CORPORATE GOVERNANCE REPORT FOR THE YEAR 2021

Company's Philosophy for Corporate Governance

A'Sharqiya Investment Holding Co. (SAOG) adheres strongly to the Code of Corporate Governance, laid down by the Capital Market Authority (CMA) with emphasis on legal protection of investors and stakeholders. Your company spares no efforts to ensure integrity and transparency in its dealings.

The Board of Directors of the company is made up of experienced personnel hailing from varied backgrounds such as: business administration, investments, finance, law, and other related areas. The company benefits immensely from the rich and diverse experience and knowledge of the Board. None of the company's directors plays an executive role in the management of the company. The Board is responsible for achieving the business objectives of the company in coordination with the executive management. For this purpose, the Board is assisted by various committees and the management. Asides from the Investment, Nomination & Remuneration Committee, and the Audit Committee, adhoc committees are constituted by the Board according to demands of the circumstances. In addition, there is a well-structured management whose duties and obligations are defined in the Manual of Authority approved by the Board.

The primary functions of the Board are summarized as follows:

- Approval for the commercial and financial budget of the company in a manner that helps realize its objectives and maximize shareholders' equity
- Laying down the required plans and seeking periodic updates from management to ensure the objectives and goals of the company are achieved
- Adopting disclosure policies and ensure implementation is in accordance with the disclosure requirements of the CMA
- Monitoring the performance of the executive management to ensure that its actions and initiatives are in line with the purpose for which the company was established
- Providing information to shareholders in an accurate and timely manner in accordance with the CMA guidelines
- Appraising the performance of the employees and activities of the board committees

- Reviewing internal controls of the company periodically and updating them as and when required

The scope of authority of the Board of Directors, its functions, and limitations are mainly governed by Articles of Association of the company and the CMA's Code of Corporate Governance for Public Listed Companies.

Board of Directors

The Board of Directors is composed of the Chairman and six other directors who are elected by the shareholders of the company. The composition of the board meets the CMA requirement for the percentage of independent directors to the total number of board members to be not less than one third and at least two directors to be independent.

The current board of directors was elected on May 18, 2020 for a tenure of 3 years.

Composition of the Board of Directors and membership of affiliate committees:

Name	Designation	Category	Membership in Committees
Mr. Mohammed Ali Mohammed Al Fannah	Chairman	Independent, Non-executive	Investment and Nomination & Remuneration Committee
Sheikh Saleh Ahmed Mohamed Al Harthy	Vice-Chairman	Independent, Non-executive	Audit Committee
Mr. Bader Mohamed Rashid Al Fanna Al Araimi	Director	Non-Independent, Non-executive	Audit Committee
Mr. Nabil Hamed Al Mahrouqi (Till September 07, 2021)	Director	Independent, Non-executive	Investment and Nomination & Remuneration Committee
Mr. Subrata Mitra	Director	Independent, Non-executive	Investment and Nomination & Remuneration Committee
Ms. Fadwa Salim Said Al Fannah Al Araimi	Director	Independent, Non-executive	--

Mr. Asim Salim Ali Al Ghailani	Director	Independent, Non- Executive	Audit Committee
Mr. Thabit Khamis Al Battashi (From September 08, 2021)	Director	Independent, Non-executive	Investment and Nomination & Remuneration Committee

The Board held four meetings during the year 2021. Meetings were held on:

- February 21, 2021
- May 10, 2021
- August 04, 2021
- November 10, 2021

Details of the attendance of Directors, directorship in other listed companies and their positions in those companies are given below.

Name	Designation	No. of Board Meetings Attended	Attendance to the Last AGM	Directorship in Other Listed Companies	Position
Mr. Mohammed Ali Mohammed Al Fannah	Chairman	4	Attended	-	-
Sheikh Saleh Ahmed Mohamed Al Harthy	Vice-Chairman	4	Attended	-	-
Mr. Nabil Hamed Al Mahrouqi	Director	3	Attended	1	Member of the Board of Directors
Mr. Bader Mohamed Rashid Al Fanna Al Araimi	Director	3	Attended	1	Member of the Board of Directors
Mr. Subrata Mitra	Director	4	Attended	1	Member of the

					Board of Directors
Ms. Fadwa Salim Said Al Fannah Al Araimi	Director	4	Attended	1	Member of the Board of Directors
Mr. Asim Salim Ali Al Ghailani	Director	3	Attended	1	Member of the Board of Directors
Mr. Thabit Khamis Al Battashi	Director	1	NA	-	Member of the Board of Directors

No director is a member of the Board of Directors of more than four public companies listed in the MSX and no director is the Chairman of the Board of Directors of more than two such companies. None of the Directors of the Board is a member of the Board of Directors in another public or closed joint stock company practicing similar or competing activities to your company with its principal place of business located in the Sultanate of Oman.

Profile of the Directors

1. Mohammed Ali Mohammed Al Fannah- Chairman of the Board of Directors

Mr. Mohammed Ali Mohammed Al Fannah has a degree in International Affairs from the Webster University, United States. He served in the diplomatic corps of Oman for 32 years and represented Oman in the United Nation. He also served as the deputy representative of Oman to the United Nations Office in Austria for more than 5 years.

He has served as board member, member of audit and investment committees, Managing Director and Chairman of several public joint stock companies for more than 20 years. He is now the Chairman of Gulf Plastic Industries SAOC, which is one of the leading manufacturers of petrochemical downstream products. He is also the Chairman of the Investment, Nomination & Remuneration Committee in A'Sharqiya Investment Holding Company SAOG. He has three sons and two daughters, all of whom hold master's degree. The students who were taught by him are at present holding the rank of senior officials in the State, including as ministers and judges.

2. Sheikh Saleh Ahmed Mohamed Al Harthy – Vice Chairman of the Board of Directors

Sheikh Saleh is a B.Sc. Computer Science graduate from American University,

Washington D.C. He is currently the Director General in the General Secretariat to the Cabinet, a position he has been holding since 2009. From 1991 to till date he has held various positions in the field of Information Technology.

3. Nabil Hamed Al Mahrouqi

Mr. Nabil bin Hamad bin Zahran Al Mahrouqi is a member of the Board of Directors of A'Sharqiya Investment Holding Co. (SAOG) since September 2019 and a member of the Investment, Nomination & Remuneration Committee. He is currently a Senior Analyst - International Investments at the Public Authority for Social Insurance. Mr. Nabil holds a Bachelor of Science degree in Finance from Sultan Qaboos University (Sultanate of Oman). He was replaced by another PASI nominee effective from 08.09.2021

4. Bader Mohammed Rashid Al Araimi

Mr. Bader Al Araimi holds a Master's degree in Global Finance Management and a Bachelor's degree in Business Information Systems. He is full time director of Al Siraj Holdings LLC. He commenced his career in 2009 with Galfar Contracting & Engineering PLC and worked for a period of two years with HSBC.

5. Subrata Mitra

Mr. Subrata Mitra has a Masters in Risk Management from the NYU Stern School of Business, an MBA in Finance from the IBA, the Dhaka University and a Masters in Accounting (with Honors) from the Dhaka University. He has over 24 years of experience in multi asset portfolio management, traded securities (stock, bonds and commodities), derivatives, private credits, private equity/ alternative investments and fund management.

He had worked for major multi-lateral and multinational organizations that include International Financial Corporation (IFC), World Bank, Royal Dutch Shell, and Global Investment House, Kuwait. Closed/ managed investment of over USD 1 billion and managed a USD 500 million private equity fund listed on the London Stock Exchange.

He held several senior management positions and board membership of listed and unlisted companies in financial (includes an Islamic bank of Malaysia promoted by Qatar Islamic Bank) and manufacturing sectors of several countries.

6. Fadwa Salim Said Al Fannah Al Araimi

Ms. Fadwa has a degree in Accounting. She is a member of the Board of Directors of Gulf Plastics Industries Co (SAOC) and Al Fajar Al Alamia Co (SAOG). She also

serves as a director in the National University of Science & Technology

7. Asim Salim Ali Al Ghailani

Mr. Asim Al Ghailani the Managing Director of Salim International Investment Holding Co. LLC. He holds an MSc in Investment Management (With Honor) from Bangor University, UK 2015 and a Bachelor degree in Finance from Oman in 2008. Asim is a well-qualified, detail oriented and results focused professional with rich experience of more than 20 years in strategic planning and managing investment portfolios across asset classes including Real Estate. Currently, Asim is a non-executive director and audit committee member of National Finance S.A.O.G.

He has also served as a non-executive director of listed companies as well as LLC companies in Oman and GCC.

8. Thabit Khamis Al Battashi

Mr. Thabit obtained a Bachelor of Science Degree in Finance & Banking from Applied Science University (Kingdom of Jordan) in 2006 and has a total experience of 14 years in various functions including Credit, Risk and Investment. Currently he is acting as the Head of Real Estate Investments in PASI. Mr. Thabit Al Battashi was nominated by PASI with effect from 08.09.2021 and replaced Mr. Nabil Al Mahrouqi who was the nominee until 07.09.2021.

Profile of Key Management Personnel

1. Mr. Pandidurai Marimuthu is the Acting Chief Executive Officer. He is a Chartered Financial Analyst (CFA), MBA (Finance) and a Graduate in Commerce. He has over 14 years of experience in the Investment field and has worked with institutions in India and the United Arab Emirates, before his current role with the Company.

2. Mr. Srinivaasrajagopal is the Finance Manager. He is a Chartered Accountant (FCA) and a Graduate in Statistics. He has over 25 years of experience in various institutions in India and United Arab Emirates before his current role with the Company.

Committees

Audit Committee

The Audit Committee (AC) is entrusted with the responsibility of overseeing compliance with the CMA's Code of Corporate Governance for Public Listed Companies. This mainly involves review of financial statements before submission to the Board, review of internal audit plans and reports, assessment of internal controls, assessment of risk management policies, evaluation of related party transactions, and acting as the medium of communication between the Board and the internal and statutory auditors of the company. The AC is responsible for preparing an annual report on the Internal Audit framework and function for the Board's review. The AC is also responsible for recommending the appointment or re-appointment of statutory auditor, to the Board during the year 2021, the committee held five meetings. The meetings were held on:

- February 21, 2021
- May 09, 2021
- August 03, 2021
- August 16, 2021
- November 9, 2021

Details of the composition of the committee and the attendance of the members are given below:

Name of the Director	Meetings attended
Sheikh Saleh Ahmed Mohamed Al Harthy (Chairman)	5
Mr. Bader Mohamed Rashid Al Fanna Al Araimi	5
Mr. Asim Salim Ali Al Ghailani	5

Investment and Nomination & Remuneration Committee (INARC)

The INARC which comprises of certain members of the board has been set up to oversee adherence to the investment policies and guidelines set out in the Investment Policy manual. The investment recommendations of the management are approved by the INARC as per its financial limits set forth in the company's Manual of Authorities. The INARC refers investment commitments beyond its financial authority to the Board for its approval. In addition, the committee shall exert its efforts to assist the company in formulating clear and transparent policies to inform shareholders about directors' and executives' remuneration. Moreover, the committee assists the board in selecting appropriately qualified personnel for executive management roles. During the year 2021 the committee held 4 meetings. The meetings were held on:

- April 27, 2021

- July 14, 2021
- November 25, 2021
- December 21, 2021

Details of the composition of the committee and the attendance of the members are given below:

Name of the Director	Meetings attended
Mr. Mohammed Ali Mohammed Al Fannah (Chairman)	4
Mr. Subrata Mitra	4
Mr. Nabil Hamed Al Mahrouqi	2
Mr. Thabit Khamis Al Battashi	2

Remuneration

The Board of Directors is entitled to a sitting fee for attendance at meetings. The remuneration is governed by the prevailing laws, the recommendation of the Board of Directors, and the decision of the shareholders at the Annual General Meeting. All the Board members are non-executive and no fixed remuneration or incentive is payable to them. They were paid fees for attending the meetings of the Board and other committees which amounted to RO 32,400 during the year 2021 (RO 35,300 in 2020).

The aggregate salaries and other benefits of the top five executives stood at RO 126,205 during the year 2021 (RO 124,876 in 2020). All employees have employment contracts as per the Omani Labour Law which stipulates the notice period for each party in the case of termination or resignation.

Compliance

There have been no strictures, penalties, fines or any other restrictive orders imposed on the company by the CMA, MSM or any other statutory body on any matter related to compliance during the financial year 2021.

Means of Communication with the shareholders and investors

The company maintains good communication relations with its shareholders by responding promptly to their enquiries and furnishing them the required information. A responsive, multilingual corporate website is monitored, updated, and maintained by the management. The company publishes its quarterly unaudited financial results in the daily newspapers, while the audited financial statements are being published on annual basis. Detailed financial statements are sent to the shareholders upon their request. Details of financial statements of the company are manually synchronized with the MSX website and

the website of your company.

Management discussion and analysis report

The Management Discussion & Analysis (MDA) is enclosed as a part of the Annual Report for the financial year 2021.

Independent evaluation of Board of Directors

At the AGM held on March 25, 2021 shareholders of the company appointed by Keynote Services LLC as Consultants to carry out an independent appraisal of the Board of Directors for the year 2021.

The appraiser evaluated the members based on the performance criteria approved and adopted by the Company. The appraiser in its detailed report concluded that the Board's performance was very satisfactory and effective in meeting its objectives. The report will be presented to the shareholders at the Annual General Meeting.

Market price data and distribution of shareholders

The movement of the company's share price during the financial year 2021 in the Muscat Stock Exchange (MSX) can be compared with the movement in the index of the market's financial sector. The following table shows the monthly open, high, low, and closing prices of the shares. The table also displays the comparative movement in the financial index of the MSX.

Month of FY 2021	Open	High	Low	Close	Financial Index
January	0.072	0.077	0.070	0.073	5,492.612
February	0.074	0.077	0.065	0.067	5,429.142
March	0.067	0.074	0.065	0.073	5,699.727
April	0.073	0.090	0.072	0.088	5,822.347
May	0.088	0.096	0.086	0.091	5,979.848
June	0.092	0.105	0.092	0.103	6,466.074
July	0.103	0.112	0.099	0.101	6,445.909
August	0.103	0.104	0.098	0.102	6,321.777
September	0.103	0.105	0.094	0.097	6,235.674
October	0.096	0.096	0.090	0.093	6,402.565
November	0.092	0.093	0.083	0.089	6,371.888
December	0.085	0.092	0.084	0.091	6,577.923

Distribution of Shareholding

Distribution pattern of shareholders owning shares that have voting rights in the company is presented below:

No. of Shares	No. of Shareholders	Total No. of shares	% of share in the Capital
10% and above	2	30,526,688	33.92 **
5% to 9.99%	3	15,292,942	16.99
1 to 4.99%	11	15,011,808	16.68
Below 1%	1,004	29,168,562	32.41
Grand Total	**1,020**	**90,000,000**	**100.00**

** 22.63% is owned by Sheikh Salem bin Said bin Hamad Al Fannah Al Araimi and 11.29% is owned by Al Siraj Holdings.

Outstanding Securities or instruments

The company has not issued any instrument or security that will have an impact on the capital structure of the company.

Compliance of Corporate Social Responsibility

We follow industry best practices and are involved in initiatives that benefit the society in geographies we operate. Our community engagement strategy includes setting aside a certain sum of money from our profits for *charitable donations. There is no instance of non-compliance by the Company with respect to its Corporate Social responsibility.*

Professional Profile of the Statutory Auditor

The shareholders of the company appointed Abu Timam Grant Thornton as its auditors for 2021. Abu Timam Grant Thornton is one of leading audit, tax and advisory firm in Oman and is part of Grant Thornton Oman, was established in 1973. Grant Thornton is one of the top 6 accounting firms recognized by Wall Street, USA. Grant Thornton has 50,000 employees across 130 countries. Oman unit of Grant Thornton has offices in Muscat and Salalah.

Abu Timam Grant Thornton has billed an amount of RO 5,775 towards professional services rendered to the Company for the year 2021.

Acknowledgment

The board of directors confirm their liability for the preparation of financial statement in accordance with the applicable standards and rules. During the year, the board of directors had reviewed the efficacy and adequacy of the internal controls and there are no material factors that affect the continuity of your company and its ability to continue its business during the ensuing financial year.

Mohamed Ali Mohammed Al Fannah

Chairman

February 23, 2022