



# Annual Report 2023



This report comprises the Annual Report of State Trading Organization plc prepared in accordance with the Companies Act (07/2023), listing rules of Maldives Stock Exchange, Maldives Securities Act (02/2006), Securities (Continuing Disclosure and Obligations of Issuers) Regulation (R-1050/2019) of Capital Market Development Authority and Corporate Governance Code of Capital Market Development Authority requirements. Unless otherwise stated in this Annual Report, the terms 'STO', the 'Group', 'we', 'us' and 'our' refer to State Trading Organization plc and its subsidiaries, associates and joint ventures collectively. The term 'Company' refers to STO and/or its subsidiaries. STO prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). References to a year in this report are, unless otherwise indicated, references to the Company's financial year ending 31st December 2023. In this report, financial and statistical information is, unless otherwise indicated, stated on the basis of the Company's financial year. Information has been updated to the most practical date. This Annual Report contains forward looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements often use words such as 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'will', 'may', 'should', 'would', 'could' or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and STO plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. STO cannot guarantee future results, levels of activity, performance or achievements.

# TABLE OF CONTENTS

Group Financial Highlights

Dear Shareholders

My Fellow Shareholders, Partners & Employees

Group Financial Highlights

**01 Business Review and Financial Highlights**

**02 Governance Report**

Board of Directors Profile

Audit & Risk Committee Report

Risk Report

Governance and Sustainability Committee Report

Remuneration Report

Our People, Our Pride

**03 Sustainability Report**

**04 Independent Auditors Report & Financial  
Statements**

**05 Executive Team**

**06 General Information**

## DEAR SHAREHOLDERS,



As the newly appointed Chairman of STO, it is with great honor and enthusiasm that I present to you our Annual Report for the year 2023. This past year has been marked by remarkable achievements and strategic advancements, laying a strong foundation for an even more prosperous future.

Since joining STO, I have been immensely impressed by the dedication and talent of our team, the loyalty of our customers, and the unwavering support of our shareholders. Our Company has navigated a challenging market landscape with resilience and adaptability, achieving significant milestones that reflect our commitment to excellence.

As I embark on my tenure as Chairman, I assure you that we are just getting started. Our strategic focus for the coming years will be on innovation, digital transformation, and expanding into high-growth markets.

My vision for STO is one of sustained growth, enhanced value creation, and market leadership. We will continue to build on our strengths, seize new opportunities, and drive the company forward with renewed vigor and ambition. I am confident that with the collective efforts of our exceptional team and the unwavering support of our shareholders, we will achieve even greater success in the years to come.

I extend my deepest gratitude to our employees for their hard work and dedication, to our customers for their loyalty, and to you, our shareholders, for your trust and confidence. Together, we will shape a bright and prosperous future for STO.

Thank you for your ongoing support.

A stylized, handwritten signature in white ink, consisting of several loops and a long horizontal stroke extending to the right.

**AMIR MANSOOR**  
Chairman

# MESSAGE FROM THE MD & CEO

## *Our fellow shareholders, partners & employees*

### **Our achievements**

In 2023, STO's most significant achievements centered around its ability to enhance and maintain high service levels despite the challenging global economic conditions. These milestones can be highlighted in three main focus areas:

1. **Supply Chain Resilience:** STO successfully managed to ensure the continuous supply of essential commodities, such as fuel, medical supplies, and staple food, to the Maldives. This is particularly noteworthy given the global supply chain disruptions, geopolitical tensions, and economic instability. Maintaining a robust supply chain under these circumstances underscores our commitment to stability and resilience.
2. **Financial Performance:** Despite the global economic downturn, STO demonstrated strong financial performance for both the company and the group. This reflects its strong corporate governance, sound business and financial management, effective strategic planning and forward thinking. Record performance in a third consecutive year highlights the company's robust business model and financial health, which are crucial for sustained investment in growth and development.

3. **Divestment:** On 20th December 2023, STO and Allied Insurance signed a share transfer agreement with the Ministry of Finance and MIFCO, transferring the shares STO and Allied Insurance held in MIFCO to the Government of Maldives. This was a strategic move that has allowed STO to increase focus on its core businesses.

These strategic decisions collectively highlight STO's integral role in supporting our economic development and prosperity, showcasing its alignment with national priorities and its adaptability to the challenging business environment.



# MESSAGE FROM THE MD & CEO

## **Looking ahead: Strategic Partnerships & Developments**

Bunkering partnership with Vitol: Vitol is the world's largest independent energy trader. They are also among the world's top five bunkering service providers. Vitol has a reputation for consistency, quality, and expertise. We believe the Maldives, blessed to be on the 8-degree channel - the main shipping lane in the Indian Ocean, is an ideal geographical location for an international bunkering operation. Following signing of the term sheet, Vitol will use its expertise and network to promote the Maldives in all possible markets. Indeed, Vitol has already begun utilizing the Maldives as a bunkering hub. To start business operations, there are some tasks we need to complete with the help of government authorities. These include updating the Ihavandhippolhu atoll's marine chart, setting up a fire and oil spill response plan, and ratifying some IMO conventions relevant to bunkering. This initiative aligns with our vision of "enriching lives," as there are lots of direct and indirect benefits involved in the operations, such as creating employment opportunities, enhancing tax revenue for the government, increasing dividends for our shareholders, increasing foreign exchange, and strengthening the foreign currency reserve in the country. A successful bunkering industry has the potential to ignite the maritime industry of the Maldives and stimulate related economic activities such as ship handling, agencies and related services, survey and repair and educational institutes.

Development of a new oil terminal: We have reached maximum development capacity of Funadhoo island. Government's announcement to develop Funadhoo as a financial center as part of Velana International Airport development is timely. As part of the development to the greater Male' area, STO has been assigned Maagiri lagoon to develop a new oil storage terminal, which will be within Male' Port area, similar to Funadhoo. It is envisioned that when completed the terminal will have capacity to cater to demand for next 50 years and development will be carried out in phases.

## **Vision for the Future**

I like to see STO playing a strategic role in national development. Apart from maintaining the security of defined essential items, like in the past, I would like to see STO as the pioneer in some strategic initiatives. Instead of depending heavily on fuel trading, I would like to see a reasonable and realistic balance between fuel and non-fuel revenue, earning sustainable income.

Additionally, I would like to see STO expand its horizons internationally, entering the domain of international sales. This expansion will not only enhance our global footprint but also significantly bolster our contributions to the national foreign currency reserve. We are committed to implementing strategic initiatives to realize these objectives, ensuring that STO continues to be a cornerstone of economic prosperity and a leader in innovation and sustainability.

## **Challenges and Opportunities**

STO operates in a complex business environment. There are always new developments in the market. Maldives is heavily reliant on imports, and because the company is mandated to maintain the security of many essential commodities, any shocks in the global market have a direct impact on STO. Since Russia's invasion of Ukraine in 2022, Platts (oil prices) have been around USD 100 a barrel. We have seen prices rally up as high as USD 140 per barrel. Since oil prices have a direct impact on the cost of production and inflation in the Maldives, we need to find ways to mitigate the risks associated with higher oil prices. One such measure that we are working on is implementing a fuel hedging mechanism. As we speak, we are in touch with some potential business partners who could assist us in investing in derivatives and, hence, keeping fuel prices at a manageable level.

The other challenge we've faced since 2022 is the rise in receivables, particularly from certain State-Owned Enterprises (SOEs). We are in a continuous dialogue with the Ministry of Finance to implement mechanisms to address the increase in receivables.

## **Message to our Stakeholders**

To our stakeholders, your confidence in our vision and strategies has been a source of motivation and strength. Your support has empowered us to pursue ambitious goals, drive sustainable growth, and make significant contributions to the national development of the Maldives. We remain committed to upholding the highest standards of transparency, accountability, and excellence in all our endeavors.

As we reflect on another year of remarkable achievements, I want to extend my heartfelt gratitude to each and everyone of you for your unwavering dedication and support. Your commitment and hard work have been the driving force behind STO's success and resilience in the face of unprecedented global challenges.

### **Personal Reflections:**

As I reflect on my tenure as the Managing Director of STO Plc, I am filled with a profound sense of #teamSTO pride and gratitude. Having served as a board member and being a shareholder of STO, I have had the privilege of witnessing firsthand the company's evolution and its steadfast commitment to its vision.

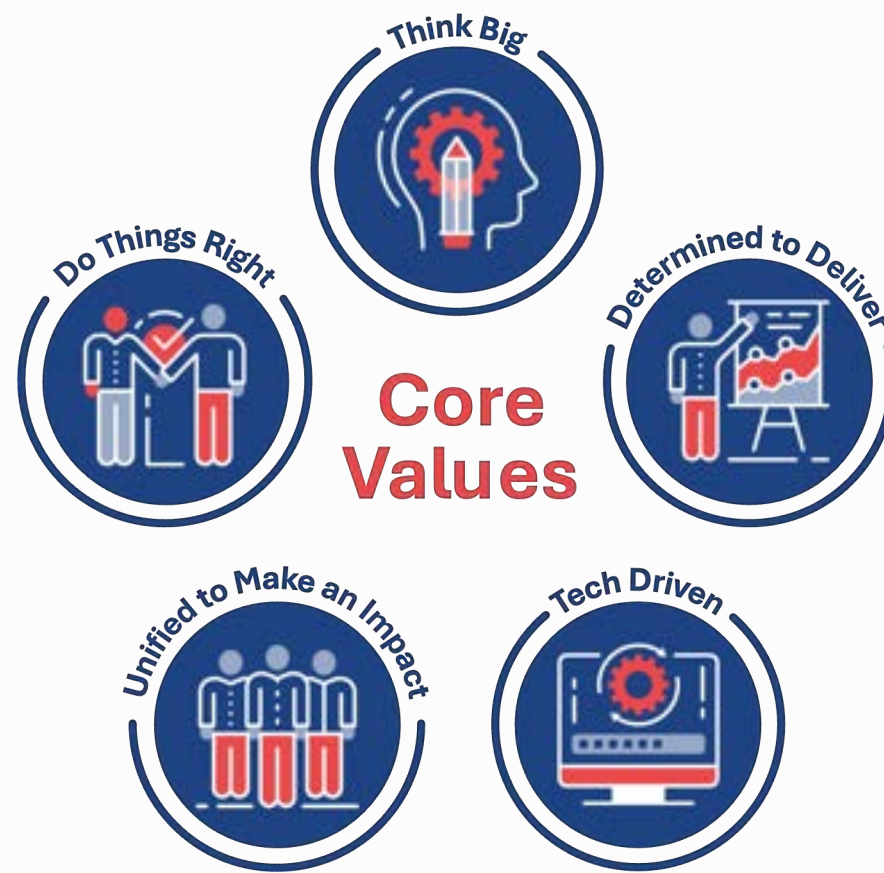
Leading a conglomerate like STO has been a journey of continuous learning, growth, and professional development. It has reinforced my belief in the power of collective effort and the importance of staying true to our core values. As we look to the future, I am excited about the possibilities that lie ahead and the opportunity to continue serving our community with excellence and integrity. I am confident in our ability to turn challenges into opportunities.



**Shimad Ibrahim**  
Managing Director

Enriching lives

# VISION

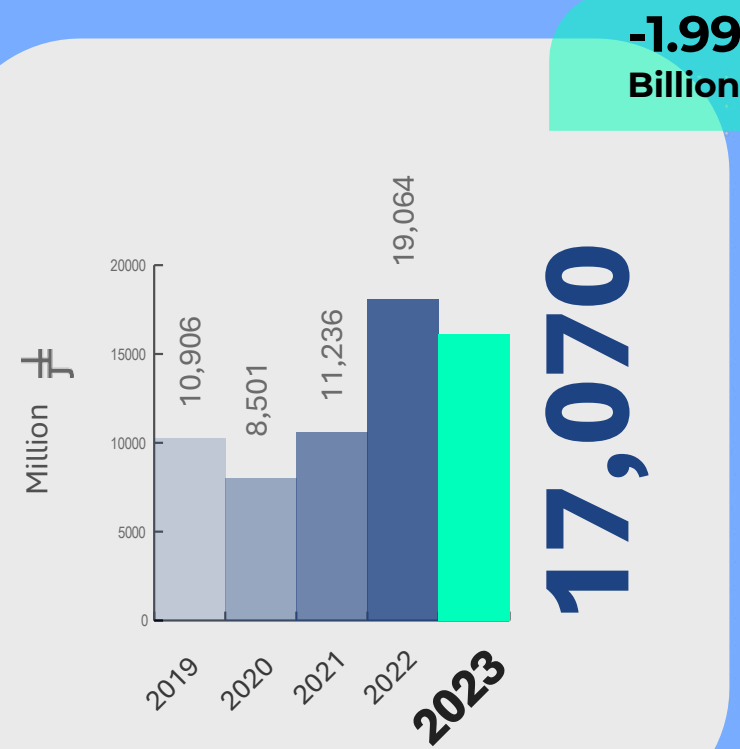


# MISSION

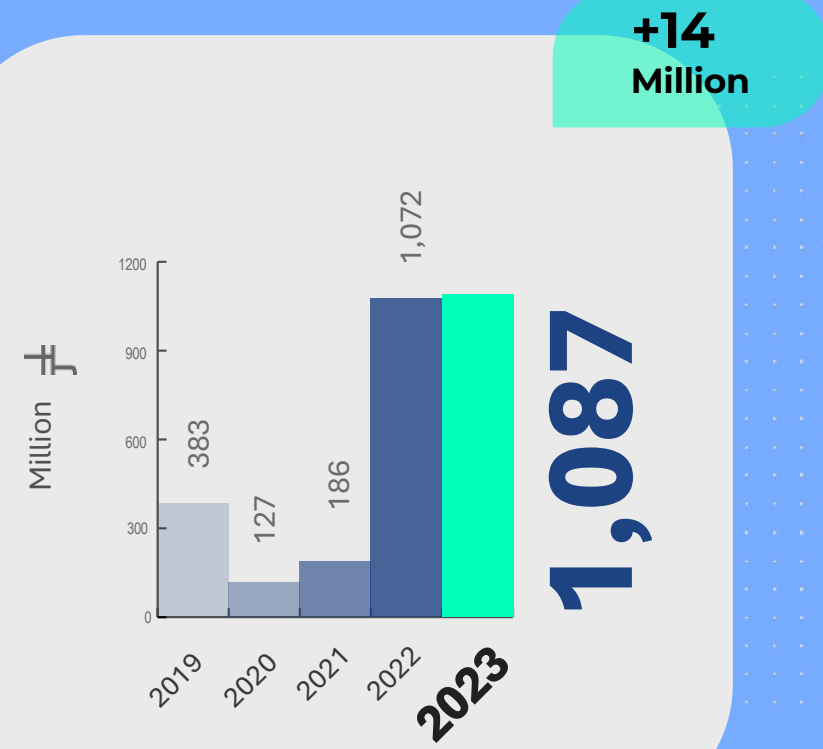
Expand through sustainable business practices, achieve customer excellence and encourage community engagement.

# GROUP FINANCIAL HIGHLIGHTS

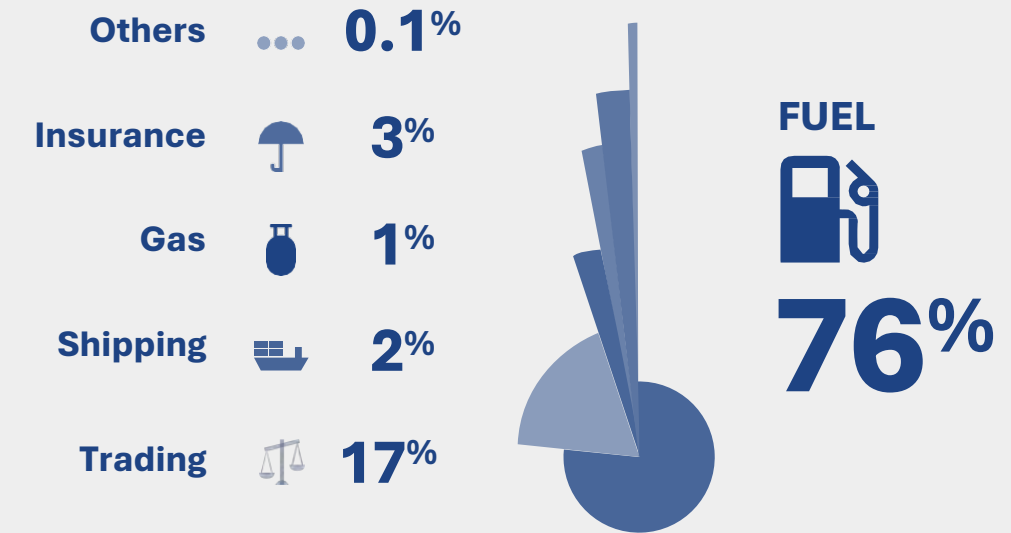
## Group Revenue



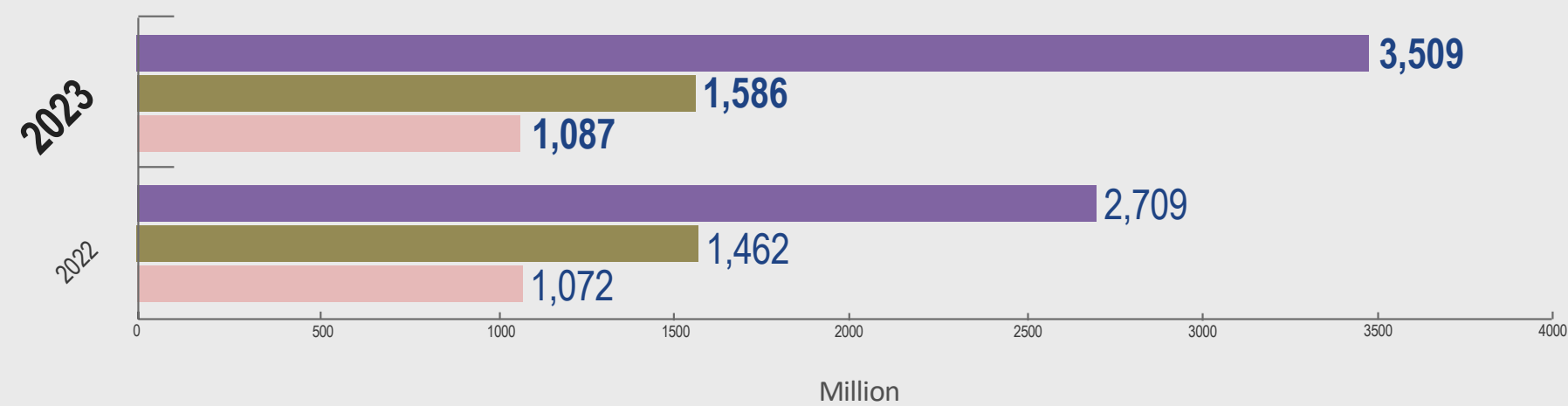
## Group Profit after Tax



## Share of Revenue by Segment



● Gross Profit     
 ● Operating Profit     
 ● Net Profit after Tax



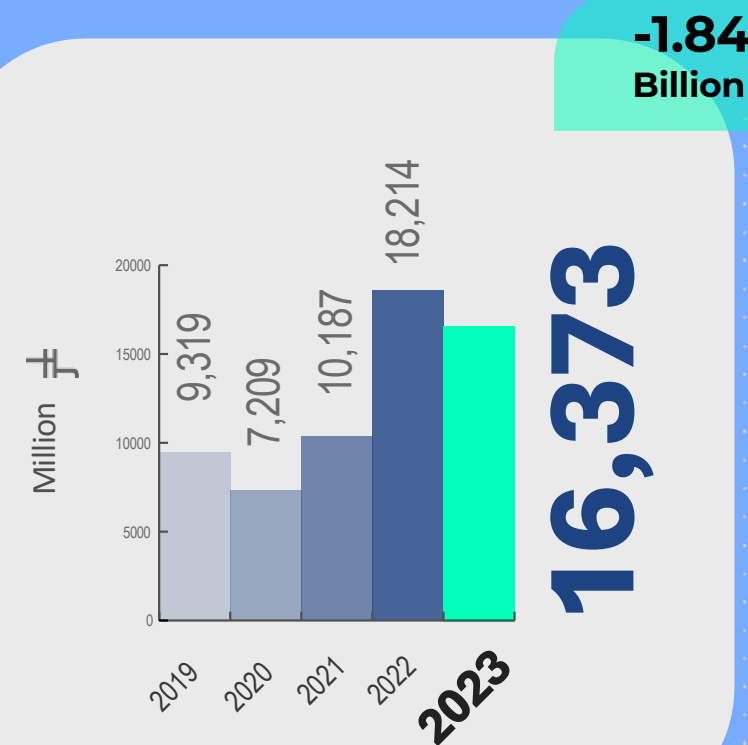
₪ 77     
 ₪ 80

per Share     
 ● 2022     
 ● 2023     
 Proposed dividend per share

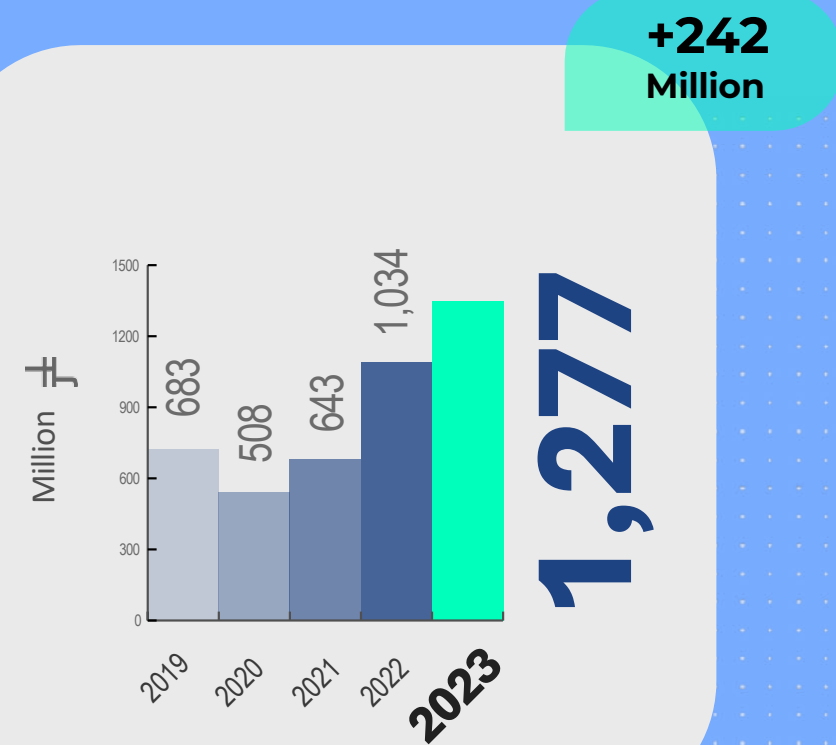


# COMPANY FINANCIAL HIGHLIGHTS

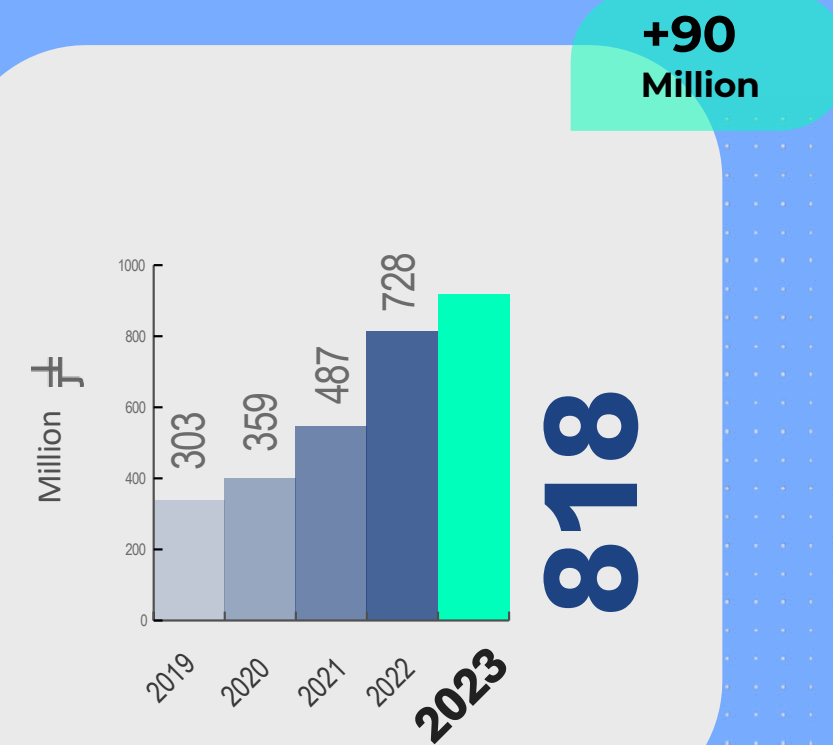
## Company Revenue



## Company Operating Profit



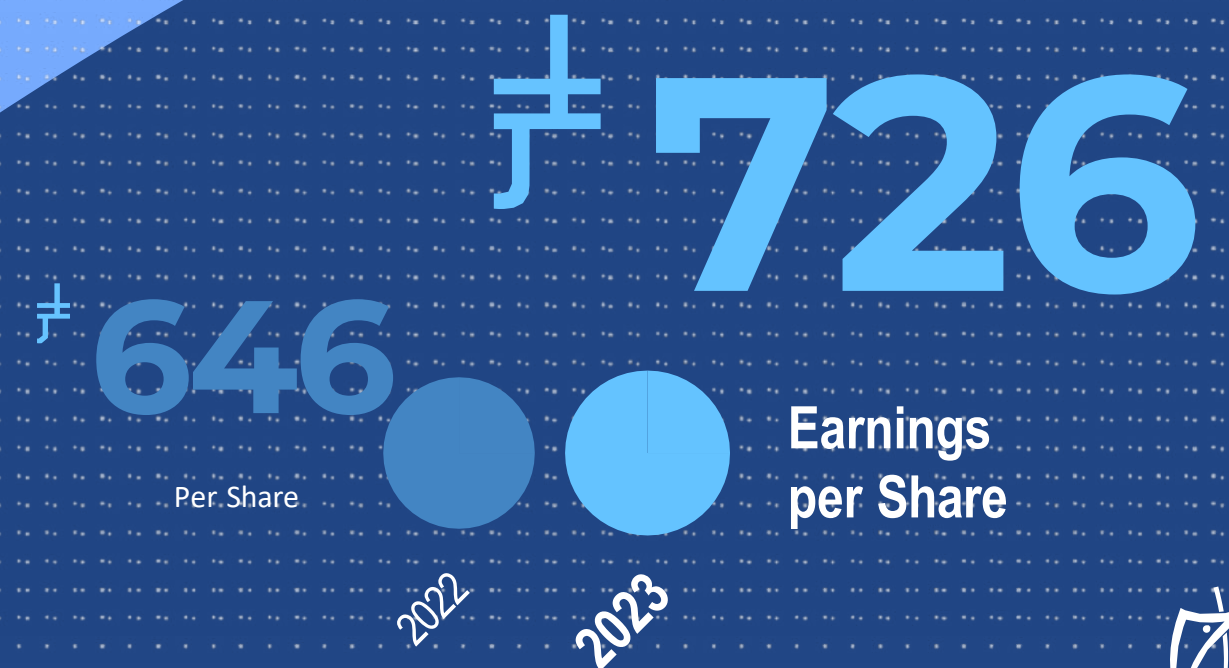
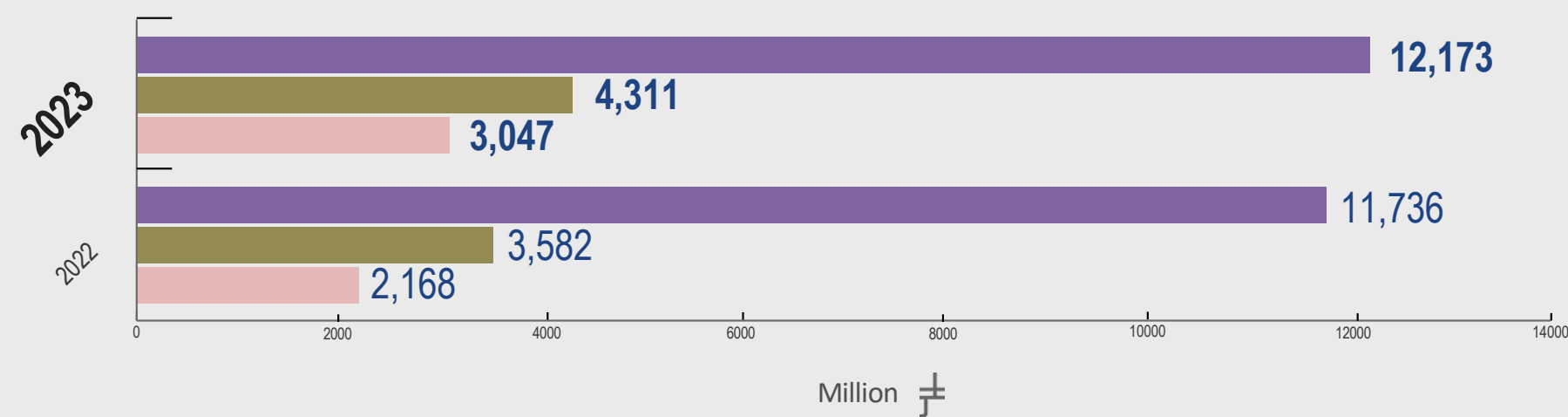
## Company Profit after Tax



● Total Assets

● Total Equity

● Gross Profit



PEOPLE'S

sto  
SMART  
STORE

01

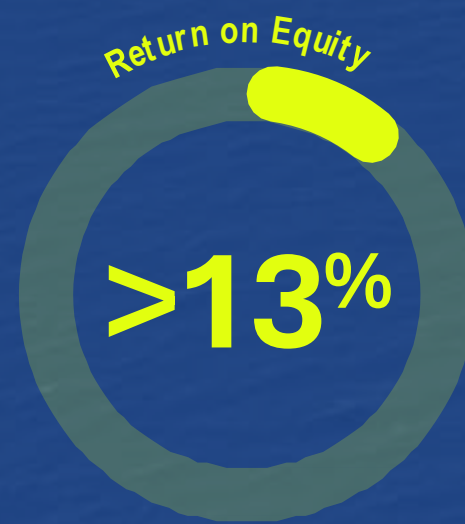
*BUSINESS REPORT  
& FINANCIAL REVIEW*

# OUR STRATEGIES

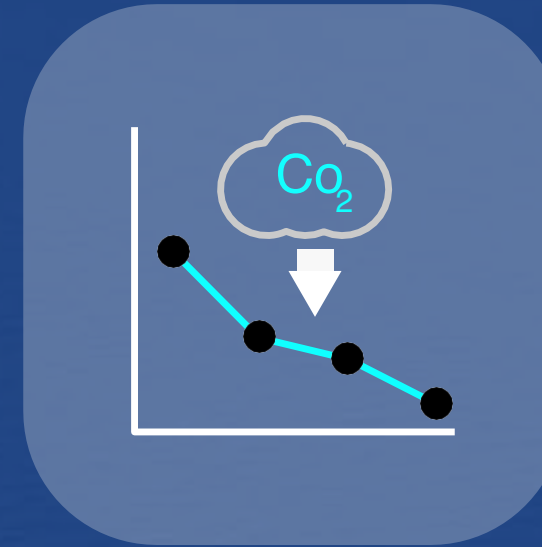
BUSINESS REPORT  
& FINANCIAL REVIEW  
01

## Invest in the Future

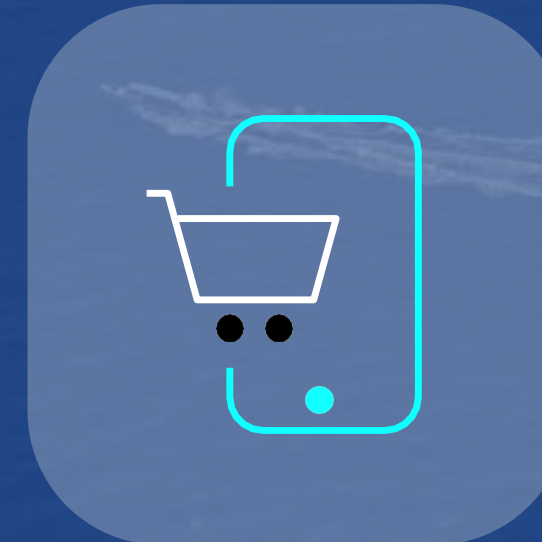
Our strategy for investing in the future is based on the accessibility to our products that drive the development of our customer experience in different sectors. Developing our people, innovation and achieving efficiency through digitalization and automation in all businesses are our key drivers for operational excellence and sustainable growth.



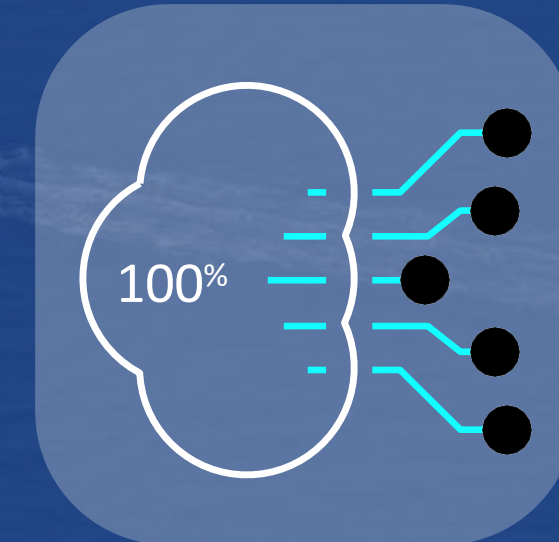
Set targets to reduce GHG by  
**2030**



Initiate International Trade by end of



Enhance Company's e-commerce platform by end of



Initiate digital transformation plan to complete by

# 2024

# MAJOR KEY TARGETS

## Business Environment The Economy in 2023

According to the International Monetary Fund (IMF), global GDP grew by 3.2% in 2023. Despite a global slowdown, the economy demonstrated stronger-than-anticipated resilience, continuing its recovery from the COVID-19 pandemic, the Russia-Ukraine war, and the cost-of-living crisis.

In 2023, the Maldives maintained a relatively stable political and economic climate despite the challenges of an election year. This stability fostered a favorable business environment and supported positive economic trends. The Maldives Monetary Authority (MMA) estimated that the economy grew by 4.0% in 2023. Although this growth rate was 4.7% lower than the initially projected real GDP growth, it reflected resilience amid global uncertainties. The shortfall was primarily due to slower-than-expected outcomes in the construction sector and a contraction in the tourism sector caused by a decrease in resort bed nights.

Inflation accelerated to an average rate of 2.9% in 2023, up from 2.3% in 2022. This increase was driven by the rise in the general goods and services tax (G-GST) in January 2023, coupled with volatile global food and oil prices. Global oil prices saw a decline following a significant increase in 2022, primarily due to concerns about the balance of supply and demand. Despite efforts by the Organization of the Petroleum Exporting Countries and other oil-producing nations (OPEC+) to reduce supply, global crude oil demand did not meet anticipated levels, offsetting the impact of the supply cuts.

## Outlook 2024

The global economic environment continues to influence the Maldivian economy. While economic uncertainties in Europe and the U.S. have slightly affected tourist arrivals from these regions, the overall tourism sector remains strong, bolstered by increasing visitors from China, India, and Russia.

The Maldivian economy is projected to grow by 5.4% in 2024 and 6.0% in 2025, supported by a resilient tourism sector and substantial public investment in infrastructure, such as the Greater Malé Connectivity Project and the expansion of Velana International Airport. Inflation is expected to moderate to 3.2% in 2024 and further to 2.5% in 2025, driven by lower food and energy prices and ongoing fiscal consolidation efforts. (Asian Development Bank) (IMF).

As we navigate the complexities of the 2023 global economic situation, STO remains committed to a strategic focus on profitable growth and sustainability. We continually monitor opportunities and challenges across our business segments and respond decisively to strengthen our position for long-term success.

The Energy segment remains the core business of the STO Group, contributing approximately 76% of our revenue. Despite the volatile oil prices, we have managed to maintain our operating margins through improved sales volumes and cost efficiencies. As economic conditions and businesses evolve, we are expanding our market presence locally and planning to expand internationally, while enhancing our operational and infrastructural capabilities to meet growing demand.

# OUR STRATEGIES

## Strategy for Profitability and Growth

STO Group has firmly established itself as a leading player across various sectors, including fuel, construction, trading, medical supplies, shipping, and insurance. Our vision is to enrich lives through our diverse offerings and sustainable practices. Our strategy for profitable growth leverages our diverse business model, enhances operational efficiency, and drives sustainable development across all segments. This approach aims to achieve financial stability, enhance shareholder value, and contribute positively to the national economy.

Our financial objectives include achieving a gross profit growth of over 8%, a return on equity exceeding 13%, and annual sales volume growth above 6%. These targets ensure long-term profitability and sustainability. Additionally, we aim to maintain a solid balance sheet to support growth initiatives and investment plans.

## Key Strategic Pillars

To effectively execute our strategic initiatives, in line with global trends, STO is prioritizing digitalization and sustainability in our business operations. Our key strategic pillars form the foundation of our approach to achieving sustainable growth and operational excellence:



## Strategic Focus

Driving customer experience is at the heart of our strategy. We focus on introducing innovative products that meet consumer demands and promote sustainability. The launch of the renovated People’s Choice Supermarket, along with enhancements to our e-commerce platform, exemplifies our commitment to improving customer accessibility and experience. Implementing advanced digital solutions such as SAP Ariba streamlines procurement processes and improves operational efficiency, which is crucial for offering competitive products and enhancing the consumer experience.

Increasing efficiency through digitalization, and automation is another strategic pillar. Our migration to SAP S/4HANA provides better business insights and agility. Automation initiatives, such as cashier-less AI-powered stores and getting ready to use drones for medical supplies delivery, will boost productivity and quality.

Sustainability and environmental responsibility are integral to our strategy. We are committed to reducing greenhouse gas emissions and achieving the government’s vision of net-zero by 2030. Sustainable practices are promoted across our operations, with a strong focus on environmental awareness and community engagement.

Our strategic implementation involves close monitoring and evaluation of key performance indicators to ensure alignment with financial and operational goals. The management team is responsible for executing the strategy and reporting progress to the Board of Directors, which oversees the overall strategic direction and risk management.

STO’s strategy for profitability and growth, support the development of critical infrastructure is built on a foundation of innovation, efficiency, and sustainability. By focusing on these core areas, we aim to achieve our financial targets, enhance shareholder value, and contribute positively to the socio-economic development of the Maldives. Our commitment to digital transformation, sustainable practices, and community engagement positions us well for continued success in a rapidly changing business environment.

# OUR BUSINESSES

## 01 BUSINESS REPORT & FINANCIAL REVIEW

“2023 was a remarkable year for the Group achieving a target revenue and highest profitability as at date”

### Trading



### Gas



### Insurance



### Fuel



### Shipping



# TRADING

## Contribution to National Development

The Trading segment, a key pillar of the STO Group, is dedicated to ensuring a continuous supply of goods and services, thereby contributing significantly to national development and economic prosperity. This segment is the most diverse within the STO Group, offering a wide range of products and services, including construction materials, household appliances, supermarket goods, and medical services.

Our commitment to enhancing the health and well-being of the population is evident through our comprehensive medical supplies and services. We provide pharmaceuticals, essential hospital consumables and equipment, ensuring the community has access to vital health resources.

In the construction sector, the Group excels in delivering competitive solutions. We supply essential construction materials and products such as elevators, paint, ready-mix concrete, cement, and other construction necessities, supporting industry with high-quality products and innovative solutions.

The People's Choice and Food Security segment enhances the shopping experience by offering a convenient one-stop destination for essential items, home improvement products, electronic appliances, stationery, and pharmaceuticals at our supermarkets. This segment ensures the affordability of staple foods by maintaining uniform prices and extends accessibility through regional stores across the country.

The STO Group remains steadfast in its commitment to providing a continuous supply of goods and services. Our focus on creating long-term value for customers is underpinned by a culture of continuous improvement and sustainable development. Through these efforts, we aim to support the nation's growth and ensure the prosperity of our communities.

## Share of Trading Revenue



Medical Services

45%

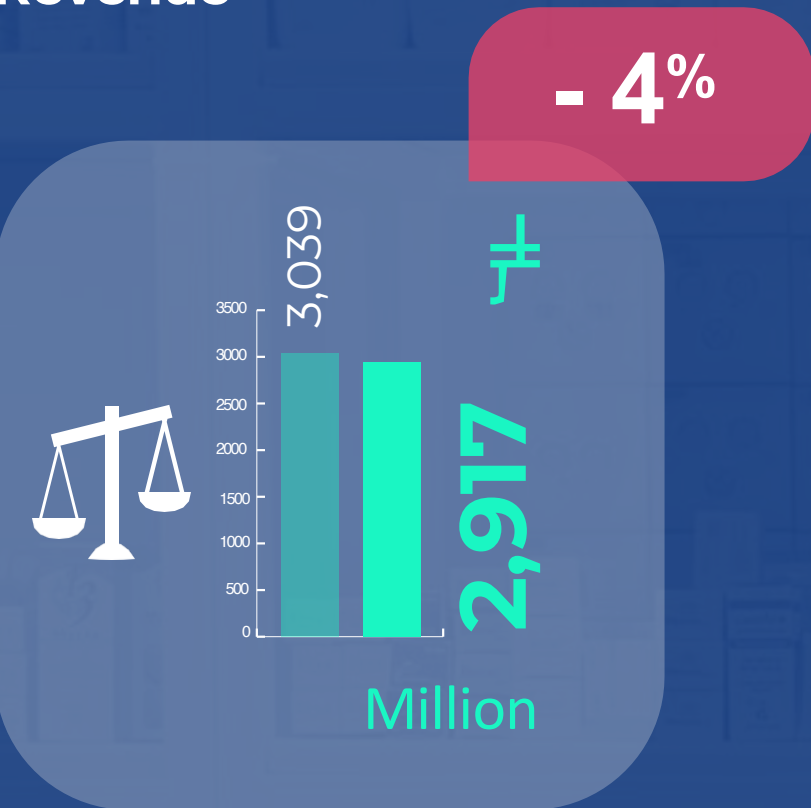
People's Choice

33%

Construction Solutions

22%

## Revenue



## Performance

The trading segment saw a decrease in total revenue from MVR 3,039 million in 2022 to MVR 2,917 million in 2023, marking a 4.0% decrease. The Construction and PC segments experienced declines of 15.1% and 6.5% respectively, while the Medicals segment saw an increase of 6.5%.

# CONSTRUCTION SOLUTIONS

## Nationwide Leader in Quality Construction Materials

The Group Construction segment is dedicated to supplying high-quality construction materials and products across the nation, ensuring affordability and accessibility. We provide a wide range of construction materials, including roofing sheet and ready-mix cement solutions, aimed at stabilizing market prices. Our primary goal is to shift towards more cost-effective and efficient solutions, ultimately becoming a market leader. We maintain strong partnerships and trust with large, reputable customers in the industry.

In 2023, the Group maintained its market leadership through strategic initiatives focused on increasing capacity, quality, and customer satisfaction. Our focus on leveraging key brands such as MAKITA power tools, Nippon Paint, and KONE elevators, along with our investment in advanced technologies and equipment, has fortified our position as a market leader in the construction industry.

## Milestones

**Packing Automation:** Invested in a packing machine to significantly reduce packing charges. The machine enables packaging 2,800 bags of 50 kg per line per hour, leading to substantial cost savings.

**Bulk Career Operation:** Received a dedicated bulk carrier vessel, MSS Chrome, for our supply operations. This development assists the Construction segment in terms of cost savings by stabilizing freight rates and ensuring stock availability.

## Outlook

Looking ahead, the Construction Segment is ready for continued growth with strategic priorities including:

**Expansion into new markets and products:** Exploring opportunities in emerging markets to diversify our product portfolio and drive revenue growth.

**Sustainable Construction:** Continuing to lead in sustainable building practices, focusing on reducing carbon footprint and promoting eco-friendly construction methods.

In addition, 2024 outlook is promising with a focus on increasing revenue by targeting the following specific areas:

- Expand sales of bulk materials
- Secure high-value projects
- Expanding into resort segment
- Supply ready-mix to Islands
- Increasing material availability throughout the atolls
- Office competitive pricing

## Revenue



## Performance

The Construction Segment faced a challenging year in 2023, with a decrease in revenue driven by various market factors.

**Revenue Decline:** The segment achieved total sales revenue of MVR 647 million in 2023, reflecting a 15% decrease compared to MVR 762 million in 2022.

Despite the decline, the segment continued to focus on strategic initiatives aimed at improving operational efficiencies and cost management. These efforts helped mitigate the impact of reduced project volumes.



# MEDICAL SERVICES

BUSINESS REPORT  
& FINANCIAL REVIEW  
OUR BUSINESS

0

1

## Excellence in Medical Supplies

Since its establishment in 1983, the Group Medical Supplies and Pharmacy segment has been steadfast in its commitment to ensuring the availability of high-quality medical supplies and services throughout the nation. Our focus is on strategic partnerships and sustainable business practices to support the well-being of communities and the environment. Today, we operate over 190 pharmacies, supported by three warehouses and a team of more than 2,000 professionals.

## Market Position and Strategy

In 2023, the Group reinforced its leadership in the medical supplies and pharmacy sector through strategic initiatives aimed at enhancing service delivery, expanding product offerings, and improving customer satisfaction. Our strategy is anchored on leveraging advanced technologies and supply chain efficiencies to meet the evolving demands of the healthcare industry.

## Milestones

**Product Expansion:** Successfully introduced nine globally recognized brands, enriching our product portfolio with high-quality and high-value medical products.

**Customer Engagement:** Strengthened customer relationships through enhanced service delivery and tailored healthcare solutions, resulting in increased customer loyalty and retention.

**Compliance and Quality Assurance:** Maintained stringent quality control measures and compliance with regulatory standards, ensuring the highest quality of products and services.

In addition, several projects and initiatives were successfully completed in 2023;

- UNOPS Radiology: Supplied, procured, installed, and provided training for radiology equipment in government hospitals.
- Drone Project: Led the supply and procurement of medical drones, enhancing our logistics capabilities.
- Hulhumale' Hospital (CSSD): Established a new and standardized Central Sterile Services Department.
- Development of HMH ICU and NICU: Set up a full-fledged ICU and NICU at Hulhumale' Hospital.
- Healthcare Professional Initiatives: Conducted 61 impactful initiatives, including training sessions, Continuing Medical Education (CME) programs, workshops, and conferences for healthcare professionals.
- MRI Machine: Installed at Ungoofaaru Regional Hospital.
- Orthopantomogram: Installed at Gamu Regional Hospital.
- X-Ray Machines: Installed at multiple hospitals including Hulhumale', Kulhudhuffushi Regional, HA. Atoll, FVAH, and Faafu Atoll.
- OT Lights: Installed at TH. Atoll, LH. Atoll, GA. Atoll hospitals, and IGMH.
- Cold Room Facilities: Installed at L. Gaadhoo and F. Nilandhoo.
- Dental Chair: Installed at HMH.
- Immunoassay & Clinical Chemistry Analyzer: Installed at Tree Top Hospital.

## Revenue



## Performance

Revenue Growth: Achieved total sales revenue of MVR 1,311 million in 2023, reflecting a 6.5% increase compared to MVR 1,231 million in 2022.

The segment's strong performance is attributed to its continued focus on expanding its product range, enhancing service quality, and implementing cost-effective measures.

# PEOPLE'S CHOICE

*The Group's People Choice segment is focused on providing staple food, household appliances, electronics and essential food across the country*

## Ensuring Food Security

The Group's People's Choice and Food Security segment is focused on providing diverse range of consumer products, including FMCG, Home Appliances, Consumer Electronics and staple food supplies, with a commitment to sustainability and innovation. Ensuring national food security has been a core mandate since the company's inception. We aim to enhance customer satisfaction through efficient store experience, and the introduction of eco-friendly products. Our goal is to ensure nationwide accessibility and affordability of essential goods while supporting the well-being of our communities and the environment.

## Market Position and Strategy

In 2023, STO People's Choice solidified its leadership in the retail sector with a new People's Choice Supermarket by focusing on enhancing customer experience, expanding product offerings, and optimizing its efficiencies. Our strategy is to meet the diverse needs of our customers through a broad range of high-quality products and services at affordable prices, supported by efficient logistics and operational excellence.

## Milestones

**National Food Security:** The segment runs an essential operation to ensure the reliable supply of staple foods such as rice, flour, and sugar. The initiation of staple food agents in 2019 proved effective, especially throughout the year in 2023, and over 241 Staple Food agents were actively supplying essential food items, guaranteeing availability across geographically scattered islands.

**Smart Store:** Opened first AI powered smart store in Maldives (the first of its kind in South-East Asia), introduce new technologies and easy accessibility to our customers.

**Product Diversification:** Expanded our product range to include a variety of both low and high-end brands. Strengthened supplier relations and continued shelf and rack leasing services.

## Outlook

Looking ahead, the People's Choice Segment will focus on the following strategic priorities:

**New products:** Continue to grow our product segment to offer a choice of variety and quality products to our customers.

**Sustainability Initiatives:** Emphasize sustainable practices and eco-friendly products to align with global environmental standards.

**Tech Adoption:** Invest in modern store technology, such as self-service counters to streamline operations, and improve the shopping experience.

**Automation:** Implement automated palletization in staple food warehouse.

## Revenue



## Performance

The People's Choice Segment experienced a slight decline in revenue for 2023.

**Revenue Decline:** The segment achieved total sales revenue of MVR 958 million in 2023, reflecting a 6.5% decrease compared to MVR 1,025 million in the previous year.

Despite the revenue decline, the segment focused on improving customer service and maintaining the availability of essential food items at affordable prices, especially during the month of Ramadan.

## Leading the Way

To lead the transformation towards advanced energy solutions by expanding market segments, introducing international bunkering operations, and investing in cutting-edge energy initiatives. Our aim is to provide reliable energy services while adhering to a long-term strategy through innovative and sustainable products and community project investments.

As the market leader in the sale, distribution, and marketing of petroleum products in the country, the company is set to further enhance its market position through the expansion of storage, infrastructural capabilities, and distribution networks at an international scale.

The products sold by the Energy department include Marine Gas Oil, Unleaded Gasoline, Jet A-1, and Avgas. Services provided include aviation refueling at Kadhoo, Hanimadhoo, and Kaadedhoo fuel depots.

## Market Position and Strategy

In 2023, the Energy segment focused on reinforcing its market leadership through strategic initiatives aimed at enhancing supply chain efficiencies and expanding its service offerings. Together with FSM, the Group holds more than =76% market share in the industry. Our strategy centers on meeting the energy needs of the nation while promoting environmental sustainability.

## Milestones

**Supply chain optimization:** with careful logistics planning and inventory management, we ensure a seamless supply of fuel products nationwide through Fuel Supplies Maldives.

**Commissioning of Jet A-1 Barge:** In 2023, the Energy department commissioned the first dedicated Jet A-1 barge in the Maldives, marking a significant milestone in the quality assurance of Jet fuel delivered to domestic airports.

## Outlook

Looking ahead, the Energy segment is poised for continued growth and innovation. Our strategic projects and initiatives for 2024 include:

**International bunkering:** Leveraging the strategic location of the Maldives on global trade routes, we aim to commence international bunkering operations in Ihavandhippolhu Atoll by Q3 of 2024. We are forming a partnership with a reputed international bunker trader to promote the Maldives as a global bunkering hub.

**Fleet expansion:** To meet growing demand and replace aging vessels, we plan to invest in additional assets in 2024. This includes adding 4-6 delivery barges and one coastal tanker to our fleet, thereby improving our fuel delivery capabilities.

**Renewable energy study:** In 2024, we will initiate a feasibility study on generating electricity through Tidal Stream Energy in the Greater Male' region. With 98% of our territory comprising coastal waters, we believe the ocean could play a crucial role in achieving our renewable energy goals.

**New fuel terminal development:** We are relocating the Funadhoo terminal to Maagiri lagoon to increase capacity and enhance our operational efficiency.

The Group Fuel segment's performance in 2023 underscores our dedication to operational excellence. As we move forward, we remain committed to providing high-quality fuel and energy solutions that meet the evolving needs of our customers and contribute positively to the nation's energy security and environmental goals.

## Revenue



## Performance

Despite a decline in revenue from MVR 13.44 billion to MVR 12.98 billion, representing a reduction of approximately 3.4% compared to 2022, we achieved a 3% increase in fuel sales volume. This growth demonstrates our ability to capture new market opportunities and expand our service offerings.

The revenue decrease was primarily due to lower international market prices. By adjusting our prices to reflect these changes, we ensured our customers benefited from the reduced costs while continuing to drive sales volume growth.

*The Group Gas segment stands as a beacon of excellence in the sector, delivering exceptional solutions while upholding values of safety, sustainability, and customer satisfaction. From our humble beginnings in LPG supply, the Group's Gas segment has evolved dynamically, diversifying our offerings to include industrial gases and medical oxygen, reflecting our adaptability to meet the evolving needs of our customers.*

## Excellence in Gas Solutions

In 2023, Maldive Gas focused on enhancing its market leadership by implementing strategic initiatives aimed at improving supply chain efficiencies and expanding service offerings. Our strategy centers on meeting the diverse energy needs of our customers while promoting sustainability.

Our primary storage and manufacturing facility in Thilafushi is equipped with cutting-edge structures, including an LPG sphere tank and advanced plants, ensuring efficient storage and production of a wide range of gases. The implementation of Luifulhi technology stands as a milestone in our pursuit of safety and innovation, guaranteeing the safe handling of all LPG quantities.

In 2023, significant achievements were made in expanding our storage capacities with the installation of advanced spherical tanks in Gdh. Thinadhoo. These initiatives position us for a remarkable surge in efficiently storing and distributing LPG, reinforcing our market presence.

Investments in a new 50m<sup>3</sup> oxygen plant, nitrogen plant, argon filling system, and a new genset have increased production capacity, ensuring a continuous supply of essential gases. Our Thilafushi facility can now produce more than 100 oxygen cylinders of 45 kg size per day, and high purity Argon and Nitrogen are available throughout the year.

## Strategic Projects and Initiatives

To ensure continuous delivery of LPG across the nation and provide more innovative solutions, we have initiated the project of South terminal expansion and Thilafushi storage expansion. These investments will enable the Group to maintain efficient supply and mitigate supply shocks and price hikes.

Moving forward, the Gas segment managed by Maldive Gas is set to experience sustained growth and inventive advancements. Our strategic objectives for the year 2024 are outlined as follows:

**Expansion of Service Offerings:** Exploring new service offerings to meet the evolving needs of our customers.

**Market Expansion:** Exploring new markets and expanding our footprint to meet the growing LPG and industrial gas solutions need of the country.

As we move forward, we remain committed to providing high-quality LPG solutions that meet the evolving needs of our customers and contribute positively to the nation's energy security and environmental goals.

## Revenue



## Performance

The Gas segment achieved MVR 252 million in revenue, marking a 13% increase in revenue in 2023, amounting to an additional MVR 29 million compared to previous year. This growth showcases the success of our strategic market expansion efforts.

The appointment of new agents and outreach to untapped customer segments led to record-high revenue in the Atolls and the Greater Male' region. Strategic placement of new sales centers in Male, Villimale, Hulhumale, and Thilafushi ensured improved accessibility for our valued customers.

# INSURANCE

BUSINESS REPORT  
& FINANCIAL REVIEW  
OUR BUSINESS  
01

## Leading Insurance Provider

Allied Insurance Company of the Maldives, a subsidiary of STO, has established itself as a prominent insurance brand, offering a wide range of insurance services to a diverse clientele. From small fishing boat owners to large resort operators, we serve our customers with dedication, ensuring peace of mind through comprehensive insurance solutions including general insurance, life insurance, and takaful products.

In 2023, Allied Insurance focused on reinforcing its market leadership by implementing strategic initiatives aimed at innovation, digital transformation, and customer-centric service delivery. Our strategy is centered on meeting the evolving needs of our customers while maintaining our commitment to excellence and sustainability.

## Challenges and Mitigation

The segment faced challenges such as increased competition and a high claim ratio. To mitigate these impacts, Allied Insurance focused on leveraging targeted marketing campaigns to reach new customer segments and reinforce brand loyalty and implementing advanced risk management strategies to better handle claims and improve overall financial performance.

## Milestones

**Digital Transformation:** Successfully launched online insurance services, streamlining operations and enhancing accessibility for customers. This move underscores our commitment to innovation and staying ahead of the curve in a rapidly changing industry.

**Customer Engagement:** Conducted comprehensive campaigns targeting motor insurance, offering free corporate gifts with policies, and leveraging SMS promotions to effectively engage customers. Participation in key industry events such as the Marine Expo and IFEM Expo further reinforced our market presence.

**Community Outreach:** Engaged in various initiatives to educate the public on insurance products, including sessions at schools, taxi driver centers, and community events. These sessions aimed to raise awareness and highlight the importance of insurance coverage.

**Innovative Products:** Promoted new insurance products through initiatives like the Living Expo and Allied Life Fest, focusing on Ayady Hiya Plans and life insurance products, demonstrating our commitment to innovation and customer-centric solutions.

## Outlook

As we look to the future, Allied Insurance stands on the brink of further expansion and creative breakthroughs. For the year 2024, our key strategic goals encompass investing in new technologies to improve operational efficiency and customer service, exploring new markets to meet the growing insurance needs of the region, and developing customer-centric strategies to strengthen loyalty and drive repeat business.

We remain committed to providing high-quality insurance solutions that meet the evolving needs of our customers and contribute positively to the nation's economic resilience and security.

## Revenue



## Performance

The segment reported substantial growth in revenue, driven by strategic focus on winning key customers, marketing campaigns, community engagement, and continuous efforts to enhance customer experience and product offerings.

Revenue Growth: Achieved a record-high revenue of MVR 519 million, a 19% revenue increase compared to previous year, reflecting a strong performance and strategic market expansion.

*Since its inception in 1993, the Groups fisheries company, Maldives Industrial Fisheries Company (MIFCO) has been transforming the fishing industry of the country adding commercial value to the daily catch. It was established with the sole purpose of creating economic opportunities for the local fishing community and to support the Maldivian economy.*

## Market Position and Strategy

In 2023, MIFCO continued to strengthen its market position by focusing on enhancing product quality, expanding its market reach, and implementing sustainable fishing practices. Our strategy is centered on meeting the evolving demands of the global market while supporting the local fishing industry.

MIFCO processes and exports frozen tuna, along with canned and pouched tuna products. Our cannery tailors' products to customer specifications and meets stringent quality standards, enabling us to pack for renowned brands such as Waitrose, Sainsbury's, Cora, REWE, M&S, Migros, and Wholefoods. Our processed tuna in cans is supplied to leading retail supermarket brands in Europe under their branded labels.

## Global Market Reach

MIFCO exports products to the UK, Switzerland, Germany, Belgium, France, and the Netherlands. We supply processed tuna in catering pack size cans and pouches to sandwich producers, a significant market in the US and Europe. While local processing is prioritized for daily fish collection, surplus fish is exported as raw frozen tuna to canneries, with major volumes sent to Thai canneries via chartered frozen tuna carriers. Frozen tuna in reefer containers is also exported to leading Spanish canneries and other tuna processors in Europe.

## Local Market Development

In 1998, we launched the "Fasmeeru" brand to provide value-added fish products to the local market. Fasmeeru focuses on hygiene, taste, convenience, affordability, and Maldivian origin, enhancing our product offerings for local consumers.

MIFCO has taken organized steps to supply the local market by introducing the "Fasmeeru" range of products. This brand development focuses on offering hygienic, tasty, convenient, affordable, and locally sourced fish products.

## Transfer of MIFCO Control to the Government

On 30th December 2023, the Group transferred the control of asset and management of MIFCO to the Government of Maldives at no consideration

# SHIPPING

Established in 2020, Maldives State Shipping (MSS) serves as the national shipping liner, with the aim of establishing an efficient supply chain transport system within the country. The Group is focused on transforming the nation's supply chain infrastructure to overcome the challenges faced by Maldivian traders and businesses due to the lack of a reliable shipping line.

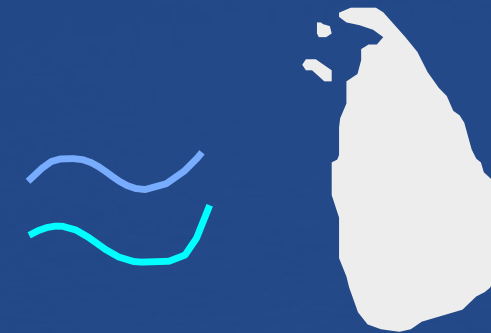
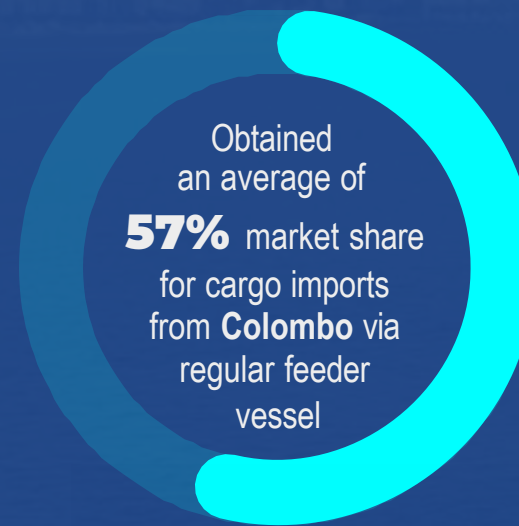
## Charting New Waters

In 2023, MSS continued to strengthen its position in the shipping industry by expanding its services and investing in infrastructure. Our strategy is to provide comprehensive and efficient shipping solutions that cater to the diverse needs of our customers, both domestically and internationally.

MSS has achieved significant milestones in various services and infrastructure development. As a Non-Vessel Operating Common Carrier (NVOCC), MSS acts as an intermediary between shippers and ocean carriers, offering direct services between ports to minimize cargo handling. In 2023, NVOCC services were provided from over 35 points of origin across Asia and the Middle East. In freight forwarding, MSS leveraged volume commitments and contracts with various carriers to ensure timely sailings with multiple departure and arrival options from the point of origin to the destination. The liner service, established with the goal of becoming a full-fledged global liner service, currently offers services from the Far East to the Middle East.

**MSS: Gateway for efficient shipping solutions in Maldives**

## Highlights

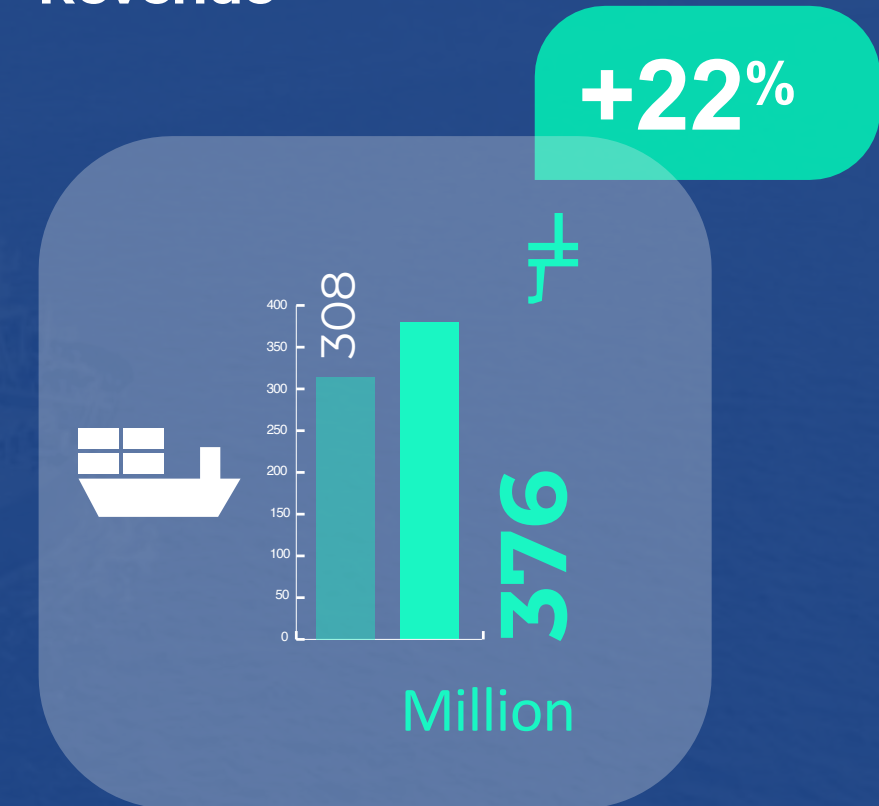


MSS also offers a regular feeder service from Colombo to Male, dominating the Colombo-Male corridor market in 2023. Additionally, MSS provides quality, cost-effective, and efficient shipping agency solutions, including general husbandry services such as crew changes, bunkering, and ship chandelling.

Since its inception, MSS has invested in fleet and infrastructure development, acquiring four container vessels and one bulk carrier: MSS Chrome, MSS Graphene, MSS Galena, MSS Opal, and Blue Sky (charter). These investments underscore MSS's commitment to enhancing its service capabilities and market presence.

These strategic initiatives allowed MSS to increase the number of voyages to 101 in 2023, a significant rise from 56 voyages in 2022.

## Revenue



## Performance

The Shipping segment demonstrated strong growth in 2023, driven by strategic initiatives and efficient operations.

The segment recorded a net revenue of MVR 376 million, significant revenue increase of 22% in 2023, amounting to MVR 68 million, reflecting our ability to capture new market opportunities and expand our service offerings.

## Financial Success and Strategic Resilience

The STO Group has concluded another successful year, achieving a record net profit after tax of MVR 1.1 billion despite a lower revenue compared to the previous year. This impressive performance is attributed to the Group's efficiency in managing operating expenses and leveraging additional income from strategic investments. Despite global economic uncertainties, STO Group has demonstrated exceptional adaptability, sound strategic planning, and effective execution.

The global economic landscape in 2023 was marked by continued uncertainty, including fluctuating energy prices and ongoing geopolitical tensions. The STO Group demonstrated its ability to adapt to these conditions through strategic investments in technology and operational efficiencies.

The Maldivian tourism sector continued its strong recovery post-COVID-19 and the Russia-Ukraine war, positively impacting demand for the Group's products. The Group capitalized on this opportunity, particularly in the Fuel, Medical Services and Construction segment, to drive growth and maintain profitability.

The Group's financial performance in 2023 is a testament to its strategic foresight, operational efficiency, and ability to navigate challenging economic conditions. The Group's success in achieving record gross and operating profits, along with maintaining a high net profit, underscores its resilience and adaptability. Moving forward, the STO Group is well-positioned to continue capitalizing on market opportunities and driving sustainable growth.

## Revenue

The STO Group's total revenue for 2023 was MVR 17.1 billion, a decrease of MVR 1.99 billion compared to MVR 19.1 billion in 2022.

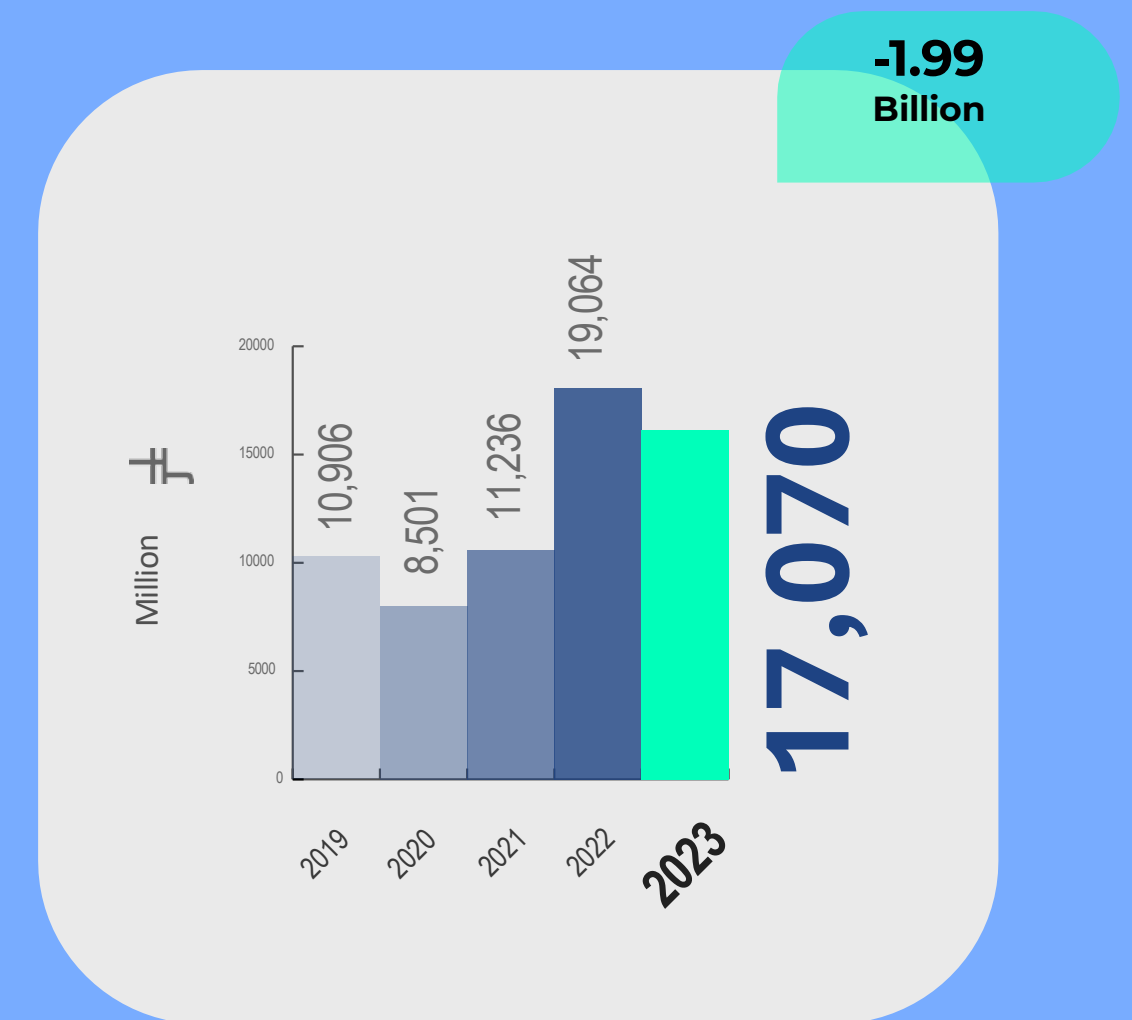
The fuel segment experienced a decline, dropping from MVR 13.4 billion in 2022 to MVR 13 billion in 2023, primarily due to decline in international fuel prices, partially offset by increased demand of petroleum products.

The discontinuation of the fishery segment led to a complete revenue drop by MVR 1.6 billion in 2023. Conversely, the shipping segment grew significantly, with revenue increasing from MVR 308 million in 2022 to MVR 376 million in 2023, a rise of 22% due to successful market penetration.

The Trading segment saw a revenue decline from MVR 3.04 billion to MVR 2.9 billion in 2023, a 4% decrease. This decrease was influenced by reduced performance in various sub-segments, including construction and PC. However, the Gas segment performed well, achieving a revenue of MVR 252 million, up from MVR 223 million in 2022, a 13% increase.

The Insurance Service segment also grew, with revenue rising from MVR 436 million in 2022 to MVR 519 million in 2023, a 19% increase.

Overall, the decrease in revenue was primarily due to the discontinuation of the fishery segment and a reduction in the fuel segment. Despite these challenges, the Group saw significant growth in the Gas, Insurance Service, and Shipping segments, demonstrating its ability to adapt and thrive in varying market conditions.





## Gross Profit

In 2023, the STO Group achieved a record gross profit of MVR 3.5 billion, significantly surpassing the MVR 2.7 billion recorded in 2022. This substantial increase of 30%, despite a reduction in total revenue, was driven by effective cost management, strategic planning, enhanced supplier negotiations, and improved cost of sales.

The business segments significantly contributed to this gross profit achievement, with notable increases from the fuel, gas, and shipping segments. The Fuel segment continued to drive gross profit growth, with a 3% increase in fuel quantity sold, despite a slight decline in revenue due to lower international oil prices. The Group maintained lower fuel prices, passing the benefits to customers, which helped sustain volume growth.

The Gas segment also showed a remarkable performance. The reduction in gas prices in the international market enabled Maldives Gas to contribute significantly to the Group's profit, rebounding strongly after a notable decline in 2022.

Conversely, the Insurance segment, despite performing well in revenue terms, faced challenges due to increased provisions for high claims, impacting its overall profit contribution. Additionally, the discontinuation of the Fishery segment, which had previously been a substantial contributor, presented a challenge.

Overall, the increase in fuel quantity, combined with exceptional performances in the gas and shipping segments, led to this record-breaking gross profit. The Group's strategic initiatives and effective cost management have positioned it strongly, demonstrating resilience and adaptability in a complex market environment.

Gross profit  
2023  
3.5<sup>b</sup>

+30%

## Operating Profit

Operating profit for 2023 reached MVR 1.586 billion, up from MVR 1.462 billion in 2022. This record high is mainly due to the increased gross profit. Operating expenses remained in line with increase in revenue from key segments.

## Net Finance Cost

In 2023, the STO Group faced significant challenges in managing its net finance costs, primarily due to increased receivables from State-Owned Enterprises (SOE) sector. This situation necessitated extended payment terms to suppliers and additional reliance on financing facilities, which incurred substantial finance charges. Consequently, the net finance cost increased by 19.7% compared to the previous year.

This increase compelled the company to maintain extensive financing facilities to support fuel imports, adding to the overall finance costs.

Additionally, global economic conditions, including inflation, rising interest rates, and economic challenges in advanced economies, further exacerbated the finance costs.

Despite these challenges, the Group managed to offset some of the increased finance costs through strategic investments and effective financial management, maintaining operational stability and supporting its long-term growth objectives.

## Net Profit

STO Group achieved a net profit of MVR 1.09 billion in 2023, slightly surpassing the MVR 1.07 billion recorded in 2022. This 1.3% increase marks the highest net profit ever achieved by the Group. The parent company, STO, significantly contributed to this result, generating a net profit of MVR 818 million, representing 75% of the Group's net profit.

+1.3%

Net profit  
2023  
1.1<sup>b</sup>

## Financial Position

STO Group has successfully maintained its profit momentum surpassing its record profits and maintained a sound asset base which has enabled the Group to strengthen its financial position.

In 2023, the Group reported an asset balance of MVR 13.9 billion, compared to MVR 13.8 billion in 2022.

Although the transfer of MIFCO reduced the Group's property, plant, and equipment by MVR 383 million, this was partially offset by the acquisition of additional land as part of the Group's strategy to convert non-performing assets into more viable investments.

The STO Group continued to invest in treasury bills and term deposits, which are expected to yield higher returns in the future.

The Group's trade and other receivables increased by 16% to MVR 5.2 billion, primarily due to higher receivables from State-Owned Enterprises. To address the rise in receivables, the Group has prioritized maintaining adequate cash reserves to meet operational requirements and debt obligations.

Consequently, the highly liquid cash and cash equivalent balance improved to MVR 1.7 billion at the end of 2023, up from MVR 1.4 billion the previous year.

Overall, the Group's strategic investments and focus on maintaining a sound asset base have resulted in significant growth and profitability, positioning it well for continued success in the future.

## Liquidity

Due to the increase in receivables from state-owned enterprises, the Group extended payment terms to suppliers, resulting in a rise in trade and other payables by MVR 177 million to MVR 3.7 billion in 2023. Despite this increase, the settlement of bonds and early repayment of loans reduced the Group's loans and borrowings by MVR 775 million to MVR 3.8 billion in 2023.

Despite the rise in payables, the Group's liquidity position improved significantly. The transfer of MIFCO was instrumental in enhancing the Group's liquidity, with working capital increasing from MVR 482 million to MVR 1.6 billion in 2023.

Shareholders  
Equity 2023  
**5.3<sup>b</sup>**

**+47%**

## Equity

In 2023, the Group's equity increased from MVR 3.6 billion in 2022 to MVR 5.3 billion. This significant increase is attributed to the transfer of MIFCO, and the substantial profits generated by the Group.

## Cash flow

Operating cash flow, a key measure of cash generated from normal operations, improved from MVR 141 million in 2022 to MVR 1.7 billion in 2023. This significant increase was primarily due to the cash profits generated by continuing operations and MIFCO in 2023.

The Group generated cash flow from investing activities amounting to MVR 2.8 million, compared to a negative MVR 1.6 million in 2022. This positive outcome was largely influenced by the MVR 917 million from the transfer of MIFCO, which offset investments in property, plant, and equipment.

Cash outflows from financing activities totaled MVR 741 million in 2023, following the repayments of loans and borrowings, compared to a gain of MVR 1.5 billion in 2022. As a result, the Group reported net cash and cash equivalents of MVR 1.6 billion for the year.

# FINANCIAL REVIEW

## BUSINESS REPORT & FINANCIAL REVIEW 01

### Creating Shareholder Value

A dividend of MVR 80 per share for 2023 was proposed by its Board of Directors. This is equivalent to a total dividend payment of MVR 90 million. The company has a policy to maintain constant dividend growth and makes its strategic business decision to keep the factor in mind.

The year-on-year dividend growth demonstrates the Board's confidence in the Group's business. It aligns with the objective of maintaining a disciplined balance between capital availability for investment and returns to shareholders.

### EPS and DPS – Company



### Share Trading Highlights

The shares held by the public have been traded as follows:

	2019	2020	2021	2022	2023
Last traded price (MVR)	500	455	581	1,330	1500
Highest traded price (MVR)	500	700	700	1,450	1700
Lowest traded price (MVR)	400	455	550	1,265	1150
Weighted average traded price (MVR)	472	480	600	1,303	1,280
Number of shares traded	893	1,057	97	491	727
Number of trades	38	14	6	24	43
Market Capitalization (MVR)	564	513	655	1,499	1,690

### Outlook

As we look ahead to 2024, the STO Group is well-positioned for continued growth and innovation. Despite uncertainties in the economic landscape, both locally and globally, we are well-prepared to face these challenges with strategic foresight and resilience.

Our planned investments for 2024 are aimed at enhancing our product and service offerings, expanding our market reach, and furthering our commitment to sustainability.

We will explore new markets and strengthen our presence in existing ones, particularly in the fuel, medical, and construction segments, to drive revenue growth. Investing in digitization and automation will improve operational efficiencies, enhance productivity, and provide superior customer service.

Maintaining a strong liquidity position and managing debt efficiently will ensure our financial stability and support strategic investments. We are confident that these initiatives will enable us to capitalize on emerging opportunities and overcome potential obstacles, ensuring sustained growth and profitability.

**02**

***GOVERNANCE  
REPORT***

# MEMBERS OF THE BOARD OF DIRECTORS

GOVERNANCE  
REPORT

02



# MEMBERS OF THE BOARD OF DIRECTORS

AMIR MANSOOR



Chairman  
**Non-Executive,  
Independent Director**

*Appointed as the Chairman of STO in December 2023, Amir Mansoor represents the major shareholder of the Company; the Government.*

*Amir Mansoor holds a Master's Degree in Business Administration and an Executive Diploma in Directorship from Singapore Management University. He has also completed the Qualified Risk Director Program at the Institute of Enterprise Risk Practitioners, Malaysia.*

*Amir Mansoor is a dynamic businessman with over 37 years of experience in creating, developing, managing, and implementing variety of businesses. He currently serves as the Managing Director of Lily International Pvt Ltd, Carpe Diem Maldives Pvt Ltd, Grape Expectation Pvt Ltd, Salt and Rock Real Estate Pvt Ltd, Huruvalhi Beach Resort Investments Pvt Ltd, Mariculture Maldives Pvt Ltd, H.I.M Management Company Services Pvt Ltd, and is the owner of The Standard Huruvalhi Maldives Resort.*

*Additionally, he acts as an Executive Board Member of the Maldives Liveaboard Association and is a Board Director at State Trading Organization Plc. In November 2023, he was elected as the President of the National Boating Association of Maldives. He also served as a Board Director of STO from 2012 to 2019.*

# MEMBERS OF THE BOARD OF DIRECTORS

SHIMAD IBRAHIM



Managing Director & Chief  
Executive Officer  
**Executive Director**

*Shimad Ibrahim was initially appointed to the Board of Directors in May 2019 on behalf of the majority shareholder and was later appointed as the Managing Director on November 28, 2023.*

*Shimad is a Chartered Accountant with over 20 years of professional experience. He also holds a Bachelor of Accounting (Honors) Degree from the International Islamic University of Malaysia, where he was awarded the Best Student in Management Accounting.*

*At present, he is a Director at SFG Corporate Services, SFG Logistics, S&A Tax and Financial Services, and Lisa Maldives. He also serves as the Managing Director of Maldives Industrial Development Free Zone PLC. Previously, he worked as the Chief Financial Officer at Villa Group, the Head of Finance at Maldives Islamic Bank, and the Chief Finance Executive at the Ministry of Finance. Shimad also served as a Director in the Maldives Islamic Bank PLC, Maldives Tourism Development Corporation PLC, Thilafushi Corporation Limited and Upper South Utilities Limited. Further to this, he also served the nation as a member of the National Debt Management Committee.*

# MEMBERS OF THE BOARD OF DIRECTORS

MOHAMED NIZAM



Chief Financial  
Officer  
**Executive Director**

*Mohamed Nizam with a tenure at STO since 2010, currently serving as the Chief Financial Officer and Executive Director. Throughout his tenure at the Company, Nizam has demonstrated exemplary performance in several key roles, including Head of Procurement, Senior Finance Manager, Chief Risk Officer, and Senior Information System Manager within the ICT department.*

*As of now, Nizam holds the position of Chairman on the Board of Directors for several significant entities: Fuel Supplies Maldives, Raysut Maldives Cement Pvt Ltd, and STO Maldives (Singapore) Pte Ltd.*

*His extensive experience in governance is further demonstrated through previous directorships, including Fuel Supplies Maldives Ltd, Maldives State Shipping Company Pvt Ltd, and Maldives Industrial Fisheries Company Ltd, and Raysut Maldives Cement Pvt Ltd. Moreover, Nizam has led as the Chairman of the Board of Directors at Allied Insurance Company of the Maldives Pvt Ltd. He has also notably represented STO on the Board of the Maldives Stock Exchange and the Maldives Securities Depository, showcasing his leadership in the financial sector.*

*Nizam is a Fellow member of the AICPA & CIMA (FCMA, CGMA), UK. He obtained Master's Degree in Business Administration with a specialization in financial management from the University of Ballarat, Australia, Bachelor of Arts (Honors) degree in Finance and Accounting from the University of East London, UK.*

*His professional credentials include membership in the Institute of Enterprise Risk Practitioners (IERP) as a certified Enterprise Risk Advisor (ERA), and Certified Associate Consultant in SAP Finance and Controlling, underscoring his expertise in financial analysis, risk management, and business information systems.*



# MEMBERS OF THE BOARD OF DIRECTORS

MOHAMED AHSAN SALEEM



**Non-Executive,  
Independent  
Director**

**Chairman Audit and  
Risk Committee**

**Member of  
Governance and  
Sustainability  
Committee**

*Mohamed Ahsan Saleem was elected to the Board of Directors at the Annual General Meeting in May 2023, representing the interests of 18% of public shareholders of the Company.*

*He holds a Master's Degree in International Tourism and Hotel Management and a Bachelor's Degree in International Hotel and Resort Management from Blue Mountain International Hotel Management School. He also holds an Associate Diploma in Hotel Management from Les Roches School of Hotel Management, Switzerland, and a Business Administration qualification in Food & Beverage Operations.*

*Currently, Ahsan serves as the Director of Operations at Tree Top Hospital Maldives, where he previously served as the Head of Information Technology. His diverse professional experience includes positions such as Front Desk Agent at Maldives Tourism Promotion Board, Research Assistant at Maldives Association of Tourism Industry, Rooms Division Trainee and Kitchen Operations Trainee at Les Roches Hotel Management School, Service Staff at College DU Lemman in Switzerland, Front Office Management Trainee at Hilton Seychelles Northholme Resort & Spa and Conrad Rangali Island, Open Water Scuba Instructor at Diveclub, Front Desk Manager at Elysium Guest House, and Application Developer at E Private Limited.*

# MEMBERS OF THE BOARD OF DIRECTORS

MOHAMED MURAD



**Non-Executive, Non-Independent Director**

Member of  
**Governance and Sustainability Committee**

Member of **Audit and Risk Committee**

Member of  
**Nomination and Remuneration Committee**

*Mohamed Murad is a non-independent, Non-Executive Director of the company and was appointed to the Board of Directors on December 5, 2023, to represent the majority shareholders.*

*Murad holds a Master of Business Administration from Cambridge College of Business and Management. He also holds a BTEC First Diploma and a BTEC Higher National Diploma from the Academy of Design, Northumbria University, UK.*

*Murad commenced his career at State Trading Organization Plc in 1998 as a Sales Representative and steadily progressed through various roles, ultimately attaining positions such as Store Operations Manager, Home Improvement Manager, and Service Center Manager. Notably, he served as General Manager at STO from 2013 to 2021.*

*Additionally, Murad has contributed his expertise as a member of the Board of Directors for Allied Insurance Company of the Maldives, Maldives Gas Pvt Ltd, and Maldives Structural Products Pvt Ltd.*

# MEMBERS OF THE BOARD OF DIRECTORS



**Non-Executive,  
Independent  
Director**

**Chairman of  
Governance and  
Sustainability  
Committee**

**Member of Audit and  
Risk Committee**

**Member of Nomination  
and Remuneration  
Committee**

*Dhaanish Mohamed Ameen was appointed to the Board of Directors as an independent, Non-Executive Director on December 18, 2023, to represent the majority shareholder.*

*He holds an LLB (Hons) from the University of Warwick and has successfully completed Masters in Law, qualifying him as a Solicitor (UK) from the University of Law (UK) incorporating the College of Law. He is also a member of the Chartered Institute of Arbitrators (CI Arb).*

*Dhaanish currently serves as an Attorney at SHC Law & Tax. Dhaanish's legal practice is primarily focused on banking and finance, tourism and infrastructure. Dhaanish was ranked as a Rising Star Partner by Global IFLR and Chambers & Partners in 2023 and as a ranked Notable Practitioner by Asia Law in Mergers & Acquisitions Practice between 2019 and 2023. Dhaanish also served as a visiting lecturer at Villa College.*

# MEMBERS OF THE BOARD OF DIRECTORS

REESHA ABDUL MUNNIM



**Non-Executive,  
Independent  
Director**

**Chairman of  
Nomination and  
Remuneration  
Committee**

**Member of  
Governance and  
Sustainability  
Committee**

*Reesha Abdul Munnim was appointed to the Board of Directors of STO as an independent, non-executive member in January 2024 to represent the majority shareholders.*

*Reesha holds a Master's in Business Administration from the University of Mysore, India, and a Bachelor's in Business Management from JSS College for Women, India. Her educational background also includes a Diploma in Airline Marketing for Leadership from IATA, Singapore, an Associate Diploma in Organizational Learning and Development from CIPD, UK, and a Diploma in Foreign Trade.*

*Currently, Reesha serves as the Senior Manager of the Learning and Development function. She has also contributed to various roles in the commercial and human resource areas at Island Aviation Services. Additionally, Ms. Reesha serves as a part-time lecturer at several colleges, including MAPS College, Villa College, Clique College, Avid College, and Male' Business School.*

*Reesha is also an active member of the Singapore chapter of Women in Aviation International, USA, and the Maldives Association of Human Resource Professionals (MAHRP).*

# FORMER BOARD OF DIRECTORS

ABDULLAH SAEED



Former  
**Chief Executive Officer  
/ Managing Director**

*Abdullah Saeed took the role of Chief Executive Officer and Managing Director at STO from 4th April 2023, until 28th November 2023, when Shimad Ibrahim assumed the position.*

*Abdullah Saeed also held the position of Managing Director of Maldives State Shipping Company Pvt Ltd, the Chairman of Maldives National Oil Company Ltd, a wholly owned subsidiary of STO, engaged in the downstream activities of the petroleum industry especially in international oil trading. He also held the position of Chairman of STO Maldives (Singapore) Pte Ltd from 2010 – 2012, where he was actively involved in coordination with overseas investors keen on partnering with STO for joint ventures in the Maldives.*

*In addition, he also served as the cabinet secretary of the Government of Maldives from 2008 - 2012. Saeed is a Master Mariner and an Entrepreneur with extensive experience both in the public and private sector. His proficiency is in the shipping industry where he has served over 30 years in both domestic and international operations as a profound captain, during most of his career. He is also one of the key founders for establishing a capital market in Maldives when he served at the Capital Market Development Authority in 2006. He advanced in debt market and instruments and was actively involved in setting up the first securities exchange in the Maldives.*

*He completed several programs from the Securities Institute of Australia, in Financial Journalism, Financial Markets and Fundamental Securities. Additionally, he had completed programs on debt markets and instruments, instrument valuation and credit ratings.*

HUSEN AMR MOHAMED RASHAD



Former  
**Chief Executive Officer  
/ Managing Director**

*Husen Amr Mohamed Rashad took on the roles of Chief Executive Officer and Managing Director, on 30th November 2018. He served at STO until Abdullah Saeed succeeded to the position on 4th April 2023.*

*He holds a Master of Business Administration from International Islamic University, Malaysia and has a Bachelor of Science in Computer Science from University of Sunderland, through Binary College Malaysia. Amr has previously held the position of Chief Executive Officer of MTCC, from September 2010 till February 2012. He has also served as Deputy Under-Secretary heading the Economic Development Unit at the President's Office and was a member of the Privatization Committee formed by the President's Decree in 2009.*

*During his tenure he served as the Chairman of Maldives Industrial Fisheries Company Ltd, Maldives National Oil Company Ltd and Raysut Cement Maldives Pvt Ltd. Amr has also played an active role in the political sphere as a National Council member of the Maldivian Democratic Party.*

*He has been instrumental in formulating manifestos of the party as Chairperson of the Policy Committee and member of the Economic Committee. Furthermore, he has been a successful entrepreneur engaged in the private sector for the past two decades.*

# FORMER BOARD OF DIRECTORS



Former Director

*Gais Ismail is an independent, Non-Executive Director of the Company and was appointed to the Board in May 2019, to represent the majority shareholder. He served until his removal from the board on 16th November 2023.*

*Gais has experience and knowledge in the fields of finance, human resource and project management. He has a Diploma in Management from the University of Leicester, UK and a bachelor's degree (Hons) in Management and Finance from the University of Northumbria, UK.*

*Previously, he has worked as an audit junior at KPMG Maldives and as an auditor at HuvafenFushi Maldives – one of the luxurious resorts in the Country. He has also worked at Centex Group as a Human Resources Manager and as a General Manager at Fortune Capital Management Limited. Further to this, he has handled a project of 32 island water system as a Manager of project operation at Water Engineering FZE-Dubai. Currently he works as a General Manager at Adept Maldives Pvt Ltd. Prior to being appointed as a Board Director of STO, Gais also served as a Board Director of Upper South Health Corporation Ltd.*



Former Director

*Ismail Zumayl Rasheed was appointed to the Board of Directors of STO as an independent, non-executive member by the majority shareholder in May 2019. He served until his removal from the board on 22nd January 2024.*

*Zumayl Rasheed actively engages in the trade industry of Maldives, serving currently as a Finance Manager at INK Investment Maldives Pvt Ltd, while contributing to the community by sitting on the Football Association of Maldives (FAM) Disciplinary Committee. Mostly engaged in trade commerce development and international trade channels, he counts over 15 years of international relationship management, served roles as Trade Representative of Maldives Chamber of Commerce and Industry (MNCCI) to Hong Kong; and continues to involve to promote community development activities and successful launch of various products and services.*

*He holds a Master's of International Business from Hult International Business School, Boston (USA), and a Bachelor's of Business from LaTrobe University, Melbourne (Australia).*

# CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

02



# 1. CORPORATE GOVERNANCE REPORT

## 1.1. Compliance with Corporate Governance Code

The Board of Directors (referred to herein as the “Board”) and the management of STO (referred to herein as the “Company”), along with its subsidiaries (referred to herein as the “STO Group”), are dedicated to upholding high standards of corporate governance. Our aim is to foster robust and firmly established corporate governance practices for the benefit of shareholders and various stakeholders, including the government, customers, suppliers, employees, and the wider public.

The Company strictly adheres to relevant laws and regulations and follows the guidelines and rules issued by regulatory authorities. Periodic assessments of the corporate governance framework are conducted to ensure alignment with industry best practices.

As a limited liability company, STO operates in accordance with the Companies Act 07/2023 (referred to herein as the “Act”), the Corporate Governance Code (referred to herein as “the Code”) of the Capital Market Development Authority (CMDA), the Securities Act of Maldives, the Listing Rules of the Maldives Stock Exchange Pvt. Ltd., and the Securities Continuing Disclosure Obligations of Issuers Regulations 2019 (SCDOI) of CMDA, alongside other pertinent legislation. STO also adheres to its Articles of Association (AOA), the Board’s procedural rules, delegation of authority to management, and policy documents established by the Company.

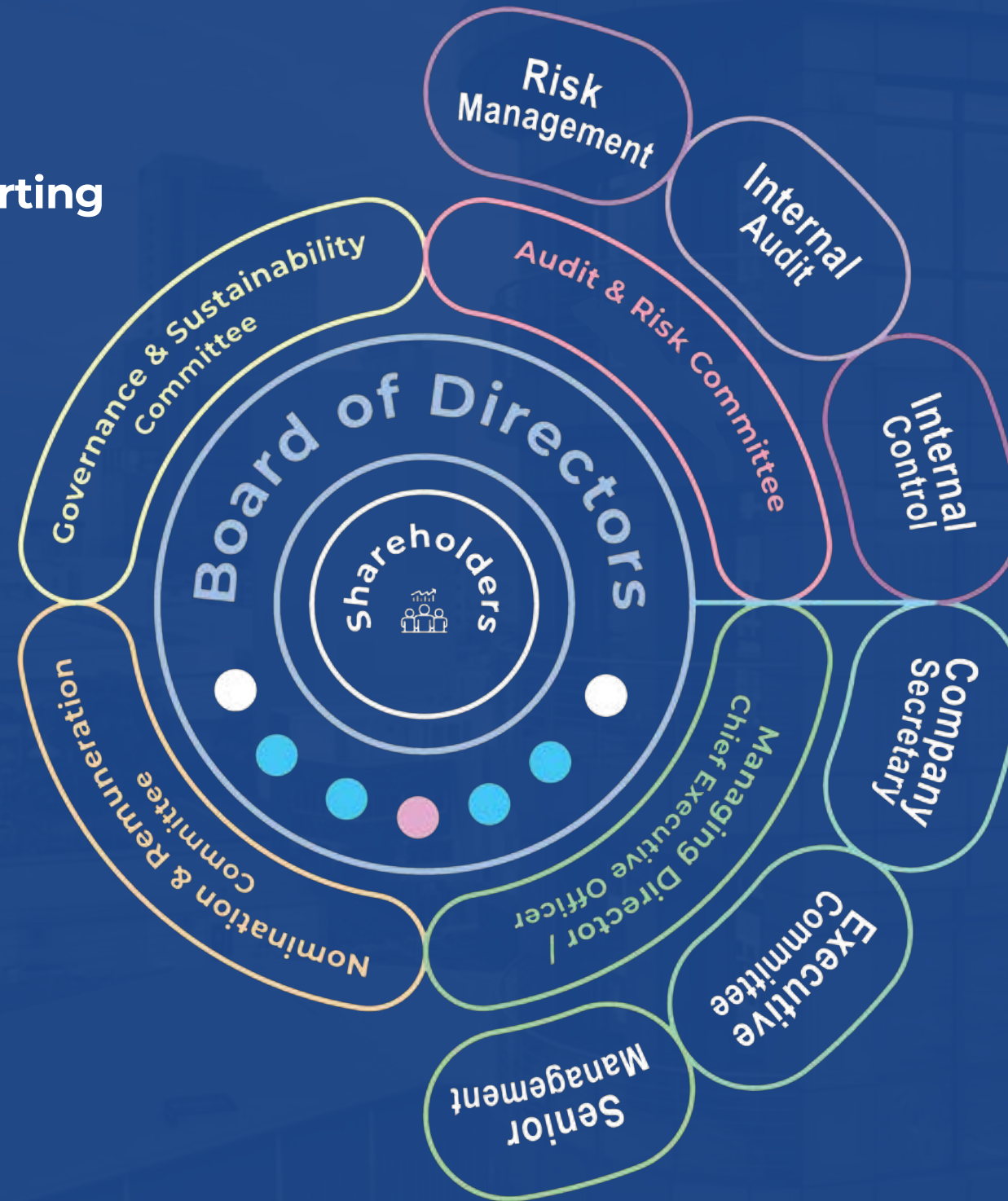
Throughout the reporting period, STO placed significant emphasis on maintaining exemplary levels of compliance with all relevant regulations. Any instances of deviation are elucidated in accordance with the “comply” or “explain” principle outlined in this report.





# 1. CORPORATE GOVERNANCE REPORT

## 1.2 Governance Reporting Structure



### Key matters reserved to the Board

The Board retains the authority to make decisions on significant matters pertaining to strategy, finance, and governance.

### Board committee structure

The Board has assigned responsibility of its primary governance functions to three principal committees, namely the Audit and Risk Committee, Nomination and Remuneration Committee, and Governance and Sustainability Committee (referred to collectively as the “Board Committees”), with their respective duties detailed in the report. The activities and decisions made by these committees throughout the year are documented in their individual reports.

### MD/CEO, the executive committee, and the delegated authorities

The MD/CEO oversees the business in accordance with the strategy endorsed by the Board and is answerable to it..

The MD/CEO is aided by the Executive Committee in executing the strategy and overseeing operational performance. Additionally, as the Group CEO, he has implemented authority frameworks within the Group, delegating certain managerial decisions to designated individuals and management.

## 2. LEADERSHIP

### 2.1. Board Roles

In the past year, the Board was composed of 7 members, consisting of 2 executive directors and 5 non-executive, independent directors. However, subsequent to changes made to the Board late last year, the current composition comprises 2 executive directors, 1 non-executive director, and 4 non-executive independent directors.

The roles of Chairman and Managing Director are held by distinct individuals. The Chairman is selected from among the non-executive independent members of the Board, while the Managing Director holds an executive position.

The Board operates within a coherent framework outlined in its charter, which delineates clear responsibilities and accountabilities aimed at safeguarding and enhancing long-term shareholder value and providing a robust foundation for realizing the Group's strategy. This Charter furnishes Directors with guidelines concerning their responsibilities, authorities, composition, meetings, appointments, training, evaluation, and disclosure.



#### The collective roles and responsibilities of the Board encompass:

- Formulating corporate vision, mission, and strategies
- Approving business plans and budgets
- Overseeing risks and providing guidance on mitigation strategies
- Monitoring and directing financial performance and asset management
- Establishing the appropriate technology direction
- Supervising the overall operations of the STO Group
- Determining dividend policy
- Issuing requisite reports for shareholders
- Developing an appropriate governance and sustainability framework for the Company

## 2. LEADERSHIP

### A summary of responsibilities of the Board roles

#### Chairman

AMIR MANSOOR



Chairman

HAMID NASHEED MOHAMED



Former Chairman

- Guides the Board in determining strategy and achieving objectives.
- Leads the Board in aligning culture with its vision, mission, values, and strategy, ensuring all directors uphold integrity, set an example, and foster the desired culture.
- Provides leadership and manages the Board to ensure directors are well-informed about issues discussed at meetings and receive timely, complete, and reliable information.
- Approves agendas for Board meetings, considering the concerns and issues of Board members.
- Promotes active engagement of Board members, leveraging their skills, experience, and knowledge.
- Establishes effective corporate governance practices and procedures, facilitating transparent communication with shareholders and stakeholders.
- Provides oversight, guidance, advice, and leadership to the Managing Director.

## 2. LEADERSHIP

### A summary of responsibilities of the Board roles

MD / CEO &  
Executive Director

SHIMAD IBRAHIM



Chief Executive Officer  
/ Managing Director

MOHAMED NIZAM



Chief Financial Officer

ABDULLAH SAEED



*Former*  
Chief Executive Officer  
/ Managing Director

HUSEN AMR MOHAMED RASHAD



*Former*  
Chief Executive Officer  
/ Managing Director

- Is also entrusted with the responsibilities of Group CEO and Group CFO.
- Formulates and recommends the strategy of the Group to the Board.
- Executes the policies and strategies, across the Group, as agreed with the Board.
- Makes and implements operational decisions and manages the business day-to-day.
- Leads the Group, business, and the management team.
- Ensures that the Board is kept informed in a timely manner on current affairs of the Group.

## 2. LEADERSHIP

### A summary of responsibilities of the Board roles

#### Non-Executive Directors

MOHAMED AHSAN SALEEM



DHAANISH MOHAMED AMEEN



ABDULLA SAEED



Former Director

REESHA ABDUL MUNNIM



ISMAIL ZUMAYL RASHEED



Former Director

GAIS ISMAIL



Former Director

MOHAMED MURAD



- Participates in Board meetings to provide independent judgment on matters related to strategy, policy, performance, accountability, resource allocation, key appointments, and standards of conduct.
- Takes the lead in addressing or discussing potential conflicts of interest.
- Scrutinize the Group's performance in attaining agreed corporate goals and objectives and oversee performance reporting.
- Contributes positively to the development of the Group's strategy and policies by offering independent, constructive, and well-informed feedback.
- Encourages the alignment of STO's culture with its vision, mission, values, and strategy, ensuring all directors demonstrate integrity, set examples, and promote the desired culture. This culture should consistently reinforce STO's values of lawful, ethical, and responsible conduct.
- Engages with Senior Management and other relevant parties to ensure that various concerns and issues pertinent to the management and oversight of the Company's and the Group's business and operations are adequately addressed.

# 2. LEADERSHIP

## 2.2. Board Composition and Diversity

The Board recognizes that a critical factor in its effectiveness is the presence of a diverse array of skills, experiences, knowledge, and independence among its members, fostering cohesive team dynamics. Additionally, the Board acknowledges the importance of age and gender diversity as contributing factors to its success. STO's Board consistently strives to achieve a balance of these attributes, encompassing diversity in age, gender, experience, and expertise. To this end, the Board has endorsed the Board Candidacy Guideline, delineating key diversity policies.

However, in 2023, the Board consisted solely of male members, contravening the Code's requirement to have at least 30% female representation. The Company made efforts to promote the appointment of female members to the Board by encouraging shareholders to nominate accordingly. As of the reporting date of this report, one female director now serves on the Board.

The accompanying diagrams below, provides an overview of the Board's composition and diversity profile.

		<u>Former Board</u>	<u>Current Board</u>
Designation	Executive Director	2	2
	Non-Executive Director	5	4
	Non-Executive Independent Director	-	1
Gender		7 Male	6 Male
		0 Female	1 Female
Age	<30	-	1 director
	30-40	3 directors	2 directors
	41-50	4 directors	3 directors
	51-60	2 directors	1 director
	Above 60	-	-

## 2. LEADERSHIP

Qualification  
and/or  
adequate  
Experience in

	Amir	Shimad	Nizam	Ahsan	Reesha	Dhaanish	Murad	Hamid	Amr	Saeed (Former MD)	Saeed (Former Director)	Gais	Zumayl
Strategic planning	●	●	●	●			●	●	●	●	●	●	●
Policy making	●	●	●	●	●	●	●	●	●	●	●	●	●
Strategic financial	●	●	●	●					●	●		●	●
Risk / internal control / audit	●	●	●	●			●					●	●
Governance / legal / compliance	●	●	●	●	●	●	●	●	●	●	●	●	●
Commercial acumen	●	●	●	●	●		●	●	●	●	●	●	●
Previous board experience	●	●	●				●		●	●	●		
ESG / sustainability			●	●								●	●
Mergers & acquisitions	●	●	●	●		●			●	●		●	●
International business	●	●	●	●	●		●		●	●			
Information Technology			●	●				●	●	●	●		
Human resource					●								

## 2. LEADERSHIP

### Key features of the Board composition in 2023



The Board maintains a balance in terms of age, skills, and expertise, with some members having relevant industry-specific experience.

However, in 2023 there was an insufficient gender mix on the Board.



To the best of the Board members' knowledge, as of the date of this report, there are no additional relationships among the Board members beyond those (including financial, business, family, and other material and relevant relationships) documented in this.

Majority of the members are deemed independent. In the previous Board, all directors served as non-executive independent members, whereas the current board includes one non-executive non-independent member. Mr. Mohamed Murad is classified as non-independent due to his ineligibility under 1.2(ii) of the Code, as his spouse holds an active employee position in the company.



## 2. LEADERSHIP

### 2.3. Tenure

The current directors have varying terms ranging from few months to 4 years on the Board. In 2023, Mr. Abdulla Saeed, who represented public shareholders, was replaced by Mr. Mohamed Ahsan Saleem following a shareholder vote at the last AGM. Additionally, several changes occurred in the Managing Director's position during 2023. In April 2023, Mr. Husen Amr Mohamed Rashad, who had held the position since November 2018, was succeeded by Mr. Abdullah Saeed. Later in November 2023, Mr. Abdullah Saeed was replaced by Mr. Shimad Ibrahim, coinciding with a change in Government. Consequently, the majority of board members were replaced with new directors between November 2023 and February 2024.

As of the current date, none of the non-executive independent directors served on the Board for more than 6 years.

Tenure	Former Board	Current Board
Below 1 year	1 director	5 directors
1-3 years	1 directors	1 director
3-6 years	5 directors	1 director
Above 6 years	-	-

# 2. LEADERSHIP

## 2.4. Process of Re-Election and Appointment of New Directors

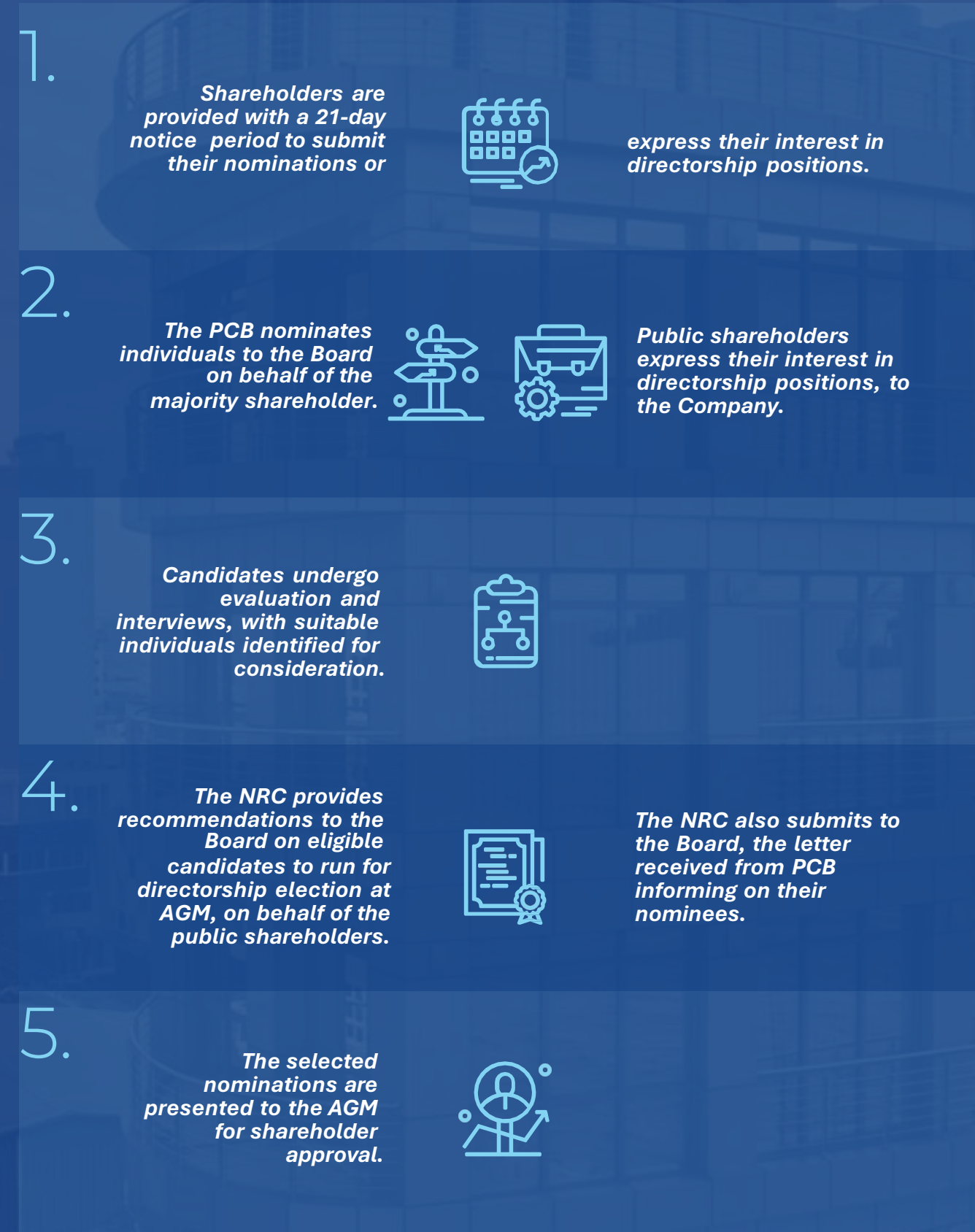
All Board appointments are based on merit, taking into consideration the skills, experience, and gender diversity necessary for the effective functioning of the Board as a whole.

Therefore, the Board acknowledges the importance of ensuring that both the Board and Senior Management are adequately equipped with the requisite skills and experience to effectively execute the Group's strategy.

A formal and transparent procedure governs the appointment of new directors to the Board, with the primary responsibility delegated to the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee has established a formal process for selecting new directors to enhance the transparency of the nomination and election process, which involves identifying and evaluating nominees for the Board.

The process is outlined below.



In 2023, 5 candidates from the public shareholders expressed interest in directorship. 4 out of these 5 candidates participated in interviews with the Nomination and Remuneration Committee. After considering the interview results and other relevant information in accordance with the Board Candidacy Guideline and applicable regulations, all 4 candidates were recommended to the AGM for shareholder decision. Shareholders appointed Mr. Mohamed Ahsan Saleem, nominated by the institutional shareholder Champa Brothers Pvt Ltd, to represent public shareholders on the Board.

All nominations made by the PCB to the Board were also ratified at the AGM, with the appointed directors representing the interests of the majority shareholder.

All directors are appointed for a one-year term and may be re-elected or replaced in between or at the subsequent AGM.

## 2. LEADERSHIP

### 2.5. Independence

All Directors are obligated to exercise independent judgment in the best interests of the Company. The Board affirms that the non-executive independent directors possess the requisite caliber and representation to ensure their perspectives carry significant weight in the Board's deliberations and decisions.

According to the Code, majority of board members must be independent of the Company. Independence criteria are further outlined in the Code, which specifies that for a director to be deemed independent, neither the director nor an immediate family member should be holding or have held a key position in the Company during the past year. Additionally, the director or an immediate family member should not have engaged in substantial financial dealings with the Company during the same period.

Significant financial dealings encompass any form of remuneration, fees, or wages provided by the Company for services rendered, or any transactions equivalent to or exceeding 0.1% of the Company's financial results.

Consequently, it is determined that all non-executive members who served on the Board from January 01, 2023, to December 04, 2023, met the independence criteria outlined in the Code. However, in the current Board, 4 out of the 5 non-executive members are considered independent according to the Code. Mr. Mohamed Murad is deemed non-independent as his spouse is a full-time employee of the Company.

### 2.6. Conflict of Interest and Materially Significant, Related Party Transactions

Directors are legally obligated to prevent situations in which their interests' conflict with those of the Company. Accordingly, the Company has implemented a Board-approved Conflict of Interest Declaration Policy, which applies to Directors, Senior Management, and other employees of the Group. Under this Policy, directors must disclose any direct or indirect interests they or their immediate family members have in any proposal, transaction, arrangement, or contract that is significant in relation to the Company's business. This includes interests in entities connected to the director that are considered material. The information provided is reviewed and, if necessary, cross-referenced with relevant authorities to verify its accuracy.

All significant third-party transactions, monetary transactions, or relationships between the Company and its Directors, Management, Subsidiaries, or relatives are disclosed in note 44 of the audited financials.

### 2.7. Other Directorships held

None of the directors have held directorships in any other Public Listed Companies during the past year. However, executive directors do serve on the Boards of some of the STO Group Companies, while some non-executive directors are affiliated with private companies and non-profit organizations. Nonetheless, all directors have dedicated adequate time and effort to fulfilling their duties as board members of the Company.

Additional information on other directorships held by the directors can be found in their respective profiles.

### 2.8. Director's Securities Transactions

The Company has implemented the "Policy on Prohibition of Dealing in Securities by Connected Persons with access to unpublished information" issued by the CMDA and has also established a Board-approved Guideline on Trading in Securities. This Guideline is applicable to all individuals identified as having access to unpublished information and classified as "restricted persons". Both the Board of Directors and Senior Management adhere to this Guideline in their transactions involving the Company securities.

Throughout 2023, all directors complied with this Policy in all their securities dealings. Additionally, the Company regularly updated the "restricted persons list" in accordance with the Policy and promptly notified relevant authorities.

## 2. LEADERSHIP

### 2.9. Board Induction and Continuing Education

The Company acknowledges the importance of regularly reviewing and addressing the training needs of each director to ensure they remain abreast of key business developments, thereby maintaining and enhancing their effectiveness.

To facilitate this, the Company has implemented a Board-approved Director Induction and Training Policy, which includes a comprehensive orientation program designed for newly appointed directors. Conducted by the Company Secretariat, this program familiarizes directors with the Group's business and governance policies, enabling them to assimilate into their new roles effectively.

Since 2018, the Company has provided directors with a training analysis report upon their appointment, which identifies areas for development based on their education and experience. This report assists directors in focusing on specific areas during their tenure. The Policy underwent review in 2023, resulting in the preparation of a Skill Assessment Policy to complement the Training Policy. The purpose of this Policy is to identify skill, knowledge, and experience gaps among board directors.

In 2023, directors participated in a total of 5 different training programs, both abroad and online. These programs covered various areas such as strategic leadership, board directorship certification at SMU-SID Singapore, Business Sustainability Management, AICPA & CIMA ESG & Sustainability Conference and strategic management and business policy.

Additionally, board directors were offered opportunities to visit some of the business partners to gain insights into their operations and management.

As part of the ongoing professional development program, Board members periodically receive presentations from Senior Executives on significant business matters. These presentations encompass a range of topics, including financial plans such as budgets and forecasts, updates on corporate strategy, and discussions on ESG issues. These matters are regularly reviewed and discussed during Board meetings.

### 2.10. Board Remuneration

The Company has established a Remuneration and Benefits Policy, which outlines a formal and transparent procedure for determining the remuneration packages of Board Directors and Senior Management.

Comprehensive details regarding the remuneration policies, remuneration payable to senior management, and other pertinent information are provided in the Remuneration Report.

### 2.11. Company Secretary

All Directors have access to the services and advice of the Company Secretary, who plays a crucial role in supporting the Board and its individual members. The Company Secretary provides guidance on fulfilling directorial responsibilities in the best interests of the Company.

Additionally, the Company Secretary facilitates the Board process and fosters communication among Board members, shareholders, and management.

The Company Secretary consistently updates her knowledge of developments in Corporate Governance best practices and regulations.

The Board remains satisfied in the competency and experience of the Company Secretary.

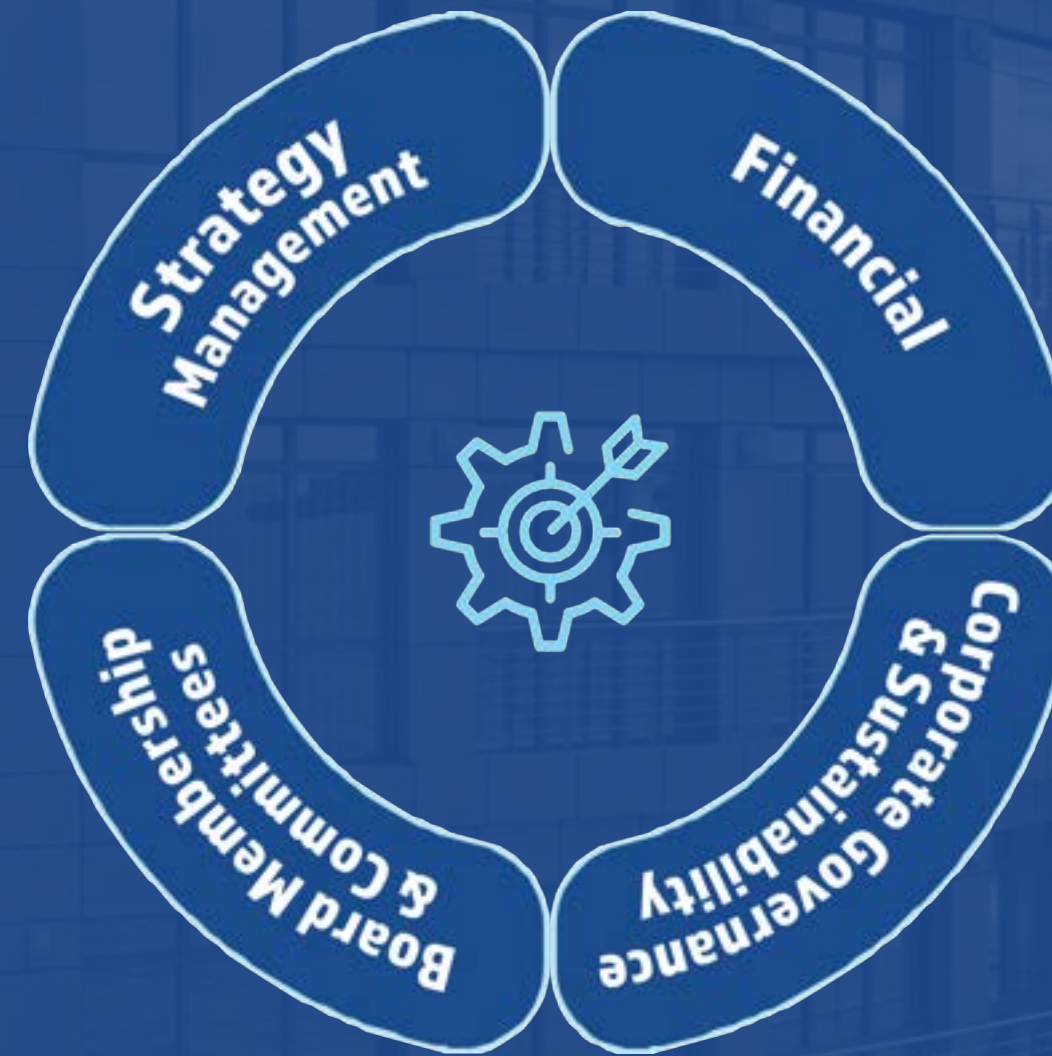
# 3. EFFECTIVENESS

## 3.1. Board’s responsibilities and delegation

The Company is governed by a Board tasked with steering its success through oversight of overall strategy, and responsible and effective supervision of its affairs. The Board also establishes the Group’s core values and adopts standards to ensure integrity and compliance with relevant rules and regulations.

Boards formal documentation delineates matters reserved for the Board and those delegated to Management.

Management, led by the MD/CEO, is responsible for daily operations and administrative functions. The Board has provided clear directives to Management regarding matters requiring Board approval before decisions are made or commitments entered on behalf of the Company. Decisions delegated to Management include implementing Board-determined strategy and direction, overseeing business operations, preparing financial statements, operating budgets, and ensuring compliance with laws and regulations. These arrangements are subject to periodic review to ensure alignment with the Company’s needs.



Key matters reserved for Board approval

# 3. EFFECTIVENESS

## Strategy Management

- Formulate the vision, mission, strategies, and long-term objectives.
- Approve changes to the capital structure.
- Endorse major capital or equity transactions.
- Sanction major disposals and acquisitions.
- Ensure the Company aligns with the appropriate technology and HR direction.

## Financial

- Approve financial statements.
- Recommend the appointment or re-appointment of external auditors.
- Recommend or declare dividends.
- Monitor the Group's businesses against plans and budgets.
- Approve changes to the company structure, key personnel, remuneration, and other benefits.

## Board Membership & Committees

- Recommend suitable candidates to the Board for appointment.
- Review and monitor the effectiveness of internal controls and monitoring systems.

## Corporate Governance & Sustainability

- Review the performance of the Board, its committees, and the MD/CEO.
- Approve shareholder communications, circulars, and notices of meetings.
- Review the ESG practices and approve the ESG reports.
- Review and/or approve Group policies.
- Review and monitor risk frameworks, identified and evolving risks, and mitigation strategies.

# 3. EFFECTIVENESS

## 3.2. Board Meetings



*The Board meets at least 4 times a year, to review financial performance, strategies, and operations that require approvals.*



*The meeting agenda and notice are prepared by the company secretary, with finalization by the MD and Chairman in consultation with other directors.*



*Meetings are convened either in person or electronically.*



*A notice period of at least 2 days is provided for the meetings.*

Minutes of Board meetings are recorded in sufficient detail with the matters considered by the Board and decisions reached, including any concerns raised by directors or dissenting views expressed. Furthermore, minutes of Board meetings were circulated to the respective Board members for comment where appropriate and are duly kept for inspection by any director.

# 3. EFFECTIVENESS

## Other key features of Board Process

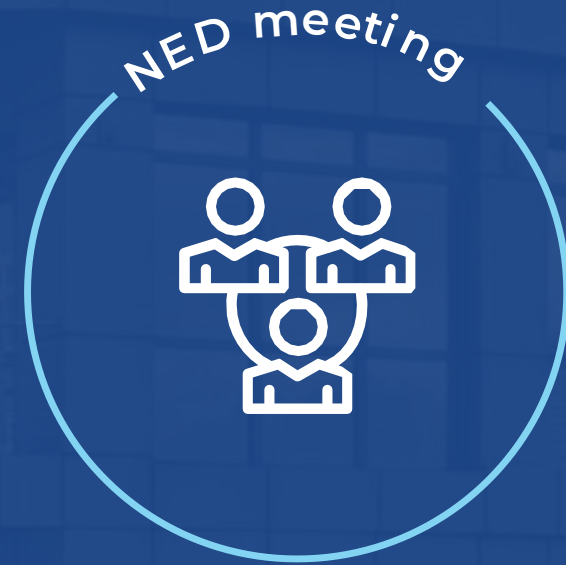


The directors are supplied in a timely manner with all relevant documentation and financial information to assist them in discharge of their duties. Monthly updates of the financial performance of the Group are furnished to the Board between regular Board Meetings through Boardpaq.

Senior Management are invited to attend Board meetings, where appropriate, to report on matters relating to their areas of responsibility, and to brief and present details to the directors on recommendations submitted for the Board's consideration. Additional information or clarification may be required to be furnished, particularly with respect to complex and technical issues tabled to the Board.

The Company has adopted the SCDOI Regulations of CMDA and its implementation guideline on monitoring, reporting, and disseminating inside information.

The Group's operational and developmental concerns are promptly communicated to the Board and addressed accordingly.



Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact and budget requirements, regulatory implications, expected outcomes and recommendations.

The Chief Audit Executive also provides the Audit and Risk Committee and where necessary to the Board, information on the audit findings. These include, annual audit plans, fraud risk assessments, findings from investigation audits and the implementation status of audit recommendations.



As a good corporate governance practice, the non-executive board directors met in the absence of management to discuss matters relating to any issue or matters they would like to raise regarding the performance of executive directors, executive team, and the company in general.

All directors have direct access to the Managing Director, Chief Financial Officer, Chief Audit Executive, Chief Risk Officer, and Company Secretary who are responsible for advising the Board on corporate governance, sustainability, control, and compliance issues.

The Directors, through assistance of Company Secretary, also has access to obtain external professional advice, where required.



To enhance the communication between directors and senior management and to understand management planning, directors are invited to attend and participate in small group discussions with senior management. Also, senior management are invited to attend Board meetings so that they can report relevant corporate matters and reply to any questions from directors.



# 3. EFFECTIVENESS

## 3.3. Board Activities

Board activities are organized to help the Board achieve its objectives and to provide support and guidance to Senior Management in implementing the strategy within a transparent governance framework.

The diagram below illustrates the main areas of focus for the Board, which were discussed as agenda items throughout 2023. Focused discussions on these items help the Board make informed decisions based on the long-term opportunities for the business.



- Review and discuss governance and sustainability practices.
- Receive updates on ESG matters and review the ESG reports.
- Evaluate the effectiveness of the Board and its Committees.
- Discuss Board diversity and succession planning.
- Review reports from Board Committees.



- Discussion of main strategic issues relating to businesses.
- Review of processes and controls for strategic and operational risks.



- Receive CEO Reports.
- Review financial and operational updates.
- Evaluate, discuss, and approve annual budgets.
- Regular updates on management accounts



- Receive updates on corporate matters including changes in organizational structure and Senior Management.
- Discuss R&D planning.
- Review government relations and trade updates.
- Evaluate employee engagement surveys.
- Address any ad hoc projects or initiatives.

# 3. EFFECTIVENESS

## 3.4. Main activities during FY2023

In 2023, a total of 19 Board meetings were convened. Among these, 4 meetings were primarily held to review quarterly business performance, 1 meeting was dedicated to reviewing business strategy with management, and the remainder focused on seeking directors' approval on various matters. The Board is confident that Directors allocated sufficient time to adequately address the matters discussed during these meetings.

The below chart provides an overview of how the Board allocated its agenda time during the year.

Directors are expected to attend all meetings of the Board and the Committees on which they serve and to devote sufficient time to the Company to perform their duties. Where directors are unable to attend a meeting, they receive papers for that meeting and are given the opportunity to raise any issues with the Chairman in advance of the meeting.

At quarterly meetings, the Board receives updates from the MD/CEO and the CFO on the financial and operational performance and any specific developments in the areas of the businesses.

Chairmen of the respective Board committees would also report on matters discussed and/or approved at the relevant Board Committee meetings held prior to the Board meetings. Meetings are structured to allow for thorough consideration and discussion of all matters.



### 3. EFFECTIVENESS

*The main areas reviewed and discussed by the Board in 2023, including a dedicated strategy meeting;*

	January	February	March	April	May	June	July	August	September	October	November	December
<b>Financial and Operational Performance</b>												
CEO Report of previous year	●											
Quarterly and annual results	●			●			●			●		
Decision on dividend					●							
AGM					●							
Re-appointment of external auditors					●							
Annual budget												●
Supplementary budget						●						
Matter requiring Board approval	●	●	●	●	●	●	●	●	●	●	●	●
<b>Strategic items</b>												
Discuss on the strategic plan										●	●	●
Inform staff on annual strategies	●											
<b>Governance and sustainability</b>												
Reports from Board committees			●	●		●			●			●
ESG discussions						●						●
Board composition, re-appointment, and diversity	●			●								
Board evaluation of previous year	●											
<b>Human Resources</b>												
Employee engagement survey											●	

# 3. EFFECTIVENESS

## 3.5. Committees

The Board’s work is supported through its committees; the Audit and Risk Committee, the Nomination and Remuneration Committee and the Governance and the Sustainability Committee. Committee Chairpersons and members are appointed by the Board annually, and their performance is reviewed regularly.

Each Committee is required to convene at least twice a year and operates based on charters approved by the Board, detailing their membership, responsibilities, and activities. These details are further elaborated in the individual committee reports.

The Nomination and Remuneration Committee is combined for the purpose of expediency since the majority of the same Directors are entrusted with the functions of both Committees.

The Committee Chairperson and the Company Secretary determines the frequency and duration of the Committee meetings. Committee reports, including their decisions or recommendations, are submitted to the Board on a regular basis, unless there are legal, regulatory, or conflicting restrictions on their ability to do so.

The Board may also establish committees on an ad hoc basis to approve specific projects as deemed necessary.

## 3.6. Board Evaluation

The Board recognizes the importance of regularly assessing its own performance to support the leadership of the Group. Led by the Governance and Sustainability Committee, the Board has established a formal process for evaluating the performance of both the Board and its Committees. This evaluation aims to ensure continued effectiveness and efficiency in fulfilling their respective duties, providing a valuable opportunity for continuous improvement.

The objectives of the evaluation include building upon previous improvements, enhancing the collective contribution of the Board, and improving the competence and effectiveness of individual directors.

The Board regularly reviews this evaluation framework, conducting the assessment through an annual online questionnaire.

The evaluation for the year 2023 was completed in December, identifying areas for improvement, and engaging in discussions accordingly.

Key aspects covered in the evaluation include:

- **Board composition and structure**
- **Effectiveness of Board processes**
- **Contribution during Board meetings**
- **Strategic and operational oversight**
- **Professional development opportunities**
- **Board support**
- **Communication with shareholders and stakeholders**

# 3. EFFECTIVENESS

The evaluation process involves the following three stages:

Stage 3

## Action plan agreed

*Following review of the results, the Board draws conclusions and agrees on the improvements.*



Stage 2

## Discuss and review the results

- *The Company Secretary drafts the results report.*
- *The draft results are discussed with the Chairman of the Board.*

*Any matters requiring separate discussion with individual directors are addressed by the Chairman of the Board and the NRC Chairman.*

*The final report is presented to the Board.*

Stage 1

## Determine the scope

*Review the evaluation framework to assess whether adjustments are necessary in response to policy, procedural changes, or new regulations.*

## Determine the approach

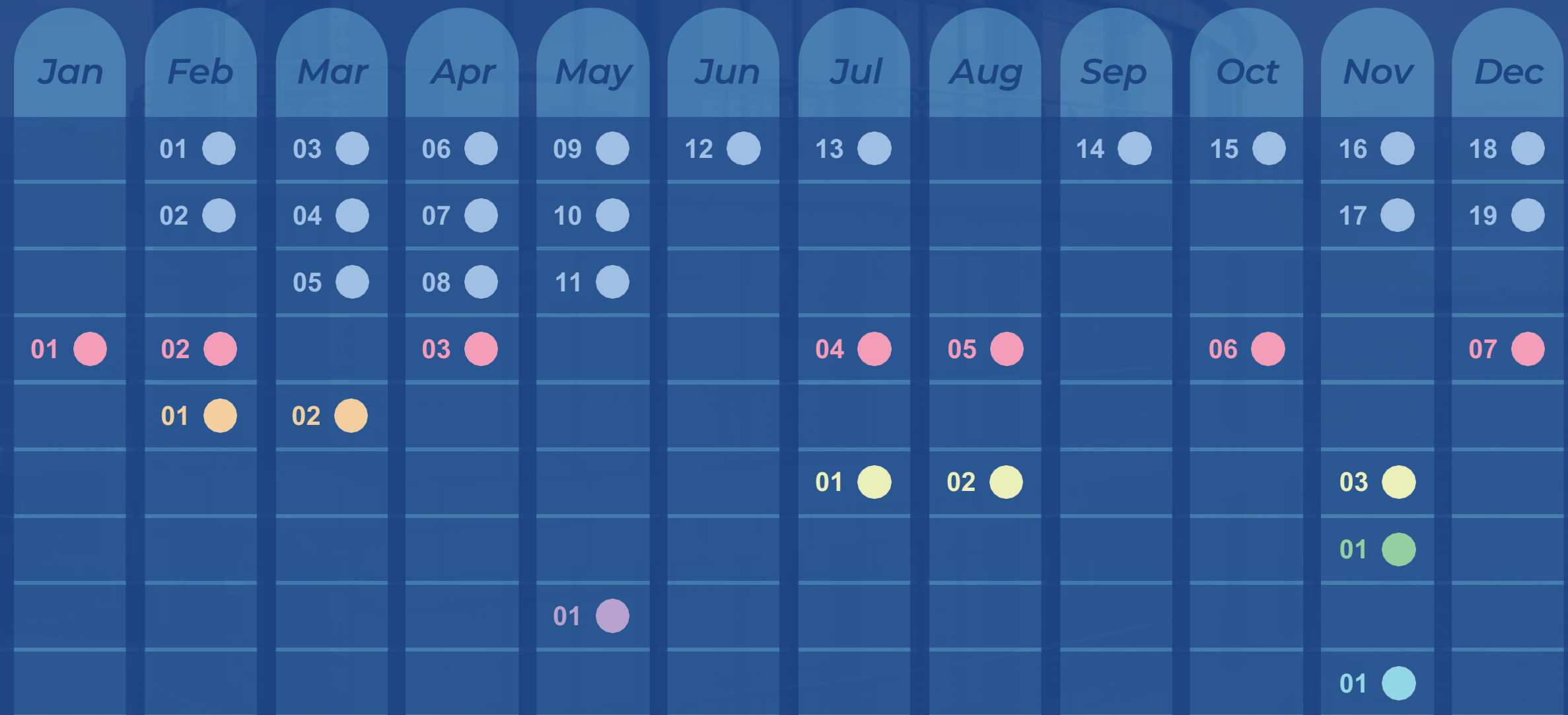
*The evaluation is carried out using an online questionnaire.*



# 3. EFFECTIVENESS

## 3.7. Board meetings, committee meetings and general meetings

The following diagram illustrates the Board, Board Committee meetings and general meetings held during 2023.



- Board Meeting
- AGM
- Audit & Risk Committee
- Nomination & Remuneration Committee
- Governance & Sustainability Committee
- Non-executive Directors Meeting
- Strategy Meeting

# 3. EFFECTIVENESS

## 3.8. Directors' attendance

During 2023, the overall attendance rate of directors at Board meetings was 98% (2022: 96%). Details of the attendance of each director at the Board meeting, Board Committee meetings and general meeting are set out below.



- Board Meeting
- AGM
- Audit & Risk Committee
- Nomination & Remuneration Committee
- Governance & Sustainability Committee

# 4. ACCOUNTABILITY AND AUDIT

## 4.1. Good Governance, Policies, Procedures and Guidelines

Over the years, the Board has developed and reviewed the Company's Corporate Governance Principles to help fulfil its corporate responsibility towards the stakeholders. These principles ensure that the Board has the necessary authority and processes to review and evaluate the operations when required.

Furthermore, these guidelines allow the Board to make decisions that are independent of the Management.

STO first established its Governance Guideline in 2006. Thereon, the Company has reviewed and made changes to it, considering the various amendments brought to the relevant regulations and the international codes. The Company further established its first Code for the Group in 2014. This Code was last revised in 2023.

STO has in place, policies, and procedures to govern its subsidiary companies and major commercial activities, a manual for Board Directors and a Code of Ethics for Directors. Furthermore, STO has timely reviewed the Board and its Committee Charters and Corporate Governance Guidelines. STO also, has in effect a guideline on holding AGMs and preparation of Annual Reports for its Group Companies. These policies, procedures and guidelines are believed to provide the Group with guidance and emphasize the importance of proper governance within the Companies.

The Group also has in effect a Board Candidacy Guideline and a Guideline on Administration and Control of STO Group Companies. These guidelines define the characteristics and procedure for making nominations, appointment, and removal of board members to the Boards of STO Group of Companies.

## 4.2. Financial Reporting

The Board acknowledges its responsibility for presenting a balanced, clear, and comprehensive assessment of the Group's performance, position, and prospects. The Board is also responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Group on going concern basis.

The practices of the Company on the timeline for publication of financial results and the related reports are set out below:

### Annual results

- *Publish by end of April each year*
- *Approve financials at the AGM*

### Quarterly results

- *Publish report by end of preceding month after each quarter*

The Board has reviewed and approved the financial results of 2023. In presenting these results, the Board has aimed to provide shareholders with a balanced and clear assessment of the Group's position and prospects.

As required by the Code and SCDOI Regulation, the MD/CEO, Audit Committee Chairman and CFO certifications on the financials are provided with this report. The Board, to the best of their knowledge, confirms that the Financial Statements for the period from January 01, 2023, to December 31, 2023, have been prepared in accordance with the applicable accounting standards and gives a true and fair view of the Group and the Company's consolidated and separate assets, liabilities, financial position and results of operations.



# 4. ACCOUNTABILITY AND AUDIT

## 4.3. Risk Management

At STO, risk refers to potential actions, events, or circumstances that could positively or negatively affect the Company's ability to achieve its business strategies and objectives. Understanding and effectively managing these risks are crucial for the Company's sustained success in its operations.

In line with the commitment to delivering sustainable business value, STO has implemented a comprehensive risk management and internal control framework. This framework, based on the "Three Lines of Defense" model, is overseen by the Board of Directors with support from the Audit & Risk Committee. Their responsibility is to monitor key business risks and evaluate the design and effectiveness of the Company's risk management and internal control systems.

## 4.4. Internal Controls

The internal controls and monitoring systems within the Company ensure that the Group's objectives are achieved efficiently, compliance with relevant policies, laws, and regulations is maintained, and financial reporting is reliable.

The Board of Directors holds the overall responsibility for establishing an effective system of internal control, with the Audit and Risk Committee assisting in overseeing its adequacy. The MD/CEO is tasked with managing and maintaining these internal controls.

STO's control environment is defined by various policies, procedures, manuals, codes, and IT systems, all of which are effectively communicated to employees by management. Training on these systems and policies reinforces the Company's commitment to compliance and integrity in business conduct.

Additionally, STO has implemented numerous policies to provide detailed guidance to employees on compliance with rules and laws, including those related to preventing bribery and corruption. Any violation of these controls is treated seriously and may result in disciplinary action, including termination of employment.

Regular monitoring and testing of control activities are conducted to ensure their adequacy, with the Internal Audit and Risk Department overseeing this process and reporting to the Audit and Risk Committee and Management. Any failed controls are remediated through corrective actions. Employees are also provided with confidential and anonymous channels for reporting concerns or suspected misconduct.

Furthermore, as part of the company's commitment to financial integrity, relevant senior executives regularly verify the accuracy and completeness of quarterly financial statements and confirm compliance with key internal controls.

The Board is confident that the system of internal controls in place effectively addresses material risks within the Company's current business environment, including financial, operational, compliance, and information technology risks and is not aware of any significant areas of concern affecting shareholders.

## 4.5. System for Raising Concerns

The Company has established mechanisms to allow employees, management, and other stakeholders to report any concerns regarding non-compliance, fraud, or misconduct, whether confidentially or otherwise.

STO has implemented both a Fraud Response Policy and a Whistleblower Policy. Employees and other stakeholders can utilize the "Whistleblower Facility" feature on the company's website and intranet.

Messages submitted through this facility are forwarded directly to the Chairman of the Audit and Risk Committee, along with the Chief Audit Executive for further review and action.

Additionally, STO has set up a Disciplinary, Grievance, and Gender Equality Committee, as well as a Sexual Harassment Prevention Committee, to address concerns and grievances raised by staff members.

These committees are dedicated to investigating and resolving issues related to disciplinary matters, grievances, and gender equality, including sexual harassment.

Furthermore, in 2019, the Company introduced a direct "Raise Your Concern" facility that allows stakeholders to submit their concerns directly to the MD/CEO for prompt attention and resolution.

# 4. ACCOUNTABILITY AND AUDIT

## 4.6. Insider Information

In relation to procedures and internal controls for handling and disseminating inside information, the Company ensures the following:

- a) Acknowledges its obligations under the SCDOI Regulations and the Listing Rules, prioritizing the immediate announcement of inside information if it falls under the requirements and safe harbors provided in the SCDOI Regulation.
- b) Conducts its operations in compliance with the applicable laws and regulations of the country.
- c) Includes in the Employee Handbook and Code of Conduct a strict prohibition on the unauthorized use of non-public or inside information.
- d) Identifies authorized spokespersons of the Company and delineates their responsibilities for communicating with stakeholders.

Additionally, the Company has established a Guideline on Trading in Company Securities to govern, monitor, and report trading by insiders. This guideline outlines practices and procedures for disclosing price-sensitive information and other ongoing disclosures, along with penalties for non-compliance.

## 4.7. Internal Audit

To aid the Audit Committee in its oversight and monitoring responsibilities, the Company maintains an independent Internal Audit function. This function ensures that the system of internal controls is effective and operating as intended, providing objective assurance to the Audit Committee.

To maintain its independence, the Chief Audit Executive directly reports to the Audit Committee on audit matters and to the MD/CEO on administrative issues. The Chief Audit Executive is also authorized to communicate directly with the Chairman of the Board, the Chairman of the Audit Committee, and other Board members, as necessary.

To uphold the quality of the Internal Audit function and ensure compliance with the standards of the Institute of Internal Auditors, comprehensive and continuous quality assurance and improvement programs are implemented. Additionally, the Audit Committee periodically commissions an independent review of the Internal Audit function.

Each year, Internal Audit conducts a risk assessment to select audits, considering input from process owners, the risk management team, senior executives, the external auditor, and the Board. The resulting audit plan prioritizes areas with significant risks or strategic importance to the business. The Audit Committee reviews the audit plan and receives quarterly updates on its performance and key findings. The plan is adjusted as needed to address emerging risks or changes in business plans, and ad hoc reviews are conducted for areas of concern.

In 2023, Internal Audit issued multiple reports covering significant operational and financial units, regularly monitoring management action plans resulting from audit findings and reporting progress to the Audit Committee. Moreover, Internal Audit investigates certain allegations of potential policy violations, collaborating with Legal, Human Resources, Security, and other experts as needed. The results of these investigations, required actions, and status updates are communicated to management and the Audit Committee.

The Board, with the support of the Audit Committee, regularly evaluates the effectiveness of the Company's risk management and internal control system, considering all material risks and controls, including financial, operational, information technology, and compliance controls. The Board is satisfied with the effectiveness of the internal audit function and their performance.

# 4. ACCOUNTABILITY AND AUDIT

## 4.8. External Audit

The appointment of the External Auditor undergoes an annual review by the Audit and Risk Committee. The Committee then advises the Board on the outcome of this assessment, which is subsequently presented to the AGM for shareholders' approval. The Board values the impartial opinions and recommendations provided by the appointed Independent Auditors and endeavors to address the findings highlighted in the Auditor's Report.

For the year 2023, shareholders re-elected PricewaterhouseCoopers (PWC) as the External Auditors for the 4th consecutive year. PWC has furnished audit opinions concerning both STO and the consolidated financial statements of the STO Group. The audit was conducted in adherence to International Standards on Auditing, ensuring compliance with relevant ethical requirements and thorough examination to ascertain the accuracy of the consolidated and separate financial statements.

In 2023, PwC Maldives exited PwC network and joined Deloitte network, while maintaining the same partner and registered address.

## 4.8.1. Independence of External Auditors

The Group's external auditor, Deloitte, is primarily compensated for its audit services rendered to the Group. The Company has implemented a policy governing the engagement of the external auditor, which includes guidelines for providing non-audit services. According to this policy, the external auditor must adhere to the independence requirements outlined in the CMDA Code for Professional Accountants.

In 2023, Deloitte was found to have complied with the independence requirements set forth by the Chartered Accountants, Maldives, and the Code of CMDA.

## 4.8.2. Remuneration of External Auditor

The fees payable to Deloitte for audit services for 2023 audit amount to USD63,800, compared to USD60,800 in 2022.

# 4. ACCOUNTABILITY AND AUDIT

## 4.9. Management Review and Responsibility

The Company's vision is to enrich lives through sustainable growth, innovative products, operational excellence, and dedicated employees. STO aims to develop smarter, more accessible, and resource-efficient solutions to meet people's needs and enhance their everyday lives.

STO's operations include trading in fuel, supermarket products, home improvement items, staple foods, construction materials, medical services, and pharmaceuticals, spanning across the country. These businesses are supported by various departments including Finance, People Operations, Business Research, Property Management, Procurement, Information Technology, Legal and Risk Management, and Logistics. Additionally, STO has an Internal Audit and Corporate Affairs function.

The STO Group operates in diverse sectors such as insurance, fuel distribution and logistics, commodity trade, gas distribution, shipping, and manufacture of roofing sheets, managed as Subsidiary Companies under STO's governance. Recently, the subsidiary engaged in fish canning and production of fish products transitioned into a fully state-owned enterprise.

With over 4500 employees, STO Group serves both the community and the country. The Nomination and Remuneration Committee reviews and recommends compensation and benefits for all Executive Board Members, while the Managing Director evaluates and promotes members of the Executive Team, adhering to the Board approved salary and benefits structure.

Representatives such as the Managing Director, Chief Financial Officer, and Head of Corporate Affairs engage with investors, the media, and the Government. The Head of People Operations interacts with employees, while individual Executives handle client relations.

## 4.10. Group Management

The Board of Directors has designated the MD/CEO of STO to oversee its Group of Companies, effectively serving as the Group Chief Executive Officer. Various measures have been implemented to promote good governance practices within the Group, including the adoption of a Board Manual and a Code of Ethics approved for all Group companies.

As of the end of 2023, STO had 6 subsidiaries where it held more than 90% of shares. Additionally, STO had 1 Joint Venture Company with equal share distribution alongside Rainbow Enterprises, and it held less than or equal to 25% of shares in 3 other companies.

# 5. SHAREHOLDERS

## 5.1. Shareholder Communication Policy

STO is devoted to providing transparent and clear communications with shareholders, potential investors and analysts to help them form a better understanding of the Group's business development and future prospects.



**Media briefings and press statements**

**Publication of quarterly and annual reports**

**Shareholder meetings**

**Company website**

**Messaging facilities on website**

Communication Channels with Shareholders

## 5.2. Communication with Shareholders

STO is committed to ensuring that the shareholder community, potential investors, and analysts have timely and equal access to fair, balanced, and understandable information regarding the Company's financial performance, corporate strategies, and ESG initiatives. Additionally, the Company is dedicated to safeguarding shareholders' interests and believes that effective communication with shareholders and other stakeholders is vital for enhancing investor relations and understanding of the Group's business performance and strategies.

STO regularly updates its website (<https://sto.mv>) to provide easy access to the public with information about the affairs of the Company. This includes financial reports, announcements, statutory publications, presentation materials, press releases, major corporate news, financial calendars, and dividend announcements.

# 5. SHAREHOLDERS

## 5.3. Constructive use of shareholder meetings

The AGM and other general meetings serve as the main platform for communication between the Company and the shareholders, allowing for shareholder participation. The Board encourages shareholders to attend these meetings as they offer an important opportunity to discuss matters regarding the Company, its corporate governance, and other significant issues. Notice of the AGM and related documents are provided at least 14 clear business days before the meeting date, including a summary of the agenda items.

Shareholders can participate in decision-making by attending the meeting personally or appointing a proxy. They must also be registered in the share register by a specified date before the meeting and follow the prescribed registration process. Decisions at the meeting are typically made based on a simple majority.

During the AGM, the Company organizes a question-and-answer session, allowing shareholders to directly communicate with the Chairman, Board, and Senior Management.

## 5.4. AGM

The 2022 AGM was held on May 31, 2023, at the Central Park, Hulhumale' and on Microsoft Teams Live events. A total of 327 shareholders representing a total of 84% of the share capital were represented at the AGM.



Approval of the consolidated audit financial statements, the reports of the directors and the independent auditor

Declaration of MVR77 as final dividend per share

Election of directors to the Board

Re-appointment of PwC (Deloitte) as the Company's auditor for a remuneration of USD63,800

# 5. SHAREHOLDERS

## 5.5. Shareholder Rights

### 5.5.1. Procedures for convening a general meeting

Shareholders holding a minimum of 10% of the total voting rights of the Company can request the Board to convene a general meeting by requisition. This request should adhere to the procedures outlined in the Company's AOA. The requisition must include the general nature of the business to be discussed at the meeting and be submitted to the registered office of the Company, addressed to the Company Secretary.

### 5.5.2. Voting rights

STO's share capital consists solely of ordinary shares. Each share grants its holder an equal stake in the company's assets and earnings, as well as equal entitlement to dividends.

As per the AOA, each shareholder carries one vote. Initially, voting is conducted on this basis and if however, a shareholder(s) representing at least 10% of the total voting rights or their proxies request a poll, the voting is then based on the number of shares represented.

### 5.5.3. Remote E-Voting and at the AGM

To facilitate shareholder voting on resolutions proposed at the AGM, the Company has introduced an e-voting facility. This initiative has streamlined and expedited the meeting process. The e-voting platform was developed in-house by the STO IT Department team, and it has been successfully utilized at the last five AGM.

### 5.5.4. Constitutional Documents

Rights of the shareholders are also provided under the AOA. During 2023, there are no changes in the AOA. An up-to-date consolidated version of the AOA is available on the Company's website.

# 5. SHAREHOLDERS

## 5.6. Dividend Policy

The Company follows a Dividend Policy aimed at providing shareholders with sustained dividends on an annual basis. The level of dividends is determined based on the growth in the Company's consolidated profits attributable to shareholders for the relevant financial period, adjusted for any one-time non-cash items such as restructuring. Various factors are considered in this determination, including the Company's operations, business plans, cash flows, financial condition, operational and capital needs, as well as any contractual or regulatory restrictions. While the Company maintains flexibility in dividend distribution ratios, it aims for dividends to represent at least 10% of the profit for the period, striking a balance between shareholders' interests and prudent capital management.

## 5.7. Shareholding structure

STO's shares are listed on the Maldives Stock Exchange (MSE). The Government of Maldives owns 81.6% of the shares, while the remaining 18.4% is owned by the General Public.

As of the end of 2023, there were 4,043 registered shareholders of the Company. These shareholders include institutions, private investors, related parties such as substantial shareholders, directors, employees of the Company, and others.

None of the individual shareholders, apart from the Government, hold shares amounting to more than 5% of the Company.



# 6. DECLARATION

## 6.1. Details of Non-Compliance

No penalties have been imposed by MSE, CMDA, or the Registrar of Companies, and there have been no instances of non-compliance with legislative requirements pertaining to the capital market throughout the year 2023.

## 6.2. Going Concern Declaration and Future Outlook

As of the latest financial year-end, STO has demonstrated resilience and stability in its operations, supported by its diversified business segments and strategic initiatives. Despite challenges posed by market fluctuations and economic uncertainties, the Company has maintained its financial viability and liquidity position. With a strong market presence, robust governance framework, and prudent financial management practices, STO remains well-positioned to navigate through future challenges and capitalize on growth opportunities.

The Board of Directors, after careful consideration of the Company's financial performance, cash flow projections, and strategic plans, hereby declares that STO continues to operate as a going concern. The Board is confident in the Company's ability to meet its obligations, sustain its operations, and achieve its long-term objectives.

Looking ahead, STO is committed to driving sustainable growth and value creation for its shareholders, stakeholders, and the broader community. The Company will focus on the following key areas to enhance its performance and competitiveness:

**Business Diversification:** STO will continue to explore opportunities for diversification within its existing business segments and across new industries to mitigate risks and capture emerging market trends.

**Operational Efficiency:** Efforts will be made to enhance operational efficiency across all business units through process optimization, technology integration, and cost management initiatives.

**Customer Experience:** STO remains dedicated to delivering exceptional customer experiences by offering high-quality products and services, personalized solutions, and streamlined processes.

**Sustainability:** The Company is committed to integrating ESG principles into its operations and decision-making processes to contribute positively to society and minimize its environmental footprint.

**Financial Strength:** STO will maintain a strong financial position by prudently managing its resources, optimizing capital allocation, and adhering to sound financial policies and practices.

In conclusion, STO is well-equipped to navigate the evolving business landscape and seize opportunities for growth and value creation. The Company remains focused on delivering sustainable results and generating long-term value for its stakeholders.

# AUDIT & RISK Committee Report

This report encompasses the activities of the Audit and Risk Committee (ARC) of the Board from **January 1, 2023, to December 31 2023**

## 1. Membership and attendance

Meetings were also attended by members of the Committee and, by invitation, the Chairman of the Board, the Managing Director, the Chief Financial Officer, the Chief Audit Executive, the Chief Risk Officer and other relevant people from the business, when appropriate.

## 2. Composition of the Committee

All members of the Committee were non-executive independent directors and were appointed to the Committee based on their knowledge and experience in matters concerning recruitment and compensation.

Mr. Shimad Ibrahim assumed the role of the Company's Managing Director on November 28, 2023, consequently concluding his tenure on the ARC on the same date.

Additionally, Mr. Ismail Zumayl Rasheed was removed from the Board effective January 22, 2023, and Mr. Gais Ismail on December 16, 2023, resulting in the conclusion of their terms on the Board and its committees on the respective dates.

**Chairman** since Jan 29, 2024, till date  
**Member** since Jun 15, 2023, until appointment as chairman



100% 4/4



**Chairman** since Jun 15, 2023 - Dec 16, 2023  
**Member** since Jun 22, 2022, until appointment as chairman



83% 5/6



**Chairman** since Jun 9, 2019 - Jun 15, 2023  
**Member** since Jun 15, 2023 - Nov 28, 2023



100% 6/6



**Chairman** since Dec 26, 2023 - Jan 22, 2024  
**Member** since Jun 9, 2019 - Jun 15, 2023



100% 4/4



**Member** since Dec 26, 2023 till date



100% 1/1



Meetings Attended

## 3.1. Risk Management and Internal Control

### Responsibilities:

- Assessing the efficacy of the risk management and internal control framework.

### Matters attended in 2023:

The ARC assisted the Board in fulfilling its obligations regarding risk management and internal control. To assess the effectiveness of internal control procedures concerning financial reporting, compliance, and operational matters, the ARC reviewed reports on risks, controls, and assurance submitted to the Committee by the Internal Audit, External Audit, Chief Financial Officer, and Chief Risk Officer.

Regular discussions took place with the Chief Audit Executive and the Chief Risk Officer concerning the company's risk management and internal control systems. Significant issues arising from internal audits and management's responses to notable audit findings and control weaknesses, along with planned improvements and agreed actions, were thoroughly discussed.

## 3. Terms of Reference and Major Activities

The responsibilities and duties of the ARC, as outlined in its Terms of Reference, undergo periodic review, considering pertinent regulatory modifications and recommended best practices. Below are the principal responsibilities of the ARC and notable matters addressed in 2023:

# AUDIT & RISK Committee Report

## 3.2. Financial Reporting

### Responsibilities:

- Ensuring the accuracy and reliability of the financial statements, including annual and quarterly reports.
- Monitoring the implementation of recommendations outlined in the management letters, by Group Companies.
- Assessing the potential effects on consolidated financial statements resulting from the company's strategic initiatives.
- Providing guidance to the Board on whether the Annual Report, as a whole, is fair, balanced, and comprehensible, and offers shareholders the necessary insights to evaluate the Company's status, performance, business model, and strategy.
- Reviewing and engaging in discussions with management regarding the suitability of decisions made concerning the application of accounting principles and disclosure regulations.
- Evaluating and discussing the effectiveness of the company's budgets and plans compared to actual budgets.

### Matters attended in 2023:

#### i. Fair, balanced and understandable assessment

The ARC reviewed the Company's unaudited interim financial statements for the 2023 quarters and the annual external auditor's report with the Board, management, and, where necessary, external auditors. The ARC conveyed to the Board its belief that the 2023 Annual Report, encompassing the financial statements for the year ending December 31, 2023, is fair, balanced, and easily comprehensible. It provided shareholders with the necessary information to evaluate STO's position, performance, business model, and strategy.

#### ii. Going concern and viability statement

The ARC reviewed and deliberated on the Directors' statements for the full year regarding the going concern basis of accounting. It supports this accounting method and believes the business aligns with the best practice guidance issued by the IFRC.

## 3.3. Compliance and Governance

### Responsibilities:

- Reviewing the functioning and reports arising from the whistleblowing facility.
- Overseeing compliance with applicable legal and regulatory requirements.

### Matters attended in 2023:

#### i. Whistleblowing investigations

The ARC is responsible for establishing and monitoring the implementation of procedures for the receipt, retention, investigation, and follow-up actions of complaints received. The ARC reviewed whistleblowing reports and internal audit reports and considered management's responses to the findings in these reports. In 2023, 14 allegations and inquiries were received, of which 2 investigations were closed. 64% were found to have some level of substantiation and were primarily in the areas involving harassment, conflicts of interest and protection of assets.

#### ii. Regulatory developments

The ARC received updates on regulatory advancements covering various areas, including disclosures related to sustainability, as well as other developments in accounting and reporting, and any changes to the policies and procedures.

#### iii. ARC annual evaluation

The Board, along with ARC members, conducted an annual assessment of its performance and efficacy. The evaluation was conducted internally by the Board of Directors. It was determined that the ARC's performance in 2023 was effective, and it had fulfilled its responsibilities as outlined in its Terms of Reference.

In crafting its work plan for 2024, the ARC has incorporated additional focus areas alongside existing items. These include risk management, with a particular emphasis on cybersecurity, monitoring regulatory developments, overseeing trading and supply activities, and managing inventory.

## 3.4. Internal Audit

### Responsibilities:

- Supervising the qualifications, expertise, resources, and independence of the internal audit function.
- Endorsing the mandate and annual plan of the internal audit function to ensure they align with the business's key risks.
- Examining significant issues identified in internal audits with the Chief Audit Executive, assessing management's response to noteworthy findings and control weaknesses. This involves discussing potential enhancements and agreed-upon actions with management.
- Evaluating the performance and effectiveness of the internal audit function annually.

### Matters attended in 2023:

#### i. Communication with Chief Audit Executive

The ARC engaged in discussions with the Chief Audit Executive regarding the company's risk management and internal control system. They addressed any significant issues identified in internal audits and management's response to notable audit findings and control weaknesses, including planned improvements and agreed-upon actions. Additionally, the ARC frequently held private sessions exclusively with the Chief Audit Executive, excluding members of management. Furthermore, outside of the formal ARC meetings, the Chairman of the ARC maintained regular meetings with the Chief Audit Executive.

#### ii. Internal Audit Mandate

The internal audit function serves as an independent assurance function, supporting STO's ongoing efforts to enhance its overall control framework. It contributes to maintaining a systematic and disciplined approach to assess and enhance the design and effectiveness of the company's risk management, control, and governance processes. The primary focus of the internal audit function's assurance and investigative activities is to safeguard value by protecting STO's assets, reputation, and sustainability in alignment with the organization's defined goals and objectives.

The ARC delineates the responsibilities and scope of the internal audit function and approves its annual plan. The Chief Audit Executive reports functionally to the Chairman of the ARC and administratively to the Managing Director. The Chairman of the ARC, in consultation with the ARC members, approves all decisions regarding the performance evaluation, appointment, or removal of the Chief Internal Auditor.

#### iii. Annual internal audit plan and assessment of internal audit's effectiveness

The Chief Audit Executive provided quarterly updates to the ARC on the approved 2023 internal audit plan, discussing its effectiveness in addressing critical areas of risk during a transitional period. The ARC evaluated the performance of the internal audit function and found it to be effective. Additionally, the ARC assessed the performance of the Chief Audit Executive as effective.

Periodically, the Chief Audit Executive evaluates whether the purpose, authority, and responsibilities of the internal audit function enable it to achieve its objectives. The results of these assessments are communicated to the ARC. The Chief Audit Executive also confirms to the ARC the ongoing validity of the internal audit function's charter or proposes updates to it when necessary.

Furthermore, the Chief Audit Executive maintains an internal quality assurance and improvement program, including an annual assessment of the effectiveness and efficiency of the internal audit function's activities and compliance with the standards of the Chartered Institute of Internal Auditors (CIIA). The Chief Audit Executive regularly discusses the results of this annual assessment with the ARC.

# AUDIT & RISK Committee Report

## 3.5. External Audit

### Responsibilities:

- Assessing the qualifications, expertise, resources, independence, and objectivity of the external auditor, and monitoring them regularly.
- Reviewing and endorsing the annual external audit plan.
- Evaluating the performance and effectiveness of the external auditor and the audit process, including an assessment of audit quality.
- Recommending to the Board, for submission to the Company's shareholders at the AGM, the appointment, reappointment, or removal of the external auditor.

### Matters attended in 2023:

#### i. Annual external audit plan and assessment of external audit's effectiveness

The ARC reviewed the annual audit plan, ensuring that planned materiality levels and proposed resources aligned with the audit's scope.

In October 2023, PwC Maldives exited the PwC network and joined the Deloitte network. The external auditors promptly informed the ARC of this transition, reassuring that there would be no compromise in the quality of their work despite the change.

PwC regularly updated the ARC on its audit procedures and initial findings, allowing the ARC to oversee the audit's progress and outcomes. Discussions between the ARC and PwC covered strategies for managing audit risks, significant accounting, and audit decisions, identified issues in the management letters of the Group, and any resulting issues.

Throughout the year, the ARC held private meetings with PwC representatives, without management present, to facilitate open and transparent dialogue. Additionally, the Chairman of the ARC met separately with the external auditor periodically.

The ARC is content with PwC's continued delivery of a high-quality and effective audit in its fourth year as auditor, maintaining its objectivity, integrity, and impartiality.

#### ii. Reappointment

The ARC is tasked with evaluating the need for rotation of external auditors to ensure ongoing quality and independence. This includes assessing the advisability and potential impact of conducting a tender process to appoint a different independent audit firm. Additionally, the ARC recommends to the Board whether the Company's shareholders should appoint, reappoint, or remove the external auditor at the AGM.

During the AGM held in May 2023, shareholders approved the reappointment of PwC as the external auditor until the conclusion of the subsequent AGM. PwC was initially appointed at the May 2020 AGM following a competitive tender process. Therefore, 2023 marks PwC's fourth year serving as the Company's external auditor. According to CMDA's Code requirements, the Company may retain PwC as its external auditor for up to five years.

#### iii. Non-audit services

In accordance with the regulations of CA Maldives and the Code of CMDA, ARC confirms that PwC did not perform any non-audit services for the Group during 2023.

#### iv. Fees

At the last AGM, shareholders approved a fee of USD 63,800 to be paid to PwC for external audit services

# AUDIT & RISK Committee Report

## 3.6. Declaration

The ARC affirms that the committee members possess the requisite knowledge, skills, and experience to fulfill their delegated duties effectively. Each member possesses appropriate expertise in financial matters and commercial acumen gained from relevant industries, ensuring the committee collectively has the necessary competence relevant to the sectors in which the STO Group operates.

Additionally, the Committee expresses satisfaction with the activities conducted throughout the year.

## 3.7. Looking forward

Following the changes to the Board membership, a new Committee was appointed and the current members of the ARC are as follows:



**Committee Chairman**  
since Jan 29, 2024



**Committee Member**  
since Jan 29, 2024



**Committee Member**  
since Dec 26, 2024

*In the upcoming year, the new Committee provides assurance that it will maintain its focus on the key areas of responsibility assigned to it by the Board. It will ensure that standards of good governance are upheld, and appropriate assurance is attained across all business areas. There will be a particular emphasis on addressing the Group's principal risks, evaluating the control environment, and enhancing the approach to financial reporting.*

*Mohamed Ahsan Saleem  
Chairman*

# RISK Management Report

## 01. Overview

Effective risk management and internal controls are necessary to protect the Group from exposure to unnecessary risks and ensure sustainability of the Group's business activities. Our Risk-Centric Culture and Enterprise Risk Management (ERM) Framework enables the Group to respond to the dynamic economic environment, evolving business demands, as well as to seize new business opportunities.

The overall responsibility for risk management and internal control system of the company lies with the board of directors.

## 02. Our Approach

Our approach in risk management is to adopt and establish a risk-centric and risk-enabled culture throughout the Group. Mindsets and attitudes are key to effective risk management.

## 03. Risk Management Framework

The Group have adopted a three lines of defense risk management framework to provide assurance that appropriate control and mitigation measures are in place for various risks identified.



# RISK Management Report

We have adopted enterprise risk management strategy and framework, which Audit and Risk Committee reviews, evaluates, and, if necessary. The Group and its subsidiaries must adhere to the risk management policy and framework, which describes and prescribes the risk management process. The framework takes reference from the Corporate Governance Codes the Group comply with, the COSO Enterprise Risk Management – Integrated Framework and ISO 22301:2019, ISO 31000:2018 Framework. The overall responsibility for risk management and internal control system of the company lies with the board of directors.

The objectives of Company's Risk Management Framework are to:

- Establish risk governance structures, roles, and responsibilities utilizing a combined assurance approach;
- Provide an outline of all risk management procedures;
- Define common risk management terminology;
- Clarify the roles and responsibilities of the risk management of organization;
- Provide guidance regarding the essential elements of an effective risk management initiative;
- Provide a customized and uniform method for applying risk management throughout the Group; and
- Ensure that the risk management function is integrated with business planning.

Through the Audit and Risk Committee, the Board advises management in formulating and implementing the risk management framework, policies, and guidelines.

We are determined to achieve the Group's strategic objectives through the following principles:

- Risk taken should be carefully evaluated, commensurate with rewards and be in line with the Group's core strengths and strategic objectives;
- No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the entire Group; and
- The Group does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery, and corruption.

The achievement of the Group's strategic aim and growth objectives depends on effective risk management. The Board assesses the Group's risk uncertainties. It also has overall responsibility for the Group's risk management framework, system of internal control, and continual evaluation of their efficacy. The Group maintains financial, legal compliance, and operational systems of internal control to fulfil its obligation to deliver accurate financial information. These controls are intended to offer a reasonable level of assurance that transactions are carried out in line with management's authority, are validly authorized and recorded, and that the assets are sufficiently safeguarded against major losses and unauthorized acquisition, use, or disposal.

## 04. Risks are broadly categorized as follows:

### *Strategic risks*

Strategic risks are significant factors that contribute to the Group's exposure to risks, such as market forces, disruptive technology, and evolving competition. Additionally, the Group faces external risks like fluctuations in the global economy, including increased interest rates, inflation, and volatility in global markets, and geopolitical tensions. Despite these numerous challenges, the Group has shown remarkable adaptability and resilience in its operations throughout 2022.

### *Operational risks*

The Group is connected through shared services and platforms designed to improve operational efficiency, productivity, compliance, and control. We are adopting ISO standards and certifications in major business areas to standardize processes and align with industry best practices, where applicable. Additionally, we are focused on enhancing our digitalization and automation efforts to optimize our processes continually. We evaluate our policies, procedures, and authority limits regularly to ensure that they remain relevant.



# RISK Management Report

## *Compliance risks:*

We closely monitor the laws and regulations in the countries where the Group operates to ensure regulatory compliance. Non-compliance with any law or regulation could adversely affect the Group's financial and operational performance, as well as its reputation. As such, we remain updated on changes to laws and regulations to assess potential exposures and risks quickly and effectively.

We are continually enhancing our regulatory compliance policies and procedures to maintain compliance and ethical standards in our business conduct. The Group has a zero-tolerance policy for fraud, bribery, corruption, and any violation of laws and regulations.

## *Financial risks*

Financial risk management is essential to the Group's ability to meet financial obligations and mitigate credit, liquidity, currency, and interest rate risks. Policies, processes, and financial authority limits are regularly reviewed to ensure their adequacy in mitigating risks and to incorporate changes in the operating and control environment. Our focus is on financial discipline, deploying our capital to earn the best risk-adjusted returns for our shareholders while maintaining a strong balance sheet to capitalize on new opportunities.

In 2022, global economies continued to face macroeconomic challenges and global volatility, and the Group maintained a proactive approach to liquidity management. We took effective measures to assess our exposure to currency volatility, rising inflation, and interest rates, taking mitigating actions where required

## 05. Pre-emptive Management of Risks

Effective risk management involves a dynamic evaluation of both risks and opportunities. We recognize that managing risks is an integral part of business operations aimed at optimizing returns. Our approach to risk management is business-centric, aligning business activities with risk considerations. We openly and transparently discuss issues to pursue optimal risk-return initiatives.

Our risk framework and processes continually evolve to remain effective and relevant. Our ability to remain vigilant to emerging risks and opportunities is dependent on our people and processes. Across the Group, we recognize that our systems and processes provide reasonable but not absolute assurance. As a result, we continuously adapt and improve to ensure that our ability to manage and respond to risks remains relevant and effective.

# GOVERNANCE & SUSTAINABILITY Committee Report

## GOVERNANCE REPORT 02

In December 2022, the Corporate Governance and Compliance Committee underwent a name change along with a revised mandate. This report encompasses the activities of the Governance and Sustainability Committee (GSC) of the Board from January 1, 2023, to December 31, 2023

### 1. Membership and attendance

Meetings were also attended by members of the Committee and, by invitation, the Chairman of the Board, the Managing Director, the Chief Financial Officer, Head of Corporate Affairs and other relevant people from the business, when appropriate.

During 2023, the members and meeting attendance of the GSC were as follows:



Meetings Attended

### 2. Composition of the Committee

All members of the Committee were non-executive independent directors and were appointed to the Committee based on their knowledge and experience in matters concerning recruitment and compensation.

Mr. Shimad Ibrahim assumed the role of the Company's Managing Director on November 28, 2023, consequently concluding his tenure on the GSC on the same date.

Additionally, Mr. Abdulla Saeed was succeeded by Mr. Mohamed Ahsan Saleem on May 31, 2023, and Mr. Ismail Zumayl Rasheed remained a member of the Board and GSC until January 22, 2024

### 3. Terms of Reference and Major Activities

The responsibilities and duties of the GSC, as outlined in its Terms of Reference, undergo periodic review, considering pertinent regulatory modifications and recommended best practices. Below are the principal responsibilities of the GSC and notable matters addressed in 2023:

# GOVERNANCE & SUSTAINABILITY

## Committee Report

### 3.1. Corporate Governance Principles, Policies and Compliance matters

#### *Responsibilities:*

- Monitor and review corporate governance developments, emerging best practices, and the effectiveness of corporate governance practices and its compliance.
- Review and approve the annual corporate governance report of the Company.
- Develop a process for assessing the effectiveness of the Company, Board, individual directors, and its committees and ensure that the board conducts these evaluations, annually.

#### *Matters attended in 2023:*

The GSC conducted a thorough review of the training programs attended by the directors of Group companies, evaluating their relevance, and aligning them with the specific requirements of each company. Recognizing the importance of addressing skill gaps among directors, the Committee provided recommendations to Group companies to conduct skill gap analyses and incorporate these findings into their training approval processes. Consequently, the GSC developed a comprehensive Board Training Guideline applicable to all board directors within the STO Group of Companies.

In addition, the GSC undertook a review of the board evaluation guidelines and forms to ensure their ongoing relevance and alignment with current standards. An assessment comparing the Group's governance practices with the Group Governance Code compliance requirements was also reviewed by the GSC.

Subsequently, the committee provided recommendations and established timelines for implementing necessary steps to ensure compliance with the code.

Furthermore, the GSC examined the annual action plan of the committee and engaged in discussions regarding the impending requirements for Group Governance reporting.

In a concerted effort to enhance board effectiveness, the GSC drafted and approved a Board Skill Assessment Matrix Policy as part of the Directors Training Policy. The Committee resolved to conduct skill assessments for all existing directors within the Group, aiming to evaluate the current quality of directors serving on the Boards.

The GSC reviewed and endorsed the Group Governance Code, underscoring its commitment to upholding high standards of governance. Additionally, the committee further scrutinized the Board Training and Induction Policy to ensure its alignment with the evolving needs of the Group.

Moreover, the policies and procedures of STO Group Companies underwent a comprehensive review, wherein mandatory policies, Group policies, and other pertinent documents were meticulously assessed. These policies were systematically categorized into various domains, including Corporate, Human Resources (HR), Finance, Procurement, and Operations. This systematic classification facilitated a structured approach towards policy management and ensured clarity and coherence across the organization's diverse functions.

# GOVERNANCE & SUSTAINABILITY Committee Report

## 3.2. Corporate Responsibility and ESG

### *Responsibilities:*

- Review and monitor the Company's corporate responsibility and sustainability plans, strategies, priorities, policies, targets, practices, and frameworks, and make recommendations to the Board.
- Establish and monitor ESG targets approved by the Board on a regular basis.

### *Matters attended in 2023:*

The GSC engaged in comprehensive discussions regarding the establishment of a framework and targets for sustainability within STO. This critical matter was further deliberated upon during strategic meetings convened with the management team. During these discussions, considerable emphasis was placed on identifying material topics pertinent to the Company from both the Company's internal perspective and the public's perception. It was collectively agreed upon to conduct a thorough review of these topics, leveraging relevant data, before finalizing the targets.

Recognizing the significance of sustainability in the Company's operations, particularly in light of the Committee's inception, members of the GSC proactively enrolled and completed a course on ESG Leadership Skills for Transition to Sustainable Business from the University of Cambridge. This initiative underscores the committee's commitment to gaining in-depth knowledge and expertise in the field of sustainability.

Furthermore, the GSC mandated the Corporate Affairs department with the responsibility of monitoring and reporting functions pertaining to ESG aspects within the company. This decision reflected the Committee's proactive approach towards ensuring effective oversight and management of sustainability-related matters.

In alignment with the commitment towards transparent reporting and adherence to international standards, the GSC approved the adoption of the Global Reporting Initiative-United Nations Global Compact (GRI-UNGC) Reporting Framework for STO. This framework will serve as a comprehensive guideline for reporting on sustainability performance, enhancing transparency and accountability.

Moreover, the committee engaged in discussions regarding material topics, leveraging existing information within the Company. These discussions laid the groundwork for further debates and deliberations aimed at setting meaningful targets in line with STO's sustainability objectives.

# GOVERNANCE & SUSTAINABILITY Committee Report

## 4. Declaration

The GSC affirms that the committee members possess the requisite knowledge, skills, and experience to fulfill their delegated duties effectively. Each member satisfactorily possesses knowledge on Governance, ESG and related matters, ensuring the committee collectively has the necessary competence relevant to the sectors in which the STO Group operates.

Additionally, the Committee expresses satisfaction with the activities conducted throughout the year.

## 5. Looking forward

Following the changes to the Board membership, a new Committee was appointed on January 29, 2024, and the current members of the GSC are as follows:



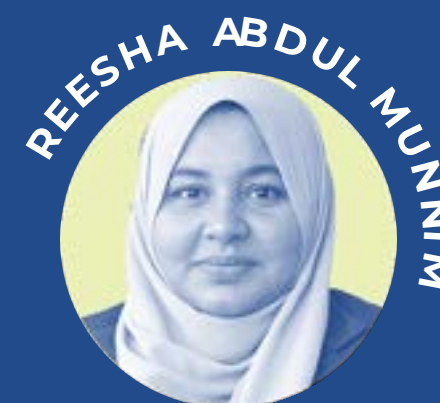
**Committee Chairman**  
since Jan 29, 2024



**Committee Member**  
since Jan 29, 2024



**Committee Member**  
since Dec 26, 2024



**Committee Member**  
since Jan 29, 2024

*In the upcoming year, the new Committee provides assurance that it will maintain its focus on the key areas of responsibility assigned to it by the Board. It will ensure that standards of good governance are upheld, and appropriate assurance is attained across all business areas. There will be a particular emphasis made on addressing the Group's compliance and sustainability risks, evaluating a suitable framework and targets for finalization, and enhancing the appropriate approach to effective reporting.*

Mohamed Ahsan Saleem  
**Chairman**

# NOMINATION & REMUNERATION Committee Report

This report encompasses the activities of the Nomination and Remuneration Committee (NRC) of the Board from January 1, 2023, to December 31, 2023.

## 1. Membership and attendance

Meetings were also attended by members of the Committee and, by invitation, the Chairman of the Board, the Managing Director, the Chief Financial Officer, Head of People Operations, and other relevant people from the business, when appropriate.

During 2023, the members and meeting attendance of the NRC were as follows:



Meetings Attended

## 2. Composition of the Committee

All members of the Committee were non-executive independent directors and were appointed to the Committee based on their knowledge and experience in matters concerning recruitment and compensation.

Mr. Gais Ismail's removal from the Board on December 16, 2023, consequently ended his membership in the committee as well. Mr. Abdulla Saeed was succeeded by Mr. Mohamed Ahsan Saleem on May 31, 2023, while Mr. Ismail Zumayl Rasheed continued as a member of the Board and NRC until January 22, 2024, and Ms. Reesha Abdul Munnim was appointed to the Committee on January 29, 2024.

## 3. Terms of Reference and Major Activities

The responsibilities and duties of the NRC, as outlined in its Terms of Reference, undergo periodic review, considering pertinent regulatory modifications and recommended best practices. Below are the principal responsibilities of the NRC and notable matters addressed in 2023:

# NOMINATION & REMUNERATION Committee Report

## 3.1. Remuneration matters

### *Responsibilities:*

- Develop and enforce a remuneration policy for the directors and employees of the company.
- Periodically review the effectiveness of remuneration and benefits policies, structures and packages, and make recommendations to the board on improvements.

### *Matters attended in 2023:*

The NRC has established a Remuneration Policy applicable to both directors and employees of the Company.

Throughout 2023, the NRC conducted a thorough review of this policy and affirmed its effectiveness, ultimately deciding not to make any changes to it for the time being.

## 3.2. Composition and recruitment of directors

### *Responsibilities:*

- Regularly review the size, structure and composition of the board and make recommendations to the board regarding changes.
- Identify and advise the board on suitable candidates for board appointments.

### *Matters attended in 2023:*

The NRC conducted a comprehensive review to ensure that the size, composition, and structure of the Board were well-suited to meet the needs of an effective board. After thorough examination and deliberation, the Committee affirmed that the current configuration of the Board was indeed adequate and aligned with the strategic objectives and operational requirements of the organization.

The committee conducted a review of the Board Candidacy Guidelines to ensure their alignment with current standards. Concurrently, the Board announced its intention to fill vacancies resulting from retiring members, inviting shareholders to express their interest in directorship roles. These announcements and application documents were reviewed and approved by the NRC.

Subsequently, received applications to NRC underwent a thorough evaluation process, including interviews, to identify suitable candidates. Recommendations were then presented to the Board of Directors for consideration and subsequent submission to the AGM for election. In 2023, five candidates from the public shareholders submitted applications, with four participating in interviews conducted by the NRC. Following meticulous assessment, the NRC approved all four candidates for presentation to the AGM.

Notably, Mr. Mohamed Ahsan Saleem, nominated by institutional shareholder Champa Brothers Pvt Ltd, was elected by shareholder vote to represent public shareholders on the Board of Directors. Additionally, the government nominated six directors, all of whom received majority votes for re-election, signaling the continuation of existing government representatives for another term.

## 3.3. Conflict of interest

### *Responsibilities:*

- Develop and monitor a Conflict-of-Interest Declaration Policy for the directors, executive members, and employees of the company.

### *Matters attended in 2023:*

During 2023, the NRC conducted a review of the Conflict-of-Interest Declaration Policy and determined that no modifications were necessary.

# NOMINATION & REMUNERATION Committee Report

## 3.6. Declaration

The NRC affirms that the committee members possess the requisite knowledge, skills, and experience to fulfill their delegated duties effectively. Each member satisfactorily possesses knowledge on recruitment and remuneration matters, ensuring the committee collectively has the necessary competence relevant to the sectors in which the STO Group operates.

Additionally, the Committee expresses satisfaction with the activities conducted throughout the year.

## 3.7. Looking forward

Following the changes to the Board membership, a new Committee was appointed and the current members of the NRC are as follows:



**Chairman**  
since Jan 29, 2024



**Member**  
since Dec 26,  
2024



**Member**  
since Dec 26,  
2024

*In the upcoming year, the new Committee provides assurance that it will maintain its focus on the key areas of responsibility assigned to it by the Board. It will ensure that standards of good governance are upheld, and appropriate assurance is attained across all business areas. There will be a particular emphasis made on addressing the Group's remuneration, other compensation, and benefits policies.*

*Reesha Abdul Munnim  
Chairperson*



# REMUNERATION Report

GOVERNANCE  
REPORT

02

*This Remuneration Report has been compiled to inform shareholders about the compensation allocated to both executive and non-executive directors. It covers the period from January 01, 2023, to December 31, 2023. There have been no alterations to the remuneration granted to directors since it was approved at the 2010 AGM*

## 1. Remuneration Philosophy

STO's remuneration philosophy is founded on principles of fairness, performance, and sustainability. The company is dedicated to offering competitive and equitable compensation to its employees, acknowledging their contributions and accomplishments. STO's remuneration strategies aim to stimulate high performance, promote behavior based on values, and cultivate a culture of accountability and excellence. The company is steadfast in its commitment to ensuring employees are justly compensated for their endeavors, aligning remuneration practices with organizational values and long-term objectives.

## 2. Policy on employee remuneration and incentives

A structured evaluation process is implemented for each employee to determine their appropriate compensation level and position within the organizational hierarchy. Remuneration comprises both fixed and performance-based elements, with annual assessments conducted to gauge employees' adherence to role requirements and attainment of predetermined performance goals. Fixed compensation is benchmarked against industry standards for comparable positions.

Employees are eligible to receive performance-based incentives, such as bonuses and related allowances. Trading in the Company's securities is permissible in accordance with the Company's Trading in Securities Guideline.

The Company abides by the Regulations of the Maldives Pension Administration Office concerning employee pension provisions. Employees contribute 7% of their basic salary, matched by a corresponding contribution from the Company.

Furthermore, employees are entitled to retirement, termination, and severance payments as applicable. They also have access to interest-free loans provided by the Company.

# REMUNERATION Report

## 3. Policy on Board remuneration and incentives

The remuneration awarded to the board of directors for their service is established and ratified by the shareholders during the AGM. Executive directors receive equivalent compensation to other directors, supplemented by an additional payment for their executive responsibilities within the Company. These particulars are also disclosed in the Audited Financial Statements.

The remuneration for executive directors adheres to employee remuneration and incentive principles, subject to review by the NRC before approval from the Board of Directors.

The remuneration framework for board members encompasses various components, including monthly compensation, attendance fees per meeting, and a chairman's allowance for the board chairman.

According to the guiding principles of board director compensation, non-executive directors are compensated through fees to recognize their roles on the Board and its sub-committees. Similarly, executive directors receive identical fees to non-executive directors for their Board membership.

Additionally, executive directors receive variable salaries, benchmarked against market standards for companies of similar market segment, business complexity, and international scope. These variable salaries are contingent upon meeting performance targets and attaining predetermined financial objectives.

*Board remuneration comprises of:*

₹ 10,000  
Monthly fee of  
directors

₹ 500  
per sitting  
fee

₹ 11,000  
Monthly  
Chairman fee

# REMUNERATION Report

## 4. Policy vs. Action 2023

### Remuneration and Allowances

#### Executive directors

- Board remuneration provided as approved by shareholders at AGM.
- Salary provided for the executive position in the company, as per Board approved salary structure.
- All remuneration benchmarked against market practices in Maldives with companies that are comparable in size, business, and complexity.
- Salary provided for the executive position is based on the role, qualification, individual skills, and experience.

Policy

- Paid monthly.
- No increase or decrease was granted.

Action

#### Non-executive directors

- Board remuneration provided as approved by shareholders at AGM.
- Board remuneration benchmarked against market practices in Maldives with companies that are comparable in size, business, and complexity.
- Remuneration is based on the guideline issued by the Ministry of Finance and PCB, on determining directors' remuneration.

Policy

- Paid monthly.
- No increase or decrease was granted.

Action

### Pension Fund

- Provided as per Maldives Pension Administration Office regulations.

Policy

- Paid to Maldives Pension Administration monthly,
- 7% of basic salary contributed from employee's salary,
- 7% of basic salary contributed from STO.

Action

- Non-executive directors are not eligible for this fund.

Policy

- No payments for pension were made for non-executive directors.

Action

## 4. Policy vs. Action 2023

### Health Insurance

#### Executive directors

- Allied Insurance Gold package subscribed for executive directors.
- Individual director insurance cost is borne by the Company,
- Covers 1 spouse and 2 children of below 18 years of age,
- Cost depends on the age of Director and the dependent,
- Director must bear any insurance for additional dependents,
- The package now includes add-on for insurance of parents.

Policy

- Package obtained from Allied Insurance Company of the Maldives for a 1-year period.

Action

#### Non-executive directors

- Allied Insurance Gold package subscribed for non-executive directors.
- Individual director insurance cost is borne by the Company,
- Covers 1 spouse and 2 children of below 18 years of age,
- Cost depends on the age of Director and the dependent,
- Director must bear any insurance for additional dependents,
- The package now includes add-on for insurance of parents.

Policy

- Package obtained from Allied Insurance Company of the Maldives for a 1-year period.

Action

### Life Insurance

- Allied Insurance Life Insurance package subscribed for executive directors.

Policy

- MVR180 per person paid annually.

Action

- Allied Insurance Life Insurance package subscribed for non-executive directors.

Policy

- MVR180 per person paid annually.

Action

# REMUNERATION Report

## 4. Policy vs. Action 2023

### Annual and deferred bonus

#### Executive directors

##### Policy

- Bonus for Executive Directors are provided as per the Executive Charter approved by the Board,
- Bonus is given annually, upon achievement of the annual key ratios and other key performance indicators, determined and approved by the Board,
- Bonus is distributed by the Board of Directors, in a manner that reflects the Executives contribution and performance in achieving the years targets.

- Bonus of the year 2022 was paid in 2023,
- Both executive directors were determined by the Board of Directors to have fulfilled their tasks exceptionally well,
- There was no deferred bonus paid to any of the executive directors,
- Directors are not eligible for any other employee bonus or sales incentive schemes of the Company.

##### Action

#### Non-executive directors

##### Policy

- Non-executive directors are not provided annual or deferred bonus.
- Non-executive directors are not eligible for any employee bonus or sales incentive schemes either.

- No bonus of any kind was provided to any non-executive directors.

##### Action

## 4. Policy vs. Action 2023

### Service Contract, Notice Period and Severance Fee

#### Executive directors

##### Policy

- All directors are appointed for a term of one year (i.e., from one AGM to another)
- Service contracts must be signed between the executive directors and the company.
- Executive directors are eligible for notice periods and severance fees.

- The executive directors were last appointed to the Board on May 31, 2023,
- Both directors have signed service contracts with the Company,
- Additionally, both directors have signed the Board Charter, which describes their duties as members of the Board,
- The PCB informed the Company of replacing Mr. Husen Amr Mohamed Rashad, with Mr. Abdullah Saeed, on April 04, 2023, and again Mr. Abdullah Saeed being replaced by Mr. Shimad Ibrahim, for the MD's position, on November 28, 2023.
- Neither Mr. Husen Amr Mohamed Rashad nor Mr. Abdullah Saeed were paid any severance fee, retirement, or redundancy.

##### Action

#### Non-executive directors

##### Policy

- All Directors are appointed for a term of one year (i.e., from one AGM to another)
- All directors must sign the Board charter, upon appointment.
- Non-executive directors are not eligible for notice periods and severance fees.

- The non-executive directors were last appointed to the Board on May 31, 2023,
- All directors have signed the Board Charter, which describes their roles and responsibilities as members of the Board,
- The PCB informed on removing Board Chairman Mr. Hamid Nasheed Mohamed and appointing Mr. Amir Mansoor to this post effective December 6, 2023. Similarly, Mr. Gais Ismail was removed from Board by PCB, on December 16, 2023, and Mr. Ismail Zumayl Rasheed on January 22, 2024. These vacancies were filled by
- Mr. Mohamed Murad on December 6, 2023, Mr. Dhaanish Mohamed Ameen on December 17, 2023, and Ms. Reesha Abdul Munnim on January 28, 2024.

##### Action

## 4. Policy vs. Action 2023

### Share Option and Trading in Securities

#### Executive directors

Policy

- Directors may hold shares in the Company and share trading must only be made in accordance with relevant policies of the Company.

- None of the members traded any shares of the company, during the year,
- Trading in Securities are implemented according to the Trading in Securities Guideline of the Company,
- All changes to the restricted persons list, was informed to relevant authorities, within due time.

Action

#### Non-executive directors

Policy

- Directors may hold shares in the Company and share trading must only be made in accordance with relevant policies of the Company.

- None of the members traded any shares of the company, during the year,
- Trading in Securities are implemented according to the Trading in Securities Guideline of the Company,
- All changes to the restricted persons list, was informed to relevant authorities, within due time.

Action

## 4. Policy vs. Action 2023

### Travelling

#### Executive directors

#### Non-executive directors

Policy

- The Company's Travel Policy applies to all directors.

Policy

- The Company's Travel Policy applies to all directors.

Action

- Expenses including accommodation, and other expenses incurred with regard to travels made as a director of Company to represent the Company were provided as per Travel Policy.
- MVR 1,557,592.70 was provided for executive directors travels in 2023.

Action

- Expenses including accommodation, and other expenses incurred with regard to travels made as a director of Company to represent the Company were provided as per Travel Policy.
- MVR 685,467.42 was provided for non-executive directors travels in 2023.



# REMUNERATION Report

## 4. Policy vs. Action 2023

### Other benefits

#### Executive directors

##### Policy

- Both directors are entitled to other benefits applicable to the employees of the Company. This includes the use of company car, launch and other vehicles / vessels, discount from STO stores and acceptance of gifts from company on certain occasions, as per the benefits list approved by the Board.
- Executive members are eligible to receive Ramazan allowance, as allowed by the regulations.

##### Action

- The executive directors used the company launch for 6 personal trips as allowed by the Launch use Policy. Both directors were billed for the trips, and by the end of the year, both directors had settled all dues.
- Both directors received MVR3000 as Ramazan allowance in 2023.

#### Non-executive directors

##### Policy

- All directors are entitled to other benefits applicable to the employees of the company. This includes the use of company car, launch and other vehicles / vessels, discount from STO stores and acceptance of gifts from company on certain occasions, as per the benefits list approved by the Board.
- Non-executive members are not eligible for Ramazan allowance.

##### Action

- The non-executive directors used the company launch for 10 personal trips as allowed by the Launch use Policy. All directors were billed for their respective trips made, and by the end of the year, all directors had settled all dues.
- None of the non-executive members received Ramazan allowance in 2023.

# REMUNERATION Report

GOVERNANCE  
REPORT

02

***The overarching aim of the Company's Remuneration Policy is to attract and retain high-caliber directors and employees, motivating them to develop and implement the Company's business strategy effectively to optimize long-term shareholder value creation.***

## 4.1. Paid remuneration to Board of Directors

In 2023, the Board of Directors were compensated with a total remuneration amounting to MVR 1,013,124 for their services. Similarly, the executive directors received a combined remuneration of MVR 2,125,932 for their respective executive roles within the Company.

## 4.2. Paid remuneration to top management

In response to disparities in the employment market, the Board of Directors has made the decision to withhold the disclosure of individual remuneration packages for both top management and executive directors. This measure is intended to maintain confidentiality while addressing prevailing salary variations.

An aggregate sum of MVR12.6 million was disbursed to the senior management team, excluding the executive directors, encompassing various components such as basic salaries and allowances.

## 4.3. Directors' shareholding in the company

The Directors have the right to subscribe for securities in the Company, in accordance with the Trading in Securities Guideline of the Company. However, they do not have the right to subscribe for securities in the subsidiaries.

# REMUNERATION Report

GOVERNANCE  
REPORT

02



AMIR MANSOOR

**Chairman**  
₹ 18,613



HAMID NASHEED MOHAMED

**Former Chairman**  
₹ 241,887



SHIMAD IBRAHIM

**CEO / MD**  
₹ 134,000  
55



ABDULLAH SAEED

**Former CEO / MD**  
₹ 83,833



HUSEN AMR MOHAMED RASHAD

**Former CEO / MD**  
₹ 29,887

**Former Director**  
₹ 133,500



ISMAIL ZUMAYL RASHEED

**Former Director**  
₹ 126,661



GAIS ISMAIL

**Former Director**  
₹ 55,000  
 1



ABDULLA SAEED

**Director**  
₹ 78,500  
 200



MOHAMED AHSAN SALEM

**Director**  
Joined in 2024



REESHA ABDUL MUNNIM



DHAANISH MOHAMED AMEEN

**Director**  
₹ 5,516



MOHAMED MURAD

**Director**  
₹ 9,887



MOHAMED NIZAM

**Director**  
₹ 129,000

Direct Shares Held

Indirect Shares Held

₹ ##### Total remuneration received for the position in Board in 2023

# REMUNERATION Report

## 4.4. Director's Membership on Other Boards

In adherence to the Company's Subsidiaries and Major Commercial Activities Policy, executive directors and senior management personnel are permitted to hold positions on the Boards of STO group companies. This policy allows for their involvement in overseeing and guiding the strategic direction of subsidiary entities and major commercial endeavors.

Conversely, the CMDA Governance Code imposes restrictions on directors, prohibiting them from simultaneously serving on the boards of three or more Public Listed Companies. This regulation aims to ensure that directors can effectively fulfill their duties and responsibilities without spreading themselves too thin across multiple organizations.

To provide transparency regarding director compensation, the table below presents any additional remuneration received by directors for their involvement on other boards during the 2023 fiscal year. This information enables stakeholders to understand the extent of directors' external board commitments and any associated financial implications.



### Directorships held

### Remuneration

<ul style="list-style-type: none"> <li>Chairman of MNOC</li> </ul>	No fee
<ul style="list-style-type: none"> <li>Represented STO at the Port City Development Consortium</li> </ul>	No fee
<ul style="list-style-type: none"> <li>Represent STO at Maldives Industrial Development Free Zone PLC</li> </ul>	No fee
<ul style="list-style-type: none"> <li>Chairman of MIFCO</li> </ul>	Monthly MVR5,000 & sitting fee of MVR300/meeting
<ul style="list-style-type: none"> <li>Chairman of MNOC</li> </ul>	No fee
<ul style="list-style-type: none"> <li>Represented STO at the Port City Development Consortium</li> </ul>	No fee
<ul style="list-style-type: none"> <li>Chairman of MSS</li> </ul>	Monthly MVR5,000 & sitting fee of MVR300/meeting
<ul style="list-style-type: none"> <li>Chairman of MIFCO</li> </ul>	Monthly MVR5,000 & sitting fee of MVR300/meeting
<ul style="list-style-type: none"> <li>Chairman of Raysut Maldives Cement</li> </ul>	Monthly MVR5,000 & sitting fee of MVR300/meeting
<ul style="list-style-type: none"> <li>Represented STO at the Port City Development Consortium</li> </ul>	No fee
<ul style="list-style-type: none"> <li>Chairman of Allied Insurance Company of the Maldives</li> </ul>	Monthly MVR5,000 & sitting fee of MVR300/meeting
<ul style="list-style-type: none"> <li>Board Member of MIFCO</li> </ul>	Monthly MVR5,000 & sitting fee of MVR300/meeting
<ul style="list-style-type: none"> <li>Board Member of MSS</li> </ul>	Monthly MVR5,000 & sitting fee of MVR300/meeting
<ul style="list-style-type: none"> <li>Chairman of Raysut Maldives Cement</li> </ul>	Monthly MVR5,000 & sitting fee of MVR300/meeting
<ul style="list-style-type: none"> <li>Chairman of STO Maldives Singapore</li> </ul>	No fee

# REMUNERATION Report

GOVERNANCE  
REPORT

02

## 5. Looking forward

Looking ahead, STO remains committed to upholding the principles of fairness, performance, and sustainability in our remuneration approach. As the evolving market conditions and regulatory requirements are navigated, the Company will continue to review and refine its policies to ensure alignment with best practices and industry standards. Additionally, STO will strive to maintain open communication with stakeholders and uphold the highest standards of corporate governance in all aspects of its remuneration strategy. Through these efforts, the Company aims to attract and retain top talent, drive performance, and create long-term value for our shareholders and stakeholders alike.

## 6. Declaration

This Remuneration Report was approved by the Board and signed on its behalf by the Chairman of NRC.

03

**SUSTAINABILITY**  
*Report*

sto  
& Sustainability



## Introduction

Since its foundation, STO has been expanding its business by providing services to customers and society, based on its corporate philosophy of contributing to the realization of a more affluent and harmonious society. Corporate success can no longer be based only on short-term profits, but through long-term, positive impacts a business can have on its society and the environment. In our drive to be a sustainable business, we believe it is important to not only acknowledge the issues that concern us all, but also to demonstrate the actions we are taking. These actions provide great opportunities to innovate further and to play our part in ensuring that the future generations will come to thrive.

## Sustainability Governance and structure

At STO, the Board of Directors have the overall responsibility for ensuring sustainability in actions through the Governance and Sustainability Committee. The implementation of these strategies is delegated to the MD/CEO and the top management.

Relevant goals are established to address material areas and effectively manage associated impacts, risks, and opportunities. Policies and management systems are being established to ensure financial, environmental, and social compliance.

It is through our mission and strategy that we address ESG issues, working to fully integrate them into our business. Together with our suppliers, customers, employees, and other stakeholders, we strive to drive our sustainability ambitions.

## Reporting

This report contains information on STO's sustainability ambitions and its status. It addresses the growing interests and expectations of our stakeholders across environmental, social and governance dimensions.

This report provides information for the period from January 01, 2023, to December 31, 2023. Where necessary or important for a proper understanding of matters, we also report on affairs before or after the end of the reporting period.

As CMDA's requirement for Sustainability reporting has now been deferred until publication of the 2024 Annual Report, along with the development of a reporting framework for the companies, we have chosen to produce this year's report on an internal structure, however, in reference to GRI 2021 Content Index principles, as much as possible. GRI is based on the principle of materiality and require organizations to communicate the management approach on topics that are material to the organization.

This report has not been subject to an external audit. Senior executives have been involved in confirming the information provided. External verifications will be sought for future reports. Note that all content has been checked and validated by subject matter experts and managers carrying responsibility.

## Stakeholder engagement

STO recognizes that there is a social contract between our Company and the society. The Company interacts with a range of stakeholders to ensure that their perspectives are considered in the development of business plans, sustainability plans and objectives, from project planning, to execution, long-term operations and certainly, customer service.

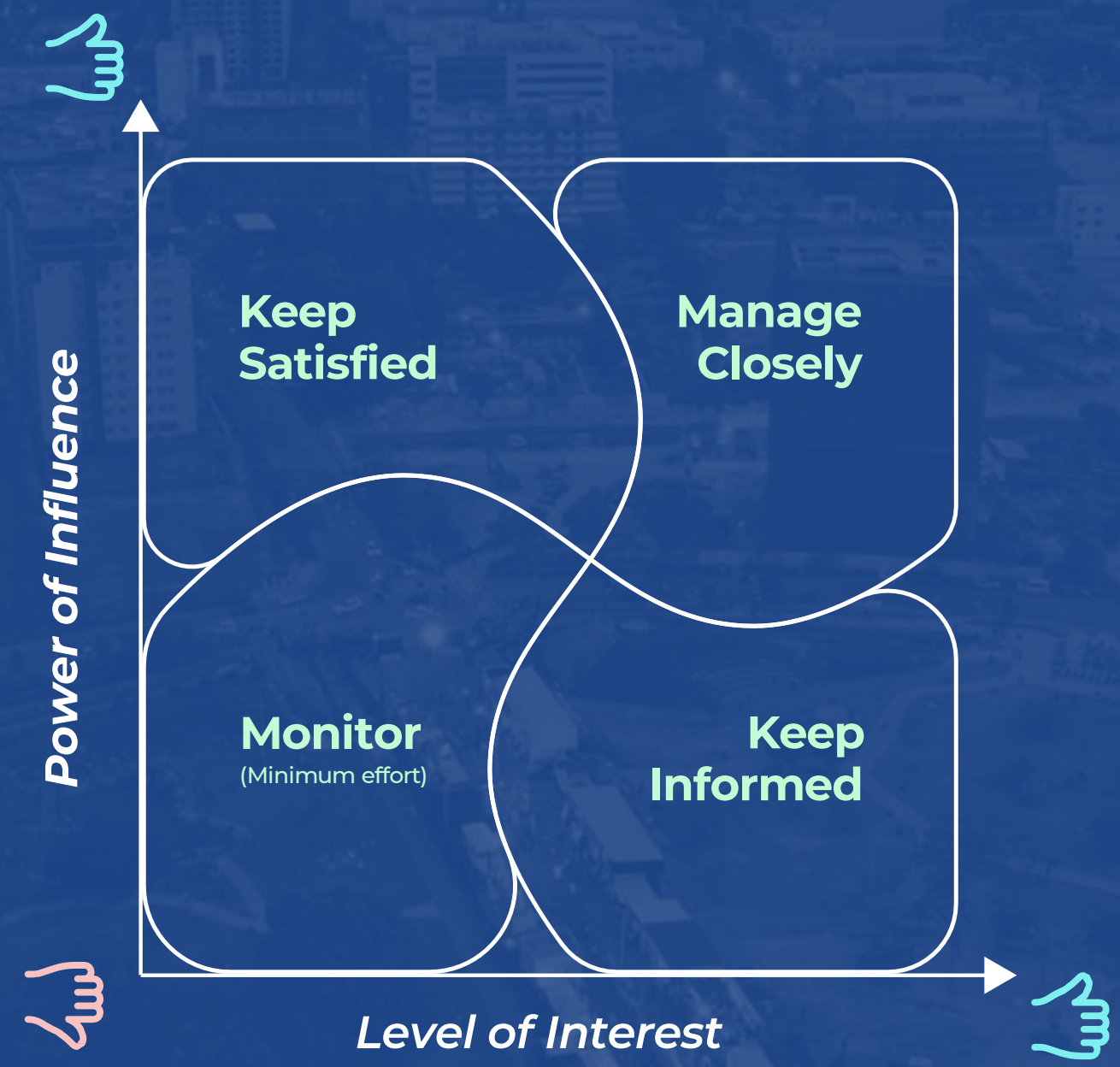
Below described are the main stakeholder engagement activities carried out by the Company.



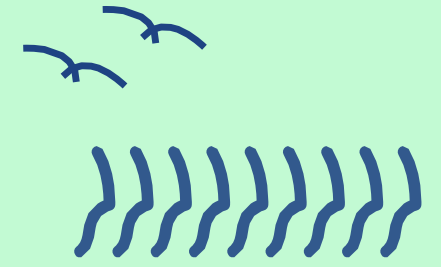
Stakeholders



- Board of Directors
- Regulatory Bodies



- Key Managers
- Shareholders / Investors
- Government
- Employees
- Customers
- Suppliers / Business Partners
- Media
- NGO
- Local community



## Communication channels

- Customer feedback
- Regular engagement between sales teams and customers
- Customer services
- Trade shows and conferences
- Promotions and loyalty programs
- Marketing materials
- Website
- Social media channels
- Reporting facilities
- Rewarding programs

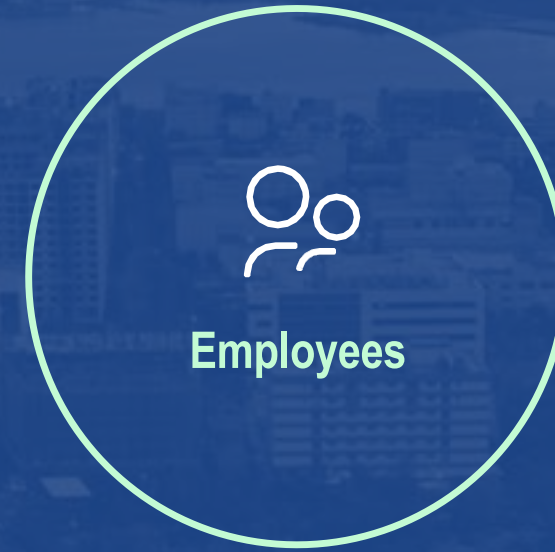


## Discussion topics

- Demand for products / services
- How quality of products / services offered through STO impact people and the environment
- How these products / services assist in local community development
- Health and safety issues concerning our premises, staff, services and products

## Details of engagement

- Customers sent complaints and queries through dedicated viber channels.
- Received customer feedback on the quality of food sold, along with requests to ensure stability of product prices during Ramadan. STO closely monitored and ensured price stability and availability by making essential products presented throughout Ramadan.
- Held 39 promotions in 2023 including opportunities given to customers, to personally experience the quality of STO products, including tasting events.
- Attended to over 2600 queries received on social media channels in 2023.
- STO PC Service Center attended 2,348 repairs, completing 100% jobs registered during the year.
- Makita Service Center attended 4112 repairs, completing 99% of the jobs registered during the year.
- Top performing customers of major segments were recognized and rewarded.



Employees

## Communication channels

- Town hall meetings
- Employee engagement surveys
- Interactions with young leaders
- Training
- Intranet
- Human resource policies and procedures
- Recognition events
- Meetings with senior leadership
- Reporting facilities
- Internal newsletters
- Recreation club

## Discussion topics

- Our vision and mission
- Corporate ethics and values
- Professional development Opportunities
- Career progression
- Strategic plan and KPI's
- Sustainability
- Remuneration
- Performance appraisal
- Industry trends, current events
- Community support / volunteering

## Details of engagement

- Employees were given the opportunity to meet with MD over a cup of tea “Tea talk with MD”, to discuss pressing issues and concerns, and at the same time provide suggestions for improvements on the Company matters. So far, over 20 staff have attended these sessions.
- HR newsletters are published and circulated through email, monthly, to all staff.
- In 2023, the Recreation Club held 11 activities including volleyball, futsal and carrom tournaments, and training programs in swimming and billiard for employees interested.
- 20% employees were engaged in training and development programs, focusing on key areas past year.

## Communication channels

- Performance reviews
- On-boarding programs
- Supplier facility visits
- Training programs
- Continuous one-to-one dialogue
- Trade fairs
- Networking events



Suppliers,  
distributors,  
partners, &  
contractors

## Discussion topics

- Engagement on supply chain disruption and mitigation plans
- Safety requirements
- Sustainable sourcing
- Quality, delivery, and price
- Supplier code of conduct
- Vendor registration process
- Reward programs
- Reference letters

## Details of engagement

- Training and networking sessions were held for suppliers to onboard them onto SAP Ariba platform.
- 70 suppliers have been onboarded to SAP Ariba now.
- 37 visits were made to suppliers worldwide.
- Attended 3 trade fairs, where 29 suppliers visited the STO team.
- 2 supplier facility visits, and 1 terminal inspection visit was made in 2023.
- Supplier performance review policies are being drafted.
- A comprehensive supplier Code of Conduct and due diligence policy is being drafted.



## Shareholders

### Communication channels

- *Published Company reports; Quarterly and Annually*
- *General meetings*
- *Website*
- *One-on-one meetings with Board and leadership, on request*
- *Reporting facilities*
- *Social media channels*
- *Shareholder relations through Company Secretariat function*

### Discussion topics

- *Financial and operational performance and outlook*
- *Strategic KPI's*
- *Strategic credit management*
- *Dividend*
- *Appointment of directors to the Board*
- *Other concerning issues of shareholders that require Board's or CEO / MD's attention*

### Details of engagement

- *Published quarterly reports, within deadlines, throughout 2023.*
- *Annual Report along with audited financials were published in May 2023.*
- *An Annual General Meeting was held in May 2023, where 84.25% share representation participated in the meeting.*
- *Facilities for whistleblowers and for submitting ideas or concerns are available on our website.*
- *All major news concerning the Company, AGM and other shareholder related matters were informed via press releases, news media, website and occasionally through SMS, to shareholders.*



## Communication channels

- *Press releases*
- *Interviews*
- *Networking events*
- *Visits*
- *Press events*
- *Publications*
- *Company website*
- *Social media channels*
- *Performance evaluation of media*
- *Continuous monitoring of media content*

## Discussion topics

- *Financial updates*
- *Updates on important events and milestones of the Company*
- *Invitation to attend important events of the Company*
- *Information on STO's contribution to market stabilization*

## Details of engagement

- *Over 50 press releases were issued in 2023, on different matters regarding the Company.*
- *Media was invited to all major events of the Company.*
- *Media performance is evaluated quarterly and graded.*
- *Advertising and marketing efforts are made through media channels. As such we have partnered with over 30 media for now.*
- *We are highly engaged on social media platforms including X, Facebook, Instagram, LinkedIn and Tiktok.*



## Regulators

### Communication channels

- Meetings
- Networking events
- Trainings
- Regulatory and voluntary reporting

### Details of engagement

- Regular reports as required by the regulations were published within due timeframe.
- Company officers participate in training, networking events and meetings conducted by regulators.

### Discussion topics

- Sustainability
- Governance
- Compliance to regulatory standards
- Knowledge sharing on best practices



# STAKEHOLDERS

## Communication channels

- Board meetings
- Email correspondence
- Quarterly and annual performance reports
- Strategic planning sessions
- Townhall events with staff



## Discussion topics

- Company performance and financial health
- Strategic initiatives and business plans
- Risk management and mitigation strategies
- Corporate governance and compliance
- Sustainability and corporate social responsibility (CSR) initiatives
- Other concerns raised by staff

## Details of engagement

- 14 board meetings were held in 2023 to discuss company performance matters.
- 1 Strategic planning session was held with relevant internal stakeholders to outline a roadmap, vision and goals for next year.
- Quarterly and annual performance reports highlighting financial and operational metrics were discussed in relevant board committees and Board as a whole.
- Email updates on significant developments and compliance matters were emailed regularly.
- The Board committees ensured reviewing the governance documents and internal controls, during regular intervals.
- All matters reserved for the Board's approval, were timely submitted to Board and discussed.



## Communication channels

- Community forums
- Local media and newsletters
- Social media platforms
- Consultation meetings

## Discussion topics

- Impact of company operations on the local community
- Community investment and development projects
- Environmental initiatives and sustainability efforts
- Sponsorship initiatives
- Employment opportunities and local hiring practices
- Health and safety measures

## Examples of engagement

- Met with 43 local community parties to address local concerns and feedback.
- Regular updates were disseminated through local media and newsletters about company activities.
- Social media engagements were held to inform and interact with the community.
- Community investment programs to support local infrastructure and social services were held through our CSR initiatives.

## Sustainability Principles

Considering the output of stakeholder engagements, the Company has derived key focus areas or principles for sustainability reporting, together with progress on commitments. These areas are believed to address the growing interests and expectations of the stakeholders across environmental, social and governance dimensions.



### CLIMATE CHANGE

*Reducing the negative impact of our operations on the environment and addressing the challenges of climate change.*



### QUALITY OF LIFE & PEOPLE DEVELOPMENT

*Promoting good quality of life through health, safety and development, and empowering our employees, customers, and other stakeholders while enriching their lives and making every day better.*



### RESPONSIBLE BUSINESS PRACTICES

*Promoting transparency, accountability, and good governance in all aspects of our operations.*

## Materiality Analysis

These material topics have been identified through an internal assessment conducted in reference to the stakeholder engagements carried out. Additionally existing and upcoming standards and reporting requirements were considered.

In 2023, we performed a materiality refresh to assess whether the sustainability focus areas, ESG material topics, metrics and goals remain relevant and appropriate. A topic is considered material if the company has an actual or potential significant impact on people or the environment connected to the topic. The topic is also material if it triggers financial effects on the company that are likely to influence its future cash flow.

Upon completion of the materiality refresh and review of 2023 stakeholder engagements, the 10 material topics identified in 2022 was reduced to 5 in 2023, to derive better targets and to improve focus on its implementation.

## Environmental

### CLIMATE CHANGE



- GHG emissions
- Water, Waste and effluents
- Energy



- Reduce energy and other resource consumption to support climate change.
- Reduce impact on the environment and society by our operations

## Social

### QUALITY OF LIFE & PEOPLE DEVELOPMENT



- Human rights & community relations
- Access & affordability
- Product quality and safety



- Implement improved quality of life through health and safety, diversity, equity, and people development.
- Create sustained value for improved communities

## Governance

### RESPONSIBLE BUSINESS PRACTICES



- Business ethics and transparency



- Achieve high standards in governance, business conduct, ethics, and transparency



- Reduce energy and other resource consumption to support climate change.
- Reduce impact on the environment and society by our products and services portfolio.

## Environment; Contribute to a low carbon society and the environment as a whole.

Our contribution to a low carbon society and environment comprises of 2 parts. That is to act responsibly by supporting the Governments sustainability goals while also embedding energy efficient practices in our operations.

As the leading provider of fuel in the Maldives, we recognize the significant role we play in upholding energy security while advancing sustainable practices to address climate change. However, the challenge lies in developing and implementing solutions quickly and on a large scale, all while minimizing emissions. This is a complex and costly endeavor that cannot be achieved in a short timeframe. As an emerging market we face additional hurdles in achieving sustainable development while meeting the demand for affordable and reliable energy.

Associated UNGC principles:



STO supports the Government's target of reducing emissions by 26%, by 2030 (compared to current levels), and the goal of reaching net zero emissions by 2030, (contingent upon international support). We understand that achieving these targets will require numerous large-scale projects across various sectors, and we are fully committed to supporting them. Therefore, with a focus on energy security and affordability, STO continues to invest in capital expenditure to ensure the storage and supply of high-quality, reliable, and low-carbon-intensity fuel as demanded by customers.

Additionally, we aim to reduce carbon emissions within our operations. Our strategy for reducing emissions includes investing in energy-efficient digital technologies, increasing the availability of energy-efficient products in our portfolio, utilizing alternative energy sources, and integrating energy-efficient practices into our operations.

## Ambitions



## 1. Review carbon footprint of STO operations (from 2021 baseline) to derive a net zero target and alternative energy means for the company.

### Plan & Progress

To this end, a comprehensive study was conducted by Paia Consulting, Singapore, in 2021, which identified the carbon footprint of STO operations, excluding the ready-mix operation of Construction Materials. The study revealed that the company emitted 2,171 tCO<sub>2</sub>e through Scope 1 (direct emissions from fuel combustion in company-owned or controlled sources) and 3,411 tCO<sub>2</sub>e through Scope 2 (indirect emissions associated with purchased electricity, heating, or cooling). Additionally, fuel consumption records indicated that in 2022, STO consumed 6.3 million liters of fuel, resulting in approximately 7,351 tCO<sub>2</sub>e emissions under Scope 1, and in 2023, 9.4 million liters of fuel were consumed, leading to approximately 10,824 tCO<sub>2</sub>e emissions under Scope 1. (calculated by type of fuel and without the inclusion of fugitive emissions).

With the increase in fleet, changing businesses and company operations, STO has decided to reassess the carbon footprint, together with developing a long-term emission reduction plan for the Company

### Impact



Reviewing and understanding our carbon footprint allows us to set realistic and measurable net zero targets. This initiative will assist the Company to lead significant activities to reduce GHG emission from our operations, fostering an overall positive environmental impact. Furthermore, researching and identifying alternative energy sources with plans to transition or offset carbon emission, will improve energy security, and stimulate innovation in renewable technologies. These steps will also enhance our corporate reputation and attract sustainability-focused stakeholders.



Implementing changes to reduce emission or achieving net zero can be financially burdensome, requiring substantial investment in new technologies and infrastructure. There may also be operational disruptions if we choose to transition to alternative energy sources. Additionally, the accuracy of initial carbon footprint assessments can be challenged by the exclusion of certain operations or fugitive emissions, potentially leading to incomplete mitigation strategies.

### Mitigation

To address the potential negative impacts of our carbon neutrality ambition, we will implement a series of strategic mitigation steps. Financial planning is crucial; we plan to secure funding and allocate resources efficiently to manage the costs, without compromising our financial stability. We will ensure comprehensive inclusion by regularly updating our carbon footprint assessments to cover all emissions sources, guaranteeing our mitigation strategies are thorough. Engaging with stakeholders, including employees, suppliers, and customers, will be essential to secure support and collaboration in achieving our net zero targets. Additionally, we will establish a robust monitoring and reporting system to continuously track progress, make necessary adjustments, and maintain transparency with all stakeholders, ensuring that our journey remains on course and effective. The Company will also explore carrying out tree plantation programs across the country and invest in carbon markets to offset targeted amounts of emitted carbon.

## 2. Achieve 100% compliance with IMO regulations for STO fleet.

### Plan & Progress

We have fully implemented all mandatory conventions and resolutions adopted by the IMO, including SOLAS 74, MARPOL 73/79, ISM Code, ISPS Code, MLC 2006, and BWM, to ensure the highest levels of safety and security in all our fleet operations. Additionally, we have developed the Ship Energy Efficiency Management Plan Part 3 (SEEMP Part III) to comply with the Carbon Intensity Index (CII) requirement of MARPOL, aiming to minimize air pollution from ships through measures such as speed and route optimization and operational improvements. We have also implemented the Energy Efficiency Existing Index (EEXI) calculation, a new MARPOL requirement that measures the energy efficiency of a ship based on factors like vessel size, age, propulsion system, and operational profile, further committing to minimizing air pollution and reducing our carbon footprint. To meet the IMO sulfur cap 2020, we use low sulfur fuel (LSFO) or very low sulfur oil such as MGO, limiting sulfur content in fuel upto 0.5% to reduce harmful sulfur oxide emissions. Our Vessel Safety Management system is continuously monitored and updated to maintain compliance with ISM, ISPS codes, and the MLC convention. We adhere to a green purchase policy to enhance the energy efficiency of our vessels and minimize environmental pollution, sourcing eco-friendly products and services that meet the highest environmental standards and encouraging our suppliers to adopt environmentally friendly practices.

### Impact



Achieving 100% compliance with IMO regulations ensures that our fleet operates at the highest standards of safety and environmental responsibility. This compliance will lead to significant reductions in air and water pollution, contributing positively to marine ecosystems and public health. Moreover, adhering to these regulations enhance our corporate reputation, making us a preferred partner for environmentally conscious clients and stakeholders. The implementation of SEEMP Part III and EEXI lead to operational cost savings through improved fuel efficiency and optimized vessel performance.



The financial burden of implementing and maintaining compliance with IMO regulations is substantial, requiring continuous investment in new technologies, equipment, and training. There are also operational challenges and disruptions as we integrate new systems and practices. Additionally, sourcing low sulfur fuel and eco-friendly products is costly.

### Mitigation

To mitigate these challenges, we will adopt a comprehensive financial strategy to ensure adequate funding and efficient resource allocation for compliance activities. Continuous training programs will be implemented to keep our personnel up-to-date with the latest regulations and best practices. We are also engaging in strategic partnerships and bulk purchasing agreements to manage the costs of low sulfur fuel and eco-friendly products. Furthermore, continuous monitoring and performance evaluation are conducted to optimize the efficiency and cost-effectiveness of our compliance efforts, ensuring that we meet our regulatory obligations.



## 3. Ensure 99% of our electronic product portfolio consist of energy efficient products by 2028.

### Plan & Progress

Currently, 80% of our electronic product portfolio consists of energy-efficient products. STO's products have also been recognized by the Ministry of Climate Change, Environment and Energy, receiving the "Hakathari Star" for 44 of our major home electronic products over the past three years, with 6 products awarded in 2022, 20 in 2023, and 18 in 2024.

### Impact



Achieving this ambition will lead to substantial reductions in energy consumption and GHG emission, contributing positively to overall environmental sustainability. More importantly, consumers will benefit from lower energy bills and a reduced carbon footprint, enhancing customer satisfaction and loyalty. This commitment to energy efficiency will also bolster our market competitiveness, positioning STO among the leaders offering sustainable electronic products. Prestigious and credible awards like the "Hakathari Star" enhances our brand reputation, attracting eco-conscious consumers and investors.



Transitioning to a predominantly energy-efficient product portfolio can incur higher sourcing costs. There may be challenges and additional costs incurred in maintaining the pace of innovation and ensuring that all products that we offer meet stringent energy efficiency criteria. Additionally, the investment in research, as well as the certification processes, can be substantial.

### Mitigation

We have already begun forming robust partnerships with our suppliers and manufacturers to help source cost-effective, energy-efficient products. Additionally, we will establish continuous monitoring processes within our product portfolio to stay updated on innovation trends and competitive products in energy efficiency. To manage costs and ensure a smooth transition, we have adopted a phased plan aimed at achieving our 2028 target. Our goal is to reach 100% energy-efficient products by educating customers on their benefits. Furthermore, we will leverage our recognized achievements, such as the "Hakathari Star," in marketing campaigns to enhance brand value and attract investment, supporting both our financial and sustainability goals. We also plan to apply for further recognitions in the future.

## 4. Introduce at least 01 environment friendly and energy efficient product or service, into the product portfolio of STO Construction Materials, annually.

### Plan & Progress

STO Power Mix operations utilize ISO 9001:2015 certified C-70 cement and have introduced green concrete in June 2023, which emits approximately 40% less CO2 than regular concrete. We have also introduced Autoclave Aerated Blocks (AAC) made from recycled industrial waste (fly ash) and non-toxic ingredients, which use less energy and emit up to 90% less CO2 compared to clay bricks. Our product portfolio includes KONE lifts, manufactured by the first company in the elevator industry to operate CO2-neutral production facilities worldwide; these lifts are A-class energy efficient, adhering to the ISO 25745 standard, with lifetime guaranteed lift parts. Additionally, we offer highly energy-efficient Makita tools, known for their battery recycling efficiency, and low VOC Nippon paint, which emits fewer harmful chemicals into the air.

Our plan is to introduce further energy efficient products and services that compliment the operations of our construction segment.

### Impact



Introducing environment-friendly and energy-efficient products into our construction materials portfolio contributes significantly to reduce the environmental footprint of our operations. As such, the green concrete and AAC blocks lead to substantial CO2 emission reductions, contributing to better air quality and mitigating climate change. Products like KONE lifts and Makita tools not only reduce energy consumption but also set industry benchmarks for sustainability. Low VOC paints improve indoor air quality, benefiting the health of occupants. These initiatives enhance our corporate image, attract eco-conscious consumers, and foster long-term sustainability.



Research and sourcing of new environment-friendly products can incur higher costs due to advanced materials and technologies used. Market acceptance of new products can also be uncertain, and educating consumers about the benefits of these products may require additional marketing efforts and resources.

### Mitigation

Forming strategic partnerships with suppliers is believed to ensure competitive prices and timely sourcing of latest innovative products. We will invest in quality assurance processes to maintain high standards for all new products. To ensure market acceptance, we will conduct targeted marketing campaigns and provide educational resources to inform consumers about the environmental and energy efficiency benefits of our products. Additionally, we will leverage the recognitions and awards received to the brands we deal with, building credibility and trust among consumers and stakeholders, thereby facilitating the successful introduction of new products into the market.

## 5. Adopt alternate means of energy sources in the warehouses and office buildings.

### Plan & Progress

In 2022, STO spent MVR17.6 million, and in 2023, MVR17.2 million, on energy consumed through the local power station. We are currently developing plans to reduce this expenditure and identify the amount of CO2 emitted through Scope 2 for the company. A significant step in this direction is our solar panel pilot project at the STO Staple Food warehouse, which now runs on 100% clean energy.

### Impact



Transitioning to alternative energy sources such as solar power will significantly reduce our GHG emissions. This shift will not only contribute to global efforts to combat climate change but also lower operational costs in the long term. Additionally, showcasing our commitment to sustainability through visible projects like the solar-powered warehouse enhances our corporate image, attracting environmentally conscious clients, investors and other stakeholders.



The initial investment required for installing alternative energy systems can be high. There may also be technical challenges related to integrations with existing infrastructure and ensuring consistent energy supply. The pilot project requires careful monitoring and potential adjustments to optimize performance and efficiency. Furthermore, it could result in additional costs associated with the requirement of continuous training for employees to manage and maintain the new systems effectively.

### Mitigation

To mitigate these challenges, we will adopt a phased implementation approach, starting with pilot projects to gather data and optimize performance before scaling up. Securing financial incentives, grants, and partnerships with renewable energy providers and investors, to offset initial costs is also planned. We believe that the continuous monitoring and evaluation of pilot projects will provide us with insights for improving efficiency and addressing any technical issues promptly. Training programs for employees will be established to equip them with the necessary skills to manage and maintain new energy systems.

## 6. Replace 100% lights used in all office premises and warehouses to energy efficient lights and establish smart lighting systems by 2030.

### Plan & Progress

By the end of 2023, we installed LED lights in 70% of all office premises and buildings. Additionally, we use energy-efficient freezers and air conditioners at majority of our office premises.

### Impact



Replacing all lights with energy-efficient LED alternatives will lead to substantial reductions in energy consumption and eventually to GHG emissions. LED lights consume significantly less energy and have a longer lifespan compared to traditional lighting, resulting in lower operational costs and reduced maintenance. The establishment of smart lighting systems will optimize energy use, leading to additional savings and environmental benefits. This initiative will also improve the overall working environment by providing better lighting quality.



The primary challenge is the initial cost of purchasing and installing LED lights and smart lighting systems. Upgrading the remaining 30% of our facilities and implementing smart systems requires substantial capital investment. Additionally, there may be technical and logistical challenges associated with retrofitting older buildings and integrating new technologies with existing infrastructure.

### Mitigation

To mitigate these challenges, we have adopted a phased approach to the installation of LED lights and smart systems, spreading the cost over several years and prioritizing high-impact areas first. Comprehensive planning and feasibility studies will be conducted to ensure seamless integration of new technologies with existing infrastructure. Training programs will be provided to employees to ensure they are comfortable and proficient with the new systems. Additionally, continuous monitoring and evaluation will be conducted to track progress, optimize performance, and make necessary adjustments.

## 7. By 2027, fully relocate Funadhoo fuel terminal with improved technology, to a socially safer location.

### Plan & Progress

We have identified a location and are currently conducting a survey on reclamation. Plans are being drawn to invest in the setup of a new automated and energy-efficient terminal.

### Impact



Relocating the Funadhoo fuel terminal to a socially safer location will significantly reduce risks associated with fuel storage and handling, enhancing community safety and well-being. The new terminal, equipped with improved technology, will optimize fuel management, reduce operational costs, and enhance energy efficiency. Automated systems will ensure more accurate and efficient fuel dispensing and storage, leading to lower emissions and reduced environmental impact. This initiative will also demonstrate STO's commitment to corporate social responsibility and environmental stewardship, bolstering our reputation and stakeholder trust.



The relocation and establishment of a new terminal involve significant financial investment, including costs for land reclamation, construction, and technological upgrades. Reclamation could lead to negative impacts on the biodiversity. The project may face logistical challenges, regulatory approvals, and potential delays. Disruption during the transition period could affect fuel supply operations and incur additional costs. Additionally, there may be resistance from stakeholders accustomed to the existing terminal.

### Mitigation

To address these challenges, a comprehensive project management plan will be developed, ensuring detailed timelines, budget allocations, and risk assessments. At the same time, Company is exploring means to secure financial costs of this project through grants, loans, or partnerships and governments assistance. Engaging with regulatory authorities early in the process has facilitated timely approvals and compliance with legal requirements. A phased transition plan will be implemented to minimize disruption to fuel supply operations, ensuring continuity of service. Stakeholder engagement will be prioritized, including communication and consultation with local communities, employees, and other stakeholders to address concerns and build support for the project. Continuous monitoring and evaluation throughout the project will be conducted to ensure that any issues are promptly addressed, and the project stays on track to meet the 2027 deadline.

## 8. Achieve 0% oil spills and accidents in fuel terminal operation.

### Plan & Progress

Response and immediate mitigation plans are in place, with the necessary staff at the Funadhoo fuel terminal trained to act responsibly in such situations. Firefighting and accident response trainings were renewed for staff in 2023. Upgrading projects for Fireline and Automatic Gauging system is being carried out. There were no reported oil spills in 2023. Additionally, the MNDF is present at the terminal to immediately attend to terrorism and other threats.

### Impact



Achieving zero oil spills and accidents will significantly reduce environmental pollution and protect marine ecosystems, contributing to overall environmental sustainability. This goal will also enhance the safety and well-being of employees and nearby communities, fostering trust and confidence among stakeholders. By preventing spills and accidents, we will avoid costly cleanup operations and potential legal liabilities. The implementation of advanced safety measures and regular training will create a culture of safety and responsibility, improving overall operational efficiency and reliability. Achieving this ambition will also strengthen our reputation as a responsible and environmentally conscious company, attracting eco-friendly investors and partners.

- Maintaining a zero-incident record requires continuous investment in training, equipment upgrades, and safety systems, which is financially demanding. There is also the challenge of ensuring that all staff consistently adhere to safety protocols and respond effectively in emergency situations. Potential technical issues with the upgraded systems may arise, requiring timely maintenance and troubleshooting. Additionally, the presence of the MNDF, while beneficial for security, necessitate ongoing coordination and communication efforts.

### Mitigation

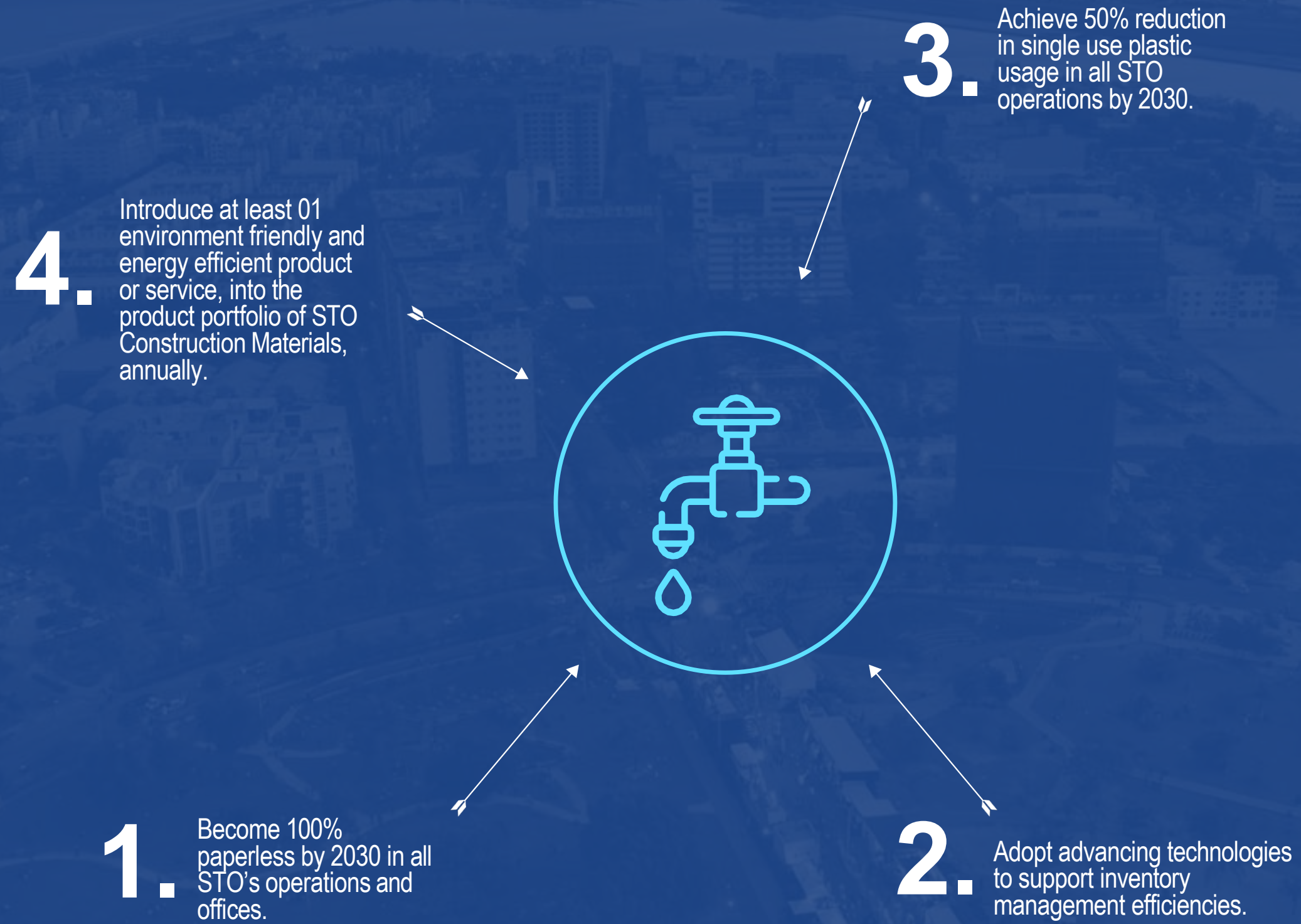
To address these challenges, STO will adopt a proactive approach to safety management. Continuous investment in state-of-the-art safety equipment and systems will be prioritized to prevent and respond to incidents. Regular training and drills for staff will be conducted to maintain a high level of preparedness and adherence to safety protocols. A robust maintenance and inspection schedule will be implemented to promptly identify and address any technical issues with safety systems. Effective communication and coordination with the MNDF will be maintained to ensure seamless integration of security measures. Additionally, enhancements will be made to crisis management policies to ensure constant monitoring and evaluation, to track safety performance, identify potential risks, and implement corrective actions promptly.

# WATER, WASTE, AND EFFLUENTS / CIRCULAR ECONOMY

## Ambitions

SUSTAINABILITY  
Report  
ENVIRONMENT

# 03



# WATER, WASTE, AND EFFLUENTS / CIRCULAR ECONOMY

## 1.

**Become 100% paperless by 2030  
in all STO's operations and  
offices.**

### Plan & Progress

We have achieved 100% paperless daily operations in 8 out of 13 departments, up from 7 departments in 2022. This progress has been facilitated by "Dhoadhiflow," our internally developed software that automates all internal approval processes, including service requests, internal purchases, and other requests, resulting in 80% automation of internal approvals. Our target is to complete 100% automation through this facility by 2026. Additionally, we are currently deliberating the digitization of invoices, bills, delivery notes, and other similar documents.

### Impact



Transitioning to a paperless operation significantly reduces our environmental footprint by decreasing paper consumption and waste. This shift will result in substantial cost savings related to paper procurement, printing, and storage. Automation through "Dhoadhiflow" enhances operational efficiency, reduces processing time, and minimizes errors associated with manual handling. Going paperless also improves data security and accessibility, as digital records can be securely stored and easily retrieved.



The transition to a paperless system requires a substantial initial investment in technology, software development, and staff training. There may be resistance from employees accustomed to traditional paper-based processes, necessitating change management efforts. Technical challenges, such as ensuring the reliability and security of digital systems, will be addressed. Additionally, digitizing legacy documents and records can be time-consuming and resource-intensive.

### Mitigation

To mitigate these challenges, STO will adopt a phased approach to implementing paperless processes, allowing time for gradual adaptation and troubleshooting. Comprehensive training programs will be developed to equip employees with the necessary skills and knowledge to navigate new digital systems confidently. Change management strategies, including regular communication and support, will be employed to address resistance and foster a culture of digital adoption. Robust cybersecurity measures and regular system maintenance will be conducted to ensure the reliability and security of digital records. Lastly, a dedicated team will oversee the digitization of legacy documents, ensuring a smooth and efficient transition to a paperless operation.



# WATER, WASTE, AND EFFLUENTS / CIRCULAR ECONOMY

## 2. Adopt advancing technologies to support inventory management efficiencies.

### Plan & Progress

The rollout of SAP ERP and S4/Hana is scheduled for mid-2024, and it is expected to streamline processes, reduce manual work, and increase overall efficiency. The introduction of "Odihanu," a program designed to monitor and request goods between institutional customers and STO Medicals, has significantly improved the procurement process for medical supplies and equipment. This program allows real-time tracking of goods in transit, streamlines the approval process, reduces the risk of stock-outs, and enhances inventory management efficiency. Additionally, the STO Smart Store, opened in 2023, is a technology-based store that eliminates the need for cashiers, allowing customers to purchase products using advanced technology. It is the first store of its kind in the Maldives.

### Impact



Implementing advanced technologies such as SAP ERP and S4/Hana will lead to significant improvements in inventory management by automating and integrating various processes, thereby reducing manual work and human error. Real-time tracking and streamlined approval processes through programs like "Odihanu" enhance the accuracy and efficiency, reducing the risk of stock-outs and ensuring timely delivery of medical supplies. The STO Smart Store's cashier-less system provides a modern and efficient shopping experience, reducing labor costs and improving customer satisfaction. Overall, these technologies will enhance operational efficiency, reduce costs, and improve the accuracy of inventory management, positioning STO as a leader in innovation and technology adoption.



The implementation of advanced technologies requires substantial financial investment in software, hardware, and training. There may be technical challenges during the rollout and integration phases, which could disrupt existing operations. Employees may face a learning curve as they adapt to new systems, requiring comprehensive training and support. Additionally, the transition to technology-based systems may involve risks related to cybersecurity and data privacy, necessitating robust security measures.

### Mitigation

To address these challenges, STO has developed a detailed implementation plan for SAP ERP and S4/Hana, including timelines, budget allocations, and risk assessments. Comprehensive training programs will be provided to employees to ensure they are equipped to use the new technologies effectively. A phased rollout approach has been adopted to minimize disruption and allow for troubleshooting and adjustments. Robust cybersecurity measures are being implemented to protect data privacy and ensure the security of digital systems. Continuous monitoring and evaluation will be conducted to track progress, identify issues, and implement corrective actions promptly.

# WATER, WASTE, AND EFFLUENTS / CIRCULAR ECONOMY

## 3. Achieve 50% reduction in single use plastic usage in all STO operations by 2030.

### Plan & Progress

Ninety percent of our staff now use glass bottles provided by the company to fill water, significantly reducing plastic waste. Additionally, we have observed an 87% reduction in plastic bag usage in our shops, reflecting our commitment to minimizing environmental impact.

### Impact



Reducing single-use plastic usage will significantly decrease plastic waste, contributing to a cleaner environment and reducing pollution in landfills and oceans. This initiative will enhance STO's reputation as an environmentally responsible organization, attracting eco-conscious customers, employees and other stakeholders. We believe, promoting reusable alternatives and better waste management practices will also foster a culture of sustainability among employees and customers, encouraging broader environmental awareness and action. Additionally, reducing reliance on single-use plastics can result in cost savings over time.



Transitioning away from single-use plastics involve initial costs for providing reusable alternatives and implementing new waste management systems. Employees and customers need time to adjust to the new practices, which could temporarily affect convenience and satisfaction. There may also be logistical challenges in ensuring a consistent supply of reusable items and managing the transition effectively across all operations.

### Mitigation

To mitigate these challenges, STO will adopt a phased approach to reducing single-use plastics, allowing for gradual adaptation and minimizing disruption. We will invest in high-quality, durable reusable alternatives to ensure employee and customer satisfaction. Comprehensive awareness campaigns will be conducted to educate staff and customers about the importance of reducing plastic waste and how they can contribute. Incentives and rewards will be introduced to encourage the adoption of sustainable practices. Additionally, we will establish partnerships with suppliers and waste management companies to ensure a steady supply of reusable items, responsible elimination of waste, and effective recycling processes. Continuous monitoring and feedback mechanisms will be implemented to track progress, address issues, and make necessary adjustments.

# WATER, WASTE, AND EFFLUENTS / CIRCULAR ECONOMY

## 4. Introduce at least 01 environment friendly and energy efficient product or service, into the product portfolio of STO Construction Materials, annually.

### Plan & Progress

In 2022, STO spent MVR 4.8 million on water consumption, which increased to MVR 5.6 million in 2023. Consequently, we are actively gathering data on our water consumption and exploring measures to reduce usage.

### Impact



Installing water-efficient fixtures will lead to significant reductions in water consumption, lowering operational costs and contributing to environmental sustainability. By reducing water usage, STO will help conserve this vital resource, supporting broader sustainability goals and contributing to community water conservation efforts. This initiative will enhance our reputation as an environmentally responsible company, attracting employees, customers and partners who prioritize sustainability. Improved water efficiency can also lead to cost savings, freeing up resources for other strategic initiatives. Additionally, fostering a culture of water conservation among employees can promote broader awareness and adoption of sustainable practices.



Implementing water-efficient fixtures requires initial financial investment for purchasing and installing new equipment. There may be disruptions to normal operations during the installation process, potentially affecting employee productivity. Ensuring that all employees understand and adhere to new water-saving practices will require additional training and awareness campaigns. Moreover, accurately tracking water consumption and measuring the effectiveness of the new fixtures can be challenging, particularly in diverse, conservative and large-scale operations.

### Mitigation

To address these challenges, STO will conduct a comprehensive audit to identify areas with the highest water consumption and prioritize them for the installation of water-efficient fixtures. A phased implementation plan will be developed to spread out the costs and minimize disruptions to operations. Training programs and awareness campaigns will be conducted to educate employees about the importance of water conservation and how to use the new fixtures effectively. Monitoring systems will be put in place to track water consumption and evaluate the impact of the new fixtures, ensuring continuous improvement and optimization.



- Implement improved health and safety, diversity, equity, and people development.
- Create sustained value for improved communities.

## Strategic Principle: Improve the quality of life and create empowered teams that contribute to a better society.

STO plays a pivotal role in driving national economic diversification and advancing the country's development. Our aim is to create initiatives that not only deliver value to our shareholders but also create job opportunities and contribute to the overall progress of the nation's economy and society.

Our long-term success heavily relies on the strength of our relationships with employees, customers, shareholders, suppliers, and local communities. As STO expands and evolves, we prioritize building and improving local workforce capabilities and supply chain infrastructure to support our future growth plans.

### Associated UNGC principles:



While we have various initiatives underway across the organization, our focus is on establishing platforms for collaboration and knowledge sharing among individuals. We are committed to nurturing a safe, respectful, and intellectually stimulating work environment where everyone can flourish. Additionally, we place significant emphasis on maintaining robust safety standards as a core value and essential aspect of our operations, ensuring the well-being of our people, assets, and the environment.

Below is our progress over the ambitions in this area, together with the risk assessment summary and mitigation strategies where required.

# ORGANIZATIONAL HEALTH & SAFETY

## Ambitions

SUSTAINABILITY  
Report  
SOCIAL  
**03**



# ORGANIZATIONAL HEALTH & SAFETY

## 1.

### Achieve zero fatalities or life altering, recordable injuries at work

#### Plan & Progress

Unfortunately, a contractor's staff member lost his life while installing a lift for one of our customers. In contrast, we have achieved zero fatalities among employees in our operations. A key initiative that contributed to this success is the establishment of palletization in the staple food godown, which is typically a labor-intensive operation.

In 2023, we conducted 04 safety training sessions for staff and regularly reviewed operating procedures to ensure safe working practices. As a result, there were zero life-altering and recordable injuries throughout the year.

#### Impact

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Achieving zero fatalities at work will significantly enhance the safety and well-being of all employees and contractors, fostering a secure and healthy working environment. This commitment to safety will improve employee morale, reduce absenteeism, and enhance productivity. Moreover, it will strengthen STO's reputation as a responsible and caring employer, attracting top talent and fostering trust among stakeholders. By implementing robust safety measures, we can minimize the risk of accidents and associated costs, ensuring uninterrupted operations and maintaining a positive corporate image.

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Achieving and maintaining zero fatalities require substantial investment in safety equipment, training programs, and continuous monitoring. There may be resistance to new safety protocols and changes in established practices, leading to potential disruptions during the transition period. Additionally, ensuring contractor compliance with our safety standards can be challenging, especially when contractors have their own set of procedures and safety culture.

#### Mitigation

To mitigate these challenges, STO will adopt a comprehensive approach to workplace safety. We will invest in safety equipment and technology to protect employees and contractors. Regular and mandatory safety training programs will be conducted to keep all personnel informed and skilled in the latest safety practices. A robust safety culture will be fostered through continuous communication, engagement, and reinforcement of safety protocols. To address resistance to changes, we will involve employees and contractors where required, in the development and implementation of safety measures, ensuring their buy-in and cooperation.

Additionally, stringent safety standards will be enforced for contractors, with regular audits and inspections to ensure compliance. Collaboration with contractors to align safety practices and provide necessary training will be prioritized.

# ORGANIZATIONAL HEALTH & SAFETY

## 2. Ensure safe and appealing working conditions for 100% staff by 2030.

### Plan & Progress

In 2023, the modernization of workspaces was undertaken for seven departments, creating a pleasant and appealing working environment for staff, which has received very positive feedback. The Company follows preventive and scheduled maintenance procedures to ensure work sites are in safe working conditions for staff. Further plans are being developed to construct better facilities by 2030, including a new office building and a central warehouse.

### Impact



Creating safe and appealing working conditions has significantly enhance employee satisfaction, morale, and productivity. Modern, well-maintained workspaces can improve overall well-being and reduce stress, leading to higher levels of engagement and performance. Ensuring safety through preventive maintenance has reduced the risk of accidents and injuries, fostering a secure work environment. This commitment to providing a high-quality work environment will strengthen STO's reputation as an employer of choice, helping attract and retain top talent.



The modernization and maintenance of workspaces, along with the construction of new facilities, require substantial financial investment. There may be temporary disruptions to daily operations during renovation and construction activities. Ensuring consistent safety and appeal across all work sites can be challenging, particularly in diverse locations with varying needs and conditions. Additionally, managing employee expectations and ensuring that upgrades meet their needs and preferences are complex.

### Mitigation

To mitigate these challenges, STO will adopt a phased approach to modernization and construction projects, minimizing disruptions by planning work during off-peak hours as much as possible and ensuring clear communication with employees about timelines and impacts. Regular feedback mechanisms will be established to gather employee input on workspace improvements, ensuring that upgrades align with their needs and preferences. Preventive and scheduled maintenance procedures will be rigorously followed to maintain high safety standards. We will also establish a dedicated team to oversee the development and implementation of new facilities, ensuring timely and efficient execution.

# ORGANIZATIONAL HEALTH & SAFETY

## 3.

Emergency preparedness through programs covering safe operations, preventive maintenance, and asset integrity.

### Plan & Progress

We have established an Emergency, Health, and Safety Committee (EHSC) that regularly addresses issues related to health and safety issues and implementing actions for improvement. A comprehensive Health and Safety Policy has been put in place, and necessary procedures are being implemented in accordance with the policy. To further enforce these measures, we are in the process of assigning a dedicated Safety Officer who will check on and mitigate risks in this aspect, ensuring necessary actions are taken.

Additionally in 2023, we conducted four safety training courses for 83 employees and organized two fire drills on office premises to enhance preparedness and safety awareness among our staff.

### Impact



Implementing robust emergency preparedness programs enhances the overall safety and well-being of employees, reducing the risk of accidents and health issues. Regular health screenings and preventive maintenance activities help identify and mitigate potential risks early, ensuring a safer work environment. The presence of a dedicated Safety Officer ensures continuous monitoring and prompt response to safety concerns, fostering a culture of vigilance and responsibility. These initiatives will also boost employee confidence and morale, knowing that their health and safety are prioritized. Furthermore, maintaining high safety standards and asset integrity will improve operational efficiency, reduce downtime, and prevent costly incidents.

■ The implementation and maintenance of comprehensive safety and emergency preparedness programs require significant financial investment and resources. Ensuring consistent compliance with safety protocols across all departments and locations can be challenging. There may be initial resistance from employees to new safety measures and procedures. Additionally, organizing and conducting regular health screenings and preventive maintenance activities can disrupt regular operations and require careful scheduling and management.

### Mitigation

To mitigate these challenges, STO will secure the necessary financial resources and allocate them efficiently to support safety and emergency preparedness programs. Continuous training and communication will be provided to ensure all employees understand the importance of safety protocols and their roles in maintaining a safe work environment. Regular audits and inspections will be conducted to ensure compliance with safety standards. Scheduling health screenings and preventive maintenance activities during non-peak hours or staggered intervals will minimize operational disruptions. Engaging employees in safety initiatives and encouraging feedback will help foster a culture of safety and ownership.



# ORGANIZATIONAL HEALTH & SAFETY

## 4. Support our employees in pursuit of a work-life balance experience that enhances their wellbeing.

### Plan & Progress

Counseling is facilitated through staff insurance for all employees, providing essential mental health support. Over 50 employees work on a flexible schedule, while over 20 employees work from home, promoting a better work-life balance. In 2023, 67 employees took maternity leave, and 55 employees took paternity leave, compared to 105 maternity leaves and 64 paternity leaves in 2022. Additionally, we conducted training sessions on stress relief, anger management, and time management. Daycare enrollment opportunities with financial assistance are available, with over 30 staff currently enrolled.

Furthermore, 16 partners have joined the STO Staff Privilege Program, offering benefits such as discounts and priority services to our employees.

Additionally, three health screening programs, including cancer screening and eye care, were conducted for staff in 2023, compared to one in 2022.

### Impact



Supporting work-life balance and employee well-being will lead to higher job satisfaction, reduced stress levels, and improved mental health among employees. This approach fosters a positive workplace culture, increasing employee loyalty and reducing turnover. Flexible working schedules and remote work options can enhance productivity by allowing employees to work in environments where they are most comfortable and efficient. Access to counseling and mental health support ensures that employees have the resources they need to manage stress and personal challenges effectively.

Providing benefits such as daycare and the STO Staff Privilege Program demonstrates STO's commitment to employee well-being, enhancing our reputation as an employer of choice and attracting top talent.



Implementing and maintaining comprehensive well-being programs can be financially demanding. Managing flexible schedules and remote work arrangements present logistical challenges and require adjustments in communication and team collaboration practices. Ensuring that all employees equally benefit from these programs can be complex, particularly in diverse roles and locations. Additionally, measuring the effectiveness of well-being initiatives and making data-driven adjustments can be seen challenging.

### Mitigation

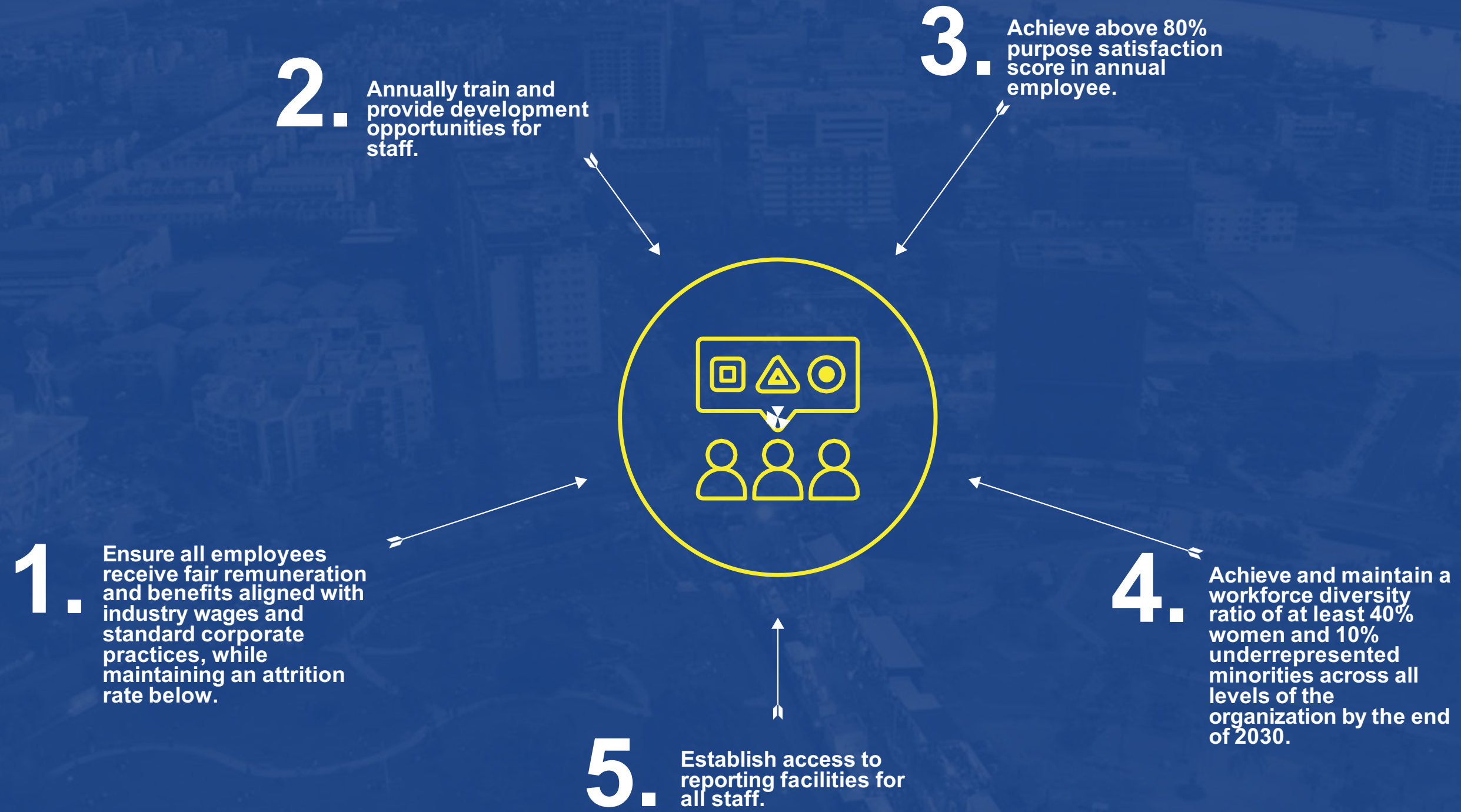
To address these challenges, STO will adopt strategic well-being programs for the Company. We will implement robust communication tools and practices to support flexible schedules and remote work, ensuring seamless team collaboration and productivity. Regular feedback mechanisms will be established to gauge employee satisfaction and identify areas for improvement in our well-being initiatives. Training managers and leaders to support and promote work-life balance will help embed these values into the organizational culture.

Additionally, we will continually assess the effectiveness of our programs through surveys and performance metrics, making necessary adjustments to meet the evolving needs of our workforce.

# EMPLOYMENT ENGAGEMENT, DIVERSITY, AND INCLUSION

## Ambitions

SUSTAINABILITY  
Report  
ENVIRONMENT  
**03**



# EMPLOYMENT ENGAGEMENT, DIVERSITY, AND INCLUSION

## 1. Ensure all employees receive fair remuneration and benefits aligned with industry wages and standard corporate practices, while maintaining an attrition rate below

### Plan & Progress

In 2023, STO concentrated on enhancing the overall benefits package for employees to create a supportive and rewarding work environment. This included upgrading benefits, expanding training opportunities, and offering flexible work arrangements. These efforts proved successful, as we maintained an attrition rate below 20%, specifically at 12%, the same as the previous year. These initiatives highlight our commitment to fostering a stable and engaging workplace where employees feel valued and motivated. We ensure that wages and benefits meet or exceed legal and industry minimum standards. Notably, STO was the first company to implement the Government's minimum wage regulation, showcasing our leadership in employee compensation and welfare. In 2023, we allocated MVR 2.37 million towards retirement benefits. Our workforce has an average age of 36 years, with the average retirement age being 50 years. All employees have access to company-sponsored health insurance packages, and 100% of our staff are also enrolled in company-provided life insurance.

### Impact

Ensuring all employees receive fair remuneration and benefits aligned with industry wages and standard corporate practices while maintaining an attrition rate below 20% leads to several positive impacts. Fair remuneration and benefits enhance employee satisfaction and motivation, fostering a sense of value and fairness. This approach helps attract and retain top talent, reducing recruitment and training costs and promoting a stable workforce. A positive organizational culture is cultivated, strengthening the company's reputation as an employer of choice. Compliance with legal and industry standards mitigates the risk of legal disputes and fosters trust and loyalty among employees. Additionally, satisfied employees are more engaged and productive, contributing to overall business performance, and improved morale can reduce absenteeism and increase employee engagement.

However, ensuring fair remuneration and benefits presents several challenges. Continuous financial investment is required, and budgetary constraints can arise, particularly during economic downturns or periods of financial instability. Balancing competitive wages with the company's financial health and profitability can be complex, potentially straining resources. Managing employee expectations regarding compensation and benefits adds another layer of complexity, and regularly updating compensation packages to remain competitive can be administratively burdensome. Ensuring fair compensation across diverse roles can lead to perceptions of inequity among employees, complicating the maintenance of a harmonious work environment.

### Mitigation

To mitigate the negative impacts of ensuring fair remuneration and benefits, STO will adopt a structured and systematic approach to compensation management. Regular market analysis and benchmarking will be conducted to ensure wages remain competitive and fair, while proactive financial planning and budget allocation will sustain fair remuneration practices without compromising financial stability. Open communication with employees about the company's compensation policies and any financial constraints will help manage expectations and maintain trust. We will explore non-monetary benefits and rewards to complement fair wages, enhancing overall employee satisfaction and retention. Streamlining administrative processes and leveraging technology will reduce the burden of updating compensation packages. To address potential perceptions of inequity, clear criteria and transparent processes will be established for determining compensation and benefits across diverse roles, ensuring all employees feel fairly valued and rewarded. Regular reviews and adjustments will be made to maintain balance and fairness in compensation practices.

# EMPLOYMENT ENGAGEMENT, DIVERSITY, AND INCLUSION

## 2. Annually train and provide development opportunities for the

### Plan & Progress

In 2023, we trained 427 staff members, an increase from 366 in 2022, and invested MVR 9 million in staff training and development, compared to MVR 12 million in the previous year. Additionally, 20 new staff members enrolled in the Udemy learning platform. We expanded our scholarship programs, opening 6 programs in 2023, up from 4 in 2022. To further support our employees' growth, we conducted 62 knowledge-sharing sessions and 10 induction programs, a significant increase from the 8 programs held in 2022.

### Impact



Providing regular training and development opportunities enhances employee skills, knowledge, and competencies, leading to increased productivity and performance. A well-trained workforce can adapt more easily to changing industry demands and technological advancements, ensuring STO remains competitive. Employee development programs also foster a culture of continuous learning and growth, boosting morale and job satisfaction. Investing in employee development helps attract and retain top talent, as individuals are more likely to stay with a company that invests in their professional growth. This commitment to training and development also enhances STO's reputation as a progressive and supportive employer.

■ Significant financial investment is required to sustain extensive training and development programs. Balancing the costs of training with other operational expenses can be challenging. Scheduling training sessions without disrupting daily operations requires careful planning and coordination. Ensuring that the training programs are relevant and effective in meeting employees' needs and organizational goals can also be complex. Additionally, there may be varying levels of engagement and participation among employees, with some individuals being more receptive to training than others.

### Mitigation

To address these challenges, STO will continue to allocate a dedicated budget for employee training and development, ensuring that financial resources are managed efficiently. We will implement a strategic training schedule that minimizes operational disruptions by offering flexible training options, such as online courses and after-hours sessions. Regular assessments and feedback from employees will be used to tailor training programs to meet their needs and align with organizational objectives. Encouraging a culture of learning through recognition and incentives for participation will help increase engagement and motivation. Partnerships with external training providers and platforms like Udemy will be leveraged to offer a diverse range of high-quality training opportunities.

# EMPLOYMENT ENGAGEMENT, DIVERSITY, AND INCLUSION

## 3. Achieve above 80% purpose satisfaction score in annual employee

### Plan & Progress

In 2023, STO employed 2,249 staff, a slight increase from 2,245 in 2022. We opened two internship and apprenticeship programs, compared to five in 2022. Additionally, 146 new jobs were created, attracting 1,818 applications. This is a decrease from 2022, when 214 jobs were created, and 3,607 applications were received. These figures demonstrate our ongoing commitment to job creation and workforce development, despite varying market conditions. In the 2023 survey, we achieved an 83% employee satisfaction score, reflecting significant improvement from the previous year.

### Impact



Achieving a high purpose satisfaction score ensures that employees feel connected to the company's mission, values, and goals, leading to increased motivation, engagement, and productivity. High satisfaction levels contribute to lower turnover rates and higher employee retention, as individuals are more likely to stay with a company where they feel valued and aligned with its purpose. A satisfied workforce can enhance the company's reputation, attracting top talent and fostering a positive work culture. Improved satisfaction also translates into better performance and innovation, as motivated employees are more likely to contribute their best efforts.



Maintaining high levels of purpose satisfaction requires continuous effort and investment in employee engagement initiatives. Fluctuations in job creation and application rates, as seen in 2023 compared to 2022, can impact overall workforce morale and satisfaction. Economic and market conditions may affect the company's ability to sustain or enhance job creation and development programs. Ensuring consistent communication and engagement across a growing and diverse workforce can be challenging.

### Mitigation

To address these challenges, STO will implement a strategic plan focused on continuous improvement in employee engagement and satisfaction. Regular and transparent communication about the Company's mission, goals, and values will be emphasized to strengthen alignment and purpose. Employee feedback from surveys will be actively used to identify areas for improvement and implement targeted initiatives. Investing in professional development, training programs, and career growth opportunities will be created to maintain high satisfaction levels. We will further enhance our recognition and reward programs which is believe to contribute to a sense of purpose and achievement among employees. Furthermore, we will adapt recruitment and job creation strategies to align with market conditions to ensure sustainable workforce growth and satisfaction.

# EMPLOYMENT ENGAGEMENT, DIVERSITY, AND INCLUSION

## 4.

**Achieve and maintain a workforce diversity ratio of at least 40% women and 10% underrepresented minorities across all levels of the organization by the end of 2030.**

### Plan & Progress

In 2023, we sustained a 37% employment rate for women, matching the previous year's figure. Our workforce demographic comprises 50% of employees aged between 30 and 40, with 24% under 30 and 26% over 40. To promote collaboration and inclusivity, we organized networking events across all age groups through the leaders' forums initiated by HR.

Women represented 41% of managerial positions, 38% of supervisory roles, and 29% of top management positions in 2023. Additionally, the number of special needs staff members increased to 15 from 13 in 2022, reflecting our ongoing commitment to inclusivity and diversity.

We celebrated several awareness days, including World Autism Day, World Down Syndrome Day, International Day of Sign Language, Women's Day, World Mental Health Day, and National Day for Violence against Women, underscoring our dedication to inclusivity, mental health, and gender equality.

### Impact



Achieving and maintaining a diverse workforce enhances the range of perspectives and experiences within the organization, leading to more innovative solutions and better decision-making. A diverse workforce also improves the company's reputation, making it more attractive to top talent and aligning with the values of increasingly socially conscious consumers and investors. Enhanced gender and minority representation at all levels fosters a more inclusive and equitable workplace, improving employee morale, engagement, and retention. Celebrating diversity and inclusivity through awareness events strengthens the organizational culture and promotes a sense of belonging among all employees.



Ensuring and maintaining diversity requires continuous effort and resource allocation, including targeted recruitment strategies, training programs, and awareness campaigns. There may be resistance to change or challenges in shifting existing workplace dynamics to embrace greater diversity. Balancing diversity goals with finding candidates who meet the necessary skills and experience requirements can be complex. Additionally, managing diverse teams requires ongoing education and support to ensure effective communication and collaboration across different backgrounds and perspectives.

### Mitigation

To mitigate these challenges, STO will implement targeted recruitment strategies to attract qualified candidates from diverse backgrounds. We will invest in ongoing training and development programs to build an inclusive culture and address any biases or resistance to change. Establishing mentorship and support networks for underrepresented groups will help retain diverse talent and support their career progression. Regularly reviewing and adjusting our diversity and inclusion strategies will ensure they remain effective and aligned with organizational goals. We will also leverage data and analytics to monitor progress and identify areas for improvement. Continuous engagement with employees through feedback mechanisms will help us understand their needs and experiences, ensuring that our diversity initiatives are effective and inclusive.

# EMPLOYMENT ENGAGEMENT, DIVERSITY, AND INCLUSION

## 5. Establish access to reporting facilities for all staff.

### Plan & Progress

We have established whistleblowing facilities on both the intranet and internet, allowing employees and other stakeholders to submit concerns confidentially. Additionally, the Reach MD and Reach HR facilities are available on the intranet, accessible to 90% of our staff. To further support our commitment to a safe and ethical workplace, we have formed committees to handle employee grievances and report unethical, sexual, or unprofessional actions within the company. This facility is accessible to 100% of our staff, ensuring everyone has a voice and a secure platform to raise their concerns.

### Impact



Establishing accessible reporting facilities fosters a culture of transparency and accountability, ensuring that employees feel safe and supported in raising concerns. This initiative promotes ethical behavior and helps identify and address issues promptly, preventing potential misconduct from escalating. Having a secure and confidential reporting system in place enhances trust in the organization, as employees know their concerns will be taken seriously and handled appropriately. This also contributes to a positive work environment, reducing the risk of harassment, discrimination, and other unethical behaviors. By demonstrating a commitment to ethical practices and employee well-being, STO strengthens its reputation as a responsible and trustworthy employer.

Implementing and maintaining comprehensive reporting facilities requires continuous investment in technology and resources. Ensuring that all employees are aware of and comfortable using these facilities can be challenging, especially in a large organization like STO. There may be potential misuse of the reporting system, where unfounded or malicious reports are submitted, which can strain resources and affect morale.

Additionally, managing the volume of reports and ensuring timely and fair investigation of all concerns can be resource-intensive and complex

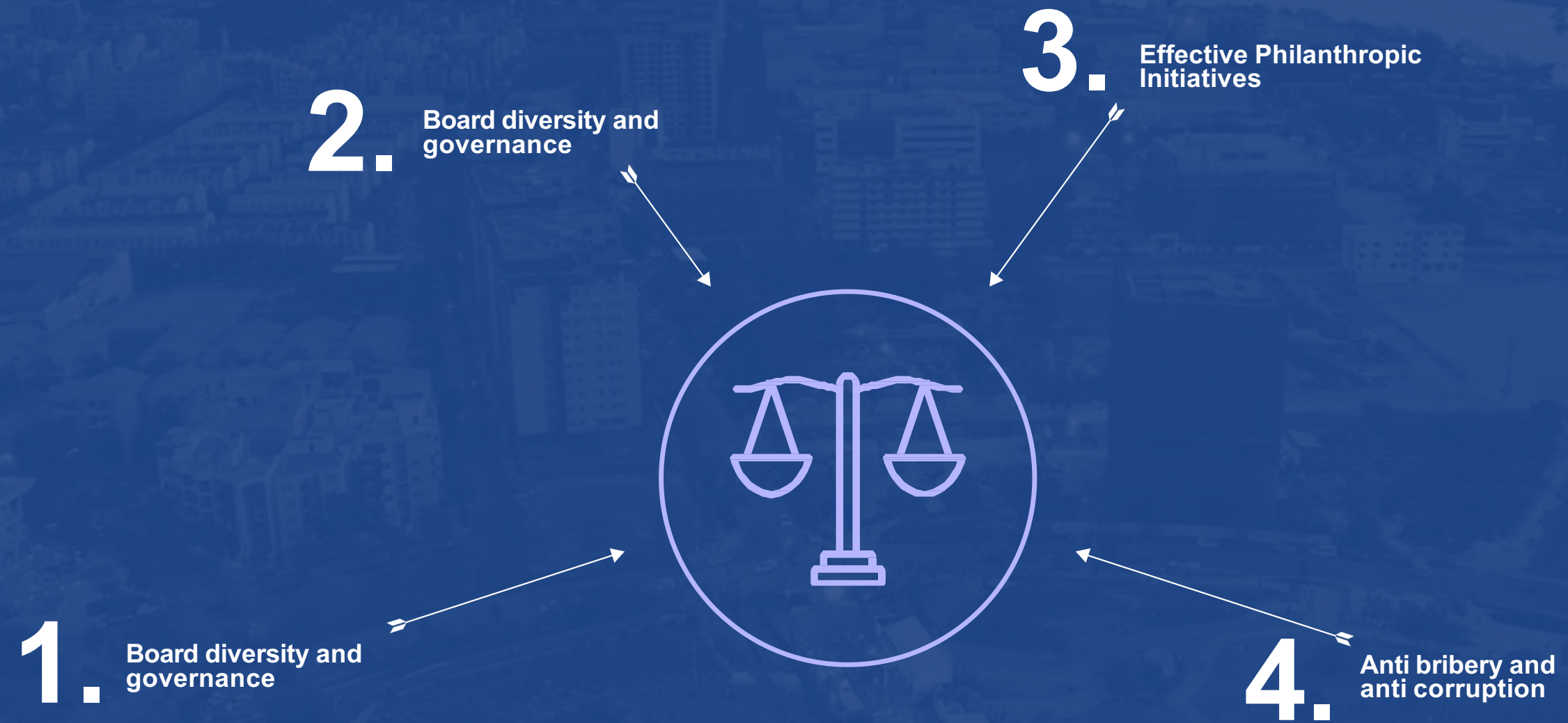
### Mitigation

To mitigate these challenges, STO will invest in ongoing training and awareness programs to ensure all employees understand how to use the reporting facilities and feel confident in doing so. Clear guidelines and protocols will be established to handle reports efficiently and fairly, minimizing the risk of misuse. A dedicated team will be responsible for managing the reporting system, ensuring timely and thorough investigations. Regular reviews and audits of the reporting process will help identify areas for improvement and maintain the system's integrity. Communication and support will be provided to employees throughout the process, reinforcing the company's commitment to a safe and ethical workplace.

# EMPLOYMENT ENGAGEMENT, DIVERSITY, AND INCLUSION

## Ambitions

SUSTAINABILITY  
Report  
GOVERNANCE  
**03**







Achieve high standards in governance, business conduct, ethics, and transparency.

## Strategic Principle: Responsible business through corporate governance, ethics and transparency.

STO recognizes the importance of robust governance in managing its diverse business portfolio, with a steadfast commitment to integrating sustainability into daily decision-making processes. We prioritize transparent engagement with stakeholders throughout our value chain to foster fairness and inclusivity in our operations.

Our policies, standards, and management systems serve as guiding frameworks, enabling us to address both risks and opportunities while assessing our performance against established commitments. The Board of Directors assumes a critical oversight role, providing strategic leadership, evaluating opportunities and risks, and ensuring the effectiveness of our governance, risk management, compliance, and sustainability efforts.

Associated UNGC principles:



Internally, dedicated teams in audit, legal, risk, and compliance monitor the implementation of our compliance program. The Audit and Risk Committee plays a pivotal role in advising and making decisions on compliance policies, training initiatives, and investigating allegations of misconduct, fraud, and corruption. Meanwhile, the Board Governance and Sustainability Committee regularly reviews policies, processes, and procedures to uphold our ethical and integrity standards. Below is our progress over the ambitions in this area, together with the risk assessment summary and mitigation strategies where required.

## 1. Board diversity and governance.

### Plan & Progress

In 2023, we achieved significant progress in board diversity and governance. Women now make up 14.2% of the board, a notable increase from 0% in 2022. We maintained an average age diversity of 45 years and an average tenure of 3.5 years, with no director exceeding a term of 6 years. Board meeting attendance was impressive, with an average of 98%, up from 96% in 2022. Additionally, 100% of our non-executive directors were deemed independent in 2023. We also maintained a high evaluation score of 83%, an improvement from 80% in the previous year. Furthermore, we held a total of 5 sessions on the company's Code of Ethics and Compliance, with participation from over 550 staff members. Engaging with stakeholders through various channels and earning their trust through transparent communication is a priority for STO. We regularly publish periodic reports on our website, including quarterly and annual reports, to keep stakeholders informed. Additionally, we ensure prompt disclosure of events deemed influential to the company share price, maintaining transparency and trust.

### Impact



Enhancing board diversity brings a range of perspectives and experiences, leading to more balanced decision-making and innovative solutions. The inclusion of women on the board promotes gender equality and sets a positive example for the rest of the organization. Maintaining a diverse age range and tenure among directors ensures a mix of fresh ideas and seasoned experience, fostering effective governance. High attendance and independent non-executive directors contribute to robust oversight and accountability. Conducting Code of Ethics and Compliance sessions strengthens the ethical foundation of the company, promoting a culture of integrity. Transparent communication and regular stakeholder engagement build trust and credibility, enhancing STO's reputation and investor confidence.



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### Mitigation

To address these challenges, STO will continue to prioritize diversity in board recruitment by implementing targeted strategies to attract qualified candidates from diverse backgrounds and by enhancing the candidacy guidelines of the Company. We will offer ongoing training and development opportunities to board members to ensure they are well-equipped to fulfill their roles effectively. Regular reviews of our governance practices will help identify areas for improvement and ensure compliance with best practices. Clear communication strategies will be maintained to balance transparency with confidentiality, ensuring stakeholders are well-informed while protecting sensitive information.

## 2. Systems to raise awareness.

### Plan & Progress

In 2023, we received 14 allegations and inquiries, with 2 investigations closed. Among these, 64% were substantiated, primarily involving harassment, conflicts of interest, and asset protection. We also addressed 153 concerns, investigated and acted upon. Additionally, 22 cases, including 2 of sexual harassment, were reported, and all were thoroughly investigated and closed. Corrective measures have been implemented to prevent recurrence of these issues. Importantly, no concerns or queries were left unaddressed, reflecting our commitment to maintaining a safe and ethical workplace.

### Impact



Implementing effective systems to raise awareness and address concerns ensures a safer and more ethical workplace. Thorough investigation and resolution of issues build trust among employees, fostering a culture of transparency and accountability. By addressing harassment and conflicts of interest, we create a more inclusive and respectful environment, which can improve morale, reduce turnover, and enhance overall productivity. Corrective measures to prevent recurrence of issues demonstrate our commitment to continuous improvement and proactive risk management. Transparent handling of concerns and inquiries strengthens our reputation as a responsible and ethical employer, attracting talent and boosting stakeholder confidence.

■ Ensuring confidentiality and protecting the privacy of all parties involved can be challenging, particularly in sensitive cases such as harassment. There may be resistance or fear of retaliation among employees when reporting concerns, which can hinder the effectiveness of the system. Additionally, the high volume of cases to address and investigate can strain existing resources and impact the efficiency of the process.

### Mitigation

To address these challenges, STO will continue to allocate adequate resources and training for personnel handling allegations and inquiries to ensure efficient and thorough investigations. We will implement robust confidentiality protocols to protect the privacy of all parties involved and build trust in the reporting system. Encouraging a culture of open communication and non-retaliation policies will help reduce fear and encourage more employees to come forward with their concerns. Regularly reviewing and improving our awareness systems and processes will help manage the volume of cases effectively and maintain a high standard of responsiveness. Additionally, continuous training and education on ethical behavior, harassment prevention, and conflict of interest will be provided to all employees to reduce the occurrence of such issues.

## 3. Effective Philanthropic Initiatives

### Plan & Progress

In 2023, STO spent MVR 17.3 million on philanthropic and CSR initiatives. We provided 55 TVs under the classroom digitalization program for schools across the country and contributed over MVR 899,000 for materials to build and upgrade school facilities nationwide. Additionally, we held collaborative events with relevant stakeholders, contributing MVR 790,000 to conduct awareness programs on various health issues. Furthermore, MVR 2.5 million was allocated to councils, hospitals, health centers, NGOs, and other organizations for the renovation and construction of community infrastructures such as children's parks, cemeteries, mosques, and recreation facilities.

### Impact



Our philanthropic initiatives have a far-reaching positive impact on the community. By supporting the classroom digitalization program, we enhance educational opportunities and access to technology for students, contributing to improved learning outcomes. Investing in the construction and upgrade of school facilities creates better learning environments, fostering academic success. Health awareness programs improve community health by educating people about preventive measures and healthy practices. Supporting the renovation and construction of community infrastructures such as parks, cemeteries, mosques, and recreation facilities enhances the quality of life and well-being of community members. These initiatives strengthen STO's reputation as a socially responsible company, building goodwill and trust among stakeholders and the community.



Allocating substantial funds to philanthropic and CSR initiatives can impact the company's financial resources and profitability. Ensuring that the funds are used effectively and reach the intended beneficiaries requires diligent planning and oversight. Balancing philanthropic efforts with other business priorities can be challenging, particularly during periods of economic uncertainty. There is also a risk that some initiatives may not achieve the desired impact or be sustainable in the long term.

### Mitigation

To address these challenges, STO will implement a strategic approach to philanthropic and CSR initiatives. This includes establishing clear criteria and objectives for funding decisions to ensure that resources are allocated to impactful and sustainable projects. Regular monitoring and evaluation of funded initiatives will be conducted to assess their effectiveness and make necessary adjustments. Collaborating with reputable and experienced partners, such as NGOs and community organizations, will enhance the reach and impact of our initiatives. Transparent reporting on philanthropic activities and outcomes will ensure accountability and build trust with stakeholders. Additionally, integrating CSR initiatives with business strategies can help align philanthropic efforts with the company's long-term goals and sustainability.

## 4.

### Establish procedures to ensure anti-bribery and anti-corruption practices

#### Plan & Progress

Our company is fully committed to compliance with the Anti-bribery and Anti-corruption Policy for STO Group. The compliance to this policy is periodically reviewed by the Legal Affairs and Risk Management Department of STO.

During 2023, any bribery or corruption complains received, have been thoroughly investigated in association with the Internal Audit Department of STO, and necessary actions have been duly taken.

#### Impact



Strict adherence to anti-bribery and anti-corruption practices significantly enhances the company's reputation as a transparent and ethical organization, building trust among stakeholders, including customers, investors, and regulatory bodies. Compliance with anti-bribery laws reduces the risk of legal penalties and sanctions, which can have severe financial and reputational consequences. These measures promote a culture of integrity and accountability within the organization, leading to more ethical business practices and decision-making. Companies with strong anti-corruption policies are more likely to attract socially responsible investors who prioritize ethical business practices. Additionally, a transparent and fair work environment fosters higher employee morale and loyalty, as employees feel more secure and valued in an organization that prioritizes ethical behavior.



Implementing and maintaining comprehensive anti-bribery and anti-corruption measures requires significant resources, including financial investment and personnel time. Thorough investigations of corruption allegations can disrupt normal business operations and may lead to temporary setbacks in productivity. Employees or stakeholders implicated in corruption cases may react negatively, leading to conflicts, resistance, or even legal disputes. Navigating complex anti-corruption laws and regulations can be challenging, requiring continuous updates and training to ensure compliance. Publicizing anti-corruption measures may inadvertently highlight past issues, which could harm the company's reputation if not managed properly.

#### Mitigation

To mitigate these challenges, STO will allocate resources efficiently, ensuring sufficient financial and human support for the implementation and maintenance of anti-bribery and anti-corruption measures. Investigations will be planned to minimize operational disruptions, possibly scheduling them during non-peak times and using dedicated personnel to handle them. Clear communication about the importance of anti-corruption measures will be provided to all employees and stakeholders, emphasizing the long-term benefits of ethical practices and ensuring transparency in the investigation process to mitigate backlash. Continuous training and updates on anti-corruption laws and compliance requirements will be provided to all employees, ensuring they are well-informed and capable of adhering to the policies. A robust reputation management strategy will be implemented to highlight the company's commitment to ethical practices while addressing past issues transparently and proactively, maintaining and enhancing public trust. Additionally, advanced compliance software and tools will be utilized to streamline the implementation and monitoring of anti-bribery and anti-corruption measures, reducing the manual burden on personnel.

# FORWARD LOOKING STATEMENT

## SUSTAINABILITY Report 03

As we look towards the future, STO remains committed to advancing our sustainability agenda, strengthening our governance frameworks, and fostering positive social impact. Our strategic initiatives outlined in this report underscore our dedication to integrating environmental, social, and governance (ESG) principles into every aspect of our operations. We recognize the challenges and opportunities that lie ahead and are focused on driving continuous improvement to meet the evolving expectations of our stakeholders.

### Environmental Stewardship

In the coming years, STO will intensify efforts to reduce our carbon footprint and enhance energy efficiency. We will continue to innovate our product portfolio, ensuring that a significant majority of our offerings are energy-efficient and environmentally friendly. By adopting advanced technologies and sustainable practices, we aim to minimize our environmental impact and contribute to global climate goals.

### Social Responsibility

Our focus on improving the quality of life for our employees, customers, and communities will remain a top priority. We are dedicated to fostering a safe, inclusive, and empowering workplace, with enhanced health and safety measures, comprehensive training programs, and a strong emphasis on diversity and inclusion. As we strive to maintain high employee satisfaction and retention rates, we will continue to invest in professional development opportunities and recognize the contributions of our talented workforce.

### Governance Excellence

Strong governance and ethical business practices are fundamental to our success. We will uphold the highest standards of transparency, accountability, and integrity in all our operations. Our Board of Directors will play a crucial role in guiding our sustainability efforts, ensuring robust oversight, and driving strategic decision-making. By enhancing our governance frameworks and engaging with stakeholders through transparent communication, we aim to build and maintain trust across our value chain.

### Strategic Growth and Innovation

Looking ahead, STO is poised to leverage digital transformation and innovative solutions to enhance operational efficiency and customer experiences. Our investments in automation, artificial intelligence, and data analytics will drive business growth and resilience. We are committed to building a sustainable supply chain, fostering strong partnerships with suppliers, and promoting sustainability standards throughout our network.

### Commitment to Communities

Our philanthropic initiatives will continue to support the development of local communities, focusing on education, healthcare, and infrastructure projects. We are dedicated to creating long-term value and positive social impact, ensuring that our contributions lead to meaningful and sustainable outcomes.

### Conclusion

As we navigate the complexities of a rapidly changing world, STO remains steadfast in our commitment to sustainability, governance, and social responsibility. We are confident that our forward-looking strategies and unwavering dedication will drive us towards a more prosperous and harmonious future for all our stakeholders. Through collaboration, innovation, and a shared vision for a sustainable future, we will continue to lead by example and create lasting value for generations to come.

Additionally, we will enhance our sustainability reporting by adopting international best practices.

**04**

***SUMMARY OF AUDITED  
FINANCIAL STATEMENTS***

STATE TRADING ORGANIZATION PLC  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2023

	Note	Group		Company	
		2023	2022	2023	2022
Revenue	7	17,069,672,624	19,064,202,583	16,373,104,633	18,213,792,994
Cost of sales	10	(13,561,144,536)	(16,355,547,949)	(13,325,960,550)	(16,045,467,939)
<b>Gross profit</b>		<b>3,508,528,088</b>	<b>2,708,654,634</b>	<b>3,047,144,083</b>	<b>2,168,325,055</b>
Other income	8	234,854,313	674,517,649	113,336,332	92,113,861
Administrative expenses	10	(897,615,672)	(1,047,932,957)	(511,696,062)	(421,640,637)
Selling and marketing expenses	10	(794,623,067)	(699,794,337)	(1,061,599,490)	(677,461,993)
Impairment loss on trade, other and related party receivables	22, 23 & 24	(449,253,081)	(138,854,326)	(294,671,603)	(107,495,513)
Other operating expenses	10	(16,042,881)	(34,915,515)	(15,854,637)	(19,410,354)
<b>Operating profit</b>		<b>1,585,847,699</b>	<b>1,461,675,148</b>	<b>1,276,658,622</b>	<b>1,034,430,419</b>
Finance income		46,691,773	53,302,272	43,777,500	47,725,519
Finance costs		(356,199,873)	(311,877,473)	(323,660,475)	(217,647,288)
Net finance costs	9	(309,508,100)	(258,575,201)	(279,882,975)	(169,921,769)
Share of profit of Joint venture		15,264,039	11,689,814	-	-
Share of profit of associates		1,854,617	312,398	-	-
Share of profit of equity accounted investees - net of tax	17	17,118,656	12,002,211	-	-
<b>Profit before tax expense from continuing operations</b>		<b>1,293,458,256</b>	<b>1,215,102,157</b>	<b>996,775,647</b>	<b>864,508,650</b>
Income tax expense	11	(206,793,985)	(142,735,398)	(178,476,697)	(136,389,673)
<b>Profit after tax expense from continuing operations</b>		<b>1,086,664,271</b>	<b>1,072,366,759</b>	<b>818,298,950</b>	<b>728,118,977</b>
<b>Discontinued operations</b>					
Profit after tax for the year from discontinued operations	16.5	295,403,264	-	-	-
<b>Profit for the year</b>		<b>1,382,067,534</b>	<b>1,072,366,759</b>	<b>818,298,950</b>	<b>728,118,977</b>

	Note	Group		Company	
		2023	2022	2023	2022
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss from continuing operations</b>					
Remeasurement of defined benefit liability	33	(7,690,741)	(4,994,391)	(3,593,313)	(1,632,514)
Tax related to remeasurement of defined benefit liability		1,153,611	792,415	538,997	244,877
Equity investment at FVOCI - net change in fair value	18	9,875,000	38,125,000	-	-
Tax related to equity investments at FVOCI - net change in fair value		(1,481,250)	(5,718,750)	-	-
<b>Total other comprehensive (loss)/income - net of tax</b>		<b>1,856,620</b>	<b>28,204,274</b>	<b>(3,054,316)</b>	<b>(1,387,637)</b>
<b>Total comprehensive income for the year from continuing operations</b>		<b>1,088,520,891</b>	<b>1,100,571,033</b>	<b>815,244,634</b>	<b>726,731,340</b>
<b>Items that will not be reclassified to profit or loss from discontinued operations</b>					
Remeasurement of defined benefit liability		374,888	-	-	-
<b>Total comprehensive income for the year from discontinued operations</b>		<b>295,778,151</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit attributable to: (Continuing operations)</b>					
Owners of the Company		1,084,049,399	1,073,624,549	818,298,950	728,118,977
Non - controlling interests	30	2,614,872	(1,257,790)	-	-
		<b>1,086,664,271</b>	<b>1,072,366,758</b>	<b>818,298,950</b>	<b>728,118,977</b>
<b>Profit attributable to: (Discontinued operations)</b>					
Owners of the Company		295,403,264	-	-	-
Non - controlling interests	30	-	-	-	-
		<b>295,403,264</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to: (Continuing operations)</b>					
Owners of the Company		1,085,906,435	1,101,837,941	815,244,634	726,731,340
Non - controlling interests		2,614,456	(1,266,908)	-	-
		<b>1,088,520,891</b>	<b>1,100,571,033</b>	<b>815,244,634</b>	<b>726,731,340</b>
<b>Basic and diluted earnings per share</b>	12	<b>962</b>	<b>953</b>	<b>726</b>	<b>646</b>



STATE TRADING ORGANIZATION PLC  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2023

	Note	Group			Company	
		2023	Restated 2022	Restated As of 1 Jan 2022	2023	2022
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	13	2,519,504,251	2,588,166,217	2,224,799,114	1,895,658,128	1,377,312,044
Investment property	14	366,361,036	377,421,089	364,321,624	366,361,036	377,421,089
Intangible assets	15	85,497,121	23,104,082	21,477,248	65,146,706	2,861,448
Right-of-use assets	19	260,746,951	592,057,705	483,883,816	176,581,287	213,869,335
Lease receivable	20	-	-	-	79,002,778	241,333,312
Investment in subsidiaries	16	-	-	-	284,899,650	284,899,650
Equity accounted investees	17	48,678,238	39,559,582	35,557,370	15,267,267	15,267,267
Equity securities at FVOCI	18	95,990,800	86,886,800	48,761,800	2,240,800	2,240,800
Amounts due from related parties	23	-	-	-	-	-
Loans receivable	24	371,246,701	-	240,937,500	-	-
Other financial investments	27	1,176,265,016	1,155,954,802	285,663,091	1,017,720,000	1,021,575,000
Deferred tax assets	11.3	227,815,947	155,912,108	133,519,144	134,500,445	110,574,576
<b>Total non-current assets</b>		<b>5,152,106,061</b>	<b>5,019,062,385</b>	<b>3,838,920,707</b>	<b>4,037,378,097</b>	<b>3,647,354,521</b>
<b>Current asset</b>						
Inventories	21	1,555,787,547	2,144,045,324	1,555,693,560	1,363,563,751	1,689,305,356
Lease receivable	20	-	-	-	23,431,653	31,324,195
Trade and other receivables	22	1,028,697,823	1,146,251,405	753,560,015	474,862,512	397,291,728
Amounts due from related parties	23	3,562,306,105	3,059,755,015	2,168,570,625	4,319,235,660	4,215,487,771
Loans receivable	24	212,562,686	274,270,833	177,895,833	383,308,916	549,037,647
Insurance contract assets	26.10	19,427,335	4,171,872	5,418,545	-	-
Reinsurance contracts	26.10	209,991,164	471,826,136	539,037,768	-	-
Other financial investments	27	436,277,092	384,767,255	246,088,689	90,000,000	90,000,000
Cash and cash equivalents	28	1,735,714,234	1,363,105,765	1,215,770,305	1,481,079,597	1,115,752,726
<b>Total current assets</b>		<b>8,760,763,986</b>	<b>8,848,193,606</b>	<b>6,662,035,340</b>	<b>8,135,482,089</b>	<b>8,088,199,423</b>
<b>Total assets</b>		<b>13,912,870,047</b>	<b>13,867,255,991</b>	<b>10,500,956,047</b>	<b>12,172,860,186</b>	<b>11,735,553,944</b>

	Notes	Group			Company	
		2023	Restated 2022	Restated As 1 Jan 2022	2023	2022
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	29	56,345,500	56,345,500	56,345,500	56,345,500	56,345,500
Share premium	29	27,814,500	27,814,500	27,814,500	27,814,500	27,814,500
Claim equalization reserve	29	74,021,509	71,861,025	66,566,984	-	-
Currency translation reserve	29	334,411	334,411	334,411	-	-
General reserve	29	1,230,554,713	1,066,894,923	921,271,128	1,221,272,903	1,057,613,113
Fair value reserve	29	38,453,352	30,059,602	(2,346,648)	(7,234,148)	(7,234,148)
Retained earnings		3,806,240,942	2,317,206,335	1,471,941,631	3,012,330,299	2,447,517,525
<b>Equity attributable to owners of the Company</b>		<b>5,233,764,927</b>	<b>3,570,516,297</b>	<b>2,541,927,507</b>	<b>4,310,529,054</b>	<b>3,582,056,490</b>
Non-controlling interests	30	25,575,817	22,961,361	24,228,269	-	-
<b>Total equity</b>		<b>5,259,340,744</b>	<b>3,593,477,658</b>	<b>2,566,155,776</b>	<b>4,310,529,054</b>	<b>3,582,056,490</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Loans and borrowings	31.2	1,131,032,775	1,206,556,244	525,254,461	1,070,651,922	1,113,573,697
Deferred income	35	35,667,894	56,534,885	35,938,536	49,590,531	43,944,944
Deferred tax liability	11.4	3,543,756	3,248,310	1,102,967	-	-
Lease liabilities	32	243,467,520	497,588,067	398,071,220	162,931,285	185,578,349
Defined benefit obligation	33	88,857,393	143,702,723	128,975,526	63,555,919	55,724,125
<b>Total non-current liabilities</b>		<b>1,502,569,338</b>	<b>1,907,630,229</b>	<b>1,089,342,709</b>	<b>1,346,729,657</b>	<b>1,398,821,115</b>
<b>Current liabilities</b>						
Loans and borrowings	31.3	2,629,998,389	3,329,283,271	2,472,362,241	2,657,847,093	3,345,147,780
Trade and other payables	34	3,481,593,710	3,349,107,727	2,870,756,197	3,243,645,144	2,869,647,982
Lease liabilities	32	51,045,275	124,752,165	88,494,528	38,261,300	50,406,442
Deferred income	35	9,160,635	7,903,783	8,913,713	4,323,414	1,930,854
Insurance contracts liabilities	26.10	438,036,505	476,912,336	578,023,661	-	-
Reinsurance contracts	26.10	713,688	77,019,787	26,909,382	-	-
Current tax liabilities	38	186,344,693	105,886,360	54,934,394	123,908,263	105,304,041
Amounts due to related parties	39	209,966,141	165,282,559	145,164,686	306,623,242	299,417,957
Bank overdrafts	28	144,100,930	730,000,116	599,898,760	140,993,019	82,821,283
<b>Total current liabilities</b>		<b>7,150,959,965</b>	<b>8,366,148,104</b>	<b>6,845,457,562</b>	<b>6,515,601,475</b>	<b>6,754,676,339</b>
<b>Total liabilities</b>		<b>8,653,529,303</b>	<b>10,273,778,333</b>	<b>7,934,800,271</b>	<b>7,862,331,132</b>	<b>8,153,497,454</b>
<b>Total equity and liabilities</b>		<b>13,912,870,047</b>	<b>13,867,255,991</b>	<b>10,500,956,047</b>	<b>12,172,860,186</b>	<b>11,735,553,944</b>

To download the full set of financial statements with notes <https://r.sto.mv/Zrmwgh>

STATE TRADING ORGANIZATION PLC  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2023

GROUP

	Attributable to owners of the Company								Non-Controlling Interest	Total
	Share capital	Share premium	Claim equalization reserve	Currency translation reserve	General reserve	Fair value reserve	Retained earnings	Total		
<b>Balance as at 1st January 2022 under IFRS 4</b>	56,345,500	27,814,500	66,566,984	334,411	921,271,128	(2,346,648)	1,429,488,047	2,499,473,922	24,228,269	2,523,702,190
Impact on retained earnings due to adoption of IFRS 17							42,453,584	42,453,584		42,453,583
Profit for the year	-	-	-	-	-	-	1,073,624,549	1,073,624,549	(1,257,790)	1,072,366,758
Net change in fair value of Equity Investments at FVOCI - net of tax	-	-	-	-	-	32,406,250	-	32,406,250	-	32,406,250
Remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	(4,192,858)	(4,192,858)	(9,118)	(4,201,976)
<b>Total comprehensive income for the year</b>						32,406,250	1,069,431,691	1,101,837,941	(1,266,908)	1,100,571,033
Transfer to / (from) during the year										
- general reserve	-	-	-	-	145,623,795	-	(145,623,795)	-	-	-
- claim equalization reserve	-	-	5,294,041	-	-	-	(5,294,041)	-	-	-
<b>Transactions with owners of the Company</b>										
Dividends (Note 29.4)	-	-	-	-	-	-	(73,249,150)	(73,249,150)	-	(73,249,150)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	-	(73,249,150)	(73,249,150)	-	(73,249,150)
<b>As at 31st December 2022</b>	56,345,500	27,814,500	71,861,025	334,411	1,066,894,923	30,059,602	2,317,206,335	3,570,516,296	22,961,361	3,593,477,658
<b>Balance at 1st January 2023</b>	56,345,500	27,814,500	71,861,025	334,411	1,066,894,923	30,059,602	2,317,206,335	3,570,516,296	22,961,361	3,593,477,658
Profit for the year from continuing operations	-	-	-	-	-	-	1,084,049,399	1,084,049,399	2,614,872	1,086,664,271
Profit for the year from discontinuing operations	-	-	-	-	-	-	295,403,264	295,403,264	-	295,403,264
Net change in fair value of equity investments at FVOCI - net of tax	-	-	-	-	-	8,393,750	-	8,393,750	-	8,393,750
Remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	(6,536,714)	(6,536,714)	(416)	(6,537,130)
<b>Total comprehensive income for the year</b>						8,393,750	1,372,915,949	1,381,309,699	2,614,456	1,383,924,155
Transfer to / (from) during the year										
- general reserve	-	-	-	-	163,659,790	-	(163,659,790)	-	-	-
- claim equalization reserve	-	-	2,160,484	-	-	-	(2,160,484)	-	-	-
<b>Transactions with owners of the Company</b>										
Disposal of a subsidiary (Note 16.4)	-	-	-	-	-	-	439,155,158	439,155,158	-	439,155,158
Remeasurement of defined benefit liability - net of tax from discontinued operations	-	-	-	-	-	-	374,887.50	374,888	-	374,888
Accumulated provision on receivables due to loss of control (Note 24.6)	-	-	-	-	-	-	(70,819,043)	(70,819,043)	-	(70,819,043)
Dividends (Note 29.4)	-	-	-	-	-	-	(86,772,070)	(86,772,070)	-	(86,772,070)
<b>Total transactions with owners of the Company</b>	-	-	-	-	-	-	281,938,932	281,938,932	-	281,938,932
<b>As at 31st December 2023</b>	56,345,500	27,814,500	74,021,509	334,411	1,230,554,713	38,453,352	3,806,240,942	5,233,764,927	25,575,817	5,259,340,744

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STATE TRADING ORGANIZATION PLC  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER 2023

COMPANY	Share capital MVR	Share premium MVR	General reserve MVR	Fair value reserve MVR	Retained earnings MVR	Total MVR
Balance at 1st January 2022	56,345,500	27,814,500	911,989,318	(7,234,148)	1,939,659,130	2,928,574,300
Profit for the year	-	-	-	-	728,118,977	728,118,977
Other comprehensive Loss, net of tax	-	-	-	-	(1,387,637)	(1,387,637)
<b>Total comprehensive income for the year</b>	-	-	-	-	726,731,340	726,731,340
Transfer to / (from) during the year						
- general reserve	-	-	145,623,795	-	(145,623,795)	-
<b>Transactions with owners of the Company</b>						
- Dividends (Note 29.4)	-	-	-	-	(73,249,150)	(73,249,150)
<b>Total transaction with owners of the Company</b>	-	-	-	-	(73,249,150)	(73,249,150)
As at 31st December 2022	56,345,500	27,814,500	1,057,613,113	(7,234,148)	2,447,517,525	3,582,056,490
Balance at 1st January 2023	56,345,500	27,814,500	1,057,613,113	(7,234,148)	2,447,517,525	3,582,056,490
Profit for the year	-	-	-	-	818,298,950	818,298,950
Other comprehensive Loss, net of tax	-	-	-	-	(3,054,316)	(3,054,316)
<b>Total comprehensive income for the year</b>	-	-	-	-	815,244,634	815,244,634
Transfer to / (from) during the year						
- general reserve	-	-	163,659,790	-	(163,659,790)	-
<b>Transactions with owners of the Company</b>						
- Dividends (Note 29.4)	-	-	-	-	(86,772,070)	(86,772,070)
<b>Total transaction with owners of the Company</b>	-	-	-	-	(86,772,070)	(86,772,070)
As at 31st December 2023	56,345,500	27,814,500	1,221,272,903	(7,234,148)	3,012,330,299	4,310,529,054

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STATE TRADING ORGANIZATION PLC  
(INCORPORATED IN THE REPUBLIC OF MALDIVES)  
CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST  
DECEMBER 2023

	Note	Group		Company	
		2023 MVR	2022 MVR	2023 MVR	2022 MVR
<b>Cash flows from operating activities</b>					
Profit before tax from continuing operations		1,293,458,256	1,215,102,157	996,775,647	864,508,650
Profit before tax from discontinued operations		295,403,264	-	-	-
<b>Adjustments for:</b>					
Depreciation on property, plant and equipment	13	220,706,119	219,163,940	108,409,966	103,589,346
Depreciation on investment properties	14	6,922,926	7,164,959	6,922,926	7,164,959
Amortization on right-of-use assets	19	67,802,878	60,456,101	53,072,039	40,975,751
Interest on lease liabilities	9	32,402,475	43,458,002	19,599,891	18,465,318
Amortization of intangible assets	15	5,551,314	4,146,925	2,420,961	307,328
Gain on derecognition of right of use assets		(5,624,845)	(4,254,073)	(148,658)	(4,058,830)
Capital work-in progress disposed	13	-	71,780,078	-	71,225,433
Gain on disposal of property, plant and equipment	8	(2,369,165)	(9,771,779)	(2,369,165)	(19,473,834)
Impairment of capital work-in progress	10	29,132,172	(2,806,078)	-	(2,806,078)
Provision for impairment of trade, other and related party receivable	10	449,253,081	138,854,326	294,671,603	107,495,513
Provision of impairment for slow moving inventories	21.1	11,855,598	65,946,846	8,696,847	61,189,746
Provision for defined benefit obligation	33	10,815,922	13,643,889	6,013,251	5,424,325
Receivable written off	10	391,448	5,584,020	60,000	997,476
Share of profit of equity - accounted investees, net of tax	18	(17,118,656)	(12,002,211)	-	-
Interest expense	9	309,549,851	244,986,948	304,060,584	198,026,429
Interest income	9	(42,440,518)	(44,705,055)	(35,673,218)	(18,844,833)
Dividend income	9	(3,956,250)	(3,423,750)	(8,000,000)	(28,000,867)
<b>Operating profit before working capital changes</b>		<b>2,661,735,870</b>	<b>2,013,325,245</b>	<b>1,754,512,674</b>	<b>1,406,185,834</b>
<b>Working capital changes</b>					
Change in inventories		576,402,179	(654,298,610)	317,044,758	(621,884,189)
Change in trade and other receivables		(355,703,643)	(566,320,802)	(127,330,966)	(125,384,692)
Accumulated provision on receivables due to loss of control	24	(70,819,043)	-	-	-
Change in amount due from related parties		(812,089,645)	(746,621,890)	(206,603,265)	(1,192,456,637)
Changes in reinsurance contract assets		261,834,972	67,211,632	-	-
Changes in insurance contract assets	25	(15,255,462)	1,246,673	-	-
Changes in deferred revenue		(19,610,138)	19,586,419	8,038,148	(1,930,854)
Change in amount due to related parties		44,683,581	20,117,875	7,205,285	53,172,969
Change in trade and other payables		63,252,777	418,042,862	302,113,956	317,750,148
Changes in insurance contract liabilities		(76,306,099)	50,110,405	-	-
Changes in insurance contract liabilities	37	(38,875,831)	(101,111,325)	-	-
<b>Cash generated from operating activities</b>		<b>2,219,249,517</b>	<b>521,288,483</b>	<b>2,054,980,590</b>	<b>(164,547,421)</b>
Interest paid		(318,339,642)	(259,253,884)	(300,047,791)	(197,519,993)
Gratuity paid		(5,466,765)	(3,911,081)	(1,774,770)	(1,686,837)
Income tax paid	38	(198,271,683)	(116,957,388)	(183,259,347)	(102,160,357)
<b>Net cash generated from operating activities</b>		<b>1,697,171,427</b>	<b>141,166,131</b>	<b>1,569,898,682</b>	<b>(465,914,607)</b>

	Note	Group		Company	
		2023 MVR	2022 MVR	2023 MVR	2022 MVR
<b>Cash flows from investing activities</b>					
Purchase and construction of property, plant and equipment	13	(886,837,233)	(708,391,342)	(642,638,268)	(515,232,208)
Purchase of intangible assets	15	(48,606,685)	(3,591,863)	(44,742,543)	-
Proceeds from sales of property, plant and equipment		38,381,187	44,211,758	2,424,833	289,287,869
Investment in subsidiaries	17	-	-	-	1,000
Investment in associates		771,000	-	-	-
Investments in finance leases	20	-	-	170,223,077	(272,657,507)
Purchase of other financial instruments	27	(252,004,755)	(1,577,285,464)	(15,420,000)	(1,452,300,000)
Proceeds from sales of other financial instruments	27	180,184,705	568,315,187	19,275,000	450,000,000
Interest received		42,440,518	44,705,055	35,673,218	18,844,833
Dividend received		11,956,250	11,423,750	8,000,000	48,001,733
Impact on disposal of a subsidiary		916,513,563	-	-	-
<b>Net cash used in investing activities</b>		<b>2,798,549</b>	<b>(1,620,612,919)</b>	<b>(467,204,683)</b>	<b>(1,434,054,280)</b>
<b>Cash flows from financing activities</b>					
Loans and borrowings obtained	31	484,761,526	1,353,427,554	488,817,194	1,353,427,554
Repayments of borrowings	31	(998,625,342)	(837,522,895)	(1,063,749,777)	(787,205,978)
Borrowings from Government waived-off	29	-	(576,467,762)	-	-
Loans and borrowings obtained for working capital	31	5,987,950,929	6,126,509,931	5,987,950,929	6,126,509,931
Principal lease payments	32	(54,769,763)	(28,601,433)	(50,427,540)	(33,306,165)
Repayments of working capital loans and borrowings	31	(6,143,240,807)	(4,527,724,019)	(6,143,240,807)	(4,527,724,019)
Dividend paid		(17,538,864)	(12,940,483)	(14,888,864)	(12,940,483)
<b>Net cash (used in) / generated from financing activities</b>		<b>(741,462,321)</b>	<b>1,496,680,892</b>	<b>(795,538,864)</b>	<b>2,118,760,839</b>
<b>Net increase in cash and cash equivalents</b>		<b>958,507,655</b>	<b>17,234,104</b>	<b>307,155,135</b>	<b>218,791,952</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>633,105,649</b>	<b>615,871,545</b>	<b>1,032,931,443</b>	<b>814,139,491</b>
<b>Cash and cash equivalents at end of the year</b>	28	<b>1,591,613,304</b>	<b>633,105,649</b>	<b>1,340,086,578</b>	<b>1,032,931,443</b>

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# 5 Year Group Financial Highlights

MVR, Millions	2019	2020	2021	2022	2023
<b>Earnings</b>					
Revenue	10,906	8,501	11,236	19,064	17,070
Gross Profit	1,969	1,784	1,917	2,709	3,509
Operating Profit	842	401	451	1,462	1,586
Profit before tax	476	223	288	1,215	1,293
Profit for the year	383	127	186	1,072	1,087
<b>Share Data</b>					
Price per share, at year end, MVR	500	455	456	1,330	1,500
Earnings per share, MVR (Company)	269	319	432	646	726
Dividend per share, MVR*	58	60	65	77	80
Net assets per share, MVR	2,083	2,150	2,239	3,189	4,667
No. of shares	1,126,910	1,126,910	1,126,910	1,126,910	1,126,910
<b>Key Ratios</b>					
Return on equity, %	17.5%	5.3%	7.5%	35.1%	24.5%
Return on capital employed (ROCE)	12.2%	5.6%	5.3%	12.6%	13.9%
Equity/asset ratio, %	29.7%	28.6%	23.7%	25.9%	37.8%
Net debt/equity ratio	1.93	1.94	2.36	2.24	1.17
Interest coverage ratio	3.52	1.91	2.25	5.97	5.12
Dividend yield, at year end, %	11.6%	13.2%	14.3%	5.8%	6.0%
<b>Financial Position and Cash Flow</b>					
Total assets	7,899	8,482	10,650	13,867	13,913
Equity	2,347	2,423	2,524	3,593	5,259
Non-current liabilities	915	783	1,089	1,908	1,503
Trade and other receivables	2,580	2,717	3,408	4,480	5,175
Inventories	1,200	1,314	1,556	2,144	1,556
Trade and other payables	1,502	1,984	3,088	3,514	3,692
Net Operating cash flow	96	588	436	141	1,697

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05

*EXECUTIVE  
TEAM*

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# EXECUTIVE TEAM

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**05**



# EXECUTIVE TEAM

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05



Mr. Shimad  
Ibrahim  
CEO / MD

**Shimad Ibrahim was appointed as the Chief Executive Officer and Managing Director of STO on 28th November 2023.**

Prior to joining STO as a managing director, Shimad held the position of board Director at STO board from 2019 – 2023. He served as a Chairman of Audit & Risk Committee, member of Governance & Sustainability Committee. Additionally, Mr. Shimad is the Managing Director of SFG Corporate Services and has a rich professional background, having previously worked as the Chief Financial Officer at Villa Group, Head of Finance at Maldives Islamic Bank, and Chief Finance Executive at the Ministry of Finance and Treasury.

With over 20 years of experience in the field, Shimad Ibrahim has also held directorial positions in various organizations such as the Islamic Bank, Maldives Tourism Development Corporation plc, Thilafushi Corporation Limited, and Upper South Utilities Limited. Further to this, he also served the nation as a member of the National Debt Management Committee. Mr. Shimad is a chartered accountant and holds a Bachelor of Accounting (Honors) degree from the IIU of Malaysia



# EXECUTIVE TEAM

EXECUTIVE  
TEAM

05

Abdullah Saeed was appointed as the Chief Executive Officer and Managing Director of STO on 4th April 2023.

Prior to joining STO, he served as the Managing Director of Maldives State Shipping Company Pvt Ltd - a Shipping and Logistics Company operated under the umbrella of STO Group of Companies - from its inception in 2020, up until his appointment to STO CEO & MD position.

Abdullah Saeed also held the position of the Chairman of Maldives National Oil Company Ltd, a wholly owned subsidiary of STO, engaged in the downstream activities of the petroleum industry especially in international oil trading. He also held the position of Chairman of STO Maldives (Singapore) Ptd Ltd from 2010 – 2012, where he was actively involved in coordination with overseas investors keen on partnering with STO for joint ventures in the Maldives. In addition, he also served as the cabinet secretary of the Government of Maldives from 2008 - 2012.

***Saeed is a Master Mariner and an Entrepreneur with extensive experience both in the public and private sector.***

His proficiency is in the shipping industry where he has served over 30 years in both domestic and international operations as a profound captain, during most of his career.

He is also one of the key founders for establishing a capital market in Maldives when he served at the Capital Market Development Authority in 2006. He advanced in debt market and instruments and was actively involved in setting up the first securities exchange in the Maldives.

He completed several programs from the Securities Institute of Australia, in Financial Journalism, Financial Markets and Fundamental Securities. Additionally, he had completed programs on debt markets and instruments, instrument valuation and credit ratings.

Mr. Abdullah  
Saeed  
*(Former) CEO / MD*



# EXECUTIVE TEAM

Husen Amr Mohamed Rashad took on the roles of Chief Executive Officer and Managing Director, on 30th November 2018. He served at STO until Abdullah Saeed succeeded to the position on 4th April 2023.

He holds a Master of Business Administration from International Islamic University, Malaysia and has a Bachelor of Science in Computer Science from University of Sunderland, through Binary College Malaysia. Amr has previously held the position of Chief Executive Officer of MTCC, from September 2010 till February 2012. He has also served as Deputy Under-Secretary heading the Economic Development Unit at the President's Office and was a member of the Privatization Committee formed by the President's Decree in 2009.

During his tenure he served as the Chairman of Maldives Industrial Fisheries Company Ltd, Maldives National Oil Company Ltd and Raysut Cement Maldives Pvt Ltd. Amr has also played an active role in the political sphere as a National Council member of the Maldivian Democratic Party.

He has been instrumental in formulating manifestos of the party as Chairperson of the Policy Committee and member of the Economic Committee. Furthermore, he has been a successful entrepreneur engaged in the private sector for the past two decades.

Mr. Husen  
Amr Mohamed  
Rashad

*Former MD & CEO*



# EXECUTIVE TEAM

EXECUTIVE  
TEAM

05

Mohamed Nizam with a tenure at STO since 2010, currently serving as the Chief Financial Officer and Executive Director. Throughout his tenure at the company, Mr. Nizam has demonstrated exemplary performance in several key roles, including Head of Procurement, Senior Finance Manager, Chief Risk Officer, and Senior Information System Manager within the ICT department.

As of now, Mr. Nizam holds the position of Chairman on the Board of Directors of Fuel Supplies Maldives and Raysut Maldives Cement Pvt Ltd. Moreover, he serves as a Board Member to Maldives National Oil Company Limited and STO Maldives (Singapore) Pte Ltd.

His extensive experience in governance is further demonstrated through previous directorships, including Maldives State Shipping Company Pvt Ltd, and Maldives Industrial Fisheries Company Ltd. Moreover, Mr. Nizam has led as the Chairman of the Board of Directors at Allied Insurance Company of the Maldives Pvt Ltd. He has also notably represented STO on the Board of the Maldives Stock Exchange and the Maldives Securities Depository, showcasing his leadership in the financial sector.

Mr. Nizam is a Fellow member of the AICPA & CIMA (FCMA, CGMA), UK. He obtained Master's Degree in Business Administration with a specialization in financial management from the University of Ballarat, Australia, Bachelor of Arts (Honors) degree in Finance and Accounting from the University of East London, UK. His professional credentials include membership in the Institute of Enterprise Risk Practitioners (IERP) as a certified Enterprise Risk Advisor (ERA), and Certified associate consultant in SAP Finance and Controlling, underscoring his expertise in financial analysis, risk management, and business information systems.

Mr. Mohamed  
Nizam  
CFO



# EXECUTIVE TEAM

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05

***Hawwa Nafia joined STO in the year 2014 as an Accountant and was appointed as the Chief Audit Executive in 2021. Currently, she oversees the Internal Audit Department of the company.***

Ms. Nafia has over 10 years of experience in the field of Accounting and Auditing. Prior to joining STO, she has worked as a Junior Assistant Auditor in Auditor General's Office (S. Hithadhoo Branch), Internal Auditor in Capital Market Development Authority and as an Investigation Officer in Anti-Corruption Commission.

She has also served as a Board Director to Allied Insurance Company of the Maldives and served as a member of both Audit and Risk Management Committee and Corporate Governance and Compliance Committee of the Board.

Ms. Nafia is a member of the Association of Chartered Certified Accountants (ACCA-UK) and holds a Bachelor of Science with first class honors in Applied Accounting awarded by Oxford Brookes University.

Ms. Hawwa  
Nafia  
*Chief Audit Executive*



# EXECUTIVE TEAM

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05



Mr. Ahmed Shifan  
**General Manager**  
Peoples' Choice and Food Security

After serving the nation in the National Security Service (current Maldives National Defense Force) for almost 5 years, Shifan joined STO in 2003 as an Assistant Manager.

Today, he is the General Manager of STO People's Choice and Food Security. His mandate is to oversee STO People's Choice, Regional Sales, Service Centre, and Staple Foods. Previously, he has also served STO, as the head of Medicals, Information Communication Technology, Human Resources, Administrations, Store Operations, Home Improvement, Electronics, Super Mart, and Regional Sales.

He currently serves as a Board of Director to Maldives State Shipping Company Pvt Ltd.

Mr. Shifan has served as a Board Director to Fuel Supplies Maldives pvt ltd. Previously He has also served as a Chairman of Maldives Gas Pvt Ltd, Managing Director of STO Hotel and Resorts and as a Board Director of Maldives Structural Products Pvt Ltd. Furthermore, he has served as a member of the Board of Advisors for the SAP Asia Pacific Japan Regional Services Board.

Mr. Shifan holds a Master of Business Administration with Honors from Auckland University of Technology (AUT), New Zealand and a Bachelor of Science with Joint Honors (First Class) in Business Information Systems and Business Studies from Middlesex University, UK.

## EXECUTIVE TEAM

EXECUTIVE  
TEAM

05



**Mr. Ismail Mifrah**  
**Chief Information Officer**  
Information Technology

Ismail Mifrah joined STO in 2006 as a Technical Support Engineer. He later worked his way up to the position of Senior Information Systems Manager where he was responsible for creating organizational level ICT policies and best practices while also being in charge of developing procedure for business continuity & development. He resigned in October 2017 but later rejoined in May 2019 as the Chief Information Officer.

Mr. Mifrah also serves as the Chairman of STO Hotels and Resorts and as a Board Director of Allied Insurance Company of the Maldives Pvt Ltd. He has previously served as a Board Director of Fuel Supplies Maldives Pvt Ltd, Board Director of Maldives State Shipping Company Pvt Ltd and Board Director of Maldives Industrial Fisheries Company Limited. Mr. Mifrah has also served as a chairman of Allied Insurance Company of the Maldives Pvt Ltd, Chairman of STO Maldives (Singapore) Pvt Ltd and Maldives Gas Pvt Ltd.

Mr. Mifrah holds a master's in technology management from Asia Pacific Institute for Information Technology (APIIT), Malaysia and a Bachelor of Science in Information Technology from Edith Cowan University, Australia. He is also a Microsoft Certified Professional and SAP MM Associate Consultant.

# EXECUTIVE TEAM

EXECUTIVE  
TEAM

05



Mr. Mohamed Samah  
*Chief Legal Officer*  
Legal Affairs and Risk Management

Mohamed Samah began his carrier at the Company in 2014, and he currently serves as the Chief Legal Officer (CLO). During his tenure with the Company, he has represented the Company across a broad spectrum of engagements.

Mr. Samah holds a Bachelor of Laws (LLB) and Master of Business Administration (MBA). He is admitted to Bar and licensed to practice before the courts of the Maldives. His professional engagement extends to the Association of Corporate Counsel (ACC), where he has attained In-house Counsel Certification and membership. He is also a certified Enterprise Risk Advisor (ERA) by the Institute of Enterprise Risk Practitioners (IERP).

Mr. Samah also serves as a Board of Director of Allied Insurance Company of the Maldives Private Limited and STO Maldives (Singapore) Pte Ltd.

# EXECUTIVE TEAM

EXECUTIVE  
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05



Mr. Abdul Wahid  
Moosa  
*General Manager*  
Procurement

Abdul Wahid Moosa joined STO after completing his bachelor's degree in business (specialized in Management and Marketing), a degree awarded by the Edith Cowan University, Australia.

He started off at STO Transport Department, working on managing the company's fleet. His interests have always been to work in shipping, particularly in the field of technical & operational management of foreign-going ships.

He attained experience in the field by working in one of successful ship management companies in Thome Ship Management, Singapore. He is the Company Security Officer and has been qualified to conduct industry related ship audits and inspections under ISM, ISPS and ISO 9001-2015.

Today, he serves as the head of Procurement and has previously served as the head of the Fuel, Logistics and Construction department.

Mr. Wahid currently serves as a Chairman to the Board of Maldives State Shipping Company Pvt Ltd. Previously, Mr. Wahid has served as a Chairman of Fuel Supplies Maldives Pvt Ltd and has also served as a board director of Raysut Maldives Cement Ltd.



# EXECUTIVE TEAM

EXECUTIVE  
TEAM

05

Mariyam Nuzla serves as the Head of Department of People Operations at the State Trade Organization Plc, Maldives. At young age, she joined the company in 1999, starting out as a Sales Officer. Through perseverance and consistent performance over the years, she climbed the corporate ladder to establish herself as a key figure within the organization's leadership.

Her decades long career of service has spanned to includes several key positions at the organization, such as the Head of Corporate and Legal Affairs, the Head of Department of Procurement (General), Head of Administration Department and as the Personal Assistant to the Managing Director.

Ms. Nuzla's educational qualification includes a Master's Degree in Business from Cardiff Metropolitan University, United Kingdom, and a Bachelor Degree in Business (Marketing and Management) from Edith Cowan University, Australia.

She currently serves as a Board Director to Fuel Supplies Maldives Pvt Ltd. She has also served as a Board Director to Maldives Gas Pvt Ltd, Board Director to Allied Insurance Company of the Maldives Pvt Ltd, and Board Director to Maldives Industrial Fisheries Company Pvt Ltd on prior occasions.

Ms. Mariyam Nuzla  
*General Manager*  
People Operations



# EXECUTIVE TEAM

EXECUTIVE  
TEAM

05

Mariyam Paruveen Abdul Faththah is the Head of the Department for Administration. She joined STO in the year 1998 after working in the Ministry of Construction and Public Works from 1995 till 1997.

Throughout her tenure at STO, she has ascended through various roles from an Officer to Managerial positions and eventually to Head of Department roles across different divisions, including STO Supermart, PR and Media, the Managing Director's Bureau, and Marketing Communications.

Ms. Paruveen serves as a Board Director to Maldives Gas Pvt Ltd. Previously, she has served as a Board Director to Fuel Supplies Maldives Pvt Ltd.

Ms. Paruveen holds a Master's in Business Administration from the University of Wales Trinity Saint David and a BA (Hons) in Business Administration from the University of Hertfordshire, UK.

Ms. Mariyam  
Paruveen  
Abdul Faththah  
*General Manager*  
Administration



# EXECUTIVE TEAM

EXECUTIVE  
TEAM

05

Aishath Shaffana Rasheed joined STO in 2004. She has served as the Company Secretary of the Company since 2007.

Ms. Shaffana is also the Head of Department for Corporate Affairs, that oversees the Managing Director's Bureau, Public Relations, Corporate Communications, Media Relations, Corporate Social Responsibility, Strategy Monitoring and Compliance in the Company.

She has previously worked at STO Supermart and Marketing Department.

She holds a Master of Law and a Master of Business, from the Cardiff Metropolitan University, UK, and a Bachelor of Business (Marketing and Management) from the Edith Cowan University of Australia.

Ms. Shaffana is a member of the Corporate Governance Institute of Ireland and has completed a Diploma in Corporate Governance. Additionally, she has completed a diploma in ESG from the same institute.

**Ms. Aishath Shaffana  
Rasheed**  
*General Manager / Company Secretary  
Corporate Affairs*



# EXECUTIVE TEAM

EXECUTIVE  
TEAM

05

Mohamed Eman joined STO in 2005 and is currently in charge of the Energy and Construction Solutions Department. Mr. Eman previously held other positions including Senior Manager of the Construction Materials Department, Manager of Logistics Department, Enterprise Information System Department & Fuel Department.

He serves as the Chairman of Maldives Gas Pvt.Ltd. He has previously served in the board of Maldives Structural Products Pvt Ltd and at Raysut Maldives Cement Ltd. He also serves as a Chairman of STO Recreation Club.

Mr.Eman holds BA in Economics from JSS College of Arts Commerce & Science, India. Moreover, he is certified as an Associate Consultant in SAP Materials Management.

Mr. Mohamed Eman  
*General Manager*  
Energy and Construction Solutions



# EXECUTIVE TEAM

EXECUTIVE  
TEAM

05

Ali Nabeeh joined STO right after his higher secondary education in 2005. Initially worked in the Transport Department as an officer and later he worked in different posts at the Transport Department. Today he is the Head of the Logistics Department, where he oversees Marine Transport, Distribution Services, and Engineering Services.

Mr. Nabeeh serves as a Board Director to Maldives State Shipping Company Pvt Ltd and has previously served in the Board of Fuel Supplies Maldives Pvt Ltd and Maldives Gas Pvt Ltd.

He holds a Degree in Bachelor of Arts with first class honors in Logistics Management. Additionally, he has obtained various training in the field of international trade and maritime.

Mr. Ali  
Nabeeh  
*General Manager*  
Logistics



# EXECUTIVE TEAM

EXECUTIVE  
TEAM

05

Mohamed Ihsan Waheed is the Head of the Department of Business Research and Property Management. He oversees Research & Infrastructure projects and Property Management operations.

Prior to joining STO in the year 2008, he worked in IT Administration at Male' Aerated Water Company. He has over 13 years of experience in STO and has worked previously as an officer in Asset Management Department, Contracting Officer in Procurement Department, Delivery Manager in Logistics Department and Senior Manager at Projects Section in Business Research & Property Management.

Mr. Ihsan represents STO in the Board of Maldives Structural Products Pvt Ltd as its Chairman and he serves as a Board Director to STO Hotels and Resorts Pvt Ltd.

He holds a Master's Degree in Business Administration from Anglia Ruskin University, UK and a Bachelor's Degree in Logistics Management from USCI University, Malaysia.

Mr. Mohamed  
Ihsan Waheed  
*General Manager*  
Business Research and  
Property Management



# EXECUTIVE TEAM

EXECUTIVE  
TEAM

05

Ahmed Niushad joined STO in the year 2012 as a Project Manager and currently works as the Head of Department of Medical Services and Pharmacy Management. He is a Certified Project Management Professional (PMP®) with more than 10 years of experience.

He is the Managing Director of STO Hotel and Resorts, also serves as a Board Director of Fuel Supplies Maldives Pvt Ltd.

Mr. Niushad Holds a Master's Degree in Business Administration from Anglia Ruskin University, UK and a Bachelor's Degree of Arts in Architecture from Maldives National University.

Mr. Ahmed  
Niushad  
*General Manager*  
Medical Services and  
Pharmacy Management



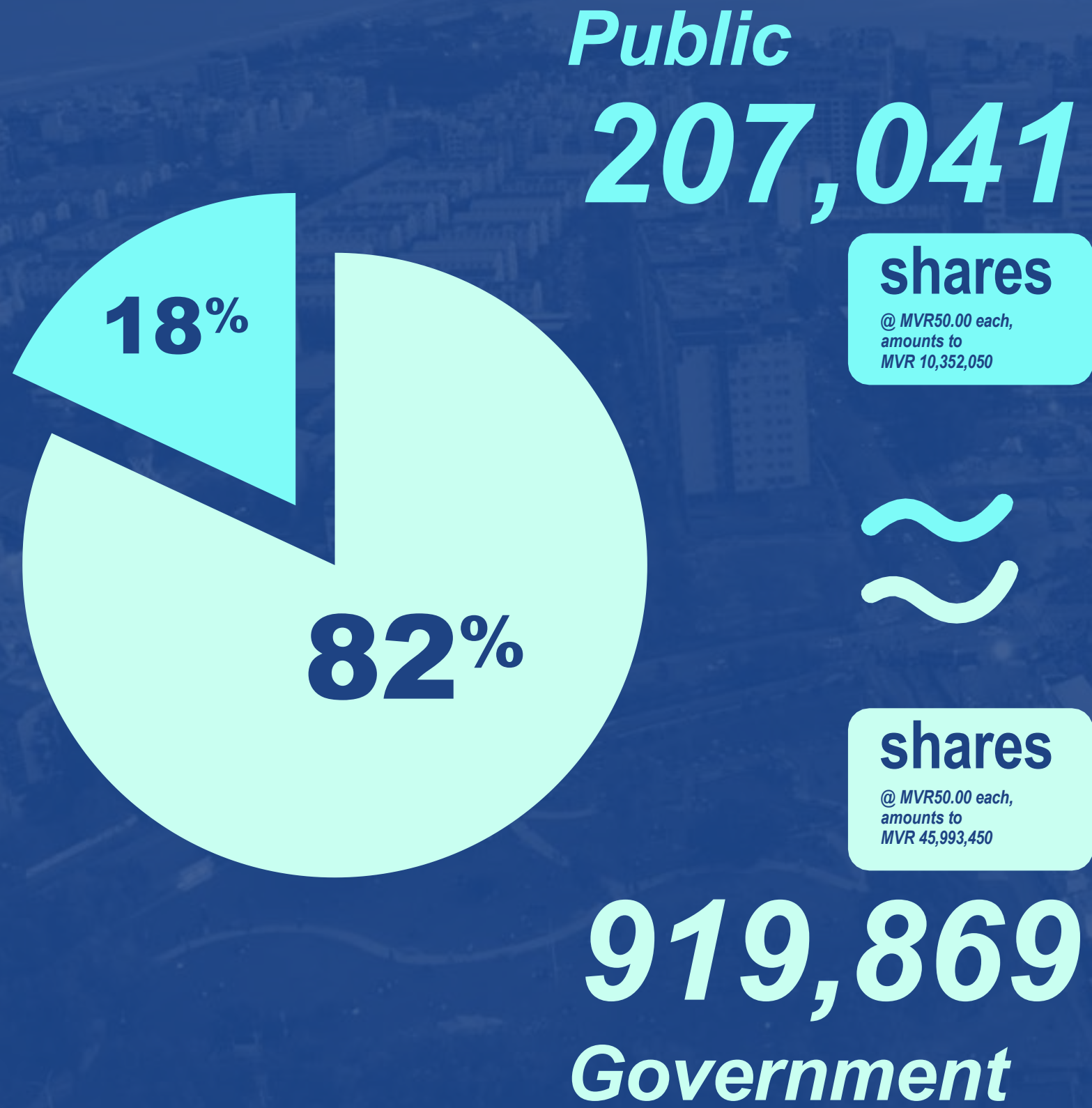
**06**

**GENERAL  
Information**



# SHAREHOLDING Structure

GENERAL  
Information  
**06**



Authorized Capital	100,000,000
Paid up Capital	56,345,000
Premium	27,814,500

# GROUP OF COMPANIES AS AT 31.12.2023

GENERAL  
Information

06



	Allied Insurance Company of the Maldives Pvt Ltd	Maldives Industrial Fisheries Company Ltd*	STO Maldives (Singapore) Pte Ltd	Maldivian Gas Pvt Ltd	Maldives Structural Products Pvt Ltd	Fuel Supplies Maldives Pvt Ltd	Raysut Maldives Cement Pvt Ltd**	STO Hotel & Resorts Pvt Ltd	Maldives State Shipping Company Pvt Ltd
Incorporated date:	01st November 1984	01st November 1993	30th November 1997	30th November 1997	03rd October 1999	18th December 2000	07th January 2002	7th February 2012	04th February 2020
Area of business:	Insurance	Fish canning and its by-product manufacturer	Trading	Gas distribution	Roofing material manufacturer	Fuel distribution	Cement manufacturer	Tourism sector	Shipping
Incorporated in:	Maldives	Maldives	Singapore	Maldives	Maldives	Maldives	Maldives	Maldives	Maldives
Operated in:	Maldives	Maldives	Singapore	Maldives	Maldives	Maldives	Maldives	Maldives	Maldives
Shareholders:	STO 99.99% & MGPL 0.01%	STO 99.99% & Allied 0.01%	STO 100%	STO 90% & Champa Oil & Gas 10%	STO 50% & Rainbow Enterprises 50%	STO 99.99% & Allied 0.01%	STO 25% & Raysut (Oman) 75%	STO 99.99% & FSM 0.01%	STO 99.99% & FSM 0.01%
Registered Address:	Allied Building, 3rd floor, Chaandhane Magu, Malé 20156 Maldives T: +960 3341001 E: <a href="mailto:1600@allied.mv">1600@allied.mv</a> Website: <a href="http://allied.mv">allied.mv</a>	MIFCO Head Office Building Hilaalee Magu, Malé 389 Maldives T: +960 3323932 E: <a href="mailto:info@mifco.mv">info@mifco.mv</a> Website: <a href="http://mifco.mv">mifco.mv</a>	#39-10 International Plaza, 10 Anson Road 079903, Singapore T: (65) 6324 4668 E: <a href="mailto:stosing@stomaldives.com.sg">stosing@stomaldives.com.sg</a>	#02-21 STO Trade Centre, 2nd Floor, Orchid Magu, Male' 20188, Maldives T: +960 3335614 E: <a href="mailto:info@maldivegas.com">info@maldivegas.com</a> Website: <a href="http://maldivegas.com">maldivegas.com</a>	G. Marinespike Building, 2nd Floor, Alikilegefaanu Magu, Male' 20117, Maldives T: +960 3337720 E: <a href="mailto:msroof@dhivehinet.net.mv">msroof@dhivehinet.net.mv</a> Website: <a href="http://msp.com.mv">msp.com.mv</a>	FSM Building, Block A, 4th Floor, Boduthakurufaanu Magu, Malé 20026, Maldives T: +(960) 3336655 E: <a href="mailto:info@fsm.mv">info@fsm.mv</a> Website: <a href="http://fsm.mv">fsm.mv</a>	Faamudheyrige, 2nd Floor, 2A Male' 20209, Maldives T: +960 3315314 E: <a href="mailto:info@raysutmaldives.com">info@raysutmaldives.com</a>	STO Head office building, 6th Floor, Kan'baa Aisa Rani Hingun, Male' 20345, Maldives T: +960 3344209 E: <a href="mailto:hotels@sto.mv">hotels@sto.mv</a>	STO Head office building, Kan'baa Aisa Rani Hingun, Male' 20345, Maldives T: +960 3029200 E: <a href="mailto:info@stateshipping.mv">info@stateshipping.mv</a> Website: <a href="http://stateshipping.mv">stateshipping.mv</a>

\* MIFCO was transferred to Government on 30<sup>th</sup> December 2023.

\*\* Lafarge Maldives Cement Pvt Ltd was renamed to Raysut Maldives Cement Pvt Ltd on 12th August 2020.

**Name of Company:**  
State Trading Organization plc

**Legal form:**

*A Public Listed Company with limited liability. Initially incorporated as a Government Company - Athireemaafannu Trading Account (ATA) on 20th December 1964. Renamed as State Trading Organization on 9th June 1979. Changed to a public listed company on 14th August 2001.*

**Stock exchange listing:**

*Ordinary shares of the Company are listed at the Maldives Stock Exchange Company Pvt Ltd*

**Registered address:**

*State Trading Organization plc. Kan'baa  
Aisa Rani Hingun, Maafannu, Malé 20345  
Republic of Maldives*

**Call Centre: 1422**

   /stoplc  
sto.mv



*Thank you to all our employees, customers, shareholders, suppliers and other stakeholders. We are proud to be working with you to support and build a more sustainable Community.*

*Together, let's continue to enhance our lives*



State Trading Organization plc.  
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Email: [info@stomaldives.net](mailto:info@stomaldives.net)  
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