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AGREED-UPON PROCEDURES REPORT ON FACTUAL FINDINGS TO THE SHAREHOLDERS OF NAMA ELECTRICITY SUPPLY COMPANY SAOC IN RESPECT OF CORPORATE GOVERNANCE REPORT

Scope and purpose

We have performed the procedures agreed with you 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 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 Nama Electricity Supply 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 Code 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 control

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) and the independence requirements in accordance with the relevant independence requirements. 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 Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

AGREED-UPON PROCEDURES REPORT ON FACTUAL FINDINGS TO THE SHAREHOLDERS OF NAMA ELECTRICITY SUPPLY 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 Code 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 exceptions noted.



30 December 2024
Muscat



Corporate Governance Report for the year ended 31st December 2023

1. COMPANY PHILOSOPHY

The Code of Governance for OIA entities is the main driver for the governance control in defining the boundaries between the main roles and functions of the Board of Directors (BoD), Chief Executive Officer (CEO), and employees of the company. The BoD are responsible for overseeing how the management serves the interests of the Company, its shareholders, as well as its key stakeholders. The Corporate Governance Code and its principles are designed around this philosophy to comply with international practice.

Our shareholders, Nama Holding (NH), have documented processes covering the detection, investigation and prosecution of dishonest conduct such as fraud, theft and corruption committed by staff or external parties against its companies. To support this, The Whistleblower Policy and system has been adopted by the company to address potential conflicts of interest or fraud.

The BoD has directed the Audit and Risk Management Committee (ARMC) to monitor and report on compliance with applicable laws and regulations through the Legal Counsel and the Regulations and Compliance Function; that report to ARMC on Quarterly bases. The reporting consists of a comprehensive risk assessment focusing on operational, financial, regulatory risks along with mitigation strategies that were reviewed by ARMC and then implemented by the management accordingly.

Through the planned board and committee meetings, the BoD ensures that the company delivers the compliance, governance, committees, and annual reports fairly representing the performance of the company and complies with all legal requirements.

This 'Annual Report' ensures that it addresses all material issues and fairly represents the integrated performance of the company in accordance with Oman Investment Authority's (OIA) Public Disclosure Policy for OIA Entities issued on 4th April 2024.

The Board reviews and approves the financial statements annually in conjunction with the ARMC before obtaining approvals by the shareholders through the Annual General Meeting.

The Board has delegated the responsibility for publishing and disclosing the approved Annual Report, including the Financial Statements and Corporate Governance Report, on the website. The release is supported by a list of approved spokespersons that can respond to any media enquiries.



2. BOARD OF DIRECTORS

2.1 Composition and Dependency Status

The BoD is accountable for protecting the interest of the shareholders in accordance with the Sector Law along with other local laws and regulations. The annual evaluation of the Board is conducted based on an approved Board Performance Evaluation Framework by OIA.

The main duties of the Board, are as follows:

- Creating and delivering the Company's strategic direction within a framework that aligns with corporate objectives and policies, and
- Ensuring that the management maintains a system of internal controls to ensure effective and efficient operations, accurate financial reporting and compliance with local laws and regulations; and
- Maintaining a strong reputation of its financial standing by mitigating any related risks that are inherent to the business, in addition to controlling the relative costs and benefits.

The below table includes the details of Board members and the number of meetings:

Table 1: Board members for the period 1st January 2023-7th September 2023 (resigned on 7th September 2023)

Name of the Member	Dependance Status	Position in the Board	Number of Meetings Attended	Chairman/Member in other Board Committees	Last General Meeting attended
Saleem Ahmed Abdullatiff	Independent	Chairman	5	-	7 th May 2023
Rashid Sultan Al Hashmi	Non-Independent	Deputy Chairman	6	ARMC-Chairman	7 th May 2023
Atif Sulaiman Al Alawi	Non-Independent	Member	6	ARMC-member	7 th September 2023



Table 2: Board members for the period from 7th September 2023- 31st December 2023 (appointed on 7th September 2023)

Name of the Member	Dependance Status	Position in the Board	Number of meetings attended	Chairman/Member in other Board Committees	Last General Meeting attended
Mansoor Ali Al Maqbali	Non-Independent	Chairman	4	-	-
Ibrahim Said Al Sulaimani	Non-Independent	Deputy Chairman	4	MJTC*- Member	-
Tariq Saleh Taha	Independent	Member	4	ARMC- Chairperson	-
Said Salim Al Shanfari	Independent	Member	3	MJTC*-Chairperson ARMC-Member	-
Hadeel Mohamed Al Mazroo'ey	Independent	Member	4	ARMC-Member MJTC*-Member	-

*MJTC: Major Tender Committee

The definition of the **Independence** as per Code of Governance for OIA Entities issued on 16th September 2021 is applicable.

2.2 Number of other Boards or Boards Committee where the director is a member or Chairperson.

Table 3: Board members in other organizations as on 31st December 2023.

Name	Organization Name	Designation	Total membership Including Nama Electricity Supply Company
Mansoor Ali Al Maqbali	-	-	1
Ibrahim Said Al Sulaimani	-	-	1
Tariq Saleh Taha	-	-	1
Said Salim Al Shanfari	Destination Hotel Management Company SAOC	Chairman of the Board	3
	Muscat Endowment Fund	Member of the Board	
Hadeel Mohamed Al Mazroo'ey	-	-	1



2.3 Number of Board meetings held and dates

There were ten meetings of the Board in 2023. These meetings were held on (27th February 2023, 8th March 2023, 28th March 2023, 2nd May 2023, 11th May 2023, 26th July 2023 (in two days 2nd August), 10th September 2023, 19th September 2023, 29th October 2023, 6th Dec 2023.

3. BOARD COMMITTEES

3.1 Audit and Risk Management Committee (ARMC)

The members of the ARMC include two non-Executive Directors from January 2023 to August 2023, and three non-Executive Directors from September 2023 to December 2023, appointed by the Board. All the members have a background of either financial or commercial experience at a senior management level.

3.1.1 Audit Risk Management Committee Responsibilities

The ARMC is mainly responsible for ensuring the integrity of the company's accounts, financial reporting systems, and the development and oversight of risk management processes. In accordance with the Code of Corporate Governance requirements, the committee undertook the following activities during 2023, which includes, but not limited to:

- Approving the appointment of the External Auditors, ensuring their independence, and recommending their appointment to the Board.
- Reviewing and approving the annual Audit Plan, including all proposed changes, and ensuring full access to all required documents and individuals.
- Overseeing the course of their audit to ensure focus on any possible instances of financial fraud or fictitious accounting practice.
- Managing the activities of the Internal Audit Function to ensure adequate staffing with qualified individuals (the current team includes seven employees, which consists of professionally qualified accountants, internal auditors and those actively pursuing relevant professional qualifications). This includes:
 - Approving the annual Internal Audit Plan.
 - Approving the Audit Charter.
 - Approving proposed changes to the Internal Audit Plan.
 - Reviewing Internal Audit Reports.



- Providing updates on each Board meeting presented by the Chairman of ARMC.
- Forming a view on the adequacy of the control environment within the Company.
- Reviewing selected key risks (Severe and High risks are monitored closely to ensure implementation of mitigation plans and they are extracted from the Corporate Risk Register and reviewed quarterly).
- Monitoring the actions taken by management in response to risk.
- Ensuring the Risk Management follows all aspects of the law and follows the relevant regulations and best practices.
- Reviewing and approving the financial statements in the annual report, audited accounts, and other key documents (Business Plans, other documents for external review) related to risk management.
- Reviewing the company's material risk exposures.
- Reviewing and approving the Company's key policies in compliance with legal and regulatory requirements.
- Exercising the general oversight of compliance with OIA, NH and internal policies.
- Reviewing the closure of third-party recommendations (such as APSR and State Audit)

3.1.2 Audit and Risk Management Committee Meetings and Attendance

The Committee met six times during 2023. Occasionally, the committee invites the Chief Executive Officer (CEO), Group Chief Internal Auditor, and other members of the management. The Internal auditor is always included in all the ARMC meetings, and the External Auditor presented the annual and mid-year financial results

The table below shows the number of meetings held by the Committee during 2023.

Table 4: ARMC members for the period from 1st January 2023-7th September 2023

Name of the Member	Position in the Committee	Number of Meetings Attended
Rashid Sultan Al Hashmi	Chairperson	4
Atif Sulaiman Al Alawi	Member	4



Table 5: ARMC members for the period from 7th September 2023- 31st December 2023

Name of the Member	Position in the Committee	Number of Meetings Attended
Tariq Saleh Taha	Chairperson	2
Said Salim Al Shanfari	Member	1
Hadeel Mohamed Al Mazroo'ey	Member	2

3.1.3 Dates of the Meetings of Audit and Risk Management Committee held during 2023

There were six meetings of the Audit and Risk Management Committee in 2023. These meetings were held on (23rd February 2023, 2nd May 2023, 4th May 2023, 19th July 2023, 19th September 2023, 25th October 2023)

3.2 Major Tender Committee

Major Tender Committee (MJTC) was established by the Board in line with the OIA's Procurement and Tendering Policy and in line with Procurement Guidelines issued by Nama Holding. The Committee is comprised of five members from the BoD and Management and chaired by a member of the BoD.

3.2.1 Major Tender Committee Responsibilities

The MJTC is responsible for the following:

- Ensuring that all tenders are processed in accordance with the principles of openness, transparency, equal opportunity, equity and free competition.
- Selecting and approving members of the Procurement Committee (procurement of less than OMR 50k)
- Ensuring that all tenders and variation orders are executed based on fair, ethical and transparent grounds.
- Selecting the best Bid within the scope of its authorities.
- Ensuring full compliance with the set of procedures during the tendering process.
- Ensuring that any additional regulations or procedures relating to the tenders are streamlined with these guidelines.
- Authorizing additional clarification in connection with Bids.
- Directing for re tendering when the results of the original tendering process are not satisfactory.
- Reviewing and submitting brief quarterly reports about its activities along with the Minor Tender Committee and Procurement Committee activities to the Board.



- Submitting quarterly reports to the BoD on the variation orders issued.
- Performing any other responsibilities as defined in the OIA's Procurement Tendering Policy entities and Procurement Guidelines for Nama Group Entities, or any other responsibilities assigned by the Board of Directors of Nama Holding and Nama Electricity Supply Company.

3.2.2 Major Tender Committee number of Meetings and attendance

Table 6: Major Tender Committee (MJTC) meetings 2023 for the period from 7th September 2023- 31st December 2023

Name	Position in the Committee	Number of Meetings Attended	Dates of the Meetings
Said Al Shanfari	Chairman (Board)	1	There was one meeting of the Major Tender Committee in 2023. This meeting was held on 28 th Dec 2023
Ibrahim Al Sulaimani	Member (Board)	0	
Hadeel Al Mazroo'ey	Member (Board)	0	
Salim Al Kamyani	Member (Management)	1	
Salman Al Hattali	Member (Management)	1	

4. DATILS OF NON-COMPLIANCE

There were no penalties and strictures imposed on the Company by the regulator or any regulatory authority during 2023

5. CHANNELS OF COMMUNICATION WITH THE STAKEHOLDERS

Pursuant to the Royal Decree 78/2004 (Sector Law) and its amendments, the Company maintains close liaison with Electricity Holding Company SAOC, Numo Institute for Competency Development LLC and Nama Shared Service LLC, on various policy issues.

The Company maintains an active communication program with its shareholders. Annual Report are posted on the Company's website at <https://supply.nama.om> for all stakeholders and also mailed directly to shareholders.



6. MANAGEMENT DISCUSSION AND ANALYSES REPORT

Refer to The Annual Report and the Report of the Financial Statements, Chairman Message, Director Report and CEO Message providing Key information on the company's financial performance, in addition to the key strategic projects and sustainability projects. The Company's financial performance gives a view of the current financial standing and future projections. The reports assist investors and shareholders in understanding how the Management and Board implement the decision-making process, and the company's core principles and financial fundamentals.

7. COMPLIANCE WITH THE CODE OF GOVERNANCE FOR OIA ENTITIES

The Company was in full compliance with the Code of Governance for OIA Entities.

8. STATUTORY AUDITOR

The Financial Statements for the year ended 2023 have been audited by ERNST&YOUNG L.L.C (E&Y). E&Y is a global leader in assurance, tax, transaction and advisory services. E&Y is committed to doing its part in building a better working world. The insights and quality services which E&Y delivers are helping to build trust and confidence in the capital markets and in economies. Please visit ey.com for more information about E&Y. The fees of the Statutory Auditor for the year 2023 amounted to RO. 19,000.

9. ANNUAL GENERAL MEETING OF SHAREHOLDERS

An Annual Ordinary General Meeting shall be convened each year within three months after the end of the Company's financial year. Additional Ordinary General Meetings shall be convened when required by law or the articles of association of the Company or whenever a need for such a meeting arises.

Nama Supply held five general meetings in the year 2023 where shareholders had the opportunity to engage directly with the board as described below,



Table 7: General Meetings 2023

Name	Position in the Board	Annual General Meeting	Ordinary General Meeting	Extraordinary General meeting
Saleem Ahmed Abdullatiff	Chairman	1	1	1
Rashid Sultan Al Hashmi	Deputy Chairman	1	1	1
Atif Sulaiman Al Alawi	Member	1	2	2

10. HE REMUNERATION OF THE BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The company Paid RO. 412k (Four Hundred Twelve Thousand Riyal Omani) toward salaries and remuneration of the top 5 key management personnel which was amounted RO. 325K and directors' remuneration and sitting fees during the year was RO. 87K.

The tables below show the overall remuneration paid to Board members during the year:

Table 8.1: Summary of the Remuneration paid to Board members.

Description	Amount (RO)
Sitting fees paid for Board of Directors	22,500
Sitting fees paid for Audit and Risk Management Committee (ARMC)	3,900
Sitting fees paid for Major Tender Committee (MJTC)	300
Total sitting fees	26,700
Bonus paid during 2023 (year 2022 performance)	60,508
Grand Total	87,208



Table 8.2: Details of the Remuneration paid to Board members.

Name of Director	Sitting Fees (RO)			Total (RO)	Bonus (RO)	Total (RO)
	Board	ARMC	MJTC			
Saleem Ahmed Abdullatiff	3,500	-	-	3500	25,932	29,432
Rashid Sultan Al Hashmi	3,600	1,200	-	4800	17,288	22,088
Atif Sulaiman Al Alawi	3,600	1,200	-	4800	17,288	22,088
Mansoor Ali Al Maqbali	2,800	-	-	2800	-	2,800
Ibrahim Said Al Sulaimani	2,400	-	-	2400	-	2,400
Tariq Saleh Taha	2,400	600	-	3000	-	3,000
Said Salim Al Shanfari	1,800	300	300	2400	-	2,400
Hadeel Mohamed Al Mazroo'ey	2,400	600	-	3000	-	3,000
Total	22,500	3,900	300	26,700	60,508	87,208

Chairman - Board of Director

