

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7251
COMPANY NAME : BARAKAH OFFSHORE PETROLEUM BERHAD
FINANCIAL YEAR : 30 JUNE 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Board has established a Board Charter that provides clear roles and responsibilities of the Board and management. This include:</p> <ul style="list-style-type: none"> • Adopt and review strategic business plan of the Group. • Oversee and evaluate the conduct of the Group's business including the formulation of strategy and performance objectives, control and accountability systems, corporate governance framework, risk management practices and human capital management. <p>To supplement the Board Charter, the Board established a Delegation of Authority ("DOA") to set the accountability of the Board and that of management and the limits, including financial limits of the respective authority.</p> <p>The Board also established Code of Conduct & Business Ethics Policy to instil ethical behaviour, honesty and personal integrity by all employees.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.2

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	:	The Company has a Chairman whose primary role is to preside over the Board meetings and ensure the smooth functioning of the Board in the interest of good corporate governance.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.3

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

Application	:	Applied.	
Explanation on application of the practice	:	<p>The Board supports the principle that separate roles of the Chairman and Group President & Chief Executive Officer (GPCEO) with a clear division of responsibilities to ensure a balance of power and authority such that no one individual has unlimited powers of decision making. Each of their roles had been identified in the Board Charter and Delegation Of Authority.</p> <p>The Chairman holds a non-executive function and leads the Board in overseeing of management and chairs the Board meetings and functions. The GPCEO has overall management responsibilities of the Group's operations and implementation of Board policies, strategies, directives and decisions. They report and discuss at the Board Meetings all material matters currently or potentially affecting Barakah and its performance.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

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

Application	:	Applied.
Explanation on application of the practice	:	<p>The Company has two (2) Company Secretaries who are qualified under the Section 235(2) of the Companies Act 2016.</p> <p>Both of the Company's Secretaries, Mr Ng Heng Hooi and Ms Wong Mee Kiat are members of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Company Secretaries also act as secretaries of all Board Committees (except for Executive Committee). The Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference. They also ensure that all Board and Board Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly documented in the minutes of meetings.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	The Board meetings were scheduled in advance and an annual meeting calendar that provides the scheduled dates for meetings of the Board and Board Committees, were circulated to the directors before the beginning of the financial year. Meeting materials were circulated at least five (5) days prior to the meeting. Minutes of meetings were circulated by the Company Secretary in a timely manner for review before the next meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is 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 Company has a Board Charter that sets out the role and responsibilities of the Board and those matters which are delegated to management. The Charter was approved and adopted by the Board on 23 October 2013. The Board reviews the Charter periodically and makes the appropriate revisions from time to time.</p> <p>The Board has also established Terms of Reference for the Audit and Risk Management Committee (“ARMC”), Nomination and Remuneration Committee (“NRC”), ESOS Committee and Executive Committee that provides clear roles and responsibilities of the respective committee. The Board Charter and the Terms of Reference for the Board Committees are available in the Corporate Governance section at the Company’s website <i>www.barakahpetroleum.com</i>.</p> <p>The Board has also established a Delegation of Authority (DOA) on 26 August 2016 to define policy and operational decision making process that include matters reserved for the Board’s approval and of those delegated to the Board Committees, Group President & Chief Executive Officer (GPCEO) and management.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The 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	:	The Board has established: 1. Code of Ethics and Conduct Policy 2. Whistle Blowing Policy 3. Insider Dealing Policy. The above policies require the Board and the employees of the Group to uphold the highest standards of ethical behaviour, and honesty and personal integrity in their dealings. The above policies are available in the Company's website at <i>www.barakahpetroleum.com</i>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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	:	The Company has a Whistle Blowing Policy which include procedures which were established by the Board with management. The dedicated point of contact for whistle blowing is set in the policy and procedures and can be found in the Company's website.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	The Board currently comprises seven (7) members, out of which four (4) are Independent Non-Executive Directors. Hence, the percentage of Independent Non-Executive Directors on the Board is 57%.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is yet to have a policy to limit the tenure of the independent non-executive directors to not more than nine (9) years.	
		Currently, none of the independent non-executive directors has been on the Board of Directors of the Company for a period of more than nine (9) years. The current longest serving independent non-executive director has been on the Board of the Company for a period of seven (7) years. Such policy will be incorporated in the Board Charter/Terms of reference for NRC in due course.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.3 - Step Up

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

Application	: Not adopted. Such policy will be incorporated in the Board Charter/Terms of reference for NRC in due course.
--------------------	---

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	:	The Company has the NRC who evaluates and recommends any appointment of Board member and senior management. The NRC has established guidelines on the recruitment and appointment of a Board member that forms part of the NRC's Terms of Reference. The Board supports non-discrimination on gender, ethnicity and age group of candidates to be appointed as Board members although no formal policy has been formed. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with skills, experience, time commitment and other qualities in meeting the future needs of the Company. The recruitment and appointment process of Board and senior management are deliberated in NRC meeting prior to making recommendation to the Board or such appointment.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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	:		
Explanation for departure	:	The Company currently has no specific policy on gender for Board appointment. The Company currently has 1 woman director out of the total seven (7) directors. The existing appointment to the Board were based on suitability of the person without any preference for, or discrimination against any particular gender.	
		The Board is aware that currently there is no specific policy on gender composition of the Board. Such policy will be considered in the future depending on the future growth and requirement of the Group.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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	:	For appointment of independent non-executive directors, the Board has taken into account the mix of skills, expertise, and experience including from those outside the circle of the Group's core business through referral from third parties.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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 terms of Reference of the Nomination and Remuneration Committee (NRC) provides that the Chairman of the NRC shall be appointed among the independent non-executive directors of the Company. The current Chairman of the NRC is En. Sulaiman Bin Ibrahim, who is the Senior Independent Non-Executive Director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to 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 evaluated the performance of the directors annually facilitated by the NRC.</p> <p>For FY2019, the NRC met three times and had carried out evaluation on effectiveness of the Board, Board Committees and the contribution of each director, taking into consideration the required mix of skills, knowledge and expertise and experience and other requisite qualities including core competencies contributed by Non-Executive Directors. The assessment were done as guided by Directors/Key Officers Evaluation Form – Appendix IV of the Corporate Governance Guide (“CGG”) 3rd Edition, Board Skill Matrix Form – Appendix II of the CGG and Board and Board Committee Evaluation Form –Appendix III of the CGG. All assessment and evaluation were properly documented.</p> <p>Based on the assessment, the NRC Members noted the Board has been effective in guiding the management and the Group.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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	:	
Explanation for departure	:	<p>The Company does not have a formal remuneration policy. However, the Board has structured a remuneration scale for the Group with inputs from human resource consultants and market data.</p> <p>The remuneration scale of the employees of the Group was structured based on the study conducted by professional human resource consultants in 2014 that looked into the job responsibilities, scale and complexities of the Group's operations and salary and benefits range of peer companies, From this review, the Group had structured the staff salary scale and benefits where the Group had positioned itself to be approximately within the median range of the industry.</p> <p>On annual basis, the Board carried out assessment of performance for the Executive Directors including the GPCEO, and Chief Financial Officer. The assessment was facilitated by the NRC who recommend the remuneration packages for the Executive Directors for the Board approval. This process is provided for in the Board Terms of Reference in the Board Charter. The authority for the determination of Executive Directors remuneration by the Board is provided for in the Delegation of Authority ("DOA").</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The 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	:	The NRC 's terms of reference include the review and recommendation for the remuneration for the directors and the top management, and the bonus pool for employees. This is done annually in an NRC meeting together with annual assessment of performance for the Executive Directors including the GPCEO, and Chief Financial Officer. The NRC terms of reference are disclosed in the Company's website www.barakahpetroleum.com .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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>The detailed breakdown of directors remuneration is set-out below:</p> <table border="1"> <thead> <tr> <th colspan="6">GROUP</th> </tr> <tr> <th>(All figures in RM)</th> <th>Fees</th> <th>Allowance</th> <th>Salaries</th> <th>Other Emoluments</th> <th>Defined Contribution Plan</th> </tr> </thead> <tbody> <tr> <td colspan="6">EXECUTIVE DIRECTORS ("EDs")</td> </tr> <tr> <td>Nik Hamdan Daud <i>Resigned on 15 April 2019</i></td> <td>-</td> <td>334,412.18</td> <td>2,818,132.50</td> <td>1,104.80</td> <td>397,076.00</td> </tr> <tr> <td>Azman Shah Bin Zakaria</td> <td>-</td> <td>-</td> <td>1,242,900.00</td> <td>44,485.80</td> <td>149,148.00</td> </tr> <tr> <td>Rasdee Bin Abdullah</td> <td>-</td> <td>-</td> <td>1,242,900.00</td> <td>44,485.80</td> <td>149,148.00</td> </tr> <tr> <td>Abdul Rahim Bin Awang <i>Appointed on 15 April 2019</i></td> <td>-</td> <td>12,000.00</td> <td>127,008.00</td> <td>207.15</td> <td>16,683.00</td> </tr> <tr> <td colspan="6">NON-EXECUTIVE DIRECTORS ("NEDs")</td> </tr> <tr> <td>Dato' Mohamed Sabri Mohamed Zain</td> <td>324,000.00</td> <td>123,000.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Azizan Hj Abdul Rahman <i>Resigned on 1 July 2018</i></td> <td>64,800.00</td> <td>9,000.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Sulaiman Ibrahim</td> <td>194,400.00</td> <td>33,000.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Nurhilwani Mohamad Asnawi</td> <td>129,600.00</td> <td>28,500.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Joseph Lau <i>Resigned on 2 April 2018</i></td> <td>13,500.00</td> <td>1,500.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Chew Theam Hock <i>Resigned on 17 June 2019</i></td> <td>65,423.08</td> <td>12,000.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td colspan="6">COMPANY</td> </tr> <tr> <th>(All figures in RM)</th> <th>Fees</th> <th>Allowance</th> <th>Salaries</th> <th>Other Emoluments</th> <th>Defined Contribution Plan</th> </tr> <tr> <td colspan="6">EXECUTIVE DIRECTORS ("EDs")</td> </tr> <tr> <td>Nik Hamdan Daud <i>Resigned on 15 April 2019</i></td> <td>-</td> <td>310,000.00</td> <td>1,409,066.25</td> <td>-</td> <td>227,986.00</td> </tr> <tr> <td>Azman Shah Bin Zakaria</td> <td>-</td> <td>-</td> <td>590,850.00</td> <td>43,242.90</td> <td>70,902.00</td> </tr> <tr> <td>Rasdee Bin Abdullah</td> <td>-</td> <td>-</td> <td>590,850.00</td> <td>43,242.90</td> <td>70,902.00</td> </tr> <tr> <td>Abdul Rahim Bin Awang <i>Appointed on 15 April 2019</i></td> <td>-</td> <td>12,000.00</td> <td>127,008.00</td> <td>207.15</td> <td>16,683.00</td> </tr> <tr> <td colspan="6">NON-EXECUTIVE DIRECTORS ("NEDs")</td> </tr> <tr> <td>Dato' Mohamed Sabri Mohamed Zain</td> <td>324,000.00</td> <td>123,000.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Azizan Hj Abdul Rahman <i>Resigned on 1 July 2018</i></td> <td>64,800.00</td> <td>9,000.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Sulaiman Ibrahim</td> <td>194,400.00</td> <td>33,000.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Nurhilwani Mohamad Asnawi</td> <td>129,600.00</td> <td>28,500.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Joseph Lau <i>Resigned on 2 April 2018</i></td> <td>13,500.00</td> <td>1,500.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Datuk Chew Theam Hock <i>Resigned on 17 June 2019</i></td> <td>65,423.08</td> <td>12,000.00</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	GROUP						(All figures in RM)	Fees	Allowance	Salaries	Other Emoluments	Defined Contribution Plan	EXECUTIVE DIRECTORS ("EDs")						Nik Hamdan Daud <i>Resigned on 15 April 2019</i>	-	334,412.18	2,818,132.50	1,104.80	397,076.00	Azman Shah Bin Zakaria	-	-	1,242,900.00	44,485.80	149,148.00	Rasdee Bin Abdullah	-	-	1,242,900.00	44,485.80	149,148.00	Abdul Rahim Bin Awang <i>Appointed on 15 April 2019</i>	-	12,000.00	127,008.00	207.15	16,683.00	NON-EXECUTIVE DIRECTORS ("NEDs")						Dato' Mohamed Sabri Mohamed Zain	324,000.00	123,000.00	-	-	-	Datuk Azizan Hj Abdul Rahman <i>Resigned on 1 July 2018</i>	64,800.00	9,000.00	-	-	-	Sulaiman Ibrahim	194,400.00	33,000.00	-	-	-	Nurhilwani Mohamad Asnawi	129,600.00	28,500.00	-	-	-	Datuk Joseph Lau <i>Resigned on 2 April 2018</i>	13,500.00	1,500.00	-	-	-	Datuk Chew Theam Hock <i>Resigned on 17 June 2019</i>	65,423.08	12,000.00	-	-	-	COMPANY						(All figures in RM)	Fees	Allowance	Salaries	Other Emoluments	Defined Contribution Plan	EXECUTIVE DIRECTORS ("EDs")						Nik Hamdan Daud <i>Resigned on 15 April 2019</i>	-	310,000.00	1,409,066.25	-	227,986.00	Azman Shah Bin Zakaria	-	-	590,850.00	43,242.90	70,902.00	Rasdee Bin Abdullah	-	-	590,850.00	43,242.90	70,902.00	Abdul Rahim Bin Awang <i>Appointed on 15 April 2019</i>	-	12,000.00	127,008.00	207.15	16,683.00	NON-EXECUTIVE DIRECTORS ("NEDs")						Dato' Mohamed Sabri Mohamed Zain	324,000.00	123,000.00	-	-	-	Datuk Azizan Hj Abdul Rahman <i>Resigned on 1 July 2018</i>	64,800.00	9,000.00	-	-	-	Sulaiman Ibrahim	194,400.00	33,000.00	-	-	-	Nurhilwani Mohamad Asnawi	129,600.00	28,500.00	-	-	-	Datuk Joseph Lau <i>Resigned on 2 April 2018</i>	13,500.00	1,500.00	-	-	-	Datuk Chew Theam Hock <i>Resigned on 17 June 2019</i>	65,423.08	12,000.00	-	-	-
GROUP																																																																																																																																																																										
(All figures in RM)	Fees	Allowance	Salaries	Other Emoluments	Defined Contribution Plan																																																																																																																																																																					
EXECUTIVE DIRECTORS ("EDs")																																																																																																																																																																										
Nik Hamdan Daud <i>Resigned on 15 April 2019</i>	-	334,412.18	2,818,132.50	1,104.80	397,076.00																																																																																																																																																																					
Azman Shah Bin Zakaria	-	-	1,242,900.00	44,485.80	149,148.00																																																																																																																																																																					
Rasdee Bin Abdullah	-	-	1,242,900.00	44,485.80	149,148.00																																																																																																																																																																					
Abdul Rahim Bin Awang <i>Appointed on 15 April 2019</i>	-	12,000.00	127,008.00	207.15	16,683.00																																																																																																																																																																					
NON-EXECUTIVE DIRECTORS ("NEDs")																																																																																																																																																																										
Dato' Mohamed Sabri Mohamed Zain	324,000.00	123,000.00	-	-	-																																																																																																																																																																					
Datuk Azizan Hj Abdul Rahman <i>Resigned on 1 July 2018</i>	64,800.00	9,000.00	-	-	-																																																																																																																																																																					
Sulaiman Ibrahim	194,400.00	33,000.00	-	-	-																																																																																																																																																																					
Nurhilwani Mohamad Asnawi	129,600.00	28,500.00	-	-	-																																																																																																																																																																					
Datuk Joseph Lau <i>Resigned on 2 April 2018</i>	13,500.00	1,500.00	-	-	-																																																																																																																																																																					
Datuk Chew Theam Hock <i>Resigned on 17 June 2019</i>	65,423.08	12,000.00	-	-	-																																																																																																																																																																					
COMPANY																																																																																																																																																																										
(All figures in RM)	Fees	Allowance	Salaries	Other Emoluments	Defined Contribution Plan																																																																																																																																																																					
EXECUTIVE DIRECTORS ("EDs")																																																																																																																																																																										
Nik Hamdan Daud <i>Resigned on 15 April 2019</i>	-	310,000.00	1,409,066.25	-	227,986.00																																																																																																																																																																					
Azman Shah Bin Zakaria	-	-	590,850.00	43,242.90	70,902.00																																																																																																																																																																					
Rasdee Bin Abdullah	-	-	590,850.00	43,242.90	70,902.00																																																																																																																																																																					
Abdul Rahim Bin Awang <i>Appointed on 15 April 2019</i>	-	12,000.00	127,008.00	207.15	16,683.00																																																																																																																																																																					
NON-EXECUTIVE DIRECTORS ("NEDs")																																																																																																																																																																										
Dato' Mohamed Sabri Mohamed Zain	324,000.00	123,000.00	-	-	-																																																																																																																																																																					
Datuk Azizan Hj Abdul Rahman <i>Resigned on 1 July 2018</i>	64,800.00	9,000.00	-	-	-																																																																																																																																																																					
Sulaiman Ibrahim	194,400.00	33,000.00	-	-	-																																																																																																																																																																					
Nurhilwani Mohamad Asnawi	129,600.00	28,500.00	-	-	-																																																																																																																																																																					
Datuk Joseph Lau <i>Resigned on 2 April 2018</i>	13,500.00	1,500.00	-	-	-																																																																																																																																																																					
Datuk Chew Theam Hock <i>Resigned on 17 June 2019</i>	65,423.08	12,000.00	-	-	-																																																																																																																																																																					
Explanation for departure	:																																																																																																																																																																									
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>																																																																																																																																																																										
Measure	:																																																																																																																																																																									
Timeframe	:																																																																																																																																																																									

Intended Outcome

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	:	
Explanation for departure	:	<p>The top five senior management of the Group consists of three (3) Executive Directors, one and (1) Chief Financial Officer. Their profile are set out on pages 06 to 10 in the 2019 Annual Report.</p> <p>The detailed disclosure on named basis of for the remuneration of three (3) Executive Directors which includes salary, bonus, benefit-in-kind and allowances are disclosed in the Corporate Governance Report Para 7.1 page 20.</p> <p>The remuneration of the Chief Financial Officer and Chief Corporate Officer for FY2019 inclusive of salary, bonus, benefit-in-kind and allowances range from RM1,500,000 to RM1,750,000.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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	:	

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	:	The Company's Board Charter provides for the segregation of roles between Chairman of the Board and Chairman of ARMC. In addition, the Chairman of the Board and Chairman of ARMC must also be among independent non-executive directors. In this respect, the Company has appointed 2 different persons for the roles of Chairman of the Board and Chairman of ARMC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 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	:	Applied.
Explanation on application of the practice	:	The Board has adopted Policy and Procedures on External Auditors which include the term where any key audit partner will not be offered employment or be appointed as a member of the Audit and Risk Management Committee (ARMC) of the Company or any of its related corporations within two (2) years of undertaking any role on the audit.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

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

Application	:	Applied.
Explanation on application of the practice	:	<p>ARMC has adopted the policy and procedures on External Auditors (EA) which include Assessment of External Auditor Performance and Independence using checklist provided in the Corporate Governance Guide, for assessment of suitability and independence of an EA.</p> <p>The ARMC reviewed and monitored the fee of the total non-audit works carried out by the EA to ensure there was no impairment of independence and objectivity.</p> <p>ARMC shall consider if there is reason with supported by grounds, to believe that the EA are not suitable for appointment or re-appointment before recommending the appointment or re-appointment of the EA and their audit fees. The ARMC undertakes an assessment of the suitability, objectivity, technical competence and independence of the external auditors on an annual basis</p> <p>The ARMC is satisfied with the external auditors Messrs. Crowe's performance and its independence.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:	Applied. All the ARMC members comprised solely of Independent Director.
Explanation on adoption of the practice	:	

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	:	ARMC members are kept updated by the Internal Audit Department, external auditors and the Company Secretaries on any new accounting and auditing standards, practices and rules via email circulations and in ARMC meeting. The Company also organised training session for all Board members to keep abreast of relevant development in these areas.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied.	
Explanation on application of the practice	:	The Board has established and approved the Risk Management Policy/Framework of the Group on 31 March 2016.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied.
Explanation on application of the practice	:	The Risk Management Policy/Framework captures the risk management process of the Group that include the risk identification, risks analysis, evaluations and treatment. These processes are summarised and documented in a Risk Register maintained by the Group. Further disclosure on Risk Management activities are set-out in Statement of Risk Management and Internal Control on pages 40 to 42 of the 2019 Annual Report.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 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 Board has established Audit and Risk Management Committee comprising of all independent non-executive directors to be the oversight body for the company's risk management framework and policies.</p> <p>The ARMC is supported by the Risk Management Steering Committee comprising management who are involved in the identification, mitigation, and documentation and reporting of the risks. Further disclosure on Risk Management framework are set-out in Statement of Risk Management and Internal Control on pages 40 to 42 of the 2019 Annual Report.</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	:	Barakah had an in-house Internal Audit Department (“IAD”) reporting directly to the ARMC until early April 2019. The IAD provides an independent, objective assurance and consulting activity designed to add value to and improve Barakah’s operations. It helps Barakah to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Further information on the internal audit function is provided in the Audit and Risk Management Committee Report on page 36 to 39 of the 2019 Annual Report. On 21 October 2019, the Board had appointed an outsource internal auditor who will report directly to the ARMC.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 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 department has been established within the Group since October 2013. The department is an in-house function. It reports functionally to Audit & Risk Management Committee (ARMC) and administratively to Group President & Chief Executive Officer of the Group.</p> <p>The IA department adopts a risk-based audit methodology to ensure that the effectiveness of relevant controls addressing the Group’s key risks, are reviewed on a periodically basis. The purpose, authority, responsibility and independence are clearly articulated in the IA Charter, which was approved by BOD. The IA charter is prepared based on Bursa Malaysia Listing Requirements, Malaysian Code on Corporate Governance and the International Professional Practices Framework by the Institute of Internal Auditors’.</p> <p>The department was headed by Chief Internal Auditor (CIA), Mohamed Farook Nasar. He has more than 20 years’ experience in internal auditing. He has worked with international and local companies and from various industries namely Oil & Gas, Food, Investment holdings, Engineering of Aeroplane components, semiconductor industry and waste management. Among the companies were Permodalan Nasional Berhad, Merrill Lynch Limited (one of largest broker in the world), KFC Holdings Berhad, Sapura Energy Berhad, Umpan Group of Companies and SAM Engineering Berhad (one of Temasik ‘s subsidiaries).</p> <p>He has three (3) professional qualifications; i.e. Certified Internal Auditor, Institute of Chartered Secretaries and Administrators (“ICSA”) and Certified Risk Management and Assurance. He also has Masters in Business Administration and Bachelor in Accountancy.</p>

	The internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 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 incorporated provisions for effective communication with the shareholders and stakeholders in the Board Charter. The Board also established a Corporate Disclosure Policy for timely disclosures of material information.</p> <p>The Board encourages direct engagement with all stakeholders as it provides a better appreciation of the Group's objectives, quality of its management, and challenges while making the Group aware of the expectations and concerns of the stakeholders. The Group carried out the following for interaction with various stakeholders:</p> <ol style="list-style-type: none"> 1. Annual General Meeting for shareholders. 2. Briefings to investment analysts, fund managers and media. 3. Team building workshops with staff and clients. 4. Community work. 5. Corporate website at www.barakahpetroleum.com
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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	:		
Explanation for departure	:	The Company has yet to gain status as a large company. The Company will consider adopting the integrated reporting in future following better awareness and understanding of such reporting and in line with the growth and market expectation of the Company in the future. This include adopting integrated reporting based on the globally recognised framework.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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	:	Notice for the forthcoming Annual General Meeting, together with a copy of the Company's 2019 Annual Report, is sent out to shareholders at least 28 days prior to the meeting to provide the shareholders with sufficient time to prepare for the meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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	:	All directors attend General Meeting including Chairman of all Board Committees. The Board encourages participation by shareholders at General Meetings. Session for questions and answer is allocated for every resolution before it is put to vote at General Meetings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 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	:	
Explanation for departure	:	The Company has been practising holding its General Meetings at conveniently accessible location within Petaling Jaya, Selangor. The Company has yet to adopt the procedures for voting in absentia and remote participation by shareholders at General Meetings. The Company has adopted voting by poll at its General Meeting to ensure all voting by shareholders present in person or by proxy are accounted for.
		The Company will consider incorporating voting in absentia and remote shareholders participation in future when the infrastructure of such procedures can be securely put in place at a reasonable cost.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
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.

Click here to enter text.