

Asyad Group Corporate Governance Report 2023

Introduction

Ranked as one of the largest logistics companies in the Middle East and North Africa, Asyad Group S.A.O.C (“**Asyad**”) is an Omani closed joint stock company that operates under the umbrella of Oman Investment Authority (“**OIA**”) as a global integrated logistics service provider, operating in shipping, ports and terminals, freezones, logistics and public services.

Asyad’s ambitious steps were not only witnessed locally but internationally, contributing to achieving the economic prosperity that the Sultanate of Oman aims to achieve within its 2040 vision, and making strides in developing the Sultanate of Oman as international logistic hub. In its mission to attain its success and sustain it, Asyad believes that adopting and implementing strong governance is key. In light of that, the Group is committed to apply and comply with the principles of corporate governance in accordance with the applicable laws, articles of association, the policies and guidelines of OIA and international best practices.

As governance is defined in the Code of Corporate Governance issued by OIA (“**Code**”) as “*a set of principles, measures and procedures that achieve institutional discipline and managing the company by defining roles and responsibilities of the Board of Directors (“BoD”) and executive management of the company, whilst safeguarding shareholders’ rights and interests*”, Asyad through this report will demonstrate its governance framework, and provide the information as required by paragraph 7.1.3.4 (g) of the Code.

1. Board of Directors

The roles and responsibilities of the Board of Directors is clearly defined in Article 184 of the Commercial Companies Law (“**CCL**”), and the 5th principle of the Code. Asyad Board has committed to undertaking its roles and responsibilities competently, and effectively in accordance with the law, articles of association, and policies and guidelines. With the responsibility of the overall management of Asyad, the Board has been dedicated and committed to serving the objectives of Asyad Group, enhancing management’s governance, maximising shareholder value and contribute to the local community. To enhance its governance, Asyad Board approved the Board Charter, which has been drafted in line with the law, and the Code, on 23 October 2022.

1.1 Composition

In compliance with the CCL, the Code, and Articles of Association of Asyad, OIA has initially appointed the Board of Directors of Asyad comprising of seven (7) members, in which two (2) of them has resigned in May and replaced by two (2) members as follows:

Sr.	Name	Capacity	Independent / non-independent	No. of Board Meetings attended	Executive / non-executive	No. of directorships held in other companies
1	Nasser Sulaiman Al Harthy	Chairman	Non-independent	6	Non-executive	4
2	Ahmed Jaafar Al Musalmi	Deputy Chairman	Independent	5	Non-executive	3
3	Wilhelmus Heeren	Member	Independent	6	Non-executive	3
4	Yousuf Mohammed Al Ojaili	Member	Independent	6	Non-executive	-
5	Sami Abdullah Al Sinani	Member	Non-independent	5	Non-executive	-
6	Mehdi Mohamed Al Lawati <i>(New)</i>	Member	Independent	3	Non-executive	-
7	Rehab Faiq Al Lawati <i>(New)</i>	Member	Independent	3	Non-executive	2
8	Sarah Ali Al Moosa <i>(Resigned)</i>	Ex-Member	Independent	3	Non-executive	1
9	Qais Abdullah Al Kharusi <i>(Resigned)</i>	Ex-Member	Non-independent	3	Non-executive	3

As can be seen from the composition of the Board, there are five (5) independent directors and two (2) non-independent. This evidences Asyad's compliance with the legal requirement that at least one third of the Board having to be independent. Furthermore, considering that the majority of the Board are independent, and all are sitting in a non-executive capacity, this additionally exhibits Asyad's commitment to uphold principles of strong independence governance.

1.2 Appointment of Directors

The law, and the Code clearly set out the criteria by which each Board member must satisfy prior to being appointed. Whilst the law provides the minimum qualifications, competencies, and ethical standard expected of a Board member, the Code has expanded on law, and has provided a higher standard, and a more comprehensive set of requirements relating to skills, aptitude, conditions and professional competencies, and ethical standards. All directors appointed in Asyad Group must ensure their compliance with such requirements and have to be approved by OIA in advance of any appointment. Accordingly, the company must provide the directors’ nomination forms, curriculum vitae, personal details, and justification for appointment to OIA for its prior approval.

1.3 Duration of the Board

The article 181 of the CCL states that the term of the Board member shall be for three (3) years with certain exceptions as set out in the CCL. Paragraph 6.1.6 of the Code places further restriction that the directors can only serve a maximum of two (2) terms, unless approved otherwise by OIA. Asyad confirms that its directors have been appointed in compliance with these requirements.

1.4 Board Meetings

Asyad held six (6) periodic Board meetings during 2023, ensuring its compliance with the law, and the Code, which states that the Board must hold at least four (4) Board meetings, within an interval of no less than one hundred and twenty (120) calendar days. Below are the dates of the board meeting held during 2023:

Number of Board Meetings	Date of Board Meeting
1/2023	17 th January 2023
2/2023	22 nd March 2023
3/2023	11 th May 2023
4/2023	15 th June 2023
5/2023	17 th September 2023
6/2023	17 th December 2023

2. Board Committees

The Board of Directors established the following sub-committees to undertake the scope and authorities as summarised further below:

1. Executive Committee.
2. Audit Committee.
3. Major Tender Committee.

2.1 Executive Committee

The Board of Directors established the Executive Committee to:

- a. Review investment related policies and frameworks to recommend them for Board's approval.
- b. Approve investments in pursuant to the limits stipulated in Asyad Manual of Authority:

Sr.	Activity	Authority Limit
1	Planned Growth Investment	Above OMR 10,000,000 to 50,000,000
2	Unplanned Growth Investment	Up to OMR 20,000,000
3	Pre-final investment decision external (due diligence, valuation of partner for investment proposals) as per approved budget	OMR 500,000 to 1,000,000

- c. Review mergers and acquisitions, new company establishments, joint ventures and partnerships, divestment decisions, and recommend such decisions to the Board for its approval, as may be applicable.
- d. Review and approve human resources strategy and annual manpower plan.
- e. Approve appointments and dismissal of Executive Chiefs of Asyad, and Chief Executive Officers of Asyad subsidiaries; and
- f. Other actions delegated to the Executive Committee by the Board, and the Manual of Authority.

To enhance governance, the terms of reference of the Executive Committee, setting out the composition, term, roles and responsibilities, authority, and meeting process, was approved by the Board of Directors on 26 December 2022.

The table below sets out the members of the Executive Committee, along with their position and number of meetings:

Sr.	Name	Capacity	No. of Executive Meetings attended
1	Nasser Sulaiman Al Harthy	Chairman	2
2	Wilhelmus Heeren	Member	2
3	Sami Abdullah Al Sinani	Member	1
4	Rehab Faiq Al Lawati <i>(New)</i>	Member	1
5	Yousuf Mohammed Al Ojaili <i>(Resigned)</i>	Ex-Member	1
6	Qais Abdullah Al Kharusi <i>(Resigned)</i>	Ex-Member	1

Below are the dates of the Executive Committee meetings held during 2023:

Number of EC Meeting	Date of EC Meeting
1/2023	20 th March 2023
2/2023	17 th December 2023

2.2 Audit Committee

The Board of Directors established the Audit Committee, in compliance with the law and the Code, to:

- a. Validate and verify the overall efficiency of the Executive Management in implementing the operational directives and guidelines set up by the Board.
- b. Evaluate and monitor the adequacy of internal control systems and their efficiency.
- c. Ensure that adequate policies are created for safeguarding the Asyad Group's human, material and intellectual resources and assets.
- d. Review the level of risk and measures taken by Executive Management to mitigate/manage the risk exposure; and
- e. Review the structure and arrangement established by management for compliance with regulatory and financial reporting requirements.

Among the scope and responsibilities of the Audit Committee is governance, and evaluating the internal controls, review of financial statements and ensuring compliance with accounting policies and principles, review of external audit scope, process of selection, terms of engagement and recommending to the Board for appointment, oversight of the internal audit function, and risk management.

The terms of reference of the Audit were approved by the Board of Directors on 19 December 2021.

The Code states that the composition of the Audit Committee shall comprise of at least three (3) members all being non-executive, and a majority of the members being independent. Compliance with this is evidenced through the composition of members as set out below, in addition to information relating to the number of meetings:

Sr.	Name	Capacity	Independent/non-independent	No. of Meetings attended
1	Ahmed Jaafar Al Musalmi	Chairman	Independent	5
2	Wilhelmus Heeren	Member	Independent	5
3	Qais Abdullah Al Kharusi <i>(Resigned)</i>	Ex-Member	Non-independent	2
4	Yousuf Mohammed Al Ojaili	Member	Independent	3

Below are the dates of the audit committee meetings held during 2023:

Number of AC Meeting	Date of AC Meeting
1/2023	17 th January 2023
2/2023	22 nd March 2023
3/2023	15 th June 2023
4/2023	17 th September 2023
5/2023	17 th December 2023

Details relating to the Boards of the subsidiaries are set out in the appendix to this report.

2.3 Major Tender Committee

The Procurement and Tendering Policy issued by OIA states that the role of the Board of Directors is to establish certain procurement committees, and delegate the required set of authorities. Accordingly, the Board of Directors established the Major Tender Committee, in compliance with section 4.4 of the Procurement Tendering Policy, to undertake the following:

- a. ensure all tenders are processed in accordance with the principles of openness, transparency, equal opportunity, and free competition.
- b. ensure that all tenders and variation orders are executed based on fair, ethical and transparent grounds.
- c. oversight throughout the entire procurement cycle to ensure compliance with the relevant procurement procedures and selecting the best bid within the scope of its authorities for award.
- d. submit quarterly reports about its activities to the Board of Directors.
- e. review, follow up and implement the tendering procedures that fall within the scope of the financial powers of the Board of Directors and submit the relevant recommendations to the Board of Directors; and

- f. Review and approve the tender strategy, technical and commercial evaluation criteria.

The financial limit of the Major Tender Committee pursuant to Annexure 1 of the Procurement and Tendering Policy is more than OMR 3 million up to OMR 15 million, with Board ratification required for any procurements valued at more than OMR 15 million.

The members appointed to the Major Tender Committee are as follows:

Sr.	Name	Capacity	Independent / non-independent	Executive / non-executive	No. of meetings attended
1	Rehab Faiq Al Lawati <i>(New)</i>	Chairman	Independent	Non-executive	7
2	Mehdi Mohamed Al Lawati <i>(New)</i>	Deputy Chairman	Independent	Non-executive	9
3	Ali Al Rasbi	Member	Independent	Non-executive	16
4	Said Al Asmi	Member	Independent	Non-executive	13
5	Mahmood Al Awaini	Member	Independent	Non-executive	14
6	Sarah Ali Al Moosa <i>(Resigned)</i>	Ex-Chairman	Independent	Non-executive	7
7	Sami Abdullah Al Sinani <i>(Resigned)</i>	Ex-Deputy Chairman	Non-independent	Non-executive	8

Attached to this report is the composition of the Board of Directors of Asyad's closed joint stock subsidiaries including information relating to number of meetings and sub-committees established within their respective entities.

3. Executive Management

3.1 Roles and Responsibilities

The Executive Management of Asyad is entrusted with leading the organisation, and supervising day to day operations. The Executive Management is led by the Chief Executive Officer who reports to the Board of Directors. The role of the Executive Management is detailed in section 7.5 of the Code, and can be summarised as follows:

- a. developing, in conjunction with the Board, Asyad's vision, values, and goals.
- b. responsibility for the achievement of corporate goals and objectives, preparing business plans and reports.

- c. developing short, medium- and long-term corporate strategies and planning to achieve the Asyad's vision and overall business objectives and implementing such strategies.
- d. identifying and assessing business opportunities including those with potential benefit to Asyad Group;
- e. ensuring the Board is adequately notified in a timely manner on issues that have potential to adversely impact the performance and financial stability of Asyad Group;
- f. submitting proposals for major capital expenditure to ensure their alignment with Asyad's strategy and vision and those of OIA;
- g. Sustaining competitive advantage through maximising available resources, encouraging employees' commitment, and strategically aligning the corporate culture with the organization's goals and objectives.
- h. Recommending policies to the Board in relation to a range of corporate matters and ensuring legal and regulatory compliance with Asyad policies and procedures and Board delegated authorities.
- i. Ensuring appropriate risk management framework, policies and procedures are in place, and informing the Board of Directors in a timely manner of the risks and relevant mitigation plans according to the approved policies and procedures.
- j. protecting the rights of shareholders, Asyad's growth, sustainability and increasing the profits, maintaining the environment sustainability, the economy and community especially the local community; and
- k. Ensuring proper succession planning of staff, and appropriate employee's appraisal processes are in place.

The Executive Management of Asyad continues to promote the best interests of Asyad Group, in compliance with its roles and responsibilities, and best international practice. It considers strong governance structure to be of utmost importance, and ensures continuous collaboration between units, and stakeholders to identify and implement any improvements to its governance framework, policies, and procedures.

3.2 Executive Management Team

The Executive Management team of Asyad are:

Sr.	Name	Position
1	Abdulrahman Al Hatmi	Group Chief Executive Officer
2	Ahmed Al Bulushi	Group Chief Executive Asset Management
3	Muhsin Alrustom	Group Chief Financial Officer
4	Abdulmalik Al Balushi	Group Chief Executive People
5	Ghaith Al Darmaki	Group Chief Executive Technology
6	Zahra Al Lawati	Group Chief Internal Audit
7	Leyan Al Mawali	Group Chief Legal Officer
8	Andrew Dawes	Acting Group Chief Commercial Officer

The Chief Executive Officers of Asyad subsidiaries are:

Sr.	Name	Position
1	Dr. Ibrahim Al Nadhairi	Chief Executive Officer of Asyad Shipping and Drydock
2	Dr. Ahmed Al Abri	Chief Executive Officer of Asyad Ports
3	Dr. Ali Tabouk	Chief Executive Officer of Salalah Free Zone
4	Badar Al Nadabi	Chief Executive Officer of Mwasalat
5	Ibrahim Al Hosni	Acting Chief Executive Officer of Oman Post and Asyad Express

4. Corporate Social Responsibility

Asyad is dedicated to making sustainability the cornerstone of its operations. Asyad is determined to drive progress through its sustainability efforts and leverage on its resources to deliver tangible and meaningful outcomes. Asyad aims to become a sustainability leader in the logistics industry and are actively working to make a positive difference to the environment, society, and the economy.

To this end, Asyad has developed a range of initiatives and programs that aim to reduce the environmental impact while positively promoting social, and economic factors such as variety of programs focused on decarbonization and ocean and land health restoration, as well as taking active responsibility to support the societies in which it operates.

The activities that were undertaken in relation to corporate social responsibility in 2023 are summarised below:

Sr.	Sponsorship Request (Arabic)	Description	Sponsorship Request
1	جامعة السلطان قابوس – كلية العلوم	Sponsorship of the ninth scientific festival	Sultan Qaboos University – College of Science
2	مهرجان البشائر	CSR towards AL Bashayer Annual Festival for Arabian Camel'23	Al Bashair Festival
3	جامعة التقنية والعلوم التطبيقية	Technical Exhibition for Student initiatives in I o T& Math	University of Technology and Applied Sciences
4	مكتب والي الدقم	Ramadan basket distribution project during Ramadhan- Duqm	The Wali Office _ Duqm
5	جامعة السلطان قابوس	Sponsorship of the operations management exhibition event	Sultan Qaboos University
6	راعي لشاعرة عمانية	Support for the campaign of the poet	Sponsoring an Omani Poet
7	جمعية الصحفيين العمانية	Fak Kurba Initiative'2023	Omani Journalists Association
8	جمعية البيئة العمانية	Sponsorship for the implementation the Oman Climate Change	Environment Society Oman
9	وزارة التنمية الاجتماعية	Providing Eid clothing for People with Disabilities	Ministry of Social Development
10	وزارة التنمية الاجتماعية	Providing Eid clothing for People with Disabilities	Ministry of Social Development
11	وزارة النقل والاتصالات وتقنية المعلومات	Open day for employees of policy and governance at MTCIT	,Ministry of Transport and ,Communications Information Technology
12	مشروع دعم المشاريع الصغيرة والمتوسطة- طموح	Sponsoring an SME Booth at COMEX Oman for Zaad Oman a Tomooh incubator	SME Tomooh Incubation
13	وزارة التنمية الاجتماعية	The first Forum of people with disabilities- (7-9 Feb 2023)	Ministry of Social Development
14	إنجاز عمان	CSR - Partnership agreement with Injaz Oman	Injaz Oman
15	الجمعية العمانية للشطرنج	The World Chess Championship from Sep to Nov 2023	International Chess Academy of Oman
16	جمعية الطفل أولاً	Sponsoring the Oman Children's Conference and Exhibition	Children First Oman
17	الهيئة العمانية للأعمال الخيرية	As part of legal requirement of 20% of the approved budget for CSR	Oman Charity Organisation
18	عمان للإبحار	CSR Youth Programme - COMMUNITY SALIING PROGRAM	Oman Sail
19	وزارة التربية والتعليم	Ministry of Education- STEM Oman project	Ministry of Education

Sr.	Sponsorship Request (Arabic)	Description	Sponsorship Request
20	مواصلات	9th Arab Athletics Championship-Transportation	Mwasalat
21	جمعية المرأة العمانية - صلاله	training program in shaping shells with resin	- Oman Woman Association Salalah
22	المنطقة الاقتصادية الخاصة - الدقم	A program to spreading awareness about logistics	Special Economic Zone at Duqm

5. Financial burden resulting from Asyad rendering services for Universal Service Obligations (USO)

There are entities, under Asyad Group, which provide public services namely Oman Post SAOC, Oman National Transportation Company SAOC and National Ferries Company LLC (the latter two are branded as “Mwasalat”). Since inception, these entities have received subsidy from the Ministry of Finance to fund their business operations and growth.

During 2023 Asyad Group received OMR 27 million subsidy from the Ministry of Finance to fund public services which is insufficient to operate public services in accordance with its business plans and standards, however, Asyad Group has been active in reducing its operating costs of public services by implementing certain measures such as but not limited to implementing a voluntary retirement scheme (VRS), right sizing Oman Post SAOC which resulted in closure of certain branches, and reduction in the frequency of bus services for Mwasalat to manage within the approved subsidy. No financial burden incurred during 2023.

Appendix

1. ASYAD Shipping Company S.A.O.C and its joint stock subsidiaries (Oman Ship Management Company SAOC, and Oman Charter Company SAOC)

(a) Board of Directors:

Sr.	Name	Capacity	Independent / non-independent	Executive / non-executive	No. of Board Meetings attended	No. of directorships held in other companies
1	Abdul Rahman Al Hatmi	Chairman	Non-independent	Non-executive	6	3
2	Muhsin Al Rustom <i>(New)</i>	Deputy Chairman	Non-independent	Non-executive	4	1
3	Peder Sondergaard	Member	Independent	Non-executive	7	-
4	David Stockley <i>(New)</i>	Member	Independent	Non-executive	3	-
5	Selim Esmail <i>(New)</i>	Member	Non-independent	Non-executive	4	-
6	Mohammed Hassan Al Ansi <i>(Resigned)</i>	Ex-Deputy Chairman	Independent	Non-executive	3	1
7	Ghaith Al Darmaki <i>(Resigned)</i>	Ex-Member	Non-independent	Non-executive	3	1
8	Said Salim Al Hajri <i>(Resigned)</i>	Ex-Member	Independent	Non-executive	3	3

Below are the dates of the board meetings held during 2023:

Number of Board Meetings	Date of Board Meeting
1/2023	13 th February 2023
2/2023	13 th March 2023
3/2023	5 th April 2023
4/2023	7 th June 2023
5/2023	1 st August 2023
6/2023	18 th October 2023
7/2023	12 th December 2023

(b) Board Trainings:

One (1) training of Board members during 2023 was held on the topic of “Advanced Corporate Governance” on 19 October 2023 at Hormuz Grand Muscat Hotel. The cost of this training was OMR 1,800 (excluding 5% VAT).

(c) Audit Committee:

Sr.	Name	Capacity	Independent / non-independent	Executive / non-executive	No. of Audit Meetings attended
1	Peder Sondergaard	Chairman	Independent	Non-executive	4
2	Said Salim Al Hajri <i>(Resigned)</i>	Ex-Member	Independent	Non-executive	1
3	Ghaith Al Darmaki <i>(Resigned)</i>	Ex-Member	Non-independent	Non-executive	1
4	David Stockley <i>(New)</i>	Member	Independent	Non-executive	3
5	Muhsin Al Rustom <i>(New)</i>	Member	Non-independent	Non-executive	3

Below are the dates of the audit committee meetings held during 2023:

Number of AC Meeting	Date of AC Meeting
1/2023	14 th March 2023
2/2023	7 th June 2023
3/2023	13 th September 2023
4/2023	13 th December 2023

(2) Oman National Transportation Company SAOC

(a) Board of Directors:

Sr.	Name	Position	Independent / non-independent	Executive / non-executive	No. of Board Meetings attended	No. of directorships held in other companies
1	Omar Al Mahrizi <i>(New)</i>	Chairman	Independent	Non-executive	2	2
2	Sameh Batook <i>(New)</i>	Deputy Chairman	Non-independent	Non-executive	2	-
3	Salim Al Busaidi <i>(New)</i>	Member	Non-independent	Non-executive	3	-
4	Salah Al Shukaili <i>(New)</i>	Member	Independent	Non-executive	2	-
5	Faisal Al Balushi	Member	Non-independent	Non-executive	4	1
6	Ahmed Al Bulushi <i>(Resigned)</i>	Ex-Chairman	Non-independent	Non-executive	2	4
7	Saif Al Sinani <i>(Resigned)</i>	Ex-Member	Independent	Non-executive	2	-
8	Alaa Al Ghaithi <i>(Resigned)</i>	Ex-Member	Independent	Non-executive	2	-
9	Hanan AL Rahbi <i>(Resigned)</i>	Ex- Deputy Chairman	Non-independent	Non-executive		-

Below are the dates of the board meetings held during 2023:

Number of Board Meeting	Date of Board Meeting
1/2023	13 th March 2023
2/2023	2 nd May 2023
3/2023	1 st June 2023
4/2023	22 nd October 2023

(b) Board Trainings:

During 2023, there were no training programs and workshops undertaken by the Board of Directors at the entity's expenses.

(c) Audit Committee:

Sr.	Name	Position	Independent / non-independent	Executive / non-executive	No. of Audit Meetings attended
1	Sameh Batook <i>(New)</i>	Member	Non-independent	Non-executive	1
2	Salim Al Busaidi <i>(New)</i>	Member	Non-independent	Non-executive	1
3	Faisal Al Balushi	Member	Non-independent	Non-executive	1
4	Saif Al Sinani <i>(Resigned)</i>	Ex-Chairman	Independent	Non-executive	1
5	Alaa Al Ghaithi <i>(Resigned)</i>	Ex-Member	Independent	Non-executive	1

Below are the dates of the audit committee meetings held during 2023:

Number of AC Meeting	Date of AC Meeting
1/2023	12 th March 2023
2/2023	22 nd October 2023

(3) Oman Post SAOC

(a) Board of Directors:

Sr.	Name	Capacity	Independent / non-independent	Executive / non-executive	No. of Board Meetings attended	No. of directorships held in other companies
1	Bader Mohammed Al Nadabi <i>(New)</i>	Chairman	Non-independent	Non-executive	4	-
2	Ahmed Khamis Al Shukaili <i>(New)</i>	Deputy Chairman	Independent	Non-executive	6	1
3	Alaa Khalfan Al Ghaithi	Member	Non-independent	Non-executive	4	-
4	Ahmed Ali Al Bulushi <i>(Resigned)</i>	Ex-Chairman	Non-independent	Non-executive	2	4
5	Mohammed Aufit Al Meshani <i>(Resigned)</i>	Ex-Deputy Chairman	Independent	Non-executive	2	-

Below are the dates of the board meeting held during 2023:

Number of Board Meetings	Date of Board Meeting
1/2023	14 th March 2023
2/2023	3 rd May 2023
3/2023	28 th May 2023
4/2023	8 th August 2023
5/2023	13 th September 2023
6/2023	29 th October 2023

(b) Board Trainings:

During 2023, there were no training programs and workshops undertaken by the Board of Directors at the entity's expense.

(c) Audit Committee:

Sr.	Name	Capacity	Independent / non-independent	Executive / non-executive	No. of Audit Meetings attended
1	Ahmed Khamis Al Shukaili <i>(New)</i>	Chairman	Independent	Non-executive	4
2	Alaa Khalfan Al Ghaithi	Member	Independent	Non-executive	2
3	Mohammed Afit Al Meshani <i>(Resigned)</i>	Ex-Chairman	Independent	Non-executive	2

Below are the dates of the audit committee meetings held during 2023:

Number of AC Meeting	Date of AC Meeting
1/2023	14 th March 2023
2/2023	3 rd May 2023
3/2023	8 th August 2023
4/2023	29 th October 2023