

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5256
COMPANY NAME : REACH ENERGY BERHAD
FINANCIAL YEAR : December 31, 2022

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 Board of Directors ("the Board") of Reach Energy Berhad ("Reach Energy" or "the Company") is responsible for the stewardship of the Company in overseeing its strategy, conduct and affairs to create sustainable value for the benefit of its shareholders.</p> <p>The Board is also committed to uphold high standards of corporate governance and strives to ensure that it is practised throughout the Company as a fundamental part of discharging its responsibilities, protecting and enhancing the shareholders' value and raising the performance of the Company. The duties, powers and functions of the Board are governed by the Constitution of the Company, the Companies Act 2016 ("the Act"), the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and other regulatory guidelines and requirements that are in force.</p> <p>In discharging its duties and roles effectively, the Board is guided by the Board Charter and adopts any best practices recommendations that set out the principles and guidelines to be applied by the Board. The Board is also assisted by its Board Committees to properly and effectively discharge its functions and responsibilities. The Board empowers its Committees, namely the Audit Committee, the Nomination & Remuneration Committee and the Risk Management Committee to examine specific matters within their respective Terms of Reference as approved by the Board. Although specific powers are delegated to the Board Committees, the ultimate responsibility for decision-making, however, lies with the Board. The Board keeps itself abreast of the key issues and decisions made by each Board Committee through the tabling of reports by the Chairmen of these Board Committees at Board Meetings.</p> <p>Beyond the schedule of matters reserved for the collective decision of the Board as stipulated in the Board Charter, the Board delegates the</p>

	<p>other functions and powers to the Chief Executive Officer (“CEO”). The CEO is responsible for the executive leadership and the day-to-day management and operation of the Company. The CEO remains accountable to the Board for the authorities that are delegated to him and for the performance of the Company.</p> <p>The Board, together with its Management, is committed to promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.</p> <p>The functions, roles and responsibilities of the Board are set out in the Board Charter while the Board Committees’ roles and responsibilities are set out in their respective Terms of Reference which are available for reference on the Company’s website – http://www.reachenergy.com.my</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>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter, which is available on the Company's website http://www.reachenergy.com.my.</p> <p>The Chairman leads the Board by setting the tone at the top and managing the Board's effectiveness by focusing on strategy, governance and compliance. The Board monitors the functions of the Board Committees in accordance with their respective Terms of Reference ("TOR") to ensure their effectiveness.</p> <p>The Chairman is responsible for representing the Board to the shareholders and for ensuring the integrity and effectiveness of the governance process of the Board. The Chairman also maintains regular dialogue with the CEO over all operational matters and shall promptly consult with the Board over any matter that gives him any cause of concern pertaining to the Company.</p> <p>The Chairman sets the pace of the meeting and leads discussions in an effective manner. The Chairman acts as a facilitator at meetings of the Board and promotes a Boardroom environment that allows for constructive expression of views, effective debate and contributions from the Board members to facilitate informed decision-making by the Board.</p> <p>The responsibilities of the Chairman are set out in the Board Charter which is made available on the Company's website – http://www.reachenergy.com.my</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

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>The Chairman of the Board and the CEO have separate distinct functions and responsibilities and are held by different individuals.</p> <p>This division ensures that there is a clear and proper balance of power and authority to facilitate an accountable and high performing Board and to ensure that no one has unfettered powers of decision.</p> <p>The Chairman of the Board has never assumed any executive position in the Company. The separate distinct functions and responsibilities of the Board and the CEO are also reflected in the Board Charter which is made available on the Company's website – http://www.reachenergy.com.my</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

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	: Please provide an explanation on how the practice is being applied.
Explanation for departure	: The Chairman of the Board is a member of the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee.
<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 1.5

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 qualified and competent Company Secretaries who are both members of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”).</p> <p>The Company Secretaries support and work closely with the Chairman of the Board, the CEO and the respective Chairmen of the Board Committees in setting agenda items for meetings of the Board and the Board Committees. They manage the AGM, the Board and Committee meeting arrangements and logistics, attends the meetings and facilitates the Board communications. They are also the focal point for stakeholder’s communication and engagement on corporate governance issues.</p> <p>The Company Secretaries advise the Board on its roles and responsibilities, is responsible to the Board for ensuring applicable rules and regulations are complied with, Board procedures are followed, good corporate governance practices are adopted and that the Board is advised on governance and relevant regulatory matters.</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>In order to facilitate the Directors' scheduling and to encourage attendance of the Board, the annual meeting schedule for the Board, Board Committees and Annual General Meeting ("AGM") of the Company is prepared and circulated to the Directors and Management in advance of every calendar year.</p> <p>This is also to ensure that the Management is given sufficient time for preparation of meeting materials for each meeting so as to achieve meeting effectiveness. The notices and meeting materials of the Board and Board Committees meetings are distributed at least five (5) business days in advance before the meetings. The Board is provided sufficient time to read through the meeting materials, seek clarification from the Management, consult the Company Secretaries or independent advisers prior to the meetings, if so required, and are prepared for quality deliberations and effective decision-making during the meetings.</p> <p>The Board members have completed and unhindered access to the Senior Management and Company Secretaries at all times. Senior Management personnel are invited to attend Board and Board Committees meetings to report on matters relating to their areas of responsibility, to brief and provide details to the Board on recommendations or reports submitted. The Board may consult with other personnel of the Company and seek additional information, where necessary. Likewise, the Board also has access to independent professional advice whenever such services are needed to assist them in carrying out their duties at the Company's expense.</p> <p>The proceedings of the meetings, including issues raised, deliberations and decisions of the Board and Board Committees are accurately recorded in the minutes by the Company Secretaries. The minutes of meetings are circulated in a timely manner upon conclusion of the meetings. Signed copies of confirmed minutes are maintained in the respective minutes books maintained by the Company Secretaries.</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

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	:	<p>The Board Charter of the Company documents the policies that the Board has decided upon to meet its responsibilities, governance and leadership. The Board Charter also serves as a primary reference and part of the induction literature, providing insights to prospective and existing Board members.</p> <p>The Board Charter sets out, among others, the following:-</p> <ul style="list-style-type: none">a) The key values, principles and ethics of the Companyb) The governance structure, authority and TOR of the Board and its Board Committeesc) The delegation of authority to Board Committeesd) The expectation on individual Directors in terms of their commitment, roles and responsibilities as Board members <p>The Board Charter ensures that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders, customers and other stakeholders and that the highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Company.</p> <p>The Board Charter is subject to review by the Board periodically to ensure it remains consistent with the Board's objectives and responsibilities, current laws, listing requirement and corporate governance practices.</p> <p>The Board Charter is accessible for reference on the Company's website – http://www.reachenergy.com.my</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 3.1

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>It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest legal and ethical standards. The Board together with the Senior Management team, sets the tone and standards of integrity and compliance within the Company.</p> <p>In discharging its responsibilities, the Board is guided by the Code of Conduct which promotes good business conduct with high ethical behaviour and integrity.</p> <p>The Code of Conduct is intended to deter wrongdoing and to promote the following:</p> <ul style="list-style-type: none">a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;b) Full, fair, accurate, timely and understandable disclosure in reports and documents the Company files with, or submits to, Bursa Malaysia and the Securities Commission and in other communications made by the Company;c) Compliance with applicable governmental laws, rules and regulations;d) The prompt internal reporting of violations of this Code to the appropriate person or persons identified in this Code;e) Accountability for adherence to the Code; andf) Adherence to a high standard of business ethics. <p>The Code of Conduct is periodically reviewed by the Board and is updated as and when necessary.</p> <p>The Code of Conduct is made available on the Company's website – http://www.reachenergy.com.my</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 Company's Whistleblowing Policy seeks to contribute to an environment where a high standard of integrity, accountability and ethical behaviour are maintained in the conduct of the Company's businesses and operations.</p> <p>The Whistleblowing Policy provides an avenue for all employees or members of the public to raise genuine concerns about any suspected and/or known improper conduct that they may observe occurring within the Company. The policy is designed to ensure that employees or members of the public are able to raise concerns of improper conduct without fear of reprisals, unfair treatment or practices.</p> <p>Any concerns raised will be investigated and the outcome of such investigation will be reported to the Board where the appropriate action will be taken to resolve the issue.</p> <p>The Board, together with the Senior Management, reviews the Whistleblowing Policy periodically or as and when the need arises to ensure it is kept contemporaneous.</p> <p>The Whistleblowing Policy and its disclosure procedure are accessible to the public for reference on the Company's website – www.reachenergy.com.my.</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	:	<p>The Board integrates sustainability, whenever possible, into all critical business decisions regarding the Company's overall direction and annual target-setting process. Business functions must set and meet concrete sustainability targets to systematically implement the general approach established by the Board.</p> <p>In this respect, the Board is supported by a growing set of environmental, social and governance (“ESG”) policies and a capable team of senior management, department heads and project leads for sustainability implementation and performance reporting.</p> <p>The Board is assisted and supported by the Senior Management team whose roles include ensuring that the sustainability initiatives are effectively implemented and integrated across our operations.</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 4.2

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	:	The Company's sustainability strategies and initiatives are detailed in the Sustainability Statement in the 2022 Annual Report for the information of its internal and external stakeholders.
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>The Board is updated by the Senior Management on the sustainability issues relevant to the Company and the sustainability efforts undertaken by the Company which are determined based on the Environmental, Social and Corporate Governance criteria.</p> <p>The Board also reviews the Company’s performance and evaluates the risk profile and make regular assessment of these processes to ensure high quality standards.</p> <p>The Board is kept fully abreast of the latest regulations and guideline applicable to the business including current and emerging environment problems and develop robust practices around factoring environmental considerations into the Board’s decision making.</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 Effectiveness Evaluation for the financial year ended 2022 included assessment on the Board's understanding on sustainability issues that are critical to the Company's performance.	
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	:	Adopted
Explanation on adoption of the practice	:	Ms. Tan Siew Chaing, the Group's CEO has been designated to lead the development and successful execution of the Company's sustainability priorities, in line with the strategic outcomes set by the Board.

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 places great emphasis on diversity principles. The right blend of skills, experience and diversity for the Board and the Senior Management Team is an essential element of ensuring its effectiveness, which in turn leads to the long-term success of the Company. A diverse Board and Senior Management team is one that possesses a balance of skills, experience, age, ethnicity/cultural background, gender and a diversity of perspectives that are relevant to the Company's business and its strategic objectives.</p> <p>The composition and size of the Board is reviewed by the Nomination & Remuneration Committee from time to time to ensure its appropriateness and effectiveness.</p> <p>The Nomination & Remuneration Committee also annually reviews the performance of all directors including those seeking re-election based on competency, preparedness and independence. Only those with satisfactory evaluation are recommended to the Board for re-election.</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	:	Applied	
Explanation on application of the practice	:	The Board comprises of three (3) Independent Non-Executive Directors, one (1) Executive Directors and one (1) Non-Independent Non-Executive Director. Therefore, half of the Board comprises independent directors.	
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 5.3

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 notes that the tenure of an independent director should not exceed a cumulative term of nine (9) years. The Board is of the view that the ability of long-serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service or any pre-determined age.</p> <p>None of the Independent Directors has served more than a cumulative term of nine (9) years.</p> <p>The Board has developed a policy which limits the tenure of its Independent Directors to nine (9) years and embraces the practice for retaining an independent director beyond nine (9) years and shall provide justification for doing so and seek shareholders' approval annually in the respect.</p> <p>If the Board continues to retain the Independent Directors after the 12th year, in addition to providing justification as explained above, the Board will seek shareholders' approval through a two-tier voting process, unless the said Independent Director wishes to be re-designated as a non-independent non-executive Director which shall be decided by the Board.</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	:	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.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
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 Board recognises the importance of boardroom diversity and values the benefits that diversity can bring to its Board of Directors. The Board also recognises that having a range of different skills, backgrounds, experience and diversity are essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.</p> <p>The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director is based on an effective blend of competencies, skills, extensive experience and knowledge so as to strengthen the Board. The Nomination & Remuneration Committee is responsible for identifying, assessing and recommending the right candidate(s) to the Board as well as reviewing and assessing the composition and performance of the Board.</p> <p>In making its recommendations, the Nomination & Remuneration Committee will consider, amongst others, the following selection criteria:</p> <ul style="list-style-type: none">a) Skills, experience, knowledge and expertise;b) Time commitment and contribution;c) Honesty, integrity, professional conduct and business ethics/practices;d) Specialised knowledge in line with the Company's strategy;e) Number of directorships in other companies and other external obligations which may affect his/her commitment; andf) Diversity including gender diversity. <p>The Board appoints its members through a formal and transparent selection process. The candidates will be considered and evaluated by the Nomination & Remuneration Committee who will then recommend the candidates for approval and appointment by the Board.</p>

	<p>The roles of the Nomination & Remuneration Committee are detailed in the Terms of Reference, which is accessible for reference on the Company's website – http://www.reachenergy.com.my.</p> <p>Additionally, the Company has adopted the Fit and Proper Policy on 1 July 2022 to codify the Company's approach to the assessment of the fitness and propriety of the Directors and Key Senior Management of the Company prior to any appointment and re-election.</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 5.6

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>Selection of candidates for consideration for appointment as Directors is facilitated through various sources, from recommendations from the Management and major shareholders to the Independent Directors' network. The whole process is overseen by the Nomination & Remuneration Committee.</p> <p>The Company has adopted the Fit and Proper Policy on 1 July 2022 to codify the Company's approach to the assessment of the fitness and propriety of the Directors and Key Senior Management of the Company prior to any appointment and re-election.</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 profiles of Directors are published in the 2022 Annual Report as well as on Bursa Malaysia's website. These include their age, gender, tenure of service, directorships in other companies, working experience and any conflict of interest as well as their shareholdings in Bursa Malaysia, if any.</p> <p>The performance of the retiring Directors is assessed by the Nomination & Remuneration Committee and the Board before recommendation is made to the shareholders for consideration. The assessment on any re-election is based on the Fit and Proper Policy of the Company.</p> <p>The information for the Directors standing for re-election as well as the reasons from the Board to support the reappointment of the Directors have been disclosed in the Company's Notice of 10th Annual General Meeting to be held on 13 June 2023.</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 5.8

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

Application	:	Applied	
Explanation on application of the practice	:	The Nomination and Remuneration Committee (“NRC”) is chaired by Mr Chow Hiu Tung, an Independent Non-Executive Director. The composition of the NRC is as follows:- a) Mr Chow Hiu Tung (Chairman) b) Tan Sri Dr. Azmil Khalili bin Dato’ Khalid (member) c) Mr Cheung Hung (member)	
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	:	<p>The Board currently does not have any women directors subsequent to the resignation of Datin Noor Lily Zuriati binti Abdullah.</p> <p>The Board does not currently have any gender policy or target. Despite this, the Board embraces and supports gender diversity in the boardroom as recommended by the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) to promote the representation of women in the composition of the Board. As such, the Board will continue to look for suitably qualified female candidates to heed the MCCG 2021.</p> <p>The Group will ensure diversity in its management level by having strong female representation at the management level which could potentially be a pipeline for future candidates to be appointed as Directors or Senior Management. To nurture diversity within the Group, the Company would endeavour to provide a suitable working environment that is free from harassment and discrimination, and to provide fair and equal opportunities to all employees within the Group.</p> <p>The Board recognises and embraces the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights which enables better problem solving to gain a competitive advantage in serving an increasingly diverse customer base compared to a boardroom that is dominated by one gender.</p> <p>The Board will focus its efforts to establish a diverse Board with a variety of skills, experience, age, cultural background and gender.</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	:	The Board acknowledges gender diversity in the boardroom as recommended under the MCCG 2021 and recognises the importance of encouraging and developing female talents at all levels.	
		The Board continues to search for suitable female candidates to heed the MCCG 2021. Nevertheless, it will take some time for the Nomination and Remuneration Committee to search and select a suitably qualified female director to meet the recommended 30% target.	
<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 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 with assistance from the Nomination & Remuneration Committee undertakes to carry out a formal and objective annual evaluation to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director.</p> <p>The annual evaluation which is internally facilitated, involves individual Directors and Board Committee members completing separate evaluation questionnaires regarding the processes of the Board and the Board Committees, their effectiveness and areas where improvements could be considered. The criteria for evaluation are guided by the Corporate Governance Guide issued by Bursa Malaysia. The evaluation process also involves a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors.</p> <p>All assessments and evaluations carried out by the Nominating Committee in the discharge of all its functions are properly documented.</p> <p>Meanwhile, for the Board and Board Committees, the criteria used include among others, composition, structure, accountability, responsibilities, adequacy of information and processes.</p> <p>Based on the findings, the Board and Board Committees noted that the Board and the Committees had sufficiently discharged their duties and fulfilled their roles effectively in accordance to the Board Charter as well as the Board Committees' Terms of Reference.</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 Company supports competitive remuneration and compensation necessary to attract, retain and motivate quality people required to lead, manage and serve the Company in a competitive environment.</p> <p>Towards this end, the Board has a Nomination & Remuneration Committee to implement its policies and procedures on remuneration of the Board and the Senior Management.</p> <p>The Nomination & Remuneration Committee comprises:</p> <ul style="list-style-type: none">a) Mr Chow Hiu Tung (Chairman)b) Tan Sri Dr. Azmil Khalili bin Dato' Khalid (member)c) Mr Cheung Hung (member) <p>The Nomination & Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration framework for the Executive Directors. This includes making recommendations to the Board for all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors and senior management staff of the Company.</p> <p>The Nomination & Remuneration Committee is also responsible for reviewing the level of fees and benefits of the Non-Executive Directors and recommending it to the Board thereafter. The level of fees and benefits for Non-Executive Directors, including Non-Executive Chairman, should be determined by the Board as a whole and individuals concerned should abstain from discussion of their own remuneration.</p> <p>The Terms of Reference of Nomination & Remuneration Committee is made available on the Company's website (http://www.reachenergy.com.my).</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 7.2

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 a Nomination and Remuneration Committee ("NRC") comprised of two (2) independent non-executive directors and one (1) non-independent non-executive director, as follows:-</p> <ul style="list-style-type: none">a) Mr Chow Hiu Tung (Chairman)b) Tan Sri Dr. Azmil Khalili bin Dato' Khalid (member)c) Mr Cheung Hung (member) <p>The NRC has established a written Terms of Reference, which outlines its functions; members' powers and authority; and duties and responsibilities. The Terms of Reference are disclosed on the Company's website (http://www.reachenergy.com.my).</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	:	<p>Partial disclosure on a named basis for the remuneration of individual Directors. Only breakdown of individual directors' fees, and other emoluments/allowances comprising meeting allowances are disclosed in the 2022 Annual Report.</p> <p>The rest of the remuneration breakdown of individual directors includes salary and other emoluments are not disclosed in the 2022 Annual Report due to the sensitivity of the information and given the competitiveness in the market for talent in the oil and gas industry.</p>

No	Name	Directorate	Company ('000)							Total
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments		
1	Tan Sri Dr. Azmil Khalili Bin Dato' Khalid	Non-Executive Non-independent Director	75,000					33,000	108,000	
2	Encik Izlan Bin Izhah (Resigned w.e.f 29 March 2023)	Independent Director	50,000					33,000	83,000	
3	Encik Nik Din Bin Nik Sulaiman (Resigned w.e.f 29 March 2023)	Independent Director	50,000					40,500	90,500	
4	Dato' Jasmy Bin Ismail (Resigned w.e.f 29 March 2023)	Independent Director	50,000					37,500	87,500	
5	Datin Noor Lily Zuriati Binti Abdullah (Resigned w.e.f 29 March 2023)	Independent Director	50,000					33,000	83,000	
6	Dato' Berikkazy Seksenbayev (Resigned w.e.f 29 March 2023)	Independent Director	50,000					9,000	59,000	
7	Yerlan Issekeshov (Resigned w.e.f 29 March 2023)	Independent Director	50,000					-	50,000	
8	Yusoff Bin Hassan	Independent Director	50,000					30,000	80,000	
9	Mr Chow Hiu Tung (Appointed w.e.f 29 March 2023)	Independent Director	-					-	-	
10	Mr Cheung Hung (Appointed w.e.f 29 March 2023)	Independent Director	-					-	-	
11	Y.M. Tunku Datuk Nooruddin Bin Tunku Dato' Sri Shahabuddin (Resigned w.e.f 29 March 2023)	Executive Director	-		600,000			73,000	673,000	

12	Mr Tse Man Yin (Appointed w.e.f 29 March 2023)	Executive Director	-					-	-	
13										
14										
15										

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board does not include a detailed disclosure on a named basis for the remuneration of the top five senior management’s remuneration component.	
		The Board is of the view that it would not be in the best interest of the Company to disclose such sensitive information given the competitiveness in the market for talent in the oil and gas industry.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Name	Position	Company				
		Salary	Allowance	Bonus	Benefits	Other emoluments

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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	Compensation		
			Salary	Allowance	Bonus

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	:	<p>The Chairman of the Audit Committee ("AC") and the Chairman of the Board are held by two (2) different individuals.</p> <p>The AC is chaired by Mr. Chow Hiu Tung, an Independent Non-Executive Director whereas the Chairman of the Board is Mr. Cheung Hung, an Independent Non-Executive Chairman 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 9.2

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	:	A former key audit partner may be appointed as a member of the Audit Committee provided a cooling-off period of at least two (2) years is met. This practice has already been incorporated into the Terms of Reference of the Audit Committee.	
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 Audit Committee is responsible for reviewing, assessing and monitoring the performance, suitability and independence of the external auditors. A Board-approved policy is in place setting out the procedures on the appointment, re-appointment and annual assessment of the external auditors, as well as the declaration of the independence by the external auditors as specified in the by-laws issued by the Malaysian Institute of Accountants.</p> <p>The assessment process involves a detailed questionnaire covering a wide range of criteria such as:-</p> <ul style="list-style-type: none">a) Quality of serviceb) Sufficient of resourcesc) Communication and interactiond) Independence, objectivity, professionalism and calibre of external auditorse) Quality of audit teamf) Audit scopeg) Provision of non-audit servicesh) Audit fees
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 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee ("AC") of the Company comprised of three (3) independent non-executive directors, as follows:- a) Mr Chow Hiu Tung (Chairman) b) Tan Sri Dr. Azmil Khalili bin Dato' Khalid (member) c) Mr Cheung Hung (member)

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 members of the Audit Committee possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference of the Audit Committee.</p> <p>All members of the Audit Committee are financially literate and have the necessary experience and possess risk management, commercial expertise and capital markets skills required to meet their responsibilities and to provide an effective level of challenge to management.</p> <p>All Audit Committee members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations. To keep themselves abreast of relevant industry developments in accounting and auditing standards, business practices and rules, our Audit Committee members, during the financial year under review, have attended various training programmes, forums, conferences and seminars which have been disclosed in the Board Development section of the Corporate Governance Overview Statement. In addition, the Audit Committee is regularly briefed by the external auditors on key changes and updates on accounting and financial reporting standards.</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

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 maintains a sound risk management framework and system of internal control to safeguard shareholders' investment and the Company's assets. In this respect, the Board has established a standalone Risk Management Committee which is responsible for the establishment of a proper risk management framework and controls as well as reviewing the functional system of the Company.</p> <p>The risk management framework and controls serve as a reference for the Risk Management Committee to identify, assess and monitor the key business risks of the Company in order to safeguard shareholders' investment and the Company's assets.</p> <p>The Board continually articulates, implements and reviews the adequacy and effectiveness of the Group's enterprise-wide risk management and internal control system which has been embedded in all aspects of the Company's activities. The Board reviews the processes, responsibilities and assesses for reasonable assurance that risks have been managed within the Company's risk appetite and tolerance, with a system that is viable and robust.</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	:	The features of the Company's risk management and internal control framework is as set out in the Statement of Risk Management and Internal Control of the Company's 2022 Annual Report.	
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	:	Adopted
Explanation on adoption of the practice	:	The Risk Management Committee ("RMC") comprises of five (5) members, three (3) of whom are Independent Non-Executive Directors one (1) is Non-Independent Non-Executive Directors and one (1) is Executive Director, which as follows:- a) Mr Cheung Hung (Chairman) b) Tan Sri Dr. Azmil Khalili bin Dato' Khalid (member) c) Mr Chow Hiu Tung (member) d) Mr Tse Man Yin (member) e) Encik Yusoff bin Hassan (member)

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 Internal Audit function of the Company is independent from its operations. The Company has outsourced its Internal Audit function to an independent professional firm, Tricor Axcelasia Sdn. Bhd., which reports directly to the Audit Committee.</p> <p>The Audit Committee is to review and monitor on behalf of the Board, the adequacy and integrity of the Company's internal control.</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 currently outsourced to an independent professional firm and reports functionally to the Audit Committee of the Board.</p> <p>The internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively. Areas of improvement are highlighted to the Board, and the implementation of recommendations has consistently been monitored.</p> <p>This reporting relationship promotes independence and objectivity, which assures adequate consideration of audit recommendations and planned suggestive corrective actions. The activities of the Internal Auditor are guided by international practices framework or a risk-based approach. The results of the audits provided in the Internal Audit Reports together with the findings and recommendation for improvements were presented to the Audit Committee for deliberations. The resulting reports from the audits were also forwarded to the Management for their attention and necessary corrective actions.</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 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Company places great importance in ensuring the highest standards of transparency and accountability in its communication with investors and the public and has a dedicated Investor Relations section on its website that includes all announcements the Company makes such as quarterly announcements, relevant circulars and press releases.</p> <p>The Investor Relations section also includes annual reports as well as the corporate and governance structure of the Company. It is the Company's practice to respond to shareholders' letters, phone calls and email enquiries in a timely manner. Whilst the Company endeavours to provide as much information as possible to its shareholders and other stakeholders, the Board is mindful of the regulatory framework governing the release of material and price sensitive information.</p> <p>The Company also recognises the importance of both individual and institutional shareholders' participation in general meetings and encourages such participation. To that end, the Company hosts the annual general meeting which functions as the principal forum for dialogue and interaction between the Board and the shareholders.</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 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	:	<p>The date of the Notice of the Company's Ninth Annual General Meeting ("AGM") was 28 April 2022 and the Ninth AGM was held on 28 June 2022, which is more than 28 days' advance notice.</p> <p>This allows additional time for the shareholders to consider the proposed resolutions to be tabled at the AGM and to make informed decisions accordingly. It also allows the shareholders to make the necessary arrangements to attend and participate virtually in the AGM, either personally, or through proxies.</p> <p>In order to provide convenience and encourage shareholders' participation, the Company has opted for a virtual AGM. In compliance with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue, the Group has provided a broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.</p> <p>In line with this also, no shareholders/proxies from the public shall be physically present at nor admitted to the Broadcast Venue.</p> <p>The Company distributes the administrative details together with the Notice of AGM to furnish the shareholders with the details of the AGM, the eligibility of the shareholders, their rights to appoint proxies and other related information pertaining to the AGM. The explanatory notes to the Notice of the Ninth AGM dated 28 April 2022 contain details of each resolution to be tabled to enable the shareholders to make informed 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	:		
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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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>All Directors save for Tan Sri Dr. Azmil Khalili bin Dato' Khalid ("Tan Sri Dr. Azmil Khalili") and Mr. Yerlan Issekeshv attended the fully virtual AGM which was held on 28 June 2022. Tan Sri Dr. Azmil Khalili was absent due to his commitment to perform the Hajj in Mecca. Mr. Yerlan Issekeshv was absent due to his internet connectivity issue at that point of time.</p> <p>To ensure effective participation of and engagement with shareholders at the virtual 2022 AGM, shareholders were given the opportunity to raise questions and seek clarifications on the resolutions tabled as well as on the business operations and performance of the Group. Shareholders were encouraged to submit their questions before the AGM to the website provided to enable the Board and the Senior Management to provide meaningful responses and adequate information.</p>	
<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	:	The Ninth AGM was held on a fully virtual basis via an online meeting platform provided by a reputable and experienced service provider which ensured good cyber hygiene practices were in place including data privacy and security to prevent cyber threats.	
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	: A question-and-answer session was allocated after the tabling of each resolution during the Company's Ninth AGM. The Board including the Chairmen of the Board Committees had addressed all questions raised by the shareholders at the Ninth 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 13.5

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	: In the interest of safety and health of the shareholders, Board members and employees of the Company, the Ninth AGM was conducted on a fully virtual basis and hosted at the office of Boardroom Share Registrars (“Boardroom”) at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya. In order to ensure a successful meeting, Boardroom had provided adequate tools and infrastructure to the Company that allowed for active participation by the shareholders. In addition, all questions submitted by the shareholders prior to and during the AGM as well as the Board’s responses to the questions were posted and read out by the Chairman of the AGM during the online broadcast.
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 minutes of the of the Company's Ninth AGM was published on the Company's website (http://www.reachenergy.com.my) on 28 July 2023 which is within 30 business days after the general meeting.
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.

Not applicable.
