



## **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, the Board of Directors and Management of the Company hereby present their Corporate Governance Report for the year ended 31 December 2018.

### **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 with 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, contributing to and ensuring 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 that assure full compliance with the requirements of the Code. 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.

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 2018, confirmed that the Company remains compliant with those standards.

In addition, during the year 2018 the Company and its Operator have been awarded a Gold Award by the Royal Society for the Prevention of Accidents (RoSPA) for the second year in succession.



### Board of Directors

The Board of Directors were elected on 21 March 2017 in accordance with Article 18 of the Articles of Association. In 2018 a number of Directors resigned and were replaced. Details of the various Directors and 2018 meetings are as follows.

Name of Director	Capacity	Category#	BM 27 Feb.	AGM 19 Mar.	BM 24 Apr.	BM 30 Jul.	BM 30 Oct.
Mr. Khalid Jolo	Non-Executive	Independent (Representing Nebras Power QSC)	●	●	●	●	●
Mr. Neil Cave (*)	Non-Executive	Independent	●	●	●	-	-
Mr. Peter Jones (**)	Non-Executive	Non-Independent (Representing Axia Power Holdings B.V.)	-	-	-	●	●
Mr. Carlos Alcazar	Non-Executive	Independent	●	-	●	●	●
Mr. Tomoki Nishino (***)	Non-Executive	Independent	●	-	●	P	●
Mr. Wataru Motomiya	Non-Executive	Non-Independent (Representing Chubu Electric Power Sur B.V.)	●	-	●	●	●
Mr. Masamitsu Suda (*)	Non-Executive	Independent	●	-	P	-	-
Mr. Naoki Takahashi (**)	Non-Executive	Independent	-	-	-	●	●

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

(\*) Resigned during the year (\*\*) Appointed during the year (\*\*\*) Changed Category during the year.

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



Directorship / membership in other public companies (SAOG companies) in Oman as of 31 December 2018;

Name of Directors	Position held	Name of the Company
Mr. Khalid Jolo	None	None
Mr. Peter Jones	None	None
Mr. Carlos Alcazar	None	None
Mr. Tomoki Nishino	None	None
Mr. Wataru Motomiya	None	None
Mr. Naoki Takahashi	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 2018 based on the criteria approved by the shareholders at the Company's Annual General Meeting held on 21 March 2017. The performance appraisal was conducted by MGI Vision Chartered Accountants, independent consultants, appointed at the Company's Annual General Meeting held on 19 March 2018. The Board's performance was satisfactory during the year 2018 and it is effective in meeting its objectives. Certain recommendations were made by the consultant and action on these will be 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 with the internal auditor, external auditors, financial and senior management and other Board of Directors.

The latest Audit Committee Charter is aligned 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 24 April 2018 and all members of the Audit Committee are non- executive.

The composition of the Audit Committee members in 2018 is as follows.

Name of Directors	Category	27 Feb.	24 Apr.	30 Jul.	30 Oct.
Mr. Neil Cave	Chairman (*) (**)	●	●	-	-
Mr. Tomoki Nishino	Chairman (*)	●	●	P	●
Mr. Peter Jones	Member (***)	-	-	●	●
Mr. Masamitsu Suda	Member (**)	●	P	-	-
Mr. Naoki Takahashi	Member (***)	-	-	●	●

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

(\*) : Mr. Cave was Chairman of the Audit Committee up until the Audit Committee held on 24 April and Mr. Nishino was appointed as new Chairman in the meeting held on 24 April.

(\*\*) Resigned during the year (\*\*\*) Appointed during the year

#### **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 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. All members of the Nomination and Remuneration Committee are non-executive.

The composition of the Nomination and Remuneration Committee members in 2018 is as follows.

Name of Directors	Category	27 Feb.	24 Apr.	30 Oct
Mr. Carlos Alcazar	Chairman	●	●	●
Mr. Khalid Jolo	Member	●	●	●
Mr. Masamitsu Suda	Member(*)	●	P	-
Mr. Naoki Takahashi	Member(**)	-	-	●

● : Attended, P : Proxy

(\*) Resigned during the year (\*\*) Appointed during the year

### 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 a temporary 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 266,807 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**

A penalty was levied by the CMA on 3<sup>rd</sup> April for failure of the Company to post the AGM minutes in accordance with prescribed timelines (1 day delay). No other penalties were levied on the Company by the CMA, MSM or any other statutory authority on any matter related to capital markets in 2018.

**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 2018 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)	7,842,847



**Market Price Data**

a) High/low share price and performance comparison during each month in 2018.

Month	Price (Baiza)			MSM Service Sector Index
	High	Low	Average	
January	137	124	130.5	2619.63
February	142	128	135	2631.57
March	139	135	137	2605.70
April	145	133	139	2525.35
May	139	120	129.5	2475.72
June	123	115	119	2474.99
July	118	112	115	2377.80
August	118	113	115.5	2375.71
September	121	113	117	2465.71
October	116	108	112	2390.21
November	112	100	106	2353.80
December	107	99	103	2290.34

b) Distribution of shareholding as of 31 December 2018:

Category	Number of shareholders	Number of shares held	Share capital %
5% and above	4	1,050,708,499	71.84
Less than 5%	7,676	411,892,961	28.16
Total	7,680	1,462,601,460	100

**Professional Profile of the 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 & Advisory services, operates in 153 countries and territories and has 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.

**Remuneration of the Statutory Auditor**

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

Particulars	RO
Audit fees	10,400
<b>Total</b>	<b>10,400</b>



**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 sincerely,

A handwritten signature in blue ink, consisting of a large, oval-shaped loop followed by a horizontal line extending to the right.

Chief Executive Officer

A handwritten signature in blue ink, consisting of a large, stylized 'Z' or 'R' shape followed by a horizontal line extending to the right.

Chief Financial Officer



**Brief Profiles of the Directors**

- Name:** Mr. Khalid Jolo
- Position:** Chairman
- Education:** Mr. Jolo holds a degree in Mechanical Engineering from the Faculty of Engineering, Qatar University.
- Experience:** Mr. Khalid Jolo has more than 22 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 the following companies:
- Ras Girtas Power Company, Qatar
  - Ras Laffan Power Co., Qatar
  - Umm Al Houl Power Co., Qatar
  - Nebras Power, Qatar
  - Shams Maan Power Generation, Jordan
  - Nebras Power Netherlands B.V.
  - IPM Indonesia Netherlands, B.V.
  - IPM Asia, Indonesia
  - Paiton Energy, Indonesia



**Name:** Mr. Peter Jones  
**Position:** Deputy Chairman  
**Education:** Mr. Jones holds a Bachelor's Degree in Instrumentation and Electronics, and a Diploma in Management Studies  
**Experience:** Mr. Jones has over 35 years' experience within the power industry comprising a career path with a demonstrable track record of success within the UK and International power sectors. Mr. Jones experience includes 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 and becoming Managing Director of Alpiq Power Generation, France, with responsibility for a CCGT business in the central region of the country

Recently and following a period of 4 years during which Mr Jones served as Chief Executive Officer for Phoenix Power Company, he joined Marubeni Power Asset Management in April 2018 as Director of Operations and Maintenance for Middle East and Africa.

**List of Other Directorships:** In addition to Phoenix Power Company SAOG, Mr. Jones is also a director of the following companies:  
Non-Executive Director, Asian Gulf Power Services, UAE  
Non-Executive Director, Fujairah II O&M Company, UAE  
Non-Executive Director, Chairman, Shuweihat II O&M Company, UAE  
Non-Executive Director, Chairman, Ash Sharqiyah O&M Company, 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 I.E. Business School.  
**Experience:** Mr. Alcazar is a professional engineer and has over 25 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, Taweelah Asia Power Company, UAE  
Non-Executive Director, Mesaieed Power Company, Qatar  
Non-Executive Director, Chairman Taweelah A2 Operating, UAE  
Non-Executive Director, Emirates CMS Power Company, UAE



**Name:** Mr. Tomoki Nishino  
**Position:** Director  
**Education:** Mr. Nishino holds a 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, Ash Sharqiyah O&M Company, KSA  
Non-Executive Director, A.R.C.H W.L.L., KSA



**Name:** Mr. Wataru Motomiya

**Position:** Director

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

**Experience:** 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 8 years. Mr. Motomiya is the General Manager of the Overseas Power Business Unit 2, Energy Infrastructure Group of JERA Company. He is responsible for IPP/IWPPs development in the Middle East and South Asia area.

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

Non-Executive Director, Arabian Power Company, UAE



- Name:** Mr. Naoki Takahashi
- Position:** Director
- Education:** Mr. Takahashi holds a master degree in mechanical engineering
- Experience:** Mr. Takahashi started his career in TEPCO in 1996 as a mechanical engineer and has been involved in operation, maintenance and performance management of various thermal power plants. Mr. Takahashi has worked for JERA Company since 2016. He has been engaged in overseas consulting, IPP/IWPPs development and operations for more than 7 years. Mr. Takahashi is the Senior Manager of Engineering and Technology Management Unit, Energy Infrastructure Group of JERA Company, he is responsible for IPP/IWPPs operation and management.
- List of Other Directorships:** In addition to Phoenix Power Company SAOG, Mr. Takahashi is also a director of the following companies:  
Non-Executive Director, ITM O&M Company, UAE  
Non-Executive Director, Umm Al Houl Power Company, Qatar



**Brief Profiles of the Key Executive Officers**

**Name:** Mr. Paul Adam Atkinson  
**Position:** Chief Executive Officer  
**Year of Joining:** 2018  
**Education:** Mr. Atkinson holds a Bachelor's degree in Mechanical Engineering and has been a Chartered Mechanical Engineer for over 25 years.  
**Experience:** Mr. Atkinson joined Phoenix Power with a background of over 35 years' experience within the power industry including 12 years spent with Rolls-Royce encompassing roles leading to Site Manager at one of the UK's Submarine Nuclear refit facilities and Engineering Manager. This was followed by a period of 17 years with Enron, GDFSuez (ENGIE) and International Power, where he held various Operational, Engineering and Project roles including group Engineering Manager, and Plant General Manager at the 2,000 MW Teesside Power Station. Immediately prior to joining Phoenix Power, Mr. Atkinson held the position of Executive Managing Director at Emirates CMS Power Company, UAE, with responsibility for a Power and Water generation business in the Emirate of Abu Dhabi.

**Name:** Mr. Koichi Matsumoto  
**Position:** Chief Financial Officer  
**Year of Joining:** 2018  
**Education:** Mr. Matsumoto holds a Bachelor's degree in economics from Kyoto University and MBA from Waseda Graduate School of Finance, Accounting and Law.  
**Experience:** Mr. Matsumoto joined Phoenix Power Company in 2018 with over 10 years' experience within the utility sector. He has been in charge of management accounting and commodity risk management as an assistant manager in Tokyo Gas Company Ltd. until 2015. He joined Marubeni in 2016 and managed consolidating financial figures of all Marubeni's power assets in Middle east regions for closing, annual budget, quarterly forecast, and mid-to-long term projection. He was also responsible for a strategic cross border tax planning and led a direct communication with statutory auditor.





**Name:** Mr. Khalid Al Maawali  
**Position:** Commercial Manager  
**Year of Joining:** 2014  
**Education:** Mr Al Maawali holds a Bachelor's Degree in Process Operation and Maintenance Engineering from Caledonian College of Engineering.  
**Experience:** Mr. Khalid has over 16 years' experience in the power sector, and he has in depth experience in combined cycle power plant. He worked for 14 years as a shift charge engineer in the operations department in BARKA II power plant. He joined Phoenix Power Company in 2014 as the Commercial Manager. His main responsibilities include contract management, ensuring compliance with statutory and regulatory obligations, asset management, plant performance and interface with local stakeholders in the project.