

**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.*

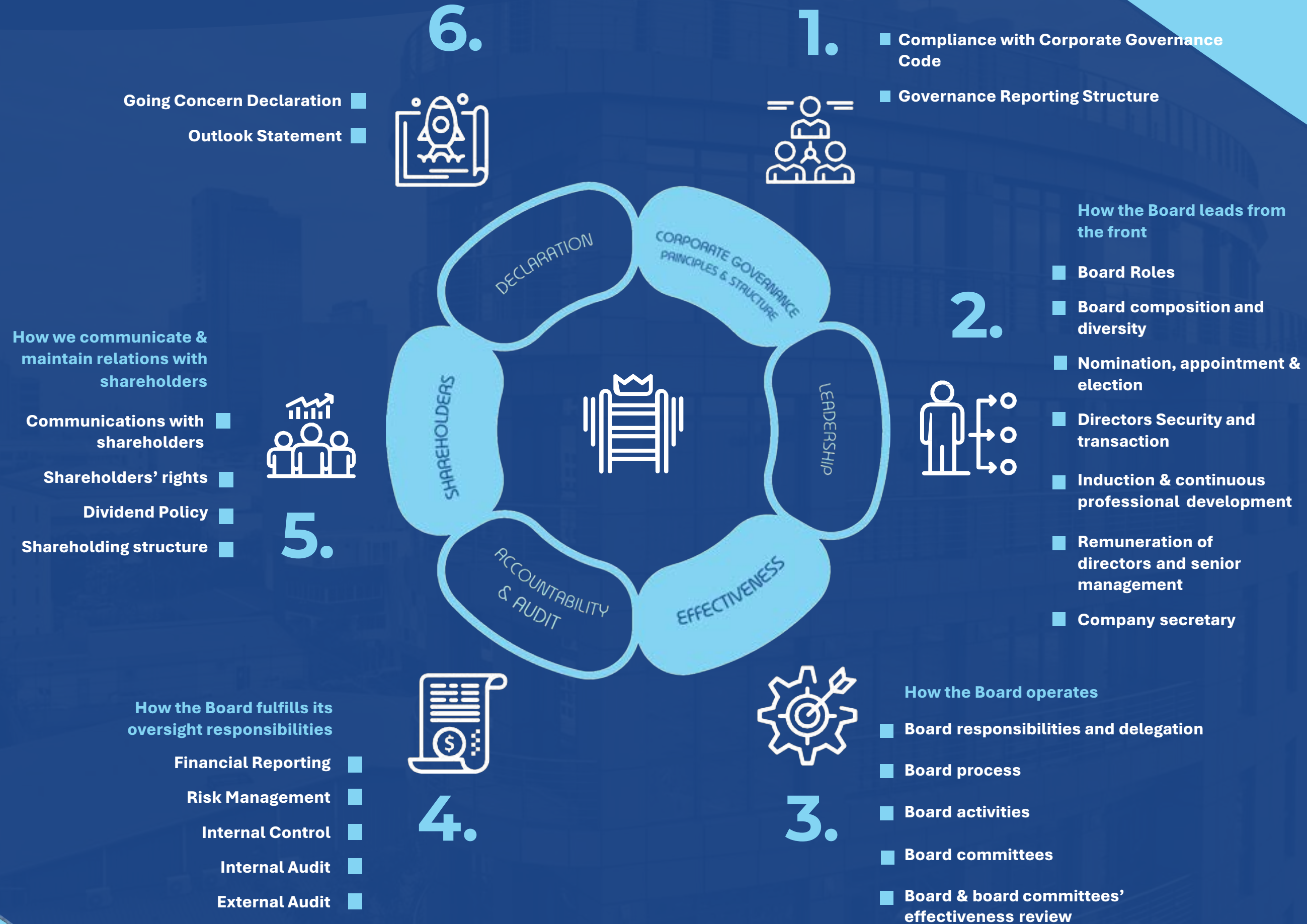
*Zumayl Rasheed actively engages in the trade industry of Maldives, serving currently as a Finance Manager at INK Investment Maldives Pvt Ltd, while contributing to the community by sitting on the Football Association of Maldives (FAM) Disciplinary Committee. Mostly engaged in trade commerce development 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.

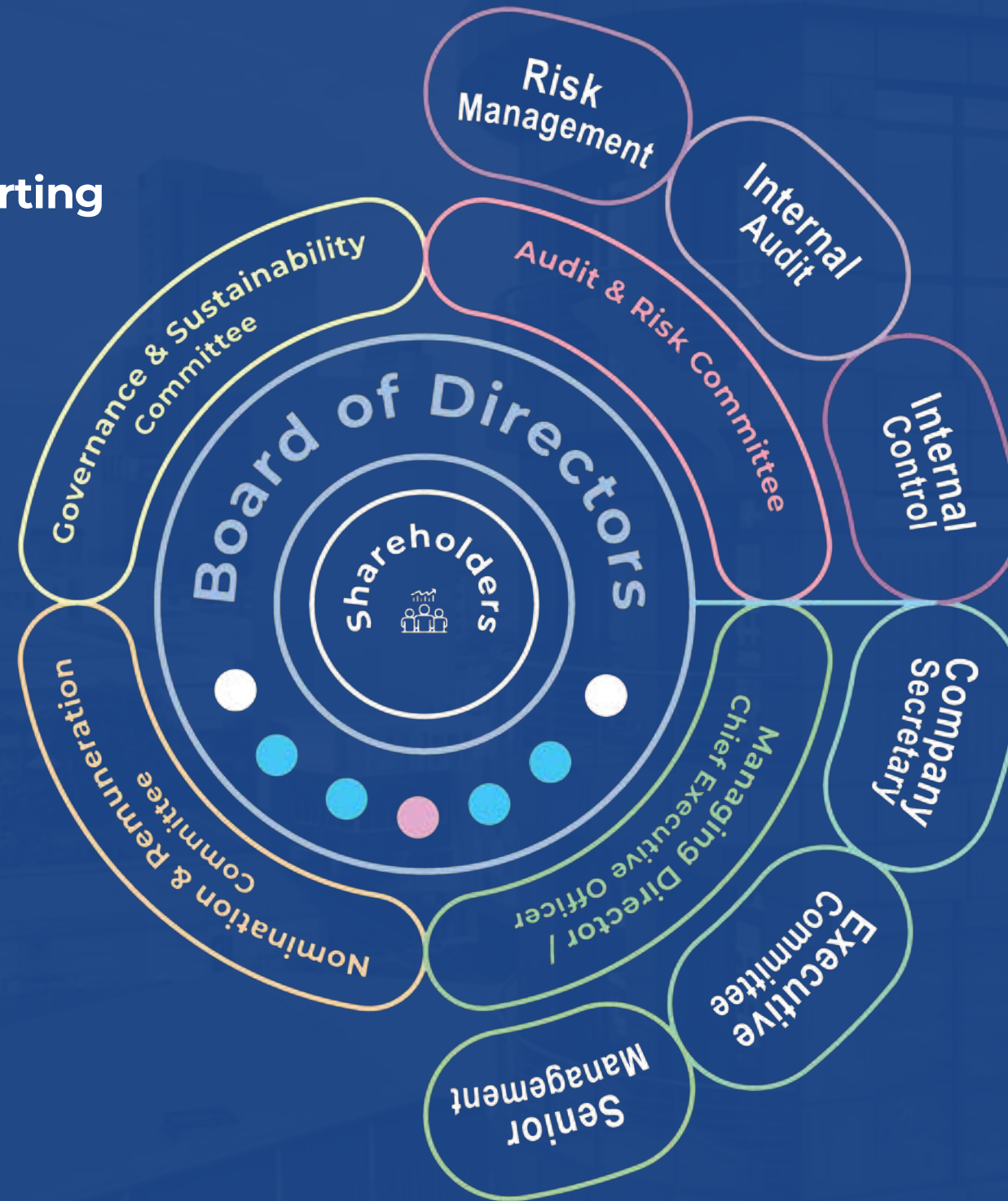
As a limited liability company, STO operates in accordance with the Companies Act 07/2023 (referred to herein as the “Act”), the Corporate Governance Code (referred to herein as “the Code”) of the Capital Market Development Authority (CMDA), the Securities Act of Maldives, the Listing Rules of the Maldives 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



ISMAL 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
	Non-Executive Director	4
	Non-Executive Independent Director	1
Gender	7 Male	6 Male
	0 Female	1 Female
Age	<30	1 director
	30-40	2 directors
	41-50	3 directors
	51-60	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.

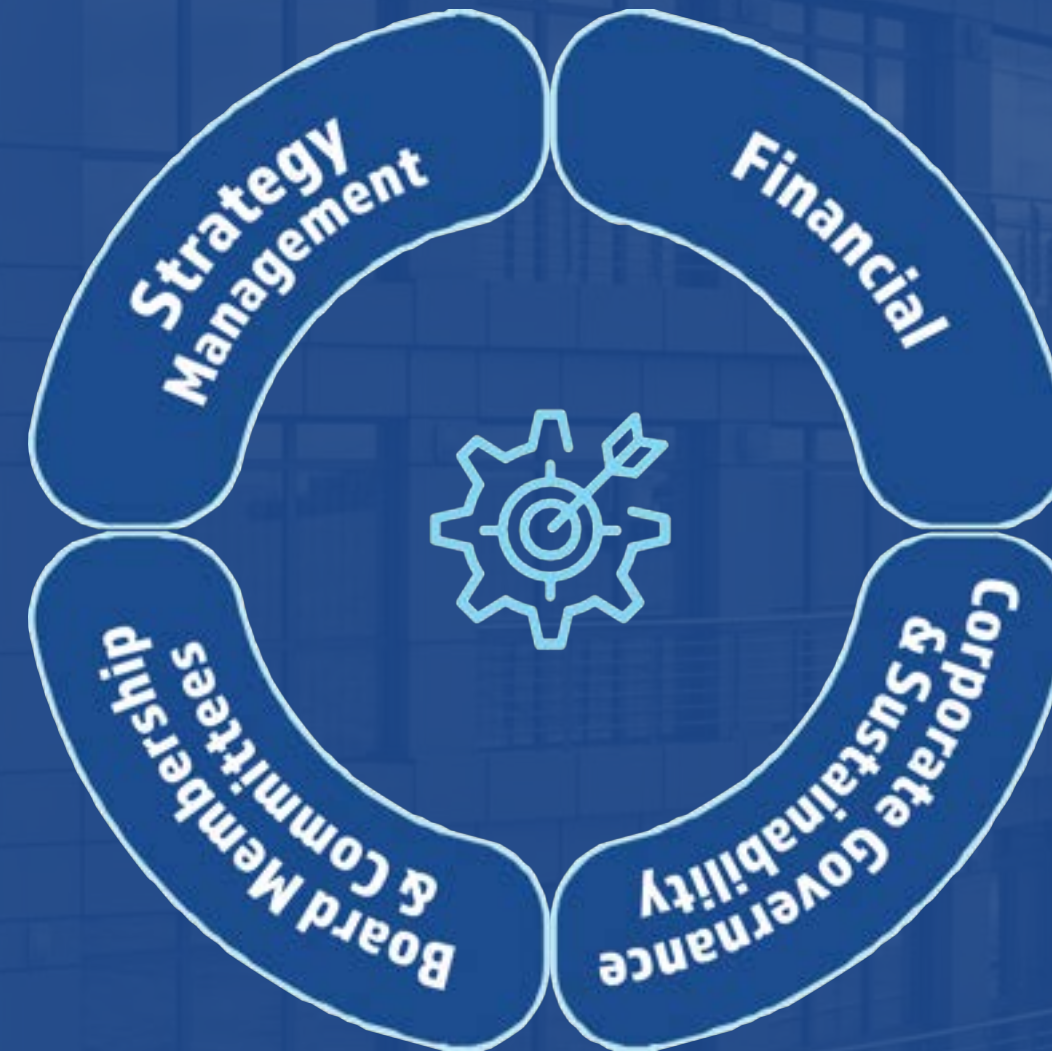
# 3. EFFECTIVENESS

## 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

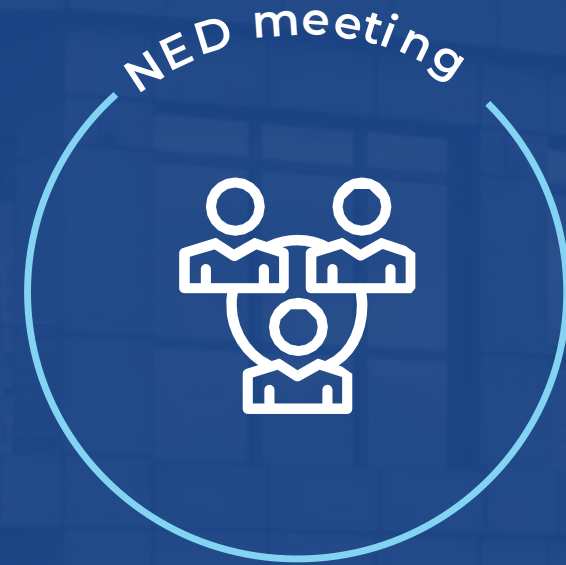


The directors are supplied in a timely manner with all relevant documentation and financial information to assist them in discharge of their duties. Monthly updates of the financial performance of the Group are furnished to the Board between regular Board Meetings through Boardpaq.

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

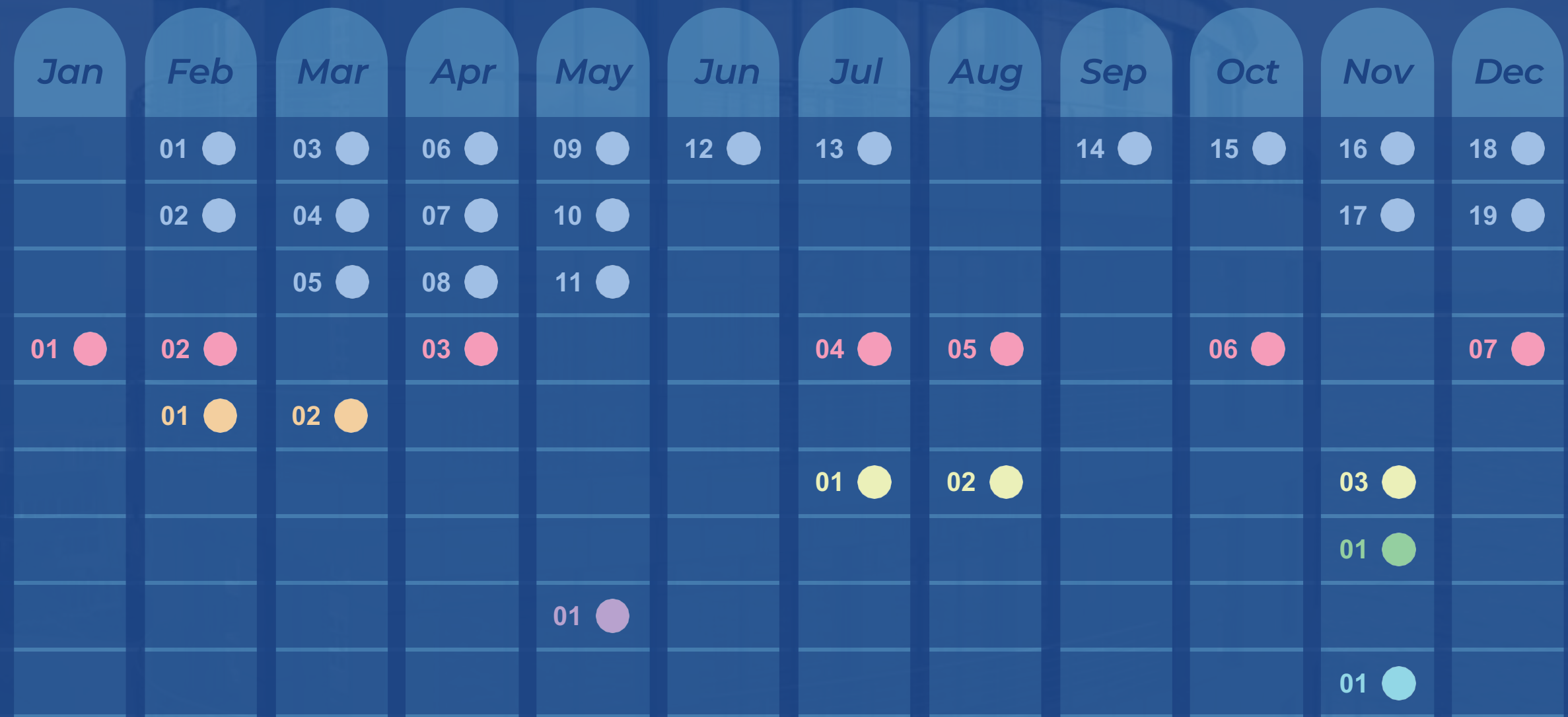
*The evaluation is carried out using an online questionnaire.*



# 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.



# AUDIT & RISK Committee Report

## 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

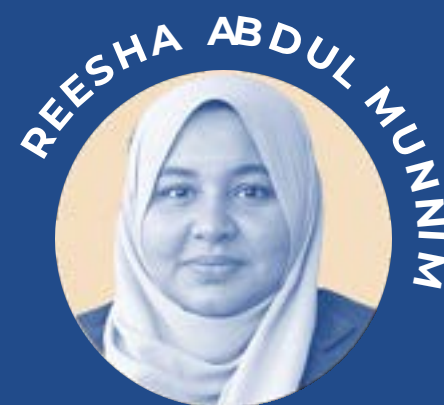
## 3.6. Declaration

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

*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



# REMUNERATION Report

## 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.

## 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.

***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



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



ISMAIL ZUMAYL RASHEED

**Former Director**  
₹ 133,500



GAIS ISMAIL

**Former Director**  
₹ 126,661



ABDULLA SAEED

**Former Director**  
₹ 55,000  
 1



MOHAMED AHSAN SALEM

**Director**  
₹ 78,500  
 200



REESHA ABDUL MUNNIM

**Director**  
Joined in 2024



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

• Chairman of MNOC	No fee
• Represented STO at the Port City Development Consortium	No fee
• Represent STO at Maldives Industrial Development Free Zone PLC	No fee
• Chairman of MIFCO	Monthly MVR5,000 & sitting fee of MVR300/meeting
• Chairman of MNOC	No fee
• Represented STO at the Port City Development Consortium	No fee
• Chairman of MSS	Monthly MVR5,000 & sitting fee of MVR300/meeting
• Chairman of MIFCO	Monthly MVR5,000 & sitting fee of MVR300/meeting
• Chairman of Raysut Maldives Cement	Monthly MVR5,000 & sitting fee of MVR300/meeting
• Represented STO at the Port City Development Consortium	No fee
• Chairman of Allied Insurance Company of the Maldives	Monthly MVR5,000 & sitting fee of MVR300/meeting
• Board Member of MIFCO	Monthly MVR5,000 & sitting fee of MVR300/meeting
• Board Member of MSS	Monthly MVR5,000 & sitting fee of MVR300/meeting
• Chairman of Raysut Maldives Cement	Monthly MVR5,000 & sitting fee of MVR300/meeting
• Chairman of STO Maldives Singapore	No fee

# REMUNERATION Report

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## 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 aim to attract and retain top talent, drive performance, and create long-term value for our shareholders and stake- holders alike.

## 6. Declaration

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