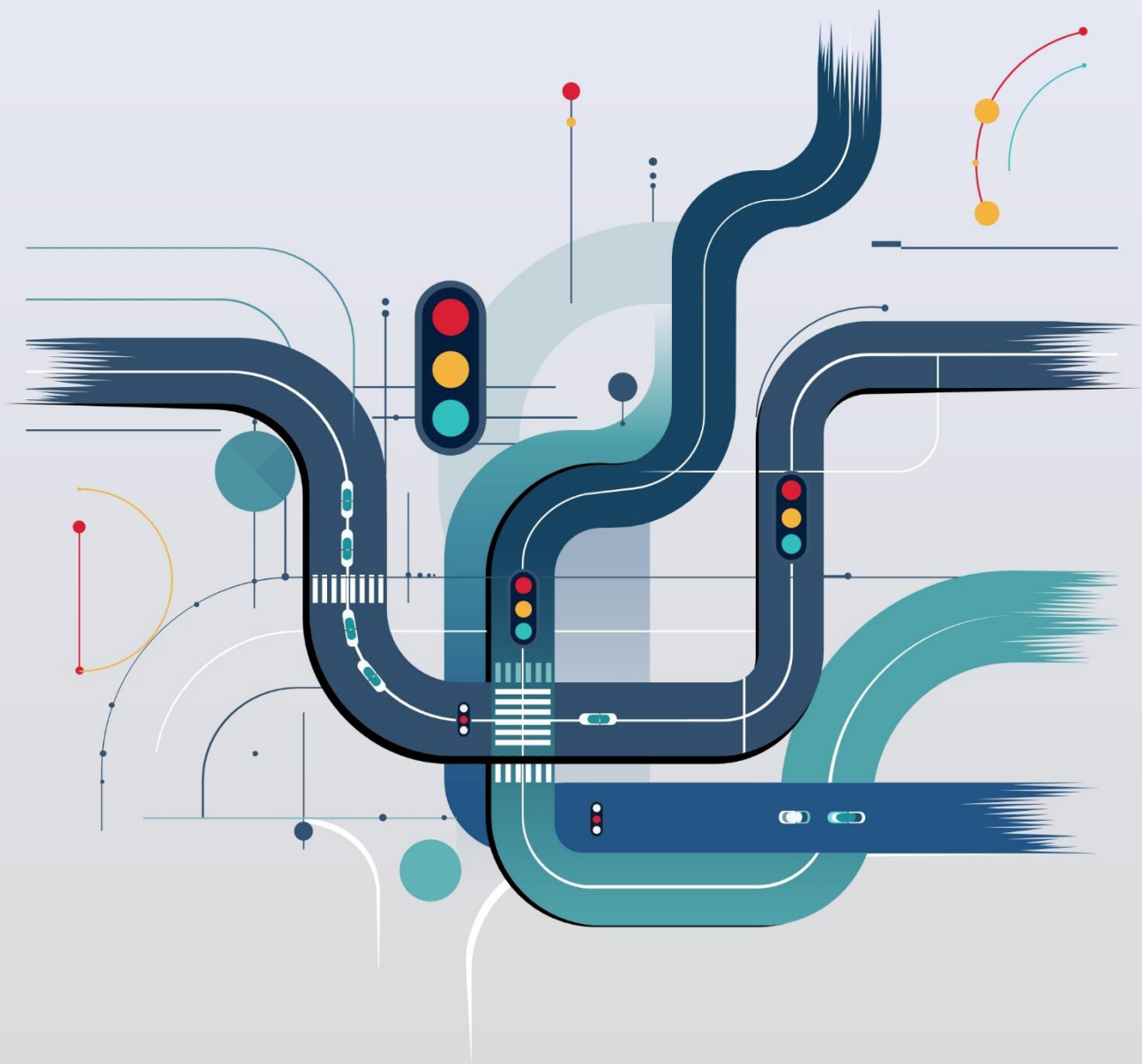


# Corporate Governance Review 2025



Capital Market Development Authority  
Republic of Maldives

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# EXECUTIVE SUMMARY

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled. Sound governance enhances corporate performance, supports a favorable investment climate and contributes to the sustainable development of the capital market. Companies that adopt sound governance practices strengthen the effectiveness of their boards and senior management, which in turn supports better decision making and reduces operational risk.

The CMDA Corporate Governance Code (the Code), issued by the Capital Market Development Authority (the Authority), provides practical guidance to the shareholders, boards of directors and senior management of listed companies. Its purpose is to ensure that companies are governed with efficiency, order, transparency and fairness, and that those charged with governance discharge their roles, rights and duties with a high standard of responsibility and integrity.



Key results of the 2025 review

Four of the six scored sections of the Code, namely Remuneration Matters, Shareholder Rights, Disclosure and the Concerns Framework, returned full compliance across every company assessed, and 65 of the 83 scored Provisions were satisfied by every company assessed against them.

The Authority notes examples of reporting of a high standard in a number of areas, including disclosures relating to the board and its committees, remuneration matters, shareholder and stakeholder engagement, and internal audit arrangements. Remuneration reporting, identified as an area of concern in both preceding reviews, is now fully compliant across the market. Gender diversity on boards, the weakest area in the 2023 and 2024 reviews, is no longer reflected in the findings of this year's review as all companies fully complied with this provision.

## Areas Requiring Improvement

All of the findings recorded in this review are concentrated in two sections. Audit and Internal Control, at 86.8%, is the weakest section, driven principally by the absence of

disclosure on auditor independence safeguards. Board Issues, at 91.1%, accounts for the largest absolute number of findings. Six Provisions together account for two thirds of all findings, and four of those six falls into two clusters, auditor independence and director training, which are more efficiently addressed at the level of the market as a whole than company by company.

Flexibility remains a defining feature of the Code. Where a company departs from a Provision, it is required to provide a cogent explanation and to state clearly how effective governance has nonetheless been maintained. The Authority again found that such explanations were, in a number of instances, absent or insufficiently clear; in the great majority of findings, the annual report is silent on the Provision concerned. Greater transparency in reporting departures from the Code is essential if stakeholders are to assess the effectiveness of a company's governance arrangements.

Companies are also expected to give sustained attention to the composition of their boards, in particular to maintaining the minimum of two executive directors required by the Code, and to strengthen their disclosures on the induction, training and annual refresher programmes provided to directors. Director training has now been reported as a weakness across the market in four consecutive reviews without material improvement.

## Compliance and Demonstrated Compliance

A further observation runs throughout this review. In 73 of the 588 compliant assessments, the company was assessed as compliant on the strength of facts disclosed elsewhere in its annual report, rather than on the basis of an express statement addressing the Provision. The substantive safeguards contemplated by the Code are therefore largely in place across the market; what is frequently absent is the disclosure that records them. The principal opportunity for the market is accordingly to close the gap between compliance and demonstrated compliance.

Overall, while the quality of reporting across the market is satisfactory and improving, there remains a need for more concise disclosure that is focused on outcomes. The Authority encourages all companies to read this review, to consider the findings relevant to their own reporting, and to pursue clear and informative reporting of governance outcomes and of the actions those outcomes drive.

# 1. INTRODUCTION

Corporate governance is more than a regulatory obligation; it is the foundation on which investor confidence, market integrity and lasting corporate resilience are built. For listed companies in the Maldives, the Code continues to serve as the primary framework governing how companies are directed, managed and held accountable to their shareholders and wider stakeholders.

This review sets out the Authority's assessment of corporate governance reporting by listed companies, based on the annual reports published for the financial year 2025. It covers eight of the ten issuers of listed securities to which the Code applies under Section 5 of the Code.

Now in its fourth year of publication, the review reflects a maturing dialogue between the Authority and listed entities on what good governance reporting looks like in practice. The Authority has observed a gradual but meaningful improvement in the quality and depth of disclosure from year to year: overall compliance rose from 86% in 2023 to 88% in 2024 and stands at 92.9% in the present assessment, reflecting the continued commitment of most companies to the principles of the Code.

The Code is intentionally flexible and does not prescribe a uniform approach to governance. It operates on a comply or explain basis, recognizing that companies differ in size, ownership structure, sector and circumstance. Where a company departs from a Provision, it must provide a clear and substantive explanation of the reasons for the departure and of how effective governance is nonetheless maintained. This flexibility is a strength of the framework, provided that companies exercise it responsibly and transparently.

## 1.1 Objectives of the Review

The review has three objectives:

- to assess the quality and effectiveness of the corporate governance disclosures made by listed entities;
- to identify and share examples of good reporting practice from which other companies may learn; and

- to highlight the areas requiring further improvement, together with clear guidance on what better disclosure looks like.

In pursuing these objectives, the Authority seeks not only to monitor compliance but also to support the development of a governance culture that moves beyond a mechanical checklist approach towards meaningful reporting focused on outcomes.

## 1.2 Structure of the Review

This year's review retains the thematic structure of previous editions. It reports the Authority's findings across the six scored sections of the Code (Board Issues, Remuneration Matters, Audit and Internal Control, Shareholder Rights, Disclosure and the Concerns Framework), together with a narrative account of voluntary sustainability reporting, which is not scored for 2025. Where relevant, findings are presented alongside trend data covering several years, to indicate whether improvements are being sustained or particular gaps persist.

Section 2 sets out the scope and basis of the assessment. Section 3 presents the main findings, and Section 4 analyses each section of the Code in turn. Sections 5 and 6 identify where the market has improved and where progress has stalled, and Section 7 sets out the Authority's conclusions.

Particular attention is given this year to sustainability reporting, following the commencement of the pilot phase of the CMDA Maldives Sustainability Reporting Framework (MSRF). Reporting under the MSRF becomes mandatory for the 2026 reporting cycle, and companies are encouraged to treat the intervening period as one of active preparation.

The Authority encourages all companies, whether established leaders in governance practice or those still working towards full compliance, to read this review carefully, to engage with the findings relevant to their own reporting, and to use it as a practical tool for continuous improvement. Strong corporate governance serves every stakeholder: it protects investors, strengthens management accountability and builds the market trust that underpins sustainable economic growth in the Maldives.

## 2. SCOPE, POPULATION AND ASSESSMENT BASIS

### 2.1 Companies Assessed

This review covers the eight listed companies that had published an annual report and audited financial statements for the financial year 2025 by 30 June 2026. These companies are listed in Table 1, together with the trading symbols by which they are referred to in the remainder of this report.

**Table 1: Companies assessed in the 2025 review**

| No | Company                                      | Trading Symbol |
|----|----------------------------------------------|----------------|
| 1  | State Trading Organization Plc               | STO            |
| 2  | Ooredoo Maldives Plc                         | OMPL           |
| 3  | Bank of Maldives Plc                         | BML            |
| 4  | Amana Takaful (Maldives) Plc                 | ATM            |
| 5  | Maldives Islamic Bank Plc                    | MIB            |
| 6  | Housing Development Finance Corporation Plc  | HDFC           |
| 7  | Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)      | DHR            |
| 8  | Maldives Tourism Development Corporation Plc | MTDC           |

Maldives Transport and Contracting Company Plc (MTCC) and Centurion Plc (CPLC) had not published their annual reports and audited financial statements as at 30 June 2026 and have accordingly been excluded from this review.

The population assessed has therefore declined from ten issuers in the 2023 review and nine in the 2024 review to eight in the present review. This should be borne in mind when comparing overall compliance rates across years.

### 2.2 Assessment Basis

Each company was assessed against Provisions drawn from seven sections of the Code. Each Provision was recorded under one of three statuses:

- **Yes:** the company complies with the Provision, as demonstrated either by express disclosure or by the facts disclosed in the annual report.
- **No:** the company does not comply with the Provision, and no adequate explanation for the departure has been provided.
- **Not applicable:** the Provision did not apply to the company during the period under review; for example, a requirement triggered by a vacancy that did not arise.

In this report, an assessment recorded as “No” is referred to as a finding. Compliance rates are calculated as the number of compliant assessments divided by the sum of compliant assessments and findings. Provisions recorded as not applicable are excluded from both the numerator and the denominator, so that a company is neither credited nor penalized for circumstances that did not arise.

Where a company satisfies the substance of a Provision but the annual report does not expressly state so, the Provision is recorded as compliant. A board that evidently rotates its directors, or an auditor with no disclosed shareholding, is not treated as breaching the Code merely because the annual report contains no statement

to that effect. The number of assessments in this category is nevertheless recorded and is reported in Section 7.4, as it indicates the scale of the reporting opportunity available to the market.

The sustainability Provisions of the Code are not scored for 2025. As reporting under the MSRF becomes mandatory only from the 2026 cycle, companies are not assessed against a standard that was not in force during the period under review. These Provisions are recorded as not applicable and are excluded from all compliance rates stated in this review.

## 2.3 The 2025 Review at a Glance

**Table 2: The 2025 review at a glance**

| Measure                                              | Result       |
|------------------------------------------------------|--------------|
| Companies assessed                                   | 8            |
| Provisions assessed per company                      | 86           |
| Scored assessments                                   | 633          |
| Compliant assessments                                | 588          |
| Findings (assessments recorded as “No”)              | 45           |
| <b>Overall compliance rate</b>                       | <b>92.9%</b> |
| Overall compliance rate, 2024 review                 | 88%          |
| Overall compliance rate, 2023 review                 | 86%          |
| Highest company compliance rate                      | STO: 97.5%   |
| Lowest company compliance rate                       | MTDC: 88.6%  |
| Scored sections at full compliance across the market | 4 of 6       |

Figure 1 presents the overall compliance rate achieved by each company.

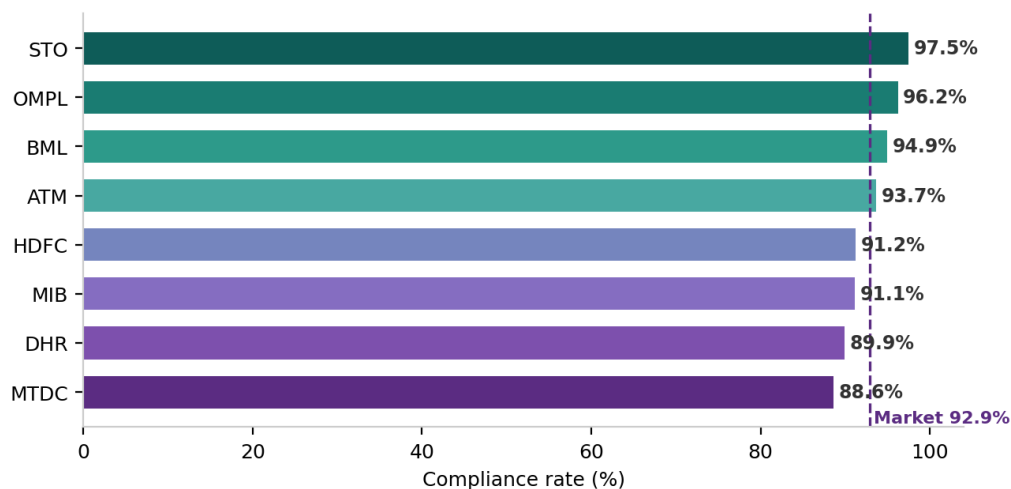


Figure 1: Overall compliance by company, 2025

### 3. MAIN FINDINGS

Of the 633 scored assessments, 588 were compliant and 45 were recorded as findings. A further 55 assessments were recorded as not applicable, of which 21 relate to the sustainability Provisions excluded from scoring for the present cycle. Of the 83 scored Provisions, 65 were satisfied by every company assessed against them, and only 18 gave rise to any finding.

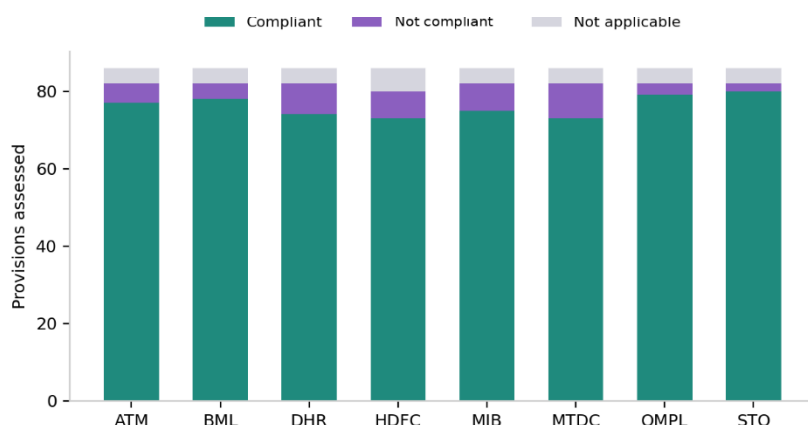


Figure 2: Assessment outcomes by company, 2025

The spread between the strongest and weakest performers is 8.9 percentage points, ranging from STO at 97.5% to MTDC at 88.6%. Six of the eight companies fall within a band of just over six percentage points. This indicates a market in which the Code is broadly embedded and in which the remaining differences between companies are specific rather than systemic.

MTDC's position at the foot of the table is almost entirely attributable to a single area: five of its nine findings concern the internal audit function, which the company outsources. Excluding those assessments, its compliance rate would be in line with the market. Similarly, the shortfall recorded by HDFC is concentrated in board composition rather than distributed across the Code as a whole.

#### 2.3 Performance by Selection

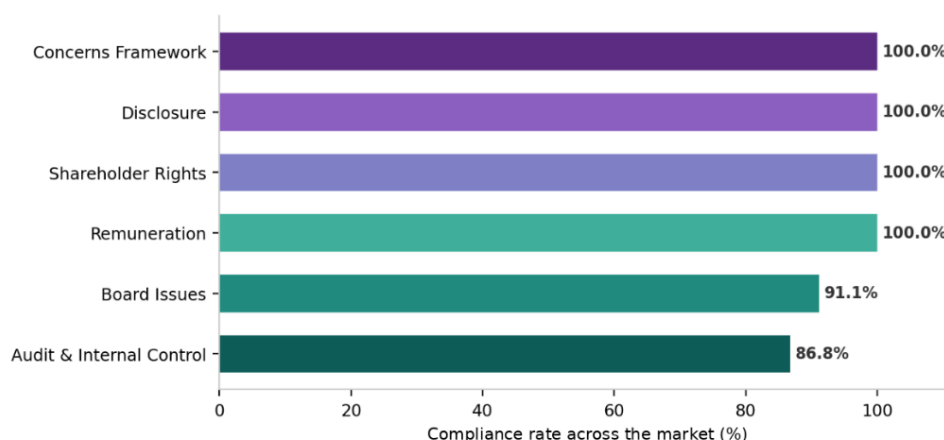


Figure 3: Compliance across the market by section of the Code, 2025

Four of the six scored sections returned full compliance across every company: Remuneration Matters, Shareholder Rights, Disclosure and the Concerns Framework. Every company included the corporate governance compliance statement required in the annual report, published financial statements to the required standard, engaged with shareholders through general meetings and other channels, and established a mechanism enabling employees to raise concerns.

All of the findings recorded in this review fall within the remaining two sections. Audit and Internal Control, at 86.8%, is the weakest section, driven by auditor independence disclosures and outsourced internal audit arrangements. Board Issues, at 91.1%, accounts for the largest absolute number of findings, principally because it is the largest section of the Code.

## 3.2 Concentration of Findings

The findings in this review are highly concentrated. As shown in Table 3, six Provisions together account for 30 of the 45 findings, or two thirds of the total.

**Table 3: Provisions accounting for two thirds of all findings**

| Provision                                                                           | Theme                       | Companies with a finding |
|-------------------------------------------------------------------------------------|-----------------------------|--------------------------|
| One third of the board subject to election each year                                | Board rotation              | 7                        |
| Auditors not to hold more than 5% of the shares of the audited company              | Auditor independence        | 7                        |
| Annual refresher course for the board                                               | Director training           | 5                        |
| Rotation of external audit partners every five years                                | Auditor independence        | 5                        |
| External corporate governance orientation for newly appointed directors             | Director training           | 3                        |
| At least two Audit Committee members with accounting or related financial expertise | Audit Committee composition | 3                        |
| <b>Total</b>                                                                        |                             | <b>30 of 45</b>          |

Four of these six Provisions fall into two clusters: auditor independence and director training. Findings of this nature are more efficiently addressed through guidance and engagement across the market as a whole than through remediation company by company, and the Authority intends to approach them on that basis.

## 4. ANALYSIS BY SECTION

### 4.1 Board Issues

Board structures across the market are sound. Every board falls within, or close to, the benchmark range of seven to ten directors cited in the Code, ranging from six directors at HDFC to 11 at BML and MIB. The offices of Chairperson and Chief Executive Officer are separated at every company, as they have been in every review since 2022. Committees are established with disclosed terms of reference, attendance is reported, and the duties of the board are described in every annual report.

#### 4.1.1 Annual Election of One Third of the Board

Seven of the eight companies were assessed as not complying with the requirement that one third of the board be subject to election each year. STO alone complies, and it exceeds the requirement: all directors are appointed for a term of one year and may be reappointed or replaced at the following annual general meeting (AGM), so that the entire board stands for election each year.

The remaining seven companies do not disclose an annual rotation of one third of the board. The alternative arrangements they operate are not uniform, and the distinction is material to remediation:

- BML and DHR each disclose staggered tenure under Article 92 of their respective Articles of Association, providing for terms of three years for nominee directors and two years for elected or public directors. This constitutes periodic election, but not the annual rotation of a defined proportion of the board.
- MTDC provides that directors serve until the second AGM following their appointment.
- OMPL operates terms of three years, linked to committee membership, for directors representing the majority shareholder, with the director representing general shareholders serving until the third AGM.
- MIB reappoints directors on varying individual dates throughout the year, rather than by reference to a rotation cycle.
- ATM's Articles of Association provide that directors appointed by shareholders hold office until resignation or removal, and no rotation mechanism is disclosed.
- HDFC discloses no rotation or election policy.

The trajectory of this Provision is the most volatile in the dataset and is discussed further in Section 6.3.

#### 4.1.2 Director Training

Director training is the weakest area both within this section and across the review as a whole, returning 62.5% compliance across the three Provisions concerned.

The Code requires an annual refresher course for the board on relevant laws and on accounting and tax matters. Five companies were assessed as not complying with this Provision: ATM, BML, DHR, HDFC and MIB. In several of these cases, the underlying issue is not an absence of training but the absence of the specific

annual refresher course for the whole board contemplated by the Provision. BML, for example, discloses ad hoc specialized sessions rather than a mandated annual course.

Of the three companies assessed as compliant, OMPL relies on a training session organized by the Authority during 2025 covering corporate governance, the corporate tax regime and other applicable laws. In lieu of a single annual session, STO discloses a monthly governance newsletter, issued in 12 editions during 2025, covering regulatory updates, governance codes and compliance obligations.

The Code further requires newly appointed directors to attend corporate governance orientation or training offered by a reputable institution. DHR, HDFC and MIB were assessed as not complying: DHR discloses no formal induction program; HDFC discloses internal familiarization sessions without external corporate governance orientation; and MIB discloses no induction program specific to newly appointed directors. The induction provided by ATM, covering Shari'ah principles and regulatory requirements, is delivered internally rather than by an external institution.

Among the companies assessed as compliant, MTDC requires all newly appointed directors to complete a structured induction within two months of appointment, coordinated by the Company Secretary. STO operates a formal director induction program covering the business model, governance framework, board procedures and key policies, and names the director who completed it during the year. BML delivers a comprehensive induction covering governance, strategy, finance and risk, compliance and stakeholder engagement.

The requirement to provide opportunities and funding for the training of individual directors and the development of the board is met by seven companies. MTDC reports 11 training programmes attended; MIB reports two named international programmes funded by the bank; and BML reports specialized international training in risk, cyber security and modern governance. DHR was assessed as not complying, as it discloses no specific director training program or funding for individual director development, notwithstanding the employee training metrics disclosed elsewhere in its annual report.

#### **GOOD PRACTICE**

##### **STO: quantified disclosure of director training**

STO provides the most complete training disclosure in the market, reporting both the number of training programmes completed by directors during the year (eight) and the amount invested in director training (MVR 1,025,597) as governance indicators. Disclosure in this form allows shareholders to assess the board's investment in its own development over time.

### **4.1.3 Board Composition**

The structural foundations of board composition are sound. Every company discloses a board of sufficient size to accommodate directors with diverse expertise, and every company maintains a mix of executive directors, independent directors and directors without executive responsibilities. Board size ranges from six directors at HDFC to 11 at BML and MIB, with STO at seven, OMPL at eight, and ATM, DHR and MTDC at nine each. Six of the eight companies therefore fall within the international benchmark range of seven to ten directors cited in the Code, with HDFC below that range and the two banks marginally above it.

The Code frames board size as a principle, namely that the board should be large enough to include directors with diverse expertise, rather than as a fixed numerical requirement, and expresses the range of seven to ten as an international benchmark. Accordingly, no company was assessed as not complying with this Provision. HDFC's board of six is nevertheless the smallest in the market, and HDFC records the largest number of composition findings, suggesting a relationship between board size and the difficulty of filling the roles contemplated by the Code.

The balance of the board nevertheless gives rise to a number of findings. Two boards operate with a single executive director, below the minimum of two required by the Code; two boards do not have a majority of independent directors; and at one company the Chairperson no longer meets the independence criteria, a position the company has itself disclosed. Unlike the disclosure findings discussed elsewhere in this section, these findings can be resolved only through changes to the composition of the board.

#### 4.1.4 Board Committees

Committee structures are the strongest aspect of this section. Every company has established Nomination, Remuneration and Audit Committees, in several cases combining the nomination and remuneration functions in a single committee. Every committee operates under clear terms of reference approved by the board and includes in the annual report the statement of its activities required by the Code.

The Nomination Committee and Remuneration Committee Provisions returned full compliance across the market, with 32 and 24 compliant assessments respectively and no exceptions. These committees are constituted with at least three directors, none of whom holds executive office, and their composition is disclosed by name. The Audit Committee Provisions returned 45 compliant assessments and three findings, all arising under a single Provision.

The Code requires at least two members of the Audit Committee to possess accounting or related financial expertise. Three companies do not meet this requirement:

- **HDFC:** only one of three members, a Fellow of the Association of Chartered Certified Accountants (FCCA), holds a clear accounting or financial qualification.
- **MTDC:** only one of four members holds an explicit accounting or finance qualification, namely a Diploma in Accounting and Finance; the disclosed backgrounds of the Chairperson and the remaining members do not establish the requisite expertise.
- **STO:** of the four members serving during 2025, only the Chairperson, an ACCA affiliate holding a Bachelor of Science in Applied Accounting, holds a clear qualification.

The inclusion of STO, the strongest overall performer in this review, among these three companies merits comment. The finding concerns the composition of a single committee, not the quality of its work, and illustrates that expertise requirements apply independently of overall governance strength. In each of the three cases, the remedy lies in an appointment rather than in improved disclosure.

The Provisions on Audit Committee meeting frequency, scope and reporting were complied with without exception. Every Audit Committee met at least quarterly, including a meeting held before the financial statements were finalized, and the disclosed remit of every committee covers the review of internal controls, the integrity of the financial statements and the other matters specified by the Code.

#### WHAT THE AUTHORITY EXPECTS TO SEE IN 2026: BOARD ISSUES

1. Where a company does not operate an annual rotation of one third of the board, an express statement of the election arrangements it does operate, together with an explanation of how those arrangements achieve the objective of the Provision. Six of the seven companies concerned disclose an alternative mechanism but do not address the departure.
2. Disclosure of an annual refresher course for the whole board covering relevant laws and accounting and tax matters or, where training is delivered in another form, an explanation of how that form meets the objective of the Provision.
3. For newly appointed directors, disclosure of corporate governance orientation delivered by an external institution, identifying the provider and the directors who attended.
4. Where practicable, quantified training disclosure (programmes completed and amounts invested) following the model adopted by STO.
5. For the three companies whose Audit Committees fall below the financial expertise requirement, the appointment of members holding the requisite qualifications, and disclosure of the qualifications relied upon.

## 4.2 Remuneration Matters

This section returned full compliance across every company and every Provision, the strongest result recorded in this section since these reviews began, compared with 90% in 2024 and 85% in 2023. Every company operates a formal and transparent procedure for developing executive remuneration policy; no director determines his or her own remuneration; remuneration committees are properly constituted; board remuneration is disclosed; and every company conducts and reports an annual evaluation of the board, the Chief Executive Officer and senior management.

Full compliance should not, however, be taken to indicate that there is no scope for improvement. The individual remuneration of senior management continues to be disclosed only in aggregate across the market, as it has been in every review since 2022, and several companies describe the link between remuneration and performance only in general terms. The Authority encourages companies to consider whether more granular disclosure in these areas would better serve their shareholders.

#### GOOD PRACTICE

##### **BML: remuneration benchmarking and performance scorecards**

BML provides the clearest remuneration disclosure in the market, describing expressly how its committee benchmarks remuneration against comparable companies and disclosing executive performance scorecards. This level of specificity enables shareholders to understand both the reference point against which pay is set and the basis on which performance is assessed, and provides a useful benchmark for the rest of the market.

## 4.3 Audit and Internal Control

Audit and Internal Control is the weakest of the six scored sections and the one that diverges most sharply from the position recorded a year earlier. The 2024 review recorded no findings in the audit Provisions. Assessing each Provision in this area individually, the present review records 18 findings, representing 40% of all findings in this review, in a section that accounts for only one fifth of the scored Provisions.

By company, HDFC is the only issuer to achieve full compliance in this section, with no findings across any of the 17 Provisions. DHR and STO follow at 94.1%, with one finding each; ATM, BML and OMPL record two findings each; MIB records three; and MTDC records seven, giving a rate of 58.8%, the lowest rate recorded by any company in any section of this review. The position is summarized in Table 4.

**Table 4: Audit and Internal Control results by company**

| Company       | Findings  | Section compliance rate |
|---------------|-----------|-------------------------|
| HDFC          | 0         | 100.0%                  |
| DHR           | 1         | 94.1%                   |
| STO           | 1         | 94.1%                   |
| ATM           | 2         | 88.2%                   |
| BML           | 2         | 88.2%                   |
| OMPL          | 2         | 88.2%                   |
| MIB           | 3         | 82.4%                   |
| MTDC          | 7         | 58.8%                   |
| <b>Market</b> | <b>18</b> | <b>86.8%</b>            |

### 4.3.1 Internal Audit

Every listed company maintains an internal audit function, and the arrangements adopted vary appropriately with scale and sector. ATM, BML, DHR, MIB, OMPL and STO each operate their own internal audit department. HDFC engages Ernst & Young, while MTDC outsources the function to Crowe Maldives LLP, citing the relatively small scale of its operations. Outsourcing is a legitimate arrangement, and the 2024 review accepted it on the same reasoning. Five of MTDC's seven findings in this section nevertheless arise in this area.

The quality of disclosure among the other seven companies is high and, in several cases, exemplary. OMPL operates its internal audit function under an Internal Audit Charter and an annual plan approved by the board, and its committee reviewed the results of an internal quality assurance and improvement program together with an annual declaration of the organisational independence and objectivity of internal audit. BML discloses that its function operates in accordance with the International Standards of the Institute of Internal Auditors (IIA) and applies audit planning based on risk. MIB and HDFC each position internal audit as the third line of defense within a three lines model.

## GOOD PRACTICE

### STO: internal audit reporting lines

STO discloses that its Chief Audit Executive reports functionally to the Chairperson of the Audit and Risk Committee and administratively to the Chief Executive, framing the arrangement expressly as one that supports operational access while preserving the independence of assurance. This is the clearest articulation of the reporting line requirement in the market.

## 4.3.2 External Audit

This area accounts for 13 of the section's 18 findings and, after director training, is the weakest area in the review. The pattern is unusual and warrants precise statement: the Provisions governing the process of appointing, overseeing and evaluating external auditors are complied with without exception, whereas two of the Provisions establishing specific independence safeguards are not.

On process, the market performs uniformly well. Every Audit Committee has primary responsibility for recommending the appointment, reappointment and removal of the external auditor, and every appointment is approved by shareholders at the AGM. Every company confirms that its external auditor is independent, well qualified and free of conflicts of interest, in most cases supported by formal written confirmation from the auditor. BML obtained and reviewed a written confirmation of independence; DHR records that KPMG has confirmed compliance with the practice note issued under the Code; MIB states expressly that there are no actual or potential conflicts of interest; and the MTDC board confirms that no services other than audit were provided that could impair independence.

Every Audit Committee reviews auditor independence and objectivity annually, reviews and approves the annual audit plan, and meets regularly with the external auditor. STO's committee, for example, reviewed the auditor's 2025 audit plan, key audit matters, findings and management letter across eight meetings during the year.

## 4.3.3 Auditor Shareholding Restriction

Seven of the eight companies were assessed as not complying with the requirement that auditors not hold more than 5% of the shares of the company they audit. Only HDFC complies, and it does so by inference rather than by express statement: its disclosed shareholding structure shows no holding by the auditor. In the remaining seven cases, the annual report contains no disclosure confirming the position either way.

The Authority does not suggest that the restriction is being breached. The finding is one of disclosure and can be readily remedied by a single confirmatory statement in the annual report.

## 4.3.4 Rotation of Audit Partners

Five of the eight companies, namely ATM, BML, MIB, MTDC and OMPL, were assessed as not complying with the requirement to rotate the external audit partner every five years, in each case because no rotation policy is disclosed.

The three compliant companies demonstrate how readily the Provision can be satisfied. DHR states that the board ensures strict adherence to regulatory requirements and to the Code concerning audit partner rotation, and identifies the current engagement partner by name and year of tenure. STO discloses that a new engagement partner was appointed in 2024 and that 2025 was the third year of the audit firm's tenure. HDFC changed its audit firm during the financial year, appointing Deloitte Partners LLP, which resolves the question for the period, although no rotation policy is stated.

The 2024 review described audit partner rotation as settled practice across the market. The present finding does not contradict that assessment, and rotation is very likely being observed in practice. What has changed is that the assessment now requires the practice to be evidenced in the annual report, and in five cases it is not.

#### **WHAT THE AUTHORITY EXPECTS TO SEE IN 2026: AUDIT AND INTERNAL CONTROL**

1. An express statement confirming that the external auditor does not hold more than 5% of the shares of the company.
2. Disclosure of the company's audit partner rotation policy, identifying the current engagement partner and the year of tenure, on the model adopted by DHR and STO.

## **4.4 Shareholder Rights**

This section returned full compliance across the market, consistent with the 2023 and 2024 reviews, both of which also recorded 100%. Companies engage with shareholders through AGMs, market announcements, corporate websites and social media, and voting rights and procedures are explained in advance of general meetings. MIB provides the clearest statement on equal access to information, confirming that disclosures are published on its website and simultaneously on the CMDA public disclosure platform.

Shareholder education is the Provision in this section with the least visible activity across the market. Although no company was assessed as not complying, few companies describe any program of shareholder education. The Authority encourages companies to consider what practical steps they might take in this area and to report on them.

## **4.5 Disclosure**

This section returned full compliance. Every company included the corporate governance compliance statement in its annual report, published financial statements to the required standard and provided the specified narrative statements on matters other than financial performance. The result demonstrates that where the Code sets a clear and specific requirement, the market meets it without exception.

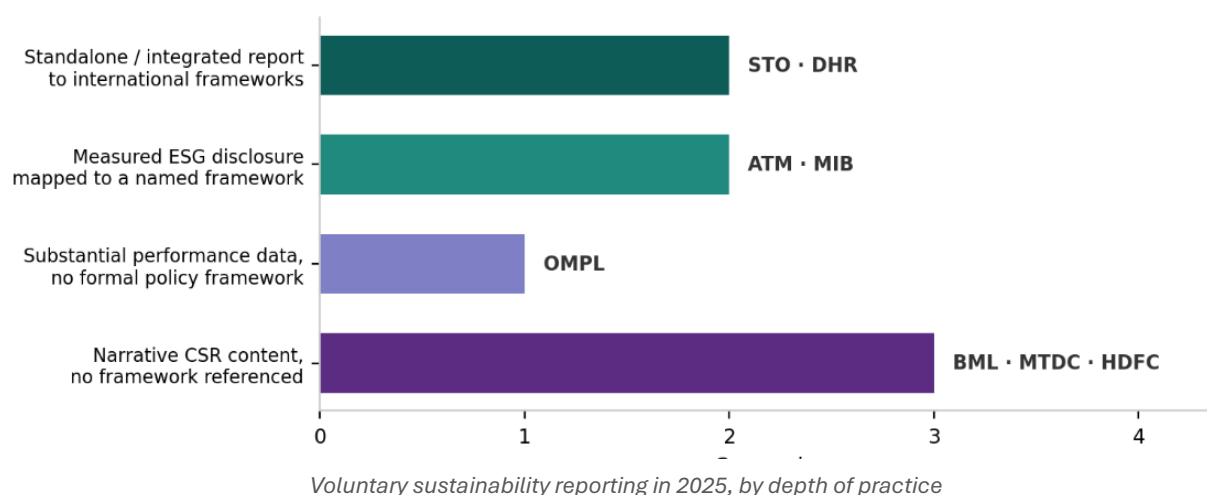
## **4.6 Concerns Framework**

This section returned full compliance. Every company has established a mechanism enabling employees and management to raise concerns confidentially, has made employees aware of that mechanism, and discloses it in the annual report. The approaches adopted range from formal whistleblowing policies to dedicated support hotlines, consistent with the position observed in the 2023 review.

## 4.7 Voluntary Sustainability Reporting

The sustainability Provisions of the Code are not assessed for 2025. As reporting under the MSRF becomes mandatory only from the 2026 cycle, this review does not score companies against a standard that was not yet in force. Nothing in this section carries a compliance rate or affects any figure stated elsewhere in this review.

The Authority nonetheless reports the position for two reasons. First, five of the eight companies published sustainability disclosures during 2025 that go beyond narrative corporate social responsibility (CSR) content, and that choice merits recognition. Second, with one reporting cycle remaining before the MSRF applies, voluntary disclosure is the best available indicator of the market's readiness.



Two companies, STO and DHR, published a standalone or integrated report prepared with reference to international frameworks. Two further companies, ATM and MIB, published measured environmental, social and governance (ESG) disclosures mapped to a named framework. OMPL published substantial performance data without a formal policy framework. The remaining three companies, BML, MTDC and HDFC, published narrative CSR content without reference to any framework.

The Authority draws attention to the gap between the two ends of this distribution. Companies at the narrative end should not assume that their existing CSR content will satisfy the MSRF in 2026. The Authority encourages every company to begin mapping its disclosures against the MSRF during the current cycle and, in particular, to establish the data collection processes on which quantitative sustainability reporting depends.

## 5. WHERE THE MARKET HAS IMPROVED

Table 5 summarizes the trend over recent years in the principal indicators discussed in Sections 5 and 6.

**Table 5: Selected indicators, 2023 to 2025**

| Indicator                                                             | 2023 | 2024 | 2025  |
|-----------------------------------------------------------------------|------|------|-------|
| Companies assessed                                                    | 10   | 9    | 8     |
| Overall compliance rate                                               | 86%  | 88%  | 92.9% |
| Remuneration Matters: compliance rate                                 | 85%  | 90%  | 100%  |
| Shareholder Rights: compliance rate                                   | 100% | 100% | 100%  |
| Director training and refresher: companies not complying <sup>1</sup> | 30%  | 30%  | 62.5% |
| Annual election of one third of the board: companies not complying    | 30%  | 0%   | 87.5% |

<sup>1</sup> The 2025 figure relates to the annual refresher Provision for the whole board, which is now assessed separately; earlier reviews assessed training and refresher disclosure as a single composite. The figures are therefore not directly comparable (see Section 6.1).

### 5.1 Gender Diversity on Boards

Gender diversity was the weakest area in both preceding reviews and represents the clearest sustained improvement over the period under observation.

In 2022 and again in 2023, six of the ten companies then assessed did not meet the requirement for a minimum of two female directors, and in 2023 five of those six had no female representation on the board. Overall female representation stood at 20% in both years.

By 2024, the position had improved materially. Five of the nine companies then assessed achieved full compliance, compared with four in the previous year; the number of companies not complying fell to four; and female representation rose to 22%. The 2024 review noted that one of those four companies had fallen below the threshold only temporarily, following the unexpected departure of two female directors during the year, and had restored compliance before that review was published. It also recorded that one company continued to have no female representation on its board.

Gender diversity does not feature among the findings of the present review. The Authority regards this as the clearest instance in which sustained regulatory attention, combined with engagement between companies and their majority shareholders, has produced a durable change in practice. Companies are nonetheless encouraged to maintain formal board gender diversity policies, rather than relying on the current composition of the board, so that the progress achieved is protected against board turnover.

### 5.2 Remuneration Reporting

Remuneration Matters recorded 85% compliance in 2023 and 90% in 2024, and the present review records full compliance across every company and every Provision in the section. The improvement is attributable principally to the formalization of remuneration committees and the adoption of annual board and management evaluation processes, both of which are now universal across the market.

## 6. WHERE THE MARKET HAS STALLED

### 6.1 Director Training and Refresher Programmes

This is the most persistent finding across the period under observation. The proportion of companies not complying stood at 40% in 2022 and at 30% in both 2023 and 2024, with the 2024 review noting expressly that the rate had not changed from the previous year. One company explained that relevant training opportunities had been explored but that none had materialized during the year.

In 2025, five of the eight companies assessed do not comply with the annual refresher requirement. Part of this apparent increase reflects a change in measurement: the present framework assesses the annual refresher course for the whole board as a distinct Provision, whereas earlier reviews assessed training and refresher disclosure as a single composite. On any reading, however, this finding has now been reported in four successive reviews without material improvement.

The Authority considers that a finding reported four times without change calls for a different response from that applied to date. Intervention at the level of the market as a whole, rather than observation company by company, is likely to be required, and the Authority will consider the form that such intervention should take.

### 6.2 Quality of Comply or Explain Statements

Every review published to date has identified the same three shortcomings: departures left unexplained; explanations provided for one Provision but not for others; and vague justifications that offer no clear rationale. The 2023 review reproduced an example of an inadequate explanation on gender diversity, and the 2024 review reproduced a further example on the same Provision, noting that the pattern persisted notwithstanding the expectations set out in the previous year.

The same weakness is evident throughout the 2025 assessments. In the great majority of findings, the annual report is silent on the Provision concerned. The Authority reiterates that a departure from the Code accompanied by a clear and substantive explanation is a legitimate exercise of the flexibility the Code affords; a departure passed over in silence is not.

### 6.3 Annual Election of One Third of the Board

The trajectory of this Provision is the most volatile in the dataset. The proportion of companies not complying stood at 10% in 2022, rose to 30% in 2023, fell to zero in 2024 and stands at 87.5% in the present review. The 2023 review identified this Provision as requiring attention, and the 2024 review recorded that all companies had achieved full compliance, describing this as a clear improvement on the previous year. Seven of the eight companies are now assessed as not complying.

As set out in Section 4.1.1, the arrangements operated by these seven companies are not uniform, and most involve a form of periodic election that falls short of the annual rotation of a defined proportion of the board. A change of this magnitude between consecutive reviews warrants examination of whether the Provision is being understood consistently across the market, and the Authority will engage with companies accordingly.

## 7. CONCLUSION

### 7.1 Overall Assessment

The 2025 review records the strongest result since these assessments began. Overall compliance with the Code stands at 92.9%, compared with 88% in 2024 and 86% in 2023. Four of the six scored sections returned full compliance across every company; 65 of the 83 scored Provisions were satisfied by every company assessed against them; and the spread between the strongest and weakest performers is under nine percentage points. Remuneration reporting, an area of concern in both preceding reviews, is now fully compliant across the market, and gender diversity, the weakest area in 2023 and 2024, no longer features among the findings.

This progress is real. The Authority nevertheless considers it necessary to state plainly that the 2025 figure is not directly comparable with those of earlier years. The population assessed has fallen from ten issuers to eight; two of the weakest areas identified in 2024 are no longer separately assessed; and the sustainability Provisions are not scored in the present cycle. The trend should be read with these qualifications in mind.

### 7.2 Priority Areas for the Market

The remaining findings are concentrated and, for the most part, readily addressable. Six Provisions account for two thirds of all findings, and four of these fall into two clusters, auditor independence and director training, that are better addressed across the market as a whole than company by company. Director training in particular has now been reported in four successive reviews without material change, indicating that a different response is required.

### 7.3 Structural Governance Findings

A smaller set of findings cannot be resolved through improved reporting alone. Two boards operate with a single executive director; two boards lack a majority of independent directors; three Audit Committees lack the financial expertise required by the Code; and one Chairperson no longer meets the independence criteria, a position the company concerned has itself disclosed and must now resolve. These are the substantive governance matters raised by this review, and they require action by boards and shareholders rather than changes to the drafting of the annual report.

### 7.4 From Compliance to Demonstrated Compliance

The wider opportunity lies in closing the gap between compliance and demonstrated compliance. In 73 assessments, a company was found to meet a Provision on the strength of facts disclosed elsewhere in its annual report, rather than through a statement addressing the Provision directly. The safeguards exist; the disclosure describing them does not. A market that governs itself to this standard should find it straightforward to say so.

### 7.5 Readiness for Sustainability Reporting

The Authority also draws attention to the position on sustainability. STO, the strongest governance reporter in this review, is also one of the two companies already publishing sustainability disclosures at approximately the standard the 2026 cycle will require. Companies whose sustainability content remains narrative in character should not assume that the transition to the MSRF will be a drafting exercise; it will require data collection processes that take time to establish.

## 7.6 The Authority's Continuing Role

The Authority will continue to assess reporting against the Code and to publish its findings. The purpose of doing so is not to rank companies, but to make the market more transparent to those who invest in it.

## 7. ANNEX A: ABBREVIATIONS

Table A1: Abbreviations used in this report

| Abbreviation | Meaning                                              |
|--------------|------------------------------------------------------|
| <b>ACCA</b>  | Association of Chartered Certified Accountants       |
| <b>AGM</b>   | Annual general meeting                               |
| <b>ATM</b>   | Amana Takaful (Maldives) Plc                         |
| <b>BML</b>   | Bank of Maldives Plc                                 |
| <b>CMDA</b>  | Capital Market Development Authority (the Authority) |
| <b>Code</b>  | CMDA Corporate Governance Code                       |
| <b>CPLC</b>  | Centurion Plc                                        |
| <b>CSR</b>   | Corporate social responsibility                      |
| <b>DHR</b>   | Dhivehi Raajjeyge Gulhun Plc (Dhiraagu)              |
| <b>ESG</b>   | Environmental, social and governance                 |
| <b>HDFC</b>  | Housing Development Finance Corporation Plc          |
| <b>MIB</b>   | Maldives Islamic Bank Plc                            |
| <b>MSRF</b>  | Maldives Sustainability Reporting Framework          |
| <b>MTCC</b>  | Maldives Transport and Contracting Company Plc       |
| <b>MTDC</b>  | Maldives Tourism Development Corporation Plc         |
| <b>MVR</b>   | Maldivian Rufiyaa                                    |
| <b>OMPL</b>  | Ooredoo Maldives Plc                                 |
| <b>STO</b>   | State Trading Organization Plc                       |



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