Corporate Governance Report

Our Corporate Governance Philosophy

The Company is committed to implement the Code of Corporate Governance issued by the Capital Market Authority (CMA) to sustainably maximize shareholder value while ensuring fairness to all stakeholders: customers, partners, investors, employees, government and society. Our corporate governance reflects our value system encompassing our culture, policies and relationships with our stakeholders.

Board of Directors

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest corporate governance standards.

The Board's main responsibilities include:

- Review the strategic plans and operational performance
- Review effectiveness of internal controls
- Approval of business plans and budgets
- Approval of quarterly and annual financial statements
- Approval of policies and procedures

Election of the Board of Directors

Elections of the members of the Board of Directors are carried out in the Annual Ordinary General Meetings of the Company in accordance with the provisions of the Commercial Companies Law and the guidelines issued by the Capital Market Authority.

If the office of a director becomes vacant in the period between two annual ordinary general meetings, the board appoints a temporary director to assume his office until the next ordinary general meeting in accordance with the provisions of the Commercial Companies Law.

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Current Board

The current Board was elected in the Annual Ordinary General Meeting held on 09 March 2022.
As at 31 December 2022, the Board consists of **seven** members, all are independent directors.
The details of the members of the Board of Directors as of 31 December 2022, are as follows:

Sl No	Director's name	Designation	Status	Board Meetings Attended	AGM Attended	Directorships in other SAOG Companies
1)	**Dr. Saif Salim Saif Al-Harthi**	Chairman	Independent	10	YES	Bank Muscat SAOG
2)	**His Highness Sheikh Mohammed Bin sultan Al Nahyan (from 9 Mar 2022)**	Deputy Chairman	Independent	8	No	-
3)	**Ibrahim Mohamed Hamed Al Harthi (from 9 Mar 2022)**	Director	Independent	8	No	-
4)	**Sultan Khalifa Saleh Al-Tai**	Director	Independent	10	YES	Phoenix Power Company SAOG
5)	**Abdullah Mohammed Al Mamari (from 9 Mar 2022)**	Director	Independent	8	No	1) Sembcorb Power and water SAOG 2) Oman Cement Company SAOG
6)	**Mohammed Saif Al Kaabi (from 9 Mar 2022)**	Director	Independent	8	No	-
7)	**Nabil Hamed Zahran Al-Mahrouqi**	Director	Independent	9	YES	1) National Bank of Oman SAOG 2) Oman Chlorine SAOG

Previous members

1)	Dr. Juma Ali Juma Al-Juma (until 9 Mar 2022)	Chairman	Non - Independent	2	YES	-
2)	His Highness Zayed Bin Sultan Al Nahyan (until 9 Mar 2022)	Deputy Chairman	Non-Independent	2	YES	-
3)	Mr. Saleh Nasser Juma Al-Araimi (until 9 Mar 2022)	Director	Independent	2	YES	-
4)	Faisal Ali Saleh Al Ahmed Al Ali (until 9 Mar 2022)	Director	Independent	0	NO	-

Number of Board meetings in 2022:

The Board held ten meetings in 2022 as detailed below:

1)	January 31, 2022	2)	February 14, 2022	3)	March 17, 2022	4)	April 28, 2022
5)	May 25, 2022	6)	June 16, 2022	7)	July 27, 2022	8)	October 3, 2022
9)	October 26, 2022	10)	November 16, 2022				

The intervals between the board meetings are in line with the CMA requirements of a maximum interval of four months.

Audit Committee

Role of Audit Committee

The Audit Committee Charter defines the duties and responsibilities of the Committee, which are concisely:

- Ensuring compliance with the CMA regulations and Code of Corporate Governance
- Review quarterly and annual financial statements
- Recommend external audit fees and terms of engagement to the Board of Directors
- Review and approve the annual internal and external audit plans and ensuring that auditors have full and unrestricted access to all relevant documents and staff
- Oversight of all audit activities and internal control evaluation
- Review proposed specific transactions with related parties and making recommendations to the Board
- Conduct any special investigations and report to the Board

The Company has an internal audit function that reports to the Audit Committee.

Composition of Audit Committee

The Audit Committee comprises a chairman and three directors, all of whom are non-executive and all of them are independent directors. The committee members are knowledgeable in finance, industry, and laws and regulations governing SAOG companies.

Audit Committee meetings

The Audit Committee met eight times in 2022, as detailed below:

1)	10 Feb 2022	2)	2 Mar 2022	3)	26 Apr 2022	4)	14 Jun 2022
5)	25 Jul 2022	6)	28 Sep 2022	7)	24 Oct 2022	8)	21 Dec 2022

The attendance record of the Audit Committee meetings was as follows:

Sl No	Director's name	Designation	Status	meetings attended
1)	**Sultan Khalifa Saleh Al-Tai**	Chairman	Independent	7
2)	**Ibrahim Mohamed Hamed Al Harthi (from 9 Mar 2022)**	Member	Independent	6
3)	**Abdullah Mohammed Al Mamari (from 9 Mar 2022)**	Member	Independent	6
4)	**Nabil Hamed Zahran Al-Mahrouqi**	Member	Independent	7

Previous member

1)	Saleh Nasser Juma Al-Araimi (until 9 Mar 2022)	Chairman	Independent	2

Executive Committee

Role of Executive Committee

The Executive Committee is delegated the powers and authority to facilitate the smooth running of the operations of the Company and to provide the Board with a mechanism for considering in-depth, any issue that the Board considers that requires detailed attention. The Committee's main areas of competence are to review the following points:

- Strategic issues
- Investment decisions
- Treasury and liquidity management
- Business plans and budgets
- Major changes in policies and procedures
- Proposals for new business areas
- Progress reviews
- Staff matters
- Other matters referred by the Board to the Committee

Composition of Executive Committee

The Executive Committee comprises four independent directors.

Executive Committee meetings

The Executive Committee met three times in 2022 as detailed below:

1)	15 Jun 2022	2)	2 October 2022	3)	15 November 2022

The attendance record of the Executive Committee meetings was as follows:

Sl No	Director's name	Designation	Status	Meetings attended
1)	**His Highness Sheikh Mohammed Bin Sultan Al Nahyan (from 9 Mar 2022)**	Chairman	Independent	3
2)	**Dr. Saif Salim Saif Al-Harthi**	Member	Independent	3
3)	**Abdullah Mohammed Al Mamari (from 9 Mar 2022)**	Member	Independent	3
4)	**Mohammed Saif Al Kaabi (from 9 Mar 2022)**	Member	Independent	3

Previous members

1)	His Highness Zayed Bin Sultan Al Nahyan (until 9 Mar 2022)	Chairman	Non-Independent	0
2)	Dr. Juma Ali Juma Al-Juma (until 9 Mar 2022)	Member	Non - Independent	0
3)	Faisal Ali Saleh Al Ahmed Al Ali (until 9 Mar 2022)	Member	Independent	0

Corporate Governance Report

Nomination & Remuneration Committee

The Board constituted "Nomination and Remuneration Committee" in 2016 to assist and advise the Board on the following matters:

1) Establishing remuneration & incentive policy for Directors & Executive Management
2) Defining bonus policy for Executive Management
3) Appointment of skilled persons to the Board & Executive Management
4) Succession planning for Directors & Executive Management

The Remuneration and Nomination Committee comprises a Chairman and three Directors; three are independent.

The Nomination & Remuneration Committee met five times in 2022 as detailed below:

1)	9 Feb 2022	2)	10 May 2022	3)	4 Sep 2022
4)	6 Oct 2022	5)	15 Dec 2022		

The attendance record of the Committee meetings was as follows:

Sl No	Director's name	Designation	Status	Meetings attended
1)	**Ibrahim Mohamed Hamed Al Harthy (from 9 Mar 2022**	Chairman	Independent	4
2)	**Mohammed Saif Al Kaabi (from 9 Mar 2022)**	Director	Independent	4
3)	**Nabil Hamed Zahran Al-Mahrouqi**	Director	Independent	5

Previous members

1)	Dr. Saif Salim Saif Al-Harthi (until 9 Mar 2022)	Chairman	Independent	1
2)	Faisal Ali Saleh Al Ahmed Al Ali (until 9 Mar 2022)	Director	Independent	0
3)	Sultan Khalifa Saleh Al-Tai (until 9 Mar 2022)	Director	Non - Independent	1

Remuneration of Directors

Sitting fees are paid to the Board and committee members to take account of the additional work involved. The details of sitting fees are shown below:

- Board Meetings-RO 800 per meeting.
- Audit Committee Meetings-RO 600 per meeting.
- Executive Committee Meetings-RO 600 per meeting.
- Nomination & Remuneration Committee sitting fee - RO 600 per meeting.

Details of total sitting fees for the year are given below:

1)	Total sitting fees of the Board of Directors meetings	RO 47,400
2)	Total sitting fees of the Audit Committee meetings	RO 13,800
3)	Total sitting fees of the Executive Committee meetings	RO 6,800
4)	Total sitting fees of the Nomination & Remuneration Committee meetings	RO 6,200
	Total sitting fees	**RO 74,200**

The details of amounts paid to / proposed for directors for 2022 are shown below:

Sl No	Director's name	Sitting fees	Proposed Remuneration	Total
		RO	RO	RO
1)	**Dr. Saif Salim Saif Al-Harthi**	10,000	35,714	**45,714**
2)	**His Highness Sheikh Mohammed Bin sultan Al Nahyan (from 9 Mar 2022)**	8,200	29,061	**37,261**
3)	**Ibrahim Mohamed Hamed AL Harthi (from 9 Mar 2022)**	10,000	29,061	**39,061**
4)	**Sultan Khalifa Saleh Al-Tai**	10,000	35,714	**45,714**
5)	**Abdullah Mohammed Al Mamari (from 9 Mar 2022)**	10,000	29,061	**39,061**
6)	**Mohammed Saif Al Kaabi (From 9 Mar 2022)**	10,000	29,061	**39,061**
7)	**Nabil Hamed Zahran Al-Mahrouqi**	10,000	35,714	**45,714**

Previous members

1)	Dr. Juma Ali Juma Al-Juma (until 9 Mar 2022)	1,600	6,654	**8,254**
2)	His Highness Zayed Bin Sultan Al Nahyan (until 9 Mar 2022)	1,600	6,654	**8,254**
3)	Mr. Saleh Nasser Juma Al-Araimi (until 9 Mar 2022)	2,800	6,654	**9,454**
4)	Mr. Faisal Ali Saleh Al Ahmed Al Ali (until 9 Mar 2022)	-	6,652	**6,652**
	Total (RO)	**74,200**	**250,000**	**324,200**

The total sitting fees for each director and the total sitting fees and remuneration for all directors are within the provisions of the Articles of Association and the Commercial Companies Law (18/2019).

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Management Remuneration

During the year 2022, the total salaries, perquisites, and other benefits of the top five executives in the company amounted to OMR 679,129.

Corporate Social Responsibility (CSR)

During the year 2022, several projects benefitting Society were undertaken. As a responsible corporate citizen, we responded to the need of the hour by contributing to various social responsibility activities, covering donations to education, health & charity institutes.

Shareholders

The shareholders who owned 5% or more of the share capital of the Company at 31 December 2022 were as follows:

Shareholder's name	% Of shareholding	Number of shares held
1) ABS Lubricants	40.0 %	27,600,000
2) Civil Service Employees Pension Fund	13.2 %	9,081,781
3) Public Authority for Social Insurance	9.5 %	6,567,909
4) Mohammed Hamed Mohammed Al Harthy	5.6 %	3,830,000
5) Ministry of Defense Pension Fund	5.3 %	3,683,930
Total	**73.6 %**	**50,763,620**

Distribution of shareholding

Category of shares	Number of shareholders	Number of shares	% of shareholding
Up to 5,000	996	1,598,459	2.3%
5,001 – 30,000	363	2,940,653	4.3%
30,001 -50,000	26	1,062,955	1.5%
50,001 – 100,000	19	1,334,913	1.9%
100,001 – 400,000	18	2,924,180	4.2%
Above 400,000	14	59,138,840	85.7%
Total	**1,436**	**69,000,000**	**100%**

Dividend policy

The Board of Directors will maintain a sustainable dividend policy which will address the financial strength of the Company, support its long-term strategies and at the same time, will pay a reasonable dividend to the shareholders and in compliance with the Commercial Companies Law (18/2019).

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Communication with shareholders

The annual and quarterly financial statements are published in two newspapers (Arabic and English). All the information relating to the Company, news and the financial results are available in the Company's website and in Muscat Securities Market website. The Annual General Meeting offers a further opportunity for the directors to meet with shareholders.

The Annual Report includes the Management Discussions and Analysis Report.

The Company did not have any GDRs/ADRs/Warrants or any other convertible warrants as on 31 December 2022 and hence the likely impact on equity is Nil.

Market price data

The monthly market prices during 2022 are shown in the following table:

Month	High	Low	Close
	RO/ share	RO/ share	RO/ share
January	0.700	0.640	0.692
February	0.760	0.684	0.688
March	0.688	0.640	0.684
April	0.692	0.640	0.692
May	0.688	0.624	0.624
June	0.700	0.648	0.696
July	0.720	0.696	0.716
August	0.840	0.720	0.840
September	0.820	0.792	0.820
October	0.900	0.800	0.840
November	0.924	0.840	0.900
December	0.940	0.888	0.900

Performance in comparison to MSX services sector index

Corporate Governance Report

Statutory auditors

EY is a global leader in assurance, tax, transaction and advisory services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923. For over 98 years, we have grown to over 7,500 people united across 26 offices and 15 countries, sharing the same values and an unwavering commitment to quality. EY MENA forms part of EY's EMEIA practice. Globally, EY operates in more than 150 countries and employs 365,000 professionals in 700 offices. Please visit ey.com for more information about EY.

Details of non-compliance with the provisions of Corporate Governance

The Company complies with the provisions of the Code of Corporate Governance. Therefore, there are no penalties imposed on the Company by CMA/MSM during the period of this report.

Acknowledgement by the Board of Directors

1) The Board of Directors is responsible for the approval of the financial statements related to the activities of the Company and the results of its business, presented thereto by the executive management, which reveal the actual financial status of the Company.
2) The Board has overall responsibility for the Company's internal controls which are designed to manage rather than eliminate risk to which the Company is exposed and provides reasonable rather than absolute assurance against material misstatement or loss.
3) The Board of Directors has reviewed the internal controls and is satisfied that appropriate controls are in place to implement the Code's requirements. The Board of Directors believes to the best of its knowledge that there are no material issues which might affect the continuity of the Company's operations in the financial year which shall end on 31 December 2023.

Chairman	**Director**