnel who were deployed by KPMG for the internal audit works during the FYE2021. All the personnel deployed by KPMG are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of their work.</p> <p>The internal audit work was carried out in accordance with a framework set by a recognised professional body i.e., International Professional Practice Framework issued by Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable, and relevant information which signifies a satisfactory conclusion of the internal audit works.</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 Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Company.</p> <p>The Board ensures that a dedicated section governing the Board-Shareholders relationship be included in the Board Charter, thereby formalising the Board's commitment to serving the best interest of the shareholders.</p> <p>The AGM is the main forum of dialogue with shareholders as it provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. It is also an avenue for the Chairman and Board members to respond personally to all queries and provide clarification on issues and concerns raised by the shareholders. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions set out in the notice.</p> <p>Other than the forum of the AGM, the Company communicates regularly with shareholders and investors through annual reports, quarterly financial reports and various announcements made via Bursa LINK as the Board acknowledges the importance of accurate and timely dissemination of information to its shareholders, potential investors and the public in general. Shareholders and Investors can obtain the Company's latest announcements in the dedicated website of Bursa Securities at <a href="http://www.bursamalaysia.com">http://www.bursamalaysia.com</a> or via the SRB's corporate website at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a>.</p> <p>The Company's corporate website which is accessible at <a href="http://www.sapura-resources.com">www.sapura-resources.com</a> provides all relevant information on the Company and is accessible by the public. It includes the announcements made by the Company and annual reports. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information.</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>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company is not classified as a "Large Company". However, the Company would consider adopting the integrated reporting based on a globally recognised framework, when necessary.
<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>The Annual Report, which contains the Notice of Sixty-Third AGM, was sent to shareholders at least twenty-eight (28) days prior to the date of the meeting to give sufficient time to shareholders to schedule their time and to consider the resolutions that was discussed and decided at the AGM. The Notice of AGM, which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper.</p> <p>The explanatory notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in 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 the Directors of the Company were in attendance for the Sixty-Third AGM of the Company held on 27 July 2020 virtually. Members of the Senior Management and external auditors of the Company were also in attendance and will continue to be present at the succeeding AGM to respond to the shareholders' queries.</p> <p>All the Directors of the Company will endeavour to attend all future General Meetings and will take any relevant questions addressed to them unless unforeseen circumstances preclude them from attending General Meetings.</p> <p>The Chairman of the Board Committees will also readily available to address any questions posted by the shareholders at the general meetings in respect of matters that fall under the purview of the Board Committees.</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

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>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In accordance with Clause 77 of the Company's Constitution, the Company may convene a meeting of members at more than one (1) venue using any technology or method that enables the Members to participate and to exercise the Members' rights to speak and vote at the meeting. The main venue of the meeting shall be in Malaysia and the Chairman of the Board shall be present at the main venue.</p> <p>In view of the COVID-19 pandemic and the enforcement of the Movement Control Order across Malaysia, the Company took the necessary precautions and preventive measures in complying to the directives issued by the Malaysian National Security Council (Majlis Keselamatan Negara Malaysia). The Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting to conduct the poll on the resolutions tabled at the AGM for the first time at its first fully virtual Sixty-Third AGM held on 27 July 2020.</p> <p>The entire proceedings of the Sixty-Third AGM were held through Boardroom's LUMI AGM Solution. The Administrative Details of the Sixty-Third AGM with detailed registration and voting procedures were sent to the shareholders.</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>	:	

**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.*

Click here to enter text.