

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) which was revised in July 2015. 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 protect 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, KPMG, have issued a separate Report on the Company's Governance Report for the year ended 31 December 2018.

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 annexure (1) 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 21 March 2016 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 2019.

The following chart explains the composition of the Board of Directors as at December 2018:

No	Name	Independent/non Independent	Represent himself /Juristic Person	Executive / non Executive
1	Mr. Frederic Claux	Non-Independent	Nominee of National Power Al Kamil Investments Limited	Non-executive
2	Mr. Sachin Abhyankar	Non-Independent	Nominee of National Power Oman Investments Limited	Non-executive
3	Mr. Luciano Guffanti	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 2018, and their attendance at Board of Directors meetings held during 2018:

Name of Director	Board Meetings held during the period	Board Meetings attended
Mr. Manuel Colcombet - Resigned on 13/4/2018	6	1
Mr. Jurgen De Vyt - Resigned on 25/7/2018	6	1
Mr. Luciano Guffanti	6	5
Mr. Pradeep Asrani	6	6
Mr. Khalil Ahmed Abdulla Al Harthy	6	6
Mr. Frederic Claux - Appointed on 13/4/2018	6	5
Mr. Sachin Abhyankar - Appointed on 25/7/2018	6	4

The Board meeting dates were:

21 February 2018

29 April 2018

25 July 2018

03 September 2018

23 October 2018

16 December 2018

Other Interests

As declared by the Board members, 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. Consequently, no member of the Board is a Chairman of more than four public joint stock companies. Furthermore, as at 31 December 2018, 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	Frederic Claux
Position	Chairman
Year of Joining	2018
Education	Graduated from French Civil Engineering School Ecole Nationale des Ponts et Chaussées and holds an MBA from HEC business school.
Experience	Currently the Head of Asset Management for the GCC and Pakistan for global energy leader ENGIE, with over 17 years of experience at the company. Mr. Claux also serves as a non-executive Board member of Tabreed and several power and water companies in the region.

Name	Luciano Guffanti
Position	Deputy Chairman
Year of Joining	2016
Education	Masters Degree in Finance and Accounting Degree from National University of Rosario (Argentina)
Experience:	Currently Finance Manager - O&M Business and Senior Business Controller in International Power SA (Dubai branch) since November 2015. Previously Mr. Guffanti worked as Business Control & Planning Manager for Engie Energia Chile (power generation company in Latin America region) for 4 years. Prior to that he was part of the Regional Business Control office in Buenos Aires, Argentina. He also has extensive experience within the gas distribution business, where he started his career with ENGIE group in 1998.

Name	Sachin Abhyankar
Position	Director
Year of Joining	2018
Education	B.E. (Mechanical), D.F.M. and M.B.A.
Experience	Having 25 years of experience in power sector from business development, construction, commissioning to operation and maintenance of thermal power plant. Currently working as Senior Vice President Business Development working on bids, thermal or renewable, in GCC region. Prior to joining ENGIE in 2012, Mr. Abhyankar worked with AES corp. for 10 years in various positions in Oman, Singapore and India. Mr. Abhyankar started in career in India with Essar Power, a CCGT plant, in 1993.

Name	Khalil Ahmed Al Harthy
Position	Director
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, shared services and operations. He became a full time Partner in the Performance World LLC from 2010.

Name	Pradeep Asrani
Position	Director
Year of Joining	2014
Education	Science graduate from Bombay University with post graduate qualifications in Business Management
Experience	Mr. Asrani has recently retired from his position as Chief Executive Officer of Gulf Investment Services Holding Co. SAOG (GIS), a publicly held company in the Sultanate of Oman, and is now an Independent Consultant & Finance Advisor. He has over 41 years' experience in commercial and investment banking with leading banks in India together with his subsequent stint in Oman. He started his career with Canara Bank, a leading public sector bank. Subsequently Mr. Asrani joined Societe Generale Bank followed by Barclays Bank PLC as Head of Credit. Prior to joining GIS in Oman, Mr. Asrani was Director of Corporate Finance and Head of Investment Banking with Barclays Bank plc.

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 and Kahrabel Operation & Maintenance Oman 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 on a regular basis to review the internal audit reports, its recommendations and any associated management comments. Mr. Ahmed Fahim has been conducting commendable internal audit for the last over 7 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 Members

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. Luciano Guffanti 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 2018:

Name of Committee Member	Position	Meetings held during the period	Meetings attended during the period
Mr. Khalil Ahmed Abdulla Al Harthy	Chairman	5	5
Mr. Pradeep Asrani	Member	5	5
Mr. Luciano Guffanti	Member	5	4

Meeting dates were:
21 February 2018
29 April 2018
25 July 2018
23 October 2018
16 December 2018

Nomination and Remuneration Committee (NRC)

The NRC consists of three members of the Board, Mr. Frederic Claux, Mr. Sachin Abhyankar and Mr. Luciano Guffanti. Mr. Frederic Claux was the Chairman of NRC.

The following table details the composition of the Nomination and Remuneration Committee and the attendance record of the NRC members during 2018:

Name of Committee Member	Position	Meetings held during the period	Meetings attended during the period
Mr. Manuel Colcombet - Resigned on 13/4/2018	Chairman	3	1
Mr. Jürgen De Vyt - Resigned 25/7/2018	Member	3	1
Mr. Luciano Guffanti	Member	3	2
Mr. Frederic Claux - Appointed on 13/4/2018	Chairman	3	2
Mr. Sachin Abhyankar - Appointed on 25/7/2018	Member	3	1

Meeting dates were:
21 February 2018
25 July 2018
23 October 2018

Brief Description of Terms of Reference

The primary function of Nomination and Remuneration Committee (NRC) is assisting the general meeting in the nomination of proficient directors and the election the most fit for purpose. Moreover, the committee aims to assist the board in selecting the appropriate and necessary executives for the executive management.

The NRC primary duties and responsibilities are:

- (a) Provide succession planning for the executive management.
- (b) Develop a succession policy or plan for the board or at least the chairperson.
- (c) 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.

(d) Look for and nominate qualified persons to act as interim directors on the board in the event of a seat become vacant.

(e) 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.

(f) Prepare a bonus, allowances and incentive policy for the executive management.

(g) Review such policies periodically, taking into account market conditions and company performance.

(h) 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.

The succession plan for executive management and Board/Chairperson is pursued as an ongoing exercise.

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 2018.
- Mr. Manuel Colcombet, Mr. Jurgen De Vyt, and Mr. Pradeep Asrani, attended the last Annual General Meeting.

Ordinary General Meeting

- The Ordinary General Meeting was held on 18th April 2018.
- Mr. Jurgen De Vyt, Mr. Luciano Guffanti and Mr. Pradeep Asrani attended the Ordinary General Meeting.

Remuneration

Directors – Remuneration / Attendance Fees

The total attendance fees paid to the Directors and Audit Committee members for 2018 was RO 19,600 as detailed below:

Name of Director	Number of meetings attended	Total Sitting fees paid in Rial Omani
Mr. Manuel Colcombet	2	800
Mr. Jurgen De Vyt	1	400
Mr. Luciano Guffanti	11	4400
Mr. Pradeep Asrani	11	4400
Mr. Khalil Ahmed Abdulla Al Harthy	11	4400
Mr. Frederic Claux	7	2800
Mr. Sachin Abhyankar	6	2400
Total	49	19,600

During the year a remuneration of RO 12,000 was paid to the members for the year 2017 as approved in the Ordinary General Meeting dated 18th April 2018. The Board proposes to pay remuneration of RO 12,000 for the year 2018, to the Board members. The proposed remuneration has been accrued in the financial statements for the year ended 31st December 2018 and will be paid provided it is approved by the shareholders in the forthcoming AGM.

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
101,988	14,676	7,481	5,607	3 months	As allowed under the Omani Labour Law

Profile of Management Staff

Abdullah Al- Rawahi	Chief Executive Officer
Date of Joining	January 2017
Qualification	Bachelor's degree in Mechanical Engineering from the Sultan Qaboos University and Masters Degree in Industrial Engineering from the same University
Experience	Mr. Al- Rawahi has more than 22 years of experience in power generation industry in various power/ desalination plants including the post of Plant Manger of 673 MW / 26 MIGD Barka II Power and Desalination Plant.
Gopalkrishnan	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 27 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). BA (Hons.) in Accounting from Staffordshire University UK
Experience	He has over 25 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) 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 2018 and its performance compared to the MSM Index:

Month	High Price	Low Price	MSM Index (service Sector)
Jan	0.312	0.312	2619.63
Feb	0.312	0.312	2631.57
Mar	0.360	0.340	2605.7
Apr	0.376	0.360	2525.35
May	0.386	0.376	2475.72
Jun	0.386	0.376	2474.99
Jul	0.386	0.380	2377.8
Aug	0.380	0.380	2375.71
Sep	0.380	0.380	2465.71
Oct	0.380	0.380	2390.21
Nov	0.380	0.380	2353.8
Dec	0.380	0.380	2290.34

Distribution of Shareholding

The Shareholding as of 31 December 2018 was as follows:

Category of Shareholders	Number of Shareholders	Total Shares	Share Capital%
Ordinary Shareholders above 5%	4	74,687,310	77.6%
Ordinary Shareholders below 5%	177	21,562,690	22.4%
Total	181	96,250,000	100%

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

Statutory Auditors

The shareholders of the company appointed KPMG as the company's auditors for the year 2018.

Professional profile of KPMG : statutory auditor

The shareholders of the company appointed KPMG as its auditors for 2018. KPMG in Oman was established in 1973 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 180 people, amongst whom are five partners, six directors and 30 managers, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 153 countries and territories and have 207,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

During the year 2018, KPMG billed an amount of RO 7,200 towards professional services rendered to the Company (RO 7,200 for audit and Nil for tax and other services)".

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 reports to the Audit Committee.

Acknowledgement by the Board of Directors:

- ❖ The Board of Directors confirms that the financial statements for 2018 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,

A handwritten signature in blue ink, appearing to be 'F. Claux', with a large loop at the start and a trailing flourish.

Frederic Claux
Chairman