



Corporate Governance Report - 2023

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 reviews 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 the Company’s Articles 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, operational, 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 2025. 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 2022 and the Company's shareholders in the Annual General Meeting held on 27th March 2022 elected seven (7) members to the Board.

Board Meetings

The Board of Directors held five Board Meetings during the financial year ended 31st December 2023 – 21st February, 26th April, 27th July, 13th November and 14th December.



Board of Directors as on 31st December 2023

Name and Position	Capacity and Representation	Member in Any Other Company	No. of Board Meetings Attended	Attending last AGM
Majid Sultan Said Al Toky, Chairman	Non-executive / independent - representing himself -	1	5	Yes
Tariq Abdul Hafidh Salim Al Aujaili, Vice Chairman	Non-executive /non-independent - representing himself -	3	5	Yes
Mr. Sandeep V. Arora - Director	Non-executive / independent - representing himself -	1	5	Yes
Christos Patsalides - Director	Non-executive / independent - representing himself -	-	5	Yes
Nasser Al Harthi* - Director	Non-executive / independent - representing himself -	2	5	Yes
Ahmed Al Abri - Director	Non-executive / independent - representing himself -	1	5	Yes
Yassir Albaharna - Director	Non-executive / independent - representing himself -	-	5	Yes

*Was a Member till 26th December 2023

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 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 & Hamlin, 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 Hamlin. 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).

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.

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.

Ahmed Mohammed Al Abri

Mr. Ahmed Mohammed Al Abri joined the Dhofar Insurance Board in March 2022. Mr. Ahmed Al Abri brings over 30 years of banking experience, having begun with Standard Chartered Bank in 1976, as Head of Operations. He joined Bank Muscat in 1989 and worked in various roles up to the Chief Operating Officer. Mr. Al Abri holds an MBA from the University of Lincolnshire and Humberside, the UK. He has attended the advanced management program at INSEAD, and General Management Program at Harvard Business School.

Yassir Taqi Albaharna

Mr Albaharna's illustrious carrier in reinsurance spans over 37 years, starting with Arab Insurance Group (ARIG) in 1987, and then becoming its CEO in 2006 until his departure in 2018. He then joined Trust Re as Vice Chairman in 2019 and became its Group CEO & Executive Director in 2021.

Yassir is Past President and Board member of the Federation of Afro-Asian Insurers and Reinsurers in Cairo, Past President and Board member of the Association of Insurers and Reinsurers of Developing Countries in Manila, Board member of the Chartered Insurance Institute in London, member of the Executive Council of the International Insurance Society in New York, Chairman of the FAIR Non-Life Reinsurance Pool in Istanbul and Board member at Bahrain Institute of Banking & Finance.

Mr Albaharna graduated with a Bachelor's in Engineering (Mechanical) from McGill University in Montreal and then obtained a dual Master's in Engineering (Manufacturing) and an MBA (High Honours) from Boston University. He was elected as Fellow and Chartered Insurer of the Chartered Insurance Institute in 1993.

Nasser Mohammed Al Harthi

Mr. Nasser Bin Mohammed Bin Salim Al Harthy had joined the Dhofar Insurance Board in March 2022. He was also a Board Member of Bank Muscat since 2007 and the Chairman of its Audit Committee. During his service with the Ministry of Defence, he assumed several key positions, notably as Head of Internal Audit, General Manager Organization and Plans, and General Manager Manpower and Administration. Mr. Al Harthy was also the Chairman of Dhofar Foods and Investment Company SAOG and Oman Investment & Finance Co. SAOG (OIFC).

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
Mr. Nasser Mohammed Al Harthi*	4
Christos Patsalides	4
Sandeep Arora Vallabh	4
Yassir Taqi Albaharna	4

*Was Member till 26th December 2023

The Audit, Risk and Compliance Committee held 4 Meetings during the financial year ended 31st December 2023 –21st February, 26th April, 27th July and 13th November.

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 financial reporting process, the system of internal control, the audit process, and 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.
- Reviewing from a regulatory viewpoint, the quarterly, half yearly and annual financial statements and make recommendation to the Board for the adoption of those statements.
- Reviewing the internal audit and compliance reports and make appropriate enquiries with the relevant heads of department.
- Confirming the appropriateness of the Company's material accounting policies and principles.
- Reviewing the adequacy of the ARC Terms of Reference on an annual basis.
- Reviewing 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
- Review the Capital Market Authority report as and when issued and received and to address the issues raised therein as needed.

The Executive Nomination & Remuneration Committee

The Executive, Nomination and Remuneration Committee consists of three (3) members as follows:

Name	Meetings Attended
Majid Sultan Al Toky - Chairman	4
Tariq Abdul Hafidh Salim Al Aujaili	4
Ahmed Mohammed Al Abri	4

The objective of the Executive Nomination and Remuneration Committee (ENRC) is to assist the Board in overseeing the Management of the Company. ENRC 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 ENRC will also review and recommend to the Board candidates for Management positions within the Company as well as matters pertaining to Human Resources Management and Development.

The Committee held 4 meetings during the financial year ended 31st December 2023 – 12th February, 21st March, 4th June and 7th December.

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.
- Ensuring consistent and correct application of the Company HR policies.
- Executing specific tasks as mandated to it by the Board.
- Ensuring compliance of directives set by the Ministry of Labor.
- 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 executive remuneration and incentives.

Procedures for nomination members of the Board of Directors

The Board of Directors was elected in 2022 through the Ordinary General Meeting held on 27th March 2022 for a period of three years, ending in March 2025. 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

Members of the Board of Directors do not receive salaries or any fixed income from the Company. Each member receives RO 800 as board sitting fees (RO 800 in the previous year),

and RO 700 as Sub – Committee sitting fees (RO 700 in the previous year). The travel and other expenses allowance paid to Board Members in 2023 was RO 6,890.555 .

The Five (5) senior executives of the Company received a total amount of RO 469,915 including salaries and other provisions.

According to the performance standards, the Company distributes bonuses and incentives to the staff, considering the principle of discipline, performance, and productivity,

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 Labour.

Sitting Fees of the Board of Directors and Board Sub-Committees Paid for the FY2023

Board Member	Board Meetings	Audit, Risk and Compliance Committee	Executive, Nomination and Remuneration Committee	Total Sitting Fees Paid RO
Majid Sultan Said Al Toky	4,000	-	2,800	6,800
Tariq Abdul Hafidh Salim Al Aujaili	4,000	-	2,800	6,800
Nasser Mohammed Al Harthi*	3,200	2,800	-	6,000
Ahmed Mohammed Al Abri	4,000	-	2,800	6,800
Yassir Taqi Albaharna	4,000	2,800	-	6,800
Christos Patsalides	4,000	2,800	-	6,800
Sandeep Arora Vallabh	4,000	2,800	-	6,800
Total Sitting Fees Paid	27,200	11,200	8,400	46,800

*Was Member till 26th December 2023

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 2023, the Company contributed a sum of Rial Omani twenty five thousand four hundred and fifty (R.O 25,450) towards various CSR activities as under:

Particulars	Amount (RO)
Oman Charitable Organization	5,100
Technical Team Iftar	4,050
Zakat General Account Salalah	1,000
Haya Charity Team Iftar	1,000
Oman Women Association	2,000
Ibra Charity Team Iftar	2,000
Al Buraimi Charity Team Iftar	2,000
Ibri Charity Team Iftar	2,000
Fareeq Al Amerat Al Khairi	5,000
Autism Quality Center	1,000
Department Of Social Development Ibra	300
Total CSR Spend	25,450

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.

As required under Article 173 of the Capital Market Authority Regulation for Public Joint Stock Companies, the company is required to conduct a comprehensive external review of the works of the internal audit unit at least once every 4 years. Accordingly, the audit firm, "MGI Vision" was appointed by the company's board of directors to carry out the external independent quality assurance assessment of internal audit units for the year 2023. MGI vision has concluded that the Company's Internal Audit Activity 'Generally Conforms' to with International Professional Practices Framework (IPPF) and Capital Market Authority (CMA) Regulations. They issued a Quality review report including conclusions/recommendations and it was presented to the Audit Committee and the Board of Directors.

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 newspapers in the Sultanate of Oman. After completion of the statutory audit, the annual report and summary financial statements are published to all stakeholders through the Muscat Stock Exchange (MSX) website.

Market Price Data - Share Price Movement in Financial Year 2023

MSX Ticker DICS

Month	High (Baiza/Share)	Low (Baiza/Share)
January	0.225	0.196
February	0.227	0.207
March	0.225	0.225
April	0.210	0.198
May	0.198	0.198
June	0.200	0.200
July	0.239	0.200
August	0.210	0.185
September	0.185	0.185
October	0.189	0.185
November	0.235	0.185
December	0.249	0.249

Stock Performance vs. MSX-30 Index



Distribution of Ownership of Shares

Shareholder Name	Number of Shares Held	Ownership %
Dhofar International Development & Investment Holding Company SAOG	41,631,746	38.137%
H.E. Abdul Alim Mustahil Rakhyouit	15,062,797	13.798%
Oman Investment and Finance Company SAOG	7,667,304	7.024%
Trust International Insurance & Reinsurance Company (B.S.C)	6,884,906	6.307%
Other (less than 5%)	37,918,113	34.735%
Total	109,164,866	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, Industry and Investment Promotion and Muscat Stock Exchange.

Professional Profile of the External Auditor:

BDO LLC, the statutory auditors of the Company, have been operating in the Sultanate of Oman since the 1976. BDO LLC is an independent and legally distinct member firm of BDO International Limited. BDO, one of the leading professional services firm, providing industry focused Assurance, Tax and Advisory services, has over 115,000 employees working in a global network of 1,776 offices situated in 166 countries and territories.

BDO LLC is accredited by the Capital Market Authority to audit publicly listed joint stock companies (SAOGs) in Oman. BDO LLC billed an amount of (RO 25,750) towards professional services rendered to the Company for the year 2023.

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 IFRS Accounting Standards.,

The efficiency and adequacy of the internal control system of the Company and its compliance with the internal standards and procedures of the Company; and

That there are no material matters that affect the continuation of Company's operations during the coming financial year.

For

Majid Sultan Al Toky

Chairman

