

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5256
COMPANY NAME : REACH ENERGY BERHAD
FINANCIAL YEAR : December 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 PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") is responsible for the leadership and long-term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board. The Board Charter also outlines the matters reserved for the Board as well as those which the Board may delegate to the Board Committees, Chief Executive Officer ("CEO") and the Management team.</p> <p>The Board is principally responsible for:</p> <ul style="list-style-type: none">a. Strategy setting The Board reviews and approves business strategies, major capital and operating budget and matters of policy. The Board also monitors the management's performance in implementing the adopted strategies and it provides relevant direction and advice, where necessary, to ensure the achievement of the Company's objectives.b. Management of the Company The Board reviews the Management team's performance ensuring that the company is managed properly.c. Risk Management The Board ensures that principal risks are identified and adequate mitigating action plans are put in place. In ensuring risk assessment and control, the Risk Management Committee has been entrusted with providing oversight and governance of risks for the Company.d. Integrity of Internal Control The Board reviews the adequacy and integrity of the Company's internal control system on a regular basis and ensures that there is an effective and satisfactory framework for reporting internal financial controls and regulatory compliance.

	<p>Aside from its principal duty, the Board also ensures that all its Directors attend trainings and knowledge sharing sessions to continuously build upon their operational knowledge. All the Directors of the Company has objectively discharged their fiduciary duties and responsibilities at all times in the best interests of the Company to oversee the conduct, business activities and development of the Company.</p> <p>The Board delegates review functions to the various Board Committees it has established. The Board Committees are:</p> <ul style="list-style-type: none"> a. Audit Committee b. Nomination and Remuneration Committee c. Risk Management Committee <p>To ensure a more holistic review and oversight, the Chairman of each Board Committee provides a report to the Board on issues and matters raised at their respective meetings for the Board’s further consideration</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 Chairman, Tan Sri Dr. Azmil Khalili bin Dato' Khalid ("Tan Sri Dr. Azmil"), holds a Non-Executive position and is primarily responsible for the overall leadership and functioning of the Board.</p> <p>The Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. The Board, under the leadership of the Chairman, works effectively and performs responsibilities with all key and appropriate issues discussed in a timely manner. The key responsibilities of the Chairman are as follows:</p> <ul style="list-style-type: none">• To ensure the smooth and effective functioning of the Board.• To provide leadership for the Board, ensuring that the Board carries out its responsibilities in the best interest of the Company and that all key issues are discussed in a timely manner.• To lead the Board in its collective oversight of the management, facilitating active discussion and participation by all Directors and ensuring that sufficient time is allocated to discuss all relevant issues at Board meetings.• To encourage active participation of the Board members and allows dissenting view to be freely expressed by ensuring that no Board member, whether executive or non-executive, dominates discussion, and that appropriate discussion takes place and that relevant opinion amongst Board members is forthcoming.• To manage the interface between the Board and the Management by acting as the main conduit as well as develop positive relationship with the Chief Executive Officer.• To lead the Board in establishing and monitoring good corporate governance practices in the Company.• To act as a spokesperson for the Board and as the main representative of the Company alongside the Chief Executive Officer at the shareholders' meetings and on other occasions where key or major actions are taken or statements are made in the name of the Company to ensure appropriate steps are taken to provide effective communication with the 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

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 roles of the Chairman and the Chief Executive Officer are separate to ensure balance of power and authority, so that no individual has unfettered powers of decision. The Executive Directors are responsible to the Board for implementing operational and corporate decisions while the Non-Executive Directors are responsible for providing independent views, advice and judgment in consideration of the interests of shareholders at large in order to effectively check and balance the Board's decision making process.</p> <p>The Chairman provides leadership at Board level, chairing the meetings of the Company and the Board, represents the Board to the shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Group.</p> <p>The division of roles and responsibilities of the Chairman and the CEO is set out in the Board Charter which is made available 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

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

Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The Chairman of the Board is not a member of the Audit Committee and Risk Management Committee. However, he is a member of the Nomination and Remuneration Committee. Please provide an alternative practice and explain how the alternative practice meets the intended outcome.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	: Choose an item.

Intended Outcome

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. The Board has direct access to the advice and services of the Company Secretaries. Both the Company Secretaries of the Company are qualified to act as Company Secretaries under the Companies Act 2016 ("CA 2016") and are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures, CG and compliance with the relevant regulatory requirements and legislations. The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required.</p> <p>The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Group and all meeting materials are prepared and issued to the Board of Directors and Board Committee members at least five (5) business days prior to the meetings to enable them to receive the information in a timely manner. For the year under review, the Company Secretaries attended all Board and Board Committees' meetings. Based on the annual review of the Corporate Secretaries, the Board is satisfied that the Company Secretaries have discharged their duties effectively.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board meets at least once in every quarter with additional meetings convened as and when necessary. The meeting agenda, the relevant reports and Board papers are furnished to the Directors and Board Committee members at least five (5) business days prior to the meetings to allow the Directors to have sufficient time to read them for effective discussion and decision making at the meetings. The Senior Management is invited to attend these meetings to explain and clarify matters being tabled. Matters requiring Board's decision during the intervals between the Board meetings are circulated and approved through circular resolutions.</p> <p>The Board has a formal schedule of matters reserved at Board Meetings which includes, corporate plans, annual budgets, Management and Group's performance review, operational updates and financial decisions, changes to the Management and control structure within the Group, including key policies and procedures and delegated limits of authorities.</p> <p>The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties with regards to the issues to be discussed. The Company Secretaries shall organise and attend all Board Meetings to ensure proper records of the proceedings. The minutes of meetings of Board and Board Committees will be circulated to the Board Committee members and other members of the Board for review and comments within a reasonable timeframe prior to the Chairman's confirmation at the next Board and Board Committees meetings.</p> <p>The deliberations and decisions at Board and Board Committee meetings are minuted in a clear, accurate and timely manner. The minutes record the decisions of the Board and Board Committee including deliberations, comments, concerns or dissenting views.</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 has a Board Charter which clearly defines the respective roles and responsibilities of the Board, Board Committees’ and management as well as issues and decisions reserved for the Board. These include the following:</p> <ul style="list-style-type: none"> • reviewing and approving the overall strategic plans and direction of the Company; • overseeing and evaluating the conduct and performance of the Company; • identifying principal risks and ensuring implementation of a proper risk management system; • establishing a succession plan; • overseeing the development and implementation of a shareholder communication policy for the Company; and • reviewing the adequacy and the integrity of the management information and internal controls system of the Company. <p>In addition to the respective roles, responsibilities and authorities of the Board, the Board Charter also defines the issues and matters reserved for the Board’s decision which include:</p> <ul style="list-style-type: none"> • corporate plans and programmes; • annual budgets, including capital commitments; • new ventures; • acquisitions and disposals of undertakings and properties; • changes to the management and control structure within the Company and its subsidiaries, including key policies; and • funding/financing requirements for the Company and its subsidiaries. <p>The Board Charter is periodically reviewed by the Board to be in line with the Malaysian Code of Corporate Governance (“MCCG”). The Board Charter is made available on the Company’s website – www.reachenergy.com.my</p>

	<p>The Board is also responsible to ensure continuing education programmes for Directors to update their knowledge and enhance their skills to enable them to effectively discharge duties and sustain active participation in Board deliberation. In order to achieve this, the Board is assisted by the Company Secretaries who keep the Directors informed of relevant training programmes.</p> <p>In accordance to Paragraph 15.08(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors attended various external programmes in 2021 which include the following:-</p> <ol style="list-style-type: none"> 1. Corruption Risk Management Awareness Session 2. Knowledge Sharing Session with MACC : Corporate Malaysia's New Norm (Speaker : MACC Officer) 3. Anti-Bribery and Anti-Corruption Awareness Programme 4. Corporate Board Leadership Symposium 2020 5. The Board Chair - First Among Equals 6. Governance Symposium 2020: Driving Governance in the New Normal: The Future Begins Now 7. Corporate Liability Under The New Section 17A of The MACC Act 8. What Directors and Top-level Management Need to Know 9. Corporate Liability Provision (Section 17A) of the MACC Act 2019 10. Mandatory Accreditation Program (MAP) 	
<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

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. In this regard, the Board has put in place a Code of Conduct which subject the Directors, the management and the employees to a set of values, and standards of conduct that is expected of them. In discharging its responsibilities, the Board is guided by the Code of Conduct.</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>Appropriate persons have been designated to determine appropriate actions to be taken in the event of violations of the Code of Conduct. Any action taken shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to the Code of Conduct and to these additional procedures, and may include written notices to the individual involved that the Board has determined that there has been a violation, censure by the Board, demotion or re-assignment of the individual involved, suspension with or without pay or benefits (as</p>

	<p>determined by the Board), and termination of the individual's employment or position after taking into account all relevant information, including the nature and severity of the violation as well as the frequency of occurrence amongst other things.</p> <p>The Code of Conduct is made available on the Company's website – 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

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 is committed to carrying out its business in accordance with the highest standards of professionalism, honesty, integrity and ethics.</p> <p>In view thereof, the Board has established and adopted a Whistleblowing Policy where it provides an avenue for the employees and external parties to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal.</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 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 sustainability in the Company is governed by the Board and driven by the Company’s Chief Executive Officer and Executive Director.</p> <p>The Company has a governance structure in place where the Board takes full accountability to ensure effective corporate governance across the Group which includes overseeing risks and internal controls that are also key functions of sustainability. In this respect, the Board are 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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders regularly via:-</p> <ul style="list-style-type: none">• Annual Report• Meetings• Corporate website at www.thriven.com.my <p>In addition, the Company's sustainability performance has also been set out in its Annual Report 2021 for the information of its internal and external stakeholders.</p> <p>Details of the Stakeholder Engagement are as set out in the Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's objectives, strategies and financial targets are evaluated by the Board on an annual basis.</p> <p>The Board also review the Group's performance and evaluate the risk profile and make regular assessment of these processes to ensure high quality standards.</p> <p>The Board keep fully abreast of latest regulations and guideline applicable to the business including current and emerging environment problems and develop robust practices around factoring environmental consideration 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 financial year ended 2021 included assessment on 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	:	<p>The sustainability in the Company is led by the Company's Chief Executive, Ms Tan Siew Chaing.</p> <p>She manages, provides direction, oversight and guidance throughout the Group to integrate sustainability considerations in the operations of the Group and implement sustainability related measures.</p> <p>She will also report and update the Board on material economic, environmental and social impacts.</p>

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 Nomination Committee regularly assesses the experience, the tenure, and diversity required collectively for the Board and ensures that it is periodically refreshed so that it can discharge its duties effectively.</p> <p>Nomination Committee 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	:	<p>The Board comprises nine (9) members, seven (7) of which are Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Chairman, and one (1) Executive Director.</p> <p>According to the Listing Requirements, at any one time, at least two (2) directors or one-third (1/3), whichever is higher, of the Board members must be Independent Directors. The Company has adhered to this requirement with the appointment of seven (7) Independent Non-Executive Directors which are:</p> <ul style="list-style-type: none">a) En. Izlan bin Izhabb) En. Nik Din bin Nik Sulaimanc) Dato' Jasmy bin Ismaild) Datin Noor Lily Zuriati binti Abdullahe) Mr. Yerlan Issekeshv (<i>appointed on 31 March 2021</i>)f) Mr. Berikkazy Seksenbayev (<i>appointed on 31 March 2021</i>)g) En. Yusoff bin Hassan (<i>appointed on 23 September 2021</i>) <p>In ensuring that the element of independence is reinforced, En. Izlan has been designated as a Senior Independent Non-Executive Director. As the Senior Independent Non-Executive Director, he serves as a sounding board to the Chairman and acts as an intermediary for other Directors when necessary. The presence of the Senior Independent Non-Executive Director provides an additional channel for Independent Directors and other Directors to voice any opinions or concerns that they believe have not been properly considered or addressed by the Board or which they feel may not be appropriate to raise in an open forum.</p> <p>An annual assessment of the independence of the Independent Non-Executive Directors is conducted to ensure their independence. Based on the assessment for the year under review, all the Independent Non-Executive Directors have satisfied the independence test under the Listing Requirements of Bursa Malaysia Securities Berhad</p>
Explanation for departure	:	

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

Measure :		
Timeframe :		

Intended Outcome

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

Practice 5.3

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	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board noted 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 that respect. If the Board continues to retain the Independent Directors after the twelfth (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 non-independent non-executive Director which shall be decided by the Board.</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 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, alongside the Nomination and Remuneration Committee, undertake periodic reviews of the composition of the Board to ensure that it remains a diverse Board. The Board strongly believes that reinforcing the diversity aspect of its composition can enrich the Board's discussions with a breadth of perspectives.</p> <p>In making recommendation of suitable candidates, the Nomination and Remuneration Committee considers the following criteria:</p> <ul style="list-style-type: none">• skills, experience, knowledge and expertise;• time commitment and contribution;• honesty, integrity, professional conduct and business ethics/practices;• specialised knowledge in line with the Company's strategy;• number of directorships in other companies and other external obligations which may affect his/her commitment; and• 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 and Remuneration Committee who will then recommend the candidates for approval and appointment by the Board.</p> <p>The roles of the Nomination and Remuneration Committee are detailed in the Terms of Reference, which is accessible for reference on the Company's website – www.reachenergy.com.my.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	Apart from recommendations made by the Management and major shareholders, the Company also leverages on the Independent Directors' network to source for suitably qualified candidates for Board appointments and is overseen by the Nomination and Remuneration 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

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 Annual Report 2021 and 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 Committee and Board before recommendation is made to the shareholders for consideration.</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 9th Annual General Meeting to be held on 28 June 2022.</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	:	<p>The Nomination and Remuneration Committee is chaired by the Senior Independent Non-Executive Director, En. Izlan bin Izhab.</p> <p>The Board understands that an effective recruitment and evaluation process of Directors is the bedrock of a high-performing Board. The Board therefore believes that the Senior Independent Non-Executive Director is the most suitable and qualified person to lead the conduct of the process in an objective manner.</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 5.9

The board comprises at least 30% women directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Board currently has one (1) female Director, this amounts to 11.1% (one female out of the total nine Directors) female representation.</p> <p>The Board acknowledges the best practice of Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) for Board to comprise at least 30% women on Board. In heeding this, there was a positive development for the Company in making greater strides towards notable gender diversity on the Board with the appointment of Datin Noor Lily Zuriati binti Abdullah.</p> <p>The Board is mindful that any gender representation should be in the best interest of the Company. Although the Company has not reached the 30% women representation target at Board level as recommended by the MCCG 2021, the Board decisions are made objectively in the best interests of the Group taking into account diverse perspectives and insights. The Board is of the view that it is important to recruit and retain the best available talent regardless of gender, ethnicity and age to maximize the effectiveness of the Board.</p> <p>The Board notwithstanding the view that diversity should be in tandem with expertise, experience and skills and not gender alone acknowledges the importance of the establishment of a gender diversity policy. Hence, the Nomination and Remuneration Committee has been tasked to look for suitably qualified female candidate when there is a vacancy.</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 the gender boardroom diversity as recommended under the Malaysian Code of Corporate Governance ("MCCG") and recognises the importance of encouraging and developing female talent at all levels. Currently, there is only one female director, which reflects approximately 11% of female representation on the Board.	
		The Board continues to search for suitable female candidates to fill in the directorship positions. Nevertheless, it will take some time for the Nomination and Remuneration Committee to search and select a suitably qualified female director to meet the 30% target.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 6.1

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

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The effectiveness of the Board is vital to the success of the Company. Hence, the Board undertakes a formal evaluation each year in order to assess its effectiveness.</p> <p>During the financial year 2021, an assessment of the effectiveness of the Board as a whole, the individual directors, Board Committees and the independence of its Independent Directors was conducted. The assessment was led by the Nomination and Remuneration Committee and covered areas, amongst others, business strategy governance and implementation, improvement in ways the Board engages with the Management on strategy, sufficient information availability on a timely basis, diversity and Board and Board Committees composition.</p> <p>Upon completion of the evaluations, an actionable improvement programme that addresses areas for improvement was formulated to enhance the Board’s overall performance.</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	:		
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Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has a Nomination and Remuneration Committee to implement its policies and procedures on remuneration of the Board and Senior Management.</p> <p>The Nomination and Remuneration Committee comprises:</p> <ul style="list-style-type: none">a. Encik Izlan bin Izhah (Senior Independent Non-Executive Director and Chairman of the Remuneration Committee)b. Encik Nik Din bin Nik Sulaiman (Independent Non-Executive Director)c. Tan Sri Dr. Azmil Khalili bin Dato' Khalid (Non-Independent Non-Executive Director) <p>The Nomination and 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 and 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>

	The Terms of Reference of Nomination and Remuneration Committee is made available on the Company's website - www.reachenergy.com.my .	
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 to implement its policies and procedures on remuneration of the Board and Senior Management.</p> <p>The Nomination and Remuneration Committee comprises:</p> <ul style="list-style-type: none">a. Encik Izlan bin Izhah (Senior Independent Non-Executive Director and Chairman of the Remuneration Committee)b. Encik Nik Din bin Nik Sulaiman (Independent Non-Executive Director)c. Tan Sri Dr. Azmil Khalili bin Dato' Khalid (Non-Independent Non-Executive Director) <p>The Nomination and 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 and 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>

	The Terms of Reference of Nomination and Remuneration Committee is made available on the Company's website - www.reachenergy.com.my .	
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	:	Partial disclosure on 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 Annual Report 2021. The rest of the remuneration breakdown of individual directors includes salary and other emoluments are not disclosed in the Annual Report 2021 due to the sensitivity of the information and given the competitiveness in the market for talent in the oil and gas industry.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Dr. Azmil Khalili bin Dato' Khalid	Non-Executive Non-Independent Director	1	Input info here	Input info here	Input info here	Input info here	14,250	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Izlan bin Izhab	Independent Director	25,000	Input info here	Input info here	Input info here	Input info here	17,250	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Nik Din bin Nik Sulaiman	Independent Director	25,000	Input info here	Input info here	Input info here	Input info here	18,750	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Dato' Jasmy bin Ismail	Independent Director	25,000	Input info here	Input info here	Input info here	Input info here	15,750	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Datin Noor Lily Zuriati binti Abdullah	Independent Director	25,000	Input info here	Input info here	Input info here	Input info here	13,500	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
6	Dato' Berikkazy Seksenbayev	Independent Director	18,836	Input info here	Input info here	Input info here	Input info here	5,250	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
7	Yerlan Issekeshv	Independent Director	18,836	Input info here	Input info here	Input info here	Input info here	3,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
8	Yusoff bin Hassan	Independent Director	6,781	Input info here	Input info here	Input info here	Input info here	3,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin	Executive Director	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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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 8.2

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 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	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions of the Chairman of the Board and the Chairman of the Audit Committee are held by two separate individuals.</p> <p>The Board's Audit Committee is chaired by the Independent Non-Executive Director, En. Nik Din bin Nik Sulaiman while Tan Sri Dr. Azmil is the Chairman of the Board.</p> <p>The Terms of Reference for the Audit Committee is made available 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

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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board recognises the need to uphold the independence of the external auditors from the Board and Management. None of the members of the Audit Committee are former key audit partners of external audit firm(s) servicing the Company. The Audit Committee is currently looking into amending the Terms of Reference of the Audit Committee to lengthen the cooling off period from two (2) to three (3) years for a former key audit partner to observe before being appointed as a member of the Audit Committee.	
		Presently, none of the members of the Audit Committee are former key audit partners.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

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 Company has in place a process to consider the appointment or reappointment of the External Auditor. The process requires the Audit Committee to assess the External Auditor's suitability, objectivity and independence. Other areas of consideration are:</p> <ul style="list-style-type: none"> • the competence, audit quality, experience and resource capacity of the External Auditor and its staff assigned to the audit • the audit firm's other audit engagements • the adequacy of the scope of the audit plan • the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan • the nature and extent of the non-audit services rendered and the appropriateness of the level of fees • obtaining written assurance from the External Auditor confirming that it is, and has been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. <p>The assessment will be conducted annually to assess the performance of the External Auditor prior to making a recommendation to the shareholders 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	:		
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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	:	At present the Audit Committee comprises three (3) Independent Non-Executive Directors.

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>All members of the Audit Committee possess diverse skill sets and are financially literate and have necessary knowledge and/or experience to review financial and non-financial reporting processes and matters under the purview of the Audit Committee.</p> <p>All members of the Board, including members of the Audit Committee are encouraged to undertake continuous professional development by attending trainings, workshops, seminars or briefings at the Company's expense to keep abreast with relevant industry developments including accounting and auditing standards, business practices and rules, as well as statutory and regulatory requirements.</p> <p>The Board reviews and assesses the performance of the Audit Committee and its members through an annual evaluation process to ensure the Audit Committee is able to discharge its duties and responsibilities according to its 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

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>In tandem with the growing complexities in the marketplace, the Board had instituted a standalone Risk Management Committee to devote more focus and attention on existing and emerging risks facing the Company.</p> <p>The Risk Management Committee is responsible for the establishment of a proper risk management framework and controls while as well as reviewing the functional system of the Company. 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 also recognises that risk management is a continuous process, designed to manage risks impacting the Company's business strategies and objectives, within the risk appetite and tolerance established by the Board. In pursuing these objectives, internal control systems can only provide reasonable, but not absolute, assurance against any material financial misstatement, fraud or losses.</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 on Risk Management and Internal Control of the Company's 2021 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	:	At present the Risk Management Committee comprises the following: <ul style="list-style-type: none">• The Chairman is an Independent Non-Executive Director;• One (1) Member is an Independent Non-Executive Director;and• One (1) Member is an Executive Director.

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 AC.</p> <p>The AC 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 work was carried out in accordance with a framework set by a recognised professional body i.e., International Professional Practice Framework issued by the 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> <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 for improvements 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 attention and necessary corrective actions.</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 continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed on the Group's business and corporate developments and ensure that the Group's communication with them is transparent and timely.</p> <p>Pursuant to this, a number of formal communication channels are used to account to shareholders for the performance of the Group. These include the Annual Report, quarterly results and general announcements released through Bursa Malaysia, press releases and Annual General Meeting.</p> <p>Shareholders may also communicate with the Group on investor relation matters by sending an email to the Investor Relations Contact listed on the Group's website at www.reachenergy.com.my. The Group will then endeavour to reply to these enquiries in the shortest possible time.</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 Notice of the Company's Ninth Annual General Meeting (AGM) is 29 April 2022 and the Ninth AGM is scheduled to be 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 participated virtually in the AGM, either personally, or through proxies.</p> <p>Due to the outbreak of the Covid-19 pandemic, the Company has opted for a virtual AGM. In compliance of Section 327(2) of the Companies Act 2016 which requires the Chairman of 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. 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 30 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	:	

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>The Annual General Meeting (“AGM”) is the principal forum for direct interaction and dialogue among shareholders, the Board and management. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions pertaining to the business activities of the Company.</p> <p>Our Directors, save for Mr. Yerlan Issekeshv, attended the full-virtual Eighth (“8th”) AGM held on 24 June 2021. Mr. Yerlan Issekeshv was unable to attend the 8th AGM due to his internet connectivity issue at that point of time. To encourage engagement between the Directors and shareholders, shareholders were invited to send questions before the meeting to the website provided in relation to the agenda items for the 8th AGM and the Board had addressed all the questions at the 8th AGM. Besides the Directors, the Management and the External Auditors were also in attendance remotely to respond to shareholders’ queries.</p> <p>Barring any unforeseen circumstances, the Board ensures that the full complement of Directors attend every General Meeting and all Chairmen of Board Committees are required to be prepared to answer all questions addressed to them. The Board including the Chairmen of the Board Committees are pleased to address questions received from shareholders. Besides, the Company would request the Directors to check and ensure that their internet connection is workable for coming AGM.</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	:	

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 8 th AGM was held on a fully virtual basis via the online meeting platform provided by reputable and experienced service provider which will ensure good cyber hygiene practices are 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	: In the interest of safety and health of the shareholders, Board members and employees of the Company, the 8 th AGM held in 2021 were conducted on a fully virtual basis via online meeting platform. The shareholders were also given sufficient opportunities to pose any questions pertaining to financial and non-financial matters as well as long term strategies of the Company via an online platform provided during the AGM and all questions posed by the shareholders were answered at the 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 8 th AGM was conducted on a fully virtual basis and hosted at the office of Boardroom Boardroom Share Registrars (“Boardroom”) at 12 th , Floor, Menara Symphony , No.5, Jalan Prof Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya. Boardroom has provided adequate tools and infrastructure to the Company for a successful virtual AGM with 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 at the online broadcasting AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Departure
Explanation on application of the practice	:
Explanation for departure	: The minutes of the Company's 8 th AGM was published on the Company's website (www.reachenergy.com.my) more than 30 business days after the general meeting.
	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

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

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

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