Corporate Governance Report - 2021

Company Philosophy

Dhofar Insurance Co. SAOG ("the Company") follows the Code of Corporate Governance ("the Code") issued by the Capital Market Authority (CMA) for listed companies on the Muscat Stock Exchange (MSX). The Board of Directors are committed to applying the highest level of corporate governance standards and confirm their commitment and responsibility to manage the Company and provide transparency in the running of the Company.

The Board of Directors are committed to the highest standards of Corporate Governance and strive for excellence in business operations through transparency, and accountability to all stakeholders.

Board of Directors

The Board of Directors are responsible for the supervision and control of the Company. The Board also lays down and approves the objectives, strategies and policies of the Company. The Board of Directors also review the performance of the Company in relation to its stated objectives.

Process of Nomination of the Directors

The nomination of the Directors is done as per Company's Article of Association and the CMA Code of Corporate Governance. Shareholders retain the authority to elect any candidate to the Board of Directors irrespective of any recommendation made by the Board.

Information Provided to the Board of Directors

The Directors are given timely information to maintain full and effective control over strategic, financial, operation, compliance, and governance issues.

On appointment, each Director receives information about the Company and is advised of the legal and regulatory obligations of a director of a joint stock Company.

Composition of the Board

The Board comprises of seven (7) directors who have been elected by shareholders for a period of three years. The current term of the Directors expires in March 2022. All the Board Members including the Chairman, are non-executive Members. Six directors are independent. All the directors have been elected in their individual capacity.

Changes in the Membership of Board of Directors:

The membership of previous Board of Directors ended on March 2019 and the Company's shareholders in the Annual General Meeting held on 28th March 2019 elected seven (7) members to the Board.

Board Meetings

The Board of Directors held seven Board Meetings during the financial year ended 31st December 2021 - 24th February, 26th April, 29th April, 27th July, 30th October, 5th December and 15th December 2021.

Board of Directors as on 31st December 2021

Name and Position	Capacity and Representation	Member in Any Other Company	No. of Board Meeting's Attende	Attending last AGM

			d	
1. Majid Sultan Said Al Toky, Chairman	Non-executive / independent - representing himself -	1	7	Yes
2. Tariq Abdul Hafidh Salim Al Aujaili, Vice Chairman	Non-executive /non-independent - representing himself -	3	7	Yes
3. John Robertson Wright, Member	Non-executive / independent - representing himself -	-	6	No
4. Mohamed Masud Said Al Kharusi, Member	Non-executive / independent - representing himself -	-	7	Yes
5. Ganesan Sridhar Panchapagasan	Non-executive / independent - representing himself -	-	7	Yes
6. Christos Patsalides	Non-executive / independent - representing himself -	-	7	No
7. Mr. Sandeep V. Arora	Non-executive / independent - representing himself -	1	7	Yes

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

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 & Hamlins, 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 Hamlins. 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 (Vice Chairman) and Oman Investment & Finance Company SAOG (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 PDO HR 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 Kong and the United States.

Professor John Wright has had a long association with Oman; firstly, as Chief Executive Officer of Oman International Bank from 1986 to 1993 and thereafter as a Board Member in a number of Omani Companies'. Professor John Wright was conferred a 'Honorary Doctorate' by St. Heriot Watt University in December '21.

Ganesan Sridhar Panchapagasan

Mr. Sridhar Ganesan holds a Master's degree in financial Management, a Master's degree in

Political Science and a Post Graduate Diploma in Systems Management, University of Bombay. He is a Certified Associate of the Indian Institute of Bankers and is an alumni of the Advanced Management Program, Harvard Business School, USA, 2009.

Mr. Sridhar Ganesan has professional work experience of nearly forty years in the financial services industry in India and Oman. He has served on the Board of several Companies in Oman and is currently serving as a Board Member of a leading oilfield services Company in Oman.

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.

Sandeep V. Arora

Mr. Sandeep Arora holds a Master's degree in economics and a Post Graduate Diploma in Marketing from Delhi University. He has had extensive experience in Oman and has served as Marketing Manager in Muscat Overseas Company LLC, General Manager – Marketing in Backer Suleiman Jaffer Co., General Manager – Sales and Business Development in Oman National Dairy Products Co. SAOG, Group Managing Director – Al Fairuz Trading and Contracting & General Manager in OTE Group, Oman. He is currently the CEO of Rakhyoot Group Holding.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of four (4) members, all of whom are independent and non-executive. The Members are nominated by the Board of Directors and are as below:

Name	Meetings Attended
John Robertson Wright – Chairman	4
Ganesan Sridhar Panchapagasan	4
Christos Patsalides	4
Sandeep Arora Vallabh	4

The Audit, Risk and Compliance Committee held 4 Meetings during the financial year ended 31st December 2021 –23rd February, 26th April, 26th July and 19th October 2021.

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; and
- 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 ARCC).
- 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 Board Executive Committee

The Board Executive Committee consists of three (3) members as follows:

Name	Meetings Attended
Majid Sultan Al Toky - Chairman	4
Tariq Abdul Hafidh Salim Al Aujaili	4
Ganesan Sridhar Panchapagasan	4

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 4 meetings during the financial year ended 31st December 2021 – 22nd February 18th July, 15th September and 28th October 2021.

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 Nomination, Remuneration and HR Committee consists of (3) members as follows:

Name	Meetings Attended
Mohamed Masaud Said Al Kharusi - Chairman	2
Majid Sultan Said Al Toky	2
Tariq Abdul Hafidh Salim Al Aujaili	2

The Committee held 2 meetings during the financial year ended on 31 December 2021 – 14th July and 23rd November 2021.

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 the Company as well as matters pertaining to Human Resources Management and Development.

The NRHRC shall be specifically responsible for the following:

a) Ensuring consistent and correct application of the Company HR policies.

b) Executing specific tasks as mandated to it by the Board.

c) Ensuring compliance of directives set by the Ministry of Manpower.

d) Ensuring the existence of job descriptions for employees.

e) Considering employee complaints and grievances.

f) 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.

g) Reviewing the basis and criteria related to assessment of employees

h) Supporting the Board by identifying appropriate candidates to fill in Board vacancies as and when they arise.

i) Assisting the Board in identifying appropriate candidates for Management positions within the Company:

j) Ensuring a Succession Plan for the Executive Management is in place and reviewed regularly.

k) Developing recommendations to the Board for selecting qualified candidates for election to The Board.

l) 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.

m) Developing and recommending to the Board policies and procedures regarding selection of Board candidates recommended by the shareholder.

n) 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.

o) Developing, controlling, applying, and revising the Human Resources Policy and any relevant policies that relate to executive remuneration and incentives.

Procedures for nomination members of the Board of Directors

The Board of Directors was elected in 2019 through the Ordinary General Meeting held on 28th March 2019 for a period of three years, ending in March 2022. 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.

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.

Remuneration Paid

1. Members of the Board of Directors do not receive salaries or any fixed income from the Company. Each member receives RO 800 as board setting fees (RO 800 for the previous year), and RO 700 as Sub – Committee sitting fees (RO 700 for the previous year). The travel allowance paid to Board Members in 2021 was RO 2,212/-.
2. The seven (7) senior executives of the Company received a total amount of RO 391,793 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 Labour Law and the regulations issued by the Ministry of Manpower.

Sitting Fees & Board Remuneration of the Board of Directors and Board Sub-Committees Paid for the FY2021

Board Member	Sitting Fees
Majid Sultan Said Al Toky	**9,800**
Tariq Abdul Hafidh Salim Al Aujaili	**9,800**

John Robertson Wright	**7,600**
Mohamed Masud Al Kharusi	**7,000**
Ganesan Sridhar Panchapagasan	**10,000**
Christos Patsalides	**8,400**
Sandeep Arora Vallabh	**8,400**
Azhar Haroon Saleh Al Kindi*	**-**
Total Paid	**61,000**

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is linked to the Company's purposes and activities, vision, and value statement. The Company shall seek to exercise its role as a good corporate citizen and mitigate any adverse impact on its activities on the national economy, community, or environment at large.

For the financial year ended 31st December 2021, the Company contributed a sum of Rial Omani One hundred and eighty-four thousand nine hundred and forty-nine and Baiza nine hundred and eighty-one (184,949.981) towards various CSR activities as under:

Particulars	Amount (RO)
Rehabilitation efforts for Cyclone Shaheen	146,560.000
Rehabilitation efforts for floods in Sur	9,510.000
Medical equipment purchased for Khoula Hospital	21,864.600
Electric wheelchair purchased for Para Olympic Bronze medallist – Mr. Mohammed Jameel Al Mashykhi	3,615.381
Mr. Hamed Al Harthy for scaling Mount Kilimanjaro	1,000.000
Ramadan Iftar Kit	2,400.000

Total CSR Spend	184,949.981

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, www.dhofarinsurance.com and the website of the Muscat Stock Exchange, www.msx.om

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

Share Price Movement in Financial Year 2021

Month	High (RO)	Low (RO)
January	0.170	0.164
February	0.166	0.160
March	0.166	0.166
April	0.160	0.150
May	0.175	0.160
June	0.182	0.159
July	0.196	0.181
August	0.199	0.182
September	0.190	0.190
October	0.195	0.150
November	0.195	0.188
December	0.195	0.195

Stock Performance vs. MSX-30 Index

C:\Users\AHMED~1.ALH\AppData\Local\Temp\msohtmlclip1\01\clip_image002.gif

Distribution of Ownership of Shares

Shareholder Name	Number of Shares Held	Ownership %
Dhofar International Development & Investment Holding Company SAOG	36,592,904	36.5929%
HE Abdul Alim Mustahil Rakhyout	15,062,797	15.0628%
Oman Investment and Finance Company SAOG	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%
Total	**100,000,000**	**100.000 %**

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 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.

Grant Thornton is a network of independent assurance, tax and advisory firms, made up of over 50,000 people in more than 130 countries, helping dynamic organizations unlock their potential for growth. It is one of the top six international accounting and business advisory networks and all its member firms are required to uphold the highest professional and ethical standards. The compliance with these standards is monitored and assured through a very strict quality assurance process.

Abu Timam, the Oman member firm of Grant Thornton International, is headquartered in Muscat with a branch in Salalah. The Muscat office was established in 1995 and is one of the leading firms in Oman, evidenced by the portfolio of clients that includes well-established companies across a broad spectrum of industries. The professional staff bring a strong background of experience and expertise to their clients' accounting, tax, and management consulting needs. This rare combination of skilled resources and personal commitment explains why Abu Timam Grant Thornton has grown rapidly to a position of prominence among major accounting firms in the Sultanate of Oman. Abu Timam Grant Thornton is approved by the Capital Market Authority as one of the audit firms allowed to audit joint stock companies.

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 paid to the external auditors for the year ended 31st December 2021 was RO 12,000/-.

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.

Date: 23rd February 2022

Majid Sultan Al Toky

Chairman