

Statement of Issue:

This report is being presented to comply with the fourteenth principle of the Code of Corporate Governance of Muscat Securities Exchange (the “MSX”) applicable to Public Joint Stock Companies issued vide Circular No. E/4/2015 dated 22 July 2015 and further amendments to FSA Code of Corporate Governance issued under circular no. E/10/2016 dated 1 December 2016 and Decision No. 27/2021 dated 25 February 2021 (collectively the “Code”) issued by the Financial Services Authority (the “FSA”) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

We are pleased to report that Barka Water and Power Company SAOG (“the Company”) remained in compliance with the principles of the Code. The Company was listed on the Muscat Securities Market on 12 January 2005.

Company Philosophy on Code of Governance:

The Company is committed to the highest standards of corporate governance. The Company operates with a set of business principles and corporate conduct is its most important element. These values are reflected in the leadership, management, and day to day operations of the Company by the Board of Directors, the management, and the employees of the Company.

The Company believes in and practices good corporate governance. The Company’s philosophy of the Code of Corporate Governance is aimed at assisting the top management in the efficient conduct of its business and fulfilling its obligations towards all its stakeholders.

The Company has applied the principles of corporate governance in the following manner:

The Company has adopted a Code of Business Conduct which is applicable to the employees. The Code is intended to govern as a requirement of employment and govern the actions of everyone who works at the Company. This Code addresses the following topics:

- Compliance with All Laws, Rules, Regulations, and the Code of Corporate Governance
- Conflicts of Interest and Corporate Opportunities
- Quality of Public Disclosures
- Protection and Proper Use of Company Assets
- Protection of Confidential Proprietary Information
- Insider Trading
- Fair Dealing
- Interacting with Government
- Environment, Health, and Safety
- Respect for One Another
- Record Retention

Board of Directors

The Company encourages representation of non-executive and independent directors on its Board of Directors. At present, the Board consists of seven directors all of which are non-executive directors and four of them are independent directors. All the directors have excellent industry and corporate governance experience. Their experience is complimented by their academic qualifications in the field of administration, management, finance, accounting and engineering.

The Board of Directors was elected at the Annual General Meeting held on 29 March 2023 and is subject to re-election in March 2026. Six meetings of the Board of Directors were convened during the year on the following dates:

Meeting number	Date of the meeting
BOD meeting # 1/2025	17 Feb 2025
BOD meeting # 2/2025	24 Apr 2025
BOD meeting # 3/2025	1 July 2025
BOD meeting # 4/2025	17 Jul 2025
BOD meeting # 5/2025	22 Oct 2025
BOD meeting # 6/2025	15 Dec 2025

These meetings were convened by issuing proper notices along with the agenda and relevant work papers. All meetings were presided over by the Chairman of the Board. The minutes of the meetings were appropriately recorded and circulated.

Details of composition and category of directors and their attendance at the meetings of the Board of Directors, Annual General Meeting and Ordinary General Meeting are given as under:

Name of Director	Category	Board Meetings held during 2025						AGM 11 Mar	OGM 22 Jul
		17 Feb	24 Apr	1 Jul	17 Jul	22 Oct	15 Dec		
Mr. Stefan Dijkers (Chairman)	Non-Independent	Yes	Yes	Yes	Yes	Yes	Yes	Yes	-
Mr. Mohammed Al Aghbari (Deputy Chairman)	Independent	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Abdul Aziz Al Failakawi	Independent	Yes	Yes	Yes	Yes	Yes	-	Yes	-
Mr. Hatem Al Sheidi	Independent	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ibrahim Al Jahwari	Independent	Yes	Yes	Yes	Yes	Yes	-	Yes	-
Mr. Omar Al Ahmadi	Non-Independent	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Saif Al Ghafri	Non-Independent	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Legend: Yes: Present or proxy - : Apologies

The Company held its Annual General Meeting (“AGM”) of shareholders on 11 March 2025 for the year ended 31 December 2024.

No director is holding directorship/chairmanship in other public joint stock companies in Oman as of 31 December 2025.

Board committees

- Audit Committee

The Board of Directors constituted the Audit Committee by appointing three directors as Audit Committee members, two of which are independent. The Chairman of the Audit Committee is an independent director. These members have required knowledge and experience of accounting, international financial reporting standards and commercial law that enable them to perform their functions. The Committee supports the Board in fulfilling its oversight and review function. The Committee reviews the Company’s adherence to policies, procedures, practices and compliance with laws and regulations.

The Committee ensures that the financial statements prepared are in accordance with the International Financial Reporting Standards and the disclosure rules issued by the FSA.

A brief description of the terms of reference of the Audit Committee is as under:

- The Audit Committee has the power to seek the required information and/or presence of any employee of the Company.
- Ensuring adequacy of the control environment and overseeing the issuance of financial statements to the stake holders.
- Acting as a communication channel between Auditors, Management, and the Board.

Detail of meetings held during the year and attendance by the members is as under:

Name of Director	Category	BAC Meetings held during 2025			
		17 Feb	23 Apr	17 Jul	21 Oct
Mr. Abdul Aziz Al Failakawi (Chairman)	Independent	Yes	Yes	Yes	Yes
Mr. Ibrahim Al Jahwari	Independent	Yes	Yes	Yes	Yes
Mr. Omar Al Ahmadi	Non - Independent	Yes	Yes	Yes	Yes

Legend: Yes: Present or proxy —: Apologies

The Audit Committee heard the views of the external auditors before forwarding the financial statements for the year 2024 to the Board of Directors in their meeting held on 17 February 2025. During this meeting, the views of the internal auditor and the external auditors were heard separately without the presence of the Management. In addition, the Audit Committee has also reviewed the reports and heard the views of Internal Auditor on quarterly basis. The Audit Committee reviewed and approved the Internal Audit plan for 2025. The Audit Committee also submitted its plan for 2026 to the Board at the meeting held on 22 October 2025.

By interaction with, and oversight of the Management, Internal and External Auditors along with evaluation of submitted reports, the Audit Committee reviewed the

effectiveness of the internal control system and found it to be adequate and effective.

Nomination and Remuneration Committee

The Board of Directors constituted the Nomination and Remuneration Committee (NRC) by appointing three directors as its members, one of which is independent. These members possess adequate knowledge and experience to carry out their responsibilities diligently. The Committee assisted the Board and the shareholders in the nomination of the most proficient directors to fill the vacancies and aims to assist the Board in selecting the appropriate and necessary executives for the Executive Management. The Committee meets at least 2 times annually.

A brief description of the terms of reference of the Nomination and Remuneration Committee is as under:

- Ensuring the nominated directors possess the necessary skills and abilities as has been defined in the Code.
- Ensure a succession strategy in place for directors and the executive management.

On a yearly basis, the NRC defines its working plan for the coming year which is presented to the Board. The 2025 NRC plan was approved by the Board on 16 October 2024. The Committee also submitted its plan for 2026 to the Board at the Board meeting held on 22 October 2025.

Details of meetings held during the year and attendance by the members are as under:

Name of Director	Category	NRC Meeting held and attended during 2025	
		5 Feb	20 Oct
Mr. Omar Al Ahmadi (Chairman)	Non – Independent	Yes	Yes
Mr. Saif Al Ghafri	Non – Independent	Yes	Yes
Mr. Hatem Al Sheidi	Independent	Yes	Yes

Legend: Yes: Present —: Apologies

Process of nomination of directors

Directors are selected as per the Articles of Association of the Company at the AGM. The process calls for any individual or registered shareholders to file their nominations for the post of directors in prescribed form as stipulated by the FSA. The nomination files are scrutinized as prescribed by the FSA guidelines before being accepted. Elections are held by ballot at the AGM.

Pursuant to the terms of Article 181 of the Commercial Companies Law No 18/2019 as translated and Articles of Association of the Company, the tenure of the members of the Board shall be for three (3) years.

Remuneration of Directors and Key Management Officers

As approved by the shareholder, members of the Board, Audit Committee and Nomination and Remuneration Committee are entitled to a sitting fee of 400 per meeting attended during the year. The sitting fee of Directors for the year ended 31 December 2025 amounted to 23,200 for Board and its Committee meetings attended during the year. Further the Company will propose 50,000 as remuneration to Directors for the year 2025 to the Shareholders for approval in the Annual General Meeting planned to be held on 12 March 2026.

Key management personnel are those executives having powers, authority and responsibility in planning, directing and monitoring the business of the company directly or indirectly. The key management personnel were paid an aggregate amount of 176,120 which includes remuneration and other perquisites. The remuneration paid to the officers is commensurate with the role, responsibilities and skills required for the position based on a well laid down policy and process for determining remuneration linked with performance. Employment contracts of executive management meet the requirements of Omani labor law and there is a standard notice period as per Company’s policy in case of resignation by the employee.

Non-Compliance and Penalties during last three years

No penalties or fines were imposed on the Company during the last three years.

Communication to Shareholders

The Company effectively communicated with the shareholders during the year using all available means of communication. Periodic financial statements along with the Directors’ Report were approved by the Board for issuance.

The financial statements were submitted to MSX according to timelines prescribed by the law. The annual and quarterly financial statements were also published in two daily newspapers i.e. Arabic and English. In addition, annual audited financial statements and annual reports are published on the Company’s website. The Company has also appointed an Investment Relations Officer in compliance with the requirements of MSX. Further the Company conducted discussion sessions with stakeholders answering the questions of attendees. The Annual Report for the year ended 31 December 2025 includes the Board of Directors’ Report and the Management Discussion and Analysis Report.

Distribution of Shareholdings

The shares of the Company are listed and traded on MSX. The shareholding of the Company is widely distributed. The pattern of shareholding, major shareholders and their shareholdings as on 31 December 2025, were as follows:

Shareholders by type	Shareholding
Omani	98.22%
GCC Nationals	1.06%
Foreigners	0.72%

Major Shareholders	Shareholding
ACWA Power Barka Project LLC	58.00%
Social Protection Fund	9.95%
Shareholders holding less than 5%	32.05%

Market price data and Company’s stock performance

Year 2025	Barka Water and Power Company SAOG		MSX (Services Sector)	
	High	Low	High	Low
January	0.319	0.311	1,764.00	1,685.32
February	0.305	0.270	1,704.93	1,631.01
March	0.267	0.267	1,639.07	1,588.82
April	0.278	0.260	1,588.29	1,511.34
May	0.255	0.200	1,626.05	1,526.96
June	0.220	0.190	1,642.85	1,567.10
July	0.210	0.173	1,853.65	1,595.45
August	0.184	0.171	1,968.01	1,798.28
September	0.179	0.170	2,108.22	1,956.77
October	0.180	0.168	2,288.63	2,051.57
November	0.177	0.170	2,379.96	2,242.15
December	0.185	0.174	2,473.88	2,340.03

Source: The above data has been obtained from MSX website.

The Company has not issued any securities or convertible financial instruments which have any impact on equity.

Professional Profile of External Auditor – KPMG

The shareholders of the Company appointed KPMG LLC as its external auditors for 2025. KPMG LLC has been operating in Oman since 1974 and is part of KPMG Lower Gulf Limited. KPMG in Oman employs more than 180 people, amongst whom are six partners and five other engagement leaders, including Omani nationals. KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. It operates in 138 countries and territories and have 276,000 people working in member firms around the world. KPMG LLC and KPMG Lower Gulf Limited are member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

The remuneration paid to auditors for audit of the period ended 31 March 2025 and year ended 31 December 2025 was 12,000 and 21,000 respectively, plus 6% client support & technology fee and out of pocket expenses. Further 4,000 were paid for non-assurance services including review of Code of Corporate Governance report, agreed-upon procedures for XBRL reporting and Arabic translation services.

Acknowledgement

The Board of Directors acknowledges as at 31 December 2025:

- Its’ responsibility for the preparation of financial statements in accordance with the applicable standards and rules.
- Review of the efficiency and adequacy of internal control systems of the Company through the Audit Committee and that it complies with internal rules and regulations.
- That there is no material matter that affects the continuation of the company and its ability to continue its production and operations during the next financial year.

Yours faithfully

Chairman Board of Directors

Director