

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5133
COMPANY NAME : PETRA ENEERGY BERHAD
FINANCIAL YEAR : December 31, 2017

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application :	Applied
Explanation on application of the practice :	<p>(i) The Board of Directors ("the Board") of Petra Energy Berhad ("Petra Energy" or "Company") is fully committed to ensure that Petra Energy and its subsidiary companies ("the Group") continue to achieve and maintain the highest standard of corporate governance and devote considerable effort to identify and formalise Best Practices. The Board believes that the sound and effective corporate practices are fundamental to the smooth, effective and transparent operations of the Group and its ability to attract investments, protect the rights of the shareholders, as well as stakeholders and enhance shareholders' value.</p> <p>(ii) The Board takes full responsibility for the oversight and overall management of the Company by establishing written procedures in discharging its fiduciary and leadership functions as spelt out in the Board Charter. It determines specific issues requiring a decision of the Board and issues which may be delegated to Board Committees or Management.</p> <p>(iii) The Board is primarily responsible for the development of the corporate objectives, the strategic direction, the performance and the corporate governance of the Group.</p> <p>(iv) The Board is also ultimately responsible for overseeing the implementation of strategies and plans by the Management, overseeing the conduct of the Group businesses, monitoring the implementation of appropriate system to manage principal risks, reviewing the adequacy and integrity of the Group's internal control and ensuring effective communication with stakeholders.</p> <p>(v) It is also the role of the Board to set the Group Core Values, adopt proper standards to ensure that the Group operates with integrity and complies with the relevant rules and regulations.</p> <p>(vi) The key responsibilities of the Board are stated in the Board Charter amongst others:</p> <ul style="list-style-type: none"> ➤ Together with Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;

	<ul style="list-style-type: none"> ➤ Review, challenge and decide on Management’s proposals for the Company and monitor its implementation by Management; ➤ Review and approve the strategic plan/initiatives of the Company to support long term value creation and include strategies on economic, environmental and social considerations underpinning sustainability; ➤ Supervise and assess management performance to determine whether the business is being properly managed; ➤ Oversee the conduct of the Group’s business to evaluate and assess management performance whether business are being properly managed; ➤ Review whether there is a sound framework for internal controls and risks management; ➤ Assess and identify the principal risks of the Company’s business and recognise that business decisions involving acceptance of appropriate risks; ➤ Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks; ➤ Ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management; ➤ Ensure that the Company has in place procedures to enable effective communication with stakeholders; ➤ Ensure the integrity of the Company’s financial and non-financial reporting; ➤ Ensure appointment of External Auditors that qualifies the requirement of Paragraph 15.21 of the Main Market Listing Requirement of Bursa Securities (“MMLR”); and ➤ Carry out or perform such other functions necessary for the discharge of fiduciary duties under the relevant laws, rules and regulations. <p>(vii) The Board delegates its roles and responsibilities to the Board Committee and the detailed functions of each Board Committees such as Audit Committee (“AC”), Board Risk Management Committee (“BRMC”), Remuneration Committee (“RC”) and Nominating Committee (“NC”) are set out in their respective Terms of References. These Committees have no authority and would report to the Board with recommendations on their respective functions and findings to assist the Board in making decisions whilst discharging their responsibilities as defined under the Board Charter.</p> <p>(viii) The Board acknowledges the importance of maintaining a sound risk management and internal control system as well as reviewing its adequacy and effectiveness to ensure good corporate governance.</p> <p>(ix) The Company adopted and practises the Code of Ethics for the Board issued by the Suruhanjaya Syarikat Malaysia (“SSM”). The Code of Ethics provides guidance for proper standards of conduct with sound and prudent practices as well as standards of ethical and behaviour for Directors, in line with the Company’s core values which emphasize on behavioural ethics when dealing with third parties and employees. Directors are expected to conduct themselves with the highest ethical standards and corporate governance.</p> <p>(x) The Company complies with the various guidelines issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) and Securities Commission relating to disclosures and internal audit functions.</p>
--	---

	<p>(xi) The Board had obtained approval from the shareholders at the Company Extraordinary General Meeting (“EGM”) to adopt a new Company’s Constitution on 19 August 2017.</p> <p>(xii) In February 2018, the Board had approved the revision to the Board Charter in line with the updated statutory and regulation requirements.</p> <p>(xiii) The Board and the Board Committees meet on a quarterly basis, with additional meetings convened as and when necessary. The attendance of Directors at the Board and Board Committee Meetings during financial year 2017 are as follows:</p>																																																																																	
	<table border="1"> <thead> <tr> <th rowspan="2">Name of Directors</th> <th rowspan="2">Board of Directors’ Meeting</th> <th rowspan="2">General Meeting</th> <th colspan="4">Board Committees</th> </tr> <tr> <th>AC</th> <th>RMC</th> <th>NC</th> <th>RC</th> </tr> </thead> <tbody> <tr> <td>Executive Directors</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Dato’ Anthony @ Firdaus bin Bujang</td> <td>7/7</td> <td>2/2</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ahmadi bin Yusoff</td> <td>6/7</td> <td>2/2</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ng Ing Peng <i>(re-designated as Non Independent Non-Executive Director effective 1/1/2017)</i></td> <td>7/7</td> <td>2/2</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Non-Independent/Non- Executive Directors</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Gian Carlo Maccagno</td> <td>7/7</td> <td>2/2</td> <td>5/5</td> <td>4/4</td> <td>4/4</td> <td>4/4</td> </tr> <tr> <td>Independent Non- Executive Directors</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Tan Sri Datuk Seri Sulong bin Matjeraie <i>(appointed as member of Audit Committee w.e.f. 18 May 2017)</i> Chairman of Board</td> <td>7/7</td> <td>2/2</td> <td>2/2</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Abdul Rahim bin Abdul Hamid Chairman of Audit Committee Chairman of Remuneration Committee (w.e.f 18/5/2017) Chairman of Nomination Committee (w.e.f. 18/5/2017)</td> <td>7/7</td> <td>2/2</td> <td>5/5</td> <td>4/4</td> <td>4/4</td> <td>4/4</td> </tr> <tr> <td>Ahmad Azra bin Salleh Chairman of Nomination Committee until 18/5/2017) Chairman of Remuneration Committee until 18/5/2017) Member of Audit Committee until 18/5/2017) Member of Risk Management Committee until 18/5/2017</td> <td>3/3</td> <td>1/1</td> <td>3/3</td> <td>2/2</td> <td>3/3</td> <td>4/4</td> </tr> </tbody> </table>	Name of Directors	Board of Directors’ Meeting	General Meeting	Board Committees				AC	RMC	NC	RC	Executive Directors							Dato’ Anthony @ Firdaus bin Bujang	7/7	2/2					Ahmadi bin Yusoff	6/7	2/2					Ng Ing Peng <i>(re-designated as Non Independent Non-Executive Director effective 1/1/2017)</i>	7/7	2/2					Non-Independent/Non- Executive Directors							Gian Carlo Maccagno	7/7	2/2	5/5	4/4	4/4	4/4	Independent Non- Executive Directors							Tan Sri Datuk Seri Sulong bin Matjeraie <i>(appointed as member of Audit Committee w.e.f. 18 May 2017)</i> Chairman of Board	7/7	2/2	2/2				Abdul Rahim bin Abdul Hamid Chairman of Audit Committee Chairman of Remuneration Committee (w.e.f 18/5/2017) Chairman of Nomination Committee (w.e.f. 18/5/2017)	7/7	2/2	5/5	4/4	4/4	4/4	Ahmad Azra bin Salleh Chairman of Nomination Committee until 18/5/2017) Chairman of Remuneration Committee until 18/5/2017) Member of Audit Committee until 18/5/2017) Member of Risk Management Committee until 18/5/2017	3/3	1/1	3/3	2/2	3/3	4/4
Name of Directors	Board of Directors’ Meeting				General Meeting	Board Committees																																																																												
		AC	RMC	NC		RC																																																																												
Executive Directors																																																																																		
Dato’ Anthony @ Firdaus bin Bujang	7/7	2/2																																																																																
Ahmadi bin Yusoff	6/7	2/2																																																																																
Ng Ing Peng <i>(re-designated as Non Independent Non-Executive Director effective 1/1/2017)</i>	7/7	2/2																																																																																
Non-Independent/Non- Executive Directors																																																																																		
Gian Carlo Maccagno	7/7	2/2	5/5	4/4	4/4	4/4																																																																												
Independent Non- Executive Directors																																																																																		
Tan Sri Datuk Seri Sulong bin Matjeraie <i>(appointed as member of Audit Committee w.e.f. 18 May 2017)</i> Chairman of Board	7/7	2/2	2/2																																																																															
Abdul Rahim bin Abdul Hamid Chairman of Audit Committee Chairman of Remuneration Committee (w.e.f 18/5/2017) Chairman of Nomination Committee (w.e.f. 18/5/2017)	7/7	2/2	5/5	4/4	4/4	4/4																																																																												
Ahmad Azra bin Salleh Chairman of Nomination Committee until 18/5/2017) Chairman of Remuneration Committee until 18/5/2017) Member of Audit Committee until 18/5/2017) Member of Risk Management Committee until 18/5/2017	3/3	1/1	3/3	2/2	3/3	4/4																																																																												
Explanation for departure :	N/A																																																																																	
	N/A																																																																																	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																																																																																		
Measure :	N/A																																																																																	

Timeframe	:	N/A	N/A
------------------	---	-----	-----

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<ul style="list-style-type: none">(i) The roles and responsibilities of the Chairman of the Board is clearly specified in the Board Charter of the Company, which is available on the Company's website.(ii) The present Chairman of the Company is Tan Sri Datuk Seri Sulong bin Matjeraie who is an independent/Non-Executive Director. The Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.(iii) The Chairman with the assistance of the Company Secretaries set the Board Agenda for each Meeting based on the dates of scheduled Board meetings in the annual meeting calendar, and circulated to all members of the Board accordingly.(iv) The Board under the leadership of the Chairman, works effectively and performs responsibilities with all key and appropriate issues discussed in a timely manner. During the Board of Directors' meetings, the Chairman encourages members of the Board to raise queries or request for appropriate findings before making their decisions. The Directors have unrestricted and immediate access to any information relating to the Group's business and affairs within the Company, whether as a full Board or in their individual capacity, in furtherance of their duties. The Directors may also request to be furnished with additional information or clarification, particularly in respect of complex and technical issues tabled to the Board. All proceedings of the Board meetings covering deliberations of issues and the conclusions are recorded in the minutes, confirmed by the Board and signed by the Chairman as true record of the Company.(v) With the assistance of the Company Secretaries, the Chairman leads the Board by ensuring that the Board adheres to all relevant laws, regulations as well as monitors corporate governance and its best practices.(vi) The Chairman also ensures that every Board resolution is put to vote so the decision of the majority prevails.(vii) The Chairman is also tasked to lead the Board in establishing and monitoring good corporate governance practice in the Company.

	(viii) The Chairman, besides the Senior Independent Director, the Group Chief Executive Officer (“GCEO”), the Executive Directors and the Company Secretaries are also one of the Company’s primary contacts with the shareholders.
	(ix) The Chairman is not an Executive member of the Board and has never held any key position in the Management Team, thus undue influence from the past association is not a concern.
Explanation for departure	: N/A
	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: N/A
Timeframe	: N/A
	N/A

Intended Outcome

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

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	: Applied
Explanation on application of the practice	<p>It is the Company's aim to ensure a balance of power between the Chairman and the GCEO with a clear division of responsibility whilst running of the Board and the Company's business, respectively.</p> <p>The Chairman is Tan Sri Datuk Seri Sulong bin Matjeraie who is an Independent/Non-Executive Director. The Chairman is responsible for the operations, leadership and governance of the Board, ensuring its effectiveness and assumes formal role as the leader in chairing all Board meetings and shareholders' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfils its obligations under the Board Charter and as required under the relevant legislations. The Board controls the function of its Board Committees in accordance with their Terms of Reference.</p> <p>Key responsibilities of the Chairman as stated in the Board Charter :</p> <ul style="list-style-type: none">(i) Leading the Board in setting values and standards of the Company;(ii) Maintaining a relationship of trust with and between the Executive Directors and Non-Executive Directors;(iii) Ensuring provision of accurate, timely and clear information to facilitate Directors to perform effectively, able to make informed decisions and to monitor effective implementation of the Board's decision;(iv) Ensuring effective communication with shareholders and relevant stakeholders;(v) Arranging regular evaluation of the performance of the Board, Board Committees and individual Directors; and(vi) Facilitating the effective contribution of Non-Executive Director and ensuring constructive relations to be maintained between the Executive Directors and Non-Executive Directors. <p>The GCEO is Dato' Anthony @ Firdaus bin Bujang who is also one of the Executive Directors of the Company. The Board delegates to GCEO the authority and responsibility for implementing the Board Policies, making operational decisions and monitoring the day-to-day running of the businesses including defining the limits of the management's responsibilities via the Group's Limits of Authority (GLOA). The GCEO chaired the Management's Meeting which meets regularly to discuss and resolve operational issues. The GCEO reports to the Board on business operations during the Board Meetings.</p> <p>Key responsibilities of GCEO as stated bin the Board Charter, amongst others:</p> <ul style="list-style-type: none">(i) Assisting the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to Directors on a timely basis;

	<ul style="list-style-type: none"> (ii) Providing assurance to the Board on the adequacy and effectiveness of the risk management and internal control systems, in all material aspects, annually, jointly with the Chief Financial Officer (or person primarily responsible for the management of the financial affairs of the Group). (iii) Implements the policies, strategies and decisions adopted by the Board; (iv) Executive responsibility for the day-to-day operation of the Group's business; (v) Providing an avenue for whistle-blowing; and (vi) Performing other responsibilities assigned by the Board from time to time. <p>Summarily, the segregation between the duties of the Chairman and the GCEO ensures appropriate balance of the responsibility and accountability at the Board level.</p>
Explanation for departure	: N/A
	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: N/A
Timeframe	: N/A

Intended Outcome

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

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>(i) The Group Company Secretary is assisted by two external company secretaries. The Group Company Secretary has legal qualification and is qualified to act as Company Secretary under the provision of the Companies Act, 2016 ("Act"). She is licensed by the Registrar of Companies whilst the External Company Secretaries are associate members of the Malaysian Institute of Chartered Secretaries and Administrators (MAISCA). The Company secretaries are responsible in ensuring that Board Meeting procedures are followed and that applicable rules and regulations are complied with.</p> <p>(ii) The Company Secretaries also facilitate the communication of decisions made at Board and Board Committees to the relevant management for appropriate actions.</p> <p>(iii) The Company Secretaries update and apprise the Directors on continuing basis on new and revise requirements to the Act, the MMLR and Malaysian Code on Corporate Governance 2017.</p> <p>(iv) The Company Secretaries are accountable to the Board through the Chairman of the Board and Board Committees on all governance matters.</p> <p>(v) The Company Secretaries are also a central source of information and advice to the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.</p> <p>(vi) The Company Secretaries advise Directors of their obligations to adhere to matters relating to:</p> <ul style="list-style-type: none">➤ disclosure of interest in securities;➤ disclosure of any conflict of interest in a transaction involving the Company;➤ prohibition on dealings in securities; and➤ restrictions on disclosure of price-sensitive information. <p>(vii) Roles of the Company Secretaries include, but not limited to:</p> <ul style="list-style-type: none">➤ Manage all Board and Board Committee meeting logistics, attend and record minutes of all Board and Board Committees Meetings and facilitate Board communications;➤ Advise the Board on its roles and responsibilities;➤ Facilitate the orientation of new Directors and assist in directors' training and development;

	<ul style="list-style-type: none"> ➤ Advise the Board on corporate disclosures and compliance with Company and securities regulations and MMLR; ➤ Monitor corporate governance developments and assist the Board in applying governance practice to meet the Board's needs and stakeholders' expectations; and ➤ Serve as a focal point for stakeholders' communication and engagement on corporate governance. <p>(viii) During Annual General Meeting ("AGM") which are held at the end of May annually, the Company Secretaries play an important role in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretaries will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders.</p> <p>(ix) The Company Secretaries play an important role in advising the Board on principles and Best Practises in Corporate Governance issues affecting Bursa Securities as a listed entity.</p> <p>(x) The Company Secretaries serve as a focal point for stakeholders' communication and engagement on corporate governance issues and play an important role to the Board particularly with regards to the Company's Constitution, Group Policies and Procedures, MCCG and its Best Practices as well as compliance with MMLR and other Rules and Regulations from time to time.</p> <p>(xi) The Board members have unlimited access to the professional advice and services of the Company Secretaries.</p> <p>(xii) The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure the effective functioning of the Board. The Company Secretaries who meet the requirements are appointed by the Board to discharge their duties and termination of their services is a matter of the Board as a whole.</p>
Explanation for departure	: N/A
	N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: N/A
Timeframe	: N/A

Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Meeting, the Board Committee Meetings and the AGM for the ensuing financial year are scheduled in advance before the end of the current financial year end so that Directors are able to plan ahead next year's Board Meetings and AGM into their respective meeting schedules. This is also to enable the Management's planning for the whole financial year as well as to facilitate the Directors' time planning for the whole financial year.</p> <p>Additional meetings are held as and when necessary to discuss specific agendas or issues that require deliberation in between the scheduled meetings.</p> <p>All Board members are supplied with information in a timely manner. The Board meets regularly and anticipates at least four (4) Board meetings during a financial year. Additional meeting(s) or Special Meetings may be convened as and when deemed necessary to consider urgent proposals or matters that require Board's expeditious review or consideration.</p> <p>The Directors are normally given seven (7) days' notice for each meeting unless waived by them, together with the list of structured agendas.</p> <p>At the regular meetings, the Board reviews management reports on the business activities, performance of the Group and reviews inter-alia, the results compared to the preceding quarter and year-to-date. As part of the integrated risk management initiatives, the Board is informed of the decisions and salient issues deliberated by the Board Committees through their respective Minutes or briefing by the respective Chairman of the Board Committees at the Board Meeting.</p> <p>The regular agendas are the briefing by the AC Chairman on the outcome of AC meeting(s), the review of periodic financial results, the briefing by the Executive Director or Senior Management on the business aspects, the notation of circular resolutions passed by the Directors, confirmation and ratification of announcements made to Bursa Securities and dealings in securities by Directors and Principal Officer, if any.</p> <p>Relevant Board Papers are disseminated five (5) days before the convening of Board Meeting to facilitate sufficient time for perusal and review of issues before discussion at the meeting. Representatives from the Management, external auditors and appointed advisers who are able to provide additional insights into, advice and/or contribute on matters to be discussed are invited to be present at the relevant times during the Board meetings.</p>

	<p>The Board Meetings are chaired by Tan Sri Sulong bin Matjeraie, an Independent Non-Executive Director who is responsible of ensuring that there is adequate and sufficient time for discussion of items of the agenda. All proceedings of the Board meetings covering deliberations of issues and the conclusions are recorded in the minutes and later confirmed by the Board.</p> <p>The Directors may raise queries or request the appropriate findings before making their decisions. The Directors have unrestricted and immediate access to any information relating to the Group's business and affairs within the Company, whether as a full Board or in their individual capacity, in furtherance of their duties. The Directors may request to be furnished with additional information or clarification, particularly in respect of complex and technical issues tabled to the Board.</p> <p>The Board or the individual Director may also seek advice from independent professional experts at the Company's expense, where necessary in the furtherance of their duties in accordance with the Company's policy.</p> <p>The deliberations and decision of the Board and the Board Committees at their respective meetings are properly documented in the Minutes of Meetings including matters where Directors' abstained from voting or deliberation. The Minutes of the Meetings are circulated earlier to all Directors together with the Board Papers for their perusal prior to the meeting. The Minutes are later confirmed by the Board at the next Board Meeting. The Chairman signed the Minutes of Meeting as true records of the Company.</p>	
Explanation for departure	: N/A	
	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: N/A	
Timeframe	: N/A	N/A

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had formalised a Board Charter setting out the objectives of the Board, duties, responsibilities and functions of the Board, the Chairman and the GCEO in accordance with the principles of good governance sets out in the policy documents and guidelines issued by the regulatory authorities. The Board Charter is available on Petra Energy's website at www.petraenergy.com.my</p> <p>The Board Charter serves as a reference providing Board members and management insight into the function of the Board specific reserve matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance are entrenched in the Board Charter.</p> <p>The Board Charter embodies the Company's governance practices. It provides reference for the Directors' roles and responsibilities, duties and functions. It outlines processes and procedures for the Board in discharging their stewardship. The Board Charter also clearly defines the Terms of Reference of the Board and Board Committees such as AC, BRMC, NC and RC.</p> <p>The Board will review the Board Charter every three years and make any necessary amendments to ensure they remain consistent with the Board's objectives, current development and practices.</p> <p>With the new enforcement of the law, the Board at its Board of Directors Meeting held on 22 February 2018 had reviewed and approved the Revised Board Charter to keep pace with changes in the Company's policies, procedures and processes as well as to new changes in relevant legislations and regulations.</p>
Explanation for departure	:	N/A
		N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	: Applied
Explanation on application of the practice	<p>Code of Ethics</p> <p>The Company adopted and practises the Code of Ethics for the Board issued by the SSM which can be viewed from the SSM's website at www.ssm.com.my. The Code of Ethics provides guidance for proper standards of conduct with sound and prudent practices as well as standards of ethical and behaviour for Director, in line with the Company's core values which emphasize on behavioural ethics when dealing with third parties and employees. Directors are expected to conduct themselves with the highest ethical standards and corporate governance.</p> <p>The Directors are required to notify the Company of any potential conflict of interest that may affect them in their role as Director of the Company under the Code of Ethics. All potential conflicts of interest are reviewed by the Board periodically.</p> <p>The Code of Ethics of the Directors is mentioned in the Company's Board Charter which is published at the Company's website.</p> <p>Code of Conduct</p> <p>The Company's Code of Conduct governs the professional conduct of its employees and outlines their responsibilities to the Group in performing their duties. The various policies and guidelines within the Code of Conduct spell out the standards and ethics that all employees are expected to adhere to in the course of their work. It highlights the Group's expectations on their professional conduct which includes good attendance, punctuality and appearance, and prohibits instances on alcohol and drug abuse as well as sexual harassment. The Code of Conduct also covers issues pertaining to employees' commitment, confidentiality, insubordination, public statements, and conflicts of interest. The Code of Conduct is designed to maintain discipline and order in the workplace among employees at all levels. It also sets out the circumstances in which such employees would be deemed to have breached the Code of Conduct and the disciplinary actions that can be taken against them.</p>

	The Code of Conduct is disseminated throughout to employees through the Company's intranet and as part of its enforcement, employees are required, to submit their declaration to adhere to and observe its provisions.	
Explanation for departure	: N/A	
	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: N/A	
Timeframe	: N/A	N/A

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied	
Explanation on application of the practice	:	<p>A Whistle Blower Policy was approved by the Board in December 2011 and introduced to all staff in year 2012. The Policy provides a platform for employees to report instances on unethical behaviour, actual or suspected fraud or dishonesty, or a violation of the Code of Ethics and Code of Conduct.</p> <p>The Whistle Blower Policy includes protection for the whistle blowers from any reprisals as a direct consequence on making such disclosures. It also covers the procedures for disclosure, investigation and the respective outcomes of such investigations. The Group expects its employees to act in the Group's best interests and to maintain high principles and ethical values. The Group will not tolerate any irresponsible or unethical behaviour that would jeopardize its good standing and reputation.</p> <p>The employees are also free to voice their grievances and raise their concerns of any unlawful or unethical situation or any suspected violation of the Code of Conduct in accordance with the Whistle Blower Policy. The Whistle Blower Policy may be sighted at the Company's website www.petraenergy.com.my</p>	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure
Explanation on application of the practice	:	N/A
Explanation for departure	:	<p>Clause 108 of the Company's Constitution states that the number of Directors shall not be less than two (2) and not more than twenty (20).</p> <p>As at 24 April 2018, the Board consists of three (3) Independent/Non-Executive Directors, three (3) Non-Independent/Non-Executive Directors and two (2) Executive Directors.</p> <p>The above composition fulfils the requirements under Paragraph 15.02(1) of the MMLR, which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors. The current size and composition of the Board is considered well balanced in addressing any business challenges and driving the business of the Group to greater heights.</p> <p>The Board observes the recommendation by the MCCG in ensuring that the Independent Directors bring independent and objective judgement to the Board for deliberation.</p> <p>The three (3) Independent Directors of Petra Energy, who are respected professionals in their own fields and have demonstrated their continued professionalism in discharging their duties and ensure the proper functioning of the Board as a whole. With this composition, the Board is well balanced and no individual or small group of individuals could dominate the Board's decision making.</p> <p>On quarterly basis, the Company Secretary would table to the Board of Directors' dealing in securities with the Company. It is the responsibility of every Independent Directors to inform the Company Secretary and/or the Chairman immediately if they do not qualify their independence within the definition of the MMLR.</p> <p>All the Independent Directors are also independent from the substantial shareholders of the Company, not being substantial shareholders themselves nor directly associated with any substantial shareholders.</p> <p>Mr. Gian Carlo Maccagno (Non-Independent/Non-Executive Director) is representing the major shareholder of Petra Energy and Dato' Mohamed Nizam bin Abdul Razak (Non-Independent/Non-Executive Director) holds 9.11% equity in the Company. Madam Ng Ing Peng was re-designated as Non-Independent/Non-Executive Director effective 1 January 2017 upon her retirement as Executive Director of the Company on 31 December 2016.</p>

	The NC having conducted the assessment on the Independent/Non-Executive Directors had concluded that each of the Independent Directors continues to demonstrate that they have fulfilled the criteria set by the MMLR.	
	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	: N/A	
Timeframe	: N/A	N/A

Intended Outcome

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

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 4.3 adopted No Independent Director(s) serving beyond nine (9) years	
Explanation on application of the practice	:	N/A	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Company's Board Charter stipulates that the tenure for an Independent Director shall be for a cumulative term of nine years since appointment as an Independent Director.</p> <p>The Independent Director may continue to serve on the Board beyond the nine-year tenure provided that the Independent Director is re-designated as a Non-Independent Director. If the Board intends to retain the Independent Director beyond nine years, it must justify and seek annual shareholders' approval.</p> <p>If the Company wishes to continue to retain the Independent Director after the twelfth-year, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process. As of to-date, none of the Company's Independent/Non-Executive Director has reached the nine-year cumulative term as Independent Directors. Hence no shareholders' approval will be sought for this purpose at this forthcoming 12th AGM.</p>

Intended Outcome

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

Practice 4.4

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

Application	:	Applied																																																																																																																							
Explanation on application of the practice	:	<p>In promoting diversity, the Board in its appointments and composition pays due recognition and weightage to the gender, skills, experience and business acumen of the Directors. The Board reviews the appropriate mix of skills, experience, age, gender, cultural background and knowledge required of its members, in the context of the needs of the Group's businesses and strategies. The Board reviews its composition and size from time to time for appropriateness and the fulfilment of the gender diversity representation.</p> <p>Current diversity composition of the Board:</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Industry</th> <th colspan="3">Age Composition</th> <th colspan="2">Ethnic Composition</th> <th colspan="2">Gender</th> </tr> <tr> <th>Oil & Gas</th> <th>Services</th> <th>Accounting/ Finance</th> <th>Legal</th> <th>50 – 59 years</th> <th>60 – 69 years</th> <th>70 - 79 years</th> <th>Bumiputra</th> <th>Non Bumiputra</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Tan Sri Datuk Seri Sulong bin Matjeraie</td> <td></td> <td></td> <td></td> <td>/</td> <td></td> <td></td> <td>/</td> <td>/</td> <td></td> <td>/</td> <td></td> </tr> <tr> <td>En. Abdul Rahim bin Abdul Hamid</td> <td></td> <td></td> <td>/</td> <td></td> <td></td> <td>/</td> <td></td> <td>/</td> <td></td> <td>/</td> <td></td> </tr> <tr> <td>Mr. Simon Ong</td> <td>/</td> <td>/</td> <td></td> <td></td> <td></td> <td>/</td> <td></td> <td></td> <td>/</td> <td>/</td> <td></td> </tr> <tr> <td>Mr. Gian Carlo Maccagno</td> <td>/</td> <td></td> <td></td> <td></td> <td>/</td> <td></td> <td></td> <td></td> <td>/</td> <td>/</td> <td></td> </tr> <tr> <td>Mdm. Ng Ing Peng</td> <td></td> <td></td> <td>/</td> <td></td> <td></td> <td>/</td> <td></td> <td></td> <td>/</td> <td></td> <td>/</td> </tr> <tr> <td>Dato' Mohamed Nizam bin Abdul Razak</td> <td></td> <td></td> <td>/</td> <td></td> <td>/</td> <td></td> <td></td> <td>/</td> <td></td> <td>/</td> <td></td> </tr> <tr> <td>Dato' Anthony@ Firdauz bin Bujang</td> <td>/</td> <td>/</td> <td>/</td> <td></td> <td>/</td> <td></td> <td></td> <td>/</td> <td></td> <td>/</td> <td></td> </tr> <tr> <td>En. Ahmadi bin Yusoff</td> <td></td> <td>/</td> <td></td> <td></td> <td>/</td> <td></td> <td></td> <td>/</td> <td></td> <td>/</td> <td></td> </tr> </tbody> </table> <p>Page 43 and 44 of the Company's Annual Report discloses the overall diversity of the employees inclusive of Senior Management Team in terms of gender, age, by region and ethnicity.</p>		Industry				Age Composition			Ethnic Composition		Gender		Oil & Gas	Services	Accounting/ Finance	Legal	50 – 59 years	60 – 69 years	70 - 79 years	Bumiputra	Non Bumiputra	Male	Female	Tan Sri Datuk Seri Sulong bin Matjeraie				/			/	/		/		En. Abdul Rahim bin Abdul Hamid			/			/		/		/		Mr. Simon Ong	/	/				/			/	/		Mr. Gian Carlo Maccagno	/				/				/	/		Mdm. Ng Ing Peng			/			/			/		/	Dato' Mohamed Nizam bin Abdul Razak			/		/			/		/		Dato' Anthony@ Firdauz bin Bujang	/	/	/		/			/		/		En. Ahmadi bin Yusoff		/			/			/		/	
	Industry				Age Composition			Ethnic Composition		Gender																																																																																																															
	Oil & Gas	Services	Accounting/ Finance	Legal	50 – 59 years	60 – 69 years	70 - 79 years	Bumiputra	Non Bumiputra	Male	Female																																																																																																														
Tan Sri Datuk Seri Sulong bin Matjeraie				/			/	/		/																																																																																																															
En. Abdul Rahim bin Abdul Hamid			/			/		/		/																																																																																																															
Mr. Simon Ong	/	/				/			/	/																																																																																																															
Mr. Gian Carlo Maccagno	/				/				/	/																																																																																																															
Mdm. Ng Ing Peng			/			/			/		/																																																																																																														
Dato' Mohamed Nizam bin Abdul Razak			/		/			/		/																																																																																																															
Dato' Anthony@ Firdauz bin Bujang	/	/	/		/			/		/																																																																																																															
En. Ahmadi bin Yusoff		/			/			/		/																																																																																																															

Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:	N/A	
Explanation for departure	:	The Board acknowledges the recommendation of the MCCG pertaining to the establishment of Boardroom gender diversity policy. As continuation from Practice 4.4 above, the selection of Board members, the Group practices non-discrimination in any form, whether based on age, gender, ethnicity or religion, throughout the organisation. Currently, there are 7 male Directors and 1 female Directors. Madam Ng Ing Peng who is a Non-Independent/Non-Executive Director is the only female Director in the Company.	
		The policy on 30% women Director has yet to be formally adopted by the Company. The Company has yet to set targets on gender diversity but endeavour to improve the number of women Directors on Board, based on predetermined skill sets and competencies.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	For any vacant Board position in the future, the Board when sourcing for suitable candidates in line with the recommendation of the MCCG.	
Timeframe	:	Others	As and when required

Intended Outcome

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

Practice 4.6

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

Application	:	Applied
Explanation on application of the practice	:	<p>Apart from recommendations received from the existing Board members, management and/or major shareholders, the Company also utilises expert from executive search firms or recommendation from other party/ies in identifying candidates for appointment as Director.</p> <p>The Company's Constitution allows the Board to appoint a person to be a Director of the Company at any time, either to fill a casual vacancy or as an addition to the existing Directors not exceeding twenty.</p> <p>The NC is responsible for identifying, evaluating and nominating suitable candidates with the necessary mixed of skills, experience and competencies to be appointed to the Board and Board Committees</p> <p>As an enhancement to its current process, the NC may also consider procuring suitable candidates from independent sources, when required.</p> <p>The NC is authorised by the Board of Directors to act as follows:</p> <ul style="list-style-type: none">(i) To recommend to the Board, candidates for all directorship to be filled by the shareholders or the Board, in the Group;(ii) To recommend to the Board, suitable Directors to fill the seats on Board Committees;(iii) To recommend to the Board, suitable candidates for appointment to key Company-wide senior management positions in the Company;(iv) To annually review the required mix of skills, experience and other qualities of the Board, the Board of subsidiary companies and key Company-wide senior management, including core competencies of a Director of the key Company-wide senior management, and adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors;(v) To establish and implement a process for assessing the effectiveness of the Board and the Board of subsidiary companies as a whole, the effectiveness of each Director and the performance of the key Company-wide senior management;(vi) To assess and recommend to the Board, the re-election of Directors retiring by rotation at annual general meetings;(vii) To recommend to the Board, the removal of Director including Director of subsidiary companies, and key Company-wide senior management officers if he is ineffective, errant or negligent in discharging his responsibilities;

	<p>(viii) To oversee the appointment, management succession planning and performance evaluation of the key Company-wide senior management officers;</p> <p>(ix) To carry out such other responsibilities as may be delegated by the Board from time to time and such other matters as the NC considers appropriate; and</p> <p>(x) In line with the MCCG, the NC carries out annual evaluation on the effectiveness of the Board as a whole and the AC to review the effectiveness of the Board's and the AC's decision making process.</p> <p>Appointment process of a Director is illustrated as below:</p> <div style="text-align: center;"> <pre> graph TD A[Identification of candidates] --> B[Evaluation of suitability of candidates] B --> C["• Shortlisting and meeting up with the candidate • Assessment against Assessment Criteria and Guides • Recommendation by NC"] C --> D[Final deliberation by the Board and decision thereof] </pre> </div>
<p>Explanation for departure</p>	<p>: N/A</p>
	<p>N/A</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>: N/A</p>
<p>Timeframe</p>	<p>: N/A</p>

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Mr. Simon Ong who is an Independent/Non-Executive Director of the Company. Currently, the members of NC are:	
		Mr. Simon Ong (Chairman)	Independent/Non-Executive Director
		Encik Abdul Rahim bin Abdul Hamid	Senior Independent/Non-Executive Director
		Dato' Mohamed Nizam bin Abdul Razak	Non-Independent/Non-Executive Director
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied																		
Explanation on application of the practice	:	<p>The Board via NC is responsible to assess the performance and contribution of each Director to the Board based on the results of the Annual Board Performance Evaluation for the individual members, Board and the Board Committees.</p> <p>The following Performance Evaluation Forms are circulated to all members of the Board/Board Committees for purpose of evaluating their respective performance during the financial year:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Forms</th> <th style="text-align: center;">Completed by</th> <th style="text-align: center;">Evaluated and Deliberated by</th> </tr> </thead> <tbody> <tr> <td>AC Evaluation</td> <td style="text-align: center;">AC</td> <td>NC/AC and to be deliberated at Board meeting</td> </tr> <tr> <td>Evaluation of Internal Audit Function</td> <td style="text-align: center;">AC</td> <td>AC and to be deliberated at Board meeting</td> </tr> <tr> <td>External Auditors Independence and Performance</td> <td style="text-align: center;">AC</td> <td>AC and to be deliberated at Board meeting</td> </tr> <tr> <td>Self-performance Evaluation</td> <td style="text-align: center;">Individual Directors</td> <td>NC and to be deliberated at Board meeting</td> </tr> <tr> <td>Board and Board Committees</td> <td style="text-align: center;">NC</td> <td>NC and to be deliberated at Board meeting</td> </tr> </tbody> </table> <p>The NC annually reviews and assesses the effectiveness of the Board and the Board Committees inclusive of AC as well as individual Directors based on the criteria set out by the Board and according to the fulfilment of the respective Board Committees' Terms of Reference.</p> <p>The NC also reviewed its required mixed skills and experience and other qualities, including core competencies in which a director should bring to the Board. The Board had also implemented a process to be carried out by the NC annually for continuous assessment and feedback to the Board on the effectiveness of the Board, the Board Committees and contribution of individual Director. During the deliberation of the performance of a particular Director who is a member of the NC, that member abstains from the discussions in order to avoid any conflict of interest.</p>	Forms	Completed by	Evaluated and Deliberated by	AC Evaluation	AC	NC/AC and to be deliberated at Board meeting	Evaluation of Internal Audit Function	AC	AC and to be deliberated at Board meeting	External Auditors Independence and Performance	AC	AC and to be deliberated at Board meeting	Self-performance Evaluation	Individual Directors	NC and to be deliberated at Board meeting	Board and Board Committees	NC	NC and to be deliberated at Board meeting
Forms	Completed by	Evaluated and Deliberated by																		
AC Evaluation	AC	NC/AC and to be deliberated at Board meeting																		
Evaluation of Internal Audit Function	AC	AC and to be deliberated at Board meeting																		
External Auditors Independence and Performance	AC	AC and to be deliberated at Board meeting																		
Self-performance Evaluation	Individual Directors	NC and to be deliberated at Board meeting																		
Board and Board Committees	NC	NC and to be deliberated at Board meeting																		

	The NC upon analysing the result of the Annual Board Performance Evaluation is satisfied that the size of the Board is sufficiently appropriate. The NC is also satisfied that all Board members are suitably qualified to maintain their positions as directors of the Board and members of the Committees in view of their respective academic and qualities.	
Explanation for departure	:	N/A
		N/A
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	N/A
Timeframe	:	N/A
		N/A

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure
Explanation on application of the practice	:	N/A
Explanation for departure	:	<p>The Directors' and Subsidiaries' Board Remuneration Framework and the Senior Management Remuneration Policy are currently not published on the Company's website.</p> <p>The Board ensures that the level of remuneration is sufficient to attract and retain Directors needed to run the Group successfully. The component part of remuneration has been structured to link rewards to corporate and individual performance for Executive Directors whilst Non-Executive Directors' remuneration reflects their experience and level of responsibilities.</p> <p>The Board as a whole determines the remuneration of the Non-Executive Directors, Executive Directors, and the Key Senior Management officers of the Group, with the interested directors abstaining from discussions with respect to their remuneration.</p> <p>Remuneration for Executive Directors</p> <p>The remuneration packages for the Executive Directors comprised of a fixed component in the form of a base salary and where applicable, meeting allowance together with other benefit inclusive of other benefit-in-kind (include bonus) as mentioned in their Letter of Appointments which are determined by the Board and subject to the Group's financial performance in each year.</p> <p>Remuneration of Non-Executive Directors</p> <p>When reviewing the structure and level of Directors' fee and additional fee for service rendered on Board Committees, the RC takes into account the Directors' role and responsibilities in the Board and Board committees as well as comparison against the industrial practices.</p>

Each of the Non-Executive Directors received a base-fixed Directors' fee and meeting allowance for the meetings they attended. The level of remuneration of Non-Executive Directors reflect their experiences and level of responsibilities undertaken by them.

The Fess for the Non-Executive Directors are determined by the Board with the approval from the shareholders at general meeting. The distribution of Directors' fee was approved by the Board on 24 February 2011 and this had not been changed since then, except for the additional distribution for Chairman of Petra Energy which was approved by the Board prior to the appointment of the Chairman in 2014.

No Directors is involved in deciding his or her own remuneration. Directors' fees are paid upon approval by shareholders at general meeting.

Remuneration of Senior Management

The Company is fully guided by HAYS Grading System to evaluate Executive level jobs and in designing its salary structure. The base pay philosophy of Petra Energy Berhad is as follows:

1. Ensuring roles design and define within the Group are able to deliver the Company's desired business result.
2. To have relatively competitive performance management system that will attract, retain and motivate competent talent ; and
3. Presence of competitive salary structure against the oil and gas sector to attract talent within the industry whilst managing cost.

The salary policy for the Group is pegged at oil and gas P50 to enforce alignment and competitiveness with the sector job pay practice. The Company also adopts a consistent salary spread across all grade level to ensure effective management of the progression.

The Company's Board Charter stipulates that:

1. The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal.
2. The level of remuneration for the GCEO and Executive Directors is determined by the RC after giving due considerations to the compensation levels for comparable positions among other similar Malaysian public listed companies.
3. Non-Executive Directors are entitled to participate in the Company's Employee Share Options (ESOS) subject to approval at a General Meeting. Non-Executive Directors who participated in the ESOS are prohibited to sell, transfer or assign the share within (1) year from the date of offer of such options.
4. No Directors other than the CEO and Executive Directors shall have a service contract with the Company.
5. A formal independent review of the Directors remuneration is undertaken no less frequently than once every (3) years.
6. There is adequate disclosure in the Company's 2017 Annual Report with a note on the remuneration of Directors.

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The objective of the RC is to recommend to the Board, the remuneration package of the Executive Directors including Directors of subsidiary companies, and Key Senior Management officers to ensure that the Executive Directors and Key Senior Management officers are fairly rewarded for their contribution to overall performance and that the compensation is reasonable in light of the Group's objectives.</p> <p>The RC is authorised by the Board of Directors to act as follows:</p> <ul style="list-style-type: none">(i) To review and recommend to the Board, the overall remuneration policy and structure for Executive Directors of the Company including subsidiary companies, and Key Senior Management officers to ensure that rewards commensurate with their contributions to the Group's growth and profitability; and that the remuneration policy supports the Group's objectives and shareholder value and is consistent with the Group's culture and strategy.(ii) To review annually the performance of the Executive Directors, including Director of subsidiary companies, and key Senior Management officers and recommend to the Board, adjustments in remuneration and/or reward payments, if any, reflecting their contributions for the year. Salaries payable to Executive Directors must not include a commission on or percentage of turnover.(iii) To review as and when necessary, with other independent professional advice or outside advice if required, the adequacy of the remuneration and benefit packages of the Executive Directors, including their terms and conditions of service for market comparability and recommends changes to the Board whenever necessary.(iv) The Terms of Reference of the RC is stipulated in the Board Charter which is published on the Company's website.

Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application :	Applied																																																																						
Explanation on application of the practice :	<p>Details of the total remuneration of individual Director, categorised into respective components for the financial year ended 31 December 2017, are as follows:</p> <p>a) EXECUTIVE DIRECTOR</p> <table border="1"> <thead> <tr> <th colspan="6">RM</th> </tr> <tr> <th>NO</th> <th>NAME OF DIRECTORS</th> <th>SALARIES AND COMPESATION</th> <th>DEFINED CONTRIBUTIONS PLAN</th> <th>OTHER EMOLUMENTS (INC. BENEFIT-IN-KIND)</th> <th>TOTAL AMOUNT</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dato' Anthony @ Firdauz bin Bujang</td> <td>1,422,750</td> <td>227,716</td> <td>204,831</td> <td>1,855,297</td> </tr> <tr> <td>2</td> <td>Ahmadi Bin Yusoff</td> <td>828,037</td> <td>140,771</td> <td>41,266</td> <td>1,010,074</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>2,250,787</td> <td>368,487</td> <td>246,097</td> <td>2,865,271</td> </tr> </tbody> </table> <p>b) NON-EXECUTIVE DIRECTOR</p> <table border="1"> <thead> <tr> <th colspan="5">RM</th> </tr> <tr> <th>NO</th> <th>NAME OF DIRECTORS</th> <th>DIRECTORS FEES</th> <th>ALLOWANCES</th> <th>TOTAL AMOUNT</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Tan Sri Datuk Seri Panglima Sulong bin Matjeraie</td> <td>130,500</td> <td>8,800</td> <td>139,300</td> </tr> <tr> <td>2</td> <td>Abdul Rahim bin Abdul Hamid</td> <td>181,260</td> <td>22,048</td> <td>203,308</td> </tr> <tr> <td>3</td> <td>Gian Carlo Maccagno</td> <td>105,000</td> <td>19,200</td> <td>124,200</td> </tr> <tr> <td>4</td> <td>Ng Ing Peng</td> <td>60,000</td> <td>7,200</td> <td>67,200</td> </tr> <tr> <td>5</td> <td>Ahmad Azra bin Salleh (Retired on 18 May 2017)</td> <td>61,250</td> <td>11,200</td> <td>72,450</td> </tr> <tr> <td colspan="2">TOTAL</td> <td>538,010</td> <td>68,448</td> <td>606,458</td> </tr> </tbody> </table>	RM						NO	NAME OF DIRECTORS	SALARIES AND COMPESATION	DEFINED CONTRIBUTIONS PLAN	OTHER EMOLUMENTS (INC. BENEFIT-IN-KIND)	TOTAL AMOUNT	1	Dato' Anthony @ Firdauz bin Bujang	1,422,750	227,716	204,831	1,855,297	2	Ahmadi Bin Yusoff	828,037	140,771	41,266	1,010,074	TOTAL		2,250,787	368,487	246,097	2,865,271	RM					NO	NAME OF DIRECTORS	DIRECTORS FEES	ALLOWANCES	TOTAL AMOUNT	1	Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	130,500	8,800	139,300	2	Abdul Rahim bin Abdul Hamid	181,260	22,048	203,308	3	Gian Carlo Maccagno	105,000	19,200	124,200	4	Ng Ing Peng	60,000	7,200	67,200	5	Ahmad Azra bin Salleh (Retired on 18 May 2017)	61,250	11,200	72,450	TOTAL		538,010	68,448	606,458
RM																																																																							
NO	NAME OF DIRECTORS	SALARIES AND COMPESATION	DEFINED CONTRIBUTIONS PLAN	OTHER EMOLUMENTS (INC. BENEFIT-IN-KIND)	TOTAL AMOUNT																																																																		
1	Dato' Anthony @ Firdauz bin Bujang	1,422,750	227,716	204,831	1,855,297																																																																		
2	Ahmadi Bin Yusoff	828,037	140,771	41,266	1,010,074																																																																		
TOTAL		2,250,787	368,487	246,097	2,865,271																																																																		
RM																																																																							
NO	NAME OF DIRECTORS	DIRECTORS FEES	ALLOWANCES	TOTAL AMOUNT																																																																			
1	Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	130,500	8,800	139,300																																																																			
2	Abdul Rahim bin Abdul Hamid	181,260	22,048	203,308																																																																			
3	Gian Carlo Maccagno	105,000	19,200	124,200																																																																			
4	Ng Ing Peng	60,000	7,200	67,200																																																																			
5	Ahmad Azra bin Salleh (Retired on 18 May 2017)	61,250	11,200	72,450																																																																			
TOTAL		538,010	68,448	606,458																																																																			
Explanation for departure :	N/A																																																																						
	N/A																																																																						
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																																																																							
Measure :	N/A																																																																						

Timeframe :	N/A	N/A
--------------------	-----	-----

Intended Outcome

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

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure														
Explanation on application of the practice	:	N/A														
Explanation for departure	:	<p>The remuneration of the identified Top Five Senior Management which includes salaries and compensation, as well as benefit in kind for the financial year ended 31 December 2017 are provided in bands of 50,000 are Group Chief Financial Officer, Group Chief Operating Officer, Chief Operating Officer - Petra Resources Sdn. Bhd, Director - Information Technology and Director- Human Capital.</p> <p>The Top Five Senior Management whose remuneration falls into the following bands:</p> <table border="1"> <thead> <tr> <th>Range Remuneration per annum</th> <th>Number of Senior Management</th> </tr> </thead> <tbody> <tr> <td>RM650,001 – RM700,000</td> <td>1</td> </tr> <tr> <td>RM550,001 – RM600,000</td> <td>1</td> </tr> <tr> <td>RM500,001 – RM550,000</td> <td>1</td> </tr> <tr> <td>RM450,001 – RM500,000</td> <td>1</td> </tr> <tr> <td>RM300,001 – RM350,000</td> <td>1</td> </tr> <tr> <td></td> <td style="text-align: center;">5</td> </tr> </tbody> </table> <p>For confidentiality, the Company does not disclose the Top Five Senior Management's remuneration in named basis. The transparency and accountability aspects of corporate governance applicable to Top 5 Senior Management's best Practices of the MCCG deemed appropriately served by the disclosures in the Company's 2017 Annual Report.</p>	Range Remuneration per annum	Number of Senior Management	RM650,001 – RM700,000	1	RM550,001 – RM600,000	1	RM500,001 – RM550,000	1	RM450,001 – RM500,000	1	RM300,001 – RM350,000	1		5
Range Remuneration per annum	Number of Senior Management															
RM650,001 – RM700,000	1															
RM550,001 – RM600,000	1															
RM500,001 – RM550,000	1															
RM450,001 – RM500,000	1															
RM300,001 – RM350,000	1															
	5															
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																
Measure	:	We are working towards this disclosure for Senior Management as mentioned above.														
Timeframe	:															

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	N/A

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The AC Chairman, Encik Abdul Rahim bin Abdul Hamid, whilst the Board Chairman is Tan Sri Datuk Seri Panglima Sulong bin Matjeraie.</p> <p>The Chairman of the AC is Encik Abdul Rahim bin Abdul Hamid who is a Senior Independent/Non-Executive Director of the Company.</p> <p>The Chairman of the Board is not the Chairman of Audit Committee as mentioned in the Board Charter which is published on the Company's website.</p>	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Departure	
Explanation on application of the practice	:	N/A	
Explanation for departure	:	Requirement for cooling off period for key audit partners of the Company is not specifically included as a requirement for AC Membership in the AC Terms of Reference. The Board also recognize the need to uphold independence.	
		None of the Board members were former key audit partners within the cooling-off period of at least (2) two years before being appointed as a member of the AC.	
		Even though not included in the AC Terms of Reference, the Board includes these criteria as part of the elements reviewed during the appointment for all new AC members.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		N/A

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Departure	
Explanation on application of the practice	:	N/A	
Explanation for departure	:	There is no specific written policy or procedure on the assessment of External Auditor's suitability, objectivity and independence.	
		<p>It is stipulated in the AC Terms of Reference that part of the key duties and responsibilities of the AC relating to external auditors include the following and are reviewed at its meetings when required:</p> <ol style="list-style-type: none"> 1) Review the appointment, termination and resignation of the external auditors and its audit fees. 2) Approve the scope of external audit and the external auditors' audit plan. 3) Review the performance and independence of the external auditors. 	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:		N/A

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not Adopted
Explanation on adoption of the practice	:	N/A

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	Section 3(c)(i) of the AC Terms of Reference stipulates that all members of the AC should be financially literate and at least one member of the AC must be a member of the Malaysian Institute of Accountants ("MIA"). The AC Chairman, Encik Abdul Rahim bin Abdul Hamid, is a Fellow of the Association of Chartered Certified Accountants, a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	Petra Energy Risk Management Framework has been approved by the Board of Directors for adoption in January 2013 and was last revised in June 2016. Petra Energy adopts a comprehensive risk management framework that includes risk management policy, visible objectives, clear lines of responsibility and accountability as well as an efficient framework on procedures and reporting guidelines. Our risk management system is also linked to the Group's internal control system, thus providing us an efficient and reliable decision-making tool.	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<p>Application :</p>	<p>Applied</p>
<p>Explanation on application of the practice :</p>	<p>There are six steps within the risk management process. Within each stage, there are distinct decisive factors to be considered before the next stage is reached. A structured framework approach to risk management that incorporates all the necessary steps was developed. These steps are depicted in the diagram below:</p> <div data-bbox="507 902 1404 1462" data-label="Diagram"> </div> <p>The Board is of the opinion that the Group’s Risk Management System is effective and functioning adequately, and that everyone in the Group has been made aware of and alert to the requirements of the system and its procedures. The Board has acknowledged that all identified risks are being managed to an acceptable level, and that the system is proficient in helping to keep the Group in line with its long term goals and objective. The Board also monitors the progress of implementation plan and the level of risk rating on Quarterly basis.</p>
<p>Explanation for departure :</p>	<p>N/A</p> <p>N/A</p>

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

Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The BRMC has been established on 27 April 2010. The current BRMC comprises of three (3) members of whom two (2) members are Independent/Non-Executive Directors and one (1) Non-Independent/Non-Executive Director.</p> <p>The current members of the BRMC are as follows:</p> <ul style="list-style-type: none">(i) Encik Abdul Rahim bin Abdul Hamid – Chairman (Senior Independent/Non-Executive Director)(ii) Mr Simon Ong (Independent/Non-Executive Director)(iii) Mr Gian Carlo Maccagno – Non-Independent/Non-Executive Director <p>The BRMC has the overall responsibility for overseeing the Group's risk management system, approving appropriate risk management practices and procedures to ensure effectiveness of risk identification, management and monitoring. Its primary roles include the following:-</p> <ul style="list-style-type: none">(i) To provide regular and timely reporting and update the Board on key risk management issues as well as ad-hoc evaluation and reporting of new ventures/ investments proposals.(ii) To ensure the effective implementation of risk treatment policy and procedures.(iii) To assist and promote risk awareness so that risk identification, evaluation and management process and culture are adopted throughout the Group.(iv) To ensure that risk management is incorporated in the Statement of Internal Control for inclusion in the Company's 2017 Annual Report and to recommend the same for the approval of the Board. <p>The BRMC is tasked with sanctioning the Group Risk Management objectives and policy. It also provides stewardship by identifying and acknowledging the principal risks identified by the Risk Management Steering Committee and ensuring the implementation of appropriate actions plan to manage these risks.</p>

	<p>The BRMC also reviews the adequacy and integrity of the internal controls and management information system to ensure compliance with the applicable laws, regulations, rules, directives and guidelines. The BRMC also considers the nature and extent of risks acceptable to the Group as well as evaluates the risk implications.</p>
--	---

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has established the Internal Audit Function since July 2011. The Group Internal Audit (“GIA” or “the Department”) of Petra Energy acts as an independent appraisal function to assist the AC in discharging their duties and to provide assurance to Management and the Board that all internal controls are in place, adequate and functioning effectively within the acceptable limits and expectations. GIA strives to provide the means for the Company to accomplish its control objectives by introducing a systematic and disciplined approach in evaluating and improving the effectiveness of risk management, internal control and governance processes. The purpose, authority and responsibility of GIA as well as the nature of assurance and consultancy activities provided to the Company are clearly stated in the Internal Audit Charter as approved by the AC in year 2011. In order to preserve its independence, GIA directly reports to the AC and administratively to the GCEO of the Company.</p> <p>Activities of GIA are guided by the Annual Internal Audit Plan which is reviewed and approved by the AC on a yearly basis. The risk-based audit plan is developed to cover strategic, operational, information technology and financial activities that are significant to the overall performance of the Company. GIA primarily acts as an assurance unit which reviews the effectiveness of the system of internal control, highlighting any areas for improvement and recommend enhancement to the internal controls where necessary and to minimise the risk of internal fraud and irregularities.</p> <p>As an integral part of the management process, GIA furnishes the Management with independent analysis, appraisals, counsel and information on the activities under review. The key internal audit activities that add value to the Group can be summarised as follows:</p> <ol style="list-style-type: none"> 1. Serve the AC and the Management with high-quality professional internal audit products; 2. Perform the internal audit work in an efficient and effective manner and to evaluate the results of audit tests within a business context; 3. Identifying process and business improvement activities, including opportunities to improve the efficiency and effectiveness of controls to achieve an optimal balance between risk and control; and 4. Communicate audit results in the most efficient and effective manner that adds value to the management with an alignment to risk and business objectives.
Explanation for departure	:	<p>N/A</p> <hr/> <p>N/A</p>

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

Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Internal Audit function is headed by Encik Khairul Ridzwan bin Azizan who is a member of Association of Chartered Certified Accountants (ACCA) and ACCA's Certified Accounting Technician (CAT) who reports directly to the Audit Committee. (Profile of Encik Khairul Ridzwan is set out at page 26 of the Annual Report.</p> <p>All personnel of the Group Internal Audit Department are free from conflict of interest and are independent.</p> <p>The internal audit function is independent of the activities and operations of the Group with the Head of Group Internal Audit reporting functionally to the AC and administratively to the GCEO.</p> <p>The internal audit function is carried out in accordance to the International Standards for the Professional Practice of Internal Auditing (Standards) of the International Professional Practices Framework (IPPF).</p>	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board values regular communications with shareholders as well as stakeholders. These include various announcements to Bursa Securities made during the year, the timely release of annual reports, circulars to shareholders, press releases and announcements on quarterly financial results, which provide shareholders with an overview of the Group's business and financial performances. The Company also conducts regular dialogues with its institutional shareholders and financial analysts.</p> <p>It is the Company's practice to respond to shareholders' letters, telephone and email enquiries. Each letter or email received, which requires the attention of the Board, is reviewed by the Group Legal & Secretarial Department before it is forwarded to the GCEO and Board for consideration.</p> <p>The Company's primary contact with shareholders is through the Chairman, the GCEO, the Executive Directors and the Company Secretary. All shareholders queries are received by the Company Secretary. The Company Secretary provides feedback and responses to the shareholders' queries save for sensitive information, which may not be privy to the general public. Written responses will also be given, if necessary.</p> <p>The Group maintains a homepage at www.petraenergy.com.my which provides a comprehensive avenue for relevant information to allow shareholders, investors and members of the public to access information on the Group. The Company's website has a number of headings which provides up-to-date information of the Group's business activities, all announcements made by the Company, Annual Reports, and minutes of AGM, share price information, the corporate information, financial results, press statements, HSE and other relevant information in relation to the Company. Shareholders are able to put questions to the Company through its email published in the website and the Company's Investor Relations Team will reply to these queries in the shortest possible time.</p>
Explanation for departure	:	N/A
		N/A

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

Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

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

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:	N/A	
Explanation for departure	:	Not applicable as Petra Energy [does not have a large number of shareholders and is not a large company as defined by MCCG.	
		The Company would review the need to adopt the integrated reporting based on a globally recognised framework at the appropriate time.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		N/A

Intended Outcome

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

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company dispatches the Notice of the AGM to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Act and MMLR.</p> <p>The additional times given to shareholders allow them to make arrangements to attend and participate in person or through their proxy/ies or corporate representative/s or attorney/s, where necessary. This enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meetings.</p> <p>The Company's AGM is to be held on 24 May 2018 and Notice of AGM is dated 24 April 2018, 28 days prior to the AGM.</p>	
Explanation for departure	:	N/A	
	:	N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>In 2017, both AGM and EGM were attended by the Chairman, Board Members, Senior Management as well as the External Auditors.</p> <p>The AGM and the EGM are the principal forum for dialogue with shareholders. Shareholders are provided with opportunity to participate in the questions and answers session at which shareholders may raise questions regarding the proposed resolutions at the said meetings as well as on matters relating to the Group's businesses and affairs.</p> <p>The Chairman, the Board members, the Senior Management also respond to shareholders' queries at the AGM. The External Auditors also attend the AGM. The GCEO also shares with the shareholders the Company's responses to questions submitted in advance of the AGM by the MSWG.</p> <p>The proceedings at the AGM were recorded in the Minutes of the Meeting and disclosed to shareholders on the Company's website within the prescribed time.</p>	
Explanation for departure	:	N/A	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	N/A	
Timeframe	:	N/A	N/A

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	N/A
Explanation for departure	:	<p>The venues for the Company's general meetings thus far are not held at remote areas. In 2017, the Company had its AGM at the Royale Chulan, Mutiara Damansara Petaling Jaya and EGM at its office premise, the Menara OBYU, 4, Jalan PJU 8/8A, Bandar Damansara Perdana, Petaling Jaya.</p> <p>The Proxy Form attached together with the Annual Report and the Circular to Shareholders allow remote shareholders or shareholders in absentia to appoint Proxy/ies or Chairman of Meeting to vote on their behalf at the general meetings. The shareholders may also send any questions or queries to the Company before the AGM.</p> <p>The Company has yet to facilitate voting in absentia and remote participation by shareholders at General Meetings.</p> <p>Alternative Practice: Shareholders are allowed to appoint their representative/s as their Proxy/ies to attend, vote in his/her stead at the general meetings.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Company intends to maintain current practice
Timeframe	:	N/A

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

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

Click here to enter text.

