

Corporate Governance Report

In accordance with the guidelines issued by the Capital Market Authority (“CMA”) vide circular 1/2003 (“Code of Corporate Governance” or the “Code”), the Board of Directors and Management of the Company hereby present their Corporate Governance Report for the year ended 31 December 2015.

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 18 June 2014, 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 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 four Non-Executive Directors with a high level of experience in financial matters.

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.

After conversion from Closed Joint Stock Company (“SAOC”) to Public Joint Stock Company (“SAOG”) on 22 June 2015, the Company has undertaken the following steps ;

- Reorganisation of the Audit Committee members in line with CMA requirements
- Implementation of the revised Audit Committee Charter in line with CMA requirements
- Implementation of the new Articles of Association in line with CMA requirements
- Appointment of the Disclosure Officer and implementation of the Material Information Disclosure Policy for the Company
- Implementation of the Insider Trading Guidelines for the Company

At the end of 2015, the Company and its Operator, Phoenix Operation and Maintenance Company LLC (“POMCo”), achieved certification to OHSAS 18001, ISO 14001 and ISO 9001 following an independent third party audit process demonstrating commitment to high-standards and continuing improvement in the areas of health, safety, environment and quality.



Board of Directors

The current composition of the Board of Directors as elected on 18 June 2014 in accordance with Article 18 of the Articles of Association along with the meeting details is as follows (all held during 2015).

Name of Directors	Capacity	Category#	BM	BM	BM	BM	BM	BM	EG M	AGM	EG M
			15 Feb	9 Mar	23 Apr	8 Jun	29 Jul	27 Oct	9 Mar	30 Mar	16 Apr
Mr. Khalid Jolo	Non-Executive	Independent	●	●	●	P	●	●	●	-	-
Mr. Neil Cave	Non-Executive	Non-independent	●	P	●	●	●	●		●	●
Mr. Peter Jones	Executive	Non-independent	●	●	●	●	●	●	●	●	●
Mr. Kazuaki Shibuya	Non-Executive	Independent	●	●	●	P	P	P	●	-	-
Mr. Hiromi Sakakibara (**)	Non-Executive	Independent	-	●	●	P	P	P	●	-	-
Mr. Masamitsu Suda (**)	Non-Executive	Independent	-	●	●	●	●	●	●	-	-
Mr. Mitsuhiro Kojima (*)	Non-Executive	Independent	●	-	-	-	-	-	-	-	-
Mr. Kimitsugu Kozasa (*)	Non-Executive	Independent	●	-	-	-	-	-	-	-	-

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

(*) : resigned during the year, (**) : appointed during the year

#The above classification as Non-independent/ Independent director is as per the definition that existed prior to the CMA amendment on 24 October 2012.

On 9 March 2015, Board of Directors accepted the resignation of Mr. Mitsuhiro Kojima and Mr. Kimitsugu Kozasa and appointed Mr. Hiromi Sakakibara and Mr. Masamitsu Suda as a Director.

Directorship / membership in other public companies (SAOG companies) in Oman as of 31 December 2015;

Name of Directors	Position held	Name of the Company
Mr. Khalid Jolo	None	None
Mr. Neil Cave	None	None
Mr. Peter Jones	None	None
Mr. Kazuaki Shibuya	None	None
Mr. Hiromi Sakakibara	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.

Audit Committee

The primary purpose of the Audit Committee is to assist the Board of Directors and the management of the Company in fulfilling their responsibilities, which include;

- Maintain 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 has been issued in June 2015 which is in line with the latest Code of Corporate Governance.

The Audit Committee comprises of 4 Directors appointed by the Board of Directors and meets at least four times annually, reporting to the Board of Directors. All members of the Audit Committee are non- executive.

The current composition of the Audit Committee members after the Initial Public Offering is as follows.

Name of Directors	Category	29 Jul 2015	27 Oct 2015
Mr. Masamitsu Suda	Chairman	●	●
Mr. Khalid Jolo	Member	●	●
Mr. Neil Cave	Member	●	●
Mr. Kazuaki Shibuya	Member	X	X

● : Attended, P : Proxy, not attended : X

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 2017. 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 243,000 which includes salaries, performance related discretionary bonus and other benefits.

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 2015.

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.

Market Price Data

a) High/low share price and performance comparison during each month in 2015.

Month	Price (Baiza)			MSM Service Sector
	High	Low	Average	
June	155	145	149	3,468.000
July	160	149	155	3,525.420
August	157	144	149	3,259.790
September	152	147	150	3,225.490
October	160	150	153	3,277.940
November	153	141	149	3,130.560
December	145	142	143	3,055.620

* The Company was listed on MSM from 22 June 2015.

b) Distribution of shareholding as of 31 December 2015 :

Category	Number of shareholders	Number of shares held	Share capital %
5% and above	3	903,156,403	61.75%
Less than 5%	12,311	559,445,057	38.25%
Total	12,314	1,462,601,460	100%

Professional Profile of the Statutory Auditor

Ernst & Young ("EY") is a global leader in assurance, tax, transaction and advisory services. EY is committed to doing its part in building a better working world. The insights and quality services which EY delivers help build trust and confidence in the capital markets and in economies the world over.

The MENA practice of EY has been operating in the region since 1923 and employs over 5,000 professionals. EY has been operating in Oman since 1974 and is a leading professional services firm in the country. EY MENA forms part of EY's EMEIA practice, with over 4,000 partners and 100,000 professionals. Globally, EY operates in more than 150 countries and employs 212,000 professionals in 728 offices. Please visit ey.com for more information about EY.

Remuneration of the Statutory Auditor

The professional fees paid / due during the year 2015 are as follows:

Particulars	RO
Audit fees	9,500
Others	245
Total	9,745

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.

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 17 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 Ras Girtas Power Company, Qatar and Ras Laffan Power Co., Qatar.

Name: Mr. Neil Cave
Position: Deputy Chairman
Education: Mr. Cave holds a degree in mechanical engineering, a Masters degree in electrical Power Systems a Masters degree in business and administration.
Experience: Mr. Cave is a professional engineer and has 30 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 2000 and for 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, Ruwais Power Company, UAE
Non-Executive Director, Fujairah Asia Power Company, UAE
Non-Executive Director, Mesaieed Power Company, Qatar
Non-Executive Director, Rabigh Arabian Water and Electricity Company, KSA
Non-Executive Director, Power Cogeneration Power Company, KSA

Brief Profiles of the Directors (continued)

Name: Mr. Peter Jones
Position: Director
Education: BA degree in Instrumentation and Electronics and a Diploma in Management Studies from 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.
List of Other Directorships: Mr. Jones does not have any directorship other than Phoenix Power Company SAOG.

Name: Mr. Kazuaki Shibuya
Position: Director
Education: Mr. Shibuya holds a bachelor degree in English literature.
Experience: Mr. Shibuya has 21 years of experience in the power generation industry. He is Vice President of Marubeni Middle East & Africa Power responsible for IPP/IWPPs development and management in Middle East and Africa. In 1994, he started his career in Marubeni Corporation as a commercial manager and was involved in engineering, procurement and construction contract and IPP development in Southwest Asia for 18 years. During this period, he was stationed in India for execution of EPC Contract of PPN project and marketing, as representative from April 2000 till May 2005. Subsequently, he started IPP/IWPPs development and management in Southwest Asia, Middle East and Africa. Until April 2015, Mr. Shibuya was working as the General Manager of Power Investment Team II, Overseas Power Project Department – IV in Tokyo, in which he was involved in the budget management.
List of Other Directorships: In addition to Phoenix Power Company SAOG, Mr. Shibuya is also on the board of directors of PPN Power Generating Company.

Brief Profiles of the Directors (continued)

Name: Mr. Hiromi Sakakibara

Position: Director

Education: Mr. Sakakibara holds a masters degree in electrical engineering.

Experience: Mr. Sakakibara is the General Manager and the Group Manager of the Operations Group, International Business Department of CEPCo, the parent company of Chubu Electric. In this position, he is responsible for IPP/IWPPs operation and management of CEPCo's overseas portfolio.

Mr. Sakakibara started his career in CEPCo in 1988 as an electrical engineer and has been involved in operation, construction, maintenance and performance management of various thermal power plants of CEPCo and he has served as the head of operation of CEPCo's entire thermal power plants between 2010 and 2012. He has been engaged in overseas consulting, IPP/IWPPs development and operations for more than 10 years.

List of Other Directorships: Mr. Sakakibara also has directorships in IPP/IWPP projects such as Ratchaburi Power Company (Thailand), CGV (Mexico), MT Falcon (Mexico), Goreway (Canada), and Chubu TT Energy (USA).

Name: Mr. Masamitsu Suda

Position: Director

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

Experience: Mr. Suda is a Senior Manager of the Operations Group, International Business Department of CEPCo. In this position, he is responsible for the operation and management of IPP/IWPPs in the Middle East area.

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 8 years.

List of Other Directorships: In addition to Phoenix Power Company SAOG, Mr.Suda also has directorships in Q Power (Qatar), Mesaieed Power Company (Qatar), and a manager position in POMCo.

Brief Profiles of the Key Executive Officers

Name: Mr. Peter Kevin Jones
Position: Executive Managing Director
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.

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 15 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