



Corporate Governance Report

In accordance with the guidelines issued by the Capital Market Authority (“CMA”) vide circular 1/2003 and E/4/2015 (“Code of Corporate Governance” or the “Code”) which was amended vide circular E/4/2015 and became effective on 22 June 2016 (“New Code”), the Board of Directors and Management of the Company hereby present their Corporate Governance Report for the year ended 31 December 2017.

Company’s Philosophy

The Company’s philosophy of corporate governance is based on four main components: to enhance Shareholder value through continuous improvement of the business process; to display the highest ethical standards at all Company levels; to observe compliance with laws, permits and regulations; and to ensure full transparency on all financial and corporate matters towards internal and external stakeholders.

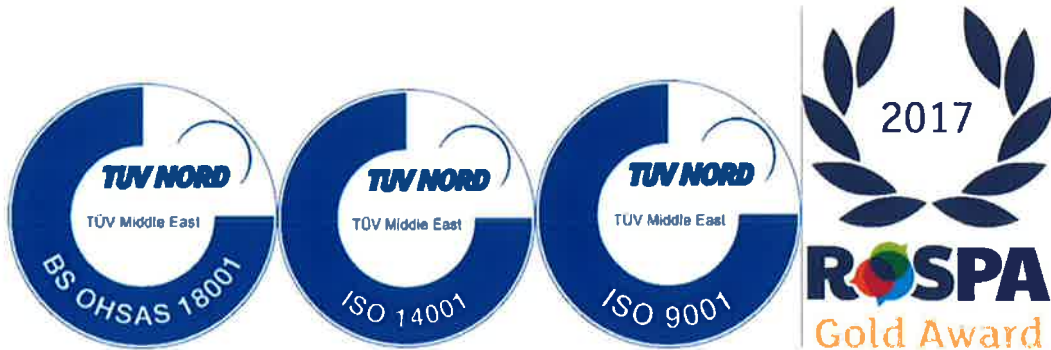
The current Board of Directors was elected on 21 March 2017, and its members’ term of office shall remain in force for a period of three years and until the third annual general meeting of the Company. The composition of the Board of Directors is diverse and such as to ensure reliable and effective operation of the Company. The executive management of the Company was appointed by the Board of Directors. Simultaneously, an Audit Committee was established in 2014 and is currently composed of three Non-Executive Directors with a high level of experience in financial matters. In addition, a Nomination and Remuneration Committee was established in 2016, comprising three Directors.

The Company is operated in line with a robust business framework comprising detailed policies and procedures. These are regularly reviewed and kept up to date for optimal control. Material information is transparently disclosed to the Muscat Securities Market in a timely manner which can be accessed by the relevant stakeholders.

Following the issuance of the New Code, the Company now has processes, procedures in place to ensure full compliance with the requirements of that New Code.

At the end of 2015, the Company and its Operator, Phoenix Operation and Maintenance Company LLC (“POMCo”), achieved certification to OHSAS 18001 (2007), ISO 14001 (2015) and ISO 9001 (2015) following an independent third party audit process demonstrating commitment to high-standards and continuing improvement in the areas of health, safety, environment and quality. An annual surveillance audit, carried out in 2017, confirmed that the Company remains compliant with those standards.

In addition, during the year 2017 the Company and its Operator have been awarded a Gold Award by the Royal Society for the Prevention of Accidents (RoSPA).



Board of Directors

The current composition of the Board of Directors are elected on 21 March 2017 (all members were re-elected) in accordance with Article 18 of the Articles of Association along with the meeting details is as follows (all held during 2017).

Name of Directors	Capacity	Category#	BM 28 Feb.	AGM 21 Mar.	BM 25 Apr.	BM 25 Jul.	BM 24 Oct.
Mr. Khalid Jolo	Non-Executive	Independent (Representing Nebras Power QSC)	●	●	P	●	●
Mr. Neil Cave	Non-Executive	Independent	●	●	●	●	●
Mr. Carlos Alcazar	Non-Executive	Independent	●	●	●	●	●
Mr. Tomoki Nishino	Non-Executive	Non-Independent (Representing Axia Power Holdings B.V.)	●	-	●	●	●
Mr. Wataru Motomiya	Non-Executive	Non-Independent (Representing Chubu Electric Power Sur B.V.)	●	-	●	●	●
Mr. Masamitsu Suda	Non-Executive	Independent	●	●	●	●	●

● : Attended, P : Proxy, - : not in seat

The above classification as Non-independent/ Independent director is as per the definition that existed in the New Code.

Directorship / membership in other public companies (SAOG companies) in Oman as of 31 December 2017;

Name of Directors	Position held	Name of the Company
Mr. Khalid Jolo	None	None
Mr. Neil Cave	None	None
Mr. Carlos Alcazar	None	None



Mr. Tomoki Nishino	None	None
Mr. Wataru Motomiya	None	None
Mr. Masamitsu Suda	None	None

The profile of the Directors and management team is included as an annexure to the Corporate Governance Report.

Performance Appraisal for the Board of Directors

The performance appraisal of the Board and each of its members was conducted for the year 2017 based on the criteria approved by the shareholders at the Company's Annual General Meeting held on 21st March 2017. The performance appraisal was conducted by MGI Vision Chartered Accountants, independent consultants appointed at the Company's Annual General Meeting held on 21st March 2017. The Board's performance was satisfactory during the year 2017 and it is effective in meeting its objectives. Certain recommendations were made by the consultant and action on these will considered by the Board.

Audit Committee

The Audit Committee meets with the external and internal auditors without the executive management of the business being present.

The primary purpose of the Committee is to ensure that internal and external audit processes are carried out in the best interests of all stakeholders and to assist the Board of Directors and the management of the Company in fulfilling their responsibilities, which include;

- Agreeing the nature and scope of audits and reviewing the audit plan;
- Maintaining the integrity of the Company's financial statements;
- Ensuring the Company's compliance with legal and regulatory requirements;
- Performance of the Company's internal audit, external audit and Government Audit functions.

Consistent with the function above, the Audit Committee encourages management to engage in continuous improvement of the Company's policies and procedures. The Audit Committee has an open channel of communication among internal auditor, external auditors, financial and senior management and other Board of Directors.

The latest Audit Committee Charter is in line with the latest Code of Corporate Governance.

The Audit Committee comprises of 3 Directors appointed by the Board of Directors and meets at least four times annually, reporting to the Board of Directors. The current members were appointed by the Board of Directors on 25 April 2017 and all members of the Audit Committee are non- executive.

The composition of the Audit Committee members in 2017 is as follows.

Name of Directors	Category	28 Feb.	25 Apr.	25 Jul.	24 Oct.
Mr. Neil Cave	Chairman (*)	●	●	●	●
Mr. Masamitsu Suda	Member (*)	●	●	●	●
Mr. Tomoki Nishino	Member	●	●	●	●
Mr. Khalid Jolo	Member (**)	●	-	-	-

● : Attended, P : Proxy, - : not in seat

(*) : Mr. Suda was a Chairman of the Audit Committee up until Audit Committee held on 28 February and Mr. Cave was appointed as a Chairman in the meeting to comply with the New Code.

(**) : Mr. Jolo was a member of the Audit Committee until the Audit Committee held on 28 February and stepped down to comply with the New Code.

Nomination and Remuneration Committee

A Nomination and Remuneration Committee has been established by the Board of Directors of the Company in accordance with the requirements of the new Corporate Code of Governance. The primary purpose of the Nomination and Remuneration Committee is to assist the general meeting of the shareholders in the nomination of proficient directors and election of the most fit for purpose candidates and the Board of Directors in selecting the appropriate and necessary executives for the executive management which the Company requires in order to achieve its strategic and operational objectives.

The Terms of Reference of the Nomination and Remuneration Committee has been issued in July 2016 which is in line with the New Code.

The Nomination and Remuneration Committee comprises 3 Directors appointed by the Board of Directors and meets at least two times annually, reporting to the Board of Directors. The current members were appointed by the Board of Directors on 25 April 2017 (all members were re-elected) and all members of the Nomination and Remuneration Committee are non- executive.

The composition of the Nomination and Remuneration Committee members in 2017 is as follows.

Name of Directors	Category	28 Feb.	24 Oct.
Mr. Carlos Alcazar	Chairman	●	●
Mr. Khalid Jolo	Member	●	●
Mr. Masamitsu Suda	Member	●	●

● : Attended, P : Proxy



Process of nomination of Directors

Directors are nominated and elected as per the Commercial Company Law and the Article of Association. The term of office of the Directors shall be for a maximum period of 3 years, subject to re-election where 3 years for this purpose is the period ending on the date of the third Annual General Meeting. The current term will expire at the Annual General Meeting in 2020. If the office of a Director becomes vacant in the period between two Ordinary General Meetings, the Board of Directors may appoint an Interim Director who satisfies the requirements specified in Company's Articles of Associations to assume his/her office until the next Annual General Meeting.

Remuneration matters

a) Directors and Audit Committee members

There is no individual sitting fees for the Board of Directors and Audit Committee members.

b) Top 3 key management personnel

The Company paid to its top 3 key management personnel an aggregate amount of RO 263,973 which includes salaries, performance related discretionary bonus and other benefits.

c) Details of performance based bonuses, awards and incentives

Bonus payments for the key management personnel of Phoenix Power Company are based on both personal and business performance and are related to the achievement of business KPIs including health and safety targets, technical performance and financial delivery. The bonuses to be paid are based on recommendations from the Nomination and Remuneration Committee.

d) Employment contracts

The key management personnel have employment contracts with Phoenix Power Company and all have notice periods, under the terms of those contracts, of three months.

Details of non-compliance by the Company

There were no penalties levied on the Company by CMA, MSM or any other statutory authority on any matter related to capital markets in 2017.

Means of communication with the shareholders and investors

The Company communicates with the shareholders and investors in both English and Arabic mainly through the MSM website and the Company's website. Material information is disclosed immediately, and financial information such as initial quarterly or annual un-audited financial results, un-audited interim financial statements, and audited annual financial statements are



disclosed within the regulatory deadlines. The Company's executive management is also available to meet its shareholders and analysts as and when required.

Related Party Transactions

A detail of the related party transactions which the Company have carried out for the financial year ended 31 December 2017 is as follows;

1	Axia Power Holdings B.V.	Consulting Service Agreement	RO 41,142
2	JERA Co., Inc.	Consulting Service Agreement	RO 24,685
3	Nebras Power (Q.S.C.)	Consulting Service Agreement	RO 12,342
4	Multitech LLC.	Consulting Service Agreement	RO 4,114
5	Phoenix Operation and Maintenance Company LLC	O&M Fee and expense (as per O&M contract)	RO 8,011,751

Market Price Data

a) High/low share price and performance comparison during each month in 2017.

Month	Price (Baiza)			MSM Service Sector
	High	Low	Average	
January	152	144	148	5,776.17
February	147	142	145	5,780.03
March	146	145	143	5,550.60
April	143	141	138	5,513.52
May	140	136	134	5,421.95
June	135	132	124	5,118.31
July	125	124	120	5,024.24
August	122	121	118	5,052.55
September	125	122	120	5,137.35
October	135	135	131	5,010.66
November	138	137	135	5,109.62
December	138	135	135	5,099.28



b) Distribution of shareholding as of 31 December 2017 :

Category	Number of shareholders	Number of shares held	Share capital %
5% and above	4	1,002,363,415	68.53%
Less than 5%	8,273	460,238,045	31.47%
Total	8,277	1,462,601,460	100%

Professional Profile of the Statutory Auditor

The shareholders of the company appointed KPMG as its auditors for 2017. KPMG is a leading audit, tax and advisory firm in Oman and is part of KPMG Lower Gulf, established in 1973. KPMG in Oman employs more than 180 people, amongst whom are 4 partners, 5 directors and 30 managers, including Omani nationals. KPMG is a global network of professional firms providing audit, tax and advisory services. KPMG operates in 154 countries and has around 197,000 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.

Remuneration of the Statutory Auditor

The professional fees paid / due during the year 2017 are as follows:

Particulars	RO
Audit fees	9,000
Total	9,000

Acknowledgement by the Board of Directors

The Board of Directors confirm their responsibility for the preparation of the financial statements in line with International Financial Reporting Standards ("IFRS"), the disclosures requirements of the CMA and the Commercial Companies Law of 1974, as amended. The Board of Directors confirms that it has reviewed the efficiency and adequacy of the internal control systems of the Company, and is pleased to inform the shareholders that adequate and appropriate internal controls are in place, which are in compliance with the relevant rules and regulations. The Board of Directors confirms that there are no material matters that would affect the continuity of the Company, and its ability to continue its operations during the next financial year.

Yours faithfully,

Chief Executive Officer



Chief Financial Officer



Brief Profiles of the Directors

- Name:** Mr. Khalid Jolo
Position: Chairman
Education: Mr. Khalid Jolo holds a degree in Mechanical Engineering from the Faculty of Engineering, Qatar University.
Experience: Mr. Khalid Jolo has more than 21 years of experience in various capacities like Senior Project Engineer, Project Director, and Business Development Manager. Immediately after his engineering studies, he joined with Ministry of Electricity, Qatar in the mid-1990s. Later, he joined Qatar Electricity & Water Co, Q.S.C. ("QEWC") as Senior Project Engineer in 1997. QEWC is considered as one of the first private sector companies that operates in the field of power generation and water production in the region, owning and operating power generation and water desalination stations using the most up to-date technologies in the world. He has headed the QEWC Business Development team in the recent past, which was very successful in garnering a few of the recent prestigious projects in Qatar. At present, Mr. Jolo, is the Chief Executive Officer for Nebras Power Co.
List of Other Directorships: In addition to Phoenix Power Company SAOG, Mr. Jolo is also a Director of (1) Ras Girtas Power Company, Qatar; (2) Ras Laffan Power Co., Qatar; (3) Umm Al Houf Power Co., Qatar; (4) Nebras Power, Qatar (5) Shams Maan Power Generation, Jordan; (6) Nebras Power Netherlands B.V.; (7) IPM Indonesia Netherlands, B.V; (8) IPM Asia, Indonesia and (9) Paiton Energy, Indonesia.



Brief Profiles of the Directors (continued)

Name: Mr. Neil Cave

Position: Deputy Chairman

Education: Mr. Cave holds a Bachelors Degree in Mechanical Engineering, a Masters Degree in Electrical Power Systems and a Masters Degree in Business and Administration.

Experience: Mr. Cave is a professional engineer and has 35 years of experience in the power industry. After 10 years with turbine manufacturers in construction and commissioning, he spent 5 years in operations management with China Light & Power in Hong Kong. Mr. Cave has worked for Marubeni Europower since 1997 and has been seconded to Marubeni Power Asset Management Limited since 2011 in various senior roles in Business Development, Operations, Construction and Management in Executive Director roles.

List of Other Directorships: In addition to Phoenix Power Company SAOG, Mr. Cave is also a director of the following companies:

Managing Director, Asia Gulf Power Holding Company, UAE

Non-Executive Director, Emirates CMS Power Company, UAE

Non-Executive Director, Fujairah Asia Power Company, UAE

Non-Executive Director, Mesaieed Power Company, Qatar

Chairman, Rabigh Arabian Water and Electricity Company, KSA

Non-Executive Director, Power Cogeneration Power Company, KSA

Non-Executive Director, Taweelah Asia Power Company, UAE

Chairman, A.R.C.H W.L.L., KSA



Brief Profiles of the Directors (continued)

- Name:** Mr. Carlos Alcazar
Position: Director
Education: Mr. Alcazar holds a Masters Degree in Electrical Engineering and a Masters Degree in Business and Administration from IE Business School.
Experience: Mr. Alcazar is a professional engineer and has over 243 years' of experience in the power industry. Having initially worked in consultancy for coal fired Stations and in Power project construction, he moved into operational roles working in different countries (Kenya, Spain, Taiwan, Switzerland, UAE) holding several management positions. Mr Alcazar worked in both merchant as well as in contracted environments and was Plant Manager in Stations in Spain and Taiwan before he moved into General Manager Generation position in Switzerland where he was responsible for a global fleet of CCGT plants for Alstom Power. Mr Alcazar joined Marubeni Power Asset Management in 2010 and is presently holding the position of Director of Operations and Maintenance for Middle East and Africa working for the fleet in the Region.
List of Other Directorships: In addition to Phoenix Power Company SAOG, Mr. Alcazar is also a director of the following companies:

Non-Executive Director, Ruwais Power Company, UAE
Non-Executive Director, Asian Gulf Power Services, UAE
Non-Executive Director, Fujairah II O&M Company, UAE
Non-Executive Director, Chairman Taweelah A2 Operating, UAE
Non-Executive Director, Chairman Ash Sharqiyah O&M Co, KSA
Non-Executive Director, Emirates CMS Power Company, UAE



Brief Profiles of the Directors (continued)

- Name:** Mr. Tomoki Nishino
Position: Director
Education: Master of Business Administration (MBA) from Kellogg School of Management, Evanston, Illinois, USA-2006
Experience: Mr. Nishino started his career in 1996 working for Hokkaido Electric Power Company Co., Inc.. In 2006 after finishing his MBA programme, Mr. Nishino was seconded to Japan Bank for International Cooperation until 2009. Mr. Nishino then joined Marubeni in 2009 and has been involved in the development phase of Sur IPP since the summer of 2010, mainly working on negotiating the project documents and finance agreements. From November 2011 to June 2015, Mr. Nishino worked as Chief Financial Officer of Phoenix Power, and after returning from Phoenix Power to Marubeni, Mr. Nishino continues to work for the development of IPP projects in the Middle East, Africa, and Southwest Asia.
List of Other Directorships: In addition to Phoenix Power Company SAOG, Mr. Nishino is also a director of the following companies:
Non-Executive Director, Power Cogeneration Power Company, KSA
Non-Executive Director, A.R.C.H W.L.L., KSA.



Brief Profiles of the Directors (continued)

Name: Mr. Wataru Motomiya

Position: Director

Education: Mr. Motomiya holds a master degree in mechanical engineering.

Experience: Mr. Motomiya is the General Manager of the Overseas Power Business Unit 2, Energy Infrastructure Group of JERA Co's, he is responsible for IPP/IWPPs operation and management in the Middle East and South Asia area.

List of Other Directorships: Mr. Motomiya started his career in TEPCO in 1990 as a mechanical engineer and has been involved in operation, construction, maintenance and performance management of various thermal power plants and nuclear power plant of TEPCO. He has been involved F class, H class, J class GTCC construction projects. He has been engaged in overseas consulting, IPP/IWPPs development and operations for more than 7 years.

Name: Mr. Masamitsu Suda

Position: Director

Education: Mr. Suda holds a master degree in mechanical engineering

Experience: Mr. Suda is the Deputy General Manager of the Overseas Power Business Unit 2, Energy Infrastructure Group of JERA Co's, he is responsible for IPP/IWPPs operation and management in the Middle East and South Asia area.

List of Other Directorships: Mr. Suda started his career in CEPCo in 1991 as a mechanical engineer and has been involved in construction, maintenance and performance management of various thermal power plants of CEPCo for more than 8 years. Subsequently, he has been engaged in overseas consulting, IPP/IWPPs development and operations over the last 10 years.



Brief Profiles of the Key Executive Officers

Name: Mr. Peter Kevin Jones
Position: Chief Executive Officer
Year of Joining: 2014
Education: BA degree in Instrumentation and Electronics and a Diploma in Management Studies. IMD (Lausanne, Switzerland) general management programme.
Experience: A career path with a demonstrable track record of success within the UK and International power sectors, covering oil, nuclear, coal, renewable and predominantly CCGT power generation in both merchant and contracted environments. Mr. Jones joined Phoenix Power Company SAOG with a background of over 30 years experience within the electricity supply industry including 12 years spent with PowerGen (both in the UK and internationally) encompassing roles leading to Plant Manager of an oil fired power station in the UK and culminating in Plant Director for a CCGT plant in Budapest, Hungary. This was followed by a period of 10 years with the Swiss Energy Company, Alpiq, where he was Director of Operations and Maintenance for their European power assets, based in Prague, Czech Republic. Immediately prior to joining Phoenix, Mr Jones was Managing Director of Alpiq Power Generation, France, with responsibility for a CCGT business in the central region of the country.

Name: Mr. Kenji Yugeta
Position: Chief Financial Officer
Year of Joining: 2015
Education: Master Degree.
Experience: Mr. Yugeta started his career in 2010 working for Marubeni Corporation and has been involved in the development phase of Sur IPP since the summer of 2010, mainly working on negotiating the project documents and finance agreements. In June 2015, he was appointed as Chief Financial Officer of Phoenix Power Company SAOG.



Brief Profiles of the Key Executive Officers (continued)

Name: Mr. Khalid Al Maawali
Position: Commercial Manager
Year of Joining: 2014
Education: Bachelor's Degree in process operation and maintenance engineering from Caledonian Collage of Engineering.
Experience: Mr. Khalid has over 16 years' experience in power sector, and he has in depth experience in combined cycle power plant. He worked 14 years in operation department as shift charge engineer in BARKA II power plant. He joined Phoenix Power Company SAOG in 2014 as a Commercial Manager. His responsibilities include monitoring the plant performance against approved short and long term business plan, reporting on variances against agreed performance parameters and targets, and ensuring that all statutory and regulatory obligations are met on assigned areas