

**CONSTRUCTION MATERIALS  
INDUSTRIES SAOG**

**SOHAR - SULTANATE OF OMAN**

**CORPORATE GOVERNANCE REPORT AND  
APPLICATION OF THE CORPORATE GOVERNANCE  
PRACTICE IN ACCORDANCE WITH FSA CODE  
OF CORPORATE GOVERNANCE**

31 DECEMBER 2024

**Construction Materials Industries SAOG**

Sohar – Sultanate of Oman

**Report on Corporate Governance 2024**

**I COMPANY’S PHILOSOPHY:**

Construction Materials Industries SAOG (the Company) has adopted the corporate governance framework introduced by FSA (CMA) vide CMA circular no. 11/2002 as amended by Circular No. 1/2003 in this respect. The Company always believed in good governance practices and it was a pleasure for the Board and management to note that the Company was in compliance with FSA regulations in this respect.

**1. Role and responsibilities of the Board:**

The regulations lay down the principles of demarcation between the role, responsibility and accountability of the Board of Directors and that of the management in the conduct of the affairs of the Company. The broad areas of Board’s responsibilities are as under:

- (a) Identifying a strategic vision of the Company based on its mission, purpose and objects, and set viable performance indicators within a reasonable time frame which can be measured objectively, updating them periodically.
- (b) Adopting business and financial policies pertinent to the performance of the Company's business and meeting its objectives, reviewing them periodically to ensure sustenance of their efficiency.
- (c) Setting required strategic executive plans, reviewing and updating them from time to time.
- (d) Adopting internal regulations and bylaws pertinent to steering and management of the affairs of the Company.
- (e) Adopting the disclosure policy of the Company, and monitoring compliance with its provisions as per regulatory requirements.
- (f) Identifying necessary competences and authority required for the executive management; and ratifying the delegation and implementation policy of powers to the management.
- (g) Monitoring the work of the management to ensure the business is properly managed according to the Company's objective and ensuring compliance with the laws and regulations.
- (h) Reviewing related parties' transactions.
- (i) Forming specialized committees; the resolution of which shall name committee members, and determine their duties, rights and obligations.
- (j) Ensuring the efficacy of systems and polices of the Company targeting successful operation of the Company, its development and attaining its goals and objectives.
- (k) Appointing the following key executive officers: chief executive officer, general manager, head of internal audit unit or compliance officer (if any) as well as determining their rights and responsibilities.
- (l) Evaluating, at least annually, the performance of specialized committees emanating from the board and key executive officers.
- (m) Approving quarterly and annual financial statements.

**2) Role and Responsibilities of the Management:**

- (a) Manage the daily business of the Company efficiently and faithfully in accordance with the policies and procedures approved by the board.
- (b) Work relentlessly to deliver the purposes of the Company and realize its objectives provided for in the articles of association.
- (c) Inform the board of the risks and challenges in a timely manner, as directed in the approved policies and procedures. In case of risks that have not been addressed by any of the approved policies and procedures, the management has to inform the board as soon as possible and in an appropriate manner.
- (d) Bear in mind the protection of shareholders' rights, the Company development, profits growth, and the safeguarding of the interests of stakeholders, the economy and community.

The Company shall adhere to the best practices in respect of appointment of directors, disclosure of Company's affairs, induction of new directors, appointment of key executives and fixing their remuneration, ensuring proper written delegation of authorities and operational procedures for the conduct of affairs of the Company based on the principles detailed in Annexure 1 of the FSA code corporate governance regulations.

## **II BOARD OF DIRECTORS:**

### **1. The Board**

The Company’s Board of Directors consists of three independent Directors and two non-independent directors.

Name of the Director		Designation	Category	Remarks	Details of attendance of Board Members for Board Meetings during 2024			
1.	Mr. Khalid Abdullah Mohammed Al Jabri	Chairman	Non Independent	Elected on 24.03.2024				
2.	Mr. Hussam Hisham Bostami	Vice-Chairman	Independent	Elected on 24.03.2024				
3.	Mr. Ahmed Abdullah Mohammed Al Jabri	Director	Non Independent	Elected on 24.03.2024				
4.	Mr. Jalal Hamed Abdul H. Al Qaysi	Director	Independent	Elected on 24.03.2024				
5.	Mr. Basem Atiyeh Jeris Masrweh	Director	Independent	Elected on 24.03.2024				
	Board Members	Board Meeting Dates						
		20-Jan	24-Feb	24-Mar	27-Apr	28-Jul	24-Aug	26-Oct
1.	Mr. Khalid Abdullah Mohammed Al Jabri	yes	yes	yes	yes	yes	yes	yes
2.	Mr. Hussam Hisham Bostami	yes	yes	yes	yes	yes	yes	yes
3.	Mr. Ahmed Abdullah Mohammed Al Jabri	yes	yes	yes	yes	yes	yes	yes
4.	Mr. Jalal Hamed Abdul H. Al Qaysi	yes	yes	yes	yes	yes	yes	yes
5.	Mr. Basem Atiyeh Jeris Masrweh	yes	yes	yes	yes	yes	yes	yes

3. Details of attendance of Board Members for Annual General Meeting Meeting held on 24<sup>th</sup> March 2024.

	Board Members	AGM 24/03/2024
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1.	Mr. Khalid Abdullah Mohammed Al Jabri	Yes
2.	Mr. Hussam Hisham Bostami	Yes
3.	Mr. Ahmed Abdullah Mohammed Al Jabri	Yes
4.	Mr. Jalal Hamed Abdul H. Al Qaysi	Yes
5.	Mr. Basem Atiyeh Jeris Masrweh	Yes

#### 4. Other Boards or Board Committees where he is a Director / Chairperson

### III AUDIT COMMITTEE:

#### 1. Brief description of terms of reference:

	Board Members	No. of other boards or board committees
1.	Mr. Khalid Abdullah Mohammed Al Jabri	---
2.	Mr. Hussam Hisham Bostami	1
3.	Mr. Ahmed Abdullah Mohammed Al Jabri	---
4.	Mr. Jalal Hamed Abdul H. Al Qaysi	---
5.	Mr. Basem Atiyeh Jeris Masrweh	---

- (a) Consideration and review of the internal audit system, and consequently submitting an annual written report outlining its opinion and recommendations.
- (b) Consideration of the internal audit reports and follow up remedial action with regard to the comments therein.
- (c) Providing recommendations to the board of directors vis-à-vis the appointment and removal of external auditors as well as specifying their fees. The recommendation must bear in mind the independence of such auditors.
- (d) Following up the work of the external auditors and approving any non- audit services which they are assigned during the audit process.
- (e) Consideration of the audit plan in conjunction with the external auditor and comment thereon.
- (f) Consideration and follow up of the comments of the external auditor on the financial statements.
- (g) Consideration of quarterly and annual financial statement prior to their presentation to the board, providing opinion and recommendations.
- (h) Consideration of the adopted accounting policy, providing opinion and recommendations thereon to the board.
- (i) Ascertaining the adequacy and sufficiency of the internal control systems, either through examining the regular reports of internal and external auditors or appointment of external consultants.
- (j) Overseeing the preparation of financial statements including but not limited to the following:
  - Review annual and quarterly financial statements prior to publication.
  - Review the reservations and qualifications of external auditors in the draft financial statements (if any).
  - Discuss accounting principles in general, focusing on any changes in accounting policies and principles that had taken place and their impact on the financial position of the Company.
  - Ensure compliance with disclosure requirements prescribed by the FSA.
- (k) Serving as a communication channel between the board, external auditors and the internal auditor.
- (l) Reviewing the details of all proposed RPTs, and providing appropriate recommendations to the board.
- (m) Devising a risk management plan, obtaining approval by the board and following up its implementation. The plan shall, at minimum, include the following:
  - Key risks which the Company is exposed to and their probability (risk appetite).

- Mechanisms for identification, measurement and monitoring of these risks.
  - Mechanisms for periodic examination, detection and reporting of risks (especially new risks).
  - Means to mitigate risks, if avoidance is not possible.
- (n) Setting and reviewing the Company policies pertaining to risk management, taking into account the Company business, changes in market conditions and the Company’s investment and expansion tendencies and approach.
- (o) Setting up an executive programme for risk management in the Company, and providing training or orientation to the board and the executive management.
- (p) Submitting analytical reports periodically, or as directed by the board, on risk status and management.
- (q) The committee may seek the assistance of any other entity on a consultancy basis to assist the committee in performing its duties.
- (r) The committee shall submit its recommendations to the board at the time determined by the board.

Details of attendance of Audit Committee Meetings during the year 2024

			Audit Committee Meeting Dates			
	Committee Members	Designation	24-Feb	27-Apr	28-Jul	26-Oct
1.	Mr. Hussam Hisham Bustami	President	yes	yes	yes	yes
2.	Mr. Basem Atiyeh Jeris Masrweh	Member	yes	yes	yes	yes
3.	Mr. Ahmed Abdullah Mohammed Al Jabri	Member	yes	yes	yes	yes

IV EXECUTIVE COMMITTEE, NOMINATIONS & REMUNERATIONS:

The members of the Board of Directors decided unanimously to merge both the Executive Committee and the Nominations and Remuneration Committee into one committee under the name of the Executive Committee, Nominations and Remuneration, based on the Board of Directors’ decision (M 5/3/2024) dated March 2024 ,24. The Board members unanimously decided to form the Executive, Nominations and Remuneration Committee as follows: -

- **Mr. Khalid bin Abdullah Al-Jabri - Chairman of the Committee**
- **Mr. Basseem Attia Masarweh - Member**
- **Mr. Jalal Hamad Al-Qaisi - Member**

1. Brief description of terms of reference:

Decide on all operational decision beyond Management Authority.

Review new business proposals and make recommendations to the Board

Review of management analysis on monthly performance of the Company.

Examine management proposals for write-offs and make recommendations to the Board.

- Provide succession planning for the executive management.
- Develop a succession policy or plan for the board or at least the chairperson.
- Prepare detailed job descriptions of the role and responsibilities for directors including the chairperson. This will facilitate orientate directors towards their tasks and roles, and appraise their performance.
- Look for and nominate qualified persons to act as interim directors on the board in the event of a seat become vacant.
- Notwithstanding the articles of association of the Company, look for and nominate qualified persons to assume senior executive positions, as required or directed by the board.
- Prepare a bonus, allowances and incentive policy for the executive management.
- Review such policies periodically, taking into account market conditions and Company performance.
- 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.

Examine management proposals for write-offs and make recommendations to the Board.

Details of attendance of Executive & Nomination and Remuneration Committee Meetings during the year 2024

			Executive Committee Meeting Dates	
	Committee Members	Designation	20-Jan	24-FebVI
1.	Mr. Khalid Abdullah Mohammed Al Jabri	President	yes	yes
2.	Mr. Jalal Hamed Abdul H. Al Qaysi	Member	yes	yes
3.	Mr. Basem Atiyeh Jeris Masrweh	Member	yes	yes

PROCESS OF NOMINATION OF DIRECTORS:

A shareholder wishing to contest the elections and meeting the requirements of the Commercial Companies Law, Capital Market Authority and the Company’s Articles of Association, shall complete and deposit the prescribed nomination form (which can be collected from the Company’s office or the Capital Market Authority) with the Company at least two business days prior to the date of the Annual General Meeting. The candidate shall ensure that all information required in the form is provided accurately and clearly.

The Company’s legal advisor shall review the candidates’ forms to ensure that all required information is recorded on the form as well as ensuring that the candidates satisfy all the terms and conditions. He shall also ensure that the election process is carried out in accordance with the applicable laws and regulations at the Annual General Meeting.

VII REMUNERATION MATTERS:

- i. The sitting fees paid to the Board of Directors (including Executive Committee, Audit Committee, Nomination and Remuneration Committee members) for the year 2024 amounted to RO 16,750. No remuneration paid to Directors. Sitting fees paid to the Board of Directors are mentioned below:

Sl No	Employee Name	Designation	BOARD	AUDIT	EXECUTIVE & REMUNERATION AND NOMINATION	TOTAL
1	Mr. Khalid Abdullah Mohammed Al Jabri	CHAIRMAN	2,450	---	500	2,950
2	Mr. Hussam Hisham Bostami	VICE CHAIRMAN	2,450	1,000	---	3,450
3	Mr. Ahmed Abdullah Mohammed Al Jabri	DIRECTOR	2,450	1,000	---	3,450
4	Mr. Jalal Hamed Abdul H. AlQaysi	DIRECTOR	2,450	---	500	2,950
5	Mr. Basem Atiyeh Jeris Masrweh	DIRECTOR	2,450	1,000	500	3,950
	TOTAL in Rial Omani		12,250	3,000	1,500	16,750

- ii. Basic salary, allowance and perquisites to top 5 employees in the year amounted to RO.105,852/-. During the year, no performance-based bonus, awards and incentives were paid.
- iii. The Company enters into a formal contract for employment with each employee and such contracts are in line with the regulation of Ministry of Manpower and Omani Labour Law. End of service benefits including gratuity and notice pay are paid according to Oman Labour Law.

VIII. Directors and Key Personnel

BOARD OF DIRECTORS

1. MR. KHALID ABDULLAH MOHAMMED AL JABRI

- CHAIRMAN
2. MR. HUSSAM HISHAM BOSTAMI

- VICE CHAIRMAN
3. MR.AHMED ABDULLAH MOHAMMED AL JABRI

- DIRECTOR
4. MR. JALAL HAMAD ABDUL HAMID AL QAISI

- DIRECTOR
5. MR. BASEM ATIYEH JERIS MASRWEH

- DIRECTOR

KEY PERSONNEL



1. MR. TALAL NASER QASEM OQLAH – GENERAL MANAGER

Mr. Talal Naser has more than 29 years of experience in the field of finance, account management and general management. Began working with CMI as Accounts Manager since 2000 had a steady and successful performance. During his 25 years' service in CMI he has been fulfilling successfully the roles of Accounts Manager, Finance Manager, Acting General Manager and as a result promoted as General Manager from 01st July 2013. Having more than 29 years hand on experience in the field of Finance and Accounts, Management, Production Planning and Marketing & Sales Strategies, Mr. Talal Naser holds a Bachelor of Accounts & Finance Degree from Amman University, Jordan.

2. MR. SANTHOSH N V – ACTING FINANCE MANAGER

He has CMI has appointed Mr. Santhosh N V as Chief Accountant in February 2008. He has been delivering and fulfilling the requirements of the Company since then. As an appreciation for his performance, he has been promoted as Accounts Manager from 01<sup>st</sup> July 2013. Mr. Santhosh holds a Master of Commerce Post Graduate Degree in Finance & Accounts from Calicut University, India. He possess a hand on experience of 30 years in the field of Finance and Accounts in various industries. He has been working in Oman since June 2001 with SAOG companies. The Company has promoted him as Acting Finance Manager since 01<sup>st</sup> May 2024.

3. MR. NARENDRA KUMAR SAINI – OPERATIONS MANAGER

Mr. Narendra Kumar Saini has almost 34 years' hand on experience in lime stone industries in various capacities such as Supervisor, Assistant Production Manager, Senior Plant Manager and General Manager – Plant, in India and UAE. Working with CMI since March 2020 as Operations Manager, Mr. Saini possess a Bachelor of Science degree (Physics, Chemistry & Mathematics), LLB, and Chemical Engineering degree from India.

4. MR FAHIM SALIM – SALES & MARKETING MANAGER

He has been appointed as Sales & Marketing Manager from October 2015. Mr. Fahim holds a Master degree in Business Administration (MBA) and Bachelor degree in Chemistry (Hons.). He has got a total experience of twenty years in the fields of Sales, Business development, Revenue maximization, key account management, Marketing, Sales promotion and team management.

5. MR VIVEKANDA REDDY – DEPUTY PLANT MANAGER

He is a Bachelor in Engineering in Electronics and Instrumentation from Anna University, Tamil Nadu, India. He has got a work experience in the production and maintenance field for more than 20 years. He has been working with CMI from July 2009 to Jan 2014 and from 22/03/2016 till now. Mr. Vivek is also coordinating the upcoming projects with Vendors, Contractors, Consultants and other related agencies.

**IX. DETAILS OF NON-COMPLIANCE BY THE COMPANY:**

No penalties or strictures were imposed by MSX, FSA, or any other regulatory authority on the company during the past three years.

**X. MEANS OF COMMUNICATION WITH THE SHAREHOLDERS AND INVESTORS:**

- Quarterly results of the Company are published in two leading newspapers in Arabic and English. Quarterly results in electronic format are also provided to Financial Services Authority for uploading on MSX website “msx.om”.
- Management discussion and Analysis Report forms part of the Annual Report.
- Twice a year, following the Board of Directors approval of the financial statements, management organizes online discussion sessions for investors, analysts, and the public, with prior announcements made on MSX platform. These sessions are designed to promote transparency and boost investor confidence.

**XI. INTERNAL AUDIT AND CONTROLS:**

The Board of Directors and Audit Committee have reviewed the systems of internal audit and control and are satisfied with the same considering the size of the business and volume of the transactions involved. The company had appointed external professional audit agency to comply with the internal audit activities for the year 2024.

**XII SHAREHOLDERS OF THE COMPANY WHO OWN 5% OR MORE OF THE COMPANY’S SHARES WHETHER IN THEIR NAME OR NOMINEE ACCOUNT AND THE NUMBER OF SHARES THEY HOLD ARE AS FOLLOWS:**

Sl No	Description	Number	%
1	Mr. Khalid Abdullah Mohammed Al Jabri	15,562,500	24.900
2	Mr. Fahad Abdur Rehman Saif Al Asani	14,590,379	23.345
3	Mr. Said Sulaiman Ahmed Al Hooqani	3,452,767	5.524
4	Mr. Tariq Suleiman Ahmed Al Hooqani	3,271,221	5.234
5	M/s. First National Co	3,125,000	5.000

**XIII. TRANSACTIONS WITH THE RELATED PARTIES:**

Related parties comprise the Directors, key business persons and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties which arise in the normal course of business from the commercial transactions, and are entered into at terms and condition which the management considered to be comparable with those adopted for arm’s length transactions with third parties.

(a) Transactions with related parties

	2024	2023
	RO	RO
Purchase of goods and services	1,775	126
Sale of goods and services	---	---
There are no related party balance to disclose at the end of reporting period.		

(b) Key management compensation

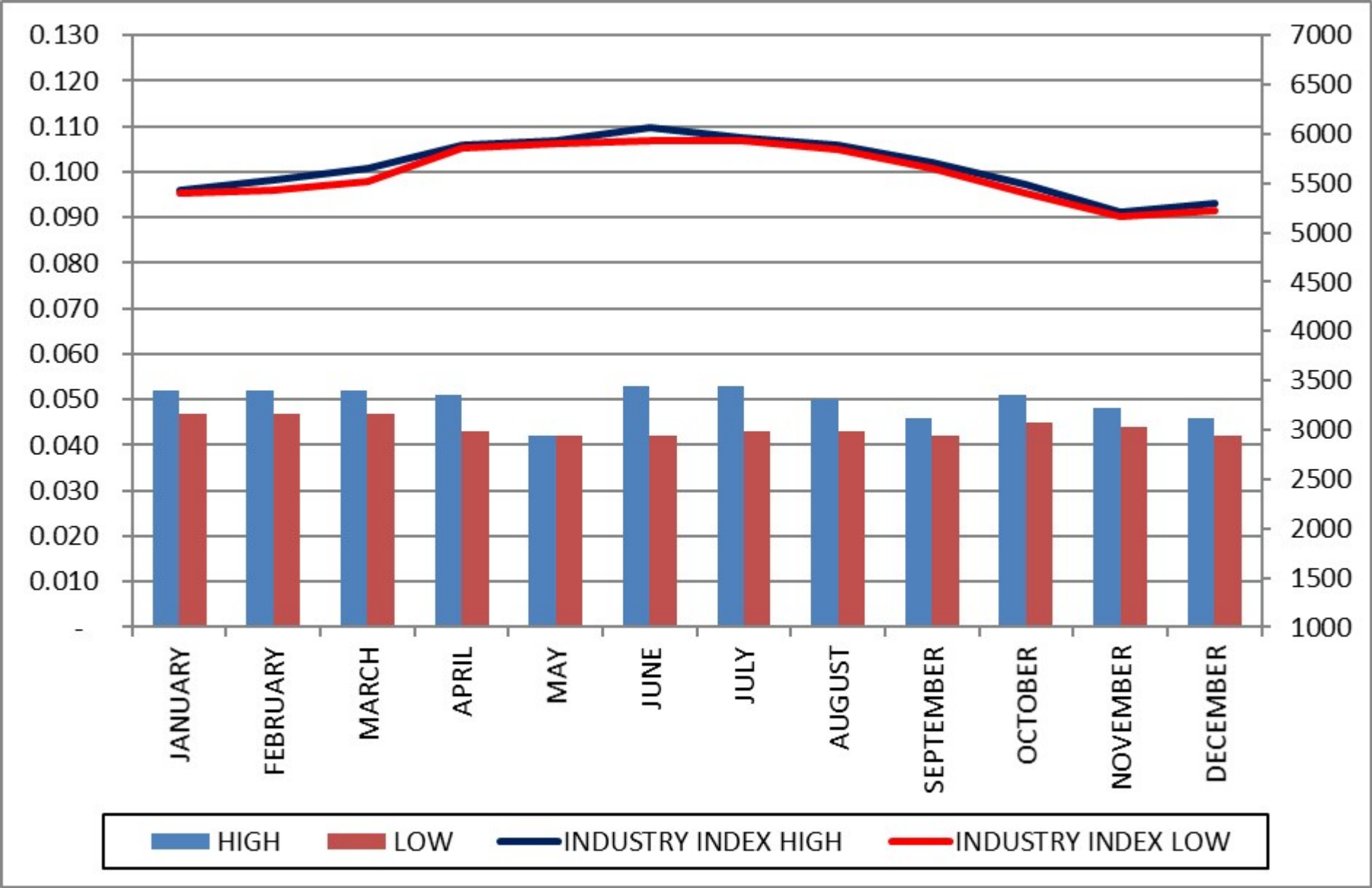
	2024	2023
	RO	RO
Executive Management Compensation	<u>105,852</u>	<u>105,056</u>

XIV. SHARE MARKET PRICE DATA (Share value in RO):

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Month	Share Value High	Share Value Low	Industry Index High	Industry Index Low
January	0.052	0.047	5,428.92	5,402.26
February	0.052	0.047	5,535.03	5,426.76
March	0.052	0.047	5,657.72	5,515.96
April	0.051	0.043	5,884.79	5,851.21
May	0.042	0.042	5,929.99	5,899.09
June	0.053	0.042	6,066.29	5,924.71
July	0.053	0.043	5,966.95	5,936.62

August	0.050	0.043	5,885.12	5,849.30
September	0.046	0.042	5,711.74	5,655.41
October	0.051	0.045	5,490.94	5,401.72
November	0.048	0.044	5,200.89	5,157.88
December	0.046	0.042	5,293.66	5,223.05



MSM Industry Sector Index vs Construction Materials Industries SAOG in 2024.

Company does not have any American Depository Receipt (ADR) / Global Depository Receipts (GDR) / Warrants or any other convertible instruments as on 31 December 2024 and

hence likely impact on equity is Nil

#### **XV. PROFESSIONAL PROFILE OF THE STATUTORY AUDITOR:**

“Crowe Oman” is one of the leading accounting and advisory firms in the Sultanate of Oman. Crowe Oman is a member firm of Crowe Global, which has a history of 100+ years. Crowe Global is one of the top 10 accounting networks worldwide, operating with more than 800 offices in 140 countries, and employing more than 40,000 staff. Crowe practitioners help multinational organizations reduce uncertainty in measuring and reporting the implications of transactions in and across diverse jurisdictions. Crowe provides audit & assurance, tax advisory, management consultancy, risk advisory, business advisory and cybersecurity services to numerous SAOG, SAOC and other prestigious privately owned companies/groups in the Sultanate of Oman. Their clients can rely on extensive knowledge in specialized areas and personal delivery from the professionals they work with. Their clientele industries include Banking & NBFCs, Mutual Funds, Money Exchanges, Manufacturing, Hospitality, Contracting, Trading, Retail, Professional Firms and many more. Crowe Oman is accredited by the Financial Services Authority (FSA) to audit joint stock companies (SAOG’s).

The audit fee paid to Crowe Oman for the 2024 financial year was RO. 4,000/- along with VAT and out of pocket expenses.

#### **XVI. LEGAL CONSULTANTS:**

M/s. Rajab Al-Kathiri & Associates, Lawyers and Legal Consultants are the recognized Legal Advisor to the Company in Oman. Established since 32 years by a group of advocates and legal consultants, they are possessing vast experience in various legal areas. Since its establishment, the firm has been consistently listed in the top tier of law firms in the region. They have a good record for their services being rendered to the industries in Oman.

#### **Acknowledgement by the Board of Directors**

The board of Directors has reviewed the Internal Control system through its meetings and found it effective.

There are no material things that effect the continuation of the Company and its ability to continue its production operations during the next financial year.

The audited financial reports have been prepared by the management of the Company in accordance with IFRS/IAS.

The Board of Directors acknowledges its commitment to comply with the Code of Corporate Governance and its principles, safeguarding stakeholders’ interests, and maintaining transparency and accountability. There are no known violations or deviations from the Code of Corporate Governance during the reporting period.

**Chairman – Audit Committee**      **Member – Board of Directors**