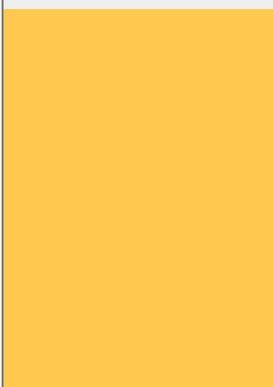


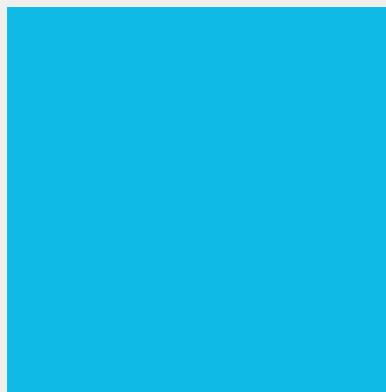


Allied Insurance Company

Corporate Governance Report 2023



Allied Insurance Company
of the Maldives Pvt. Ltd



1.1 Introduction

The Governance Report for Allied underscores the Company's steadfast commitment to robust corporate governance practices, aligning with law, notably the Companies Act, Regulations of Maldives Monetary Authority (MMA) related to insurance industry, and internal regulations that govern the operations.

The report delves into the transparent structure of the Board of Directors, emphasizing adherence to regulatory frameworks and the establishment of committees like Audit and Risk Management. The document also delves into internal policies governing operations, ensuring adherence to industry best practices. Additionally, stakeholder engagement, financial transparency, and outlook are integral components, collectively illustrating the Company's dedication to ethical business conduct and long-term value creation.

MMA's Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies is observed as the primary Corporate Governance Code. Additionally, the Code of Corporate Governance for STO Group of Companies is also adhered to.



1.2

Purpose and Nature of the Company

In 1985, Allied started off as a joint venture between Commercial Union Assurance Company, UK, and State Trading Organization (STO). In early 1987, STO bought back shares of Commercial Union Assurance chartering Allied Insurance to continue doing the business as a subsidiary of STO.

With a majority of local management, the Company is one of the largest financial institutes and the most prominent insurance brand contributing to the growth and development of the country. Allied has had tremendous growth over the past decades, both in terms of volume and business profitability.

Our customers are well spread across the geographical divides of the tiny island nation. From the fisherman who own small fishing boats to the major resort operators, our clients are varied in their trades and in their sizes. Having gathered and recognized the experience of the local market, developing professionalism and expertise in the field, we are poised to play a responsible role in the development of the insurance industry in Maldives and its economy.



1.3

The Board Charter

The Board Director's charter guides the directors in fulfilling their corporate governance duties and strategic leadership. This charter sets out the roles, responsibilities, structure, and processes of the Board. It further emphasizes all aspects of the board processes.

The objectives of the Board includes;



Provide strategic directions for the organization,



Establishing a policy-based governance system



Ensuring that the company complies with all relevant laws and regulations



Identifying operational risks and adopting mitigation strategies



Monitoring the financial performance



Recruit, supervise, retain, evaluate the Managing Director and Executive Management,



Ensuring that technology and information systems used are sufficient



Publishing the required stakeholder reports



1.4 Tenure

In 2023, the Board underwent 5 major changes. At the end of 2023, early December, Managing Director Mr. Mohamed Shafaz and Independent Director Mr. Moosa Naseem were dismissed from the Board. Mr. Hussain Luwaiz was appointed to the Board as the Managing Director effective 7th December 2023 and Mr. Ibrahim Muavin was appointed to the Board on 13th December 2023. Subsequently, Chairman Mr. Ismail Mifrah changed to a non-executive director of the Board and Mr. Ibrahim Muavin was appointed as the Chairman on 14th December 2023.

The current directors have been on the Board for a term of between a few months to 3 years. No directors exceeded a term of 6 years on the Board



1.5 Board Composition and Diversity

Following the prevailing governance requirements, Allied Board is composed of 7 Directors. Among these, 5 are non-executive directors, with 2 of them classified as independent. The remaining 2 Directors held executive positions within the Company, including the role of Managing Director. Moreover, the Board includes of 1 female Director.

All Board members brought diverse professional backgrounds and qualifications to the table, holding managerial roles or higher within STO and the industry.

Throughout 2023, each member was deemed to have acted independently and in the Company's best interests.

The following individuals served as directors on the Board in 2023

Name	Position in Board	Initial Appointment Date	Date of Change in Position	Resigned / Removed Date
Mohamed Nizam	Former Chairman	10th July 2016		2nd July 2023
Ismail Mifrah	Former Chairman Non-Executive Director	2nd July 2023		
Ibrahim Muavin	Chairman	14th December 2023		
Mohamed Shafaz	Former Managing Director	12th June 2012		7th December 2023
Hussain Luwaiz	Managing Director	7th December 2023		
Ahmed Shabiq	Executive Director	2nd July 2023		26th June 2024
Mariyam Nuzla	Former Non-Executive Director	10th July 2016		2nd July 2023
Mohamed Samah	Non-Executive Director	2nd March 2021		
Aminath Niusha Khaleel	Non-Executive Director	2nd July 2023		
Moosa Naseem	Former Non-Executive, Independent Director	27th October 2021		6th December 2023
Irufau Abdulla	Non-Executive, Independent Director	27th October 2021		



1.6

Independence

All Directors have a duty to act with independence of mind, in the best interest of the Company. The Board believes that the Independent Non-Executive Directors are of the appropriate caliber, and number, for their views to carry significant weight in the Board's deliberations and decisions.

The AOA further indicates that most of the Board members including the chairman of Audit Committee, shall be independent of the Company. The independence of these members is determined by the criteria described in the MMA's Regulation on Corporate Governance for Banks, Insurance Companies and Finance Companies and are verified by the MMA, upon submission of nominations to Board appointments.

Two of the Non-Executive Members of the Board were deemed independent in the past year.



1.7

Process of Appointment of Directors

Directors representing the majority shareholder are recommended and nominated by the shareholder. Upon receiving a nomination, the Board assesses the candidates, and if deemed suitable for Board membership, the nominee undergoes a fit and proper review by MMA. Once the nominee receives approval from MMA, shareholders appoint the Director during an Extraordinary General Meeting.

For independent directors, the Board actively seeks and recruits potential candidates who align with the requirements of MMA's governance regulations. The nomination, fit and proper assessment, and appointment process are consistent with that of any other director. Unlike directors representing majority shareholders, whose terms are indefinite, independent directors serve a maximum term of 4 years.

When nominating new directors, factors such as appropriate qualifications, skills, experiences, and diversity in terms of age and gender are considered.



1.8

Segregation of duties between Chairperson and the Managing Director

The positions of Chairperson of the Board of Directors and Managing Director of the Company are held by separate individuals. Their respective roles and duties are outlined in the Board Charters, where a clear distinction between their functions is provided.

The Chairperson's primary responsibility is to lead the Board. In board meetings, the Chairperson presides over sessions, manages the strategic agenda, delegates authority, and ensures timely provision of information for informed decision-making. Additionally, the Chairperson identifies, and addresses development needs, conducts annual evaluations, and fosters relationships with shareholders.

On the other hand, the Managing Director is primarily responsible for the day-to-day operations of the Company. This entails overseeing strategies and leadership, ensuring compliance with regulations, formulating objectives and strategies, and optimizing the utilization of resources.

The Chairman and Managing Director confirmed that they had no relations with each other or any of their immediate family members.



1.9

Board Induction and Continuing Education

The Company offers a comprehensive orientation program tailored for newly appointed directors, aiming to familiarize them with business operations and governance protocols. Administered by the Company Secretariat, this program delivers a thorough understanding of directors' roles within the organization.

Additionally, the Company is firmly committed to the continual learning and professional growth of our Board of Directors. It was ensured that each director possessed the necessary skills, knowledge, and abilities to address intricate challenges and make valuable contributions to governance and strategic decision-making of company matters.

In 2023, directors engaged in a diverse array of training sessions encompassing topics such as good governance, leadership & influential skills, ITC digital insurance agenda, and Enterprise Risk Management. These sessions aimed to enhance their leadership capabilities, understand the digital transformation within the insurance industry, and equip them with tools for effective risk identification and mitigation across the enterprise.



1.10

Evaluation of the Board

In pursuit of continuous improvement and transparent governance, the Board of Directors went through a comprehensive internal evaluation of its performance for the year 2023, as per the Board Directors Performance Evaluation framework. The 2023 evaluation was carried out February 2024. An online assessment tool was utilized to gather feedback and insights from various perspectives, including the Board as a whole, individual directors, the chairman, managing director, board committees, and the company secretary.

The outcomes of this assessment facilitated the identification of both strengths and areas requiring improvement. Recommendations resulting from the evaluation were deliberated upon and deemed necessary to be implemented in future governance strategies and initiatives.

Furthermore, in November 2023, a skill matrix was introduced. This strategic tool is designed to ensure that the Board consisted of individuals with diverse abilities, thereby creating an environment conducive to effective management, goal attainment, and informed decision-making. Furthermore, the skill matrix acts as a dynamic roadmap, aligning the combined expertise of our directors with the evolving requirements of the Company.



1.11

Board Remuneration

Board remuneration is decided and enforced by the shareholders. As such, following are the board fee structure and the total board fees received to each director in 2023.

Board fee structure	
Monthly board allowance for chairman and directors including executive members	MVR 5,000.00
Sitting fee per board meeting	MVR 300.00
Sitting fee per committee meeting	MVR 250.00
Total fees received to directors in 2023	
Total	MVR 424,133

Due to salary disparities in the employment market, the Board of Directors has chosen not to disclose the individual remuneration package of top management and executive directors.

1.12 Board Meetings and attendance

During the year, a total of 9 Board Meetings were convened. During 2023, the Board of Directors devoted ample time to board meetings and company matters.

The drafting of the agenda for each meeting is the responsibility of the Company Secretary, in collaboration with the Chairman and Managing Director. Directors were notified in accordance with the Articles of Association and empowered to suggest additional agenda items as necessary.

The following table illustrates directors' attendance at board meetings.

Name	Attendance to Board (No. of meeting attended / no. of meetings held)	Attendance %
Mohamed Nizam	5/5	100%
Ismail Mifrah	4/4	100%
Ibrahim Muavin	1/1	100%
Mohamed Shafaz	8/8	100%
Hussain Luwaiz	1/1	100%
Ahmed Shabiq	4/4	100%
Mariyam Nuzla	5/5	100%
Mohamed Samah	9/9	100%
Aminath Niusha Khaleel	4/4	100%
Moosa Nasem	7/8	88%
Irufaa Abdulla	9/9	100%



1.13 Board Proceeds and Major Decisions

The Board has access to company information, with executive team members and managers often invited to board meetings to provide additional insights. Ahead of meetings, board materials such as agendas and papers are distributed well in advance via email.

To ensure directors are well-informed about Company performance, management regularly shares reports containing budgets, forecasts, quarterly financial reports, and monthly management accounts.

Furthermore, the Chief Audit Executive furnishes the Audit and Risk Committee, and where necessary, the Board, with information on audit reports.

Throughout the year, the Board made several significant decisions, including:

- Reviewed and approved several policies to ensure rigorous governance practices.
- Financial of 2022 was reviewed and approved.
- Reviewed organizational structure
- Reviewed and approved several investment opportunities to ensure better returns to shareholders
- Decided on employee bonus
- Distributed 40% surplus to Ayady customer for the year 2021 and extended tenure of Shariah Committee for an additional year.
- Approved budget 2024



1.14

Non-executive Directors Meeting

In accordance with the Board Charters and Governance Code, the non-executive directors held a meeting separate from the executive members of the Board. The assessment primarily aimed to evaluate the efficiency of information exchange between management and the Board, with a focus on aspects like communication quality and timeliness.



1.15

Board Committees

The Board depends on the assistance provided by its committees, including the Audit and Risk Committee, the Nomination and Remuneration Committee, and the Corporate Governance and Compliance Committee. Each year, the Board appoints and evaluates the performance of the Chairpersons and members of these Committees.

The Audit Committee is required to meet at least once every quarter while other committees are required to meet as and when required. The agenda and duration of committee meetings are determined by the respective Chairpersons and the Company Secretary. All Committees have charters in place that are approved by the Board of Directors, describing in detail the duties and responsibilities of the Committees.

The Nomination and Remuneration Committee is combined for the purpose of expediency since most of the same Directors are entrusted with the functions of both Committees.

Prior to any tasks being executed by the management, recommendations put forth by the committees, undergo approval by the Board.



Ibrahim Muavin
Chairman

1.15.1

Audit and Risk Committee

Focus Area 

Financial Oversight and Risk Management

Composition 

The Committee was formed in adherence to the Governance Code, comprising 3 members.

In 2023, there were 2 alterations to the Committee membership, with changes to the Board, Ms Aminath Niusha Khaleel was appointed to the Committee and Ms Mariyam Nuzla was withdrawn from the Committee pertaining to her resignation from the Board.

Later, Mr Moosa Naseem was also withdrawn from the Committee following his resignation from the Board.

Primary Responsibilities 

The main responsibility of the Committee includes assisting the Board of Directors in exercising its responsibility towards all stakeholders, ensuring that the financial affairs of the Company are in line with the required regulations. The Committee also reviews the adequacy of internal controls of the Company and the business risks of the Company and recommends risk minimizing policies and models to the Board.

Meetings and Attendance

In 2023, the Committee held 12 meetings. The General Managers and Heads of the Departments made presentations to the meetings where required. External Auditors also attended the meetings as and when required.

Name Post in Committee	Joined Date	Removed Date	Attendance (no. of meetings attended / no. of meetings held)	Attendance %
Irufaau Abdulla Chairperson	08th March 2022		12/12	100%
Aminath Niusha Khaleel Member	16th July 2023		7/7	100%
Mohamed Samah Member	28th March 2021		12/12	100%
Moosa Naseem Chairperson	08th March 2022	06th December 2023	12/12	100%
Mariyam Nuzla Member	08th March 2022	02nd July 2023	5/5	100%

Major Activities

- Agreed to submit Financials 2022 for Board endorsement.
- Decided to advise the Board to appoint a Chief Internal Auditor.
- Discussed Budget 2024 and decided to present it to the Board.



Mr. Irufaau Abdulla
Chairperson of Audit and Risk Committee

1.15.2

Nomination and Remuneration Committee

Focus Area

Shaping the leadership and compensation framework of the organization

Composition

The Committee was formed in adherence to the Governance Code, comprising 3 members.

In 2023, there were 2 alternations to the Committee membership, Ms Mariyam Nuzla was withdrawn from the Committee pertaining to her resignation from the Board and Mr Moosa Naseem was appointed to the Committee.

Later, Mr Moosa Naseem was also withdrawn from the Committee following his resignation from the Board.

Primary Responsibilities

The key obligation of the Committee is to nominate, appoint and retain Board members and key management positions with individuals having the right skills and experience.

Meetings and Attendance

In 2023, the Committee held 1 meeting. The General Managers and Heads of the Departments made presentations to the meetings where required.

Name Post in Committee	Joined Date	Removed Date	Attendance (no. of meetings attended / no. of meetings held)	Attendance %
Aminath Niusha Khaleel Chairperson	16th July 2023		1/1	100%
Mohamed Samah Member	28th March 2022		1/1	100%
Irufaa Abdulla Member	08th December 2021		1/1	100%
Moosa Naseem Member	16th July 2023	06th December 2023	0/0	NA
Mariyam Nuzla Chairperson	21st September 2016	02nd July 2023	1/1	100%

Major Activities

- Reviewed Management Bonus Policy.
- Discussed revising the salary structure, company performance and staff turnover.
- Decided to advise Board to instruct management to prepare a succession plan and a staff retention plan.



Aminath Niusha Khaleel

Chairperson of Nomination and Remuneration Committee

1.15.3

Corporate Governance and Compliance Committee

Focus Area  Good governance.

Composition 

The Committee was formed in adherence to the Governance Code, comprising 4 members.

In 2023, there was 1 alternation to the Committee membership, Ms Mariyam Nuzla was withdrawn from the Committee pertaining to her resignation from the Board and Mr Moosa Naseem was appointed to the Committee.

Later on, Mr Moosa Naseem was also withdrawn from the Committee following his resignation from the Board.

Moreover, with changes to the Board, Mr Ismail Mifrah was appointed to the Committee.

Primary Responsibilities 

The objective of this committee is to aid the board in monitoring a process to assess the board's effectiveness in developing and administering the corporate governance principles and practices. In addition, the committee's mandate includes ensuring implementation of best practices in the Company's operations through development of relevant policies and procedures.

Meetings and Attendance

In 2023, the Committee held 5 meetings. The General Managers and Heads of the Departments made presentations to the meetings where required.

Name Post in Committee	Joined Date	Removed Date	Attendance (no. of meetings attended / no. of meetings held)	Attendance %
Mohamed Samah Chairperson	28th March 2021		5/5	100%
Ismail Mifrah Member	27th December 2023		0/0	N/A
Aminath Niusha Khaleel Member	16th July 2023		2/2	100%
Irufaa Abdulla Member	08th December 2021		5/5	100%
Mariyam Nuzla Member	09th January 2017	02nd July 2023	3/3	100%

Major Activities

- Major Company policies were discussed and reviewed throughout the year.
- Compliance Reporting to the Regulator was reviewed.



Mohamed Samah

Chairperson of Corporate Governance and Compliance Committee



1.16

Conflict of Interest and Materially Significant, Related Party Transaction

The Company has a Disclosure of Interest Policy approved by the Board. Under this policy, Directors are required to disclose any significant interest they or their immediate family members hold in any company, association, or other affiliation. This information is carefully reviewed and, if necessary, cross-referenced with relevant authorities to verify its accuracy.

No significant or material related party transactions occurred during 2023.



1.17

Good governance, Policies and Procedures

Over the years, the Board has consistently reviewed and enhanced the Corporate Governance principles of the company to fulfill its corporate responsibility to stakeholders. These principles are pivotal in empowering the Board with the necessary authority and processes to effectively review and evaluate operations as required.

The Company adheres to the Corporate Governance Code of STO Group of Companies and, where required, adopts other best practices and good governance practices.

The Company further adheres to the Group Policies enforced upon the Company by shareholders, such as the Conflict of Interest and Declaration Policy, Blacklisting Policy, and the Whistleblower Policy. Apart from these, the Company further has in place many policies to govern the processes and procedures of the Company.



1.18

Company Secretary

The Company Secretary assists the Board and its individual directors by offering guidance on how to fulfill their responsibilities in the best interests of the Company.

Continuously updating her knowledge of Corporate Governance best practices and regulations, the Company Secretary ensures that she remains well-informed. Moreover, she regularly supplies directors with the necessary information as needed.



1.19

Management Review and Responsibilities

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The Company further adheres to the Group Policies enforced upon the Company by shareholders, such as the Conflict of Interest and Declaration Policy, Blacklisting Policy, and the Whistleblower Policy. Apart from these, the Company further has in place many policies to govern the processes and procedures of the Company.



1.20

Internal and External Audit

The Company maintains an independent Internal Audit function. The Internal Auditor reports functionally to the Chairperson of the Audit and Risk Management Committee and administratively to the Managing Director. This function ensures impartial and objective assurance, systematically evaluating and proposing enhancements for more effective management, governance, and internal control processes.

External Auditors are appointed annually at the Annual General Meeting. PricewaterhouseCoopers (PwC) was appointed by the shareholders as the External Auditors for 2023. The performance of the Auditors is reviewed by the Audit and Risk Management Committee regularly. The Company follows the International Financial Reporting Standards (IFRS), ensuring reasonable assurance regarding the accuracy of Financial Statements.

Both the Board of Directors and management welcome the impartial opinions and recommendations of the Auditors, internal and external alike, and strive to address the findings highlighted in the Auditor's Reports for continuous improvement.

In 2023, PwC Maldives exited PwC network and joined Deloitte network, while maintaining the same partner and registered address.



1.21

Internal Control, Risk Management and Compliance

The internal control and risk management frameworks in place ensure that the Company achieves its goals concerning efficient operations, compliance with applicable laws and regulations, and dependable financial reporting. The Company's control environment shapes individual and collective behavior, defined by policies, procedures, manuals, codes, IT-generated controls, and are reinforced by the organizational structure, which delineates clear responsibility and authority based on shared values.

The MMA's governance regulation requires the Risk Management and Compliance function to be segregated from the Internal Audit function. However, for the time being the Risk Management and Compliance function is overseen by Internal Auditor with the approval of MMA. Nonetheless, the Company is working towards the segregation of the 3 lines of defense. The company has a comprehensive Risk Management framework in place.

The Board of Directors bears ultimate responsibility for establishing an effective internal control system. The Managing Director is tasked with maintaining internal controls, while the Audit and Risk Committee aids the Board in overseeing the adequacy of relevant manuals, policies, and significant accounting principles.

Instructions for delegation of authority, manuals, policies, procedures, codes of conduct, and the employee handbook delineate the limits of authorities and responsibilities. These internal guidelines, along with external laws and regulations, collectively shape the control environment.

The Board remains satisfied with the adequacy of existing internal controls in place.



1.22

Shares, Shareholding and Shareholder voting rights

The Company has 2 classes of shares: Ordinary shares and Redeemable shares. While the independent Directors are offered redeemable shares, all other shareholders hold ordinary shares. There are 4 shareholders currently. While Maldives Gas owns 2 shares, and the independent directors, each hold 1 share, STO holds the remaining of the issued shares. Total issued shares are 300,002 shares.

According to the Articles of Association, each share accounts for one vote each. Voting is based on show of hands, where the vote is counted as 1 vote per member, unless 10% shareholders or their proxies present, request for a poll where voting will be counted on shares represented.



1.23

Systems for Raising Concerns

Appropriate mechanisms are in place to enable employees, management, or other stakeholders to raise any concerns, whether on a confidential basis or otherwise, about any non-compliance or fraud or other misdemeanor within or to the Company. The Company has established whistleblower facilities and portals for stakeholders to submit their concerns to relevant officers and Board of Directors.



1.24

Annual General Meeting

The decision-making rights of shareholders are exercised at the General Meetings. The Annual General Meeting of the company is held during the first half of the year.



1.25 Dividend

The Company did not declare any dividend for the year 2023.



1.26 Details of Non-Compliance

No penalty has been imposed by any regulator or authority due to a non-compliance issues. Issues noted regarding compliance with regulatory and other statutory requirements are being addressed immediately and effectively.



1.27 Going Concern Declaration and Future Outlook

The Board is confident in its composition, believing that the Board and Management possesses a well-rounded mix of members capable of providing vital support to the Company in achieving its strategic and business goals.

As a result, there is a prevailing sense of optimism among the Board members regarding the Company's prospects. The Board is committed to continuing its efforts to pursue the Company's long-term vision and therefore affirm that the Company can proceed with confidence in carrying out its operations, implementing proposed plans, and achieving projected results effectively.



Thank You.

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of the Maldives Pvt. Ltd

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