

A Future Vision for the STO Community Landscape: A sustainable transformation where infrastructure blends seamlessly with nature, integrating green spaces with smart, future-ready systems to create a cleaner, more resilient environment. This vision reflects STO's commitment to shaping communities that balance progress with environmental responsibility.

# Corporate Governance Report

*Shaping* Tomorrow TODAY



**“Strong governance is not a compliance exercise — it is the foundation upon which shareholder trust, strategic ambition, and national purpose are built.”**

# Chairman’s Governance Statement

On behalf of the Board of Directors of STO, I am pleased to present our Corporate Governance Report for the year ended 31 December 2025. This report reflects the Board’s steadfast commitment to the highest standards of governance, transparency, and accountability; principles that are fundamental to STO’s role as the Maldives’ foremost nationally strategic enterprise and one of its largest listed companies. 2025 was a year of significant governance activity for the Board.

We welcomed a new independent director, accelerated our sustainability governance agenda, further strengthened board independence, and made measurable progress across major governance dimensions. I am proud of the Board’s collective commitment to these responsibilities, and I believe the Company enters 2026 with a governance framework that is stronger, more transparent, and better equipped than at any point in time in our listed history.

## Leadership Continuity and Board Renewal

We welcomed Aishath Fazeena to the Board in March 2025, bringing the number of female directors to two and bringing STO into full compliance with the CMDA minimum requirement. Fazeena’s expertise in risk management, financial governance, and corporate leadership has already made a valuable contribution to the ARC and NRC, and I look forward to her continued involvement in the years ahead.

## Board Effectiveness

The Board held 14 meetings during 2025, maintaining its engagement with all major strategic, financial, and governance matters throughout the year. Our overall attendance rate remained strong, reflecting the commitment of each director to their responsibilities. The annual Board evaluation confirmed that the Board is performing above the threshold rating across all evaluation dimensions. The evaluation also identified clear priorities for the year ahead, in Sustainability, AI and Technology.

## Risk Oversight and Internal Controls

In 2025, the Board maintained focus on the elevated risk categories facing the Company - including commodity price volatility, foreign exchange exposure, supply chain resilience, and cybersecurity, and received regular updates from management on the status of key mitigating actions, embedded within the Board paper format. The Audit and Risk Committee further reviewed the Risk Management Policy and Risk Committee Charter. These matters will continue to receive focused attention in 2026.

## Sustainability and ESG Governance

Sustainability governance received heightened Board attention in 2025. We continue to publish a standalone Sustainability Report along with the Annual Report. The Board recognizes that our journey toward full sustainability disclosure aligned with Maldives Sustainability Reporting Framework (MSRF) and the IFRS S1 and S2 is a multi-year commitment, and we are determined to advance this responsibly and transparently.

## Director Development and Continuing Education

The Board continued to invest in its own development throughout 2025. A key feature of STO’s approach to director continuing education is the monthly Governance Newsletter, produced and distributed by the Company Secretary’s team to all directors of the Group. Rather than relying solely on a single annual refresher session, this monthly publication ensures directors receive timely briefings on regulatory updates, governance best practice, emerging risks and sustainability topics, and compliance obligations on an ongoing basis — twelve editions in a full year. I believe this approach better serves the Board’s need to remain current in a governance environment that evolves continuously. In parallel, directors participated in external professional development programmes, and Aishath Fazeena completed her STO induction programme upon appointment. Full details of director training and development are set out in Section 16 of this Report.

## Commitment to Shareholders

The Board remains firmly committed to protecting and promoting the interests of all STO shareholders — both the Government of the Maldives as majority shareholder, and the 4,000+ public shareholders who invest their confidence in this Company. We are committed to timely, transparent, and equitable communication with all shareholders, and to maintaining governance standards that reflect the trust placed in us by our shareholders and the Maldivian public.

Looking ahead, the Board has identified a clear governance roadmap for 2026, including strengthening the Board’s digital literacy agenda, advancing our sustainability knowledge, and embedding the governance enhancements identified through the 2025 Board evaluation and board plan assessment. I am confident that the foundations we built in 2025 will serve STO well in the years ahead.



*Amir Mansoor*
*Chairman*

# Governance at a Glance 2025

This report sets out how State Trading Organization Plc ("STO" or "the Company") has applied the principles of the CMDA Corporate Governance Code for the year ended 31 December 2025. It is prepared on a comply-or-explain basis. Where any provision was not fully complied with, the circumstances and remediation plan are transparently disclosed.

**14** Board meetings held

**2** Female directors

**100%** All committees — independent members

**96%** Overall attendance rate

## Governance Indicators — Year on Year

| Governance Indicator | 2024 | **2025** |
|---|---|---|
| Board members (at year-end) | 7 | **7** |
| Independent Non-Executive Directors | 4 | **5** |
| Female directors | 1 | **2** |
| Board meetings held | 19 | **14** |
| Average board meeting attendance | 97% | **96%** |
| NED only meetings | 1 | **2** |
| ARC meetings held | 10 | **8** |
| NRC meetings held | 4 | **3** |
| GSC meetings held | 4 | **6** |
| Whistleblower cases received | 29 | **28** |
| Whistleblower cases attended and resolved | 75% | **85%** |
| Internal audit assignments completed | 76% | **79%** |
| Training programmes completed by directors | 12 | **8** |
| Director training investment (MVR) | 1,008,101 | **1,025,597** |
| External auditor | Deloitte (Year 2) | **Deloitte (Year 3)** |

No penalties, enforcement actions or material non-compliance events were recorded by regulators during the year ended 31 December 2025.

## Board Skill Coverage

The chart below illustrates the depth of collective board coverage across key strategic competencies, based on the Board Skill Matrix. Coverage is rated on a 7 director scale reflecting the number of directors with material expertise in each area.

| Competency | Coverage | Assessment |
|---|---|---|
| Strategic Thinking | ●●●●●●● | Excellent coverage |
| Policy Making and Oversight | ●●●●●●● | Excellent coverage |
| Corporate Governance | ●●●●●●● | Excellent coverage |
| Strategic Financial Management | ●●●●●●● | Excellent coverage |
| Risk Management and Internal Controls | ●●●●●○○ | Strong coverage |
| Finance, Accounting and Audit Qualified | ●●●○○○○ | Good coverage |
| Commercial and Business Development relevant to the Company | ●●●○○○○ | Good coverage |
| Experience in Leading Board and Committees | ●●●○○○○ | Good coverage |
| Mergers, Acquisitions and Growth Strategy | ●●●○○○○ | Good coverage |
| Human Resources and Talent | ●●○○○○○ | Moderate coverage |
| Legal and Regulatory | ●○○○○○○ | Some coverage |
| Digital and Technology | ●○○○○○○ | Some coverage |
| Sustainability and ESG | ●○○○○○○ | Some coverage |

● = Director with expertise

# 1. Governance Philosophy and Governance Model

The Board of Directors and management of STO, together with its subsidiaries (the "STO Group"), are committed to upholding high standards of corporate governance. Our aim is to foster robust, well established governance practices for the benefit of shareholders and all stakeholders; including the Government of Maldives, customers, suppliers, employees and the wider public.

STO operates in accordance with the Companies Act (Act No. 7/2023), the CMDA Corporate Governance Code, the Securities Act of Maldives, the Listing Rules of the Maldives Stock Exchange (MSE), the Securities Continuing Disclosure Obligations of Issuers Regulations 2019 (SCDOI Regulation), and its Articles of Association, Board Charter, committee charters and internal policy documents.

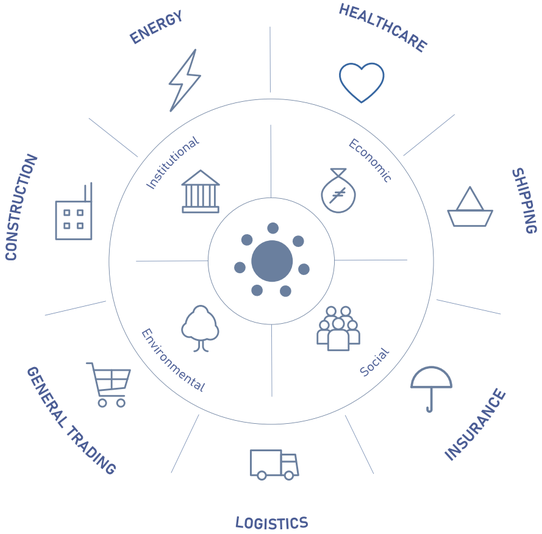
STO's governance framework has evolved significantly since the Company first established its governance guidelines in 2006. The Board periodically reviews and updates all governance instruments to keep pace with regulatory developments, governance best practice and the Company's evolving strategic context.

## 1.1 Our Four Governance Principles

| | |
|---|---|
| **Accountability** | The Board and management are accountable to shareholders and other legitimate stakeholders for the stewardship of the Company's assets, the conduct of the business and the long-term sustainability of STO. This accountability extends to subsidiaries and entities in which STO holds a significant interest. |
| **Transparency** | The Company seeks to provide timely, accurate and balanced disclosures of material information and to maintain clear governance reporting in accordance with applicable law, regulation and listing obligations. STO communicates openly and honestly with shareholders, regulators and all material stakeholders. |
| **Integrity** | STO expects directors, management and employees to act lawfully, ethically and in the best interests of the Company at all times, and to avoid conflicts of interest and misuse of authority or information. The Board sets the tone from the top and expects a culture of integrity throughout the Company. |
| **Fairness** | The Company is committed to equitable treatment of all shareholders and to fair dealing with employees, customers, suppliers, regulators and the wider public. The Board does not permit discrimination, favoritism or improper preferential treatment in any form. |

## 1.2 Governance Model — How We Create Value

The Board oversees value creation through an integrated governance model that recognizes STO's economic, social, environmental and institutional responsibilities. Strategic decisions, capital allocation, policy approvals and oversight actions are evaluated against this framework to ensure that short-term performance never comes at the expense of long-term sustainability, public trust or national service. STO Group operates across energy supply, general trading, healthcare, construction, logistics, insurance and shipping - making breadth of governance coverage a strategic necessity.

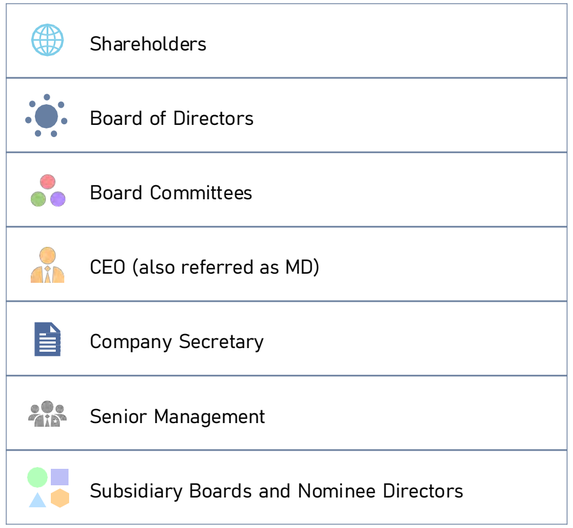


# 2. Governance Framework and Structure

STO operates within a comprehensive governance architecture that establishes clear lines of authority, accountability and oversight across the Company and the STO Group. The framework supports disciplined decision-making, effective control and appropriate escalation of material matters. For reporting purposes, this report presents information relating to the Company, except where it is expressly stated that Group-level information has been included.

## 2.1 Governance Hierarchy

The principal layers of STO's governance framework are as follows, with each tier exercising defined responsibilities:




## Responsibilities

Shareholders exercise their rights through the Annual General Meeting and other properly convened meetings. Core shareholder decisions include election of directors where applicable, approval of dividends, appointment of external auditors and amendments to the Articles of Association.

The Board is collectively responsible for the long-term success of the Company and for providing effective leadership within a framework of prudent and effective controls. The Board approves strategy, budgets, major investments, key policies, material transactions and the Company's governance, technology and risk architecture.

The Board has established three principal committees: the Audit and Risk Committee, the Nomination and Remuneration Committee, and the Governance and Sustainability Committee. Each committee operates under a Board-approved charter and reports to the Board on matters within its mandate.

The CEO leads management and is responsible for executing Board-approved strategy, managing day-to-day Group operations and ensuring that the Board receives timely, accurate and balanced information on the performance, condition and prospects of the Company and Group.

The Company Secretary supports the Board and committees, advises on governance and regulatory process, facilitates compliance, and ensures sound Board administration and adherence to applicable governance requirements.

Management is responsible for operational implementation, performance delivery, control execution, policy adherence and escalation of material issues to the CEO and Board as appropriate.

Subsidiary governance forms part of STO's Group oversight model. The Board expects clarity of mandates, reporting lines and director responsibilities across subsidiary and associated entities, governed under the STO Group Corporate Governance Code and Governance Framework.

## 2.2 Matters Reserved for the Board

The Board retains exclusive authority over matters that are strategic, material, high risk, legally significant or otherwise unsuitable for delegation. A formal schedule of matters reserved for the Board is maintained and reviewed periodically. These include, among others:

- Approval of the long-term strategy and business plan
- Approval of annual budgets and material capital expenditure
- Approval of quarterly and annual financial statements and annual reports
- Approval of dividend policy and dividend declarations within legal authority
- Approval of the risk appetite statement and oversight of the enterprise risk management framework
- Oversight of the internal control framework and assurance architecture
- Appointment and removal of directors, the company secretary and recommendation of external auditor matters
- Approval of Board and committee charters and major governance policies
- Approval of related party transactions above delegated thresholds
- Approval of major borrowings, guarantees and security arrangements
- Approval of major litigation strategy or settlement, where material
- Oversight of major technology, transformation and infrastructure investments

## 2.3 Subsidiary and Group Governance

The Board recognizes that STO's governance responsibilities extend beyond the listed parent company and must be reflected across the Group in a structured and proportionate manner. As at 31 December 2025, STO held majority interests in subsidiaries, interests in associated companies and joint venture arrangements. The Board has designated the CEO to exercise oversight across all Group companies.

During 2025, the Board continued work on strengthening Group governance through: clearer nominee director expectations; greater consistency in policy application where appropriate; periodic subsidiary performance and governance reporting to the Board; development and implementation of a Group Governance Framework introduced during the year; and increasing focus on Board composition, skills and governance maturity across subsidiary boards. All majority interest subsidiaries published their own corporate governance reports in 2025 in accordance with the Group Governance Code.

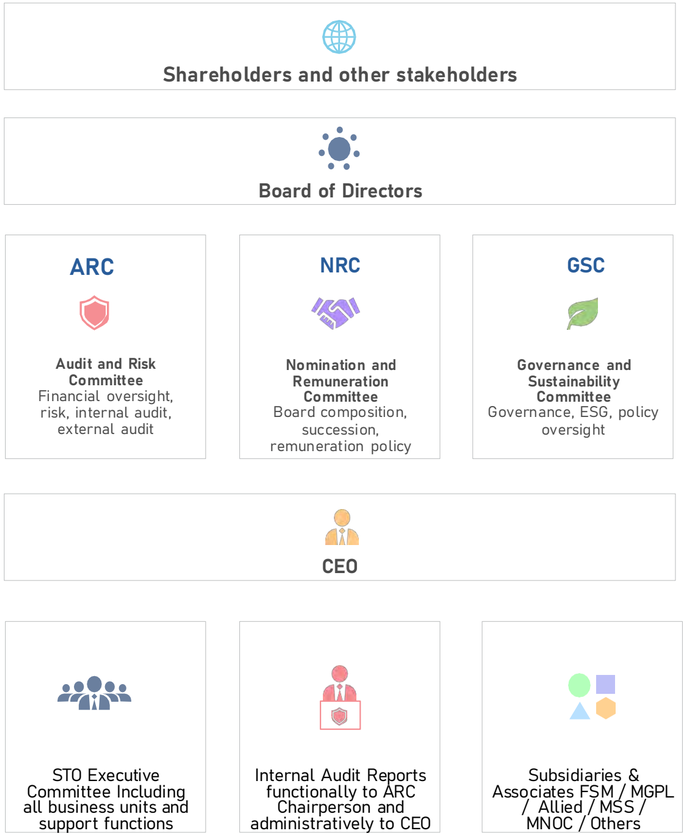
## 2.4 Governance Policies and Key Charters

The Company's governance framework is supported by Board-approved charters, frameworks and policies. These are reviewed on a rolling basis by the Governance Committee and updated as required. Key instruments include:

- Board Charter
- Audit and Risk Committee Charter
- Nomination and Remuneration Committee Charter
- Governance and Sustainability Committee Charter
- Delegation of Authority and Approval Limits
- Code of Ethics and Code of Conduct
- Conflict of Interest Disclosure Procedures
- Anti-Bribery and Anti-Corruption Policy
- Whistleblowers Policy
- Speak-Up Procedures
- Insider Trading and Securities Dealing Guidelines
- Organization Health and Safety Policy
- Risk Management Framework and Policy
- Internal Audit and External Audit Policies
- Related Party Transaction Procedures
- Group Governance Code and Group Governance Framework

## 2.5 Governance Structure

The diagram below illustrates STO's governance architecture, showing the hierarchy of oversight and accountability from shareholders through to business units and subsidiaries.




*The above diagram represents STO's governance structure as at 31 December 2025.*

# 3. Board of Directors

## 3.1 Board Composition and Changes in 2025

STO's Board began 2025 with seven members: two executive directors, four independent non-executive directors and one non-independent non-executive director. Following the resignation of Mohamed Murad on 9 January 2025 and the appointment of Aishath Fazeena on 11 March 2025, the Board closed the year with seven directors: the Independent Non-Executive Chairman, two Executive Directors and four Independent Non-Executive Directors. The composition at year-end satisfies the CMDA minimum requirements for board size, independence, separation of Chairman and MD/ CEO roles, and female director representation.

| Director | Role | Appointed | Status |
|---|---|---|---|
| **Amir Mansoor** | Chairman (Non-Executive) | December 2023 | Served throughout 2025 |
| **Shimad Ibrahim** | CEO (Executive Director) | November 2023 / Director since 2019 | Served throughout 2025 |
| **Mohamed Nizam** | CFO (Executive Director) | March 2021 | Served throughout 2025 |
| **Mohamed Ahsan Saleem** | Independent Non-Executive Director | May 2023 | Served throughout 2025 |
| **Dhaanish Mohamed Ameen** | Independent Non-Executive Director | December 2023 | Served throughout 2025 |
| **Reesha Abdul Munnim** | Independent Non-Executive Director | January 2024 | Served throughout 2025 |
| **Aishath Fazeena** | Independent Non-Executive Director | March 2025 | Served since appointment in March |
| **Mohamed Murad** | Non-Executive (Non-Independent) | December 2023 | Resigned 9 January 2025 |

## 3.2 Board Responsibilities

The Board is collectively responsible for promoting the long-term success of the Company and for setting the tone from the top. Its principal responsibilities include:

- Setting strategic direction and approving major strategic initiative
- Approving business plans, annual budgets and material capital expenditure
- Overseeing performance, capital allocation and resource prioritization
- Overseeing risk management, internal control and assurance arrangements
- Ensuring integrity of financial and non-financial reporting
- Overseeing governance, ethics, compliance and sustainability matters
- Monitoring succession planning for the Board, CEO and key executives
- Ensuring fair treatment of shareholders and appropriate stakeholder consideration
- Promoting a culture of lawful, ethical and responsible conduct across the Group

# 3.3 Director Profiles

Director qualifications and experience are disclosed below for all directors serving during 2025.



## AMIR MANSOOR

Chairman —
Independent, Non-Executive Director

***Appointed: December 2023***

Amir Mansoor was appointed as the Chairman of the Board on 5 December 2023, representing the Government of Maldives, the Company's majority shareholder.

Amir holds a Master of Business Administration from Tarlac University and an Executive Diploma in Directorship from Singapore Management University. Furthermore, he has completed the Qualified Risk Director program at the Institute of Enterprise Risk Practitioners in Malaysia.

As a seasoned entrepreneur with over37 years of extensive experience in business development and management, he has played a pivotal role in establishing and leading numerous business ventures across various sectors. Currently, Amir Mansoor serves as the Managing Director of Lily International Pvt Ltd, Carpe Diem Maldives Pvt Ltd, Grape Expectations Pvt Ltd, Salt & Rock Real Estate Pvt Ltd, Huravalhi Beach Resort Investments Pvt Ltd, Mariculture Maldives Pvt Ltd, and HIM Management Company Services Pvt Ltd.

**Committee:** None
**Shares held:** None



## SHIMAD IBRAHIM

Chief Executive Director

***Appointed: November 2023***

Shimad Ibrahim was first appointed to the Board of Directors in May 2019 as a representative of the majority shareholder and later assumed the role of CEO on 28 November 2023.

A Chartered Accountant with over 20 years of professional experience, he holds a Bachelor of Accounting (Honours) degree from the International Islamic University of Malaysia, where he was recognized as the Best Student in Management Accounting.

Currently, Shimad serves as a Director at SFG Corporate Services, SFG Logistics, S&A Tax and Financial Services, Lisa Maldives and Maldives Industrial Development Free Zone PLC. He is also the Chairman of Maldives National Oil Company Ltd.

His extensive career includes senior leadership roles such as Chief Financial Officer at Villa Group, Head of Finance at Maldives Islamic Bank, and Chief Finance Executive at the Ministry of Finance. He has also served as a Board Director at Maldives Islamic Bank PLC, Maldives Tourism Development Corporation PLC, Thilafushi Corporation Limited, Upper South Utilities Limited, and Fenaka Corporation Pvt Ltd. In addition, he has contributed to national financial governance as a member of the National Debt Management Committee.

**Committee:** None
**Shares held:** 55 STO ordinary shares (direct)

**Mohamed Murad** served as a Non-Executive (Non-Independent) Director until his resignation on 9 January 2025. He is therefore not included in the year-end profile disclosures.



## MOHAMED NIZAM

Chief Financial Officer
Executive Director

***Director since: March 2021***

Mohamed Nizam joined STO in 2010, was appointed to the Board of Directors on 18 March 2021, and currently serves as the Company's Chief Financial Officer in addition to his role as a Board Director.

Nizam holds a Master of Business Administration in Financial Management from the University of Ballarat, Australia, and a Bachelor of Arts (Honours) in Finance and Accounting from the University of East London, UK. He is also a Fellow Member of the Chartered Institute of Management Accountants (FCMA, CGMA).

In addition, he is a professional member of the Institute of Enterprise Risk Practitioners, a Certified Enterprise Risk Advisor, and a Certified Associate Consultant for the SAP Finance and Controlling module.

Throughout his tenure at STO, Nizam has rendered distinguished service in several key positions, including Head of Procurement, Chief Risk Officer, Senior Finance Manager, and Senior Information Systems Manager.

He currently serves as Chairman of Raysut Maldives Cement Pvt Ltd and STO Maldives (Singapore) Pvt Ltd, and as a Board Director of the Maldives National Oil Company Limited.

His previous leadership roles include serving as Chairman of Fuel Supplies Maldives and Chairman of the Board of Allied Insurance Company of the Maldives Pvt Ltd, as well as Board Director of Maldives State Shipping Company Pvt Ltd, Maldives Industrial Fisheries Company Limited, and Fenaka Corporation. Furthermore, he has served as a Board Member of the Maldives Stock Exchange and the Maldives Securities Depository.

**Committee:** None
**Shares held:** None



## MOHAMED AHSAN SALEEM

Independent
Non-Executive Director

***Appointed:*** *May 2023 (public shareholder representative)*

Mohamed Ahsan Saleem was re-elected at the 2024 AGM as the public shareholder representative. He also serves as the Director of Operations at Tree Top Hospital.

Ahsan holds a Master of International Tourism and Hotel Management from Southern Cross University, Singapore. He also earned a Bachelor of Business in International Hotel and Resort Management from the Blue Mountains International Hotel Management School, Australia, and a Diploma in Hotel Management from Les Roches Hotel Management School, Switzerland.

Furthermore, he has completed the Board Certification examination from Corporate Directors International. His academic pursuits also include a course in Business Sustainability Management from the University of Cambridge, and he holds a Private Pilot License from the Seletar Flying Club, Singapore.

Previously, Ahsan held the position of Head of Information Technology at Tree Top Hospital. His extensive career in the tourism and hospitality sector includes roles at Conrad Maldives Rangali Island, Hilton Seychelles, Les Roches Switzerland, and Collège du Léman Switzerland.

Additionally, he has experience in the Maldivian guesthouse and diving sectors and has worked with the Maldives Association of Tourism Industry (MATI).

**Committee:** ARC (Member), GSC (Chair from March 2025)
**Shares held:** 200 STO ordinary shares (direct)



## DHAANISH MOHAMED AMEEN
Independent Non-Executive Director

***Appointed:*** December 2023

Dhaanish Mohamed Ameen was appointed to the Board of Directors of STO on 18 December 2023.

Dhaanish holds a Bachelor of Law (Honours) from the University of Warwick, UK, and completed the Legal Practice Course at the University of Law, qualifying as a Solicitor. He is also a member of the Chartered Institute of Arbitrators, Maldives.

Currently, Dhaanish practices as a lawyer at SHC & Tax Law Firm, specializing in banking, finance, tourism, and infrastructure law. His professional excellence has been recognized internationally in 2023 when he was ranked as a "Rising Star Partner" by both IFLR1000 and Chambers and Partners.

Furthermore, he was ranked as a Notable Practitioner in Mergers and Acquisitions by Asia Law in 2019 and 2023. In addition to his legal practice, he has also served as a visiting lecturer at Villa College.

**Committee:** GSC (Member from March 2025), ARC (Member from May 2025)
**Shares held:** None



## REESHA ABDUL MUNNIM
Independent Non-Executive Director

***Appointed:*** *January 2024*

Reesha Abdul Munnim was appointed to the Board of Directors of STO on 28 January 2024.

Reesha holds a Master of Business Administration from the University of Mysore, India, specializing in Sales and Marketing. She also earned a Bachelor of Business Management and a Diploma in Foreign Trade from JSS College for Women, India. Additionally, she has attained an Associate Diploma in Organizational Learning and Development from the Chartered Institute of Personnel and Development (CIPD), UK.

Her professional background includes serving as Senior Manager for Learning and Development at Island Aviation Services Limited, where she also held various roles within the Commercial and Human Resources departments.

Reesha has also contributed significantly to academia as a lecturer, teaching students from foundation to master's level at MAPS College, Villa College, Click College, Avid College, and Male' Business School.

She is a member of the Singapore Chapter of Women in Aviation International (WAI) and the Maldives Association of Human Resource Professionals (MAHRP).

**Committee:** NRC (Chair), ARC (Member), GSC (Member)
**Shares held:** None



## AISHATH FAZEENA
Independent Non-Executive Director

***Appointed:*** March 2025

Aishath Fazeena was appointed to the Board of Directors of STO on 11 March 2025.

Fazeena is an affiliate member of the Association of Chartered Certified Accountants (ACCA). She holds a Master of Business Administration from the University of the West of England and a Bachelor of Science in Applied Accounting from Oxford Brookes University. Furthermore, she has completed an Executive Diploma in Directorship from Singapore Management University and the Directors Training Program conducted by the CMDA.

Currently, she serves as an Accountant at Waldives Private Limited. Fazeena possesses extensive experience in corporate governance, having previously served as a Board Director of several prominent organizations, including Maldives Transport and Contracting Company (MTCC), Maldives Tourism Development Corporation (MTDC), and the Maldives Pension Administration Office (MPAO). She also previously served as a Board Director of STO in 2018.

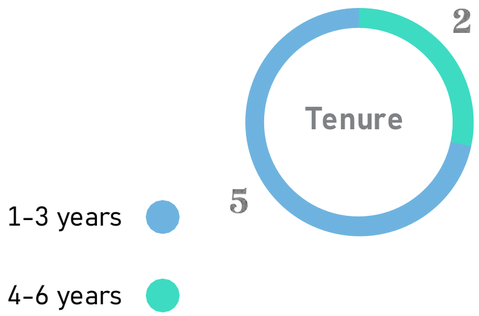
In the academic sphere, Fazeena has contributed as a visiting lecturer at Villa College and MAPS College, as well as a lecturer at the Maldives National University.

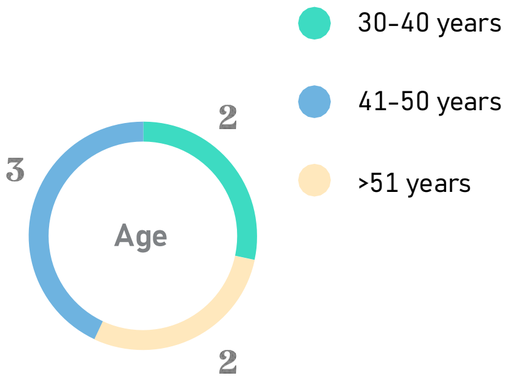
**Committee:** ARC (Chair from March 2025), NRC (Member from March 2025)
**Shares held:** 1 STO ordinary share (direct)

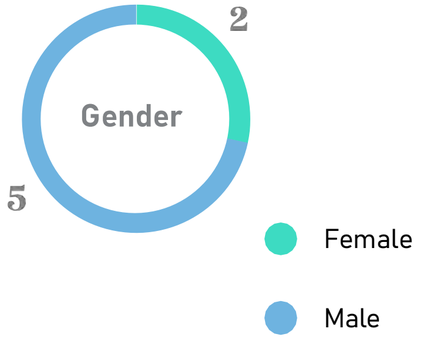
## 3.4 Board Diversity, Skills and Experience

The Board recognizes that its effectiveness depends on an appropriate mix of skills, sectoral knowledge, independence, gender, age, tenure and perspectives. The Board does not regard diversity as a compliance issue alone; rather, it is an enabler of better judgement, broader challenge and more resilient decision-making. The NRC uses the Board Skill Matrix to inform succession planning, future Board appointments and determine director development priorities.

As at 31 December 2025: the Board included finance, governance, legal, risk, commercial, human resources and sectoral operating experience; and tenure ranged from under one year to five years.




## 3.5 Director Independence and Annual Assessment

The Board, through the Nomination and Remuneration Committee, reviews the independence of each Non-Executive Director annually and whenever a change in circumstances may affect independence. The review is based on the criteria set out in the CMDA Corporate Governance Code and international best practices.

**Independence Assessment Criteria — Seven Factors Reviewed**

| # | Criterion | Description |
|---|---|---|
| 1 | Employment relationship | No director has a current or recent employment relationship (within the past five years) with the Company or the Group in an executive capacity, other than the Executive Directors serving in management roles. |
| 2 | Material business relationship | Although the Chairman and the Public-representing Director are employed by companies that are customers of the Company, the Board has assessed that these relationships do not constitute a material business or professional relationship and therefore do not impair their independence. |
| 3 | Family or personal relationships | The Board reviewed potential family or close personal relationships that could impair independence. While the Public-representing Director has a family member serving on the board of a related entity within the STO Group, the Board determined that this relationship does not influence the director's independence. |
| 4 | Significant shareholding or representation | No director holds a significant shareholding or representative mandate that could reasonably be expected to subordinate independent judgement to the interests of a third party. |
| 5 | Material additional remuneration | No director receives any material compensation from the Company other than standard director fees and, in the case of Executive Directors, their regular employment remuneration. |
| 6 | Cross-directorships | The Board assessed whether any cross-directorships or significant links with other directors through involvement in other companies exist that could give rise to perceived conflicts. None were identified. |
| 7 | Other relevant circumstances | The Board considered whether any other relationship, interest or circumstance exists that could reasonably affect a director's independence and concluded that none were identified. |

## Three Step Annual Independence Process

### Step 1 — Declaration
Each NED's completes an annual written declaration of independence, confirming their status against each of the seven criteria. Declarations are submitted to the Company Secretary.

### Step 2 — NRC Review
The NRC reviews all declarations, considers any disclosed interests or changes in circumstances, and makes a recommendation to the full Board on each director's independence classification.

### Step 3 — Board Determination
The full Board makes a formal determination of each director's independence status and approves the disclosure in the Annual Report. The Board's determination is final.

## Independence Determination for 2025

| Director | Classification | Declaration | Board Determination |
|---|---|---|---|
| Amir Mansoor | ● ● | ● | ● |
| Mohamed Ahsan Saleem | ● | ● | ● |
| Dhaanish Mohamed Ameen | ● | ● | ● |
| Reesha Abdul Munnim | ● | ● | ● |
| Aishath Fazeena | ● | ● | ● |

- Chairman
- Independent non-executive
- Completed
- Confirmed independent. No relationships or interests identified.

*All Non-Executive Directors serving at year-end were assessed as independent.*

# 3.6 Director Appointment and Election Process

STO's director appointment and election process is formal, merit-based and governed by the Board Candidacy Guideline and applicable regulations. All directors are appointed for a one-year term and may be re-elected or replaced during or at the subsequent AGM.

## Director Appointment Process — Five Steps

**Notice Period** — 21 Days: Shareholders are provided with a 21-day notice period to submit their nominations or express their interest in directorship positions.

**Nominations Submitted** — Two Parallel Tracks: (i) Majority Shareholder Track — The PCB nominates individuals on behalf of the majority shareholder. (ii) Public Shareholder Track — Public shareholders express their interest directly to the Company.

**Evaluation and Interviews:** Candidates from the public shareholders undergo evaluation and interviews with the NRC where necessary. Suitable individuals are identified for recommendation based on the Board Candidacy Guideline criteria.

**NRC Recommendation to the Board:** The NRC provides recommendations to the Board on eligible candidates for directorship election at the AGM, on behalf of public shareholders, and presents the PCB letter confirming majority shareholder nominees.

**AGM – Shareholder Approval:** Selected nominations — both PCB nominees and public shareholder candidates recommended by the NRC — are presented to the Annual General Meeting for shareholder approval.

## NRC Candidate Assessment Criteria

In evaluating shareholder nominees and directorship applicants, the NRC applies the following criteria, among others, in accordance with the Board Candidacy Guideline:

- Integrity, reputation and suitability of character
- Relevant qualifications, skills and professional experience
- Independence
- Adequate time commitment relative to all other obligations
- Diversity considerations, including gender, age and professional background
- Sector relevance and strategic fit with STO's evolving governance needs
- Contribution to collective Board capability and identified skill matrix gaps
- Any actual or potential conflict of interest

## Appointment Outcome

For the 2025-2026 term, only one candidate from the public shareholders expressed interest in the Public Shareholder Director position, being the incumbent director, Mohamed Ahsan Saleem.

The NRC reviewed his continued eligibility, experience, and performance in accordance with the Board Candidacy Guideline and determined that his capacity to continue serving remained satisfactory. Shareholders subsequently approved his nomination for a second term.

All nominations made by the PCB to the Board were also ratified at the AGM. All directors are appointed for a one-year term and may be re-elected or replaced during or at the subsequent AGM.

# 3.7 Annual Board Strategy Session and EVOLVE Strategic Business Plan 2026–2030

The Board conducted dedicated strategy sessions in 2025, providing extended opportunity for structured strategic discussion. The primary outcome was the Board's approval of the EVOLVE Strategic Business Plan 2026–2030 — STO's enterprise transformation framework for the next five years — as well as a review of the subsidiaries' progress on their respective Strategic Action Plans. The EVOLVE Plan was approved as the strategic direction and operating framework for STO; it does not in itself authorize individual capital projects or expenditures, each of which remains subject to separate Board approval.

## STO's 2030 Strategic Ambition

The EVOLVE Plan responds to a demanding operating environment characterized by rising costs, supply chain volatility, structural foreign currency constraints, heightened governance expectations and the need for greater financial discipline. It establishes a unified strategic framework to guide decision-making, prioritize investment, modernize STO's operating platform and embed a One-STO culture across the organization.

By 2030, STO aims to be a resilient, future-ready enterprise that: delivers uninterrupted national supply security with high service reliability; operates with strong commercial discipline, stable profitability and improved cash efficiency; leverages integrated digital platforms and data-driven decision-making; maintains a capable and future-ready workforce; and embeds sustainability and governance into all operational and investment decisions.

For details on EVOLVE refer to page 46-49.

# 3.8 Board Meetings, Minutes and Attendance

The Board met 14 times during 2025. Two additional meetings of the Non-Executive Directors were held separately, without the executive directors present. The Board is satisfied that the frequency of meetings and quality of information provided enabled directors to discharge their responsibilities effectively.

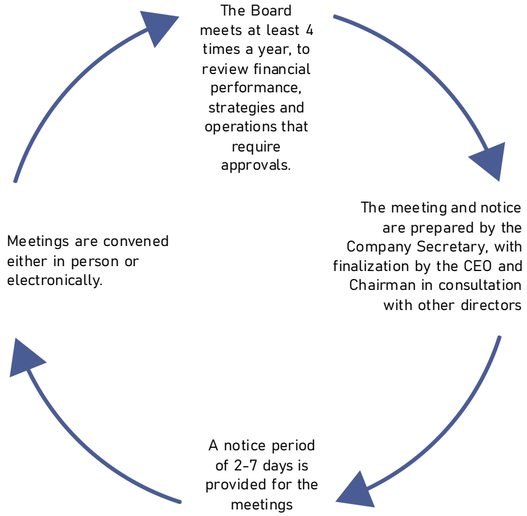
| Name of Director | Meeting attended / held in 2025 | | | | | |
|---|---|---|---|---|---|---|
| | BM | ARC | NRC | GSC | NED | A |
| Amir Mansoor (Chairman) | 14/14 | - | - | - | 2/2 | 16/16 |
| Shimad Ibrahim ( CEO) | 14/14 | - | - | - | - | 14/14 |
| Mohamed Nizam | 14/14 | - | - | - | - | 14/14 |
| Mohamed Ahsan Saleem | 14/14 | 8/8 | - | 6/6 | 2/2 | 30/30 |
| Dhaanish Mohamed Ameen | 12/14 | 4/5 | 3/3 | 6/6 | 2/2 | 27/30 |
| Aishath Fazeena* | 9/11 | 7/7 | 2/2 | - | 2/2 | 20/22 |
| Reesha Abdul Munnim | 14/14 | 7/7 | 3/3 | 6/6 | 2/2 | 32/32 |

** From 11 March 2025.*
*Low attendance since she was on maternity leave*

- Board Meeting
- Audit and Risk Committee
- Nomination and Remuneration Committee
- Governance and Sustainability Committee
- Non-Executive directors meeting
- Aggregate

*Where a director was unable to attend, the director accessed meeting papers through OnBoard and had the opportunity to raise matters with the Chairman in advance.*

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




# 3.9 Board Work Plan and Key Matters Considered in 2025

The Board operates under an annual work plan to ensure systematic coverage of recurring strategic, financial, governance, risk and stakeholder matters. The work plan is prepared by the Company Secretary in consultation with the Chairman and committee chairs and is approved at the start of each year. The following categories of matters were covered during 2025:

| Board Meeting Category | Key Matters — 2025 |
|---|---|
| Financial Oversight | Quarterly and annual financial performance; quarterly management accounts; 2025 budget approval; 2024 Annual Report and financial statements approval; monthly briefings on STO and subsidiary performance. |
| Strategic and Business Planning | Preparation of EVOLVE Strategic Business Plan 2026–2030; review of subsidiary strategic action plans; subsidiary performance review; digital transformation prioritization discussions. |
| Board Composition and Governance | Appointment of directors; committee restructuring; review of Board composition and skills matrix; NRC recommendations on governance and independence. |
| Risk and Internal Control | Enterprise risk register and heat map review; oversight of commodity price volatility, FX exposure, internal control matters, cybersecurity; ARC reports to Board; Review of Risk Management Policy and Committee Charter. |
| Sustainability and ESG | Review and endorsement of 2024 Sustainability Report; initiation of IFRS S1/S2 implementation planning and GHG emissions workstream; establishment of a dedicated unit under Corporate Affairs. |
| Board Evaluation | Discussion of 2025 Board evaluation outcome; agreement of 2026 improvement actions. |
| Subsidiary and Group Governance | Subsidiary performance reporting; nominee director arrangements; introduction of Group Governance Framework; introduction of reviewed governance policies; subsidiary governance reports. |
| Stakeholder and Policy Matters | Policy and procedure review programme; regulatory updates; whistleblowing statistics; timely shareholder communication. |

*Monthly financial and operational review reports on STO and all major subsidiaries were circulated to directors throughout 2025. Risk oversight is embedded in the Board paper for every item presented to the Board.*

## Board Agenda Effectiveness Review — Time Allocation and 2026 Rebalancing

As part of its commitment to continuous Board effectiveness improvement, the Board conducted a formal review of its agenda time allocation during 2025, benchmarking the proportion of Board discussion time devoted to each governance category against leading international governance frameworks — including the OECD Principles of Corporate Governance and the UK Corporate Governance Code.

The Board's assessment of its own agenda time allocation identified the following areas for improvement:

| Area | Board's Findings | Actions Taken in 2025 / 2026 |
|---|---|---|
| Operations and Procurement | Procurement approvals occupied a structurally higher share of Board agenda time. The issue is not the nature of the items but their share of meeting time relative to higher-order governance categories. | Board approved continuation of existing procurement approval arrangements. A structured 14-item agenda framework was adopted for 2026 to ensure procurement approvals are time-bounded within each meeting. |
| Strategy and Long-Term Direction | Strategic matters were discussed through individual investment and project approvals rather than through structured strategic deep-dives, competitive analysis or scenario planning sessions. | Dedicated quarterly strategic discussion introduced as a standing agenda item from 2026. |
| People and Culture; ESG and Sustainability | Both categories received relatively below-benchmark attention. People matters were addressed through remuneration and individual HR decisions. ESG matters were considered in the context of specific projects rather than through a consolidated governance framework. | Dedicated People and Culture and ESG and Sustainability standing agenda items introduced for Board meetings from 2026. |

## 3.10 Board and Executive Succession Planning

The Board, through the NRC, maintains oversight of Board succession planning to ensure orderly refreshment, continuity of skills and leadership resilience. This includes succession planning for the chairman, committee chairpersons and committee membership, as well as broader Board capability planning over the medium term.

In 2025, the succession process was tested in practice: Mohamed Murad's departure in January 2025 triggered the NRC's nomination process, resulting in the appointment of Aishath Fazeena in March 2025 — demonstrating that the Board's succession and search processes can operate with appropriate speed when required. The Board considers this a positive demonstration of governance resilience.

During 2025, the Board considered succession and composition implications arising from the resignation of Mohamed Murad and the appointment of Aishath Fazeena, and adjusted committee memberships accordingly.

The Board also conducted a review of its existing skills matrix, taking into account STO's evolving strategic direction and the increasing complexity of its operating environment. In particular, the review considered the extent to which the current composition of the Board reflects the competencies required to oversee key priority areas, including digital transformation and data-driven operations, ESG and sustainability reporting, enterprise risk management, and the governance of a diversified Group structure.

The Board considered whether the existing mix of skills adequately supports effective oversight, informed decision-making, and the ability to challenge and guide management across these critical areas. The outcome of this review will inform future considerations relating to Board composition, succession planning, and targeted capability enhancement.

| Role | Current Holder | Succession Approach | NRC Oversight Timeline |
|---|---|---|---|
| Chairman | Amir Mansoor | Majority shareholder nomination; NRC to maintain view on requisite skills and transition lead time. | Annual review |
| CEO | Shimad Ibrahim | Majority shareholder nomination. Possible internal succession candidates identified and documented through CEO role delegation matrix. | Annual review |
| CFO | Mohamed Nizam | Appointed by the Board. NRC monitors internal capability development. | As required |
| Independent NEDs | Reesha Abdul Munnim; Aishath Fazeena; Dhaanish Mohamed Ameen; Mohamed Ahsan Saleem | Shareholder nominations; NRC to maintain view on requisite skills and transition lead time. | Annual review |

## 3.11 Director Time Commitment and External Commitments

The Board recognizes that directors has provided sufficient time to discharge their responsibilities effectively. As part of the appointment and ongoing annual review process, directors are required to disclose all significant external commitments, including directorships of other companies and significant professional roles. The NRC and Board consider whether each director remains able to devote adequate time and attention to STO matters.

Please refer to their profiles on page 57-59 for further details.

# 4. Board Committees

The Board has constituted three principal committees to provide focused oversight in areas that require dedicated attention. Each committee operates under a Board-approved charter setting out its mandate, membership requirements, authority and reporting responsibilities. In 2025, the Board confirmed that all committees were properly constituted, sufficiently resourced, and functioning efficiently within their respective mandates.



**Audit and Risk Committee**



**Nomination and Remuneration Committee**



**Governance and Sustainability Committee**

# 4.1 Audit and Risk Committee (ARC)

The Audit and Risk Committee assists the Board in overseeing financial reporting integrity, internal controls, risk management, internal audit, external audit, compliance matters within its remit, and the adequacy of the overall assurance environment.

**Composition:** Chairperson (from 11 March 2025): Aishath Fazeena (CISSP, PMI-RMP, MBA) | Prior Chairperson (to March 2025): Mohamed Ahsan Saleem | Members: Reesha Abdul Munnim; Mohamed Ahsan Saleem (Member from March 2025); Dhaanish Mohamed Ameen (Member from 18 May 2025). All members are Independent Non-Executive Directors.

The Committee held 8 meetings in 2025.



*Aishath Fazeena*
**Chair** since
11 March 2025
Attended 7/7 meetings



*Mohamed Ahsan Saleem*
**Former Chair; Current Member**
since March 2025
Attended 8/8 meetings



*Reesha Abdul Munnim*
**Member** since
March 2025
Attended 7/7 meetings



*Dhaanish Mohamed Ameen*
**Member** since
18 May 2025
Attended 4/5 meetings

## Principal Responsibilities

- Reviewing quarterly and annual financial statements prior to Board approval
- Overseeing the integrity of financial reporting and significant accounting judgements
- Reviewing the adequacy and effectiveness of risk management and internal control systems
- Reviewing the enterprise risk register and material risk exposures quarterly
- Approving the Internal Audit Charter and annual audit plan
- Reviewing internal audit reports, findings and management action plans
- Overseeing the independence, effectiveness and appointment process of the external auditor
- Reviewing and approving non-audit services to protect auditor independence
- Monitoring the whistleblowing framework and investigation of material matters
- Monitoring the Going Concern assessment and reviewing the Board Assurance Statement
- Reporting to the Board on significant matters within its remit after each meeting

## Activities in 2025

- Reviewed quarterly and annual financial reporting; reviewed significant accounting judgements and estimates
- Reviewed the enterprise risk register and heat map; reviewed key risk areas including commodity price volatility and cybersecurity
- Reviewed internal audit reports and the status of management action plans; monitored overdue actions
- Assessed the effectiveness of the Internal Audit function and approved the 2025 audit plan
- Reviewed the external audit process, key audit matters, management letter points and Deloitte's independence declarations
- Oversaw the whistleblowing channel statistics and investigated material reports as required
- Provided regular written reports to the Board after each ARC meeting on audit, risk and assurance matters
- Approved the 2025 work plan and the 2026 calendar

# ARC

## Declaration

The Audit and Risk Committee confirm that, in the opinion of the Committee, it has fulfilled its responsibilities as set out in its Terms of Reference during the year ended 31 December 2025. The Committee is satisfied that it has received sufficient, timely and reliable information from management and the external and internal auditors to discharge its responsibilities and is satisfied with the adequacy of internal controls and risk management systems.

## Looking Forward — 2026 Priorities

In 2026, the ARC will focus on: (1) Cybersecurity governance — overseeing the Board-approved IT Governance Policy and cybersecurity improvement programme; (2) Risk oversight depth, presenting risk scenario deep-dives on the top principal risks directly to the full Board; (3) IFRS S1/S2 assurance readiness and overseeing development of assurance-ready ESG data systems; (4) Internal audit capacity review; and (5) Continued oversight of major receivables exposures and provisioning adequacy.



*Aishath Fazeena*
*Chair, ARC*

# 4.2 Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee assists the Board on Board composition, director nomination, succession planning, senior executive and Group remuneration governance, and related policy matters.

**Composition:** Chairperson: Reesha Abdul Munnim | Members: Dhaanish Mohamed Ameen; Aishath Fazeena (from 11 March 2025). All members are Independent Non-Executive Directors.

The Committee held 3 meeting in 2025.



*Reesha Abdul Munnim*
**Chairperson** since
11 March 2025
Attended 3/3 meetings



*Dhaanish Mohamed Ameen*
**Member** since
29 January
2024
Attended 3/3 meetings



*Aishath Fazeena*
**Member** since
11 March 2025
Attended 2/2 meetings

## Principal Responsibilities

- Reviewing Board composition, skills, diversity and independence
- Leading the director nomination processes, recommending candidates to the Board
- Overseeing succession planning for the Board, CEO and selected senior executive roles
- Reviewing and recommending director independence classifications to the Board
- Reviewing the annual Board evaluation policy
- Reviewing remuneration governance policies for STO Group
- Reviewing director fee recommendations and remuneration structures for appropriateness
- Ensuring remuneration supports long-term value creation, prudent risk-taking and fairness

## Activities in 2025

- Reviewed the Board skill matrix and Board composition following Mohamed Murad's resignation and Aishath Fazeena's appointment
- Led the formal nomination process and recommended the appointment of appropriate members to the Board and Subsidiaries
- Reviewed and updated the questionnaire scope and policy for the 2025 Board evaluation
- Reviewed independence status of all Non-Executive Directors
- Considered committee composition and chairperson succession following Board changes
- Reviewed the composition and structure of the Board and confirmed appropriate size and necessary capabilities
- Approved the 2025 work plan and the 2026 calendar

# NRC

## Declaration

The Nomination and Remuneration Committee confirms that, in the opinion of the Committee, it has fulfilled its responsibilities as set out in its Terms of Reference during the year ended 31 December 2025. The Committee is satisfied that Board composition, independence and diversity were appropriately monitored, and that director appointment and remuneration processes were conducted in accordance with established policy and the CMDA Corporate Governance Code.

## Looking Forward — 2026 Priorities

In 2026, the NRC will focus on: (1) Board Skill Matrix update — incorporating ESG competency and digital literacy as explicit criteria; (2) Succession planning — strengthening senior management succession and reviewing the pipeline of Board candidates; (3) Gender equality — monitoring progress toward the EVOLVE targets for female representation in the Company, including Board; and (4) Group pay harmonization.



*Reesha Abdul Munnim*
*Chair, NRC*

# 4.3 Governance and Sustainability Committee (GSC)

The Governance and Sustainability Committee assists the Board in overseeing governance framework enhancement, policy review, ethics and compliance architecture, sustainability governance, ESG strategy and disclosure quality.

**Composition:** Chairperson (from 11 March 2025): Mohamed Ahsan Saleem | Prior Chairperson (to March 2025): Dhaanish Mohamed Ameen | Members: Reesha Abdul Munnim; Dhaanish Mohamed Ameen (Member from March 2025). All members are Independent Non-Executive Directors.

The Committee held 6 meetings in 2025.



*Mohamed Ahsan Saleem*
**Chair** since
11 Mar 2025
Attended 6/6 meetings



*Reesha Abdul Munnim*
**Member** since
Mar 2025
Attended 6/6 meetings



*Dhaanish Mohamed Ameen*
**Former Chair; Current Member**
since Mar 2025
Attended 6/6 meetings

## Principal Responsibilities

- Reviewing governance policies, procedures and charters; overseeing aspects of governance effectiveness
- Overseeing ethics, integrity and compliance frameworks outside the ARC's direct remit
- Overseeing sustainability strategy, ESG governance and ESG reporting processes
- Monitoring progress toward key sustainability goals and climate-related governance development
- Reviewing stakeholder governance and material non-financial disclosure quality
- Supporting the Board on governance maturity, culture-related priorities and CMDA engagement
- Overseeing the Group Governance Framework and subsidiary governance developments

## Activities in 2025

- Continued the policy and procedure review programme
- Reviewed Board and committee charters
- Reviewed Code of Conduct and Code of Ethics
- Assessed SAP S4Hana gaps and advised corrective measures
- Reviewed sustainability reporting content and disclosure readiness against the CMDA Sustainability Framework
- Supported initiation of IFRS S1 and S2 implementation planning and GHG workstreams
- Reviewed governance report structure and content enhancements
- Reviewed and recommended endorsement of the 2024 Sustainability Report to the Board
- Monitored subsidiary governance improvements and the introduction of the Group Governance Framework
- Approved the 2025 work plan and the 2026 calendar

# GSC

## Declaration

The Governance and Sustainability Committee confirms that, in the opinion of the Committee, it has fulfilled its responsibilities as set out in its Terms of Reference during the year ended 31 December 2025. The Committee is satisfied that ESG governance, sustainability reporting, ethics, compliance architecture and governance maturity were appropriately reviewed and reported to the full Board in a timely manner.

## Looking Forward — 2026 Priorities

In 2026, the GSC will focus on: (1) MSRF mandatory compliance — overseeing STO's first mandatory MSRF submission with verified 2026 data; (2) IFRS S1/S2 implementation — overseeing the EY programme including the TCFD Climate Risk Register targeted for Q4 2026; (3) ESG Board agenda — supporting ESG as a permanent standing item with structured dashboard; (4) Subsidiary governance harmonization; and (5) Governance Policy — overseeing development and Board approval of key matters such as AI governance principles.



*Mohamed Ahsan Saleem*
*Chair, GSC*

# 5. Role of the Chairman, CEO and Senior Management

The roles of Chairman of the Board and CEO are held by separate individuals and are explicitly delineated in both authority and function. Amir Mansoor serves as Independent Non-Executive Chairman. Shimad Ibrahim serves as CEO.

The Chairman leads the Board in its oversight role; the CEO leads management in strategy execution. Neither crosses into the other's domain without explicit Board process. As an Independent Non-Executive Chairman, Amir Mansoor does not participate in day-to-day management decisions and chairs Board meetings with the obligation to facilitate balanced participation by all directors.

Senior management is accountable to the CEO for implementation of approved plans, control responsibilities, compliance with delegated authorities and timely escalation of material issues. The CEO chairs the Executive Committee, which coordinates senior management decision-making, implementation oversight and Group operational performance. Matters requiring Board approval are escalated through the Board paper submission process.





| Chairman's Responsibilities | MD/CEO Responsibilities |
|---|---|
| • Leading the Board and ensuring its effectiveness | • Leading management and implementing Board-approved strategy |
| • Approving the Board agenda, ensuring appropriate information flow | • Managing the business and operations on a day-to-day basis |
| • Encouraging open debate and genuine participation by all directors | • Maintaining effective operational leadership and performance management |
| • Fostering good governance practices and appropriate Board discipline | • Ensuring the Board receives timely, accurate and balanced information |
| • Maintaining appropriate engagement between the Board, management and shareholders | • Implementing risk management and internal control systems through management |
| • Leading the annual Board evaluation and performance improvement process | • Promoting a culture aligned with STO's values and ethical standards |

# 6. Role of the Company Secretary

The Board regards the Company Secretary as a key governance officer of the Company. The Company Secretary supports the effective functioning of the Board and committees, acts as a principal source of governance and process advice, and maintains the Company's governance records. The appointment and removal of the Company Secretary is a matter for the Board.

The Company Secretary holds an LLM, an MBA, and Diplomas in Corporate Governance and ESG from CGI Ireland, and has served in the role since 2007 — providing institutional governance knowledge, regulatory continuity and Board process expertise. All directors have unrestricted access to the Company Secretary.

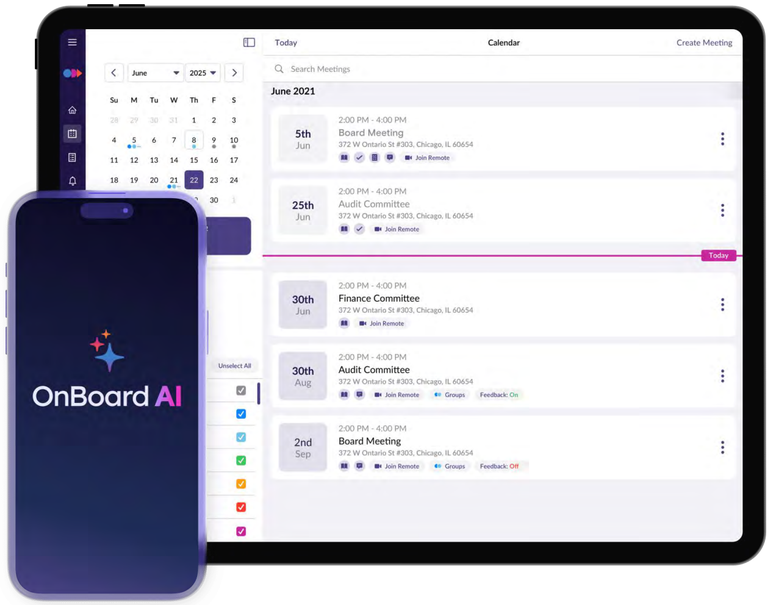
**The Board remains satisfied in the competency and experience of the Company Secretary.**

## Principal Responsibilities

- Advising the Board and committees on governance requirements, regulatory process and procedural matters
- Coordinating Board and committee meetings, agendas, Board papers, minutes and matters arising, and administering these through OnBoard platform
- Supporting the Board Chair and committee chairs in planning annual Board and committee work programmes
- Maintaining statutory and governance records in accordance with applicable law
- Supporting director induction, training and ongoing governance updates including the monthly Governance Newsletter
- Monitoring governance disclosure and ensuring continuing compliance with CMDA and listing obligations
- Supporting communication with regulators and shareholders on governance-related matters
- Facilitating implementation of Board decisions and governance improvement actions

# 7. Board Digitalization — OnBoard Platform

STO uses OnBoard as its secure, dedicated board paper management platform. OnBoard is purpose-built for board governance and is used by STO to distribute all Board and committee papers, agendas, minutes and supporting materials to directors in a structured and auditable format.
Access is available across devices and is protected by role-based permissions and two-factor authentication, ensuring that confidential Board materials are accessible only to authorized users.




## Key Benefits on Board Administration through OnBoard Platform

- Secure, centralized distribution of all Board and committee papers — eliminating physical document circulation and reducing preparation lead time
- Directors can annotate, highlight and cross-reference materials digitally, supporting more thorough meeting preparation
- Real-time access to Board papers from any location or device
- A full audit trail of document access and distribution, supporting transparency and accountability
- Meeting materials, minutes and resolutions are archived systematically within the platform, facilitating efficient governance record-keeping by the Company Secretary
- Integration with the Board's annual work programme ensures that standing items, committee calendars and policy review schedules are tracked in one place

**The Board is satisfied that OnBoard materially supports the quality and efficiency of Board administration.**

# 8. Risk Management

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

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

During the year, a structural change was implemented where-by the Risk Management function, which was previously embedded within the Finance Department, was transitioned directly under the purview of the CEO .

This change was undertaken to enhance the alignment of risk management with financial planning, reporting, and enterprise level decision-making processes. The repositioning aims to ensure a more integrated approach to risk oversight, enabling better assessment of financial exposures, improved
internal controls, and strengthened compliance with corporate governance standards.

# 8.1 Overview

In 2025, STO Group continued to strengthen its Enterprise Risk Management (ERM) framework to navigate an increasingly complex and evolving operating environment. Under the stewardship of the Board of Directors and its Audit and Risk Committee, the Group maintained a structured approach to identifying, assessing, and mitigating risks across all business segments.

The risk strategy remains focused on safeguarding operational continuity, maintaining financial stability, and supporting STO's national mandate in ensuring the uninterrupted supply of essential goods and services. In a year characterized by foreign exchange constraints, tightening liquidity conditions, and global market volatility, STO enhanced its risk monitoring processes and mitigation mechanisms to address emerging challenges while supporting long-term resilience. Risk management processes continue to be embedded within strategic planning, budgeting, and operational decision-making, ensuring alignment with the Group's EVOLVE 2030 strategic direction and commitment to sustainable value creation.

# 8.2 Our Approach to Risk Management

Risk management at STO is treated as both a protective and value-enhancing function. The Group adopts a proactive and integrated approach, embedding risk considerations across all business activities and strategic decisions.

The framework is designed to balance risk and opportunity by:

- Protecting core operations and national supply chains
- Supporting informed investment and capital allocation decisions
- Enhancing financial resilience and liquidity management
- Enabling sustainable growth through disciplined risk-taking

Risk management is closely aligned with budgeting, performance monitoring, and strategic execution, ensuring that risks are actively managed in line with evolving business priorities and external conditions.

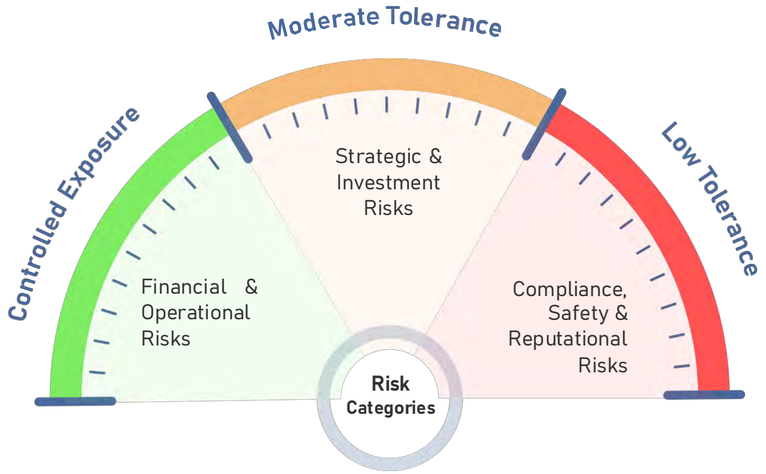
# 8.3 Governance and Risk Oversight

STO's risk governance framework is aligned with recognized standards and is supported by a multi-layered oversight structure.

The Board of Directors retains ultimate responsibility for risk oversight, with the Audit and Risk Committee providing focused supervision on risk management, internal controls, and compliance. Executive Management is responsible for implementing risk management practices across the Group, supported by internal audit and operational leadership.

# 8.4 Risk Appetite Statement

STO operates within a clearly defined risk appetite framework that supports its dual role as a commercial enterprise and a national institution.




This balanced approach enables STO to pursue strategic opportunities while maintaining strong governance, financial discipline, and operational stability.

## 8.5 Risk Management Process

STO follows a structured and systematic risk management process applied across all levels of the organisation:

1. **Risk Identification** — Identification of internal and external risks impacting strategic and operational objectives

2. **Risk Assessment** — Evaluation of likelihood and impact using qualitative and quantitative methods

3. **Risk Treatment** — Implementation of mitigation strategies including risk reduction, transfer, or acceptance

4. **Monitoring and Review** — Continuous tracking of risk exposure and effectiveness of mitigation actions

5. **Communication and Reporting** — Regular reporting to management and the Board to ensure transparency and accountability

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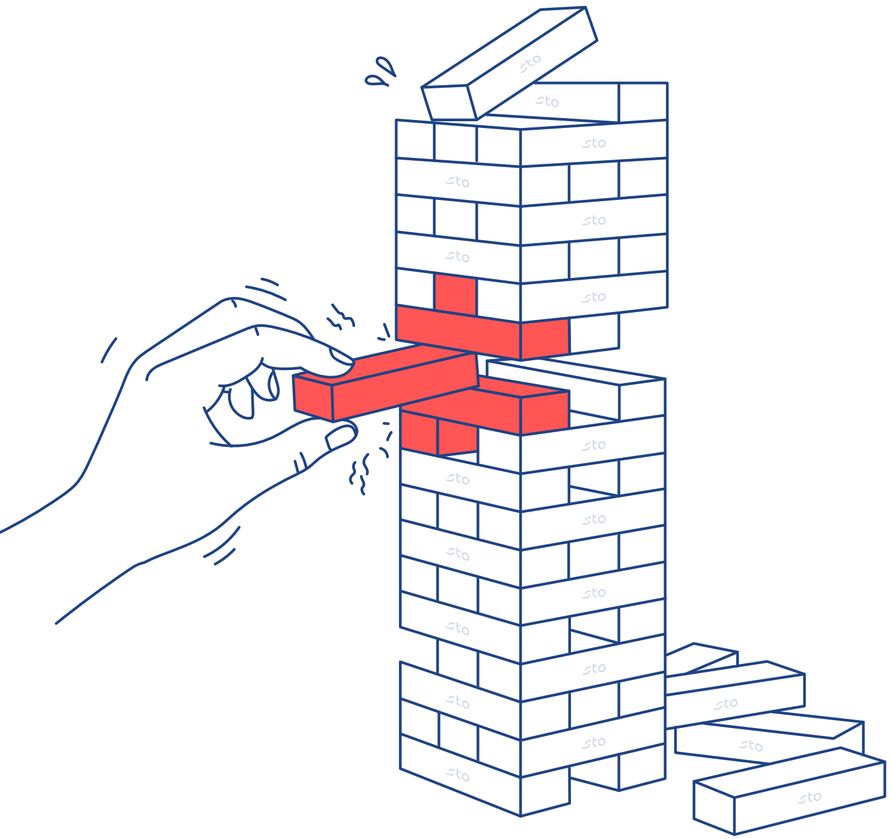

## 8.6 Key Risks and Mitigation Measures

The table below summarizes the ten principal risks identified for the Group in 2025, together with their assessed risk levels and corresponding mitigation strategies.

| # | Risk | Description | Level | Mitigation Measures |
|---|---|---|---|---|
| 01 | Commodity Price Volatility | Fluctuations in global fuel and commodity prices impacting procurement cost and margins | High | Structured fuel procurement planning aligned with global price trends; maintaining buffer stock levels; margin management through controlled pricing adjustments; expansion of bunkering and volume-driven segments to offset margin compression |
| 02 | Supply Chain Disruptions | Delays in imports due to shipping constraints, geopolitical tensions, and port congestion in Male' | High | Expansion of marine logistics capacity (fleet and tanker program); development of regional fuel storage (e.g., Funadhoo); establishment of distribution hubs and modular stations; strengthened supplier contracts and diversified sourcing routes |
| 03 | Credit and Receivables Risk | High exposure to government and SOE receivables affecting liquidity and cash flow | High | Tightened credit governance and approval limits; structured settlement arrangements with key SOEs; continuous aging reviews and escalation; alignment of credit terms with cash flow priorities; ongoing engagement with government stakeholders for recovery |
| 04 | Operational and Infrastructure Risk | Operational disruptions due to infrastructure limitations, capacity constraints, or system inefficiencies | High | Ongoing CapEx program (fuel storage expansion, warehouses, vessels, and logistics assets); preventive maintenance programs; rollout of warehouse and logistics optimization initiatives; investment in operational monitoring systems |
| 05 | Foreign Exchange Risk | USD shortages impacting import capacity and increasing cost of procurement | High | Prioritization of USD allocation toward essential imports (food, medical); strengthening USD-generating segments (resort fuel, bunkering); supplier negotiations for flexible payment terms; active treasury management of foreign currency flows |
| 06 | Liquidity and Financing Risk | Increased borrowing and finance costs affecting debt service capacity and financial flexibility | High | Strengthened cash flow forecasting and centralized treasury oversight; refinancing and restructuring of short-term facilities; working capital optimization (inventory and receivables); disciplined capital allocation and priorities |
| 07 | Cybersecurity Risk | Increased exposure to cyber threats due to digital transformation and system integration | High | Deployment of enhanced cybersecurity infrastructure (firewalls, secure access systems); strengthening SAP/ERP controls and governance; implementation of access controls and monitoring; ongoing cybersecurity assessments and user awareness programs |
| 08 | Market Competition Risk | Intensifying competition in trading, construction, and retail sectors impacting margins and market share | Medium | Focus on category margin improvement and private label strategy; strengthening supplier terms and sourcing; rollout of CRM, POS, and e-commerce platforms; targeted expansion in high-growth segments (construction, healthcare) |
| 09 | Inventory Management Risk | Overstocking or shortages affecting working capital and service levels | Medium | Implementation of ERP/WMS-driven inventory controls; demand planning and forecasting improvements; optimization of strategic stock levels (especially essential goods); development of regional warehousing and distribution hubs |
| 10 | Regulatory and Compliance Risk | Non-compliance with sector regulations or evolving ESG requirements | Medium | Strengthening governance frameworks and policy updates (procurement, anti-bribery, delegation of authority); integration of ESG considerations into operations; internal audit coverage across key processes; preparation for enhanced sustainability reporting requirements |

# 8.7 Monitoring Emerging Risks

STO continuously monitors emerging risks that may influence future operations and strategic direction. These risks are assessed through scenario analysis, market intelligence, and strategic planning processes.




## Key Emerging Risks in 2025

- Foreign Exchange Constraints: Continued pressure on USD availability impacting imports and liquidity
- Geopolitical Developments: Ongoing global tensions affecting trade routes and supply chain stability
- Digital and Cyber Risks: Increasing exposure due to accelerated digital transformation
- Artificial Intelligence and Automation Risk: Risks related to data integrity, model reliability, and governance oversight
- Climate and Environmental Risks: Potential impacts on logistics, infrastructure, and operations
- Energy Transition: Long-term shifts toward renewable energy affecting fuel demand dynamics
- ESG and Reporting Requirements: Increasing expectations on sustainability, governance, and transparency

# 8.8 Viability and Long-Term Risk Outlook

STO continues to assess the long-term viability of its business model under a range of adverse but plausible scenarios, including commodity price volatility, liquidity constraints, foreign exchange pressures, and supply chain disruptions.
Scenario-based assessments focus on:

- Maintaining liquidity and solvency under stressed conditions
- Ensuring continuity of essential supply chains
- Evaluating resilience of core business segments
- Assessing capital structure and financing capacity

The Board and Executive Management regularly review these assessments to refine strategic priorities, strengthen operational resilience, and enhance capital allocation decisions.

As STO progresses under the EVOLVE 2030 framework, risk management will remain central to ensuring sustainable growth, financial stability, and the continued fulfilment of its national mandate.

# 9. Internal Control

## 9.1 Internal Control Framework and Board Assurance

STO's internal control system comprises policies, delegated authorities, financial controls, operational controls, IT controls, compliance controls, approval workflows, reporting processes and assurance mechanisms. The system is designed to provide reasonable assurance over safeguarding of assets, reliability of financial and management information, operational effectiveness and efficiency, compliance with law, regulation and policy, and timely identification and escalation of control deficiencies.

Management is responsible for implementing and maintaining the control framework. The Board, assisted by the ARC, reviews the adequacy and effectiveness of the framework annually.



**Financial Controls**
Financial reporting accuracy; delegated authorities; approval thresholds; treasury controls; budget monitoring



**Operational Controls**
Process controls; HSE controls; supply chain safeguards; procurement integrity; asset management



**IT and Data Controls**
Access management; cybersecurity protocols; back-up and recovery; incident response; data integrity



**Compliance Controls**
Regulatory compliance; policy adherence monitoring; legal review; training and awareness; ethics oversight

### Activities in 2025

Based on the work of management, the Internal Audit Department and Risk Management Unit, the Audit and Risk Committee and the external auditor (Deloitte), the Board is of the view that, for the year ended 31 December 2025, the Company's risk management and internal control systems were adequate and effective, and that no material control failure has been identified which would require separate disclosure other than matters set out in this Report. The Board acknowledges that no system of internal control can provide absolute assurance against material misstatement or loss.

**The Board and ARC remain satisfied with the Company's risk management and internal control systems.**

## 9.2 Internal Audit

The Company maintains an independent Internal Audit function led by the Chief Audit Executive (CAE). The CAE reports functionally to the ARC Chairperson and administratively to the CEO, thereby supporting operational access while preserving assurance independence. This dual-reporting structure ensures Internal Audit can operate without management interference in the scope, timing or reporting of its work.

Internal Audit responsibilities include: developing a risk-based annual audit plan; conducting assurance reviews across financial, operational, IT, compliance and governance areas; issuing reports with findings and recommendations; monitoring management action plan implementation; and supporting the ARC in evaluating overall control effectiveness.

The CAE is a certified member of the Association of Chartered Certified Accountants (ACCA-UK) and holds a First-Class Honours Bachelor of Science degree in Applied Accounting from Oxford Brookes University. She is also a Certified Internal Auditor (CIA).

**The Board and ARC remain satisfied in the competency and experience of the CAE.**

## 9.3 External Audit

The appointment of the External Auditor undergoes an annual review by the Audit and Risk Committee. The Committee then advises the Board on the outcome of this assessment, which is subsequently presented to the AGM for shareholders' approval.

It should be noted that PwC Maldives, which served as the Company's external auditor since 2020, transitioned from the PwC global network to the Deloitte network in 2023. A new engagement partner was appointed in 2024. 2025 is considered the third year of Deloitte's audit tenure.

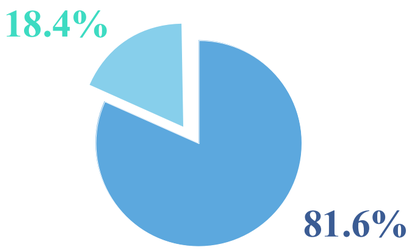
The fees payable to Deloitte for audit services in 2025 amount to USD 67,500, compared to USD 65,500 in 2024. The ARC reviewed Deloitte's 2025 audit plan, key audit matters, findings and management letter.

**The ARC is satisfied with quality, rigor and independence of the External Auditors.**

# 10. Shareholder Rights and Investor Engagement

The Company is committed to equitable treatment of all shareholders and to facilitating the exercise of shareholder rights in a timely and informed manner. The Board respects the rights of minority shareholders and seeks to ensure that all shareholders are treated fairly and equitably.

## 10.1 Shareholding Structure




| | |
|---|---|
| Government of the Maldives | 919,869 |
| Public shareholders | 207,041 |

***Director shareholdings:*** *Shimad Ibrahim — 55 shares (direct); Mohamed Ahsan Saleem — 200 shares (direct). Aishath Fazeena — 1 share (direct). No other directors held direct STO shareholdings as at 31 December 2025.*

## 10.2 Investor Relations Framework and Shareholder Communication

STO maintains an investor relations function managed by the Company Secretariat team. The Company communicates with investors through annual and interim reporting; required regulatory disclosures and announcements to the MSE and CMDA; the Company website (www.sto.mv); general meetings and post-meeting publications; and direct engagement with institutional and significant investors where appropriate.

**Investor Relations — Key Principles**

| Principle | Description | 2025 Practice |
|---|---|---|
| Equal information access | Material information is disclosed simultaneously to all shareholders through the CMDA InformInvestor platform and the Company website. | All material information disclosed simultaneously to all shareholders. |
| Timely disclosure | The Company discloses material information promptly in accordance with CMDA continuing disclosure obligations and Listing Rules. | Material information disclosed promptly per CMDA continuing disclosure obligations and MSE Listing Rules. No material announcements were delayed in 2025. |
| Accuracy and balance | Disclosures fairly represent the Company's performance, prospects and risks without omitting material negative developments. | Disclosures fairly represent the Company's performance, prospects and risks including material negative developments — without selective emphasis. |
| Spokesperson policy | All media and investor enquiries are handled through designated spokespersons to ensure consistency and accuracy of disclosures. | All media and investor enquiries were handled through designated spokespersons. No unauthorized disclosures were made in 2025. |

## 10.3 Annual General Meeting

The Board aims to ensure that the Annual General Meeting serves as an effective accountability forum. The Company seeks to provide shareholders with sufficient notice, information and opportunity to ask questions of the Board, management and external auditor.

The 2024 AGM was held on 17 May 2025 at Barcelo Nasandhura. All members of the Board attended, including the Chairman, all committee chairpersons, and the executive directors. Deloitte's audit partner was also present to answer questions.

| AGM Item | Detail |
|---|---|
| Date and venue | 17 May 2025, Barcelo Nasandhura, Male' |
| Board attendance | Full Board attendance — Chairman, all Committee Chairpersons, CEO, CFO |
| External auditor | Deloitte engagement partner present to answer shareholder questions |
| Shareholder participation | Shareholders representing 84.1% of total share capital present in person or by proxy |
| Electronic voting | STO's E-proxy voting platform used; prompt results and it allows shareholders to participate and exercise voting rights regardless of location |
| Dividend resolution | MVR 80 per share final dividend approved and applied equitably to all shareholders |

## 10.4 Electronic Voting

STO facilitates electronic voting to enable shareholders present at the meeting as well as those who are unable to attend the AGM in person to exercise their voting rights. This voting facility is part of the shareholder portal developed in-house by the Company's IT Team. The Company used this facility for the 11th time successfully at the 2025 AGM.

# 10.5 Stakeholder Engagement

The Board recognizes that understanding and responding to the interests of all stakeholders is fundamental to responsible governance and long-term value creation. The following table summarizes STO's principal stakeholder engagement activities during 2025.

| Stakeholder | Engagement Method | Key Topics | Frequency | Board Action / Outcome |
|---|---|---|---|---|
| Government of Maldives / Majority Shareholder | Formal Board reporting; AGM; bilateral meetings | Strategic direction, dividend policy, national mandate delivery, capital allocation | Ongoing | Board approved strategic plan and dividend consistent with government priorities |
| Public Shareholders | AGM (in-person and online); timely disclosures; e-voting platform; shareholder portal; STO website | Financial performance, dividends, governance transparency | Quarterly disclosures; Annual AGM; Annual Report; announcement | AGM 2025 attended by shareholders representing 84.1% of share capital; MVR 80 dividend declared |
| Employees | Town halls; internal communication; Speak-Up channels; Sexual Harassment & Gender Equality Committee; Appeal Committee | Organizational culture, fair compensation, safety, career development, transformation | Ongoing | Corporate restructure communicated; engagement survey results addressed; Staff Monthly Newsletters published |
| Regulators (CMDA, MSE, Registrar of Companies, PCB) | Mandatory reporting; regulatory filings; direct engagement | Compliance, governance standards, sustainability disclosure | As required; quarterly and annual filings | Full compliance with reporting obligations; no fines or penalties imposed |
| Customers and Communities | Customer service channels; community outreach; national distribution network | Product availability, pricing, service quality, community development | Ongoing | Community investments continued; service improvement initiatives initiated |
| Suppliers and Trade Partners | Contract forums; procurement processes; supplier engagement | Supply chain resilience, pricing, ESG in supply chain | Ongoing | Diversified supplier base maintained; supply chain resilience reviewed |
| Bankers and Lenders | Regular financial reporting; covenant reporting; meetings | Financial performance, liquidity, credit quality | Quarterly and as required | Facilities maintained; credit relationships managed; timely reporting made |
| External Auditors (Deloitte) | ARC-led audit process; annual management letter discussion; interim reviews | Financial reporting quality, internal controls, going concern | Annual (with interim reviews) | Reappointed at 2025 AGM; clean audit opinion |

*Detailed stakeholder engagement and materiality analysis are disclosed in STO's Sustainability Report 2025.*

# 11. Ethics, Integrity, Compliance and Speak-Up Framework

STO is committed to conducting business lawfully, ethically and responsibly. The Board regards integrity and compliance as foundational elements of governance and organizational culture — not merely technical obligations satisfied through policy adoption alone. The Board sets the tone from the top and expects a culture of ethical conduct throughout the Company, the Group and in all dealings with third parties.

In 2025, the Board and senior management of STO group received a dedicated ethics and anti-corruption session delivered by the Anti-Corruption Commission of the Maldives — a deliberate signal that ethical conduct is a Board-level priority and a leadership expectation, not just a staff-level training requirement.

## 11.1 Ethics and Compliance Framework

The Group's ethics and compliance framework includes the following key elements:

- Code of Ethics and Code of Conduct
- Conflict of interest disclosure and management procedures
- Gifts, hospitality and anti-improper-influence requirements
- Insider trading and securities dealing guidelines
- Whistleblowing and speak-up channels
- Anti-bribery and anti-corruption policies
- Disciplinary and investigation procedures
- Designated spokesperson and information officer arrangements
- Periodic ethics training and awareness initiatives across the Group

**All directors and employees are expected to:** avoid conflicts between personal interests and Company interests, declare actual, potential or perceived conflicts promptly, refrain from misuse of confidential or inside information, comply with applicable laws, regulations and internal policies, and report suspected wrongdoing through available channels.

## 11.2 Insider Trading and Securities Dealing

STO maintains an Insider Trading and Securities Dealing Policy in accordance with CMDA's requirements. The Policy identifies restricted persons, prohibits trading on inside information, restricts dealing during closed periods and requires pre-clearance for transactions by connected persons. All restricted people complied with the Policy and applicable CMDA guidelines throughout 2025. No penalties were imposed in relation to securities dealing matters.

## 11.3 Whistleblowing and Speak-Up Facilities

STO operates Raise Your Concern speak-up platforms through which employees and other stakeholders may report suspected wrongdoing, misconduct, fraud, control breaches or unethical behavior confidentially and without fear of retaliation. The Board, through the ARC, receives periodic reports on whistleblowing statistics, investigation status and material themes.

During 2025, the Company received 28 whistleblowing and misconduct reports of which 85% were resolved or closed by year-end.

| Metric | 2024 | 2025 |
|---|---|---|
| Total reports received | 29 | 28 |
| Reports resolved or closed by year-end | 22 (76%) | 24 (86%) |
| Reports under active review at year-end | 7 | 4 |
| Breakdown — Audit cases | 10 | 5 |
| Breakdown — HR grievances | 19 | 23 |

## 11.4 Conflict of Interest

Directors are required to declare any actual, potential or perceived conflict of interest in relation to matters before the Board or committees. Such declarations are recorded in the minutes and managed in accordance with Board procedures and the Articles. Directors with a conflict do not participate in related discussions or voting except to the extent permitted by law and governance rules. During 2025, all conflict disclosures were managed in accordance with this policy.

## 11.5 Data Protection and Privacy

As STO advances its digital transformation agenda under the EVOLVE Lead with Digital strategic pillar, governance of personal and commercial data becomes an increasingly material compliance and reputational obligation. The SAP S/4HANA ERP migration includes data security architecture as a design requirement, ensuring that personal and commercially sensitive data is accessed only by authorized users with full audit trails.

The GSC oversees data governance as part of its broader compliance mandate. Development of a formal Data Protection Policy is included in the 2026 policy review programme.

# 12. ESG and Sustainability Governance

The Board recognizes that environmental, social and governance matters are increasingly material to STO's resilience, reputation, access to capital, regulatory readiness and long-term value creation. Sustainability governance is integrated into STO's overall governance framework and is not treated as a standalone reporting exercise. The Company continues to publish a standalone Sustainability Report aligned with the Maldives Sustainability Reporting Framework.

## 12.1 ESG Governance Architecture

| Layer | Body | ESG Responsibility |
|---|---|---|
| Board oversight | Board of Directors | Approves sustainability strategy and EVOLVE ESG KPIs; endorses Sustainability Report annually; receives ESG as a standing agenda item at Board meeting from 2026; oversees IFRS S1/S2 implementation. |
| Committee oversight | Governance and Sustainability Committee (GSC) | Dedicated ESG governance committee; 6 meetings in 2025 (up from 4 in 2024); oversees MSRF compliance, IFRS S1/S2 preparation, ethics and policy framework review. |
| Management delivery | CEO and EXCO | Accountable for EVOLVE ESG KPI delivery; ESG KPIs embedded in all segment KPI scorecards. |
| ESG function | Head of Corporate Affairs (ESG function, initiated in 2025) | Day-to-day responsibility for MSRF reporting, materiality assessment, stakeholder engagement, GHG data management and ESG data systems. |
| External partners | EY (IFRS S1/S2 programme); PAIA from CBRE (GHG assessment) | Independent advisory and future assurance capacity — both formally engaged in 2025. |

## 12.2 Material ESG Governance Actions in 2025

- Board endorsed the 2024 Sustainability Report before publication
- GSC oversaw initiation of the IFRS S1/S2 implementation programme; EY formally engaged as programme consultants
- Initiated Group GHG emissions assessment — Scope 1, 2 and Scope 3 boundary definition
- ESG function established as a dedicated unit under the Corporate Affairs Department in late 2024, initiating its work in 2025
- Business Continuity Management Policy completion – in progress
- Supplier Screening Policy completion – in progress
- Organizational Safety and Health Policy (OSH) revamped in 2025 — aligned with ISO 45001 and Act (Law No. 2/2024)
- Board completed formal agenda time allocation review against international benchmark; ESG instated as permanent standing agenda item from 2026

## 12.3 MSRF Compliance Status — 2025

STO published its 2025 Sustainability Report voluntarily in compliance with the Maldives Sustainability Reporting Framework (MSRF), ahead of the mandatory 2027 reporting date. The report discloses across all 36 MSRF cross-industry metrics. Where gaps exist, they are disclosed with named EVOLVE actions and target timelines. Full MSRF mandatory compliance is targeted for the 2026 Sustainability Report.

## 12.4 IFRS S1/S2 and TCFD Roadmap

| Milestone | Target | Status |
|---|---|---|
| IFRS S1/S2 implementation programme initiated (EY engaged) | 2025 | Completed |
| Group GHG assessment — Scope 1, 2 and 3 boundary definition | 2025 | Underway |
| TCFD Climate Risk Register | Q4 2026 | In progress — EY programme |
| External assurance on key sustainability metrics | 2026 Sustainability Report | In Planning |
| Limited assurance on GHG data | 2026/2027 | Targeted |
| Reasonable assurance on GHG data | 2028 | Targeted |

*For detailed sustainability performance data, materiality assessment, stakeholder engagement outcomes, GHG methodology, environmental and social metrics, and the full MSRF disclosure report — refer to STO's Sustainability Report 2025.*

# 13. Related Party Transactions and Conflict Management

The Board is committed to ensuring that related party transactions are identified, reviewed and approved in accordance with applicable laws, accounting standards, governance expectations and the Company's delegated authority framework. The ARC provides primary oversight of the Company's related party transaction framework.

## 13.1 RPT Governance Process

The Company maintains formal procedures for managing related party transactions, including:

- Maintaining a register of related parties and periodic update of related party interests
- Annual and event-driven declarations by directors and key management personnel
- Pre-transaction review of proposed transactions involving related parties against policy thresholds
- Escalation to the ARC or full Board where transactions meet or exceed materiality thresholds
- Directors with a conflict of interest in relation to a proposed Related Party Transaction(RPT) do not participate in related discussions or voting
- Disclosure of material related party transactions in the financial statements and annual report in accordance with applicable accounting standards

There were no material related party transactions in 2025, and all were conducted on normal commercial terms or otherwise approved through the applicable governance process. For details review note 48 of audited financial statements

# 14. Remuneration Report

This Remuneration Report is prepared in compliance with the CMDA Corporate Governance Code. It provides full disclosure of the Board's Remuneration Policy, director and senior management remuneration, and the NRC's oversight of executive remuneration during the year.

## 14.1 Remuneration Principles

The Board believes that remuneration arrangements should be fair, transparent, responsible and aligned with long-term value creation and prudent risk-taking. Remuneration governance is overseen by the Nomination and Remuneration Committee (NRC), which makes recommendations to the Board on remuneration policy and director and executive remuneration matters.

The Company's remuneration framework is designed to:

- Attract and retain qualified, experienced directors and executives capable of leading STO effectively
- Reflect the scale, complexity, national significance and public responsibilities of the Company
- Support sustainable performance, accountability and prudent risk-taking
- Avoid incentivizing excessive risk or short-termism at the expense of long-term value
- Maintain fairness and internal coherence across the Board and senior management
- Align remuneration with shareholder interests and governance expectations

## 14.2 Non-Executive Director Remuneration

Non-Executive Directors receive fees to reflect their Board and committee responsibilities and time commitment. Non-Executive Directors do not participate in performance-linked executive incentive arrangements, nor do they receive any remuneration from the Company other than their standard director fees.

### Fee Levels and Approval Basis

The current Board fee structure was last formally set in 2010. Non-Executive Directors receive Directors' fees approved by shareholders at the AGM, paid monthly. Remuneration is considered aligned with guidelines issued by the Ministry of Finance and Public Enterprises, and the Privatization and Corporatization Board (PCB). No changes were made to remuneration levels during 2024.

### Pension Fund

Non-Executive Directors are not eligible for participation in the pension scheme, and accordingly, no contributions were made during the year.

### Insurance (Life & Health)

Non-Executive Directors are covered under Allied Insurance life and health insurance schemes. A life insurance premium of MVR 180 per person was paid annually. Health insurance is provided under the Allied Insurance Gold package, with the Company covering individual director costs. Coverage includes one spouse and up to two children below 18 years, with additional dependents covered at the director's expense. The package also includes the option for parental coverage and can be renewed annually.

### Annual Bonus

Non-Executive Directors are not entitled to annual or deferred bonuses and are excluded from all employee bonus and sales incentive schemes. No bonuses were paid during the year.

### Service Contracts and Tenure

Non-Executive Directors are appointed for one-year terms, subject to AGM approval, and are required to comply with the Board Charter. They are not eligible for service contracts, notice periods, or severance benefits. In 2025, all Non-Executive Directors were reappointed on 17 May.

### Shareholding and Securities Trading

Non-Executive Directors may hold shares in the Company, with trading subject to internal policies and regulatory requirements. No trading activity was recorded during the year, and all compliance requirements, including updates to the restricted persons list, were fulfilled.

As at the end of the 2025 financial year, Mohamed Ahsan Saleem held 200 shares in the Company, while Aishath Fazeena held 1 share. No other Non-Executive Directors held shares in the Company.

### Service Contracts and Tenure

Non-Executive Directors are appointed for one-year terms, subject to AGM approval, and are required to comply with the Board Charter. They are not eligible for service contracts, notice periods, or severance benefits. In 2025, all Non-Executive Directors were reappointed on 17 May.

### Shareholding and Securities Trading

Non-Executive Directors may hold shares in the Company, with trading subject to internal policies and regulatory requirements. No trading activity was recorded during the year, and all compliance requirements, including updates to the restricted persons list, were fulfilled.

As at the end of the 2025 financial year, Mohamed Ahsan Saleem held 200 shares in the Company, while Aishath Fazeena held 1 share. No other Non-Executive Directors held shares in the Company.

### Travel

The Company's Travel Policy applies to Non-Executive Directors, with expenses for official travel covered by the Company. Total travel expenditure for Non-Executive Directors amounted to MVR 208,370.46 in 2025 (MVR 546,715.63 in 2024).

### Other Benefits

Non-Executive Directors are entitled to Board-approved benefits, including access to Company facilities and discounted purchases from STO outlets. They may also utilize Company launch services in accordance with policy, with all personal usage costs settled by the respective directors. Non-Executive Directors are not eligible for Ramazan allowances.

## 14.3 Executive Director Remuneration

Executive Directors receive remuneration that reflects their dual role as members of the Board and as part of executive management, taking into account their responsibilities, experience, and time commitment. Their remuneration comprises a fixed salary and Board-approved directors' fees, together with performance-linked incentives aligned to the achievement of key financial and operational targets. Executive Directors do not participate in general employee bonus or sales incentive schemes beyond those specifically approved by the Board under the executive remuneration framework.

### Remuneration and Allowances

Remuneration for Executive Directors comprises Directors' fees approved by shareholders at the AGM together with a salary aligned to the executive role, structured in accordance with the Board-approved salary framework. Both components are paid monthly with salary component benchmarked against prevailing market practices in the Maldives, taking into account comparable organizations in terms of size, business, and complexity. Salary levels are determined based on role, qualifications, individual competencies, and experience.

The Company does not disclose individual salary details of executive directors on grounds of employment sensitivity. However, the aggregate executive salary paid to executive directors for the financial year ended 31 December 2025 amounted to MVR 2 million (2024: MVR 2.2 million). This amount is also included within the total employment cost disclosed in the consolidated financial statements.

### Pension Fund

Executive Directors participate in the pension scheme in line with Maldives Pension Administration Office regulations. Contributions are made monthly, with 7% of basic salary contributed by the employee and an additional 7% contributed by the Company.

### Insurance (Life & Health)

Executive Directors are covered under Allied Insurance life and health insurance schemes. A life insurance premium of MVR 180 per person was paid annually. Health insurance coverage is provided under the Allied Insurance Gold package, with the Company bearing the cost of individual director coverage. The policy extends to one spouse and up to two children below 18 years of age, with options for additional dependents at the director's cost. The package also includes the option for parental coverage and can be renewed annually.

### Performance Linked Element

Bonuses are governed by the Executive Charter and are awarded annually based on the achievement of key financial ratios and performance indicators approved by the Board. Distribution is determined by the Board, reflecting each executive's contribution and performance. For the year 2024 performance, bonuses were paid in 2025, with both Executive Directors assessed as having performed exceptionally. No deferred bonuses were granted, and Executive Directors are not eligible for any other employee bonus or sales incentive schemes.

### Service Contracts and Tenure

Executive Directors are appointed for a one-year term, subject to AGM approval. Formal service contracts are executed with the Company, and Directors are also required to adhere to the Board Charter. In 2025, both Executive Directors were reappointed to the Board on 17 May and continued under their respective service agreements. No notice periods or severance fees were applicable.

### Shareholding and Securities Trading

Executive Directors are permitted to hold shares in the Company, with trading strictly governed by internal policies and regulatory requirements. No trading activity was recorded during the year. All relevant compliance measures, including adherence to the Trading in Securities Guidelines and updates to the restricted persons list, were duly observed.

CEO Shimad Ibrahim holds 55 shares in the Company.

### Travel

The Company's Travel Policy applies to Executive Directors, with expenses for official travel, including accommodation, borne by the Company. Total travel expenditure for Executive Directors amounted to MVR 1,323,930.11 in 2025. (MVR 981,467.4 in 2024).

### Other Benefits

Executive Directors are entitled to additional benefits approved by the Board, including use of company facilities, company vehicles and vessels, and discounted purchases from STO outlets. They are also eligible for Ramazan allowances in accordance with applicable regulations. During the year, directors utilized company launch services for personal trips in line with policy, with all associated costs settled. Each Executive Director received a Ramazan allowance of MVR 3,000.

### Performance Gate 2026

Under EVOLVE's Performance Evaluation and Reward Framework, all performance-based remuneration is contingent on STO achieving minimum enterprise performance thresholds simultaneously across financial, operational, people and ESG dimensions. Eligibility for any performance-linked remuneration is entirely nullified in the event of major safety incidents, material regulatory or legal breaches, fraud or misconduct, ethical violations, or material audit qualifications.

## 14.4 Director Remuneration Disclosure — 2025

Total remuneration received by directors from the Company during the year ended 31 December 2025 is disclosed below. All amounts are in Maldivian Rufiyaa (MVR).

| Director | Board and Committee Remuneration (MVR) | Direct Shares Held |
|---|---|---|
| Amir Mansoor | 260,000 | - |
| Shimad Ibrahim | 127,000 | 55 |
| Mohamed Nizam | 127,000 | - |
| Mohamed Ahsan Saleem | 135,000 | 200 |
| Dhaanish Mohamed Ameen | 133,500 | - |
| Reesha Abdul Munnim | 136,000 | - |
| Aishath Fazeena | 107,097 (pro-rated from 11 March 2025) | 1 |
| **TOTAL** | **1,025,597** | |

## 14.5 External Directorships and Fees Received by Directors

Director remuneration paid during 2025 is set out in Section 13.4 of this Report. The following is a summary of directorships held by directors in companies outside STO, including fees received in such capacities.

| Director | Entity | Role | Fees Received (MVR) |
|---|---|---|---|
| Amir Mansoor | National Boating Association | President until 20th December 2025 | No Fees Received |
| Shimad Ibrahim | MNOC (STO representative) | Chairman | No Fees Received |
| Shimad Ibrahim | MIDFz (STO representative) | CEO | No Fees Received |
| Shimad Ibrahim | Fenaka Corporation | Chairman | MVR 82,190.32 (MVR 12,800/ month + MVR 500 sitting fee) |
| Mohamed Nizam | MNOC (STO representative) | Director | No Fees Received |
| Mohamed Nizam | Raysut Maldives Cement (STO representative) | Chairman | MVR 84,000 (MVR 7,000/month) |
| Mohamed Nizam | Fenaka Corporation | Director | MVR 51,177.42 (MVR 12,800/ month + MVR 500 sitting fee) |

** Shimad Ibrahim resigned from Fenaka Board on 08 July 2025; Mohamed Nizam resigned on 10 July 2025.*

## 14.6 Remuneration Paid to Senior Management — 2025

In addition to director remuneration, the CMDA Corporate Governance Code requires disclosure of remuneration paid to senior management. The aggregate remuneration paid to STO's senior management team — being the members of the Executive Committee excluding executive directors — during the year ended 31 December 2025 is set out below.

| Item | Amount / Detail |
|---|---|
| Aggregate remuneration paid to senior management (excluding executive directors) | 9,219,974 |
| Number of individuals included in the aggregate | 11 |
| Components included | Fixed salary; allowances; and any performance-linked or long-term incentive payments made during the year in accordance with Board-approved terms |
| Components excluded | Executive director remuneration (disclosed individually in Section 14.4) |

In light of prevailing disparities in the employment market, the Board of Directors has resolved not to disclose individual remuneration packages of top management and Executive Directors. This approach is intended to preserve confidentiality while taking into account market-related salary sensitivities.

## 14.7 Loans to Directors

The Company does not provide loans, credit facilities, guarantees or other financial arrangements to directors. This prohibition is embedded in STO's governance framework and is consistent with the CMDA Corporate Governance Code.

The Board confirms that during the year ended 31 December 2025, no loans, credit facilities, financial guarantees or other financial arrangements of any nature were provided to any director or former director.

## Statement of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee presents this Remuneration Report to shareholders for the year ended 31 December 2025.

The Committee confirms that:

- Remuneration arrangements for directors and senior management during 2025 were consistent with the Company's stated remuneration policy and the requirements of CMDA Corporate Governance Code
- No loans, credit facilities or financial arrangements were provided to any director during 2025
- No variable remuneration was paid to any Non-Executive Director during 2025
- The ESG-linked performance gate under EVOLVE's Performance Evaluation and Reward Framework will be applicable from 2026 onwards
- All remuneration decisions during 2025 were made with full Board approval in accordance with the Company's governance framework

The Committee is satisfied that it has fulfilled its responsibilities as set out in its Terms of Reference in relation to remuneration governance during the year ended 31 December 2025.



*REESHA ABDUL MUNNIM*
*Chair, NRC*

# 15. Board Evaluation and Effectiveness

The Board is committed to regular evaluation of its own performance and that of its committees and individual directors as a tool for continuous improvement. The annual evaluation is led by the Board Chairman while the policy and process is reviewed by the Nomination and Remuneration Committee. The process is supported by the Company Secretary.

The 2025 evaluation indicated measurable improvement across several areas and reflected a strong overall assessment by the Directors. The Board was satisfied with overall performance but agreed that three areas require focused attention in 2026 — director remuneration benchmarking, industry performance comparisons, and risk oversight depth at Board level — all of which have been converted into specific, time-bound improvement actions.

## 15.1 Evaluation Methodology and Process

The 2025 Board evaluation was conducted using an anonymous online questionnaire administered through Microsoft Forms. The questionnaire was reviewed and updated by the NRC prior to distribution. Seven responses were received (all directors). The process comprised three stages:

| Stage | Description |
|---|---|
| Stage 1 — Questionnaire Design | The NRC reviewed and updated the questionnaire scope, covering: Board composition and balance; quality of Board papers and information; meeting effectiveness and decision-making; strategic oversight; risk and internal control oversight; committee effectiveness; role clarity between Board and management; Board culture and challenge; individual director contribution; and director development. |
| Stage 2 — Completion and Consolidation | All directors completed the questionnaire on an anonymous basis. Responses were consolidated and scored by the Company Secretary. Individual responses are not attributable to any respondent. |
| Stage 3 — Review and Action | Findings were presented to the Board Chairman and the full Board. The Board discussed the results, agreed on improvement priorities and approved the 2026 action plan. Progress against agreed actions will be monitored at regular intervals. |

## 15.2 Priority Areas and Areas Requiring Attention

Three areas scored below average marks and have been designated as priority improvement themes for 2026.
The Board notes that all areas identified reflect areas where the Company can take specific, measurable action rather than requiring broad cultural change, and has commissioned concrete remediation steps for both.

## 15.3 Board Evaluation Action Plan — 2026

Based on the Board evaluation findings, a set of priority improvement actions has been agreed for implementation and monitoring throughout 2026.

These include strengthening Board-level risk oversight through more rigorous, scenario-based deep dives on principal risks led by the Audit & Risk Committee.

The Board has also directed management to develop and present a comprehensive technology adoption and digital transformation roadmap, with ongoing progress updates and alignment of technology policies across the Group.

In addition, efforts will be made to deepen director engagement by improving the quality of pre-meeting materials and encouraging more proactive participation and timely input from directors.

Finally, the Nomination & Remuneration Committee will review and update the director onboarding framework to ensure alignment with STO's evolving governance structure and strategic direction.

These actions will be tracked periodically, with formal progress updates scheduled for Board review, reinforcing a focus on continuous governance improvement rather than a purely compliance-driven approach.

# 16. Director Training and Development

STO is committed to ensuring that all directors maintain the knowledge, skills and competencies required to fulfil their responsibilities effectively. The Company's Director Induction and Training Policy, administered by the Company Secretary, governs the induction of newly appointed directors and the ongoing professional development of the full Board.

STO's director development programme includes: formal induction for new directors, periodic regulatory and governance updates, sector and business briefings from management, risk and sustainability updates, external seminars, workshops and conferences, and the monthly Governance Newsletter prepared by the Company Secretariat team.

## 16.1 Director Induction

Newly appointed directors receive a comprehensive induction programme covering STO's business model, governance framework, Board procedures, key policies, regulatory environment, financial profile, subsidiary structure and material risk exposures. The programme includes meetings with senior management as well. Aishath Fazeena, appointed in March 2025, completed the STO director induction programme following her appointment. Directors' continuing education is guided by an annual Training Analysis Report aligned with the Board Skill Matrix.

## 16.2 Training Programmes — 2025

In 2025, directors participated in the following training and development programmes:

| Director | Training Programmes — 2025 |
|---|---|
| Amir Mansoor | - |
| Shimad Ibrahim | Commercial Contracts in Oil and Gas Negotiation; Emotional Intelligence and Strategic Thinking |
| Mohamed Nizam | Commercial Contracts in Oil and Gas Negotiation; Emotional Intelligence and Strategic Thinking |
| Mohamed Ahsan Saleem | - |
| Dhaanish Mohamed Ameen | - |
| Reesha Abdul Munnim | SMU Directors Training Programme — Module 2; SMU Directors Training Programme — Module 4 |
| Aishath Fazeena | STO Director Induction Programme; Risk Management Professional (PMI-RMP); Strategy and Business Continuity |

*Training investment in 2025: MVR 1,025,597*

## 16.3 Monthly Governance Newsletter — Continuing Education

In lieu of a standalone annual refresher training session, STO's Company Secretariat Tean produces and distributes a monthly Governance Newsletter to all directors. The newsletter serves as the primary vehicle for continuing governance education and regulatory awareness throughout the year.

Each edition covers: regulatory and legislative updates from the CMDA, Securities Exchange Board of Maldives, Maldives Monetary Authority and other regulators; summaries of new or revised governance codes, listing rules and disclosure requirements, governance and sustainability best-practice highlights, briefings on emerging topics relevant to STO's risk and strategy profile, and reminders of upcoming compliance deadlines, policy acknowledgement requirements and Board calendar commitments.

The Board is of the view that this monthly cadence — twelve substantive governance briefings per year — represents a more effective and timely approach to director continuing education than an annual refresher training event alone. 12 newsletter editions were distributed in 2025 and acknowledged by the Directors.

In addition to the monthly Governance Newsletter and formal external programmes, directors received regular management briefings throughout 2025 on financial performance, strategy, technology, risk and ESG matters.

# 17. Governance Improvements in 2025 and Priorities for 2026

## 17.1 Governance Improvements — 2025

2025 was a year of substantive governance progress at STO. The Board completed its evaluation cycle, achieved full independence at year-end, restructured all three committees, introduced the Group Governance Framework, approved the IFRS S1 and S2 implementation framework, and maintained 96% overall Board attendance. The principal governance improvements achieved or closed during 2025 are summarized below.

| Governance Area | Key Achievements — 2025 |
|---|---|
| Board Composition | Appointment of Aishath Fazeena (11 March 2025), restoring full CMDA compliance on female director representation and strengthening Board expertise in risk management and financial governance. |
| Board Independence | Restoration of full non-executive independence at year-end following Mohamed Murad's resignation in January 2025. All NEDs serving at year-end are assessed as independent. |
| Committee Restructuring | ARC Chairmanship transitioned to Aishath Fazeena; GSC Chairmanship transitioned to Mohamed Ahsan Saleem (March 2025). Dhaanish Mohamed Ameen joined ARC from May 2025. All three committees refreshed and strengthened. |
| Risk Management | Risk Management function restructured: reporting moved from under the CFO to directly under the CEO for strengthened independence and oversight. Revised Risk Committee Charter and updated Risk Management Policy with risk tolerance levels. |
| Sustainability Reporting | Continued progress toward CMDA Sustainability Framework compliance; continuation of Sustainability Report publication. |
| Climate Governance | Initiated establishment of GHG emission recognition across the Group; commenced IFRS S1/S2 implementation planning. |
| Policy Framework | 28 policies/procedures were reviewed/approved in 2025. Continuation of rolling policy review programme overseen by the GSC. |
| Subsidiary Governance | All subsidiaries published standalone governance reports. Group Skill Assessment Matrix maintained. Group Governance Framework introduced during 2025. |
| Board Digitalisation | OnBoard adopted as STO's secure board paper management platform. All Board and committee papers, agendas, minutes and supporting materials are now distributed and accessed digitally. |
| Director Development | 12 Governance Newsletter editions distributed to all directors; Aishath Fazeena completed STO induction programme; formal external training programmes completed by Shimad Ibrahim, Mohamed Nizam, Aishath Fazeena and Reesha Abdul Munnim. |
| Board Evaluation | 2025 Board evaluation completed; overall weighted average score 4.46/5.00; 6-action improvement plan agreed and approved. |

## 17.2 Governance Roadmap — 2026 Priorities

The Board has identified the following governance priorities for 2026:

| # | Priority Area | Description |
|---|---|---|
| 1 | Sustainability Disclosure | Implement IFRS S1/S2 and Maldives Sustainability Reporting Framework aligned disclosure with quantified targets and external assurance on disclosure. |
| 2 | Succession Planning | Formalize Board and executive succession plan through the NRC, incorporating lessons from 2025 governance changes and STO's evolving strategic priorities. |
| 3 | AI Governance | Establish Board oversight framework for artificial intelligence adoption and related governance risks across the Group. |
| 4 | Technology Governance | Align IT Governance Policy across the Group; strengthen Board-level oversight of cybersecurity and digital transformation risks. |
| 5 | Subsidiary Governance | Enhance Group governance oversight metrics; review subsidiary board composition and skill matrices across the Group. |

# 18. Compliance Statement and Governance Effectiveness Metrics

The Board is committed to maintaining compliance with the CMDA Corporate Governance Code and all other applicable legal and regulatory requirements relevant to STO as a Listed Company. The Board has reviewed the Company's governance arrangements for the year ended 31 December 2025 and, based on information available to it, is satisfied that the Company has applied the principles of the CMDA Corporate Governance Code in all material respects except where specifically explained below under the 'comply or explain' approach.

No penalties were imposed by the Maldives Stock Exchange, CMDA or the Registrar of Companies, and there were no instances of material non-compliance with capital market legislation during the year ended 31 December 2025.

| Reference to CMDA Code | CMDA Code Requirement | Compliance Status 2024 | Explanation & Action Plan 2024 | Compliance Status 2025 | Status 2025 |
|---|---|---|---|---|---|
| 1.2 (c) | *Composition of the Board*<br><br>At least half the Board should comprise of non-executive directors, with most of such non-executive directors being independent directors. | Compliant, though concerning | 1 non-independent director in Board due to family relationship, as the director's wife was employed in a key department of the Company.<br><br>*Action Plan*<br><br>Although the director has resigned from post now, reviews are being made to strengthen the independence requirement of directors in the Board procedural documents. | Compliant | Mohamed Murad resigned in January 2025 and was succeeded by Aishath Fazeena in March 2025. Following this transition, the Board achieved full independence among its non-executive directors. |
| 1.6 (a) vi. | *Duties of the Board as a whole*<br><br>Adopt policies and procedures to ensure women participation on Boards to be initially set at minimum 2 women Board members on each Board. | Not compliant | There was only one female director in the Board.<br><br>*Action Plan*<br><br>STO is actively working to encourage shareholders to nominate female directors to the Board. The Board has also revised the Board procedural documents to encourage at least 2 female directors to sit in the Board. Also, as of reporting date, there are 2 female directors in the Board. | Compliant | The Board now comprises two female directors—Reesha Abdul Munnim and Aishath Fazeena (appointed in March 2025)—thereby meeting the CMDA minimum requirement at year-end. |

# 19. Board Declaration

The Board of Directors of State Trading Organization Plc confirms that, for the year ended 31 December 2025, the Company has applied the principles and complied with the mandatory provisions of the Capital Market Development Authority Corporate Governance Code, except where otherwise disclosed in this Report on a comply-or-explain basis.

The Board further affirms that it has exercised its responsibilities with due care, diligence and in the best interests of the Company and its shareholders. In doing so, the Board is satisfied that:

- The governance framework, structures and processes in place are appropriate to the nature, scale and complexity of the Company's operations;
- The risk management and internal control systems are adequate and effective in safeguarding the Company's assets and supporting reliable financial and non-financial reporting;
- The Board and its committees have functioned effectively and in accordance with their respective mandates; and
- The Company has maintained high standards of transparency, accountability, integrity and fairness in its dealings with all stakeholders.

The Board remains committed to continuous improvement in governance practices and to strengthening its oversight in line with evolving regulatory expectations, international best practices and the Company's strategic direction under the EVOLVE framework.

## Going Concern Declaration

The Board of Directors, after thorough assessment, affirms that STO remains a going concern. In making this determination, the Board has reviewed the Group's financial position, business strategy, risk management framework, cash flow projections, access to funding, and overall economic and industry conditions.

STO maintains a strong financial position, with stable revenue streams, prudent financial management, and adequate liquidity to meet operational and financial obligations. The Group has sufficient reserves and financing facilities to support business continuity and sustain its commitments.

Furthermore, the Board has considered potential risks and uncertainties, including macroeconomic factors, regulatory changes, and market volatility, and remains confident that the Group has the necessary risk mitigation measures, operational controls, and strategic flexibility to navigate these challenges.

Based on this assessment, the Board is satisfied that STO has the necessary resources to continue its operations for the foreseeable future, and as such, the financial statements have been prepared on a going concern basis in accordance with applicable accounting standards and corporate governance best practices.

## Penalties

No penalties have been imposed by any regulatory authority, and there have been no instances of non-compliance with legislative requirements pertaining to the capital market throughout the year 2025.

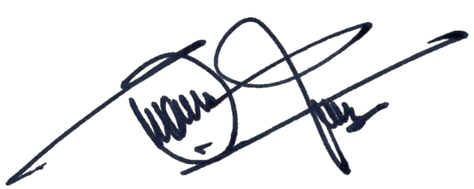
## Forward-Looking Statement

The Board recognizes that corporate governance is an evolving discipline and will remain central to STO's long-term sustainability, resilience and value creation. As the Company progresses into 2026 and beyond, governance priorities will be closely aligned with the EVOLVE Strategic Business Plan 2026–2030.

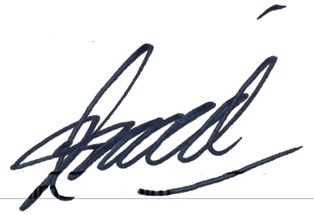
Key areas of focus will include strengthening Board oversight of technology and digital transformation, including the development of governance frameworks for data, cybersecurity and artificial intelligence; advancing sustainability governance through full alignment with the Maldives Sustainability Reporting Framework and implementation of IFRS S1 and S2; and enhancing Board effectiveness through deeper strategic engagement, improved agenda balance, and continued director capability development.

The Board will also place increased emphasis on Group-wide governance consistency, ensuring that subsidiary governance frameworks, reporting standards and oversight mechanisms are aligned with STO's overall governance architecture. In parallel, further enhancements will be made to risk oversight through structured scenario analysis, and to performance governance through tighter integration between strategy, KPIs and accountability frameworks.

Through these actions, the Board aims to ensure that STO continues to operate with strong governance discipline while remaining agile, forward-looking and capable of meeting both its commercial objectives and national mandate in an increasingly complex operating environment.



*AMIR MANSOOR*
*Chairman*



*SHIMAD IBRAHIM*
*CEO*