

REPORT OF FACTUAL FINDINGS

TO THE SHAREHOLDERS OF AL MAHA PETROLEUM PRODUCTS MARKETING CO. SAOG

We have performed the procedures agreed with you pursuant to the Capital Market Authority's (CMA) circular no. E/4/2015, dated 22 July 2015, with respect to the Board of Directors' corporate governance report of Al Maha Petroleum Products Marketing Co SAOG (the "Company") as at and for the year ended 31 December 2021 and its application of the corporate governance practices in accordance with amendments to CMA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 (collectively the "Code"). Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the extent of the Company's compliance with the Code as issued by the CMA and are summarised as follows:

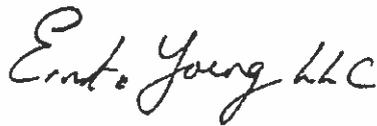
- 1) We obtained the corporate governance report (the "report") issued by the Board of Directors and checked that the report of the Company includes as a minimum, all items suggested by the CMA to be covered by the report as detailed in the Annexure 3 of the Code by comparing the report with such suggested content in Annexure 3; and
- 2) We obtained the details regarding areas of non-compliance with the Code identified by the Company's Board of Directors for the year ended 31 December 2021. The Company's Board of Directors has not identified any areas of non-compliance with the Code.

We have no exceptions to report in respect of the procedures performed.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the corporate governance report.

Had we performed additional procedures or had we performed an audit or review of the corporate governance report in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accompanying corporate governance report of Al Maha Petroleum Products Marketing Co SAOG to be included in its annual report for the year ended 31 December 2021 and does not extend to any financial statements of Al Maha Petroleum Products Marketing Co SAOG, taken as a whole.



Muscat
16 February 2022



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.

Corporate Governance Report

Current Board

The current Board was elected in the Annual Ordinary General Meeting held on 25 March 2019. As at 31 December 2021, the Board consists of **seven** members, of which **four** are independent directors.

The most important details of the members of the Board of Directors as of December 31, 2021, are as follows:

SI No	Director's name	Designation	Status	Board meetings attended	AGM Attended	Directorships in other SAOG Companies
1)	Dr. Juma Ali Juma Al-Juma	Chairman	Non-independent	7	YES	-
2)	His Highness Sheikh Zayed Bin Sultan Bin Khalifa Al Nahyan	Deputy Chairman	Non-independent	7	YES	-
3)	Faisal Ali Saleh Al Ahmed Al Ali	Director	Independent	5	YES	-
4)	Sultan Khalifa Saleh Al-Tai	Director	Non-independent	7	YES	-
5)	Saleh Nasser Juma Al-Araimi	Director	Independent	7	YES	-
6)	Brigadier Saif Salim Saif Al-Harthi	Director	Independent	7	YES	1) Bank Muscat 2) Al Omaniya Financial Services
7)	Nabil Hamed Zahran Al-Mahrouqi (from 8 September 2021)	Director	Independent	2	No	1) National Bank of Oman 2) Oman Chlorine

Previous member

1)	Dr. Mohammed Ali Al-Qassabi (until 7 September 2021)	Director	Independent	5	YES	-
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Number of Board meetings in 2021:

The Board held Seven meetings in 2021 as detailed below:

1) 11 Jan 2021	2) 22 Feb 2021	3) 28 Apr 2021
4) 27 June 2021	5) 28 July 2021	6) 27 Oct 2021
7) 20 Dec 2021		

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

Corporate Governance Report

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 two Directors, all of whom are non-executive and two 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 10 times in 2021, as detailed below:

1) 8-Feb-21	2) 17 Feb 2021	3) 11 Apr 2021
4) 27 Apr 2021	5) 23 Jun 2021	6) 26 Jul 2021
7) 11 Aug 2021	8) 01 Sep 2021	9) 25 Oct 2021
10) 26 Dec 2021		

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

SI No	Director's name	Designation	Status	Meetings attended
1)	Saleh Nasser Juma Al-Araimi	Chairman	Independent	9
2)	Nabil Hamed Al-Mahrouqi (from 8 September 2021)	Member	Independent	2
3)	Sultan Khalifa Saleh Al-Tai	Member	Non- independent	10

Previous member

1)	Dr. Mohammed Ali Said Al-Qassabi (until 7 September 2021)	Member	Independent	8
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Corporate Governance Report

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 two independent directors and two non-independent directors.

Executive Committee meetings

The Executive Committee met 3 times in 2021 as detailed below:

1) 22 Feb 2021	2) 28 Apr 2021	3) 27 Oct 2021
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The attendance record of the Executive Committee meetings was as follows:

SI No	Director's name	Designation	Status	Meetings attended
1)	His Highness Sheikh Zayed Bin Sultan Bin Khalifa Al Nahyan	Chairman	Non-independent	3
2)	Dr. Juma Ali Juma Al-Juma	Member	Non-independent	3
3)	Faisal Ali Saleh Al Ahmed Al Ali	Member	Independent	1
4)	Brigadier Saif Salim Saif Al-Harhi	Member	Independent	3

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; one is non-independent and three are independent.

The Nomination & Remuneration Committee met 4 times in 2021 as detailed below:

1) 27 Jan 2021	2) 12 Apr 2021	3) 02 Nov 2021	4) 09 Nov 2021
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The attendance record of the Committee meetings was as follows:

SI No	Director's name	Designation	Status	Meetings attended
1)	Brigadier Saif Salim Saif Al-Harathi	Chairman	Independent	4
2)	Sultan Khalifa Saleh Al-Tai	Member	Non independent	4
3)	Nabil Hamed Al-Mahrouqi (from 8 September 2021)	Member	Independent	2
4)	Faisal Ali Saleh Al Ahmed Al Ali	Member	Independent	4

Previous member

1)	Dr. Mohammed Ali Said Al-Qassabi (until 7 September 2021)	Member	Independent	2
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Corporate Social Responsibility (CSR)

During the year 2021, 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, including donations to those affected by cyclone Shaheen in early October 2021.

Corporate Governance Report

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 35,600
2)	Total sitting fees of the Audit Committee meetings	RO 15,600
3)	Total sitting fees of the Executive Committee meetings	RO 5,400
4)	Total sitting fees of the Nomination & Remuneration Committee meetings	RO 8,400
	Total sitting fees	RO 65,000

The details of amounts paid to / proposed for directors for 2021 are shown below:

Director's name	Sitting fees RO	Proposed Remuneration RO	Total RO
1) Dr. Juma Ali Juma Al-Juma	7,400	23,571	30,971
2) His Highness Sheikh Zayed Bin Sultan Bin Khalifa Al Nahyan	7,400	23,571	30,971
3) Faisal Ali Saleh Al Ahmed Al Ali	6,400	23,571	29,971
4) Brigadier Saif Salim Saif Al-Harhi	9,800	23,571	33,371
5) Saleh Nasser Juma Al -Araimi	10,000	23,571	33,571
6) Sultan Khalifa Saleh Al-Tai	10,000	23,571	33,571
7) Nabil Hamed Al-Mahrouqi (from 8 September 2021)	4,000	7,428	11,428
Previous member			
1)Dr. Mohammed Ali Said Al-Qassabi (until 7 September 2021)	10,000	16,146	26,146
Total (RO)	65,000	165,000	230,000

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).

Corporate Governance Report

Shareholders

The shareholders who owned 5% or more of the share capital of the Company at 31 December 2021 were as follows:

Shareholder's name	% of shareholding	Number of shares held
1) ABS Lubricants	40 %	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) Ministry of Defense Pension Fund	5.3 %	3,683,930
5) Mohammed Hamed Mohammed Al Harthy	5.3 %	3,680,000
Total	73.3 %	50,613,620

Distribution of shareholding

Category of shares	Number of shareholders	Number of shares	% of shareholding
Up to 5,000	988	1,614,175	2.3%
5,001 – 30,000	373	2,978,010	4.3%
30,001 -50,000	29	1,200,397	1.7%
50,001 – 100,000	17	1,155,611	1.7%
100,001 – 400,000	16	2,908,452	4.2%
Above 400,000	14	59,143,355	85.7%
Total	1,437	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).

Corporate Governance Report

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 2021 and hence the likely impact on equity is Nil.

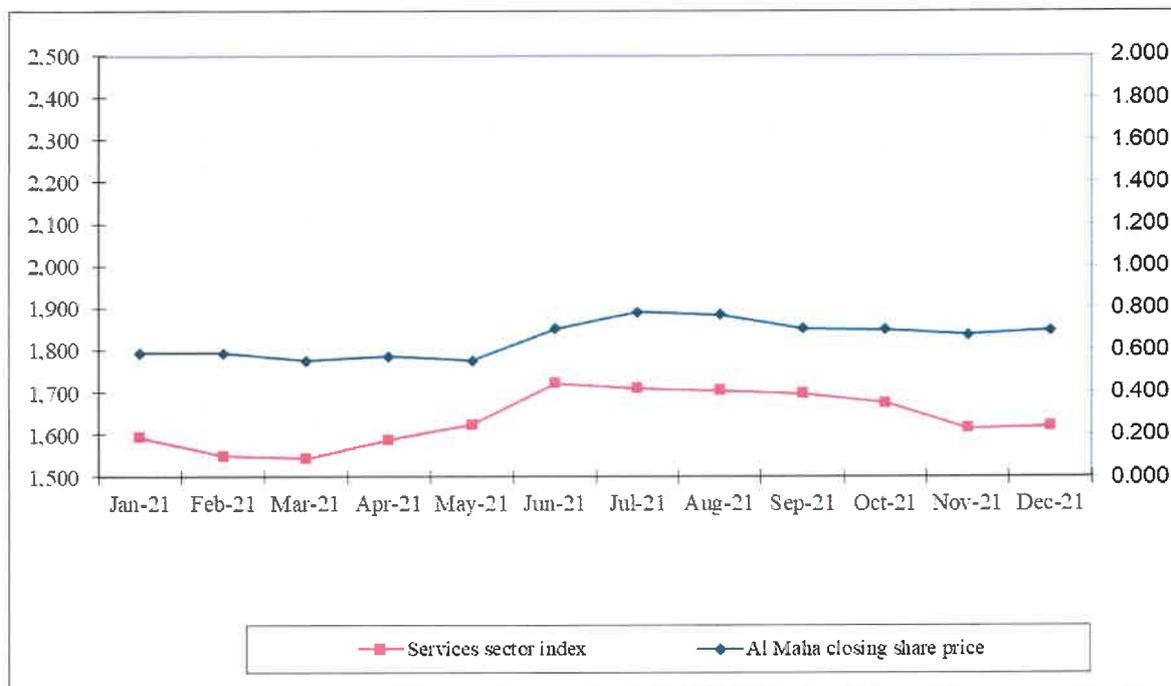
Market price data

The monthly market prices during 2021 are shown in the following table:

<u>Month</u>	High	Low	Close
	<u>RO/ share</u>	<u>RO/ share</u>	<u>RO/ share</u>
January	0.680	0.582	0.586
February	0.644	0.550	0.586
March	0.644	0.546	0.550
April	0.570	0.546	0.570
May	0.580	0.550	0.550
June	0.720	0.600	0.700
July	0.780	0.700	0.780
August	0.780	0.740	0.768
September	0.768	0.672	0.700
October	0.732	0.680	0.696
November	0.696	0.660	0.672
December	0.692	0.608	0.692

Corporate Governance Report

Performance in comparison to MSX services sector index



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 and employs over 7,500 professionals. EY has been operating in Oman since 1974 and is a leading professional services firm in the country. EY MENA forms part of EY's EMEIA practice, with over 4,853 partners and approximately 132,455 professionals. Globally, EY operates in more than 150 countries and employs 312,000 professionals in 700 offices. Please visit ey.com for more information about EY.

Corporate Governance Report

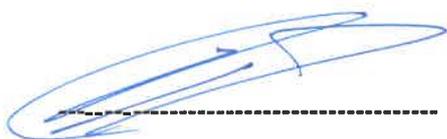
Details of non-compliance with the provisions of Corporate Governance

During the year 2021, the Capital Market Authority attributed a violation to the Company related to the delay in immediate disclosure of the lawsuit filed by Al Maha against Simplex Infra Structure LLC, which Al Maha lately disclosed on July 29, 2021. After providing the relevant justifications, the CMA offered a conciliation by paying a total amount of RO 1,625. The Company has accepted the principle of conciliation in accordance with the provisions of Article (317) of the Executive Regulations of the Capital Market Law.

The Company complies with the provisions of the Code of Corporate Governance. Therefore, there are no penalties imposed on the company by the CMA or by the MSX during the past three years.

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 2022.



Chairman



Director

