

Corporate Governance

Corporate Governance Report for OQGN – 2023

Board of Directors

In 2023, OQGN's shareholders elected a new Board of Directors at the OGM on 24 August, succeeding the previous board whose term spanned from 24 March 2022. This new board is set to serve until the AGM of 2025. Should the third AGM occur more than three years after their election, their term will extend to that AGM date.

Previous Board Composition:

Name	Position
Ahmed Said Abdullah Al Azkawi	Chairman
Sabrina Fadhil Mahmood Al Bakri	Deputy Chairman
Rehab Faiq Dawood Al Lawati	Board Member
Sultan Hamed Khamis Al Bartamani	Board Member
Omar Mahmood Mohamed Bahram	Board Member

Current Board Composition:

Name	Position	Status	Type	Summary Profile
Talal Al Awfi	Chairman	Non-Independent	Non-Executive	degrees in Marketing and Business from the University of Manchester, has led OQ as Group CEO since February 2021. His career began in oil price analysis, advancing through key roles in trading, marketing, and logistics, culminating in leadership positions including Chairman of Oman LNG LLC and OQ Trading Ltd.
Ayad Al Balushi	Deputy Chairman	Non-Independent	Non-Executive	a Mechanical Engineering graduate from the University of Nottingham, is the CFO of Oman Investment Authority. With over 13 years in the oil and gas sector, his experience spans from program leadership at OQ to CFO roles, and he currently chairs Abraj Energy Services SAOG.
Fathi Al Balushi	Board Member	Independent*	Non-Executive	Fathi Al Balushi, a Master's in Finance, is the CEO of Oman Brunei Investment Company, managing significant investment projects. With 19 years in finance, he's led over \$10 billion in debt financing and held various leadership roles in Oman and Brunei.
Raiya Al Salmi	Board Member	Non-Independent	Non-Executive	an MBA from the University of Houston and a BSc from the University of Kent, oversees Organizational Excellence at OQ. Her 16-year career includes transformations in oil and gas, asset management, and advisory roles, serving on the board of GS EPS Ltd, Korea.
Hanaa Al Hinai	Board Member	Independent	Non-Executive	a Master's in Business Finance from Victoria University and extensive executive education, leads Al Ahlia Insurance as CEO. With over 22 years in insurance and banking, she focuses

Name	Position	Status	Type	Summary Profile
				on strategic growth and innovation, also serving on the boards of Outward Bound Oman and Omani Unified Bureau for the Orange Card SAOC.

*Independence as per CMA regulations.

Role of the Board

The Board of Directors plays a pivotal role in overseeing the management of the company. It establishes a comprehensive framework of prudent and effective controls, ensuring robust risk assessment and management. Additionally, the Board is responsible for ensuring compliance with all statutory and regulatory obligations as mandated by applicable laws and regulations, safeguarding the company's integrity and stakeholder interests.

Election of Board Members

The Board of Directors of OQGN is appointed through a transparent election process conducted during the Annual/Ordinary General Meeting, adhering to direct and confidential ballot principles. This procedure ensures that each shareholder exercises voting rights proportionate to their shareholding, allowing for either a unified allocation of votes towards a single nominee or a distribution across several nominees, with the caveat that the total votes cast do not exceed their share ownership. The election outcome, based on the highest number of votes received, exemplifies a commitment to a democratic selection process, with elected nominees assuming their roles on the Board for a designated term of three years.

This tenure is marked by a steadfast dedication to the shareholders, to whom the Board is primarily accountable. The Board's responsibilities include the provision of detailed reports at the Annual General Meeting (AGM) or any specially convened shareholder meetings, reflecting a transparent and inclusive approach to corporate governance. These meetings, announced well in advance along with comprehensive agenda notes, are pivotal for ensuring robust participation and fostering meaningful dialogue among the shareholders. A hallmark of these gatherings is the expected attendance of all Board members, which reinforces open communication channels between the Board, the shareholders, and OQGN's senior management.

Criteria for Board Membership

Nominees for Board membership are subject to rigorous criteria outlined by the Corporate Commercial Law (CCL), the Governance Code, and Article 115 of the SAOG Executive Regulations. These criteria include:

Being at least 25 years old and demonstrating good conduct and a reputable standing.

Holding a registered shareholder number with the Muscat Clearing & Depository Co. (MCDC).

The ability to settle any indebtedness to the company and having no history of serious criminal convictions or bankruptcy, unless fully rehabilitated.

A commitment to serving independently if nominating oneself as an Independent Director, including a declaration that membership will be forfeited upon losing this status.

Limitations on board membership to prevent conflicts of interest, including restrictions on being a member or representative in more than four SAOG companies based in Oman, chairing more than two SAOG companies in Oman, and prohibitions against serving as an employee or board member of a company with similar objectives.

These stringent qualifications ensure that Board Members possess the necessary integrity, experience, and commitment to uphold the company's governance standards and contribute to its strategic vision.

Board meetings and attendance

Previous Board

BOD member	Meeting 1 30 Jan 2023	Meeting 2 23 Feb 2023	Meeting 3 19 Mar 2023	Meeting 4 31 May 2023	Meeting 5 19 Jun 2023	Meeting 6 2 Aug 2023
Ahmed Said Abdullah Al Azkawi (Chairman)	Yes	Yes	Yes	Yes	Yes	Yes
Sabrina Fadhil Mahmood Al Bakri (Deputy Chairman)	Yes	Yes	Yes	Yes	Yes	Yes
Rehab Faiq Dawood Al Lawati (Member)	Yes	Yes	Yes	Yes	Yes	Yes
Sultan Hamed Khamis Al Bartamani (Member)	Yes	Yes	No	Yes	Yes	Yes
Omar Mahmood Mohamed Bahram (Member)	Yes	Yes	Yes	Yes	Yes	No

Board Remuneration

Board Remuneration

BOD member	Meeting 7 29 Aug 2023	Meeting 8 8 Oct 2023	Meeting 9 30 Oct 2023	Meeting 10 14 Nov 2023	Meeting 11 11 Dec 2023
Talal Al Awfi (Chairman)	Yes	No	Yes	No	Yes
Ayad Al Balushi (Deputy Chairman)	Yes	Yes	Yes	Yes	Yes
Fathi Al Balushi (Member)	Yes	Yes	Yes	Yes	Yes
Raiya Al Salmi (Member)	Yes	Yes	Yes	Yes	Yes
Hanaa Al Hinai (Member)	Yes	Yes	Yes	Yes	No

Name	Board sitting fees (OMR)	ARC fees (OMR)	NRC sitting fees (OMR)	Total (OMR)
Ahmed Al Azkawi	3,000	Non-member	-	3,000
Sabrina Al Bakri	3,000	800	-	3,800
Sultan Al Bartumani	2,500	800	-	3,300
Rehab Al Lawati	3,000	800	-	3,800
Omar Mahmood Mohamed Bahram	2,500	Non-member	-	2,500
Talal Al Awfi	1,500	Non-member	Non-member	1,500
Raiya Salim Al Salmi	2,500	400	200	3,100
Hana Al Hinai	2,000	400	200	2,600
Fathi Al Balushi	2,500	200	Non-member	2,700
Ayad Al Balushi	2,500	Non-member	200	2,700

Board Committees

Audit Risk Committee

As a sub-committee formed by the Board, the Audit Risk Committee comprises three members of which two, including the chairman, are independent directors. In compliance with the Governance Code, the majority of Audit Committee members are Independent Directors, and in all cases the Chair of the Audit Committee is from among the Company's Independent Directors. At least one of the members has financial and accounting expertise.

Committee Member	Position
Fathi Al Balushi	Chairman
Hanaa Al Hinai	Member
Raiya Al Salmi	Member

Oversight of internal audit

The Audit Committee is primarily responsible for recommending the appointment and remuneration of a suitably qualified and experienced person for the position of Internal Audit Manager for the Company. Such a person is charged with responsibility for:

- Developing the internal audit strategy for the Company

Auditing operations and financial statements of the Company

Ensuring the Company's compliance with laws and regulations as applicable

Preparing periodic reports to the Board with respect to the adequacy and effectiveness of the Company's system of internal administrative, accounting and financing controls, and on any other issue which the Audit Committee requests reports for

Roles and responsibilities

Internal and external audit

- Considering all aspects relating to the appointment of external auditors, including their fees and terms of engagement.
- Reviewing details of audit plans from audit firms, and results of the audit process as to whether or not the auditors have had full access to all relevant documents to perform their job.
- Reviewing annual and quarterly financial statements before issue; reviewing any reservations of the external auditor on these draft statements, if any, and ensuring compliance with international accounting standards and disclosure requirements as prescribed by the CMA.
- Oversight of the internal audit function through an approved audit plan; considering the reports of the internal auditor, ensuring the internal auditors have full access to all relevant documents, and regularly reviewing the efficiency of internal audit function regularly.
- Proposing wages, remunerations and financial and in-kind benefits for the employees of the internal audit unit.

Policies and procedures

- Adopting appropriate accounting policies and principles in accordance with international accounting standards that demonstrate the real financial position of the Company.
- Ensuring there are adequate policies and procedures to detect and prevent any cases of financial fraud or forgery
- Reviewing the risk management policy of the Company and the adequacy of internal control systems through the regular reports of internal and external auditors or appoint external consultants in this field.

Board support

- Serving as a channel of communication between the Board and the external auditor and internal auditor.
- Reviewing proposed transactions with related parties to make suitable recommendations to the Board.
- Reviewing reports of the external valuer of the internal auditor and submitting to the Board together with recommendations; summarising the results of valuation process as part of the governance report

Previous committee meetings and attendance

Meeting dates	Attending member	Position
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24 January 2023	Sabrina Al Bakri	Chair
12 March 2023	Sultan Al Burtmani	Member
	Rehab Al Lawati	Member
18 June 2023		
30 July 2023		

Current committee meetings and attendance

Meeting date	Attending member	Position
26 September 2023	Fathi Al Balushi	Chairman
	Hanaa Al Hinai	Member
	Raiya Al Salmi	Member

Nomination and Remuneration Committee

Committee Member	Position
Raiya Al Salmi	Chairman
Hanaa Al Hinai	Member
Ayad Al Balushi	Member

OQGN's Nomination and Remuneration Committee was formed in 2023, and meets the CMA's corporate governance standards for SAOGs.

Roles and responsibilities

To shareholders

- Assisting shareholders while electing the Board at a general meeting in the nomination of proficient directors and the election of the most fit for the purpose
- Assisting with the formulation of clear, credible and accessible policies to inform shareholders about remunerations for Board Members and Executive Management, on the rules of remuneration, and sitting fees for Directors.

To the Board

- Assisting the Board in selecting the most appropriate and necessary executives for the Executive Management of the Company
- Developing a succession policy or plan for the Board, especially the Chairperson of the Board
- Preparing detailed job descriptions of the role and responsibilities for Board Members including the Chairperson
- Identifying and nominating qualified persons to act as interim Board Members directors in the event a seat becomes vacant

To Executive Management

- Nominating qualified persons to assume Executive Management positions, as required or directed by the Board
- Developing and deploying additional performance-based criteria to determine the bonus and remuneration of the Chief Executive Officer and Executive Management of the Company.
- Providing succession planning for Executive Management
- Preparing bonus, allowance and incentive policies for Executive Management and reviewing such policies periodically while accounting for market conditions and company performance

Committee meeting and attendance

Meeting date	Attending member	Position
15 October 2023	Raiya Al Salmi	Chairman
	Hanaa Al Hinai	Member
	Ayad Al Balushi	Member

Executive Management

Name	Position
Mansoor Al Abdali	Managing Director
Khalid Al Qassabi	Vice President – Finance
Faisal Al Maamari	Vice President – People, Technology and Culture and Acting Vice President – QHSSE
Mohammed Al Ruqaushi	Vice President – Operations
Saif Al Hosni	Vice President – Business Development and Commercial
Majid Al Zadjali	Vice President – Technical Services and Acting Vice President – Project Delivery
Haitham Al Lawati	Head of Legal and Compliance

Management structure

Profiles of Executive Management Team

Mansoor Al Abdali **Managing Director**

Year of joining: 2009

Education: Bachelor's degree in Mechanical Engineering from the University of Manchester Institute of Science & Technology, UK

Experience: 29 years in operations, maintenance and engineering of oil and gas facilities, with skills in pipeline management. Prior to joining the Company, he worked for 15 years at PDO, where he was in charge of the inspection and maintenance of all PDO assets and operational sites, including oil and gas pipelines and terminal facilities. Mansoor has led OQGN's asset acquisitions of PDO and Madayn (PEIE).

Khalid Al Qassabi **Vice President, Finance**

Year of joining: 2022

Education: Bachelor of Science in Accounting and Finance from the University of Leeds, UK.

Experience: 17 years of experience in the energy and financial sectors in Oman. Prior to joining the Company, Khalid held senior positions at PwC, Schlumberger Oman, Occidental Mukhazina, Falcon Oilfield Services, and OQEP.

Faisal Al Maamari

Vice President, PT&C, and Acting Vice President QHSSE

Year of joining: 2022

Education: Bachelor of Science in Civil Engineering and Master of Science in Petroleum Engineering from Sultan Qaboos University.

Experience: 23 years in the oil and gas industry, and with OQ Group since 2013. Faisal has held senior positions at PDO, Oxy, and Oman Oil Company Exploration & Production (OOECP), and led the business finance department for OQ. His work on key growth projects include a turnaround of OOECP's supply chain department of OOECP and securing a cross-country gas pipeline project for V2 Trenching and Co.

Mohammed Al Ruqaishi

Vice President, Operations

Year of joining: 2022

Education: Bachelor of Science - Chemical Engineering and Master of Science in Industrial Engineering from Sultan Qaboos University, Oman.

Experience: 21 years of experience in the oil and gas industry. Prior to joining the Company, Mohammed had senior positions at Worley, Bilfinger Tebodin, where he helped establish the Sohar office, and at OOECP, where he led the Bisat Field development from concept.

Saif Al Hosni

Vice President, Business Development & Commercial

Year of joining: 2021

Education: Master of Science in Process Control from the UK and a Master of Business Administration from Vienna University of Economics and Business.

Experience: 12 years of experience in the oil and gas industry. Prior to joining the Company, Saif held positions at Shell, PDO and OQEP. He is an experienced Process Control and Optimisation 187 engineer with core competencies in upstream operations management and technical services, and experience with LEAN, continuous improvement and digitalisation.

Majid Al Zadjali

Vice President, Technical Services, and Acting Vice President, Project Delivery

Year of joining: 2008

Education: Master of Business Administration from the University of Strathclyde and a Bachelor's Degree in Process Operation and Maintenance Engineering from Caledonian College of Engineering, Oman.

Experience: 21 years of experience in the oil and gas industry after starting his career at PDO in the Gas Operation Team. At OQGN, he has held significant roles including Muscat Regional Manager, Operation Support Manager, Gas Planning Manager, Head of North Assets and Operations and Maintenance. Majid has worked on major projects like gas delivery to consumers, gas transmission infrastructure projects, and asset acquisitions from Petroleum Development Oman and Madayn.

Haitham Al Lawati

Head of Legal and Compliance

Year of joining: 2018

Education: Bachelor's Degree in Business Studies and Law from the University of Bradford, UK, and Master's Degree in International Business Law from City, London University, UK

Experience: 12 years of experience in both private practice and as in-house counsel. Prior to joining the Company, Haitham held positions at Saraya Bandar Jissah SAOC, Al Hosn Investment Company SAOC, Trowers and Hamlins, and Said Al Shahry & Partners.

Management Remuneration

The total remuneration paid to the top five management of OQGN year 2023 was OMR 552,018.04. This includes salary, allowances, and performance incentives.

Internal Regulations

OQGN is committed to implementing the best practices and principles of corporate governance, in accordance with the guidance of the Capital Market Authority (CMA) of the Sultanate of Oman.

In accordance with the provisions set out in Article 117 of the CCL, the Company is required to adopt internal regulations for regulating its management, business and personnel affairs through its Board of Directors (Board). Accordingly, the Company has implemented corporate governance processes that meet the CMA's requirements for an SAOG as required by the CCL, and by CMA regulations, which cover the following:

- Organisational structure of the Company, including responsibilities related to various posts within the Company and its reporting structure and/or procedures
- Specifying the extent of expense approval authority vested in each post
- Specifying the allowance for meetings, remunerations and other privileges as prescribed in respect of Board Members and Board Committee Members, and the basis for their calculations
- Policies related to procurement and other transactions concerning the Company like works and procurement manual, and service contracts
- Authorities, duties and responsibilities relevant to Executive Management and Board Committees
- Policies related to human resources, including salaries, appointment, development, training, promotions and termination of services
- Investment policies
- Terms of reference with respect to the Audit and Risk Committee
- Terms of reference with respect to the Nomination and Remuneration
- Rules related to related party transactions
- Board communication policy
- The minimum level of information required for submission to the Board
- Policies and measures for submission of Disclosure and Insider trading Policies in a transparent manner to the CMA and the MSX within specified time.
- Any other information or other regulations that the Board may deem necessary to add, for achieving adequate levels of corporate governance

Disclosures

Disclosure policy

OQGN diligently implements its Disclosure to cultivate and sustain realistic market expectations regarding the Company's present and future trading prospects. This entails widespread dissemination of information, grounded in a genuine comprehension of future performance prospects, and ensuring that information does not mislead investors, whether intentionally or unintentionally

Related party transactions

Market price data

QQGN share price in comparison with MSX 30 index

QQGN share trading

Date	Open	High	Low	Trades	Volume	Turnover	Close	Net Change	%
October	0.150	0.151	0.150	22,362	404,889,782	61,808,219	0.150	0.000	0.0%
November	0.153	0.153	0.151	19,478	139,193,200	20,802,944	0.153	0.000	0.0%
December	0.154	0.155	0.153	8,303	95,395,835	14,705,026	0.153	-0.002	-1.3%

MSX 30 index Performance

Date	Open	High	Low	Trades	Volume	Turnover	Close	Net Change	%
October	4,543	4,556	4,536	334	5,177,382	1,163,806	4,545	2.12%	0.05%
November	4,655	4,678	4,646	556	52,387,397	7,272,938	4,658	3.54%	0.08%
December	4,490	4,514	4,470	377	25,792,943	6,413,966	4,514	28.58%	0.64%

QQGN vs MSX30 share price comparison

Share price distribution

Month	Omani	Non Omani	GCC	Arab	Foreign
October	79.08%	20.93%	12.81%	0.40%	7.72%
November	79.39%	20.61%	12.43%	0.18%	8.00%
December	79.66%	20.33%	12.21%	0.18%	7.94%

Annual General Meeting

No AGM meetings were held as SAOG

Investor Relations

The Company recognizes:

- the importance of providing shareholders, investors and analysts with easy access to clear, reliable and meaningful information on its business and operations in order to make informed investment decisions;
- that accurate, coherent and balanced communications help to establish its reputation; and
- the disclosure rules required by the CMA according to Part VII of the CMA Executive Regulations issued in 2009.

As noted above, the Company has an Investor Relations Manager, whose duties including ensuring high standards of corporate transparency and disclosure and promote clear and open communication with shareholders, investors and analysts.

The Company communicates with its shareholders and investors through the MSX website and its own website.

Quarterly financial, annual report and operating data and all material information are disclosed in a timely fashion as required by the CMA.

The company's executive management is also available to meet shareholders and analysts as and when requested

External Auditor

Auditor's profile

The shareholders of the Company appointed KPMG as its auditors for 2023. KPMG LLC in Oman was established in 1973 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 160 people, amongst whom are five partners and five directors, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 143 countries and territories and have 273,000 people working in member firms around the world. KPMG Lower Gulf is part of KPMG International Cooperative's global network of professional member firms.

Auditor's fee

The total fee for audit related services paid to auditors for the year ended 31 December 2023 was OMR 45,000.

BOD acknowledgment

The Board of Directors of OQGN affirms the following:

- All Board Members are aware of the Code of Corporate Governance and its requirements.

The Company's financial position, and operational and business performance is regularly reported to the Board. The actual performance achieved against budgets and the prior period is reported and closely monitored. Financial information is prepared using appropriate accounting policies that are consistently applied.

The Board of Directors is responsible for ensuring that all financial statements are prepared in accordance with the requirements of the Commercial Companies Law of the Sultanate of Oman 18/2019 and follows rules for disclosure requirements prescribed by the Capital Market Authority (CMA).

- The Board has a collective responsibility for establishing, maintaining and reviewing a system of internal controls that provides reasonable assurance of effective and efficient operations, internal financial control, and compliance with the relevant laws and regulations.
- The Board attaches great importance to maintaining a strong control environment and their review covers all controls, including financial, operational, compliance and risk management.

The Company has formally documented systems and procedures in place. Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and the safeguarding of assets. They are monitored through compliance with policies and procedures manuals.

The Board has established a management structure that clearly defines roles, responsibilities and reporting lines and has approved the updated policies including credit, expenditure, disclosure and corporate governance.

The Board is committed to ensure that all material information relating to the Company's business operations will be communicated regularly to stakeholders and members of the investment community.

No material events affect the continuation of the Company and its operations during the next financial year.

There are no instances of non-compliance during the year

Risk Management

Operational Risks: Cybersecurity

OQGN is reliant on critical IT and OT systems, including fiber optics telecommunications, SCADA, and SAP, for seamless operations. Despite robust emergency protocols, the potential for disruptions persists. Disruptions or system failures within the IT network or our monitoring and communications infrastructure could significantly impact OQGN

operations. Previous incidents, such as phishing attacks, underscore the continuous threat landscape, emphasizing the challenge in preemptively mitigating or swiftly addressing such disruptions.

Sensitive data, encompassing proprietary business information, client details, and employee data, is managed with the utmost care. The integrity of our IT systems is paramount, yet they are susceptible to various risks, including cyberattacks and data breaches. Despite significant investments in our IT network's security, vulnerabilities exist. Incidents stemming from employee error, malfeasance, or unforeseen disruptions (e.g., power outages, natural disasters, system/network failures) could precipitate legal actions or proceedings detrimental to our business operations.

Compliance with CMA and ASPR regulations regarding Governance, Risk, and Compliance, including Cloud Risk Assessment for Solar Turbines and InteleX, is a testament to our commitment to operational excellence. Through initiatives like the OT Cybersecurity Risk Assessment and the Cybersecurity Awareness Stand Down, we continuously fortify our defenses. Our proactive approach encompasses regular updates, monthly remediation reports, and shared insights from the Annual Vulnerability Assessment and Penetration Testing (VAPT) audits. Employee training on social engineering and phishing attacks further strengthens our cybersecurity posture.

Strategic Risks: Regulatory Compliance and Transitional Phases

OQGN's operations, governed by the Regulator through a suite of Regulated Documents, expose us to potential liabilities and regulatory scrutiny. Our adherence to Oman's comprehensive legal and regulatory framework is imperative, yet presents challenges in terms of compliance, monitoring, and potential liability for non-compliance.

Recent and future changes to the Shipper relationship highlight potential risks to our liquidity and cash flows. The variability in the Shipper's identity or the introduction of additional non-Government-owned Shippers could unveil unforeseen risks.

Operational Risks: Licensing and Approvals

Our operations necessitate a myriad of licenses, permits, and approvals, underscoring the complexity of our regulatory environment. Delays or the inability to obtain, maintain, or renew these essential authorizations could adversely affect our operations.

Environment, Health, and Safety Risks

Compliance with environmental laws and regulations is non-negotiable. Our commitment to environmental stewardship and health and safety is evidenced by our rigorous reporting and mitigation measures, reflecting our dedication to operational integrity.

Financial Risks

OQGN navigates various financial risks associated with new projects, from demand estimation errors to financing challenges. Our strategic approach aims to mitigate these risks, ensuring project success and financial stability.