

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2024

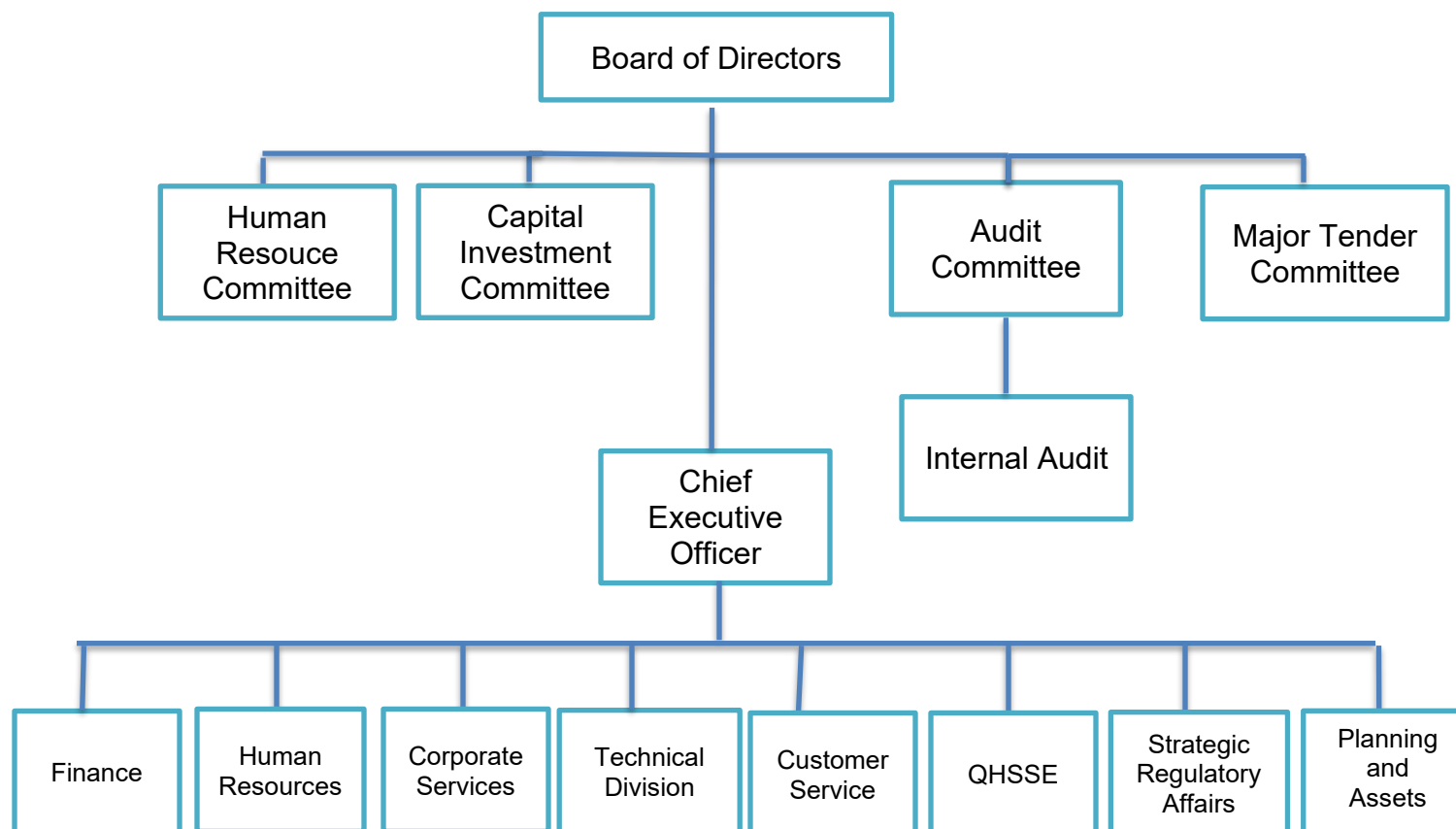
1. NAMA DHOFAR SERVICES PHILOSOPHY ON CORPORATE GOVERNANCE

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 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. 4/1974 (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 AGM Meeting
Mohammed Said Al Shuaili	Chairman	Independent	<ul style="list-style-type: none"> - Chairman of the Human Resources Committee - Member of the Capital Investment Committee 	23 April 2024
Adil Ismail Al Raisi	Deputy Chairman	Independent	<ul style="list-style-type: none"> - Member of Audit Committee - Member of the Human Resources Committee 	N/A
Abdullah Mohammed Al Rashdi	Member	Independent	<ul style="list-style-type: none"> - Chairman of the capital Investment Committee - Member of Audit Committee 	N/A
Thamer Said Al Shahri (EX-BOD)	Member	Non-independent and non-executive	<ul style="list-style-type: none"> - Member of the Human Resources Committee - Member of the Capital Investment Committee 	N/A
Salim Ahmed BaOmar	Member	Independent	<ul style="list-style-type: none"> - Chairman of Audit Committee 	N/A
Musallam Said Al Maashani	Member	Independent	<ul style="list-style-type: none"> - Chairman of Human Resources Committee - Member of Major Tender Committee 	N/A

2.1.4 DIRECTORSHIPS

As on 31 December 2024, the following directors have directorship in other companies:

Director Name	Total No of Directorship in Other Companies	Similar Business Directorship
		Name of Company
Mohammed Said Al Shuaili	-	None
Adil Ismail Al Raisi	1	1. Nama Electricity Supply Company
Abdullah Mohammed Al Rashdi	2	1. OMRAN Group 2. Oman Brunei Investment Company SAOC
Thamer Said Al Shahri (EX-BOD)	-	None
Salim Ahmed Ba Omar	1	1. Oman Liquefied Natural Gas LLC
Musallam Said Al Maashani	2	1. Nama Electricity Generation Company 2. Dhofar International Development & Investment Holding Co. SAOG

Members Name		Mohammed Said Al Shuaili	Adil Ismail Al Raisi	Abdullah Mohammed Al Rashdi	Salim Ahmed BaOmar	Musallam Said Al Maashani	Thamer Said Al Shahri (EX-BOD)
BOD Meetings	Dates	Chairman	Vice Chairman	Member	Member	Member	Member
BOD Meeting 01-2024	22/01/2024	✓	✓	✓	✓	-	✓
BOD Meeting 02-2024	04/04/2024	✓	✓	✓	✓	-	✓
BOD Meeting 03-2024	30/04/2024	✓	✓	✓	✓	-	X
BOD Meeting 04-2024	03/06/2024	✓	✓	✓	✓	✓	-
BOD Meeting 05-2024	29/07/2024	✓	✓	✓	✓	✓	-
BOD Meeting 06-2024	12/09/2024	✓	✓	✓	✓	✓	-
BOD Meeting 07-2024	21/10/2024	✓	✓	✓	✓	✓	-
BOD Meeting 08-2024	01/12/2024	✓	✓	✓	✓	✓	-
BOD Meeting 09-2024	15/12/2024	✓	✓	✓	x	✓	-
Audit Committee	Dates	-	Member	Member	Chairman	-	-
AC Meeting 01-2024	04/04/2024	-	✓	✓	✓	-	-
AC Meeting 02-2024	29/04/2024	-	✓	✓	✓	-	-
AC Meeting 03-2024	03/06/2024	-	✓	✓	✓	-	-
AC Meeting 04-2024	17/07/2024	-	✓	✓	✓	-	-
AC Meeting 05-2024	06/11/2024	-	✓	✓	✓	-	-
AC Meeting 06-2024	28/11/2024	-	✓	✓	✓	-	-
CIC Committee	Dates	Member	Member	Chairman	-	-	-
CIC Meeting 01-2024	04/01/2024	✓	✓	✓	-	-	-
CIC Meeting 02-2024	28/07/2024	✓	✓	✓	-	-	-
HRC	Dates	Member	Member	-	-	Chairman	-
HRC Meeting 01-2024	03/06/2024	✓	✓	-	-	✓	-
HRC Meeting 02-2024	28/07/2024	✓	✓	-	-	✓	-
HRC Meeting 03-2024	10/10/2024	x	✓	-	-	✓	-
HRC Meeting 04-2024	28/11/2024	✓	✓	-	-	✓	-
Major Tender Committee	Dates	Chairman	-	Member	-	Member	Member
MJTC Meeting 01-2024	07/01/2024	✓	-	✓	-	-	✓
MJTC Meeting 02-2024	14/02/2024	✓	-	✓	-	-	✓

MJTC Meeting 03-2024	28/03/2024	X	-	✓	-	-	✓
MJTC Meeting 04-2024	30/04/2024	✓	-	✓	-	-	-
MJTC Meeting 05-2024	04/06/2024	✓	-	✓	-	-	-
MJTC Meeting 06-2024	08/07/2024	✓	-	X	-	-	-
MJTC Meeting 07-2024	21/07/2024	✓	-	X	-	-	-
MJTC Meeting 08-2024	18/08/2024	✓	-	✓	-	-	-
MJTC Meeting 09-2024	09/09/2024	✓	-	x	-	✓	-

2.2 Audit Committee (AC)

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

- The integrity of the Company's consolidated financial statements,
- The integrity of the Company's auditing, accounting and financial reporting processes,
- 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:

- The governance of the Entity;
- Integrity of the financial reporting process;
- Effectiveness of internal control system;
- Performance, effectiveness and independence of the Entity IA;
- Performance, effectiveness, and independence of the external auditors;
- Compliance with the laws and governing regulations; and
- 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).

2.5 Major Tender Committee (MJTC)

The Entity Board of Directors is responsible to establish, nominate the Major Tender Committee (MJTC) and approve its members and restructure the Committee, whenever necessary.

Within the scope of its financial powers, the (MJTC) shall be responsible for the following:

- To ensure that all tenders are processed in accordance with the principles of openness, transparency, equal opportunity, equity and free competition.
- To establish and approve members of the Procurement Committee (PC)/ Sub Committee.
- To ensure that all tenders and Variation Orders are executed based on fair, ethical and transparent grounds.
- To select the best Bid within the scope of its authorities.
- To ensure full compliance with the set of procedures in the whole cycle of the tendering process.
- To ensure that any additional regulations or procedures relating to the tenders are streamlined with these guidelines as follows:
 - Review and approve the tender strategy, technical and commercial evaluation criteria.
 - Review and approve the proposed list of Bidders who will be invited to submit their respective proposals for the limited tenders.
 - Review and approve the proposed Bidder who will be invited to submit the respective proposal for the Single Source (voluntary/ involuntary).
 - Review and approve the evaluation reports, recommendations of the Concerned Department and award of tenders including the clarifications received from the Bidders.
 - Review and approve the Variation Orders.
- Authorize approaching the Bidders to provide additional clarifications in connection with their Bids and to re-submit their Bids (as required) and the Concerned Department shall re-evaluate Bids.
- Direct for re-tendering when the results of the original tendering process are not satisfactory.
- Review and submit its meetings' reports, in addition to a brief quarterly report about its activities along with the Minor Tender Committee (MITC) and Procurement Committee (PC) activities to the Board of Directors (BOD).
- Submit quarterly reports about the Variation Orders it issues to the Board of Directors (BOD) with elaborate information, justifications, summary of facts and detailed figures.
- Perform any other responsibilities as defined in the Procurement and Tendering Policy for Oman Investment Authority (OIA) Entities and Procurement Guideline for Nama Group (NG) Entities, assigned by the Board of Directors or (NH) Board of Directors.

3. REMUNERATION PARTICULARS

3.1 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

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

	BOD	AC	HRC	CIC	MJTC
Mr. Mohammed Said Al Shuaili	3,500	-	600	600	1,300
Mr. Adil Ismail Al Raisi	3,600	1,200	600	600	-
Mr. Abdullah Mohammed Al Rashdi	3,000	1,200	-	600	1,200
Mr. Thamer Said Al Shahri	1,200	-	-	-	900
Mr. Salim Ahmed BaOmar	4,800	1,200	-	-	-
Mr. Musallam Said Al Maashani	3,300	-	1,200	-	1,500
Total:	19,400	3,600	2,400	1,800	4,900

3.2 Aggregate Remuneration to Management

The aggregate remuneration paid during the year ended 31 December 2024 to the key management of the Company was OMR 799 thousand/-.

4. 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. The 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.

The Company received a penalty from the Authority for Public Services Regulation on 17th April 2024 due to non-submission of:

- Water Safety Plan
- Monthly Water Quality Reports

As per Chapter (7): Penalties, Article (13), Sector Law 40/2023, Article (52), and Water & Wastewater License Condition (16), the Authority fined the Company with OMR 10,000 penalty.

5. 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. The Annual General Meeting offers a further opportunity for the directors to meet with shareholders. The annual report includes the Management Discussions and Analysis. Disclosure information, annual reports including management deliberation and analysis are available in the Company's website www.dhofarservices.nama

6. 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.

One activity is reported under whistle blowing within the year 2024 related to Unauthorized Bill Cancellation

7. DISTRIBUTION OF SHAREHOLDING

The Shareholders holding 5% and above of the Company's capital as on 31 December 2024 was as follows:

Shareholder Name	% Share Capital
Electricity Holding Co.	99%

8. (STATUTORY) EXTERNAL AUDITORS 2024

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 8,500 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 400,000 professionals in 700 offices. The Statutory Auditor fees for the year 2024 amounted to RO 59,259.

9. 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 2024, Nama Dhofar Services held Annual General Meeting on 23 April 2024.

10. 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