

AGREED-UPON PROCEDURES REPORT ON FACTUAL FINDINGS TO THE SHAREHOLDERS OF DHOFAR INTEGRATED SERVICES COMPANY SAOC IN RESPECT OF CORPORATE GOVERNANCE REPORT

Scope and purpose

We have performed the procedures enumerated below, which were agreed to by the Dhofar Integrated Services Company SAOC (the "Company") pursuant to the Oman Investment Authority (OIA), the shareholder of the Company, issued the Public Disclosure Policy for OIA entities (the "Policy") dated 4 April 2024 which aims to provide a systematic, transparent and accountable method for presenting and disclosing financial and non-financial information by OIA entities to OIA and the public. The Policy, among other things, requires the Company to prepare a Corporate Governance Report (the "Report") in accordance with Annexure No. 1 to the Policy.

Restricted use

This agreed-upon procedures report ("AUP Report") is intended solely for the purpose set forth in the first paragraph of this AUP Report and for your information and is not to be used for any other purpose. This report relates only to the accompanying corporate governance report of the Company to be included in its annual report for the year ended 31 December 2023 and does not extend to any financial statements of Dhofar Integrated Service Company SAOC, taken as a whole.

Responsibilities of the Board of Directors

The Board of Directors have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement and are responsible for identifying and ensuring that the contents of the Report comply with the Policy on which the agreed-upon procedures are performed. The sufficiency of these procedures is solely the responsibility of the Company and its Board of Directors.

Responsibilities of the Practitioner

We have conducted the agreed-upon procedures engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Company, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness, or the sufficiency of the agreed-upon procedures described below either for the purpose for which this AUP Report has been requested or for any other purpose.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Our independence and quality management

In performing the Agreed-Upon Procedures engagement, we complied with the ethical requirements in the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). We are the independent auditor of the Company and therefore we also complied with the independence requirements of the IESBA Code that apply in the context of the financial statement audit.

EY applies International Standard on Quality Management 1, which requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



**Shape the future
with confidence**

**AGREED-UPON PROCEDURES REPORT ON FACTUAL FINDINGS TO THE SHAREHOLDERS OF
DHOFAR INTEGRATED SERVICES COMPANY SAOC IN RESPECT OF CORPORATE GOVERNANCE
REPORT (continued)**

Description of procedures performed

We have performed the procedures described below, which were agreed upon with you on the compliance of the Report with the Policy for the year ended 31 December 2023.

Our procedures and findings included:

| No. | Procedures | Findings |
|-----|---|--|
| (a) | We have obtained the Policy from the Company. | No exceptions noted. |
| (b) | We have obtained the Corporate Governance Report (the "Report") from the Company Secretary issued by the Board of Directors and checked that the Report of the Company includes as a minimum, all items as detailed in Annexure No.1 'The Corporate Governance Report' to the Policy. | No exceptions noted. |
| (c) | We have obtained the details regarding areas of non-compliance with Annexure No. 1 'The Corporate Governance Report' to the Policy, identified by the Board of Directors of the Company for the year ended 31 December 2023, sourced from the Company Secretary or relevant personnel, along with supporting documentation. | No instances of non-compliance were noted. |

Ernst & Young

30 April 2025
Muscat



CORPORATE GOVERNANCE REPORT FOR THE YEAR 2023

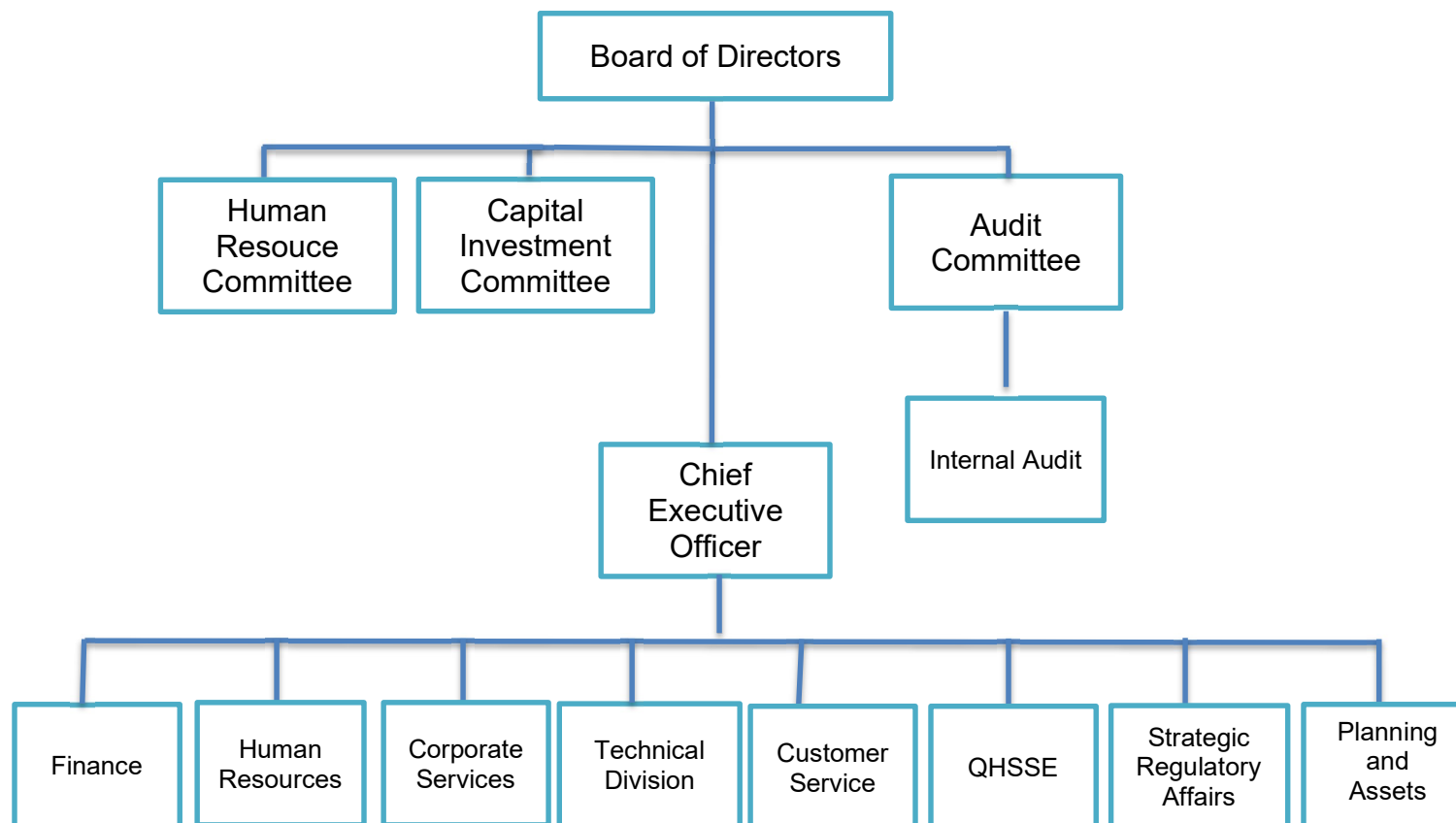
1. NAMA DHOFAR SERVICES PHIYLOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors of NDS, abiding by the laws of Sultanate of Oman, the Commercial Companies Law, the Sector Law, and Nama Group Board Manual and Oman Investment Authority (OIA) Code of Governance, recognizes the necessity for clarity in the roles, responsibilities and accountability of NDS in relation to its subsidiaries and Affiliates.

The Company pursues a Corporate Governance framework including a Board Manual which provides robust governance through an erudite Board of Directors and transparent management practices securing the interests of all its stakeholders. In pursuing its corporate objectives, the Company is committed to embracing the highest level of governance practices while striving to bring in a culture that values ethical standards, corporate discipline and the personal integrity of its people.

The Company has laid down elaborate operational procedures and authority levels for effective management. All reporting requirements are well documented to ensure compliance.

2. GOVERNANCE STRUCTURE



2.1 Board of Directors

2.1.1 Constitution of the Board

The Board represents the shareholders and is accountable to them for protecting their interest. The Board is responsible for setting up the overall policy of the Company, to give direction and provide supervision & control.

On October 2023, the shareholders approved reconstitute company Board of Directors and revise the number to 5. The skill sets of the Board range from technical, legal and financial background along with extensive experience in the Power Sector. All Board members are non-executive, they are not doing any work with the Company for which they receive permanent monthly and annual remuneration.

2.1.2 Election of the Directors

In electing Members of the Board of Directors, the terms and conditions issued by the Minister of Commerce, Industry & Investment Promotion is be followed taking into consideration the provisions of Article (180) of the Commercial Companies Law, and also reflected in articles 23 and 25 of Articles of Association.

The Members of the Board of Directors fulfils the following requirements:

- Not be less than 21 years old.
- Not be a member of a public joint stock or closed company whose principal place of business is in the Sultanate of Oman and practicing similar activities.
- Not have been declared bankrupt or dissolved unless such a case is ceased to exist as per the provisions of the law.
- Not have been convicted in a felony or criminal act unless rehabilitated.
- Not be unable to settle his debts & obligations to various lenders.
- It is not permitted to combine the position of CEO/General Manager and the Chairman of the Board of Directors.

2.1.3 Board of Directors Composition

Being a closed joint stock company, NDS is subject to the provisions of the Commercial Companies Law No. 18/2019 as amended and NDS Articles of Association. In this context, NDS Board is composed as follows:

| Name of Board Member | Position in the Board | Type of Representation | Membership of other Committees | Last attended General Meeting |
|--|-----------------------|-----------------------------|--|-------------------------------|
| Mohammed Said Al Shuaili | Chairman | Non-Executive – Independent | -Chairman of the Human Resources Committee -Member of the Investment Committee | N/A |
| Adil Ismail Al Raisi | Vice Chairman | Non-Executive – Independent | -Member - Audit Committee -Member of the Human Resources Committee | N/A |
| Abdullah Mohammed Al Rashdi | Member | Non-Executive - Independent | -Chairman of the Investment Committee -Member - Audit Committee | N/A |
| Thamer Said Al Shahri | Member | Non-Executive – Independent | Member of the Human Resources Committee -Member of the Investment Committee | N/A |
| Salim Ahmed BaOmar | Member | Non-Executive - Independent | -Chairperson - Audit Committee | N/A |
| Suhaila Mohammed Al Farasi (EX-BOD) | Chairperson | Executive - Non-Independent | -Chairperson - Audit Committee -Chairman of the Human Resources Committee | 7 September 2023 |
| Ahmed Ramadhan Said Al Yafai (EX-BOD) | Vice Chairman | Executive - Non-Independent | -Chairman of the Investment Committee - Member of the Human Resources Committee | N/A |
| Salah Khalifa Al Humaidi (EX-BOD) | Member | Non-Executive – Independent | -Member - Audit Committee -Member of the Investment Committee | N/A |

2.1.4 OTHER DIRECTORSHIPS

As on 31 December 2023, following directors have directorship in other companies:

| Director Name | Total No of Directorship in Other Companies | Similar Business Directorship | |
|--|---|-------------------------------|-----------------------|
| | | Number | Name of Company |
| Mohammed Said Al Shuaili | - | - | - |
| Adil Ismail Al Raisi | - | - | - |
| Abdullah Mohammed Al Rashdi | - | - | - |
| Thamer Said Al Shahri | - | - | - |
| Salim Ahmed Ba Omar | 1 | 1 | Oman LNG – Member |
| Suhaila Mohammed Al Farasi (EX-BOD) | 1 | 1 | Osool Mazoon - Member |
| Ahmed Ramadhan Said Al Yafai (EX-BOD) | - | - | - |
| Salah Khalifa Al Humaidi (EX-BOD) | - | - | - |

EX-Board Members

| Members Name | | Suhaila Mohammed Al Farsi (EX-BOD) | Ahmed Ramadhan Said Al Yafai (EX-BOD) | Salah Khalifa Al Humaidi (EX-BOD) |
|---------------------|-----------|---------------------------------------|--|--------------------------------------|
| BOD Meetings | Dates | Chairman | Vice Chairman | Member |
| BOD Meeting 01-2023 | 5/1/2023 | ✓ | ✓ | ✓ |
| BOD Meeting 02-2023 | 30/1/2023 | ✓ | ✓ | ✓ |
| BOD Meeting 03-2023 | 27/2/2023 | ✓ | ✓ | ✓ |
| BOD Meeting 04-2023 | 16/3/2023 | ✓ | ✓ | ✓ |
| BOD Meeting 05-2023 | 29/3/2023 | ✓ | ✓ | ✓ |
| BOD Meeting 06-2023 | 15/5/2023 | ✓ | ✓ | ✓ |
| BOD Meeting 07-2023 | 12/6/2023 | ✓ | ✓ | ✓ |
| BOD Meeting 08-2023 | 22/6/2023 | ✓ | ✓ | ✓ |
| BOD Meeting 09-2023 | 30/8/2023 | ✓ | ✓ | ✓ |
| Audit Committee | Dates | Chairman | | Member |
| AC Meeting 01-2023 | 30/1/2023 | ✓ | - | ✓ |
| AC Meeting 02-2023 | 26/2/2023 | ✓ | - | ✓ |
| AC Meeting 03-2023 | 16/3/2023 | ✓ | - | ✓ |
| AC Meeting 04-2023 | 14/5/2023 | ✓ | - | ✓ |
| HRC Committee | Dates | Chairman | Member | - |
| HRC Meeting 01-2023 | 5/1/2023 | ✓ | ✓ | - |
| HRC Meeting 02-2023 | 26/2/2023 | ✓ | ✓ | - |
| HRC Meeting 03-2023 | 16/3/2023 | ✓ | ✓ | - |
| CIC Committee | Date | - | chairman | Member |
| CIC Meeting 01-2023 | 21/3/2023 | - | ✓ | ✓ |
| CIC Meeting 02-2023 | 29/5/2023 | - | ✓ | ✓ |

New Board Members

| Members Name | | Mohammed Said Al Shuaili | Adil Ismail Al Raisi | Abdullah Mohammed Al Rashdi | Salim Ahmed BaOmar | Thamer Said Al Shahri |
|---------------------|------------|--------------------------|----------------------|-----------------------------|--------------------|-----------------------|
| BOD Meetings | Dates | Chairman | Vice Chairman | Member | Member | Member |
| BOD Meeting 10-2023 | 4/09/2023 | ✓ | ✓ | ✓ | ✓ | ✓ |
| BOD Meeting 11-2023 | 14/09/2023 | ✓ | ✓ | ✓ | ✓ | ✓ |
| BOD Meeting 12-2023 | 24/09/2023 | ✓ | ✓ | ✓ | ✓ | ✓ |
| BOD Meeting 13-2023 | 18/10/2023 | ✓ | ✓ | ✓ | ☒ | ✓ |
| BOD Meeting 14-2023 | 01/11/2023 | ✓ | ✓ | ✓ | ✓ | ✓ |
| BOD Meeting 15-2023 | 26/11/2023 | ✓ | ✓ | ✓ | ✓ | ✓ |
| BOD Meeting 16-2023 | 27/12/2023 | ✓ | ✓ | ✓ | ✓ | ✓ |
| Audit Committee | Dates | - | Vice Chairman | Member | Chairman | - |
| AC Meeting 05-2023 | 17/10/2023 | - | ✓ | ✓ | ✓ | |
| HRC Committee | Dates | Chairman | Vice Chairman | - | - | Member |
| HRC Meeting 04-2023 | 17/10/2023 | ✓ | ✓ | - | - | ✓ |

2.2 Audit Committee (AC)

The AC's primary duties and responsibilities are to assist the Board in the oversight of:

- (i) The integrity of the Company's consolidated financial statements,
- (ii) The integrity of the Company's auditing, accounting and financial reporting processes,
- (iii) The compliance by the Company with legal and regulatory requirements

Consistent with the above responsibilities, the Committee encourages management to engage in continuous improvement of, and foster adherence to, the Company's policies, procedures and practices at all levels. The Committee provides an open channel of communication among the external auditors, financial and other senior management, and the Board.

The AC ToR sets out the authorities of the AC to carry out its responsibilities established as approved by the Board and articulated within the AC ToR. These authorities include the following authorities but not limited to:

The AC is a sub-committee of the Board in fulfilling its oversight responsibilities relating to:

- a. The governance of the Entity;
 - b. Integrity of the financial reporting process;
 - c. Effectiveness of internal control system;
 - d. Performance, effectiveness and independence of the Entity IA;
 - e. Performance, effectiveness, and independence of the external auditors;
 - f. Compliance with the laws and governing regulations; and
 - g. Adequacy and effectiveness of risk management and any other risk related matters.
- Have unrestricted access to all functions, records, systems, property, assets, Entity information, external auditors and personnel to fulfill its duties.
 - Have the authority to monitor and review the business controls in any of the Entities business activities.
 - Investigating any activity within its terms of reference by themselves or through internal or external parties at the expense of the Entities. Standard Ref: ISO 9001:2008 Quality Management System Document
 - To meet with the relevant Management, external auditors and internal auditors, or any other person as invitees to its meeting and ask their opinion.

- To provide BARC members with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- The BARC is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities from the Management.
- Be the final authority in resolving any disagreement between the Management and the internal or external auditors.
- Obtain external advice and appoint consultants for ad-hoc audit and advisory work, provided the procurement of such services is in line with the Procurement and Tendering governing regulations and goes through the correct procurement channels.
- Approve all special audit engagement, by internal or external auditors, their scope and terms as well as reviewing and pre-approving the provision of permitted non-audit services by the external auditors.
- Discuss and approve the annual audit plan and risk management strategies, ensuring alignment with the Entity's strategic objectives.

2.3 Human Resources Committee (HRC)

The Chairman of (NDS) abiding by the laws of the Sultanate of Oman and in compliance with the OIA (Oman Investment Authority) and EHC (Electricity Holding Company - Nama Holding) Group's Corporate Governance Framework and Board Manual, has established the Company's Human Resources Committee and these Terms of Reference (thereafter TOR) is to govern the functions and responsibilities of the Human Resources Committee (thereafter HRC).

- Recommend the appointment, terms of employment, and where necessary the replacement of members of the executive management team directly reporting to the CEO.
- Approve succession plans for CEO & N-1 level positions at the company. c. Ensuring the Company's executive management has an appropriate disclosure framework to report any conflict of interest.
- Recommend restructuring of the Company to N-1 level, as well as other levels where deemed necessary to BOD.
- Recommend the approval the creation, removal, renaming of N-1 level positions to BOD.
- Recommend the deletion of any positions at all levels from the organization structure.
- Approve Company Manpower Plan.
- Recommend advertisement of N-1 level positions internally and externally to BOD.
- Recommend amendments to Nama Group's HR Policies Manual in line with NG Delegation of Authority Manual
- Approve exceptions to recruitment of first degree relatives.

- Approve remuneration of experts/consultants not in line with approved grading structure.
- Approve offer letters not in line with OIA limits. m. Recommend approval for extension of expatriate contracts above 6 years.
- Recommend additional role allowance for N-1 level positions.
- Recommend acting appointment for N-1 level positions p.
- Review and approve annual increment budget in line with manpower budget and approved price control allowances.
- Approve salary adjustments for N-1 level positions.
- Approve resignation of N-1 level positions. s. Approve company Omanisation plan.
- Provide guidance on significant labor issues and labour disputes, and escalate to the Board of Directors where necessary.

2.4 Capital Investment Committee (CIC)

The Board and the Management of the Company recognizes the significance of Capital Expenditure (Capex) in the Company and with a view to establish the best governance and risk management practices in Strategic Investment decided to form Capital Investment Committee (CIC) being a subcommittee from the Board of Directors (Board) with representation from Management.

Capital Expenditure/Investment Projects (CIP) include and are not limited to the following: -

- Renewable energy investment.
- 33KV load related networks Investments.
- Load and Non-Load related investment in 11kV and LT networks.
- Non-Load related network investment in 33kV.
- Water investments projects.
- Wastewater investment projects.
- Common Asset such as SCADA, GIS, billing system, building; and
- Sponsored projects as and when requested by the sponsor.
- Specify amount in OMR in which the business case is required to be approved by CIC/CEO for aforesaid capital investments: -
 - 1) more than OMR 1,000,000/- (One Million) the approval is with CIC.
 - 2) for equivalent and less than OMR 1,000,000 (One Million) the approval is with CEO, also the investments more than OMR 1,000,000/- (One Million) to CIC

Note: (CEO has the right to establish an internal sub-committee for approval/ recommendation).

REMUNERATION PARTICULARS

2.5 Remuneration to Directors

The Board fixes and approves the Sitting fees to be paid to the Directors for attendance of various meetings of the Board and its Committees. Sitting fee (OMR) eligibility of director is as follows:

| | Chairman | Member |
|------------------|----------|--------|
| | | |
| Board | 700 | 600 |
| Other Committees | 300 | 300 |

Following table shows committee membership, number of meetings, attendance and sitting fee paid:

| | BOD | AC | HRC | CIC |
|---------------------------------|--------|-------|-------|-------|
| Ms. Suhaila Mohammed Al Farasi | 3,900 | 1,200 | 900 | - |
| Mr. Salah Khalifa Al Humaidi | 3,900 | 1,500 | - | 600 |
| Mr. Ahmed Ramadhan Al Yafai | 4,200 | - | 1,200 | 600 |
| Mr. Mohammed Said Al Shuaili | 4,200 | - | 300 | - |
| Mr. Adil Ismail Al Raisi | 3,600 | 300 | 300 | - |
| Mr. Abdullah Mohammed Al Rashdi | 3,600 | 300 | - | - |
| Mr. Thamer Said Al Shahri | 3,600 | - | 300 | - |
| Mr. Salim Ahmed BaOmar | 3,000 | 300 | - | - |
| Total: | 30,000 | 3,600 | 3,000 | 1,200 |

3.2 Aggregate Remuneration to Management

The aggregate remuneration paid during the year ended 31 December 2023 to the top nine officers of the Company was OMR 793 thousand/-

3. Details of Non-compliance with the Provisions of Corporate Governance and Penalties.

The company adheres to all applicable regulatory requirements ensuring full compliance with relevant authorities. As a result, no penalties and strictures have been imposed on the organization by regulatory bodies such as Oman Investment Authority & Authority for Public Service Regulation (OIA & APSR) during the reporting period. The Company complies with the provisions of the Code of Corporate Governance outlined in Oman Investment Authority (OIA) Public Disclosure Policy.

4. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

Pursuant to Royal Decree NO. 78/2004, the Company shall maintain close ties with the OIA, in its capacity as the owner. All the information relating to the Company, news and the financial results are available on the Company's website. The Annual General Meeting offers a further opportunity for the directors to meet with shareholders. The annual report includes the Management Discussions and Analysis.

5. WHISTLE BLOWING

Fulfilling its responsibilities under the best practices of Corporate Governance, GR&AC approved Whistle Blowing Policy during the year 2015. Under this policy any stakeholder including employees, suppliers, contractors, general public can report any suspected wrongdoing as outlined in the policy to a dedicated email ID: whistleblower@dpcoman.com.

No activities were reported under whistle blowing within the year 2023.

6. DISTRIBUTION OF SHAREHOLDING

The Shareholders holding 5% and above of the Company's capital as on 31 December 2023 was as follows:

| Shareholder Name | % Share Capital |
|-------------------------|-----------------|
| Electricity Holding Co. | 99% |

7. (STATUTORY) EXTERNAL AUDITORS 2023

Statutory auditors express an opinion on the fairness with NDS presents, in all material respects, its financial position, operating results, and cash flows in line with internationally recognized accounting standards. EY were the statutory auditors of NDS during 2023. EY is a global leader in assurance, tax, strategy & transactions, and consulting 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. For over 100 years, we have grown to over 8,000 people united across 26 offices and 15 countries, sharing the same values and an unwavering commitment to quality. EY MENA forms part of EY's EMEIA practice. Globally, EY operates in more than 150 countries and employs 395,000 professionals in 700 offices. Please visit [ey.com](https://www.ey.com) for more information about EY. The Statutory Auditor fees for the year 2023 amounted to RO. 34,445.

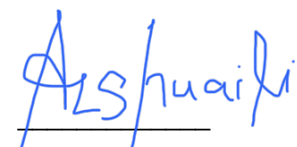
8. Annual General Meeting (AGM)

Annual General Meeting(AGM) refers to the general meeting of the Company which is held annually. Article No.172 of the Commercial Companies Law mandates Nama Dhofar Services to hold an AGM within 90 days from the end of each financial year. In 2023, Nama Dhofar Services held Annual General Meeting on 29 March 2023.

9. ACKNOWLEDGMENT

On behalf of the Board of Directors of the Company, the undersigned confirm the following:

- The Board of Directors is responsible and liable for the preparation of the financial statements in accordance with the applicable standards and rules.
- The AC has reviewed the effectiveness and adequacy of internal control systems of the Company and found them in compliance with the internal rules and regulations.
- There are no material events that affect the continuation of the Company and its ability to continue its operations during the next financial year.



Chairman



Board Member