A nation, forward.
Investing for the future of Oman.

Annual Report 2014
In line with our sustainability policy, the paper we have used for this report is Lenzing Impact, a carbon-neutral paper produced from 100% recycled fibre. Manufactured without chlorine bleaching, high whiteness is achieved thanks to a special converting process for recycled fibre.
## Contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>05</td>
<td>Introduction</td>
</tr>
<tr>
<td>07</td>
<td>Management Report</td>
</tr>
<tr>
<td>09</td>
<td>The Board of Directors</td>
</tr>
<tr>
<td>15</td>
<td>Investments</td>
</tr>
<tr>
<td>23</td>
<td>Leadership in Duqm</td>
</tr>
<tr>
<td>35</td>
<td>In-Country Value &amp; SME Development</td>
</tr>
<tr>
<td>47</td>
<td>Corporate Sustainability</td>
</tr>
<tr>
<td>53</td>
<td>Corporate Governance</td>
</tr>
</tbody>
</table>
Investing in people for growth

Oman Oil is committed to investing in the future of Oman by working in tandem with vision 2020. Be it developing and investing in profitable businesses within Oman and internationally, creating employment, maximization value from our resources, creating In Country Value or growing talented business leaders and professionals, the future is guided by a vision of greater growth and prosperity.

Introduction

Investing in the future of Oman by working in tandem with Oman vision 2020.
It gives us great pleasure to present Oman Oil Company’s (OOC) 2014 Annual Report.

2014 marked a turning point for OOC. After a few years of rapid expansion and investment, 2014 saw the beginning of a period of consolidation and integration. The strategic focus for OOC now shifts away from acquiring assets towards realizing the value from existing assets while ensuring delivery of several mega projects under way.

OOC was not immune to the several challenges faced by the global economy through 2014. The early part of the year saw our refining and petrochemical assets impacted by a global downturn in refining margins and petrochemical prices, while the second half of the year saw the dramatic drop in oil prices. While we do not control these global trends, we need to adapt to the changing nature of our industry and the economic environment we operate in.

These trends along with our focus on project delivery and integration over the next few years signal a phase of cautious and opportunistic expansion. With a healthy portfolio of assets to aid our development strategy, our attention shifts to integrating these recently acquired assets into the OOC family and ensuring delivery of our major development projects in Oman. We shall continue to explore investment opportunities that directly add value to our existing portfolio or further the development of energy resources in Oman.

2014 saw tremendous progress in OOCEP’s two main development projects. The successful completion of Abu Tubul (Block 60) and the start of first gas product represents OOCEP’s first fully controlled and operated asset. Furthermore, it established OOCEP as one of few companies to produce commercial tight gas in Oman and will see OOCEP play a bigger role as an operator.

Significant progress was also made in the Musandam Gas Plant project, with utility systems as well as processing systems at advanced stages of pre-commissioning and commissioning of the plant expected by Q3 2015.

“After a few years of rapid expansion and investment, 2014 marked the beginning of a period of consolidation and integration.”
Once the Declaration of Commerciality (DoC) for Block 61 (the Khazzan Field) was signed in Feb 2014, OOCEP commenced active involvement with BP, the operator. Major contracts were awarded for the surface facilities that included EPC contracts for the Central Processing Facilities, gathering and export systems. Rigs mobilization plan and drilling program are being executed to meet the first gas target by the end of 2017.

OOCEP remains firmly committed to helping the nation realize its aspiration of making Duqm a major industrial and logistics hub, with the Duqm Refinery and the Ras Markaz Crude Storage Terminal representing the largest projects in the region. Both these projects entered the significant FEED stage during 2014, which is expected to last through 2015. Projects supporting the Refinery and the Crude Storage Terminal also progressed according to plan.

In September of 2014 we welcomed Eng. Isam Al Zadjali as the new Chief Executive Officer to steer the next phase of OOC and shape the company to be able to address its current and future challenges. After a thorough review of existing processes and structures, he has initiated several high impact projects with an aim to focus on aligning and consolidating the group as a major contributor to the socio-economic development of Oman.

The first of these is to evaluate the structure at the corporate level and make changes where necessary to ensure that OOC is creating maximum value across the portfolio with minimal overheads. As part of this exercise OOC is looking at re-organizing along clusters of assets that have the same long-term objectives. The new structure, expected to be introduced in 2015, and associated systems and processes will ensure that our goals of continued consolidation and alignment of our assets are met, ultimately leading to greater value creation.

Leading from the restructure, the second project is to re-evaluate the OOC brand. For too long the identity of OOC has been separated from the identities of our assets. The new brand will bring our assets closer together by focusing on the common thread that ties all our assets together, the sustainable future of Oman’s energy industry.

In May 2015 a new Board of Directors for OOC was announced. We would like to take this opportunity to thank the outgoing board for their devoted service to OOC and their uncompromising support and guidance to the management. We would also like to thank all our stakeholders in the government, namely the Financial Affairs and Economic Resources Council, the Ministry of Finance, the Ministry of Oil and Gas, the Ministry of Commerce and Industry, and our partners at Special Economic Zone Authority for Duqm for their continued support. Finally, we would like to thank all employees across OOC group companies whose dedication and commitment continue to feed our achievement.

“OOCEP remains firmly committed to helping the nation realize its aspiration of making Duqm a major industrial and logistics hub.”
H.E. Dr. Darwish bin Saif Al Muharbi
Vice Chairman

H.E. Dr. Darwish Al Moharby is the Undersecretary of the Ministry of Health for Administrative & Financial Affairs and former Dean of College of Commerce & Economics, Sultan Qaboos University.

H.E. Dr. Al Moharby previously held positions of Assistant Professor in the Department of Management, Assistant Dean for Undergraduate Studies, Director of Administration of the College of Medicine, and Director of Administration of the Language Centre, all at Sultan Qaboos University.

H.E. Dr. Al Moharbi holds a BA in Business Administration from New England College, Sussex, U.K., an MA in Organisation, Planning & Management and a Ph.D. in Managerial Decision Making, both from the University of Reading, U.K.

H.E. Dr. Mohammed bin Hamad Al Rumhi
Chairman

H.E. Dr. Mohammed bin Hamad Al Rumhi is the minister of Oil & Gas in the Sultanate of Oman, a post he has held since December 1997. Before he was appointed as the Minister of Oil & Gas, H.E. Al Rumhi worked as a Petroleum Engineer at Petroleum Development Oman (PDO) between 1980 and 1987. Later, he joined College of Engineering at Sultan Qaboos University and occupied a number of academic positions between 1990 and 1997.

H.E. Al Rumhi is also the Chairman of the Board of Directors of PDO, Telecommunications Regulatory Authority (TRA) and Oman LNG.

H.E. Al Rumhi holds a Ph.D from Imperial College, London, an M.S from Tulsa University, Oklahoma, USA and a B.Sc. from Imperial College, London, U.K.

H.E. Dr. Mohammed bin Hamad Al Rumhi
Chairman

H.E. Al Rumhi holds a Ph.D from Imperial College, London, an M.S from Tulsa University, Oklahoma, USA and a B.Sc. from Imperial College, London, U.K.

Hon. Salaam bin Said Al Shaksy
Member


Prior to re-joining NBO in March 2010, Hon. Al Shaksy worked in Dubai, as Chief Executive Officer of Dubai Islamic Investment Group and later between June 2008 and March 2010 as Chief Executive Officer, Dubai Banking Group and Dubai Bank.

Hon. Al Shaksy is the Chairman of Oman’s Investment Stabilization Fund, a member of the Board of Directors of Al Rafid Fund (Oman’s SME fund) and serves on the Advisory Council of the College of Economics & Political Science at the Sultan Qaboos University.

Hon. Al Shaksy is a graduate of Boston University, USA, where he received a Bachelor’s Degree in Economics (cum laude), a Masters in Management Information Systems (Honors) and an MBA in Management of Financial Services (High Honors). He has also completed the Senior Executive Program at the London Business School, UK.

H.E. Dr. Darwish bin Saif Al Muharbi
Vice Chairman

H.E. Dr. Darwish Al Moharby is the Undersecretary of the Ministry of Health for Administrative & Financial Affairs and former Dean of College of Commerce & Economics, Sultan Qaboos University.

H.E. Dr. Al Moharby previously held positions of Assistant Professor in the Department of Management, Assistant Dean for Undergraduate Studies, Director of Administration of the College of Medicine, and Director of Administration of the Language Centre, all at Sultan Qaboos University.

H.E. Dr. Al Moharbi holds a BA in Business Administration from New England College, Sussex, U.K., an MA in Organisation, Planning & Management and a Ph.D. in Managerial Decision Making, both from the University of Reading, U.K.

Hon. Salaam bin Said Al Shaksy
Member


Prior to re-joining NBO in March 2010, Hon. Al Shaksy worked in Dubai, as Chief Executive Officer of Dubai Islamic Investment Group and later between June 2008 and March 2010 as Chief Executive Officer, Dubai Banking Group and Dubai Bank.

Hon. Al Shaksy is the Chairman of Oman’s Investment Stabilization Fund, a member of the Board of Directors of Al Rafid Fund (Oman’s SME fund) and serves on the Advisory Council of the College of Economics & Political Science at the Sultan Qaboos University.

Hon. Al Shaksy is a graduate of Boston University, USA, where he received a Bachelor’s Degree in Economics (cum laude), a Masters in Management Information Systems (Honors) and an MBA in Management of Financial Services (High Honors). He has also completed the Senior Executive Program at the London Business School, UK.
Sayyida Rawan Ahmed Al Said
Member

Al Sayyidah Rawan Ahmed Al Said is the Managing Director and CEO of Takaful Oman SOAG. Prior to joining Takaful Oman she was the Managing Director and CEO of ONIC Holding Corporation. Before moving to the Private Sector, Al Sayyidah Rawan was the Deputy CEO-investment for the State General Reserve Fund of Oman, leading the execution of many mega investments internationally. She has 27 years of experience in the investment field both in public and private sectors. She is on the Board of a number of reputed Companies and Financial Institutions in Oman and in the region. She has been recently appointed as a Board Member of Oman Oil Company SOAC and its Audit Committee. She is also a Board Member of the Public Authority for the SME Development (Riyada), Board Member of Oman National Investments Development Company ONIDCO and Chairperson of its Equity and GCC Funds, the Chairperson of Oman Investment Corporation SOAC, Deputy Chairperson in Takaful Oman SOAG, and a Board Member and Audit Committee Chairperson in National Bank of Oman SOAG, Board Member in Oman Oil Marketing SOAG, Board Member in International General Insurance (IGI) Jordan, and National Finance House (NFH), Bahrain.

In 2011, Sayyidah Rawan was bestowed the Business Professional (BizPro) Leader Award. In 2012, was ranked 14th in Forbes Middle East for the ‘Most Powerful Arab Business Women in Listed Companies’. In 2014, Sayyidah Rawan was named among the Best Chief Executives in the region by Trend in collaboration with INSEAD (The Business School for the World). She was also Awarded Hall of Fame by MARA Excellence Awards.

Sayyidah Rawan, has MSc in Economics & Finance from Loughborough University UK. She also holds a Post Graduate Diploma in Investment Analysis from Stirling University UK, and BA in Economics & Political Science from the American University in Cairo (AUC).

Dr. Abdullah bin Mohammed Al Lamki
Member

Dr. Abdullah bin Mohammed Al Lamki has 45 years of work experience, 38 of which were spent in the Oil and Gas industry. In 1973 he joined Petroleum Development of Oman (PDO) and he was immediately seconded to Shell in The Hague. Dr Lamki developed his career at PDO and Shell through various senior positions including Head of Well Engineering, Shell Nigeria, Chief Production Technologist and Deputy Petroleum Engineering Manager, PDO, Petroleum Engineering Manager, Norske Shell, Norway and Petroleum Engineering Manager and Technical Director at PDO.

Dr Lamki was appointed Deputy Managing Director and Technical Director of PDO in 1998, a position he held until his retirement in 2012. Dr Lamki holds a Ph, D in Electron and Nuclear Physics from Trinity College, Dublin, Ireland.
Investing in industry for prosperity

Finding new ways to build a sustainable future starts with ideas and insights into diversified and strategic investments. Which is why, our investment focus lies in new geographies, acquisition of new technologies and new projects. All along ensuring investments that focus on delivering value while contributing to long term sustainable development of the Omani economy.
Portfolio

Distribution by Geography

Investments by Sector

Key Achievements
General


7,524 Total employment in Oman
76% Omanization rate

Musandam Power Company signs with Wartsila Muscat LLC to build a new dual fuelled power plant at Musandam Governorate.

Signing a Memorandum of Understanding (MoU) with Mawarid Mining and Oman Mining Company to develop the Yanqul Copper Project as the first mining venture in Oman.

First Overseas Office Opens In Tanzania

Completion of Block 60 commissioning and starting of first gas production.

Takatuf and SEZAD sign MOU to Establish a Programme for the Development of Human Resources in Duqm.

Takatuf, Schlumberger to Establish New Training Institute.

By Sector

By Geography

Investments by Sector

Distribution by Geography

Oman 61.1%
Germany/USA 11.5%
Hungary 5.9%
Kazakhstan 4.7%
Spain 3.5%
India 3.3%
France 2.0%
UAE 1.5%
South Korea 0.5%
Russia 0.4%
Canada 0.1%
Portugal 0.1%
Japan 0.1%
Others 8.5%

By Sector

Energy Infrastructure 46%
Metal & Mining 11%
Exploration & Production 11%
Petrochemicals 17%
Refining & Marketing 12%
Power 11%
Oman Oil Company S.A.O.C (OOC) is the Energy Investment Arm for the Government of the Sultanate of Oman. In this capacity, OOC’s investments span across the entire Oil and Gas value chain, as well as related energy-intensive industries.

OOC’s strategic focus is intricately aligned with Oman’s development plans. As such, in the short term, our strategy is split between increasing our capabilities and capacity for exploration and production of unconventional hydrocarbons, and developing downstream industrial hubs, with particular focus on the Duqm industrial zone.
**Portfolio**

**Oman/GCC**
- Exploration & Production
  - OOCPEP
    - Abu Tubul 100%
    - Mahra 70%
    - Ruma 20%
    - Ruma Gas 20%
    - Ruma Blocks 100%
    - Al Bajal 100%
    - Al Bajal F-21 50%
- Petrochemicals
  - Oman India Fertilizer Co. (OMIFCO) 50%
  - Salalah Methanol Co. (SMC) 90%
  - Sohar PTA/PET 50%
- Refining & Marketing
  - ORPIC 25%
  - ORPIC Marketing Co., S.A.O.G (ORAMCO) 49%
  - Duqm Refinery 50%
- Power
  - ORORL 26%
  - MOL 7%
  - ExxonMobil Chemical Co. 30%

**International**
- Energy Infrastructure
  - Oman/GCC
    - OOCPEP
      - Abu Tubul 25%
    - Oman Gas Company 100%
    - Project Markaz (OTCO) 90%
    - DPC 90%
  - Petrochemicals
    - Oman India Fertilizer Co. (OMIFCO) 50%
    - Salalah Methanol Co. (SMC) 90%
    - Sohar PTA/PET 50%
    - Perpetual 16.5%
    - OXEA 100%
  - Shipping & Trading
    - Oman Shipping Company
    - Maritime World Marine 30%
    - Oman Trading Int'l (OIT) 10%
  - Power
    - Musandam Power Plant 70%
    - GS EPS 30%
    - Waste-to-Power 42.8%
Leadership in Duqm
Investing in the future of Oman, by empowering the Duqm Special Economic Zone.

The Special Economic Zone in Duqm (SEZAD) is envisioned to be the largest Special Economic Zone in the Middle East. SEZAD has many competitive advantages that qualify it to become a logistic and industrial hub as it is strategically located along the Arabian Sea outside the Hormuz Strait, with easy access to Asia and East Africa.

SEZAD has introduced a basket full of incentives and benefits and its 1745 square kilometers provide tremendous investment opportunities.

The development of Duqm is key to long term economic growth of Oman, which is why we are proud to be a major contributor to the development of Duqm SEZ.
Natural gas will be supplied via a 230 km 36” pipeline from Saih Nahada to Duqm. The Duqm Petroleum Terminal Company, in partnership with SEZAD, will develop and operate the liquid jetty at Duqm as well as a tank farm for storing liquid products from the Duqm Refinery and associated industries. The Centralized Utilities Company, will supply essential utilities such as electricity, steam, industrial gases, water and waste management.

With over USD 15 Billion* worth of projects under development, OOC will be one of the largest investors in Duqm. The cornerstone of the industrial development will be the 230,000 barrels per day Duqm Refinery. The Refinery will cater to major industrial and petrochemical consumers throughout the region.

The Ras Markaz Crude Oil Park will serve as an important global hub for crude oil storage and logistics. Located 70km from Duqm Port, with a storage capacity of up to 200 million barrels, Ras Markaz Crude Park will be the largest of its kind in the Middle East.

Crude oil will be supplied via 2 pipelines. A 440 km pipeline with handling capacity of 700,000 bbl/d will transport crude from Nahada booster station to Ras Markaz. A second 70 km pipeline with handling capacity of 300 bbl/d will transport crude from Ras Markaz to the Duqm Refinery.

* USD 15 Billion estimated value of total investment by OOC and partners including various projects in early stages of review.
developed by Oman Tank Terminal Company (OTTCO)

Crude Oil Pipeline

Crude Oil Pipeline from Ras Markaz

Gas Pipeline

Gas Station

Duqm

Ras Markaz

Crude Oil Park

Oman Tank Terminal Company LLC (OTTCO), also known as Ras Markaz Crude Oil Park was established by OOC to build, own and operate a crude oil storage terminal in Ras Markaz, located 70km south of the SEZ. The terminal will be built in phases, with the first phase projected to be operational in 2018.

Covering an area of 1,600 hectares, the Ras Markaz Crude Oil Park will be large enough to accommodate up to 200 million barrels of storage capacity. Augmenting its appeal is the terminal location outside the Strait of Hormuz with access to a natural water depth of 32 meters.

Major Milestones in 2014

• FEED Awarded to Foster Wheeler

Expected project timeline

• FEED Completed – 2015
• EPC Awarded – 2016
• Commissioning of first phase (25 million barrels) - 2018

Duqm Refinery and Petrochemical Industries Co LLC (Duqm Refinery) was established in 2011 to develop a world-scale, grassroots refinery that will produce middle distillates such as LPG, Naphtha, Jet Kerosene and Diesel. The company is an equal joint venture between OOC and the International Petroleum Investment Company (IPIC) of Abu Dhabi.

With a capacity to process 230,000 barrels per day, the refinery is one of the major industrial projects of the SEZ, with the potential to serve as the springboard for Duqm’s planned transformation into one of the largest industrial and economic hubs in the region.

Major Milestones in 2014

• FEED Awarded to Foster Wheeler
• Technology Licensors Awarded

Expected project timeline

• FEED Completed – 2015
• EPC Awarded – 2016
• Commissioning – 2019
• 230k BPSD achieved - 2020
Oman Gas Company SAOC (OGC), a subsidiary of OOC, is developing a proposed 440 km crude oil pipeline that will connect booster station at Nahadah in central Oman and extend all the way to the Ras Markaz Crude Oil Park. As part of the Nahadah/Ras Markaz oil pipeline project, another 70 km pipeline is also proposed to connect Ras Markaz to the SEZ. With a view of attracting industries and other investments to Duqm, OGC has been tasked by the Government to execute the project for supplying gas to the SEZ. Natural gas will be pumped from Saih Nihayda in central Oman to Duqm Gas Supply Station (GSS) via a new 230 km (36-inch) pipeline. The GSS will be initially equipped with four separation trains with a total capacity of 15 MMSCMD, expandable to 25 MMSCMD in future. Initial supplies are committed to Duqm Refinery and a new power station is planned to be located within the SEZ.

Major Milestones in 2014
- Route Surveys Completed
- Gas Supply Station Location finalized
- EPC Contract awarded for Gas Pipeline

---

**Duqm Petroleum Terminal Company**

Duqm Petroleum Terminal Company LLC (DPTC) was established in 2012 with a mandate to develop, build and operate liquid bulk jetties and tank terminal at Port of Duqm. OOC, with a 90 per cent equity stake, and Port of Duqm Company, with a 10 per cent equity stake, are the shareholders of the company.

The project is being developed in two phases; Phase 1 includes marine works (dredging and reclamation) for a new port basin, superstructures, loading and unloading arms, dry bulk handling facilities for petroleum coke & sulphur and associated infrastructures. Phase 2 entails the construction of tank storage facilities and entire terminal operation.

Major Milestones in 2014
- FEED Awarded to Worley Parsons

Expected project timeline
- FEED (topside) Completed – 2015
- EPC Awarded – 2016
- Commissioning of Liquid Terminal - 2018
The Centralized Utilities Company L.L.C. (CUC), a joint venture between Takamul Investment Company SAOC (a subsidiary of Oman Oil Company) and Sembcorp Utilities (Oman) Ltd. (a 100% subsidiary of Sembcorp Industries Ltd. of Singapore), was established in 2013 to provide reliable, efficient and cost-effective utilities to all industries in the SEZ. The Special Economic Zone Authority of Duqm (SEZAD) has granted CUC with a 25-year utilities services agreement, providing CUC with the exclusive right to provide all utilities within the SEZ.

In October 2014, CUC has secured an in-principle License Exemption from the Authority of Electricity Regulation ("AER") to undertake the regulated activities of electricity generation (combined or co-located with water desalination), transmission, distribution and supply to OOC’s subsidiaries on a captive basis.

In addition to the utilities, CUC will provide supply of cooling water, while SEZAD will be responsible for constructing and funding the seawater abstraction works. Additionally, CUC is also engaged by SEZAD to deliver the design of utility and product service corridors for Duqm SEZ.

Major Milestones in 2014

- FEED Awarded for Sea Water Intake
- Service Corridor Design initiated

Expected project timeline

- EPC Awarded for Sea Water Intake – 2015
- Owner Engineering Completed for Power Project – 2015
- EPC Awarded for Service Corridor – 2016
- Sea Water Intake Commissioning - 2018
- Power Project Commissioning - 2018
- Service Corridor Completion - 2018
Investing in workforce empowerment for sustainability

Investing in the future starts with investing in the people of Oman. Which is why, through internal training programmes and initiatives with our local communities, investing in workforce empowerment is a priority. Whether it is upgrading skills, sharing knowledge or developing individuals to grow into leadership roles, we see people as our key asset.

In-Country Value & SME Development

Investing in the future of Oman through workforce empowerment.
OOC is committed to supporting Omani entrepreneurship and retaining maximum value within Oman.

Takatuf’s ICV team is responsible for supporting OOC’s group of companies and projects to maximize the total spend retained in country, which will directly benefit business development, contribute to human capability development and stimulate productivity in Oman’s economy. As such, every single company contributes to ICV in areas such as Omanisation in skilled jobs, local sourcing of goods and services, building up skills capacity and developing SMEs.

In 2014 OOC Group’s ICV awareness and skills (for professionals and executives) were developed through various workshops and roadshows. As a result, ICV elements were integrated as part of our various upcoming projects.

To further enhance Oman’s capabilities in research, development and innovation, in 2014 OOC launched Innovation Development Oman (Ibtikar). Oman’s the first equity-based venture capital firm. Ibtikar, formed as part of a consortium along with The Research Council and Omantel, will provide smart risk capital to technologically advanced startups to help with the commercialization of technologies.

Ibtikar has no limitation in what it can invest in but it will tend to focus on four key strategic sectors for Oman: Energy & Water, ICT, Food and logistics, and progressive services in health care and education.
Takatuf works daily to partner with clients and their people to develop strategic Human Capital solutions to support long-term personal, organisational and national growth. This means that Takatuf conceptualizes and implements projects that will enhance individual and corporate results, starting with the Takatuf Scholars - supporting the success of Oman’s students in this new 21st century of learning, and so preparing them for personal and professional success; through Talent Development – Providing client’s talent pipeline with qualified experts; and Human Capital – Assuring that clients recruit the best candidates and that they have the right HR policies in place to retain them. Additionally, Takatuf is responsible for OOC’s group wide implementation of In-country Value – Offering guidance to develop the Sultanate’s economy to benefit the country’s people and businesses.

2014 was a positive year for the company as a number of relevant ongoing projects begun to succeed.

- 72 students who entered in 2013 completed the Programme and earned the title Takatuf Scholar.
- 144 candidates selected from more than 1,000 applicants from all over the Sultanate joined the Summer Residential Programme at GU Tech in August and proceeded to the Independent Learning Phase in September.
- Oman Trading International and Salalah Methanol Company joined OOC and Orpic as sponsors.
- The first ten international scholars, who joined the Programme in 2012, completed their first Work Experience assignment with local businesses.
- The Takatuf Scholars network expanded from 10 international scholars attending boarding schools in the UK to 34 attending preparatory schools in The Netherlands, Canada and the United States.

Takatuf Scholars
Training Institutes

**TPO**
- Joint venture between Takatuf and Petrofac (60%-40%)
- Aims to fill the gap of competent Omanis in the energy sector.
- Vocational training programmes for national diploma graduates and technical diploma graduates, such as mechanical technicians; electricians; process operators and instrumentation technicians.
- Planned facilities location in Manah with a total capacity of 1,000 students.

**instOG**
- Joint venture between Takatuf and Schlumberger (60%-40%)
- Created to raise the technical skills of Omani petro technical professionals in the upstream oil and gas sector.
- Planned location at Innovation Park Muscat with a total capacity of 300 students.
- Operational: End of 2016. Long term career development programmes in the disciplines of: geology, geophysics, petro physics, reservoir engineers, drilling professionals and production engineers.

**Duqm Training Initiative**
- MoU signed with the Special Economic Zone Authority in Duqm (SEZAD)
- Objective to enhance the trainability and employability of the citizens of Al-Wusta governorate.
- Skills development in English language, life skills development (business ethics, HSE and IT) and social responsibility and behaviour.
- Centre sponsored by a number OOC companies, based in Duqm.
- Operational by end of 2015.
Corporate Academies
Objective to successfully develop talent within companies.

Takatuf Leadership Development Programmes

1. Essentials of Management Programme: Equip recently appointed managers, supervisors and team leaders with the essential competencies to manage people and business processes effectively. Participants have successfully completed the 2nd and 3rd cycles of this multi-modular programme.

2. Directors Development Programme: Equip board members, directors and senior managers with Corporate Governance skills.

Takatuf Functional Training Programmes

1. HR Academy for HR Leaders & Managers and HR Professionals.

2. Project Management Programme to help initiate, plan, execute, control or close either CAPEX or OPEX funded projects.

Coaching

- Executive Coaching Service
- Aims to help professionals realize their full potential.
- Ongoing projects: 21 corporate clients with OOC and its subsidiaries
- 1 Team Development coaching programme for 15 Senior Executives
- 1 Coaching Clinic® workshop to train 11 managers in coaching skills
In-Country Value (ICV)

- Supporting OOC’s group of companies and projects to maximise the total spend retained in the country.
- 2014 milestones:
  - Takatuf ICV resources and capabilities were developed to support OOC Group.
  - OOC Group’s ICV awareness and skills (for professionals and executives) were developed.
  - ICV elements were integrated as part of upcoming projects.

Assessment Centre

- Assessment Services volumes increased by 39% with over 1,000 assessments delivered through the year.
- The team capacity increased to 4 with 2 new team members from within Takatuf.
- Established shortlisting services.
- Introduced a 360 Feedback service offering and established Omani Norms to enable valid and realistic reference points for assessment ratings.
- Services were extended to clients in Banking, the Regulatory sector and the Duqm development sector.
- Maintained a stable income stream for Takatuf over the year.
Investing in enriching communities

Enriching our communities leads the way to a stronger tomorrow. This is why our CSR programmes, delivered in partnership with governmental and non-governmental organizations, empower community members with knowledge, opportunities and various skills, allowing us to work together towards achieving sustainable economic, social and environmental development across the Sultanate of Oman.
OOC is delivering on its promise to support local community development with targeted CSR programmes by allocating up to 3% of its net profit towards CSR initiatives. The company is harnessing the power of business to achieve sustainable economic, social and environmental development across the Sultanate.

OOC puts community welfare at the forefront of its priorities to serve more than business bottom lines. OOC’s CSR strategy looks at the bigger picture of running a successful business chain. We invest in the future of Oman by partnering and contribute to the prosperity of the Omani people.

**Leading Social Responsibility with a Passion for People**

As a responsible corporate citizen, OOC is dedicated to contributing towards a robust Omani economy through investing and advancing local communities. Social commitment is a key element of the company’s strategy to develop targeted sustainable programmes, which seek to elevate quality of life. This is achieved through the responsible conduct of business and voluntary outreach, bringing direct and tangible benefits to the communities where the company operates. OOC proactively implements CSR programmes and initiatives that focus on three main mandates: Training for Employment, Entrepreneurship, and Capacity Building. They cover several themes including sports, health, education and the environment. In 2014, over 2,300 young Omanis benefited from more than 50 social responsibility initiatives and programmes as detailed below.

**Training for Employment**

This scheme is run through OPAL and directly through local training institutes. It aims at providing secured employment opportunities to secondary school graduates and a total of 63 Job seekers benefited from the programme last year.

**Entrepreneurship**

Fostering leadership development across Oman, OOC is grounded in the belief that investment in entrepreneurs will help build a promising future. The Company partners with organisations that address education and employability requirements of local talent to thrive and contribute to the national economy. Two main initiatives to support SMEs include the ‘Sharikati’ and ‘Ghaytuh’ programmes.

### Sharikati

The programme targeted 400 college students to familiarize them with commercial activities and procedures to set up a company and executed by working with Injaz Oman. The training helped students to conceptualize a company in all its business activities, including manufacturing, marketing products and sharing of profits.

### Youth Entrepreneurship Programme (Ghaytuh)

The programme is an initiative developed by Oman Oil Company in partnership with National Centre for Career Guidance. The Programme is designed to help school students to build their entrepreneurship skills and develop their ideas and concepts around personal business. Last year, a total of 250 Grade10 students from different governorates of the Sultanate participated in the programme.
My Job My Oath
A joint initiative between OOC and OPAL, these leadership workshops focused on what forms a healthy and productive work environment, addressing work ethics, professionalism, communication skills, peer networking, workplace roles and obligations, providing and introducing the Omani Labor Law as well as instilling positive-thinking into participants while highlighting the importance of their role in building Oman. A total of 400 Omanis employed in public, private and NGO sectors participated in the various workshops of this programme.

Diploma in Special Education at Sultan Qaboos University
Done in collaboration with the Ministry of Social development, this two-year diploma programme is part of the national plan that aims to enhance the skills of people working alongside children with disabilities. The programme was successfully concluded when 25 Al Wafa Centers staff graduated from the programme in 2014.

Outward Bound Oman
OOC has been supporting outwards bound Oman for three years starting from 2012. The agreement is to support Outward Bound Oman annually to deliver the programme for 70 male and female school Students, who come from 4 different schools. The programme is designed to give young people exposure to the key life skills sought by Employers in Oman; ensuring young people are better prepared to meet the needs of the labor market.

Sustainability Report
The report showcases the performance of all local OOC subsidiaries and investments operating in Oman. The companies in the initial report represent the OOC Group across a variety of sectors, and the report captures their impact on the society and environment in which they operate. The report has been produced for the second consecutive year under the Global Reporting Initiative (GRI) guidelines.

Sponsorships
Corporate Sustainability sponsorship is more than providing financial assistance to support applicants and social initiatives. Instead, it aims to invest in building the community’s capacity in general with a focus on youth. A total of 38 projects were sponsored in 2014 under four main areas: education and awareness, environment and local culture, improving quality of life as well as growing talent.

Capacity Building
As part of OOC’s commitment to support the development of human capital in Oman, the company invests in training and offering educational opportunities for Omani youth to build the local economy and further improve the workforce. Through dedicated educational workshops, capacity building is a significant addition to the company’s CSR agenda. It develops local consultants that are trained to build sustainable business chains. The capacity building programmes include ‘Qadiroon’, My Job My Oath, Outward Bound Oman initiative and Diploma for care-takers from Al Wafa Social Centres.

Qadiroon
This programme, delivered in partnership with the Information Technology Authority (ITA), Nattiq Technologies and Al Noor Association for the Blind, aimed at empowering people with a visual disability by training 6 individuals on digital literacy, mobility and orientation and using smart phones. These individuals were then certified as trainers, who could disseminate this knowledge to visually impaired individuals in all regions of the Sultanate.

My Job My Oath
A joint initiative between OOC and OPAL, these leadership workshops focused on what forms a healthy and productive work environment, addressing work ethics, professionalism, communication skills, peer networking, workplace roles and obligations, providing and introducing the Omani Labor Law as well as instilling positive-thinking into participants while highlighting the importance of their role in building Oman. A total of 400 Omanis employed in public, private and NGO sectors participated in the various workshops of this programme.

Street Smart Campaign
This program was delivered in partnership with Oman Road Safety Association. It provided a set of innovative workshops to raise awareness in different Omani regions about Road Safety.
Staff Donation Programme
215 staff members from OGC, OMIFCO, OOCEP, Takamul, Takatuf Oman, Oman Aluminum Rolling Company in addition to OOC participated in the programme, raising OMR 46,707 up to June, 2014. The collected funds were used to support the Association of Early Intervention and Al Noor Association for the Blind (Bishar). Students from social security families were also financially supported, allowing them to complete their education and thereby enabling them to provide a higher standard of living to their families.

Social Impact Assessment for Al Wusta Region
Performing in collaboration with OTTCO and Duqm Refinery, it is a study which sought to provide insights and measurable expectations and aspirations of local communities around OOC projects in Al Wusta Governorate. A wide set of stakeholders were interviewed including the local public, youth and women.

Saving Oman’s Sea Turtles
Run in partnership with Environment Society of Oman and Port of Duqm, the 2-year initiative aims to study and understand the reasons behind the decrease in the number of turtles nesting in Masirah. It also seeks to ultimately create a safer environment for the turtles to grow and flourish.
Introduction

The Board and the management of OOC are committed to adopting, applying and continuously improving upon best in class, fit for purpose practices of corporate governance that promote ethical standards and individual integrity.

OOC’s governance model is based on four principal components:

(i) Organisation structure

**Board of Directors**

The Board is the highest governing body within OOC, and is responsible for the overall policy direction, supervision and control of OOC, including the oversight of the development, implementation and achievement of OOC’s vision, mission, strategy and objectives.

**Executive Management**

The Chief Executive Officer (“CEO”) is the highest executive officer and is principally responsible for the activities of OOC. The primary role of CEO is to deliver the approved strategy to achieve OOC’s core business objectives. In executing his responsibilities, the CEO is supported by the Deputy Chief Executive Officer (“DCEO”), who performs the role of the CEO when the CEO is absent.

During the period from 1 January to 30 August, the post of CEO remained vacant with the duties and responsibilities of the CEO being vested in the DCEO. In August 2014, the Board appointed Eng. Isam Al Zadjali as the new Chief Executive Officer.

During the majority of fiscal year 2014, the DCEO was assisted by the Executive Management Team (“EMT”), which was comprised of the DCEO, Chief Financial Officer, Vice Presidents of the Upstream, Downstream and Emerging Businesses, the General Counsel and the Vice President of Strategy and Performance Management, as an ex officio member.

During the period from Q1 to Q3 2014, the EMT assisted the DCEO in taking major strategic and operational decisions and allocating resources.

In addition, the EMT oversaw OOC Group performance management and strategy execution and implementation of group policies.

During Q4 2014, as part of the new CEO’s review of existing systems and processes, the structure and governance at the corporate level was re-evaluated and changed to streamline decision making and enhance accountability.

(ii) Internal control systems

OOC aims to manage risk and control its business and financial activities in a cost-effective manner that enables it to exploit profitable business opportunities in a disciplined way, avoid or reduce risks that can cause loss, reputational damage or business failure, support operational effectiveness, and enhance resilience to external events.

**Internal controls**

The internal control framework is a collection of several policies, processes and procedures according to which the various business units and functions operate. It facilitates the effectiveness and efficiency of operations, helps ensure the reliability of internal and external reporting and assists with the compliance with applicable laws and regulations. The framework is designed to manage rather than eliminate risk. Accordingly, the framework provides reasonable but not absolute assurance against material misstatement or loss.

OOC recognises that compliance, transparency, disclosure, financial controls, risk management and, overall, accountability are the pillars of any good system of corporate governance.
The framework is constantly being improved, and will be further enhanced during 2015 as OOC introduces new systems, policies and processes. The Board reviews the internal controls framework periodically to ensure that it is fit for purpose.

OOC has developed several systems, policies and procedures, as part of its overall internal control framework to provide for a robust control environment. These include a manual of authorities to set out clear delegations of authority from the Board to management, a human resources policy detailing policies related to staff, benefits, employee welfare activities and employment standards, a tender policy and process is in place to ensure transparency, competitiveness and good governance in procurement and contracting, a contract signing process ensures the necessary input and review by the relevant business units and functions prior to contract signing, a staged gate review process to assess the maturation of capital projects and acquisition/divestments, enterprise risk management policy, internal audit policy, and code of business conduct, covering subjects such as workplace practices, managing conflicts of interest, personal integrity, gifts and entertainment and whistleblowing, among others...

In 2014, at the new CEO’s instigation, the company’s Code of Business Conduct and related governance and administration were further enhanced and will be applied going forward across the OOC group on the basis of ‘one group, one code’, headed by a dedicated head of code compliance, who answers to a newly established compliance committee, which in turn will answer to the Board, through the Audit and Risk Committee.

Relationship with subsidiaries, associates and other investee companies
OOC adds value to its holdings by, amongst other things, promoting good corporate governance. OOC manages its subsidiaries and its interest in associate and other investee companies through active representation on the boards (or similar bodies) of such companies, which are responsible for overseeing the management of these companies.

OOC continuously reviews the performance of the companies on a regular basis and, through the board representation, is involved in material decision making.

Internal audit
OOC’s internal audit department (“IAD”) is led by the Group Audit Executive, who reports directly to the Audit Committee. The IAD is an independent, objective assurance function that provides on-going assurance to the Board and executive management on the adequacy and integrity of its internal control, risk management, governance processes and management information systems. The IAD regularly monitors and reports on the extent of compliance with established policies, plans, procedures and applicable laws and regulations, and recommends corrective actions, as needed.

Statutory audit
Ernst & Young are the appointed statutory auditors of OOC for fiscal year 2014. Fiscal year 2014 was the first year of appointment for Ernst & Young; accordingly, as per the CMA Code of Corporate Governance pertaining to the rotation of statutory auditors, Ernst & Young are eligible for re-appointment as statutory auditor for fiscal year 2015.

State audit
In addition to internal and statutory audits, OOC (and each of its subsidiaries and associates in which OOC holds more than a 40% interest) fall under the purview of the State Audit Institution, which conducts on-going audits of the full spectrum of business, financial and operational activities.

(iv) Communication and reporting
OOC is committed to managing open and regular reporting and other communications to the Board and the Shareholder. Periodic reports include updates on strategic objectives, budgets and plans, and portfolio performance results.

In the spirit of transparency and accountability, in 2014 OOC prepared to publish its second “Sustainability Report” (first published in 2013) prepared in compliance with the guidelines of the Global Reporting Initiative.

In addition, in 2014, OOC commenced with making certain sections of its Annual Report available to a wider public audience.