

# **Oman Telecommunications Company S.A.O.G**

## **Corporate Governance Report for the year ended 31<sup>st</sup> December 2020**

### Principles and Foundations of Organization

Oman Telecommunications Company SAOG (“The Company”) is committed to the highest standards of the Code of Corporate Governance. In pursuit of this goal, the company has applied the various principles of the Code of Corporate Governance with regard to the appointment of members of the Board of Directors, ensuring the adequacy and efficiency of Internal Controls in all aspects of the Company’s operations and transparency in all business dealings.

### Disclosure Policy

The company is committed to Capital Market Authority’s (CMA) standards and guidelines on disclosure of material information. Further, it is committed to the rules and regulations issued by the Telecommunications Regulatory Authority (TRA). The Board has approved the disclosure policy issued by CMA.

### Board of Directors

#### 1. Composition of the Board of Directors:

The Board of Directors of the Company is composed of nine members; elected by the shareholders (AGM) on 10<sup>th</sup> May 2020, as follows:

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## Corporate Governance Report for the year ended 31<sup>st</sup> December 2020



Board of Directors (continued)

Composition of the Board of Directors (continued)

Name of Board Member	Position in the Board	Type of Representation	Membership of other Committees	Membership of Board of other public Joint Stock Companies	Whether Attended last AGM
<b>H.E. Abdulsallam bin Mohamed Al-Murshidi (1)</b>	Chairman	Non-Executive, Independent, Not shareholder	1	-	Yes
<b>Mr. Mulham bin Basheer Al-Jarf (2)</b>	Chairman	Non-Executive, Independent, Not shareholder	1	-	Yes
<b>Mr. Saud bin Ahmed Al-Nahari</b>	Deputy Chairman	Non-Executive, Independent, shareholder	2	1	Yes
<b>Sheikh. Aimen bin Ahmed Al Hosni</b>	Member	Non-Executive, Independent, Not shareholder	2	3	Yes
<b>Sayyid. Zaki bin Hilal Al-Busaidi</b>	Member	Non-Executive, Non Independent, Not shareholder	2	1	Yes
<b>Eng. Matar bin Saif Al-Mamari</b>	Member	Non-Executive, Independent, Not shareholder	2	Nil	Yes
<b>Eng. Atif bin Said Al-Siyabi</b>	Member	Non-Executive, Non-Independent, Not shareholder	1	Nil	Yes
<b>Mr. Musallam bin Mohammed Al-Barami</b>	Member	Non-Executive, Independent, Not shareholder	2	1	Yes
<b>Sheikh. Khalid bin Abdullah AlKhalili</b>	Member	Non-Executive, Independent, shareholder	1	3	Yes
<b>Mr. Ibrahim bin Said Al-Eisry (3)</b>	Member	Non-Executive, Independent, Not shareholder	1	1	Not Applicable
<b>Mr. Mehdi bin Mohammed Jawad Al-Abdwani (4)</b>	Member	Non-Executive, Independent, Not shareholder	2	3	Yes

(1) His membership ended effective 8 June 2020 after his appointment as President of the Omani Investment Authority.

(2) Appointed chairman effective 27 July 2020.

(3) Appointed temporary Board Member effective 25 June 2020.

(4) His membership ended on 10 May 2020.

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Board of Directors (continued)

#### 2. Profile of Directors and Executive Management

**Mr. Mulham bin Basheer Al-Jarf** with 25 years commercial experience in international business and finance, He is responsible for the Fund's investment activities and endeavors to achieve long term sustainable returns for the Sultanate of Oman and to support the diversification of the Omani economy. As CIO since 2015, he oversees the Fund's investment activities in Private Equity, Real Estate, Public Markets, and Asset Management through investing in a diversified portfolio of asset classes worldwide. Prior to joining SGRF. He was Deputy CEO of Oman Oil Company SAOC and earlier with the Ministry of Oil & Gas, Oman Gas Company SAOC, and Omantel. He holds a Bachelor of Business Administration in International Business from Marymount University and a qualified Barrister-at-Law of the Bar of England and Wales.

**Mr. Saud bin Ahmed Al-Nahari** was the Chief Executive Officer of Port Services Corporation SAOG. He holds a Post-graduate Diploma in Port Management. He is a Deputy Chairman in Oman United Insurance Co. SAOG and He was board member in **Ubhār GCC Fund**. He has extensive management experience and is familiar with corporate governance systems and a board member licensed by the Capital Market Authority.

**Eng. Matar bin Saif Al-Mamari** is working in the field of telecommunications and information technology since 1989 and participated in several government committees in the same field. He holds a Master's Degree in Business Administration from the University of Lincoln and Bachelor's Degree in Electrical and Electronic Engineering from Widener University of USA.

**Sheikh. Aimen bin Ahmed Al Hosni** is the Chief Executive Officer of Oman Airports. He holds a Bachelor Degree in Political Science and a Master's Degree in Public Administration. He is the Chairman of Oman National Engineering & Investment Company SAOG and the Chairman of Muscat Insurance Company SAOG & Member of HSBC Bank Oman SAOG.

**Sayyid. Zaki bin Hilal Al-Busaidi** is the Chief Executive Officer of the Institute of Public Administration. He has a long experience in the field of management. He holds Master Degree in Public Administration.

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Board of Directors (continued)

#### 2. Profile of Directors and Executive Management

**Eng. Atif bin Said Al-Siyabi** is the Chief Information Management at the Oman Investment Authority (OIA) in the Sultanate of Oman. His track records extends to more than 17 years in Information Technology and business transformation. His experiences varies from hands-on experience in leading innovative technology solutions and system operations to transforming business operations and driving technological advancements. He is involved in various investment initiatives in the ICT sector, where he has been leading various assignments, devising comprehensive strategies and delivered several ICT projects at the national level. He earned a Bachelor of Engineering in Computer Hardware and Networking Technology (Hons) from Coventry University. He also attained Professional Leadership Development Certificate from HEC Paris.

**Mr. Musallam bin Mohammed Al-Barami** is Director of Investment Reports & Data at the Ministry of Finance. He holds a Bachelor Degree in Financial Science from The Sultan Qaboos University. Further has IC3 International Certificate in Internet and Computer Science, and a Diploma in International Accounting from the Netherlands. He has extensive experience in financial analysis, budgeting, strategic investment and international financial reporting standards. He also represents the Government on the boards and committees of some government companies.

**Sheikh. Khalid bin Abdullah Al-Khalili:** He holds a Bachelor's degree in civil engineering from the Florida Institute of Technology in the United States of America. He has an early career focused on construction and real estate having previously held various Senior Management positions and latterly as the Managing Director of Al Subhiah Trading & Contracting LLC. He has been responsible for the development of several real estate projects in various sectors; Government, Tourism, Health, Commercial and Residential with a net total value exceeding \$500m. In addition to his Aflag Group responsibilities, he is actively involved through his directorships in Finance, Insurance & Telecoms. He chairs the Board of Directors of Bank Nizwa SAOG and Al-Ahlia Insurance Company. Deputy Chairman & member of the Executive Committee – OMINVEST (Oman International Development & Investment Company SAOG). Founder & Chairman – Sumail Development Company SAOC.

**Mr. Ibrahim bin Said Al-Eisry:** He has more than 16 years of practical experience in a variety of sectors, including the telecommunications sector, oil and gas, and financial investments. He also holds a master's degree in financial sciences from Oxford University and is a member of the Association of Certified Public Accountants.

**Mr. Talal bin Said Al Mamari** is the Chief Executive Officer of Omantel since 29 June 2014. He has a bachelor degree in Business Administration from Duquesne University, Pittsburgh – Pennsylvania. Prior to his appointment as CEO, he held several leadership positions including his last position as Chief Financial Officer of Omantel. He has 30 years of experience in the telecommunications sector. He has had played an instrumental role in different initiatives and projects, carried out by the company.

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### 3. Procedures and Conditions for the Selection of Board Members:

Article No. (6) of the Articles of Association of the Company shall be applied in the election of the members of the Board of Directors and as prescribed in the Commercial Companies Law issued by the Royal Decree No. 18/2019 dated 13/2/2019.

### 4. Board performance appraisal

The AGM of the company held on 28 March 2019 decided to appoint an independent party to evaluate Board of Directors performance every three years.

### 5. Quality Assurance of internal audit unit:

In line with the requirement of the Capital Market Authority regarding internal audits of public shareholding companies, a specialised third party has conducted a comprehensive external evaluation of the Internal Audit unit. In summary, the results of the evaluation show that IA is generally compliant with the legal controls and provisions and other rules governing the work of the IA profession as per the CMA requirements, and is similarly generally compliant with the requirements of internal audit of the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA).

### 6. Meetings of the Board of Directors

The Board of Directors held 12 meetings during the year 2020. These were in the following order:

<b>Board Meetings</b>	<b>Date of the Meeting</b>
<b>1<sup>st</sup> Meeting</b>	<b>27-February -2020</b>
<b>2<sup>nd</sup> Meeting</b>	<b>3-March -2020</b>
<b>3<sup>rd</sup> Meeting</b>	<b>10 -March -2020</b>
<b>4<sup>th</sup> Meeting</b>	<b>26-March -2020</b>
<b>5<sup>th</sup> Meeting</b>	<b>10- May -2020</b>
<b>6<sup>th</sup> Meeting</b>	<b>9-June -2020</b>
<b>7<sup>th</sup> Meeting</b>	<b>27-July -2020</b>
<b>8<sup>th</sup> Meeting</b>	<b>18-September -2020</b>
<b>9<sup>th</sup> Meeting</b>	<b>4-October -2020</b>
<b>10<sup>th</sup> Meeting</b>	<b>13- October -2020</b>
<b>11<sup>th</sup> Meeting</b>	<b>12- November -2020</b>
<b>12<sup>th</sup> Meeting</b>	<b>13- December -2020</b>

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### 6. Meetings of the Board of Directors (Continued)

Members attendance at Board of Directors meetings:

Name of the Board Member	Position	Number of Meetings attended
H.E. Abdulsallam bin Mohamed Al-Murshidi*	Chairman	5
Mr. Mulham bin Basheer Al-Jarf**	Chairman	12
Mr. Saud bin Ahmed Al-Nahari	D. Chairman	12
Eng. Matar Saif Al-Mamari	Member	12
Sheikh. Aimen bin Ahmed Al Hosni	Member	12
Sayyid. Zaki bin Hilal Al-Busaidi	Member	12
Eng. Atif bin Said Al-Siyabi	Member	12
Mr. Musallam bin Mohammed Al-Barami	Member	12
Sheikh. Khalid bin Abdullah Al-Khalili	Member	8
Mr. Ibrahim bin Said Al-Esiry ***	Member	6
Mr. Mehdi bin Mohammed Al-Abdwani****	Member	4

\* His membership ended effective 8 Jun 2020 after his appointment as President of the Oman Investment Authority.

\*\* Appointed chairman effective 27 July 2020

\*\*\* Appointed temporary Board Member effective 25 June 2020

\*\*\*\* His membership ended on 10 May 2020

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### The Committees stemming from the Board of Directors

#### 1. Strategic and Investment Committee

##### A. Committee meetings

The Strategic and Investment committee held 2 Meeting during the year 2020:

Name of the committee member	Position	Number of Meetings attended
<b>Mr. Mulham bin Basheer Al-Jarf</b>	Chairman	2
<b>Sheikh. Aimen bin Ahmed Al-Hosni</b>	Member	2
<b>Sheikh. Khalid bin Abdullah Al-Khalili</b>	Member	2
<b>Sayyid. Zaki bin Hilal Al-Busaidi</b>	Member	2
<b>Eng. Matar bin Saif Al-Mamari</b>	Member	2

##### B. The Committee's terms of reference:

- (1) Review and approve the company's vision, mission, and goals, and ensure its compatibility with the company's strategic plans.
- (2) Reviewing and approving the company's plan in the field of business development and investments.
- (3) Reviewing and approving the strategic objectives of the company.

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#### 2. The Audit and Risk Committee

Committee meetings: The committee held 11 meetings during the year 2020 as follows:

Name of the committee member	Position	Number of Meetings attended
Mr. Ibrahim bin Said Al-Esari*	Chairman	5
Mr. Saud bin Ahmed Al-Nahari	D. Chairman	7
Mr. Musallam bin Mohammed Al-Barami	Member	11
Sheikh. Aimen bin Ahmed Al-Hosni**	Chairman	4
Sheikh. Khalid bin Abdullah Al-Khalili***	Chairman	2
Sayyid. Zaki bin Hilal Al-Busaidi****	D. Chairman	4

\* Appointed on 27 July 2020.

\*\* His committee's membership ended on 10 May 2020

\*\*\* His committee's membership ended on 27 Jul 2020

\*\*\*\* His committee's membership ended on 10 May 2020

#### B. The committee's terms of reference:

1. Considering the name of the auditor in the context of their independence (particularly with reference to any other non-audit services), fees and terms of engagement and recommending their name to the Board for putting before AGM for appointment.
2. Oversee the adequacy of the internal control system through the regular reports of the internal and external auditors. The committee may also appoint external consultants when required.
3. Oversee the internal audit function in general and with particular reference to reviewing the internal audit plan for the year, reviewing the reports of internal auditors pertaining to critical areas, reviewing the efficacy of the internal auditing and reviewing as to whether internal auditors have full access to all relevant documents.
4. Serving as a channel of communication between external auditors and the Board and also internal auditors and the Board.
5. Checking financial fraud particularly fictitious and fraudulent portions of the financial statement. The committee should put in place an appropriate system to ensure adoption of appropriate accounting policies and principles leading to fairness in financial statements.
6. Oversee of financial statements in general and with particular reference to review of annual and quarterly financial statements before issue, review of qualifications in the draft financial statements and discussion of accounting principles. In particular, change in accounting policies, principles and accounting estimates in comparison to previous year, any adoption of new accounting policy, any departure from International Financial Reporting Standards (IFRS) and non-compliance with disclosure requirements prescribed by CMA should be critically reviewed.



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7. Reviewing risk management policies and looking into the reasons of defaults in payment obligations of the Company, if any.
8. 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 audit committee and the Board.

### 3. Nomination, Remuneration & HR Committee

#### A. Committee meetings

The HR committee held 9 meetings during the year 2020:

Name of the committee member	Position	Number of Meetings attended
Mr. Saud bin Ahmed Al-Nahari	Chairman	6
AL Sayyid. Zaki bin Hilal Al-Busaidi	Member	9
Eng. Atif bin Said Al-Siyabi*	Member	5
Mr. Mehdi bin Mohammed Al-Abduwani **	Chairman	3
Mr. Mulham bin Basheer Al-Jarf***	Member	4

\*Appointed member effective 27 Jul 2020

\*\* His membership ended on 10 May 2020

\*\*\*His committee's membership ended on 27 Jul 2020

#### B. The committee's terms of reference:

1. Provide succession planning for the executive management.
2. Develop a succession policy of plan for the board or at least the chairperson.
3. Prepare detailed job description of the role and responsibilities for directors including the chairperson. This will facilitate orientate directors towards their tasks and roles, and appraise their performance.
4. Look for and nominate qualified persons to act as interim directors on the board in the event of a seat becomes vacant.
5. Notwithstanding the articles of association, search and nominate qualified persons to take up senior executive positions, as required or directed by the board.
6. Prepare the policy for bonuses, allowances and incentives for the executive management.
7. Review such policies periodically, taking into account market conditions and company performance.

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8. Taking into consideration avoiding conflict of interests, the committee may, upon obtaining the approval of the board, seek the assistance and advice of any other party in order to better deliver its tasks.
9. To review factors and developments which require an amendment to the organizational structure of the company;
10. To review the structure and the level of salaries and compensation before submission to the Board of Directors;
11. To review and recommend strategic plan and policies relating to Human Resources;
12. Any other business as directed by the Board.

#### 4. Tender Committee

##### A. Committee meetings

The Tender committee held 5 Meetings during the year 2020:

Name of the committee member	Position	Number of Meetings attended
Sheikh. Aimen bin Ahmed Al-Hosni	Chairman	4
Eng. Matar bin Saif Al-Mamari	Member	5
Mr. Muslam bin Mohammed Al-Barami	Member	3
Mr. Saud bin Ahmed Al-Nahari*	Chairman	1
Mr. Mehdi bin Mohammed Al-Abduwani**	D. Chairman	1
Sayyid. Zaki bin Hilal Al-Busaidi***	Member	1
Eng. Atif Bin Said Al-Siyabi****	Member	2

\*His committee's membership ended on 10 May 2020

\*\* His membership ended on 10 May 2020

\*\*\* His committee's membership ended on 10 May 2020

\*\*\*\* His committee's membership ended on 27 Jul 2020

##### B. The committee's terms of reference:

1. Representing the Board in reviewing, discussing and award tenders as per the given Tenders' Manual of Authority;
2. Study the mechanisms and procedures that used for evaluation of bids, and propose improvement by use of appropriate technologies;
3. Study any other matter that referred to by the Board and decide as per its authority.

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#### Remunerations

##### **Board of Directors**

The sitting fees paid to the board members for the year 2020 amounted to RO 83,100. In addition, the company also provides telephone and Internet services to the board members.

The following table shows the details of sitting fee paid to board members during 2020:

Name of Board Member	Sitting fee (RO)
H.E. Abdulsallam bin Mohamed Al-Murshidi	2,500
Mr. Mulham bin Basheer Al-Jarf	8,400
Mr. Saud bin Ahmed Al-Nahari	10,000
Eng. Matar Saif Al-Mamari	8,800
Mr. Aimen bin Ahmed Al Hosni	10,000
AL Sayyid. Zaki bin Hilal Al Busaidi	10,000
Mr. Atif bin Said Al-Siyabi	9,200
Mr. Musallam bin Mohammed Al-Barami	10,000
Sheikh. Khalid bin Abdullah Al-Khalili	5,600
Mr. Ibrahim bin Said Al-Easri	5,000
Mr. Mehdi bin Mohammed Jawad Al-Abduwani	3,600
<b>Total</b>	<b>83,100</b>

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#### **Top Five Executives**

The total remuneration paid/payable to the top five executives for the year 2020 was RO 1.740 million. This includes salary, allowances and performance related incentives. All employment contracts are in conformity with the requirements of the Omani Labor Law.

#### Details of Non-compliance by the Company

During the past three years, the penalty levied by regulatory authority were:

Year	Amount	Penalty Imposed By	Reason
2020	50,000	TRA	Non compliance with TRA regulation on product approval
2020	1,625	CMA	Non-disclosure of material information
2019	Nil	Nil	Nil
2018	Nil	Nil	Nil

#### Channels and Methods of Communication with Shareholders and Investors

- The Company's quarterly financial reports are published in the local newspapers and are also uploaded to the website of Muscat Securities Market and on the Company's website. In addition, the shareholders are notified of the details of the financial results by sending them to the shareholders at their request.
- The Company has a website which includes the Company's profile and the services offered by it. This website is constantly updated.
- Presentation on the company's financial performance is made to analysts on quarterly basis.
- The report of the Company's management and governance constitutes a part of its Annual Report.

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### Details of Market Shares

A) Details of prices for traded company shares:

Following are the details of the company's shares traded on the Muscat Securities Market (MSM) during the year 2020:

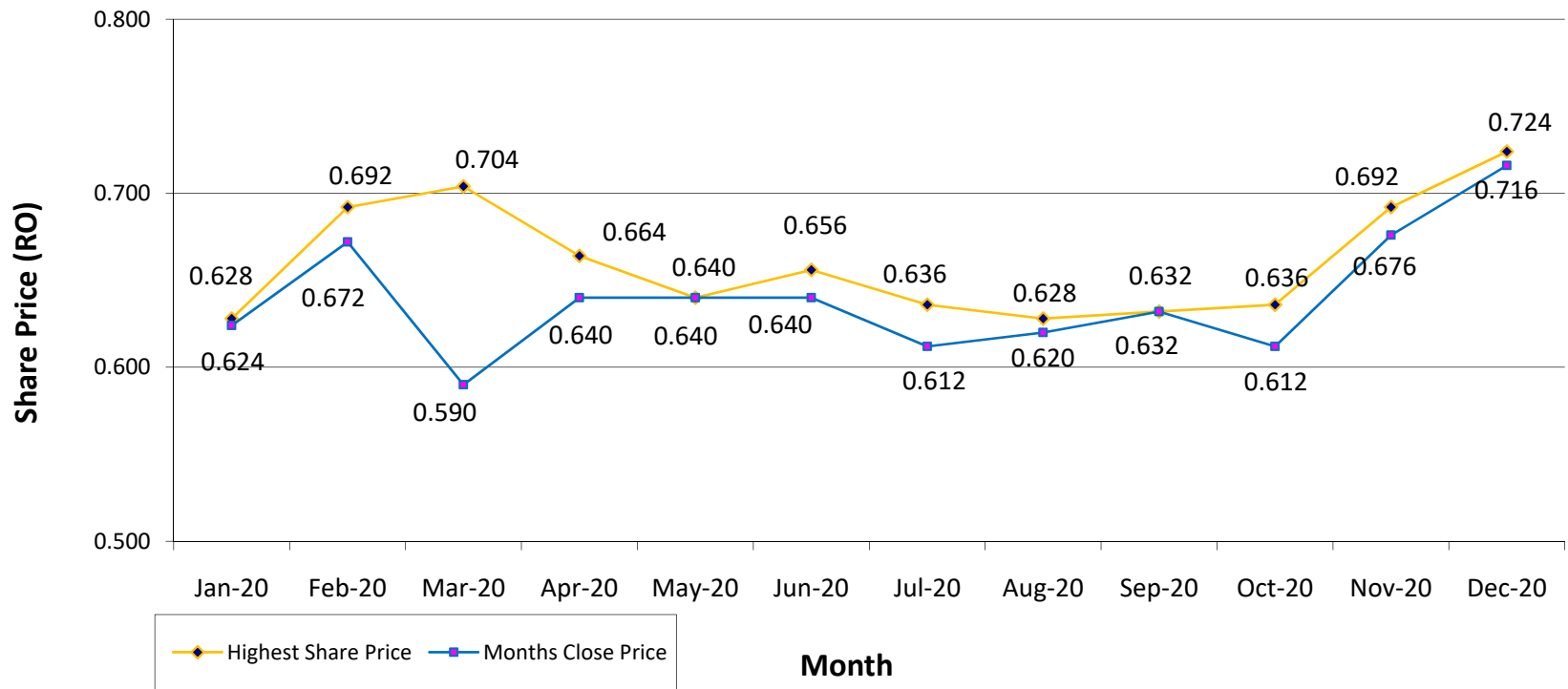
Month	Highest Share Price	Lowest Share Price
January	0.628	0.592
February	0.692	0.620
March	0.704	0.556
April	0.664	0.560
May	0.640	0.600
June	0.656	0.632
July	0.636	0.604
August	0.628	0.608
September	0.632	0.616
October	0.636	0.612
November	0.692	0.612
December	0.724	0.660

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Details of Market Shares (continued)

**Omantel Share Price Movement 2020**



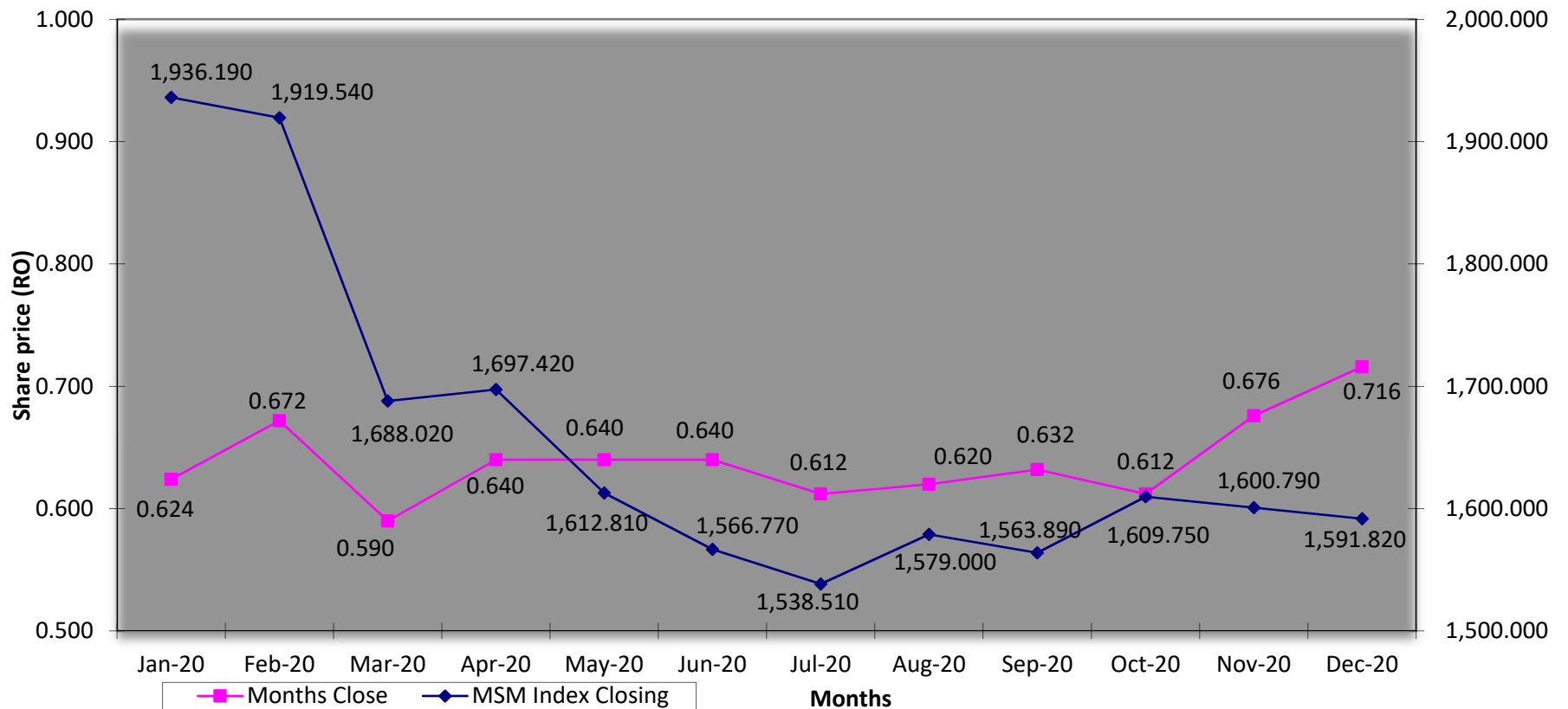
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Details of Market Shares (continued)

A. Comparison of Share Price with MSM Index (services)

**Performance compared to MSM Index (Service)**



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Details of Market Shares (continued)

B. Comparison of Share Price with MSM Index (services) (continued)

- The Company does not have any securities or financial instruments convertible to shares issued to the general public or investment establishments or any segment of investors.

### Distribution of Company's shares

The following table illustrates the distribution of ownership of the Company's shares until 31/12/2020:

Sl. No	Number of Shares	No. of Shareholders
1	1 – 500	11,944
2	501 – 1,000	4,094
3	1,001 – 5,000	4,780
4	5,001 – 10,000	922
5	10,001 – 15,000	348
6	15,001 – 20,000	148
7	20,001 – 50,000	296
8	50,001 – 800,000	234
9	800,001 – 1,000,000	5
10	1,000,001 – 15,000,000	40
11	15,000,001 and above	6
<b>Total</b>		<b>22,817</b>



# Oman Telecommunications Company S.A.O.G

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### Professional Background of External Auditors

External auditor for Omantel

Deloitte & Touche (M.E.) LLP (“DME”) is the affiliate for the territories of the Middle East and Cyprus of Deloitte NSE LLP (“NSE”), a UK limited liability partnership and member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). Deloitte refers to one or more of DTTL, its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms are legally separate and independent entities. DTTL, NSE and DME do not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more. Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories, serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 300,000 people make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

#### **About Deloitte Middle East**

DME is a leading professional services firm established in the Middle East region with uninterrupted presence since 1926. DME’s presence in the Middle East region is established through its affiliated independent legal entities, which are licensed to operate and to provide services under the applicable laws and regulations of the relevant country. DME’s affiliates and related entities cannot oblige each other and/or DME, and when providing services, each affiliate and related entity engages directly and independently with its own clients and shall only be liable for its own acts or omissions and not those of any other affiliate.

The total audit fees paid/payable to the external auditor of the company for the financial year 2020 are as follows:

<b>Details</b>	<b>Amount (RO)</b>
Audit services	132,500
Other permitted Services	-
<b>Total</b>	<b>132,500</b>

## **Oman Telecommunications Company S.A.O.G**

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#### Acknowledgement by the Board of Directors

The Board of Directors acknowledges

1. Its liability for the preparation of the financial statements in accordance with the applicable standards and rules applicable in the Sultanate of Oman.
2. The review of the efficiency and adequacy of internal control system of the company and compliance with internal rules and regulations.
3. That there are no material issues that affect the continuation of the company and its ability to continue its operations during the next financial year.

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**CHAIRMAN-BOARD OF DIRECTORS**