

## **Corporate Governance Report**

The principles of Corporate Governance mainly deal with the way companies are led and managed, the role of Board of Directors and the framework of internal controls. Al Kamil Power Company SAOG (the Company) has adopted the principles and guidelines of the Code of Corporate Governance issued by the Capital Market Authority (CMA). The Board and the Management of the Company support the highest standards in Corporate Governance towards transparency, accountability, disclosure and business propriety with the aim of enhancing long term shareholders value and the interests of all other stakeholders. The Board of Directors is responsible for approving and monitoring the Company's overall strategy and policies, including risk management policies, control systems, business plan and annual budget. The management is responsible to provide the Board of Directors with appropriate and timely information to monitor and maintain effective control over strategic, financial, operational and compliance issues.

The Board and Management of the Company are therefore committed to adopt the best practices of corporate governance that promotes ethical standards and individual integrity and supports the guidelines issued by the CMA and at the same time protects the rights of the stakeholders. Towards this, the Company has in place effective policies, procedures and systems to ensure fair and timely release of material information about the Company.

In accordance with the CMA rules and guidelines on disclosure, the Company's Statutory Auditors, PricewaterhouseCoopers, have issued a separate report on the Company's Governance Report for the year ended 31 December 2015.

### **Board of Directors**

The Board of Directors comprises of five members. The roles of CEO and Chairman are not combined. The Board's role, its functions and responsibilities are clearly defined.

To facilitate proper governance, the Company's management places before the Board, at least, the minimum information required by Article 4 of the Code of Corporate Governance.

The election for the Board of Directors was held at the Annual General Meeting of the shareholders of the Company held on 18 March 2013 for a term of three years. The term of the current Board will expire at the conclusion of the Annual General Meeting of the shareholders of the company to be held in the year 2016.

The following chart explains the composition of the Board of Directors as at December 2015:

No	name	Independent/non Independent	Represent himself /Juristic Person	Executive / non Executive
1	Mr. Ramani Hariharan	Non-Independent	Nominee of National Power Al Kamil Investments Limited	Non-executive
2	Mr. Jurgen De Vyt	Non-Independent	Nominee of National Power Oman Investments Limited	Non-executive
3	Mr. Micah Jahnke	Non-Independent	Nominee of Al Kamil Investments Limited	Non-executive
4	Mr. Khalil Ahmed Abdullah Al Harthy	Independent	Self nominated- non shareholder	Non-executive
5	Mr. Pradeep Asrani	Independent	Self nominated- non shareholder	Non-executive

The following table details the composition of the Board of Directors during 2015, and their attendance at Board of Directors meetings held during 2015:

Name of Director	Board Meetings held during the period	Board Meetings attended
Mr. Ramani Hariharan	5	2
Mr. Jurgen De Vyt	5	5
Mr. Micah Jahnke	5	4
Mr. Pradeep Asrani	5	5
Mr. Khalil Ahmed Abdulla Al Harthy	5	5

The Board meeting dates were:

11 February 2015  
19 March 2015  
23 April 2015  
27 July 2015  
26 October 2015

### *Other Interests*

As declared by the Board members, other than Mr. Pradeep Asrani, no member of the Board is a Board member of any other public joint stock companies whose principal place of business is in the Sultanate of Oman. Mr. Pradeep Asrani is a member of Board of Directors of Gulf Investment Services Holding Company SAOG. Consequently, no member of the Board is a Chairman of more than two public joint stock companies. Furthermore, as at 31 December 2015, no director is a member of the Board of Directors of a joint stock company which has similar objectives to the Company and whose principle place of business is in the Sultanate of Oman.

### **Profile of the members of the Board of Directors**

**Name:** Ramani Hariharan  
**Position:** Chairman  
**Year of Joining:** 2014  
**Education:** B. Tech - IIT, Mumbai and M.S., University of Illinois, USA  
**Experience:** Over 20 years of experience in business development, management, energy advocacy, regulatory affairs and project management experience in Asia, the Middle East, Canada and the United States. He has extensive experience in deregulated electricity markets and regulated electricity framework.

**Name:** Jürgen De Vyt  
**Position:** Deputy Chairman  
**Year of Joining:** 2015  
**Education:** Master's degree in Business Administration (Executive Management) from the Vlerick Leuven Ghent Management School and a Master's degree in Electrical Engineering.  
**Experience:** Mr. De Vyt joined Al Batinah Power as CEO in January 2014. He has over 23 years of experience in the management of major, international projects in industry, infrastructure and power sectors. Since he joined the GDF SUEZ group in 1991, he has been in charge of multicultural teams responsible for the realization of projects in Europe and Northern Africa.

**Name** Micah Jahnke  
**Position** Director and member Audit Committee  
**Year of Joining** 2013  
**Education** MBA in Finance from the Bauer School of Business University of Houston (USA) with focus in energy, BBA Accounting Stephen F. Austin State University (USA)  
**Experience** Senior Business Controller, VP, GDF Suez Energy South Asia Middle East Africa. He has 19 Years of experience in accounting/finance areas of tax planning & reporting, financial reporting, process control, financial analysis, business control and mezzanine fund investment. His experience covers multiple industries including the power generation, oil & gas, LNG, retail power, real estate, high wealth estate planning, portfolio management and hedge fund investment.

Name	Khalil Ahmed Al Harthy
Position	Director and Chairman Audit Committee
Year of Joining	2008
Education	Graduate in Finance and MIS, Fellow in International Compliance Association
Experience	Partner at The Performance World LLC; Worked at the Central Bank of Oman in the Treasury and Investment Department as a portfolio Manager for about 12 years. Subsequently joined Al Ahlia Insurance company where he was Assistant General Manager for about 8 years covering areas of retail, motor claims, and shared services and operations. He became a full time Partner in the Performance World LLC from 2010.

Name	Pradeep Asrani
Position	Director and Member Audit Committee
Year of Joining	2014
Education	Science graduate from Bombay University with post graduate qualifications in Business Management
Experience	Mr. Asrani, presently the Chief Executive Officer of Gulf Investment Services Holding Co. SAOG (GIS) and Managing Director of Gulf Baader Capital Markets SAOC (GBCM), has over 39 years' experience in commercial and investment banking with leading banks in India together with the subsequent stint in Oman. Prior to joining GIS, Mr. Asrani worked with Barclays Bank plc as Director of Corporate Finance and Head of Investment Banking. Earlier, he was Head of Credit with Barclays Bank and Societe Generale.

### **Directors with Materially Significant related party transactions, pecuniary or business relationship with the Company**

All details relating to financial and commercial transactions where directors may have a potential interest are provided to the Board, and interested directors neither participate in the discussion, nor do they vote on such matters. All such matters are also discussed in detail by the Audit Committee.

During the year, all related party transactions were duly notified and agreed in the Board meeting.

The three main shareholding companies, representing 65% of the share capital, are registered in the United Kingdom and are subsidiaries of ENGIE (known previously as GDF Suez). ENGIE and its subsidiaries (including Al Kamil Construction and Services LLC) are deemed to be related parties.

## **Audit Committee**

### *Brief Description of Terms of Reference*

The primary function of the Audit Committee is to assist the Board in fulfilling overseeing responsibilities by reviewing:

- the financial reports and other financial information provided by the Company to any governmental body or the public;
- the Company's compliance with legal and regulatory requirement;
- the Company's systems of internal controls regarding finance, accounting, legal compliance and ethics that the management and the Board have established; and
- the Company's auditing, accounting and financial reporting processes generally.

Consistent with this function, the Audit Committee encourages continuous improvement of, and adherence to, the Company's policies, procedures and practices at all levels.

The Audit Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting processes and internal control systems;
- recommend the engagement of external and internal auditors of the Company;
- review and appraise the audit efforts of the Company's statutory and internal auditors; and
- provide an open avenue of communication among the statutory and internal auditors, the senior management and the Board of Directors.

The Audit Committee approves the quarterly unaudited and annual audited financial statements. The Audit Committee, on behalf of the Board, has regularly reviewed the internal controls of the Company. They meet the internal auditor of the company, Mr. Ahmed Fahim and external internal auditors of the Company, M/S Moore Stephens, on a regular basis to review the internal audit reports, its recommendations and any associated management comments. The engagement of Moore Stephens as internal auditors was discontinued in Feb 2015 as Mr. Ahmed Fahim has been conducting commendable internal audit for the last over 5 years and has conducted his duties and the responsibilities of internal auditor diligently. Audit Committee members have also met the external auditors to review audit findings and the management letter. The Audit Committee also briefs the Board on the effectiveness of the internal controls in the Company. The Audit Committee and Board are pleased to inform the shareholders that in their view an adequate and effective internal control system is in place and that there are no significant concerns.

### *Audit Committee*

The Audit Committee consists of three non-executive members of the Board. Mr. Khalil Ahmed Al Harthy, the Chairman of the Audit Committee, and Mr. Pradeep Asrani were independent members of the Audit Committee. The third member of Audit Committee is Mr. Micah Jahnke who is non-independent director.

The following table details the composition of the Audit Committee and the attendance record of the Audit Committee members during 2015:

Name of Committee Member	Position	Meetings held during the period	Meetings attended during the period
Mr. Khalil Ahmed Abdulla Al Harthy	Chairman	4	4
Mr. Pradeep Asrani	Member	4	4
Mr. Micah Jahnke	Member	4	3

Meeting dates were:

10 February 2015

23 April 2015

27 July 2015

26 October 2015

#### *Procedure for standing as candidate for the Board of Directors*

The election of the Board of Directors is governed by the Company's Articles of Association (Articles 25 to 27). The Company ensures that the elections to the Board of Directors are held in accordance with the Commercial Companies Law and Rules issued by the Capital Market Authority.

The five members of the Board of Directors are elected from amongst the shareholders or non-shareholders. A shareholder who is elected as director is required to hold a minimum of 5000 shares as qualifying shares which they may not dispose off throughout their term in office.

Article 25 of the Company's Articles of Association stipulates the following restrictions with regard to the composition of the Board:

1. The majority of the Board members must not be working for the Company in consideration of a fixed monthly or annual remuneration.
2. A minimum of one-third of the Directors must be independent directors. That is to say, such directors or any of their first degree relatives should not have occupied any senior post (such as the Chief Executive Officer, General Manager or similar posts in accordance with the organisational structure) in the Company for the last two years. In addition, they should not have had any relations with the Company, its parent company or its affiliate or sister companies that could result in financial transactions.
3. More than one director shall not represent a juristic person on the Board of the Company.
4. The Chief Executive Officer / General Manager / Chairman's office shall not be held by a single person

The members thus elected hold office for a period of three years.

### Annual General Meeting

- The last Annual General Meeting was held on 19 March 2015.
- Mr. Ramani Hariharan, Mr. Pradeep Asrani, Mr. Micah Jahnke and Mr. Khalil Ahmed Al Harthy attended the last Annual General Meeting.

### Remuneration

#### *Directors – Remuneration / Attendance Fees*

The total attendance fees paid to the Directors and Audit Committee members for 2015 was RO 8,000 as detailed below:

Name of Director	Number of meetings attended	Total Sitting fees paid in Rials Omani
Mr. Ramani Hariharan	2	500
Mr. Jurgen De Vyt	5	1250
Mr. Micah Jahnke	7	1750
Mr. Pradeep Asrani	9	2250
Mr. Khalil Ahmed Abdulla Al Harthy	9	2250
Total	32	8,000

No other remuneration was paid to the directors.

#### *Remuneration to Key Management*

The remuneration package of the executives is made up of a fixed and variable component. The fixed component includes salary, perquisites and gratuity benefit as per the Omani Labour Laws. The variable component is performance-linked bonus, which is based on pre-determined parameters of performance.

#### *The Aggregate Remuneration paid to top officers of the company*

(Amt in Rials Omani)

Remuneration	Allowances	Bonus	Terminal benefits	Notice period	End of service gratuity
89,796	28,275	18,779	5,863	3 months	As allowed under the Omani Labour Laws

**Profile of Management Staff**

Mr. Navneet Kasbekar, CEO of the Company, resigned from the Company on 31 March 2015 and was replaced by Mr. Yaqoub Al-Harthi.

Yaqoub Al-Harthi	Chief Executive Officer
Date of Joining	April 2015
Qualification	Bachelor's degree in Mechanical Engineering from the Sultan Qaboos University.
Experience	Mr. Al-Harthi has more than 13 years of experience in power generation industry in various power / desalination plants. Including the post of General Manger of Al-Kamil construction and service LLC which has O&M agreement with Al Kamil Power Company the owner of 285 MW power plant in North Al Sharqiyah.
Gopalkrishnan Ramaswamy	Chief Financial Officer
Date of Joining	May 2013
Qualification	Bachelor of Commerce, Bombay University, member of Indian Institute of Chartered Accountants of India and Institute of Cost & Works Accountants of India
Experience	Senior finance professional with over 25 years of experience in managing financial affairs of manufacturing, trading and service industries and also has rich experience in other financial areas, viz., Strategic financial planning, project finance, cost & management accounting, systems & controls, audit & compliance.
Ahmed Fahim Al Maimani	Internal Auditor
Date of Joining	May 2001
Qualification:	Diploma in Accounting (AAT) from Association of Accounting Technicians (UK).
Experience	He has over 24 years of experience in accounts, finance & internal audit as also in the corporate and business laws. Prior to joining the Company he worked for 10 years in the Ministry of Defence; in accounting & finance section.

**Specific Areas of Non-Compliance with the Provisions of Corporate Governance**

There are no areas of non-compliance with the Code of Corporate Governance. No penalties or strictures were imposed on the Company by the Muscat Securities Market, the Capital Market Authority or any other statutory body on any matter related to the capital markets during the last three years.

**Communications with Shareholders and Investors**

The Annual Report and the Company's website are the main channels of communication with the shareholders. The Annual Report will also be sent to all shareholders by post to their registered postal addresses.

The Company's website ([www.alkamilpower.com](http://www.alkamilpower.com)) contains detailed information on the Company, its business, financial results, announcements and news about the Company's operations. The website also gives information on the dividends declared by the Company, with a link to the MSM website giving current and historical information on the Company's share price. All announcements made to the Muscat Securities Market are posted on the Company's website. The Company issues press releases in cases of important news and developments. The financial results, and any material announcements, can also be viewed on the website of the Muscat Securities Market.

The Company will directly provide, or by mail (if requested), a complete copy of any accounts which have been submitted to the Capital Market Authority, in either English or Arabic, to any registered or beneficial shareholder or other interested party who requests it, within seven days of receipt of such a request.

The Company is available to meet its shareholders and the analysts at their convenience.

#### **Market Price Data**

The following table details the market prices of AKPC shares for the year 2015 and its performance compared to the MSM Index:

Month	High Price	Low Price	MSM Index (service Sector)
Jan	0.312	0.312	3542
Feb	0.312	0.312	3566
Mar	0.312	0.312	3426
Apr	0.312	0.312	3440
May	0.312	0.312	3468
Jun	0.312	0.312	3468
Jul	0.312	0.312	3525
Aug	0.312	0.312	3260
Sep	0.312	0.312	3225
Oct	0.312	0.310	3278
Nov	0.312	0.312	3131
Dec	0.312	0.312	3056

### *Distribution of Shareholding*

The Shareholding as of 31 December 2015 was as follows:

Category of Shareholders	Number of Shareholders	Total Shares	% Share Capital
Ordinary Shareholders above 5%	4	74,602,260	77.5%
Ordinary Shareholders below 5%	164	21,647,740	22.5%
Total	168	96,250,000	100%

The Company has not issued any securities or convertible financial instruments.

### **Statutory Auditors**

PricewaterhouseCoopers (PwC) are the appointed Statutory Auditors of the Company.

#### Professional profile of PwC : statutory auditor

PwC is a global network of firms operating in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, tax and advisory services. PwC also provides corporate training and professional financial qualifications through PwC's Academy.

Established in the Middle East for over 40 years, PwC Middle East has firms in Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, the Palestinian territories, Qatar, Saudi Arabia and the United Arab Emirates, with around 3,000 people. ([www.pwc.com/middle-east](http://www.pwc.com/middle-east))

PwC has been established in Oman for over 40 years and the Firm comprises 3 partners, including one Omani national, and over 140 professionals and support staff. Expert assurance, tax and advisory professionals are able to combine internationally acquired specialist consulting and technical skills with relevant local experience.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

PricewaterhouseCoopers was paid total audit fee of RO 7,600 for the year 2015.

### **Internal Auditor**

Mr. Ahmed Fahim Al Maimani is a full-time internal auditor of the Company. Mr. Ahmed Fahim has conducted his duties and the responsibilities of internal auditor diligently. He has prepared and submitted his internal audit report to the Audit Committee. He was supported by external internal auditor - Moore Stephens whose service was discontinued in Feb 2015.

**Acknowledgement by the Board of Directors:**

- ❖ The Board of Directors confirms the financial statements for 2015 have been prepared in accordance with the applicable standards and rules.
- ❖ The Board of Directors, through the Audit Committee, has reviewed the Company's system of internal controls, and confirms that all the necessary controls are in place and are fully effective.
- ❖ The Board of Directors confirms that they believe there are no material matters which may affect the continuation of the Company and its ability to continue its operations during the next financial year.

On behalf of Board of Directors,

Jurgen De Vyt  
Deputy Chairman