

Directors' Report 2024



CORPORATE GOVERNANCE

The Board of Directors has emphasized to management the importance of upholding strong corporate governance through the implementation of clear policies and procedures. The Board of Directors of MIFCO remains committed to the highest standards of corporate governance, recognizing its essential role in preserving business integrity and protecting shareholder interests. In line with this commitment, the Board continues to provide oversight and strategic direction to ensure that the Company operates with transparency, accountability, and in full compliance with regulatory requirements. Continuous efforts are made to strengthen internal controls, enhance risk management practices, and promote a culture of ethical conduct across all levels of the organization. These measures are vital to reinforcing stakeholder confidence and supporting the sustainable growth of the Company.



THE BOARD

The MIFCO Board operates in accordance with the Company's Articles of Association, the Corporate Governance Code, and the Companies Act of the Maldives. Its primary role is to define the responsibilities of executive management, ensure effective oversight, and monitor performance to maintain accountability to both the Company and its shareholders.

As the ultimate governing body, the Board is responsible for providing effective leadership and strategic direction. Throughout the year, it has overseen all aspects of the Company's operations. The Board also plays a key role in the development and approval of policies, guidelines, and systems to ensure that the Company adheres to best practices, in line with the Corporate Governance Code.

THE BOARD COMPOSITION

In accordance with the Articles of Association (AOA) of the Company, the Board comprises seven directors, including the Chairman, the Managing Director and the Chief Executive Officer. All directors are nominated by the Privatization and Corporatization Board. Except for one member, the others are independent and non-executive directors. In terms of gender diversity, MIFCO's Board includes two female directors.

ROLES AND RESPONSIBILITIES OF THE BOARD

- Recruit, supervise, retain, evaluate and compensate the Chief Executive Officer
- Fiduciary duty to protect the organization's assets and member's investment
- Ensure that the Annual Report is submitted
- Adopt disclosure policy
- Establish Commercial and Financial Policies
- Establish a policy-based governance system
- Ensuring that technology and information systems used are sufficient
- Providing sufficient time for the Company
- Upgrading the level of Proficiency and skill
- Review Company's Performance
- Provide direction for the organization
- Ensuring that the company complies with all relevant laws and regulations
- Evaluation of performance and work
- Monitor and control function
- Ensuring Board Succession and Diversity
- Govern the organization and the relationship with the Chief Executive Officer
- Forming Committees
- Each director should add value to the Board
- Adopt the Annual and interim financial statements
- Advising the Executive Management

CHAIRMAN

The Chairman is responsible for chairing Board and general meetings, running the Board, and ensuring its effectiveness in all aspects of its roles, including the regularity and frequency of meetings. They set the Board agenda, considering the issues and concerns of all Board members. The Chairman also ensures appropriate delegation of authority from the Board to executive management. Furthermore, they manage the Board to allow ample time for discussion of complex or contentious issues, ensuring that directors have sufficient time to consider critical matters, ask questions, and address concerns, without facing unrealistic deadlines for decision making.

BOARD OF DIRECTORS

The Board of Directors holds the ultimate responsibility for protecting and enhancing the Company's assets on behalf of all shareholders and other stakeholders. Independent and Non-Executive Directors are expected to fully assume the responsibilities of stewardship on behalf of the Government, other shareholders, and the public. In fulfilling this duty, the Board ensures that corporate decisions align with the company's strategic objectives. The Board also establishes policies related to operations, risk management, and human resources, evaluates the performance of senior executives, and approves major initiatives.

CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR

The Chief Executive Officer and Managing Director (CEO & MD) hold the highest executive authority in the management of the company. The CEO is accountable to, and reports directly to, the Chairman and the Board of Directors. The CEO is responsible for the day-to-day operations of the company and oversees all executive management matters affecting the organization. All members of the executive management team report, either directly or indirectly, to the CEO. During the year 2024, the position of CEO at MIFCO changed twice.

COMPANY SECRETARY

The Company Secretary is appointed by the Board and is accountable to the Board through the Chairperson on all matters relating to their duties as an officer of the Company. The Company Secretary also reports to the Chief Executive Officer on all executive or administrative matters. All Directors have access to the Company Secretary.

The Company Secretary's responsibilities in relation to the proper functioning of the Board include maintaining records of all decisions, ensuring that Board and Committee policies and procedures are followed, and coordinating all Board-related activities. In 2024, MIFCO underwent three changes in the position of Company Secretary.

ATTENDANCE AT BOARD OF DIRECTORS’ MEETINGS FOR THE YEAR 2024

In 2024, a total of 15 Board meetings were held. Throughout the year, the Board focused its discussions on business performance, the approval of the Annual Report and quarterly financial statements, as well as decisions related to financing, investments, business development initiatives, ethical audit matters, and structural changes. The attendance record of each director at Board meetings is detailed in the table below.

NAME	DESIGNATION	MEETINGS	APPOINTED	REMOVED
Husen Amru Mohamed Rashad	Chairman / Non-Executive Director	15/15	9th December 2023	29th December 2024
Ahmed Shamah Rasheed	CEO / Executive Director	4/4	30 November 2023	21st May 2024
Dr. Vitaliy Lyubimov	CEO / Executive Director	0/0	5th December 2024	3rd March 2025
Ahmed Shahid	Non-Executive Director	2/2	12th April 2023	14th March 2024
Mohamed Nizam	Non-Executive Director	0/2	11th October 2016	1st March 2024
Mariyam Nuzla	Non-Executive Director	1/2	13th June 2019	13th February 2024
Shimaz	Non-Executive Director	14/15	7th December 2023	-
Salah Shareef	Non-Executive Director	14/15	12th December 2023	-
Shazna Mohamed	Non-Executive Director	11/13	19th April 2024	-
Zuleikha Yoomee Rasheed	Non-Executive Director	12/13	19th April 2024	-

CHANGES TO THE BOARD DURING THE YEAR 2024

During the year 2024, as a part of governance changes, the following board members were replaced.

NAME	DESIGNATION	APPOINTED	REMOVED
Ahmed Shareef	Chairman	9th December 2023	29th December 2024
Ahmed Shamah Rasheed	CEO / Executive Director	30 November 2023	21st May 2024
Dr. Vitaliy Lyubimov	CEO / Executive Director	5th December 2024	3rd March 2025
Ahmed Shahid	Non-Executive Director	12th April 2023	14th March 2024
Mariyam Nuzla	Executive Director	13th June 2019	13th February 2024
Mohamed Nizam	Non-Executive Director	11th October 2016	1st March 2024

KEY BOARD DECISIONS OF 2024

- Endorsed and resolved the appointment of Mr. Ahmed Shamah Rasheed as Executive Director to the Board.
- Reviewed and approved the adjustment of the Board allowance in accordance with PCB guidelines, effective from January.
- Approved the change of MIFCO's logo to the previously used logo.
- Approved the transfer of 13 ice plants from FENAKA to MIFCO.
- Approved the handover of Kanduoiy Giri Fish Village to the Maldives National Defence Force.
- Reviewed and approved the provision of 60 days of special paid leave for employees diagnosed with terminal illnesses.
- Reviewed approved 15 days of Umrah leave for employees.
- Reviewed and approved the audited financial statements and Directors' Report for the year 2023.
- Approved the extension of the Felivaru expansion and Gemanafushi Ice Plant projects being carried out by Rinec India Limited.
- Approved the purchase of a new landing craft for MIFCO.
- Reviewed and resolved regulatory and compliance matters related to the 2023 Annual General Meeting.
- Approved the conduct of the AGM 2023 on 4th November 2024.
- Reviewed and proposed the appointment of External Auditors for the financial year ending 31 December 2024.
- Reviewed and approved revisions to the organizational structure as proposed by the Management.
- Reviewed and approved to revise the Staff Bond period.
- Reviewed and approved the awarding of the 30MT Ice Plant and 50MT Cold Storage Facility at Sh. Funadhoo, Dh. Meedhoo, and Dh. Bandibhoo, as recommended by the MIFCO Bid Committee.
- Approved the auctioning of Randhi 22 and Randhi 27.
- Approved the publication of quarterly and monthly financial statements for the quarterly reports of 2024.
- Endorsed and resolved the appointment of Dr. Vitaliy Lyubimov as Executive Director to the Board.
- Reviewed and approved the signing of a tripartite agreement between MIFCO, Bank of Maldives, and the Ministry of Finance and Planning.

CONFLICT OF INTEREST

In compliance with MIFCO’s Disclosure of Interest Policy No.10/POL/CORP/2021 Principles: Clause 2.1, Directors are required to declare any conflicts of interest and follow the procedures outlined in the Board Charter. During the year 2024, no conflicts of interest were declared during Board discussions, therefore no member refrained from participating in any related deliberations.

BOARD INDUCTION & TRAINING

In 2024, two new Directors joined the Board and were provided with an induction program to familiarize them with the company’s operations and governance processes. Additionally, they completed the Directors’ Training Program conducted by the CMDA. Due to the company’s financial situation, no further training sessions were offered to the Board of Directors during the year. As part of the familiarization process, all Board Directors visited Felivaru to inspect the production cannery and other site operations.

BOARD DIRECTORS’ REMUNERATION

The Board of Directors is compensated in accordance with the Board’s directives, as outlined in the PCB circular issued to MIFCO regarding directors’ remuneration. The total remuneration paid to the Board of Directors in 2024 amounted to MVR 519,174.14.

DETAILS	AMOUNT (PER MONTH)
Chairman	12,800.00
Non-Executive Director	7,500.00
Sitting Allowance	500.00

BOARD COMMITTEES

To support the effective execution of its responsibilities, the Board delegates specific functions to dedicated committees. The Board comprises the following committees:

- a). Nomination and Remuneration Committee
- b). Audit and Risk Committee

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration (NR) Committee is responsible for ensuring effective governance by overseeing the appointment and evaluation of key executives. The Committee maintains an independent stance, making recommendations for appointments and ensuring that executive members possess the necessary experience and qualifications. It also plays a crucial role in establishing transparent and fair remuneration policies that align with the Company's goals. The NR Committee's work ensures that the appointment process is conducted fairly, that its members are independent of management, and that decisions are made in the best interest of the Company and its shareholders.

The Nomination and Remuneration Committee is composed of at least three directors, with a majority being non-executive and

independent of management. Appointments to the committee are made by the Board, following recommendations from the Nomination Committee, and are for a period of up to three years, extendable for two additional terms. The committee's members have exclusive rights to attend meetings, although other individuals, such as the CEO, HR head, or external advisors, may be invited when necessary. The company secretary or a nominee act as the committee's secretary, ensuring timely distribution of information for proper consideration. The Board appoints the committee chair, who must be either the Board chair or a non-executive director. In the absence of the chair, the remaining members elect a substitute from those eligible for the position.

NR COMMITTEE MEETINGS AND ATTENDANCE

The Nomination and Remuneration Committee consists of three members, all of whom are non-executive directors. The Committee was chaired by Mr. Salah Shareef and held a total of three meetings in 2024. The attendance record of the members is shown below.

DETAILS	MEETINGS HELD	MEETINGS ATTENDED
Salah Shareef	3	3
Shimaz	3	3
Zuleikha Yoomee Rasheed	3	3

KEY DECISIONS OF THE NR COMMITTEE DURING 2024

- Review and endorsement of the Mifco Executive Committee.
- The Committee conducted the recruitment process to hire a General Manager for the Human Resources Department.
- Approval of Human Resources related policies for the organization.

CONCLUSION

The Committee has effectively guided the Board on matters related to nomination and remuneration. Accordingly, it is satisfied with the progress and activities undertaken during the year.

Chairman of the Committee,

On behalf of the Nomination and Remuneration Committee,
Salah Shareef

AUDIT AND RISK COMMITTEE

The Committee is responsible for reviewing the company's risk profile and evaluating the effectiveness of its risk management policies. It commissions and reviews actuarial studies as necessary to assess potential risks. Additionally, the Committee reviews the effectiveness of internal controls, suggesting modifications where required, and monitors the robustness and integrity of financial statements, ensuring appropriate reporting and disclosures. It also examines the appropriateness of accounting policies, ensuring consistency in their adoption and alignment with international financial reporting standards (IFRS). The Committee provides advice on, and reviews, the internal audit function and its work plan, and oversees the external audit process to ensure its thoroughness and compliance.

COMMITTEE MEETINGS AND ATTENDANCE

The Audit and Risk Management Committee consisted of three members and met six times during the year 2024. All committee members are non-executive directors. The members were appointed by the Board of Directors, with due regard to the provisions in the Company's Articles of Association and Corporate Governance Code. The Committee was chaired by Mrs. Shazna Mohamed. The committee was established to assist the Board in overseeing the Company's financial reporting process and internal control systems, and its mandate has since been expanded to include responsibilities related to risk management. Details of attendance at the meetings are as follows:

DETAILS	MEETINGS HELD	MEETINGS ATTENDED
Shazna Mohamed	6	6
Shimaz	6	6
Zuleikha Yoomee Rasheed	6	6

KEY AUDIT COMMITTEE DECISIONS OF 2024

- The Committee carried out the recruitment process for the position of Chief Internal Auditor.
- The Committee reviewed the Internal Audit reports presented by the Internal Audit Department and reported the findings and recommendations to the Board accordingly.
- The Committee reviewed and endorsed the Audited Financial Statements and the Management Letter issued by the External Auditors for the year ended 31st December 2023.
- The Committee reviewed the Annual Budget for the year 2025.

RISK MANAGEMENT

Throughout the year, the Board prioritised a strong risk management system with regular assessments and effective controls. While some risks are unavoidable, the Board remains committed to protecting the Company's assets, reputation, and long-term sustainability. The Risk and Internal Audit Department monitors and reports risks, maintaining a detailed register and alerting management to major issues. Day-to-day risk management rests with management, while the Board oversees key and strategic risks through the Audit and Risk Management Committee. The overall risk profile remained unchanged in 2024.

PRINCIPAL RISKS

STRATEGIC RISKS

RISK	DESCRIPTION	POTENTIAL IMPACT	MITIGATION MEASURE
Commercial & market	Operates in competitive market	Loss of revenue and profit	<ul style="list-style-type: none">• Dynamic Pricing• Internal Controls

OPERATIONAL RISKS

RISK	DESCRIPTION	POTENTIAL IMPACT	MITIGATION MEASURE
Health & safety	Risk of accidents and personal injury	Serious injuries	<ul style="list-style-type: none">• Safety Standards.• Training & Supervision.
Fire and Explosion	Lack of Fire extinguishers and measures taken	<ul style="list-style-type: none">• Loss of Essential inventories.• Investment Loss.	Immediate incident response plan.

FINANCIAL RISKS

RISK	DESCRIPTION	POTENTIAL IMPACT	MITIGATION MEASURE
Plunge in export prices	Fluctuation in world tuna prices	Loss of revenue and profit	<ul style="list-style-type: none">• Investment in storage• Value addition to improve yield and profit

STRATEGIC RISKS

RISK	DESCRIPTION	POTENTIAL IMPACT	MITIGATION MEASURE
IT System Failure	IT systems disruption due to internal failure and third-party service providers	<ul style="list-style-type: none">• Interruption to accounting systems.• Business Interruption.	<ul style="list-style-type: none">• Continuous review of IT System• Alignment with best practice
Data Breach	Sensitive data being targeted by cyber criminals.	<ul style="list-style-type: none">• Business interruption• Financial Loss• Reputational Damage	<ul style="list-style-type: none">• Licensed Antivirus Software• Staff training

CONCLUSION

The Committee has effectively guided the Board on matters related to Audit and Risk. Accordingly, it is satisfied with the progress made and the activities undertaken during the year.

Chairman of the Committee,

On behalf of Audit & Risk Committee,

Shazna Mohamed

ANNUAL GENERAL MEETING

The 2023 Annual General Meeting was held on 5th November 2024, at the STO Training Institute. On behalf of the shareholder, the Ministry of Finance and Planning, Deputy Minister Mr. Hassan Miras attended the meeting. Also present were Ms. Aminath Arshy, Senior Financial Analyst from PCB, Board members, and members of the MIFCO Executive Committee.

MAJOR DECISIONS MADE AT THE AGM

- Approved the minutes of the 2022 Annual General Meeting.
- Approved the Director's Report for 2023.
- Approved the Company's Audited Financial Statements for 2023.
- Approved the appointment of External Auditors for the financial year ending 31 December 2024, as instructed by the Auditor General's Office.



SYSTEM FOR RAISING CONCERNS

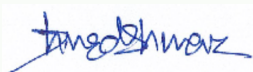
MIFCO has implemented a whistleblower system that enables employees and other stakeholders to raise concerns regarding fraud, misconduct, non-compliance, and other related issues. All stakeholders can access the company website and use the whistleblower portal to submit their complaints or messages. These submissions are directed to the Chief Internal Auditor and the Chairperson of the Audit & Risk Committee.

In 2024, no notifications were received through the whistleblower portal. However, cases related to disciplinary issues and matters reported by certain authorities were addressed and resolved by the relevant departments and committees.

MIFCO has established a Disciplinary and Grievance Committee, as well as a Sexual Harassment Committee, dedicated to resolving complaints related to harassment and grievances. All cases received by these committees have been duly handled, except for a salary related grievance submitted by employees. Due to the company's financial position and unforeseen management changes, it was unable to approve the requested staff salary increases.

DECLARATION OF THE BOARD

The Board of Directors of MIFCO hereby declares that, to the best of its knowledge and belief, the information provided in this Director's Report accurately reflects the Company's performance, financial position, and governance practices for the financial year ending 2024.



Shimaz,
Acting Chairman



Brigadier General (RETD)
Farhath Shaheer, CEO



Maldives Industrial Fisheries Company Limited

mifco.mv