



CORPORATE GOVERNANCE REPORT 2024

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1 INTRODUCTION

The Corporate Governance Report for the year 2024 provides a comprehensive overview of the organization's commitment to ethical business practices and responsible governance. The report highlights key initiatives undertaken to enhance corporate governance structures, ensuring transparency, accountability, and stakeholder engagement.

The report provides insight into the company's compliance with the Code of Corporate Governance for STO Group of Companies.

2 PURPOSE AND NATURE OF THE COMPANY

Established on 18 December 2000, Fuel Supplies Maldives (FSM) is a subsidiary of State Trading Organization Plc (STO) and Allied Insurance Company of the Maldives Pvt Ltd (Allied). It was created with the primary goal of streamlining fuel distribution throughout the country, ensuring convenient access to fuel.

Prior to FSM's formation, fuel distribution was managed by STO, the Maldives' main fuel importer. Since its inception, FSM has built a strong distribution network, making fuel widely accessible nationwide. By adopting new technologies, the Company has transformed fuel delivery and handling, setting industry benchmarks for efficiency and reliability.

FSM recognizes its role in the country's economic and national development. Given the nature of its operations, the Company prioritizes safety and implements best practices to minimize environmental impact.

3 THE BOARD CHARTER

The Board Charter serves as a guiding framework for directors in fulfilling their corporate governance responsibilities and providing strategic leadership. It defines the board's roles, duties, organizational structure, and procedures, while emphasizing the significance of all aspects of board operations.

The Board's objectives encompass:

- Providing strategic direction for the organization.
- Establishing a policy-driven governance framework.
- Identifying operational risks and implementing mitigation strategies.
- Ensuring compliance with relevant laws and regulations.
- Monitoring financial performance.
- Recruiting, supervising, retaining, and assessing candidates for the managing director and executive management roles.
- Ensuring the adequacy of technology and information systems in use.
- Delivering essential reports to stakeholders.

4 TENURE

In 2024, the Board of Directors underwent three major changes. Board Chairman Mr. Abdul Wahid Moosa was removed from the Board in February 2024. In his place, Mr. Mohamed Nizam was appointed as the new chairman on 5th February 2024. Additionally, Board Director Ms. Aishath Shaheen was removed from the board and Ms. Mariyam Nuzla assumed the position on the same date.

Mr. Ismail Suhail served as Managing Director until November 26, 2024, after which Ms. Fathimath Ashan was appointed to the role, effective from December 15, 2024.

Mr. Abdul Wahid Moosa, the former Chairman of the Board, completed his tenth term in 2024. He served as a director from 2014 to 2019 and as Chairman of the Board from 2019 to 2024. He was later removed from the Board in early 2024. No other director exceeds a term of more than 6 years.

5 BOARD COMPOSITION AND DIVERSITY

As per the Articles of Association, the Board of Directors is required to consist of a minimum of 3 and a maximum of 7 members. In 2024, the Board comprised 7 members, including 6 non-executive members and 1 executive member, who also served as the Company's Managing Director. Additionally, throughout the year, the Board included three different female directors at various times.

All members of the Board come from diverse professional backgrounds and possess varied qualifications. They hold managerial positions or higher within STO.

Throughout 2024, each member is considered to have acted independently and in the best interest of the Company.

The following individuals served as directors on the Board in 2024.

NAME	POSITION IN BOARD	INITIAL APPOINTMENT DATE	RESIGNED/ REMOVED DATE
Mohamed Nizam	Chairman	05th Feb 2024	31st Dec 2024
Fathimath Ashan	Managing Director	15th Dec 2024	
Mohamed Shuaib Ahmed	Director	10th Jan 2021	
Aminath Shamrath	Director	12th Apr 2023	
Hussain Ali	Director	19th Jun 2023	
Mariyam Nuzla	Director	05th Feb 2024	31st Dec 2024
Abdul Wahid Moosa	Former Chairman	05th Jan 2014	04th Feb 2024
Ismail Suhail	Former Managing Director	30th Nov 2023	26th Nov 2024
Aishath Shaheen	Former Director	10th Jan 2021	04th Feb 2024
Ahmed Niushad	Former Director	10th Jan 2021	31st Dec 2024

6 PROCESS OF APPOINTMENT OF DIRECTORS

Board nominations are exclusively made by the shareholders. As stipulated in the Articles of Association, the majority shareholder holds the authority to appoint up to seven board members, with the minority shareholder providing consent for these appointments. All appointments are formally communicated to the Company through shareholder resolutions..

When selecting new directors, key considerations include relevant qualifications, skills, experience, and diversity, particularly in terms of age and gender.

7 SEGREGATION OF DUTIES BETWEEN CHAIRPERSON AND THE MANAGING DIRECTOR

The roles of Chairperson of the Board of Directors and Managing Director of the Company are held by separate individuals, with their respective responsibilities clearly defined in the Board Charter to maintain a distinct division of functions.

The Chairperson's primary duty is to lead the Board, presiding over meetings, managing the strategic agenda, delegating authority, and ensuring that board members receive timely and relevant information for effective decision-making. Additionally, the Chairperson identifies, and addresses development needs, oversees annual evaluations, and maintains strong relationships with shareholders.

Conversely, the Managing Director is responsible for the Company's day-to-day operations. This includes executing strategic initiatives, ensuring regulatory compliance, setting objectives, and optimizing resources to achieve business goals.

Both the Chairperson and the Managing Director have confirmed that they have no personal or familial relations with each other.

8 BOARD INDUCTION AND CONTINUING EDUCATION

The Company provides a comprehensive orientation program designed to newly appointed directors with a deep understanding of business operations and governance protocols. Facilitated by the Company Secretariat, this program ensures that directors are well-informed about their roles and responsibilities within the organization.

Furthermore, the Company is dedicated to fostering continuous learning and professional development for its Board of Directors. Every effort is made to ensure that each director possesses the necessary expertise, knowledge, and competencies to navigate complex challenges and contribute effectively to governance and strategic decision-making.

In 2024, directors engaged in a diverse array of training sessions encompassing Directors Development Programs, Artificial Intelligence for Managers and leaders, Strategic Planning & Corporate Governance, Certification of Oil Industry Expertise, and Board Directorship Program.

9 EVALUATION OF THE BOARD

As part of its commitment to continuous improvement and transparent governance, the Board of Directors conducted a comprehensive internal performance evaluation for the year 2024, in accordance with the Board Directors Performance Evaluation Framework. This assessment took place in January 2025. An online evaluation tool was utilized to collect feedback and insights from multiple perspectives, including the Board as a whole, individual directors, the Chairperson, the Managing Director, board committees, and the Company Secretary.

The results of this assessment provided valuable insights into both the Board's strengths and areas for improvement. The recommendations derived from the evaluation were carefully reviewed and considered for integration into future governance strategies and initiatives.

Additionally, in November 2023, a skill matrix was introduced as a strategic tool to ensure a well-balanced Board with diverse expertise. This initiative fosters effective management, goal achievement, and informed decision-making. Moreover, the skill matrix serves as a dynamic framework, aligning the collective competencies of the Board with the evolving needs of the Company.

10 BOARD REMUNERATION

Board remuneration is decided and enforced by the shareholders. As such, following are the board fee structure and the total board fees received to each director in 2024.

BOARD FEE STRUCTURE	
Monthly Board Allowance for Chairman and Directors including Executive Members	MVR 5,000.00
Sitting Fee per Board Meeting	MVR 300.00
Sitting Fee per Committee Meeting	MVR 250.00
TOTAL FEES RECEIVED TO DIRECTORS IN THE YEAR 2024	
TOTAL	MVR 386,511.15

Due to salary disparities in the employment market, the Board of Directors has chosen not to disclose the individual remuneration package of top management and executive directors.

11 BOARD MEETINGS AND ATTENDANCE

Throughout the year, a total of 13 Board Meetings were held, demonstrating the Board of Directors' commitment to Company matters and governance in 2024.

The Company Secretary, in coordination with the Chairperson and Managing Director, is responsible for preparing the agenda for each meeting. Directors were duly notified in accordance with the Articles of Association and had the opportunity to propose additional agenda items as needed.

The following table illustrates directors' attendance at board meetings.

NAME	ATTENDANCE TO BOARD (no. of meeting attended/ no. of meetings held)	ATTENDANCE %
Abdul Wahid Moosa (Former Chairman)	2/2	100%
Mohamed Nizam	11/11	100%
Ismail Suhail	8/8	100%
Fathimath Ashan	2/2	100%
Mohamed Shuaib Ahmed	11/13	85%
Aishath Shaheen	2/2	100%
Ahmed Niushad	12/13	92%
Aiminath Shamrath	13/13	100%
Hussain Ali	12/13	92%
Mariyam Nuzla	11/11	100%

12 BOARD PROCEEDS AND MAJOR DECISIONS

The Board has full access to Company information, with executive team members and managers frequently invited to board meetings to provide additional insights. Meeting materials, including agendas and relevant documents, are distributed in advance via email to ensure thorough preparation.

To ensure directors are well-informed about Company performance, management regularly shares reports containing budgets, forecasts, quarterly financial reports, and monthly management accounts.

Additionally, the Internal Audit HOD presents audit reports to the Audit and Risk Committee and, when necessary, to the Board, ensuring transparency and oversight.

Throughout the year, the Board made several significant decisions, including:

- Review and approval of Financial Statement 2023 and Management Letter 2023
- Review and approval of implementation of HR Software
- Review and approval of Vessel CCTV Project
- Review and approval of TCS meter implementation and installation of modems in all vessels
- Review and approval of ATG System – pilot project
- Review and approval of External Auditors for the year 2024
- Review and approval of Annual Report 2023
- Review and approval of Budget 2025

13 NON-EXECUTIVE DIRECTORS MEETING

In alignment with the Board Charters and Governance Code, the non-executive directors conducted a separate meeting, independent of the executive members of the Board. The primary objective of this assessment was to evaluate the effectiveness of information exchange between management and the Board, emphasizing the quality and timeliness of communication.

14 BOARD COMMITTEES

The Board relies on the support of its committees, including the Audit and Risk Committee, the Nomination and Remuneration Committee, and the Governance & Sustainability Committee. Each year, the Board appoints the Chairpersons and members of these committees and evaluates their performance.

The Nomination and Remuneration Committee is required to convene at least four times a year, while the Audit and Risk Committee must meet at least quarterly. Other committees are required to hold meetings at least once annually. The agenda and duration of these meetings are determined by the respective Chairpersons in coordination with the Company Secretary. Each committee operates under a charter approved by the Board of Directors, outlining its specific duties and responsibilities.

To enhance efficiency, the Nomination and Remuneration Committee functions as a combined entity, as many of the same directors are responsible for both areas.

All recommendations made by the committees must be reviewed and approved by the Board before implementation by management.

14.1 AUDIT AND RISK COMMITTEE

FOCUS AREA :

- Financial Oversight and Risk Management

Composition:

The Committee was formed in adherence to the Governance Code, comprising 3 members, with at least 1 member possessing sufficient financial expertise or experience.

In the year 2024, Ms. Aiminath Shamrath served as the Chairperson of the Audit and Risk Committee.

PRIMARY RESPONSIBILITIES:

- The accuracy and integrity of the financial statements and the Company's financial reporting processes.
- The independent auditor's qualifications and independence.
- The performance of the Company's internal audit function and independent auditors.
- The compliance by the Company with legal and regulatory requirements.
- To assure that there is in place effective systems of controls reasonably designed to:
 - i. Safeguard assets and income of the company
 - ii. Maintain compliance with company's ethical standards and policies. Plans and procedures

MEETINGS AND ATTENDANCE

In 2024, the Committee held 11 meetings. The General Manager of Internal Audit, External Auditors and Chief Financial Officer made presentations to the meetings where required.

NAME AND POST IN COMMITTEE	JOINED DATE	REMOVED DATE	ATTENDANCE (no. of meetings attended/ no. of meetings held)	ATTENDANCE %
Aminath Shamrath Chairperson Non-Executive Director	12th April 2023		11/11	100%
Mohamed Shuaib Committee Member Non-Executive Director	10th Jan 2021		11/11	100%
Ahmed Niushad Committee Member Non-Executive Director	10th Jan 2021	31st Dec 2024	10/11	91%

MAJOR ACTIVITIES:

- Reviewed internal audit reports.
- Discussed on the External Auditor appointment and fees.
- Reviewed Management Letter and Auditor recommendations.
- Reviewed the financial statements of the Company before submitting to Board approval for finalization.
- Reviewed the budget for 2025.
- Review of PID/POD
- Review of Whistleblower Cases

14.2 NOMINATION AND REMUNERATION COMMITTEE

FOCUS AREA : Shaping the leadership and compensation framework of the organization

Composition: The Committee was formed in adherence to the Governance Code, comprising 3 members.

In 2024, there was 1 alteration to the Committee membership. Following the changes to the Board, Mr. Mohamed Shuaib Ahmed, who previously served as the Chairperson of the Committee was replaced by Ms. Mariyam Nuzla.

PRIMARY RESPONSIBILITIES:

- Identifying qualified candidates for management positions.
- Conducting regular reviews of the Company's remuneration policies and practices to ensure they remain competitive and in line with industry standards
- Recommending adjustments to the management composition.
- Evaluating performance and remuneration of executive management.
- Ensuring alignment with the Company's corporate objectives and values.

MEETINGS AND ATTENDANCE

In 2024, the Committee held 6 meetings. The Chief Financial Officer and General Manager of Human Resources made presentations to the meetings, where required.

NAME AND POST IN COMMITTEE	JOINED DATE	REMOVED DATE	ATTENDANCE (no. of meetings attended/ no. of meetings held)	ATTENDANCE %
Mohamed Shuaib Ahmed Former Chairman Non-Executive Director	10th Jan 2021	23th March 2024	1/1	100%
Mariyam Nuzla Chairman Non-Executive Director	05th Feb 2024	31st Dec 2024	5/5	100%
Aminath Shamrath Non-Executive Director	12th Apr 2023		6/6	100%
Hussain Ali Non-Executive Director	19th Jun 2023		4/6	92%

MAJOR ACTIVITIES:

- Recruitment proposals were reviewed as required by the policies.
- Departmental and organizational structures were reviewed before submitting to Board for discussion.
- Reviewed candidates proposed to executive level new appointments.

14.3 GOVERNANCE & SUSTAINABILITY COMMITTEE

FOCUS AREA : Good governance.

Composition: The committee was formed in adherence to the Governance Code, comprising 3 members.

In 2024, there were no changes made to the committee composition.

PRIMARY RESPONSIBILITIES:

- Reviewing and recommending enhancements to the Company's corporate governance framework.
- Ensuring that governance structures and processes are aligned with best practices.
- Overseeing the development and adherence to a comprehensive Code of Conduct for directors, employees, and stakeholders.
- Regularly reviewing and updating the Code of Conduct as needed.

MEETINGS AND ATTENDANCE

In 2024, the committee held 3 meetings. The General Manager of Human Resources made presentations at the meetings, where required.

NAME AND POST IN COMMITTEE	JOINED DATE	REMOVED DATE	ATTENDANCE (no. of meetings attended/ no. of meetings held)	ATTENDANCE %
Ahmed Niushad Chairman Non-Executive Director	10th Jan 2021	31st Dec 2024	3/3	100%
Mohamed Shuaib Ahmed Non-Executive Director	10th Jan 2021		3/3	100%
Hussain Ali Non-Executive Director	19th Jun 2023		3/3	100%
Mariyam Nuzla Non-Executive Director	05th Feb 2024	31st Dec 2024	3/3	100%

MAJOR ACTIVITIES:

- Reviewed the proposed revisions to company policies.
- Reviewed the Governance Report for Annual Report 2023
- Reviewed the Governance Compliance Report for submission to shareholders.

15 CONFLICT OF INTEREST AND MATERIALLY SIGNIFICANT, RELATED PARTY TRANSACTION

The Company has a Disclosure of Interest Policy that has been approved by the Board. According to this policy, Directors must disclose any significant interests held by themselves or their immediate family members in any Company, association, or other affiliations. This information is thoroughly reviewed and, when necessary, cross-checked with relevant authorities to ensure its accuracy.

No significant or material related party transactions occurred during 2024

16 GOOD GOVERNANCE, POLICIES & PROCEDURES

Over the years, the Board has continually reviewed and strengthened the Company's Corporate Governance principles to meet its corporate responsibilities to stakeholders. These principles play a crucial role in providing the Board with the authority and processes needed to effectively assess and evaluate operations as required.

The Company follows the Corporate Governance Code of the STO Group of Companies and adopts additional best practices and governance standards where necessary.

In addition, the Company complies with Group Policies established by shareholders, including the Conflict of Interest and Declaration Policy, Blacklisting Policy, Vessel and Vehicle Management Policy, and Whistleblower Policy. Furthermore, the Company has implemented several other policies to govern its processes and procedures.

17 COMPANY SECRETARY

The Company Secretary assists the Board and its individual directors by offering guidance on how to fulfill their responsibilities in the best interests of the Company.

Continuously updating her knowledge of Corporate Governance best practices and regulations, the Company Secretary ensures that she remains well-informed. Additionally, she regularly provides directors with the necessary information when required.

The Board is confident in the competency and experience of the Company Secretary.

18 MANAGEMENT REVIEW AND RESPONSIBILITIES

The Company strives to enhance the welfare of its stakeholders, customers, employees, and shareholders by improving its services and addressing the key concerns of all parties. Achieving this vision relies on sustainable growth, the introduction of innovative products under strong brands, operational excellence, and the dedication of committed employees.

19 INTERNAL AND EXTERNAL AUDIT

The Company maintains an independent Internal Audit function. The Internal Auditor reports functionally to the Chairperson of the Audit and Risk Management Committee and administratively to the Managing Director. This function ensures impartial and objective assurance, systematically evaluating and proposing enhancements for more effective management, governance, and internal control processes.

External Auditors are appointed annually at the Annual General Meeting. The performance of the Auditors is reviewed by the Audit and Risk Management Committee regularly. The Company follows the International Financial Reporting Standards (IFRS), ensuring reasonable assurance regarding the accuracy of Financial Statements.

Both the Board of Directors and management welcome the impartial opinions and recommendations of the Auditors, internal and external alike, and strive to address the findings highlighted in the Auditor's Reports for continuous improvement.

In 2024, PwC Maldives exited PwC network and joined Deloitte network, while maintaining the same partner and registered address. At the end of 2024, Deloitte network remained as the external auditor of the Company.

20 INTERNAL CONTROL, RISK MANAGEMENT AND COMPLIANCE

The internal control and risk management frameworks ensure that the Company meets its objectives related to efficient operations, compliance with relevant laws and regulations, and reliable financial reporting. The Company's control environment, which shapes both individual and collective behavior, is guided by policies, procedures, manuals, codes, and IT-generated controls. This environment is further supported by the organizational structure, which establishes clear responsibilities and authority based on shared values

The Board of Directors holds ultimate responsibility for implementing an effective internal control system. The Managing Director is responsible for maintaining internal controls, while the Audit and Risk Committee assists the Board in overseeing the adequacy of key manuals, policies, and accounting principles.

Delegation of authority, manuals, policies, procedures, codes of conduct, and the employee handbook clearly outline the limits of authority and responsibility. These internal guidelines, in conjunction with applicable laws and regulations, collectively define environmental control.

The Board remains satisfied with the adequacy of existing internal controls in place.

21 SHARES, SHAREHOLDING AND SHAREHOLDER VOTING RIGHTS

The Company has two ordinary shareholders with 99% shares of STO and 0.01% shares of Allied. The Company has issued 35,000,000 of its authorized shares. Each share entitles holders to the same proportion of assets and earnings and carries equal rights in terms of dividend.

According to the Articles of Association, each share accounts for one vote each. Voting is based on show of hands, where the vote is counted as 1 vote per member, unless 10% shareholders or their proxies are present, request for a poll where voting will be counted on shares represented.

22 SYSTEMS FOR RAISING CONCERNS

The Company has established appropriate mechanisms to allow employees, management, and other stakeholders to raise concerns—either confidentially or openly—about any instances of non-compliance, fraud, or other misconduct within the organization. Whistleblower facilities and portals have been set up for stakeholders to submit their concerns directly to the relevant officers and the Board of Directors.

23 ANNUAL GENERAL MEETING

The decision-making rights of shareholders are exercised at the General Meetings. The Annual General Meeting of the Company is held during the first half of the year.

24 DIVIDEND

It was decided in the AGM to retain the profits to invest in the Company assets.

25 DETAILS OF NON-COMPLIANCE

No penalty has been imposed by any regulator or authority due to a non-compliance issues. Issues noted regarding compliance with regulatory and other statutory requirements are being addressed immediately and effectively

26 GOING CONCERN DECLARATION AND FUTURE OUTLOOK

The Board is confident in its composition, believing that both the Board and Management have a well-balanced mix of members who can provide essential support to the Company in achieving its strategic and business objectives.

As a result, there is a prevailing sense of optimism among the Board members regarding the Company's prospects. The Board is committed to continuing its efforts to pursue the Company's long-term vision and therefore affirm that the Company can proceed with confidence in carrying out its operations, implementing proposed plans, and achieving projected results effectively.

