

SALAH	Tel.: 23294370	HAIMA	Tel.: 23436058	MAHADAH	Tel.: 25659322	TAQAH	Tel.: 25258033	مطاعة	٢٥٦٩٣٢٢	مخضه	٢٢٤٣٦٠٥٨	هيماء	٢٢٢٩٤٣٧٠	سلالة	٢٢٢٩٤٣٧٠
SOHR	Tel.: 26824640	ALKHUWAIR	Tel.: 244841528	QURIYAT	Tel.: 24846383	INDUSTRIAL	Tel.: 23211541	الصناعية	٢٢٢١١٥٤١	قريش	٢٢٤١٥١٥٣	التخوير	٢٢٤١٥١٥٣	مخار	٢٢٤١٥١٥٣
SUR	Tel.: 25543980	BAKHA	Tel.: 26884749	AL AMIRAT	Tel.: 24875683		Tel.: 25341606	لمبارت	٢٢١٨٧٥٣٧	فكرات	٢٢١٨٧٥٣٧	بركة	٢٢٢٥٣٨٨٠	مخار	٢٢٢٥٣٨٨٠
NIZWA	Tel.: 25412094	SINAW	Tel.: 25524970	AL SIAQI	Tel.: 26860297	IZKI	Tel.: 24493905	إزكي	٢٢١٨١٠٢٧	السوق	٢٥٥٢١٤٩٧	سنگو	٢٥١٢١٠٩٥	مخار	٢٥١٢١٠٩٥
SAH	Tel.: 24423075	MIRBAT	Tel.: 23264534	SAMAIL	Tel.: 25305599	ALGHUBRAH	Tel.: 26747479	الغبرة	٢٥٤٩٣٩٠٥	سفل	٢٢٢١٤٥٢١	مرطاط	٢٤٤٣٣٠٧٥	مخار	٢٤٤٣٣٠٧٥
BURAIMI	Tel.: 26856721	KHASAB	Tel.: 26731705	JALAN	Tel.: 25554157	SHINAS	Tel.: 25544380	شناس	٢٢١٧٥٧٤٧	جملان	٢٢٢٧٢١٠٥	خسب	٢٥٥٥٧٢١٠	بريمي	٢٥٥٥٧٢١٠
IBRI	Tel.: 26892254	MAZYUNAH	Tel.: 23271303	AL MAHA F/S	Tel.: 26849901	Al Rlsai	Tel.: 24488772	الريسل	٢٢٤٤٣٨٠٣	الوحيات (ا)	٢٢٢٧٢١٣٨	الزويون	٢٥٥٥٧٢١٣٨	عبري	٢٥٥٥٧٢١٣٨
IBRA	Tel.: 25507742	SALAH	Tel.: 23297034	BAHLA	Tel.: 25421021	Grand Mall		جراند مول	٢٢٤٤٣٨٠٣	بغلاء	٢٢٢٧٢١٣٨	ساراء	٢٥٥٥٧٢١٣٨	ساراء	٢٥٥٥٧٢١٣٨

### Changes at the Membership of Board of Directors:

The membership of previous Board of Directors ended on March 2016 and the Company's shareholders in the Annual General Meeting held on 31<sup>st</sup> March 2016 elected three (3) members to the Board. On May 26, 2016, Company held an Ordinary General Meeting, during which two (2) additional members was elected.

The shareholders of the Company decided to increase the number of members of the Board of Directors from five (5) members to seven (7) members. The Company held an Extraordinary General Meeting meeting in July 2016, and approved to amend paragraph (2) of Article (30) of the Articles of Association of the Company. An ordinary General meeting was held on July 2017 to elect two (2) more directors. In the AGM held on 28<sup>th</sup> March 2018, the shareholders approved the appointment of one Director to fill in the vacancy caused due the resignation of H.E. Tahir Salim Al Amry.

### Board Meetings

The Board of Directors held six Board Meetings for the financial year ended 31<sup>st</sup> December 2018- 11<sup>th</sup> February 2018, 21<sup>st</sup> March 2018, 30<sup>th</sup> April 2018, 31<sup>st</sup> July 2018, 30<sup>th</sup> October 2018 and 18<sup>th</sup> December 2018.

### The details of the Board of Directors As on 31<sup>st</sup> December 2018:

Name and Position	Capacity and Representation	Member in Any Other Company	No. of Meetings Attended	Attending last AGM
1. Majid Sultan Said Al Toky, Chairman	Non-executive / independent - representing himself -	1	6	YES
2. Tariq Abdul Hafidh Salim Al Ujaili, Vice Chairman	Non-executive / Non-independent - representing himself -	3	3	YES
3. John Robertson Wright, Member (Appointed on 26.05.2016)	Non-executive / independent - representing himself -	-	5	NO
4. Mohamed Masud Said Al Kharusi, Member (Appointed on 26.05.2016)	Non-executive / independent - representing himself -	1	6	NO
5. Azhar Haroun Saleh Al Kindi, Member (Appointed on 3.7.2016)	Non-executive / independent - representing himself -	-	5	NO
6. Ganesan Sridhar Panchapagasan (Appointed on 03.07.2016)	Non-executive / independent - representing himself -	2	5	YES
7. Christos Patsalides (Appointed on 28.03.2018)	Non-executive / independent - representing himself -	-	4	NO

In accordance with the rules and regulations of the Capital Market Authority, except the Vice Chairman, all members of the Board of Directors are considered independent. All Board Members are non-executive members.

### Brief profile of Directors

#### Majid Sultan Said Al Toky – Chairman

Mr. Majid Al Toky is the Resident Managing Partner of the Oman office of Trowers & Hamblins, a leading international law firm. He worked for a period of 10 years in Petroleum Development Oman as an in-house lawyer prior to joining Trowers and Hamblins. He is also an arbitrator, qualified under the U.K. Chartered Institute of Arbitrators, and has acted both as arbitrator and counsel in a number of high-profile arbitration proceedings in Oman. He was also a board member of the Capital Market Authority in Oman, where he



served for a period of six years and was elected a Chairman of PAL, a society formed by companies engaged in oil and gas activities in Oman.

#### **Tariq Abdul Hafidh Salim Al Aujaili – Vice Chairman**

Mr. Tariq Al Aujaili holds a Bachelor of Science degree in accounting and finance from the London School of Economics & Political Science and has extensive experience of directorship in Public Companies such as Bank Dhofar SAOG, Dhofar International Development and Investment Holding Company SAOG, where he is Vice Chairman and Oman Investment & Finance Company SAOG where he is the Vice Chairman.

#### **Mohamed Masud Said Al Kharusi**

Mr. Mohammed Al Kharusi has a Bachelor's degree in Industrial Mathematics and a Master's in Numerical and Functional Analysis. He has started work as a Research Assistant in 1972 with the University of London. He joined the Oil & Gas Industry in 1975 with Petroleum Development Oman in IT and was subsequently assigned in 1979 to Shell Brunei as a Systems Analyst and returned in 1982 and progressed to the position of IT Manager in 1985. He was assigned to Shell International EP in the Netherlands as Head of Information Planning till 1999. He became the PDOHR Director in 1999 and spent a total of 30 years with PDO. After retirement in 2005 he joined ENOC in Dubai as Group HR Manager.

#### **John Robertson Wright**

Professor John Wright is an associate and Fellow of the Chartered Institute of Bankers in Scotland and a Fellow of the Chartered Institute of Bankers Ireland. Professor Wright's career in commercial banking spans over 44 years and includes assignments in UK, India, Sri Lanka, West Africa, Canada, Hong King and the United States.

#### **Ganesan Sridhar Panchapagasan**

Mr. Sridhar Ganesan has professional work experience of over 35 years in India and the Middle East. He last served as Group General Manager – Corporate Banking and International Operations at Bank Muscat. He has been in the position of General Manager of the Bank for the past 7 years prior to which he was holding several senior Management positions in the Bank since 1990. He is currently on the Board of a large oil field services Company in Oman.

#### **Azhar Haroun Saleh Al Kindi**

Mr. Azhar Al Kindi is currently the advisor to His Excellency, the Chairman of Oman Environmental Holding Company (Beah) and had served as the CEO of Beah from 2009-2012. As CEO, he formulated the National Waste Management Strategy of the Sultanate and steered Oman towards zero waste. He also served as the Executive Director for Civil Defense, Royal Oman Police. He was responsible for developing the Country's first National Emergency Plan.

#### **Christos Patsalides**

Mr. Christos Patsalides is a Fellow of the Society of Actuaries and a Certified Fellow of the Institute of Risk Management. In addition to his professional qualifications, he holds a Master's degree in Actuarial Sciences from Georgia State University. He is currently serving as Group Chief Actuary and Risk Manager of Nest Investments (Holdings) Ltd.

#### **Audit, Risk and Compliance Committee:**

The Audit, Risk and Compliance Committee consists of three members, all independent and non-executive, nominated through the Board of Directors and members are:

Name	Nos. of meeting attended
Azhar Haroun Saleh Al Kindi	5
John Robertson Wright	5
Ganesan Sridhar Panchapagasan	6
Christos Patsalides ( Appointed on 30/04/2018 )	3

The Audit, Risk and Compliance Committee held six Meetings for the financial year ended 31<sup>st</sup> December 2018- 11<sup>th</sup> February 2018, 19<sup>th</sup> March 2018, 30<sup>th</sup> April 2018, 31<sup>st</sup> July 2018, 30<sup>th</sup> October 2018, 18<sup>th</sup> December 2018.

#### Terms of Reference:

The Audit, Risk & Compliance Committee (ARC) is a sub-committee of the Board of Directors and as such assists the Board of Directors to discharge the Board's responsibilities of oversight and governance in relation to the financial reporting process, the system of internal control, the audit process, the Company's process for monitoring compliance with the laws.

In addition the Committee is responsible for making recommendations to the Board of Directors on the risk appetite of the Company in relation to Insurance Risk, Credit Risk, Market Risk, Operational Risk, Information Risk and Business Continuity Management with focus on the policy framework.

#### DUTIES AND RESPONSIBILITIES

**The Committee is required to discharge the following duties and responsibilities:**

- The ARC committee should submit to the Board an annual plan to implement its duties and responsibilities;
- Ensuring efficiency of the Executive Management in general in implementing the operational controls and guidelines specified by the Board;
- Ensuring compliance with the reporting requirement as issued by the Capital Market Authority;
- Ensuring the adequacy and sufficiency of the internal auditing systems of the Company either by approving regular reports by Internal Auditors and External Auditors or seeking specialized consultations in this field;
- Reviewing proposed specific transactions with related parties for making suitable recommendations to the Board and setting rules for entering into small value transactions with related parties without obtaining prior approval of the Audit Committee and the Board;
- Review from a regulatory viewpoint, the quarterly, half yearly and annual financial statements and make recommendation to the Board for the adoption of those statements;
- Review the internal audit and compliance reports and make appropriate enquiries with the relevant head of department;
- Confirm the appropriateness of the Company's material accounting policies and principles;
- Review the adequacy of the ARC Terms of Reference on an annual basis;
- Review of compliance with CMA prudential guidelines.

#### INTERNAL AUDIT

**To review and report to the Board (as necessary) on:**

- Appointment of Head of Internal Audit;
- The internal audit mission, charter, qualifications and resources;



- The reporting line and independence (i.e. directly to the Audit Committee);
- Review and approve the annual audit plan and work programme;
- The progress of the audit work programme and the implication of all audit findings on the Company's control environment;
- Management's responsiveness to the audit findings and recommendations;
- The process the Company has in place for monitoring and assessing the effectiveness of the internal audit function; and
- The Company's procedures for detecting fraud and whistleblowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters.

#### EXTERNAL AUDIT

- Recommend to the Board on appointment/re-appointment and removal of external auditors;
- Review representation letter, engagement letter and management compliance letter for financial audit;
- Review and monitor on an annual basis, external auditor's independence, including with respect to performance of any non-audit services, objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements for the external auditor;
- Obtain from the external auditor a written report listing any relationships that may compromise the auditor's independence;
- Monitor the effectiveness and independence of the external auditor;
- Recommend to the Board on external auditor fees and whether an effective comprehensive review can be conducted for such fees;
- Recommend term of engagement with the external auditor;
- Review and approve the scope of the external audit plan and any additional agreed upon procedures on a regular and timely basis;
- Enquires of the external auditor as to whether there have been any significant disagreements with senior management regardless of whether these have been resolved or not; and
- Ensure management's responsiveness to external audit findings and recommendations.

#### RISK MANAGEMENT

##### To review and report to the Board (as necessary) on:

- Ensuring that there are adequate Board approved risk policies such as Insurance Risk, Credit Risk, Market Risk, Operational Risk, Information Security and Business Continuity Management and procedure for managing these risks;
- Ensuring that there are validated risk models available to measure risks and conduct stress testing;
- Monitor compliance of various risk parameters by business lines;
- Responsible for establishing comprehensive and integrated framework for managing Insurance Risk, Credit Risk, Market Risk (including risks related to interest rate, liquidity etc.), Operational Risks, Information Security and Business Continuity;
- Review all policies and limits from a risk perspective to ascertain adequacy of mitigations and controls.

**COMPLIANCE****To review and report to the Board (as necessary) on:**

- Appointment of Head of Compliance;
- The Compliance charter, qualifications and resources;
- The reporting line and independence (i.e. directly to the CEO/COO and ARC);
- Review and approve compliance annual plan and work programme;
- Management's responsiveness to the compliance findings and recommendations; and
- The ARC will review the Capital Market Authority report as and when issued and received and to address the issues raised therein as needed.

**The Executive Committee****The executive committee consists of 3 members as follows:**

Name	Meetings
Majid Sultan Al Toky - Chairman	9
Tariq Abdul Hafidh Salim Al Aujaili	7
Ganesan Sridhar Panchapagasan	6

The objective of the Board Executive Committee (EXCOM) is to assist the Board in overseeing the Management of the Company. EXCOM is responsible for the reviewing, monitoring and approval of key financial and non-financial businesses, investments and operations decisions for the Company within the authority prescribed by the Board.

The Committee held nine meetings during the financial year ended 31<sup>st</sup> December 2018 – 4<sup>th</sup> February 2018, 19<sup>th</sup> March 2018, 19<sup>th</sup> April 2018, 29<sup>th</sup> May 2018, 30<sup>th</sup> July 2018, 5<sup>th</sup> September 2018, 3<sup>rd</sup> October 2018, 16<sup>th</sup> October 2018 and 16<sup>th</sup> December 2018.

**Terms of Reference:**

- Review of annual business plans, capital expenditure and performance targets:
- Resources and delegated authority of the Executive Management:
- Reviewing and monitoring the investment portfolio of the Company
- Monitoring the work of the Management to ensure that business is properly managed according to the Company's objective and ensuring compliance with CMA laws and regulations:
- Management information systems, IT infrastructure and operating policies and procedures:
- Customer service and quality;
- Performance of product lines, branches and delivery channels:
- Profitability of underwriting and approval of large risks:
- Reinsurance arrangements/renewals:
- Corporate social responsibility initiatives and execution thereof:
- Communication- internal and external, and advertising and promotion; and
- Claims and legal proceedings by/against the Company.



### Nomination, Remuneration & HR Committee

The executive committee consists of three members as follows:

Name	Nos. of meetings being attended
Mohamed Masaud Said Al Kharusi - Chairman	2
Majid Sultan Said Al Toky	2
Tariq Abdul Hafidh Salim Al Aujaili	1

The Nomination and Remuneration Committee was formed by a Board resolution on July 2016, to assist the Chairman in nominating members of the Board of Directors who have appropriate experience to carry out their responsibilities.

The Committee held 2 meetings during the financial year ended on 31 December 2018- 18<sup>th</sup> March 2018 and 16<sup>th</sup> December 2018.

#### Terms of Reference:

The purpose and objective of the NRHRC is to review and recommend to the Board matter related to the nomination of candidates for the membership of the Board as well as candidates for Management positions within DIC as well as matters pertaining to Human Resources Management and Development.

#### The NRHRC shall be specifically responsible for the following:

- Ensuring consistent and correct application of DIC HR policies;
- Executing specific tasks as mandated to it by the Board;
- Ensuring compliance of directives set by the Ministry of Manpower;
- Ensuring the existence of job descriptions for employees;
- Considering employee complaints and grievances;
- Making the necessary decisions to resolve issues arising from the implementation of HR policies and regulations or due to the lack of relevant provisions therein;
- Reviewing the basis and criteria related to assessment of employees
- Supporting the Board by identifying appropriate candidates to fill in Board vacancies as and when they arise;
- Assisting the Board in identifying appropriate candidates for Management positions within the Company;
- Ensuring a Succession Plan for the Executive Management is in place and reviewed regularly.
- Developing recommendations to the Board for selecting qualified candidates for election to The Board.
- Developing a search practice for qualified candidates to serve as directors on the Board and if a search firm is used to identify Board candidates, have sole authority to approve the search firm's fees and other retention terms;
- Developing and recommending to the Board policies and procedures regarding selection of Board candidates recommended by the shareholder;
- Developing and reviewing the Company's remuneration policy for both staff and Board members taking market conditions and the performance of the Company in mind;
- Developing, controlling, applying and revising the Human Resources Policy and any relevant policies that relate to the following:
  - Executive remuneration and incentives;
  - Remuneration of the CEO; and any executive incentive plans,

### Procedures for nomination members of the Board of Directors:

The Board of Directors was elected in 2016 through the Ordinary General Meeting held in March 2016 for three years ending in March 2019. If any board seat is vacated for resignation of any member or for any other reason, the Board of Directors may elect another person as a temporary member of the Board of Directors until the next General Meeting.

Any shareholder who wants to nominate himself/herself for membership of the Board of Directors shall hold a minimum of 40,000 shares in accordance with the Articles of Association of the Company.

In accordance with the CMA rules, the Company, in the event of the nomination of the one of the same shareholder to the Board of Directors, will examine the forms, and then follow all procedures in force in accordance with the laws and regulations of the Capital Market Authority.

### Remunerations

1. Members of the Board of Directors doesn't receive salaries or any fixed income from the Company, each member shall get RO 800 as board setting fees (RO 800 for the previous year), and RO 700 as committee's setting fees (RO 700 for the previous year). The travel allowance for Board of Directors in 2018 is RO 44,116.056.
2. Seven senior executives of the Company have received a total amount of RO 541,264 including salaries and other provisions.
3. According to the Performance standards, the Company distributes bonuses and incentives to the staffs, considering the principle of discipline, performance and productivity,
4. Each employee of the Company has a contract. This contract has been prepared in accordance with the Omani Labor Law and the regulations issued by the Ministry of Manpower.

### Sitting Fees of the Board of Directors and sub committees meetings during 2018

Board Member	Fees RO
Majid Sultan Said Al Toky	10,000
Tariq Abdul Hafidh Salim Al Ajaili	8,000
John Robertson Wright	7,500
Mohamed Masud Al Kharusi	6,200
Azhar Haroun Al Kindi	7,500
Ganesan Sridhar Panchapagasan	10,000
Christos Patsalides	5,300
<b>Total</b>	<b>54,500</b>

### Internal Control Review

The Board gives great importance to maintaining a strong control environment and Board review has covered all controls, including financial, operational, compliance and risk management.

The Board has established a management structure that clearly defines roles and responsibility and reporting lines and has approved the policies.

Financial information is prepared using appropriate accounting policies that are consistently applied. Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and the safeguarding of assets through policies and procedures manuals, desk performance instructions and other circulars.



## Shareholders

### Communication with shareholders and investors

The Board is committed to ensure that all material information relating to the Company's operations is regularly communicated to its stakeholders and investors.

All material information relating to the Company, its products, its operations and annual and quarterly financial statements are posted on the Company's website. The Company's web-site address is <www.dhofarinsurance.com>

The quarterly, half-yearly, and annual results of operations of the Company are published in leading Arabic and English newspapers in the Sultanate of Oman. After completion of the statutory audit, the annual report and summary financial statements are sent by post to all shareholders along with the notice of the forthcoming Annual General Meeting of the Company.

### Market Price Data:

#### Company share price movement during 2018:

Month	High (RO)	Low (RO)
January	0.200	0.200
February	0.200	0.200
March	0.100	0.100
April	0.129	0.070
May	0.192	0.096
June	0.150	0.150
July	0.197	0.197
August	0.158	0.143
September	0.143	0.143
October	0.160	0.143
November	0.179	0.158
December	0.175	0.163

### DIC Stock Performance vs. MSM-30 Index



**Distribution of ownership of shares**

Shareholder name	Nos. of shares	Ownership %
Dhofar International Development & Investment Holding Company SAOG	36,592,904	36.5929%
HE Abdul Alim Mustahil Rakhyout	15,062,797	15.0628%
Qatar General Holding Company S.P.C	6,448,504	6.4485%
Trust International Insurance & Reinsurance Company (B.S.C)	6,306,890	6.30689%
Other (less than 5%)	35,588,905	35.58891%
<b>Total</b>	<b>100,000,000</b>	<b>100.000 %</b>

**Details of non-compliance with regulatory requirements**

The Company complied with laws and regulations issued by the concerned authorities such as the Capital Market Authority, Ministry of Commerce and Industry and Muscat Security Market.

**PROFESSIONAL PROFILE OF THE LEGAL EXTERNAL AUDITOR:**

An external auditor is appointed after careful selection and evaluation based on the strengths of the Office regarding its skills and reputation, and the Committee is very strict in the process of recommending the appointment of the External Auditor.

BDO Jawad Habib LLC, the statutory auditors of the Company, has been operating in the Sultanate of Oman for the past 39 years and is one of the leading professional services organizations in the region providing industry focused Assurance, Tax and Advisory Services to enhance value for their clients. The firm is a member firm of BDO International, the fifth largest international accounting organization with over 77,000 employees working in a global network of over 1,400 offices situated in 164 countries.

The services of the external auditors were not utilized during the year for any non-audit services listed by the Capital Market Authority that requires the approval of the Audit Committee and needs to be disclosed in this report. The total audit fees for the year ended 31 December 2018 was RO 17,500.

**Declaration**

We, The Board of Directors of Dhofar Insurance Company SAOG, acknowledge and confirm the following:

- The financial statements have been prepared and presented in accordance with International Financial Reporting Standards;
- The efficiency and adequacy of the internal control system of the Company and its compliance with the internal standards & procedures of the Company; and
- That there are no material matters that affect the continuation of Company's operations during the coming financial years.

