OmanCables
الكابلات العمانية

Report of Corporate Governance for 2019

Company's philosophy on Code of Corporate Governance

Oman Cables Industry SAOG (OCI) is committed to adhere to the highest standards of Corporate Governance. OCI believes that the process of Corporate Governance enables it to control and direct the operations making it more efficient. Implementation of the Code of Corporate Governance protects all stakeholders of the company.

OCI's Corporate Governance Structure is based on the Code of Corporate Governance issued by Capital Market Authority (CMA).

The Directors and management of OCI adapts the following main pillars:

- Transparency regarding sharing of information with stakeholders
- Accountability towards stakeholders
- Fairness in dealing with all Stakeholders
- Responsibility to perform the duties with honesty and integrity
- Acting with prudence, care & diligence
- Placing the Company & community interests ahead of personal Interests

The Company's has applied the above principles through a combination of measures like:

- Instituting Internal Regulations and Operating Procedures - through the Human Resource Manual, Operations Manual for Finance, Sales and Marketing, Procurement and Supply Chain, documented Quality Management System and other policies
- Monitoring adherence to the Internal Regulations and Operating procedures through frequent internal checks, conducting Internal and external Audit, carrying out regular Quality System, allowing customers to conduct quality and compliance
- Regular management reviews and structured written reports by Management to the Board.
- Periodical communication with shareholders
- Adherence to the process of nomination and election of Directors laid down by CMA, thus ensuring that the Board is constituted of skilled Directors to oversee the company operations
- Ensuring the compliance with relevant laws and regulations

The Company has set up Audit Committee Charter, Internal Audit Charter, Disclosure and Insider Trading Policy, Strategic Management Committee Charter all duly approved by the Board and which and are all based on the regulations of the CMA.

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Report of Corporate Governance for 2019

Board of Directors

The Board of Directors is elected every three years by the shareholders of the Company at the Annual General Meeting (AGM). The Board was elected for a three-year term in the AGM held during March 2018. The Board reports to the shareholders at the AGM. The Board comprises of seven Directors.

The Board held six meetings during the year; following are the relevant details of the Directors and meetings attendance as on 31 December 2019

Name	Designation	Category	No. of Board Meeting Attended	AGM attended
Fabio Romeo	Chairman	Non-executive Non-independent	6	Yes
Mohamed Al Lawati	Vice Chairman	Non-executive Non-Independent	5	Yes
Lara Hansen	Director	Non-executive Independent	6	Yes
Christian Raskin	Director	Non-executive Independent	6	Yes
Fabrizio Rutschmann	Director	Non-executive Non-Independent	5	No
Michele Binda	Director	Non-executive Non-Independent	5	Yes
Naji Al Riyami *	Director	Non-executive Independent	6	Yes
Manal Al Ghazaliya *	Director	Non-executive Independent	--	NA

*For part of the year, PASI has replaced Mr. Naji Al Riyami by Mrs. Manal Al Ghazali as a representative in the BoD as of 5th of December 2019.

Please note that the Company is applying the definition of independent directors as per the revised Code of Corporate Governance for Publicly Listed Companies announced by the Capital Market Authority in July 2015. The following changes took place in the Board of directors during 2019:

Ms. Manal Said Al Ghazaliya replaced Mr. Naji Salim Al Riyami as a Director with effect from 5 December 2019.

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The Board of Directors also hold the following positions in other Companies / Organizations:

Name of Director	Designation in other Companies	Name of Company
Fabio Romeo Chairman	Chief Strategy Officer Director Director Director Director Director Director Vice Chairman Director	Prysmian Group Centro Elettrotecnico Sperimentale Italiano Giacinto Motta S.p.A. Prysmian (China) Investment Co. Ltd Prysmian Cables and Systems Canada S.p.A. Prysmian S.p.A Draka Cableteq Asia Pacific Holding Pte. Ltd. Prysmian Cables and Systems Ltd. Elkat Ltd. Corporate Hangar S.r.l.
Mohamed Al Lawati Vice Chairman	Asst. to Chairman Director Director Director	Al-Saleh Group Al-Saleh Mauritius ASE India Private Limited Kaanak India & Components Pvt. Ltd
Lara Hansen Director	General Manager	Feed & Agricultural Suppliers Services Co. LLC
Christian Raskin Director		
Michele Binda Director	Group Head of Legal Affairs	Prysmian SpA
Fabrizio Rutschmann Director	Chief Human Resource Officer	Prysmian Group
Naji Al Riyami* Director	Director	Majan Development SAOC
Manal Al Ghazali* Director	- Director - Internal Audit Dept. - Vice President	- Public Authority of Social Insurance (PASI) - Institute of Internal Auditors, Oman

*For part of the year

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Profile of the Board of Directors and Executive Management

Mr. Fabio Romeo, Chairman, non-Independent

He is the Senior Vice President Business Energy of Prysmian since July 2011 and Chief Strategy Officer in the group. He did his graduation in Electronic Engineering from Milan's Polytechnic University in 1979, then obtained an M.S. and a Ph.D. in Electrical Engineering and Computer Sciences at the University of California in Berkeley. He began his career at Tema (ENI Group) as control expert for chemical plants, in 1982 he moved to Honeywell as a technical advisor to the Group's CEO. In 1989, he joined Magneti Marelli as Innovation Manager of the Electronics division, later becoming Director of the Electronics Systems division. In 2001, he moved to Pirelli Group, where he held the position of Director in charge of the Pirelli Tyre division's Truck business unit. In 2002, Dr. Romeo moved to the Energy Cable Sector where he has been appointed Utility Director, Sales and Marketing Director position he held until the current assignment.

Mr. Mohamed Al Lawati, Vice Chairman, non-Independent Director

Holds a Bachelor degree in Mechanical Engineering from University of Manchester, UK. He has 5 years engineering experience in Petroleum Development Oman (PDO). He has also held various positions in Oman Cables Industry SAOG for 5 years, latest as General Manager – Sales & Marketing and General Manager - Corporate Projects. Currently he is assistance to the Chairman of Al-Saleh Group.

Mrs. Lara Hansen, Independent Director

Has a Bachelor of Arts from the University of Wisconsin and Juris Doctor from Rutgers University, New Jersey. She has practiced Oman corporate and commercial law for 16 years, specializing in corporate governance. Mrs. Hansen was the principal external legal advisor to Oman Cables Industry SAOG from 1998 to 2011. She is currently an owner and the general manager of Feed & Agricultural Suppliers Services Co LLC.

Mr. Christian Raskin, Independent Director

Holds a Masters in Economics from the Catholic University of Leuven in Belgium and a Degree in Accountancy from St Mary institute in Liège. He was the co-founder of Zetus Industries for 9 years, later as Managing Director of Draka Holding until 2009. He was also the chairman of Europacable and Member of the board of ICF.

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Mr. Fabrizio Rutschmann, non-Independent Director

Graduate in Business Administration from Ca' Foscari University of Venice, with a specialization from SDA Bocconi University of Milan, Fabrizio Rutschmann began his career at the Electrolux Group, where he served in various Human Resources positions before becoming HR Director of one of Uni Credit's seven banks. Joining the Pirelli Group in 1999 as Human Resources Manager of the Tire Business Unit's Italian Division, Rutschmann became Pirelli's Chief HR Officer of the group in 2006 till 2010. Before that, between 2003 and 2006 he served as Chief HR of Latin America Operations of Telecom Italia Mobile (TIM) based in Rio de Janeiro. Within Pirelli he has also been General Manager of Pirelli Spain in 2009 and 2010. Currently Mr. Rutschmann is the Chief Human Resources at Prysmian Group. He has over than 31 years of professional experience in leadership of human capital and change management.

Mr. Michele Binda, non-Independent Director

Group Head of Legal Affairs at Prysmian SpA with extensive national and international experience in dealing with corporate and commercial legal affairs developed by working more than 15 years as an in-house business lawyer. Specialized in contract drafting and negotiations, special projects (merger & acquisition, joint venture's establishment and management, EPC contracts, etc.) judicial and arbitral litigation management, corporate and intellectual property laws and compliance. Extensive knowledge and experience on competition laws.

Mr. Naji Al Riyami, Independent Director

Graduate in Accounting from Portsmouth University in UK. Mr. Al Riyami is a member of the Board of Directors of Majan Development Company SAOC. Mr. Al Riyami, since 2016, is the Head of Local Asset Management in the Public Authority for Social Insurance in the Sultanate of Oman. Prior to joining PASI in 2016, he was a Portfolio Manager at Bank Muscat Asset Management for 11 years and had worked at KPMG Oman as an Auditor earlier to that. He represents the Public Authority for Social Insurance (PASI) on the company's board of directors. On December 5, 2019, PASI replaced Mr. Naji by designating Mrs. Manal Bint Saeed Al-Ghazali as a representative member on OCI board.

Mrs. Manal Al Ghazali, Independent Director

Manal Said Al Ghazali, Director of Internal Audit Department of Public Authority of Social Insurance, Sultanate of Oman with 18 years of rich experience in the Internal Audit profession has served reputed multinational organizations namely Bank Muscat and Orpic in Senior Positions. Manal graduated from the Sultan Qaboos University possesses in-depth knowledge in Accounting, Finance, Investment Management, and Information Systems. Manal is also a qualified member of the Association of Chartered Certified Accountants, a Certified Fraud Examiner and a Certified Information System Auditor.

Manal, Vice President of Institute of Internal Auditors, Sultanate of Oman had effectively aligned Internal Audit function to meet the requirements of the IIA standards at Bank Muscat, Orpic and PASI adopting

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state of art Audit management systems. Manal has been instrumental in effectively implementing Three lines of Defense Internal Control framework adopting the COSO framework at Orpic and at PASI. Manal acts as an independent member of in the Information Systems Committee, of PASI provides consulting services for implementing IT governance or continuous process improvement adopting COBIT 5 framework. Manal provides consulting advice to the Internal Control Committee on Fraud prevention and continuously enhance effectiveness of Internal Control at Public Authority of Social Insurance
Manal contributes to the society through her participation in various public forums that empower women economically and support their participation in sustainable development. Manal has participated in Oman Vision 2040 as a member of Governance team. Manal joined the company's board of directors on December 5, 2019, representing (PASI) instead of Mr. Naji bin Salem Al-Riyami.

Company Management

The names, designations, description of responsibilities in Oman Cables and brief profile of the Company Management personnel is as follows:

- Ali Habaj is the Chief Executive Officer since July 2017. Ali is a seasoned professional with an experience of more than 26 Years in varied organizations. Mr. Habaj has successfully headed and was instrumental in growing and expanding large manufacturing companies. Earlier, Mr. Ali Habaj was the Chief Executive Officer of Atyab Investments & Oman Flour Mills Co. SAOG. During his tenure through diversification initiatives he was instrumental in growing the Company three fold over 15 years to become one of the largest and most profitable Food Companies in Oman & the GCC region. Ali Habaj obtained his undergraduate degree from New Hampshire University in the States, MBA from Bristol University in UK and attended the Executive Management Program at Harvard Business School, United States.
- Ercan Gokdag, Chief Financial Officer has experience of 16 years, of which 12 years in cable industry with Prysmian Group. Earlier, he worked as CFO of Prysmian Denmark and CFO of Prysmian Turkey. At the moment, he takes responsibility as CFO of "Middle Ease Afriza and Turkey" MEAT Region.
- Ramon Pallares, Chief Production, Ramon has 30 years' experience on the cable industry (24 of them with Pirelli – Prysmian Group) covering international positions of Plant Manager, General Manager, Operations Director, Country Director and Chief Operational Officer at countries like Mexico, Chile, Germany, France, Italy, Czech Republic, China, Philippines, Brazil and now Oman.
- Antonio Chiantore, Chief Commercial Officer with 29 years' experience in cable industry, covering international positions of Business and Sales Director, General Manager, Operation Director, Logistic Director.
- Muhanned Al-Lawati, Chief Production has experience of 12 years, of which 7 years at executive levels

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- Jad Atallah, Chief - Legal & Governance, Company Secretary. Holds a PhD degree in law, joined the company in 2010 and has experience of 15 years.
- Wael Coutry, Chief - Processes and Digital. He joined the company during 2017, holds a university degree in accounting with extensive experience in the field of auditing. At the beginning of his career, he held several positions in some governmental bodies in the Sultanate.
- Vitthal Sawant, Head- Technical, Experience of 16 years, of which 5 are at executive level. Responsible for R&D, New product development and Engineering functions; Inventor for 10 US Patents, Moved from legacy General Cable in 2019.
- Ilhan Ozturk, He is Electical Engineer graduated from Istanbul Technical University (1990-1994) and he has a Pre MBA-degree from Marmara Cagdas Egitimler Vakfi. He started his worklife in 1994 in cable sector and worked in different positions (Domestic Sales, Export Sales, Logistics and Inventory Management) till 2003. In 2003 he joined Prysmian Group as Key Account Manager. He managed Prysmian Turkey's export department in years 2010 & 2011 and has been nominated as Industrial, MMS & Oil and Gas Sales Director from 2011 on. In 2017 he has been promoted as Oil and Gas Regional Director for MENAT region, reporting to Prysmian Group Oil and Gas Core Cables Business Unit. From January 2019 on he is working as Oman Cables Regional Oil and Gas Director as well as Prysmian Group MEAT Region Oil and Gas Director.

Board Meetings held during the year

During the year 2019, the company held six Board Meetings on the following dates:
23 January 2019, 18 March 2019, 15 April 2019, 23 July 2019, 25 October 2019 and 5 December 2019.

In the meetings held on 18 March 2019 and 5 December 2019, few Board members attended via Phone/video conferencing.

The meetings were coordinated by the Company secretary who was appointed as required by the applicable rules and regulations. The meetings were conducted with an agenda and proceedings were minuted. Management reports were reviewed during the meeting. All related issues were also discussed regarding the operations of the company.

Committees of the Board of Directors

During the year, there were three committees of the Board which provided able support to the Board for carrying out its responsibilities. The Three committees and their main responsibilities are as follows:

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Audit Committee

In line with the regulations issued by the Capital Market Authorities, the company has formed an Audit Committee. The Audit Committee approves the audit plan for the year, reviews the report of Auditors, issues guidance to management and oversees that operating management is adhering to company policies.

The Audit Committee comprised of four Non-executive members including three Independent Directors:

Name	Designation	No. of meetings attended
Naji Al Riyami	Chairman - independent	6
Lara Hansen	Member - independent	6
Christian Raskin	Member - independent	5
Mohamed Al Lawati	Member – non-independent	5

During the year 2019, Audit Committee met and conducted six meetings on the following dates, 22 January 2019, 14 April 2019, 22 July 2019, 24 October 2019, 25 November 2019 and 4 December 2019.

The Committee carry out its functions in accordance with the policy approved by the Board in line with the resolutions issued by the Capital Market Authority. The Committee has reviewed the internal audit reports, enterprise risk management report and new ERP system during the period. The Committee issued necessary guidance to the executive management. The Audit Committee reviewed the quarterly accounts before the same was put up to the Board of Directors for approval. In accordance with the functions assigned to the Committee in accordance with the reference frame issued by the Board and in accordance with the resolutions issued by the Capital Market Authority in this regard.

Strategic Management Committee

The Board has constituted "Strategic Management Committee" to develop and oversight the company's strategic plan and to maintain a cooperative, interactive strategic planning process with management, including the identification and setting of strategic goals and expectations.

The Strategic Management Committee comprised of six members, four from the board of directors others from the executive management. The following are the members of the Strategic Management Committee:

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Name	Designation	No. of meetings attended
Christian Raskin	Chairman	4
Fabio Romeo	Member	4
Mohamed Al Lawati	Member	3
Fabrizio Ruschmann	Member	4
Ali Habaj	Member	4
Ercan Gokdag *	Member	3
Manoj M. Vaidya *	Member	1

*For part of the year

During the year 2019, Strategic Management Committee conducted four meetings on the following dates 22 January 2019, 14 April 2019, 22 July 2019 and 24 October 2019.

The Committee reviewed market studies on different market segments and new markets as presented by the management. The Committee discussed strategic plans for the company.

Nomination and Remuneration Committee

The Board constituted "Nomination and Remuneration Committee" to assist and advise the Board on matters relating to the remuneration of the Board, and the performance and remuneration of Executive management and Chief Executive Officer along with assisting on nomination of Directors and senior executive management.

The Nomination and Remuneration Committee comprised of three board members. The following Directors are the members of the Nomination and Remuneration Committee:

Name	Designation	No. of meetings attended
Lara Hansen	Chairman	5
Michele Binda	Member	4
Fabrizio Rutschmann	Member	5

During the year 2019, the Nomination and Remuneration Committee conducted five meetings on the following dates, 21 January 2019, 25 February 2019, 27 March 2019, 21 July 2019 and 23 October 2019.

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Process of nomination of the Directors

The Company follows the Commercial Companies Law, Code of Corporate Governance and the guidelines issued by CMA in this regard. The Company has made efforts to have a Board with appropriate skills, experience and vision.

Remuneration matters

- **Director's remuneration**

In the Annual General Meeting the shareholders had approved the recommendation of the Board of Directors.

The Board of Directors proposed Director's remuneration of RO 200,000 (2018: RO 200,000). The Directors have no other pecuniary relationship or transaction with the company. The total remuneration paid/accrued to the Board of Directors in 2019, is as per the maximum total limit prescribed by the Commercial Companies Law No. (4/1974) as amended by the Royal Decree No. (99/2005). Three directors (Mr. Fabio Romeo, Mr. Fabrizio Rutschmann and Mr. Michele Binda) forego their share of the year 2018 remuneration payable to them amounting to RO 82,540.

- **Operating Management Remuneration**

Salary and perquisites of the five top senior officers paid / accrued during the year 2019 is RO 820,103 (2018: RO 672,408), which includes RO 771,836 (2018: RO 627,408) as fixed component and RO 48,267 (2018: RO 45,000) linked to the performance in 2019. The severance notice period of all senior employees range from one to three months, with end of service benefits payable as per Omani Labor Law.

Measuring Board Performance

In accordance with the Fourth Principle of the Corporate Governance of Public Shareholding Companies issued by the Capital Market Authority, the annual general assembly meeting held on 26 March 2018 approved the criteria for measuring the performance of the Board of Directors of the company. Accordingly, an independent evaluator "Protiviti Co" was appointed to measure the performance of the Board according to the approved criteria in the said meeting and to present a performance report to the shareholders at the AGM meeting for the financial year ending 31 December 2020.



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Employment Contract

The Company enters into a formal contract of employment with each employee and such contracts are in line with the regulation of Ministry of Manpower and Omani Labor Law.

Details of non-compliance by the Company

No fines were imposed by the Capital Market Authority (CMA) or Muscat Securities Market (MSM) during the last three financial years.

Means of Communication with Share Holders and Investors

As required by Capital Market Authority, the Company publishes its quarterly, half yearly, three quarterly and yearly financial results in two local newspapers. The financial results are also uploaded on the website of Muscat Securities Market and on the company's website www.omancables.com. Further the Company also includes a statement in each of these reports that shareholders can obtain further details, if required, from the company registered office and such details are made available to any shareholder who requests for it. Besides this the company, at the end of each year, sends to all the shareholders, financiers and others who are associated with the Company, the Annual Financial Statements by post.

The company has appropriate disclosure policy and adequate procedures are in place to ensure implementation and monitoring of compliance of the policy.

In regard to the Annual audited accounts, after the Annual General Meeting's approval, such financial statements are published in two local newspapers and submitted to Capital Market Authorities. This information is also posted on the Company's website.

All relevant major events impacting the company are conveyed to the Capital Market Authority.

The Annual Report contains a separate Management Discussion and Analysis report.



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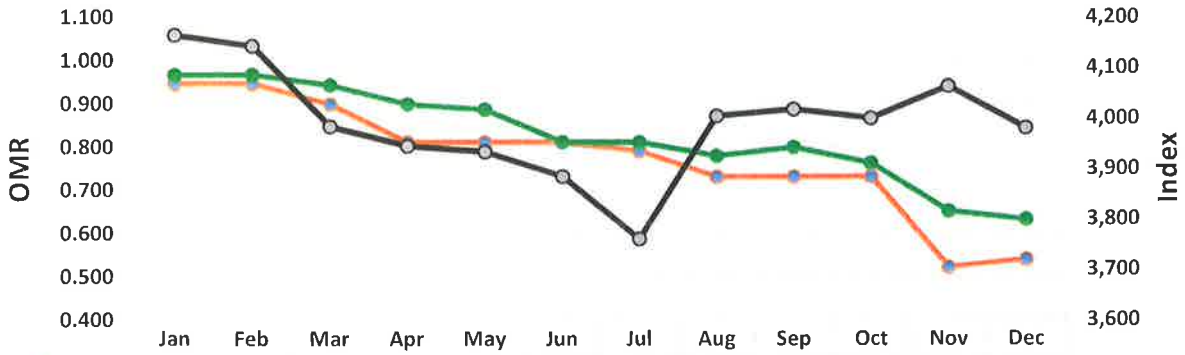
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Market price data

During the period 2019 the share price of RO 0.100 face value moved in the range of high of RO 0.968 to a low of RO 0.522. The share price closed as on 31 December 2019 at RO 0.540.

OCI Share Price v/s MSM 30 Index - 2019



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Low	0.948	0.948	0.900	0.812	0.812	0.812	0.792	0.732	0.732	0.732	0.522	0.540
High	0.968	0.968	0.944	0.900	0.888	0.812	0.812	0.780	0.800	0.764	0.652	0.632
Index	4,166	4,144	3,984	3,946	3,934	3,885	3,761	4,005	4,018	4,000	4,064	3,981

The distribution of Major Shareholding as on 31 December 2019 is as follows:

Shareholder	% of Shares held of total
Draka Holding BV	51.17%
Mustafa Mukhtar Ali Al Lawati	12.54%

The Company does not have any ADR/GDR/Warrants or any other Convertible Instruments, as on 31 December 2019 and hence the likely impact on equity is Nil.

Areas of non-compliance of the provisions of Corporate Governance

There are no areas in which the Company is non- compliant with the provisions of Code of Corporate Governance.



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Fax : +968 2444 6096
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www.omancables.com
C.R. #: 1/18675/2

شركة صناعة الكابلات العمانية (ش.م.ع.ع.)
ت : ٣١٠٠ ٢٤٤٤ ٩٦٨+
ف : ٦٠٩٦ ٢٤٤٤ ٩٦٨+
رقم ٢٠٦ – ص.ب.: ٢٥
رسيل رمز بريدي ١٢٤
سلطنة عُمان

Profile of Statutory Auditors

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

The MENA practice of EY has been operating in the region since 1923 and employs over 7,000 professionals. EY has been operating in Oman since 1974 and is a leading professional services firm in the country. EY MENA forms part of EY's EMEIA practice, with over 4,889 partners and approximately 124,318 professionals. Globally, EY operates in more than 150 countries and employs 328,597 professionals in 700 offices. Please visit ey.com for more information about EY.

The audit fees for 2019 are RO 19,500.

Internal Auditor

In order to ensure the compliance with statutory regulations and internal controls, the company has a full-time internal audit unit, to carry on an independent assessment and reports to Audit Committee.
In line with the Capital Market Authority (CMA) Decision 10/2018, International Professional Practices Framework (IPPF) and the duly approved Engagement Letter, "External Quality Assessment of OCI's Internal Audit Activity" was carried out by "Moore Stephens LLC (External Quality Assessor)".

The External Quality Assessor has concluded that OCI's Internal Audit Activity "**Generally Conforms**" to IPPF Standards and the local regulation of CMA's Decision 10/2018 indicating that an internal audit activity has a charter, policies, and processes, and the execution and results of these are judged to be in conformance with the Standards and local regulatory requirements.

Board of Directors Acknowledge that

The company has all its systems and procedures formally documented and in place. The company has "Internal Regulations" separately compiled as per regulatory requirements. The Board of Directors have reviewed this manual and approved it. The "Internal Regulations" has all the necessary and prescribed procedures. The Board has reviewed these regulations.

The Board of Directors ensures that the financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC)

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and the requirements of the Commercial Companies Law of the Sultanate of Oman 1974 (as amended) and the rules for disclosure requirements prescribed by the Capital Market Authority.

There are no material events affecting the continuation of the Company and its ability to continue its operations during the next financial year.

Fabio Romeo
Chairman

شركة صناعة الكابلات العمانية (ش.م.ع.ع)
Oman Cables Industry (SAOG)
C.R.#: 1186752
OmanCables
الكابلات العمانية

Ali Al Habaj
Chief Executive Officer

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