

## Umm Al Qaiwain General Investments Company P.S.C

### Governance Report for the Year 2018

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UMM AL QAIWAIN GENERAL Investments Company P.S.C  
Governance Report for the Year 2018

**Introduction:**

• **About the Company:**

Umm Al Qaiwain General Investments Company P.S.C (Previously known as "Umm Al Qaiwain Cement Industries Company P.S.C") was established as a public shareholding Company in the Emirate of Umm Al Qaiwain by Emiri Decree No. 82/2 dated February 11, 1982. The Company has registered with the competent governmental authorities, in accordance with the laws in force in the United Arab Emirates. The Company's head office and legal address located in Umm Al Qaiwain , United Arab Emirates.

The trade name of the Company was changed from Umm Al Qaiwain Cement Industries Company P.S.C to Umm Al Qaiwain General Investments Company P.S.C under the decisions of the Shareholders General Assembly dated March 19, 2016.

The licensed purposes of the Company are represented in the following fields (as contained in the Commercial License), including, but not limited to:

- Investment, development, establishment and management of real estate projects.
- Investment in funds and securities - shares and bonds.
- Investment, establishment and management of commercial projects.
- Investment in tourism projects.
- Investment, establishment and management of educational services projects.

**I. Corporate Governance Practices:**

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Since Umm Al Qaiwain General Investments Company P.S.C (Previously known as "Umm Al Qaiwain Cement Industries Company P.S.C") [hereinafter referred to as "the Company"] has started implementing the governance regulation, it is committed to implement corporate governance requirements based on the Chairman of the Authority's Decision No. (7/R.M) of 2016 on institutional discipline and corporate governance of public shareholding companies standards. This governance report illustrates the detailed situation and the Company's commitment thereto.

**Implementation of Governance's Principles:** Umm Al Qaiwain General Investments Company P.S.C believes in the importance of implementing the decision of the Chairman of the Authority No. (7/R.M) of 2016 on institutional discipline and corporate governance of public shareholding companies standards. The Company's Board of Directors pay, through its Committees, a great attention to governance and institutional discipline by supervising the management of the Company and ensuring the

implementation of its responsibilities and duties entrusted to it. The Board of Directors also supervises the implementation of policies and procedures of the Company, and develop thereof to ensure the efficiency and effectiveness of the internal controls of the Company and the adequacy of human resources to implement the plans and strategies of the Company.

The implementation of the governance regulation with its advantages in leading change and restructuring ensures improved performance, continuity, risk reduction, accountability and transparency. The Company has committed to apply the disclosure and transparency rules to enhance confidence as per the rules and standards followed by the Company in its practice of good governance concepts and governance principles that ensure the protection of shareholders' rights and implementation of governance practices in the Company, in accordance with the regulations and instructions of the competent authorities. The Company shall also observe the regulations and instructions of Securities and Commodities Authority for corporate governance in the United Arab Emirates.

II. Transactions of the members of the Board of Directors and their spouses and sons in the securities of the Company during the year 2018:

• Transactions of the Board of Directors and Insurers in Securities:

A. The governance of the transactions of the members of the Board of Directors and their relatives of the first degree in the Company's securities during the year 2018 is made according to Article 14 of Securities and Commodities Authority's Decision No. (2) of 2001 concerning the regulations of trading, clearing, settlement, transfer of ownership and custody of securities. Chairman and members of the Company's Board of Directors, its general manager or any insider employee shall not deal in person or through any third party in the securities of the Company itself or in the securities of the parent Company, its affiliates, subsidiaries or sister companies within short periods for trading on a daily or weekly basis. They further not allowed to trade in these shares to intimidate the rest of the investors and impact on the prices of the Company either directly or indirectly. They also not allowed to trade in the Company's shares if they are aware of any important information on event or decisions that may affect the prices of the Company's shares. In any case, the members of the Board of Directors of the Company, its general manager, senior executives or any insider employee shall not deal in person or through any third party in the securities of the Company during the following periods: -

- Ten (10) working days before the announcement of any substantial information that will affect the price of the share up or down, unless such information are resulting from emergence and sudden events.
- Fifteen (15) days before the end of the quarterly, semi-annual or annual financial period until disclosure of the financial statements.

The provisions of the law shall be taken into consideration when any of the above-mentioned persons deal in person or through any third party in the securities of the Company itself, and the securities of the parent Company, its affiliates or subsidiaries, and any transaction contrary thereto shall be null and void.

The Company is also committed to the provisions of the Decision of Abu Dhabi Securities Exchange's Board of Directors' concerning the organization of the transactions of the members of the Board of Directors of the listed companies and other insiders, in accordance with the provisions of Article (4.2) of Abu Dhabi Securities Exchange regulations.

B. A Statement of the transactions of the Board of Directors, their spouses and children in the Company's securities in the Abu Dhabi Securities Market and Kuwait Stock Exchange as of 31/12/2018:

The investor's trading reports issued by the Clearing, Depository and Settlement Department on the Abu Dhabi Stock Exchange, as well as the brokers registered on the Kuwait Stock Exchange, and the statements submitted to the following trades:

No.	Name	Position	Shares held as of 31/12/2018	Total sales	Total purchase
1	Salem Abdulla Salem AlHosani	Chairman of the Board	Chairman of the Board : 22,658,564 (Direct and indirect ownership) Spouse : None Children: None	---	---
2	Ahmad Sultan Essa Al Jaber	Deputy Chairman	Deputy Chairman : None Spouse : None Children: None	---	---
3	Al Salem Limited Co. (Represented by Mr. Mohammed Salem Abdulla AlHosani)  ● Mohammed Salem Abdulla AlHosani	Managing Director (legal)  Representative of the Managing Director	95,303,453  13,000,000 Spouse : None Children: None	---	4,391,423
4	AbdulRahman Saleh Mohamed AlSaleh	Member	Member : None Spouse : None Children: None	---	---
5	Sheikh/ Saoud Majid Saoud AlQassimi	Member	Member : None Spouse : None Children: None	---	---

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No.	Name	Position	Shares held as of 31/12/2018	Total sales	Total purchase
6	Fahd A S Almkhaizim	Member	Member : None Spouse : None Children: None	---	---
7	Obaid Ghanim AbdulRahman AlMutaiwei	Member	Member : 4,115,200 Spouse : None Children: None	---	---
8	Ahmad Omar Salem AlKarbi	Member	Member : 6,427,840 Spouse : None Children: None	---	---
9	Rahma Mohammed Rahma Al Shamsi	Member	Member : None Spouse : None Children: None	---	---

C. Transactions of the Company's Insiders:

Below is a statement of the transactions of the Company's insiders in Abu Dhabi Securities Exchange. We have made sure of this statement through the list of transactions in the Company's shares issued by Abu Dhabi Securities Exchange.

Member Name	Total Sale Transactions		Total Purchase Transactions	
	Number of Transactions	Number of Shares	Number of Transactions	Number of Shares
Tamer AbdulMajeed Mohammed AbdulMajeed	1	22,000	4	56,602

D. Transactions of the rest of the Company's employees (Non-insiders):

Except for those periods mentioned above:

- Employees of the Company (non-insiders) may deal with the shares of the Company, provided that the Company is notified in writing of the number of shares and date of trading.
- If the employee breaches these laws, he/she shall be held accountable toward the Company and the Securities and Commodities Authority.
- We have made sure that no employee (non-insider) has trade in the shares of the Company during 2018.

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### III. Composition of the Board of Directors:

Pursuant to the provisions of Article (19) of the Articles of Association of the Company, the members of the Board of Directors have been determined at nine members to be elected by the Ordinary General Assembly. The Board of Directors elected at the Ordinary General Assembly held on Saturday, March 18, 2017 acknowledged in its first meeting in 2017 – after the completion of the election – the composition of the Board and its Committees and the Internal Control Department, in accordance with the Company's Articles of Association and Corporate Governance Regulations, as follows:

- Below is a detailed statement of the composition of the Board of Directors as per the requirements of governance:

#### A) Composition of the Board of Directors.

- The Board of Directors elected at the Ordinary General Assembly dates 18/03/2017:

Sr.	Name	Title	Category		Experiences, Qualifications and Membership in other Companies and Institutions	Since
1.	Salem Abdulla Salem AlHosani	Chairman of the Board	Non-independent	Executive	Bachelor of Business Administration - Vice Chairman of Gulf Medical Projects Company, Member of the Board of Directors of Sharjah Insurance Company, Member of the Board of Directors of Umm Al Quwain National Bank, Member of the Board of Directors of Ras Al Khaimah White Cement and Construction Materials Company, Former Member of the Board of Directors of Gulf Cement Company, Former Member of the Board of Directors of Union Insurance Company.	1999
2.	Ahmad Sultan Essa AlJaber	Deputy Chairman	Independent	Non-executive	High School and Diploma of Telecommunications - Member of the Board of Directors of Umm Al Quwain Cement from 1982 to 1986 and a former member of the National Council, Former Member of the Supreme Committee for Nationality and Passports in Abu Dhabi	2002
3.	Al Salem Limited Co. (Represented by Mr. Mohammed Salem Abdulla AlHosani)	Managing Director	Non-independent	Executive	Bachelor of Commerce and Master of Financial Management, Member of the Board of Directors of Gulf Medical Projects Company, Member of the Board of Directors of Union Insurance Company, General Manager of Al Sahel Shares Center.	2017

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4.	AbdulRahman Saleh Mohamed AlSaleh	Member	Independent	Non- executive	Executive MBA from the American University in Sharjah, Fellow of the Chartered Institute of Management Accountants in the United Kingdom, Director General of the Finance Department in the Government of Dubai, President of Dubai Financial Support Fund, Former Senior Executive Officer for Financial and Administrative Affairs in Dubai Customs, Member of the Supreme Committee for Financial Policy in Dubai .	2017
5.	Sheikh/ Saoud Majid Saoud AlQassimi	Member	Independent	Non- executive	Bachelor of Business Administration - Member of the Board of Directors of Al Saud Company Ltd. Member of the Board of Directors of Al Majaz Investment Company, Investment Analyst of Abraaj Group in Singapore and Dubai.	2002
6.	Fahd A S AlMukhaizim	Member	Independent	Non- executive	Bachelor of Business Administration, Chief Executive Officer of National Investments PSC, Investment Analyst of Kuwait General Trading, Contracting and Foreign Investment Company, Wafra International Investment Company, Kuwait Ministry of Finance – and Balance Sheets Specialist	2017
7.	Obaid Ghanim AbdulRahman AlMutaiwei	Member	Independent	Non- executive	High School and Technical Diploma – Former Member of the Board of Directors of Sharjah Insurance Company.	1999
8.	Ahmad Omar Salem AlKarbi	Member	Independent	Non- executive	Bachelor of Business Administration and Accounting - Former Director of the Office of the Minister of Agriculture and Fisheries, Acting Director of the Ministry, Abu Dhabi, former Member of the Board of Directors of National Marine Dredging Company, Member of the Board of Directors of Ras Al Khaimah White Cement and Construction Materials and Member of the Board of Directors of Ras Al Khaimah Poultry and Feed Company.	2011
9.	Rahma Mohammed Rahma Al Shamsi	Member	Independent	Non- executive	Bachelor of Business Administration - Director of Corporate Banking Group (Sharjah Islamic Bank), Previous experience at ADNOC – Former Member of the Board of Directors of National Investor Company.	2018

Due to the death of Mr. Ahmed Mohammed Rahmah Al Shami, the Board of Directors at its meeting No. (3/2018) dated November 3, 2018 decided to appoint Mr. Rahma Mohammed Rahma Al Shamsi as an alternative member of the Board of Directors. The appointment shall be offered to the General Assembly at its next meeting for approval in implementation of the Federal Law Np. (2) of 2015 on the Commercial Companies issued on March 25, 2015 and Clause (B) of Article (20) of the Company's Articles of Association. This Clause states "the Board of Directors may appoint members in the vacant positions during the year, provided that such appointment shall be submitted to the General Assembly at its first meeting to approve their appointment or appoint third parties.

**B. Statement of representation of the female in the Board of Directors for the year 2018.**

The percentage of female representation on the Board of Directors for 2018: None.

**C. Reasons for the non-candidacy of any female member to the Board of Directors**

The current Board of Directors was elected on March 18, 2017 and no female member has been submitted for membership. Therefore, the Company will take this matter into consideration in future elections in 2020.

**D. Remuneration of the Members of the Board members:**

1. According to Article (21) of the Decision of the Chairman of the Board of Directors of Securities and Commodities Authority No. (7/R.M) of 2016 on the institutional discipline and the governance of public shareholding companies standards, the remuneration of the members of the Board of Directors shall be a percentage of net profit. The Company may also pay additional expenses, fees or monthly salary to the extent determined by the Board of Directors for any member if this member works in any Committee or makes special efforts or performs additional work to serve the Company in addition to his normal duties as a member of the Board of Directors. In all cases, the remuneration of the member of the Board of Directors shall not exceed 10% of the net profit of the Company after deduction of depreciation and reserves.

Members of the Board of Directors have received an amount of one million and four hundred thousand dirhams for the year 2017.

2. There is a proposal to pay remunerations to the members of the Board of Directors for the year ended December 31, 2018 for a total amount of one million and four hundred thousand dirhams, which will be presented at the Annual General Assembly for approval.
3. No allowances shall be paid for attendance at meetings of Committees of the Board of Directors for the financial year 2018.



E. Board of Directors' Meetings for the year 2018: The Board of Directors of the Company held four meetings (and one General Assembly for the year 2017 on 17/03/2018) during the year 2018, as follows:

Members	Saturday, 24/02/2018	Saturday, 17/03/2018	Saturday, 03/11/2018	Saturday, 01/12/2018	Remarks
Mr. Salem Abdullah Salem AlHosani	√	√	√	√	
Mr. Ahmad Sultan Essa AlJaber	√	√	√	√	
Al Salem Limited Co. (Represented by Mr. Mohammed Salem Abdullah AlHosani)	√	√	-	√	
Mr. Abdul Rahman Saleh Mohamed AlSaleh	√	--	√	--	
Sheikh/ Saoud Majid Saoud AlQassimi	√	√	√	√	
Mr. Fahd A S Alukhaizim	√	√	√	√	
Mr. Obaid Ghanim AbdulRahman AlMutaiwei	--	--	--	--	
Mr. Ahmad Omar Salem Al Karbi	√	√	√	√	
Mr. Rahma Mohammed Rahma Al Shamsi	--	--	--	√	Appointed at the meeting dated 03/11/2018

**Note :**

-The absence of members was under excuses accepted by the Board of Directors.

-The deceased/ Ahmed Mohammed Rahmah Al Shamsi was the Deputy Chairman and attended the first and second meetings of 2018 before his death.

**F. Duties and competencies delegated by the Board of Directors to the Executive Management:**

Executive management: means the persons selected by the Board of Directors to manage the Company, namely the Managing Director and the General Manager.

According to the provisions of Article (9) of the Decision of the Chairman of the Board of Directors of Securities and Commodities Authority No. (7/R.M) of 2016 on the institutional discipline and governance of public shareholding companies standards, and the provisions of Article (24) of the Company's Articles of Association:

- The Board of Directors may authorize its Chairman, one of its members or senior executive management with some administrative matters for which it has the authority to make decisions. In this case, the authorization must be in writing and determining the authorized powers in respect of the case, where the senior executive management must obtain the prior approval of the Board of Directors before taking any decisions or concluding any obligations on behalf of the Company. A written list of the duties and competencies carried out by the Board of Directors and those delegated to the senior executive management shall be developed, and such duties and competencies are reviewed periodically.
- This authorization must be specific in its subject, determining the authorized persons and the limits of their powers and the validity of this authorization, including a date to submit its results to the Board of Directors.
- The Chairman of the Board of Directors, Vice Chairman or the member of the Board of Directors shall have the sole right to sign on the Company, in accordance with the powers authorized to them by the Board of Directors or any other member authorized by the Board of Directors in this regard.

According to the above controls, the Managing Director and the General Manager of the Company shall conduct the daily business of the Company pursuant to the best practices of governance and the provisions of the Articles of Associations and the powers authorized to them by the Board of Directors. The Board of Directors has authorized the Executive Management in the following matters: -

- To manage the Company's business and provide directions to the executive management in line with the Company's strategic objectives, policies prescribed by the Board of Directors, the provisions of the law and the provisions of other legislation related to the Company's business and activities.
- To provide the Board of Directors with accurate periodic reports on the financial position of the Company, its business and the procedures taken in the management of risks and internal control regulations to enable the Board of Directors to review the developed objectives, plans and policies and accountability of the executive management concerning its performance.



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- To submit recommendations regarding any proposals deemed necessary concerning the Company's business.
- To provide the regulatory bodies with any information, data and documents required in accordance with the provisions of the law, regulations, instructions and decisions thereto.
- To appoint the competencies needed by the Company.
- To manage the Company's assets and invest the surplus funds within the framework of the risk and revenue structure approved by the Board of Directors.
- To approve the interim financial statements, quarterly reports of the Company and initially approve the annual financial statements.
- To represent the Company before third parties as authorized by the Board of Directors or the Chairman.
- To sign cheques and transfer funds and conclude transactions with banks within the scope specified in the authorization decision, and execute the contracts and obligations of the Company towards third parties at the same limits.
- To sign on behalf of the Company before all federal and local government agencies, public and private institutions and assume the legal responsibility, as determined.

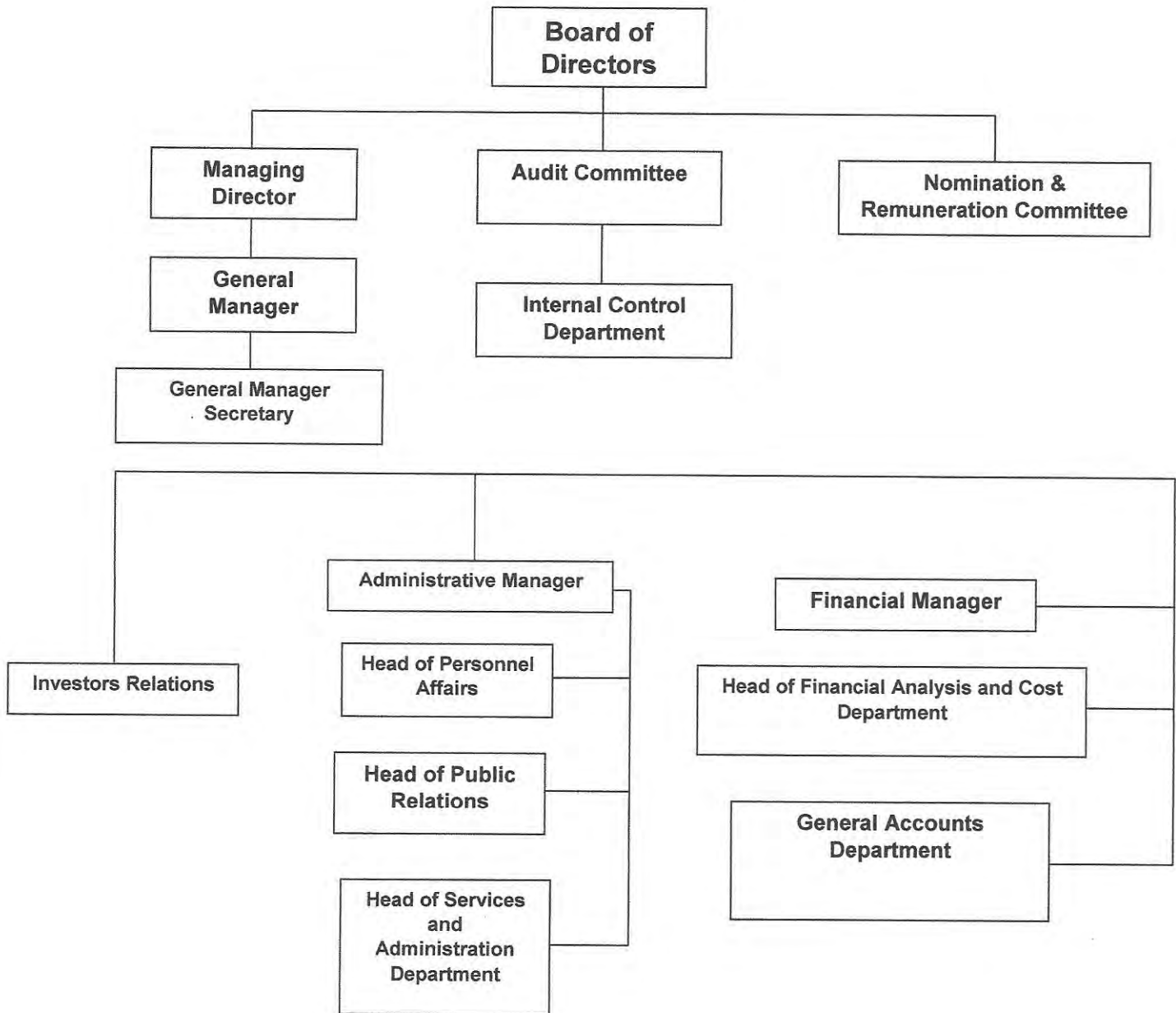
G. A statement of the details of transactions carried out with related parties (stakeholders) with an explanation of the nature of the relationship and type of transaction:

There are no transactions made with the related parties (stakeholders).



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## UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY



I- A detailed list of the company's senior executives

Sr.	Name	Title	Date of Election or Appointment	Salaries and Allowances paid in 2018 (AED)	Total bonuses in 2018 (AED)
1	Salem Abdullah Salem AlHosani	Chairman of Board of Directors	01/05/1999	---	200,000 Subject to the approval of the General Assembly
2	Al Salem Limited Co. (Represented by Mr. Mohammed Salem Abdulla AlHosani )	Managing Director	18/03/2017	300,000	100,000 Subject to the approval of the General Assembly
3	Sheikh/ Saoud Nasser Rashid Al Moalla	General Manager	11/07/2016	675,000	100,000
4	Mostafa Fahmi Akeila	Financial Manager (Non-executive) and acting as Administrative Manager	31/05/1986	228,804	15,500
5	Tamer AbdulMajeed Mohamed	Internal Audit Manager (Non-executive)	Appointment date in the Company 10/05/2001 (Appointment date as the manager of Internal Audit Control 14/11/2001)	184,404	10,000

There are no other in-kind / material bonuses for the year 2018.

#### IV. External Auditor:

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##### -About the Auditor of the Company M/s: Talal Abu-Ghazaleh & Co. International:

Talal Abu-Ghazaleh Organization is one of the largest Arab groups in accounting, external audit, internal audit, corporate governance, taxation, educational consultancy, economic and strategic studies, administrative consultancy services, vocational and technical training, technology transfer and projects management, real estate management, investors services and business consultancy, human resources and recruitment services, e-government, e-commerce, e-learning and IT security audit. It is also specialized in developing and designing websites, simultaneous translation and professional translation and localization, strategic planning of information technology and communication, consultancy services for planning projects resources, training on information technology skills and internet, intellectual property agency, evaluation of works and assets of intellectual property and business services, registration and protection of intellectual property, renewal of intellectual property, protection and management of intellectual property rights, legal services (consultancy and advocates) and public subscription. The group operates through its offices about 80 branches and 180 representative offices around the world.

As it operates in a region of the world witnesses drastic and unprecedented changes, Talal Abu-Ghazaleh Organization is well aware of all aspects of the economic environment, including social and organizational factors that govern this activity and has the experience in this regard. We recognize the need for the orderly development of Arab institutions in order to build a solid foundation for the future.

Talal Abu-Ghazaleh Organization responds to this need by providing highly qualified experts.

##### - Fees of the External Auditor:

Talal Abu-Ghazaleh & Co. International is conducting the external audit of the Company and has been reappointed pursuant to the shareholders' resolution at the General Assembly held on Saturday 17/03/2018. An amount of AED 100,000 has been determined as the audit fees for the financial year ending on December 31, 2018. Talal Abu-Ghazaleh Organization will not carry out any works other than the audit works and it has audited the accounts of the Company for 20 years (since 1999). No other external auditor has provided any other services during the year 2018, except the Company's Auditor.

The external auditor is independent from the Company and its Board of Directors. It conducts the audit works and ensures the fairness of the financial statements and monitoring its accounts for the relevant financial year. In order to perform its mission, the external auditor has the right to inspect, at all times, all the books, records and documents of the Company, and request clarifications and details deemed necessary in its mission. The external auditor also has the right to investigate the assets and liabilities of the Company.

The external auditor shall attend the meetings of the General Assembly and verify the procedures followed in the invitation to the meeting. The external auditor also expresses its opinion concerning the balance sheet of the Company and the violations to the

Memorandums of Association of the Company, Companies Law or Decisions of the General Assembly, if any, during the financial year.

There are no reservations made by the Company's auditor in the interim and annual financial statements for the year 2018.

**-The main duties of the external auditor are as follows:**

- A) To express an opinion on the financial statements based on the International Auditing Standards;
- B) To abide by the ethical requirements of auditing in order to obtain reasonable assurance that the financial statements did not contain any material errors;
- C) To consider the internal control related to the preparation and fair presentation of the Company's financial statements;
- D) To make a general assessment of the presentation and verification of the financial statements;
- E) To make sure that the Company maintains regular accounts and that the inventory is carried out in accordance with the applicable rules. The auditor shall also make sure that the data contained in the Board of Directors' report is consistent with what is stated in the Company's records. (The Company's external auditor does not perform any other work inside the Company other than auditing).

**V. Audit Committee:**

The Audit Committee consists of the following independent members, as follows:

1.	Mr. Ahmed Mohammed Rahmah Al Shamsi	Independent/ Non-Executive / Chairman of the Committee
2.	Sheikh Saoud Bin Majid Saoud AlQassimi	Independent/ Non-Executive / Member
3.	Mr. Ahmed Mohamed Mansoor	Member from outside the Board of Directors

On December 1, 2018, in view of the death of the deceased/ Ahmed Mohammed Rahmah Al Shamsi (Chairman of the Committee), this Committee has been restructured, as follows:

1.	Sheikh Saoud Bin Majid Saoud AlQassimi	Independent/ Non-Executive / Chairman of the Committee
2.	Mr. Rahma Mohammed Rahma Al Shamsi	Independent/ Non-Executive / Member
3.	Mr. Ahmed Mohamed Mansoor	Member from outside the Board of Directors

The objective of the Audit Committee is to support the role of the Board of Directors in its responsibilities to represent shareholders on the audit of financial statements and matters related to corporate governance in the Company on a regular basis to ensure the effective use of available resources. The Audit Committee will also control and observe such statements in order to ensure the independency of the external auditor and his objectiveness, as well as review internal control regulations. The Committee also carries out all the competencies and duties stipulated in Article (49) of the decision of the Chairman of the Board of Directors of Securities and Commodities Authority No. (7/R.M) of 2016 on the institutional discipline and the governance of public shareholding companies standards.

The most important duties of the Audit Committee include:

- A) To observe and review the integrity of the Company's financial statements and reports (quarterly, semi-annual and annual) as part of its normal activities during the year after the closure of the accounts.
- B) To develop and implement the contracting policy with the external auditor and submit reports to the Board of Directors stating the issues that it considers important to take action thereto and recommending the steps to be taken.
- C) To review and observe the extent of the external auditor's independence and his objectivity, holding discussions with him concerning the scope and nature of the audit and its effectiveness, in accordance with the approved auditing standards.
- D) To establish controls that enable the Company's staff to report any potential irregularities in the financial reports, the internal control or other matters secretly, and steps to be taken to ensure independent and fair investigations in such irregularities.
- E) To monitor the commitment of the Company to the Code of Professional Conduct.
- F) To follow-up and supervise the transactions of insiders, if any.

The Committee held five meetings, as follows:

Sr.	Members	22/02/2018	22/04/2018	07/06/2018	05/08/2018	01/11/2018
1	Sheikh Saoud Bin Majid Saoud AlQassaimi	√	√	√	√	√
2	Mr. Rahma Mohammed Rahma Al Shamsi	--	--	--	--	--
3	Mr. Ahmed Mohamed Mansoor	√	√	√	√	√

The former Chairman of the Committee, the deceased/ Ahmed Mohammed Rahmah Al Shamsi has attended one meeting only on February 22, 2018 .



#### VI. Nomination and Remuneration Committee:

The Nomination and Remuneration Committee consists of the following independent members, as follows:

1.	Mr. Ahmed Sultan Essa AlJaber	Independent/ Non-Executive / Chairman of the Committee
2.	Mr. Ahmed Mohammed Rahmah Al Shamsi	Independent/ Non-Executive / Member
3.	Mr. Obaid Ghanim AbdulRahman AlMutaiwei	Independent/ Non-Executive / Member

On December 1, 2018, in view of the death of the deceased/ Ahmed Mohammed Rahmah Al Shamsi (Member of the Committee), this Committee has been restructured, as follows:

1.	Mr. Ahmed Sultan Essa AlJaber	Independent/ Non-Executive / Chairman of the Committee
2.	Mr. Obaid Ghanim AbdulRahman AlMutaiwei	Independent/ Non-Executive / Member
3.	Mr. Rahma Mohammed Rahma Al Shamsi	Independent/ Non-Executive / Member

The most important duties of the Nominations and Remuneration Committee include:

The Committee carries out all the competencies and duties stipulated in Article (47) of the decision of the Chairman of the Board of Directors of Securities and Commodities Authority No. (7/R.M) of 2016 on the institutional discipline and the governance of public shareholding companies standards.

The main purpose of this Committee is to define the policies and criteria for nomination to the Board of Directors and carry out the periodic review of the needs, including required abilities and skills, preparation of human resources policies, training and continuous assurance of independency of the independent members. This Committee will also reflect the aspects of conflicts of interest in the membership of the Boards of Directors of other companies, in addition to the development of compensation and remuneration policies for the members of the Board of Directors and Senior Executives.

The Committee held one meeting, as follows:

Sr.	Members	01/12/2018
1	Mr. Ahmed Sultan Essa AlJaber	√
2	Mr. Rahma Mohammed Rahma Al Shamsi	√
3	Mr. Obaid Ghanim AbdulRahman AlMutaiwei	--

**Note :**

(No member has received any salary, bonus or allowance as a member of any of the Committees emanating from the Board of Directors in the years 2012, 2013, 2014, 2015, 2016, 2017, 2018).

**VII. Follow-up and Supervision Committee on Insiders' Transactions.**

The Audit Committee - in view of its direct interaction with the financial and equity departments in the Company, and the insiders' statements and reports of Abu Dhabi Securities Exchange and the Kuwait Stock Exchange - is following up such transactions, if any.

**Competencies and Duties of the Committee:**

1. To determine the permanent insiders of the Company, including members of the Board of Directors, its employees, executive management, persons aware of the Company's information permanently or temporarily.
2. To follow-up and supervise the transactions and property of insiders, maintaining records thereof.
3. To prepare a special and comprehensive register for all insiders, including persons who may be considered as persons who are temporarily considered insiders, who are entitled or have access to the Company's internal information prior to publication.
4. To maintain prior and subsequent disclosures register of the insiders, and follow-up the balances of insiders on a monthly basis.
5. To notify Securities and Commodities Authority and Abu Dhabi Securities Exchange of an updated list of insiders at the beginning of each financial year and any amendments thereto during the financial year.
6. To maintain official declarations of the persons, who are permanently or temporarily aware of the Company's internal information.
7. To submit periodic reports on the insiders' transactions to Abu Dhabi Securities Exchange.
8. To notify all insiders with the required controls and legal responsibility by delivering them official declarations.
9. To follow-up of the department responsible for issuing notifications of prohibition periods.

**Summary of Committee's Activities Report during 2018:**

1. The Committee has reviewed the insider's register and made sure that there are no transactions made the Company's shares for the members of the Board of Directors, its employees and all insiders within the Company in the securities during 2018, depending on the official statements received from Abu Dhabi Securities Exchange and Kuwait Stock Exchange. Such official statements confirm the statements contained in the records of the Company and the declarations submitted.
2. The Committee has reviewed the statements submitted by the members of the Board of Directors of the Company and the insiders concerning their trading or non-trading in the securities of the Company during 2018.

3. Abu Dhabi Securities Exchange, the Securities and Commodities Authority, the Kuwait Stock Exchange and the Capital Markets Authority have been provided with a list of the names of the members of the Board of Directors and the insiders.
4. The Internal Control Department and the Board Secretariat have been informed to notify the insiders of the prohibition period, as the Committee made sure that the Chairman, the members of the Board of Directors and all the insiders have been informed about the prohibition of trading in the securities issued by the Company until the disclosure of the Company's financial statements. The prohibition periods were (before March 15, June 15, September 15 and December 15) of 2018.
5. The Committee decided to obtain official declarations from the permanent or temporarily insiders in order to preserve its confidentiality, and not to misuse, transfer or cause the transfer thereof directly or indirectly to third parties, assuming the entire legal responsibility in case of breach of this decision.
6. To notify all insiders persons and inform them of the controls related to them and the legal responsibility resulting from the breach of confidentiality of information, as described in clause (5) above.

**VIII: Internal Control Regulations:**

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**A) Acknowledgment by the Board of its responsibility for the internal control regulations :**

The Board of Directors acknowledges its full responsibility for the Company's internal control regulations, and its review and effectiveness. , According to Article No. (50) of the decision of the Chairman of the Board of Directors of Securities and Commodities Authority No. (7/R.M) of 2016 on the institutional discipline and the governance of public shareholding companies standards, the Company's Board of Directors has:

1. The Board of Directors, at its meeting held on Saturday, November 06, 2010, established the Internal Control Department, which directly follows the Board of Directors and enjoys full independency, and has the authority to contact all departments of the Company to carry out its duties.
2. At its meetings, the Board of Directors acknowledged the full commitment to all provisions of corporate governance decisions and implementation thereof to the fullest.

**B) Below is a statement of the name, qualification and appointment date of the Department's Manager:**

**Name:** Tamer AbdulMajeed Mohamed AbdulMajeed

**Title:** Manager of Internal Control Department – Compliance Officer (Appointment date: 14/11/2010).

**Qualifications:**

1. Bachelor of Commerce, Accounting Division.
2. Certified Auditor - Ministry of Economy - United Arab Emirates.
3. Tax Agent accredited by the Federal Tax Authority - United Arab Emirates.

4. Member of the Association of Accountants and Auditors - United Arab Emirates.
5. Fellow of the International Arab Society of Certified Accountants (IASCA).
6. Chartered accountant registered at the Ministry of Finance.
7. Member of the International Arab Society of Certified Accountants (IASCA).
8. Member of the General Trade Union, as a practicing chartered accountant.
9. Member of the General Union of Arab Accountants and Auditors.
10. Member of the Egyptian Society of Certified Accountants & Auditors.
11. Member of the Egyptian Tax Association.
12. Member of the Egyptian Association of Public Finance and Taxes.
13. Member of the Egyptian Association of Financial Management.
14. Member of the Association of Internal Auditors (USA) - UAE.
15. Member of the Accounting and Auditing Organization of the Gulf Cooperation Council States.
16. Successfully completed advanced financial analysis course in Talal Abu-Ghazaleh Organization - Ras Al Khaimah.
17. Successfully completed a course in VAT and Selective Tax in Talal Abu-Ghazaleh Organization - Ras Al Khaimah.
18. Successfully completed the preliminary course in international commercial arbitration, preparation of Arab arbitrators, membership of the Union of Arab Arbitrators, Egyptian Arbitration Center and membership of international arbitration consultants.
19. Member of the High Authority Council for Chartered Accountants (HACCA) and VAT Agent.
20. Arbitration Consultant (Union of Arab Arbitrators - International Arbitration Consultants - Chamber of Arbitration Cases).
21. VAT Agent (High Authority Council for Chartered Accountants).
22. Successfully completed the training course for VAT, its applications and tax declaration, Talal Abu-Ghazaleh Organization.
23. Successfully completed the training course on VAT law, tax declaration and refund of tax payments, Talal Abu-Ghazaleh Organization.
24. Successfully completed a diploma in taxes as a tax agent from the Chartered Institute of Taxation and a certified tax agent at the Federal Tax Authority.

**c) Work Mechanism of Internal Control:**

Umm Al Qaiwain General Investments Company P.S.C has an effective internal audit department consisting of a professionally qualified manager and an expert. It aims to implement an accurate system to provide and improve the effectiveness of the performance of the department and internal control of the Company for continuous auditing of the operation results, investigation of financial records, evaluation of internal control regulations and assist senior management to increase the efficiency of the Company's operations in detecting the manipulation and monitoring errors in the Company's financial system.

[20]

The Company's Internal Control Department carries out its works according to the provisions of Article (50) of the decision of the Chairman of the Board of Directors of Securities and Commodities Authority No. (7/R.M) of 2016 on the institutional discipline and the governance of public shareholding companies standards. Internal Control Department enjoys sufficient independence to perform its duties, and it is directly affiliate to the Board of Directors, which is responsible for the internal control regulations.

The Company adopts the implementation of international standards of internal control in order to achieve the required objectives efficiently at the lowest economic costs. The internal control basis intended to ensure the following: -

1. Reasonability and compatibility of information and data.
2. Extent of compliance with policies, plans, procedures, regulations, laws and instructions.
3. Extent of protection of the Company's assets and properties.
4. Extent of compliance of the activities, processes and programs with the specific objectives and purposes, and ensure the implementation thereof by the supervisory authorities as per the determined plans and objectives.

Internal Control Department shall develop the annual control plan in coordination with the managers of the relevant departments or the heads of the other divisions of the Company.

The Manager of the Internal Control Department shall submit detailed reports to the Audit Committee and the Board of Directors on the evaluation of the internal control regulations, showing remarks and proposals to fill gaps in the internal control regulations on a regular basis and when necessary at any time it deems appropriate for the purposes of this evaluation.

#### **D) Summary of Internal Control Activities in 2018:**

Internal Control Committee reviewed the nature of the works of all departments "within the powers authorized to it by the Board of Directors", which expressed its cooperation with the Committee by facilitating all means to obtain the information. Such departments also cooperated with the Committee to verify the regulations in order to reflect a clear vision on the work progress and the Company's commitment to the policy developed by the Board of Directors. It is noted in this regard that the Company did not face any major problems during 2018.

#### **IX: Violations:**

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Internal Control Department did not record any violations, and the Company's disclosures in 2018 were made within the time limit granted by the Securities and Commodities Authority and Abu Dhabi Securities Exchange. Accordingly, the Company did not record any violations.

#### **Code of Professional Conduct:**

Honesty and ethics of work are the ideals of the Company and everyone is working on the continuation of its principles as the culture of the Company. All employees are fully aware of the Company's professional guidelines and codes of conduct adopted

by the Company and to implement thereof. They are responsible for ensuring that all the Company's businesses are carried out in compliance with these rules.

**Environmental policy applied by the Company toward the environment and society:**

All employees of the Company shall deal with environmental issues professionally. In order to reach a society with little environmental impact, the Company implements the best environmental practices as per the laws and regulations. In addition, all employees of the Company observe the following rules in order to protect the environment, and the health and safety of members of society:

- Improve environmental awareness among all employees.
- Continuous improvement of our environmental performance.
- Cooperate with all relevant entities to avoid environmental risks.
- Communicate seriously with stakeholders to get constructive feedback.

**X. Cash and In-Kind Contributions:**

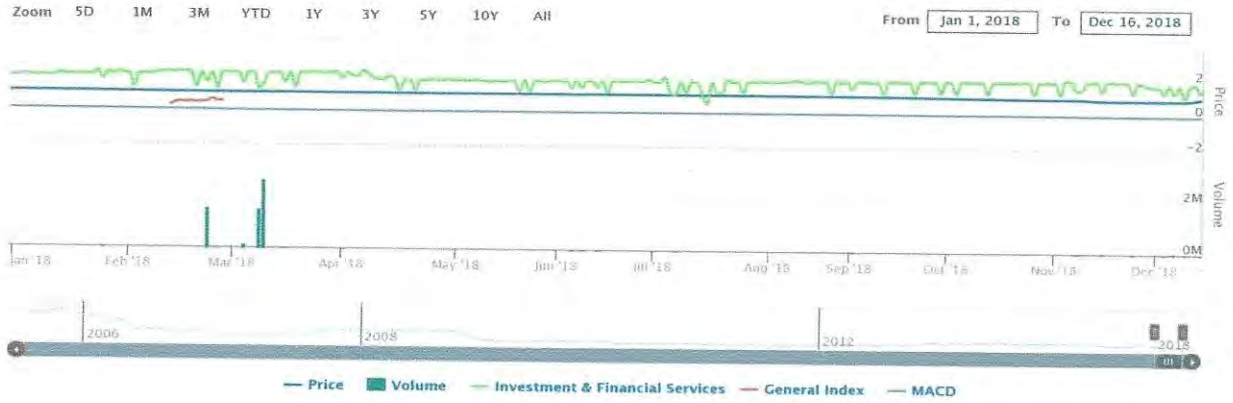
The Company did not make any in-kind or cash contributions in 2018.

**XI. General Information:**

A) Statement of the share's price of Umm Al Quwain General Investment Company P.S.C in Abu Dhabi Securities Exchange (closing price, highest price, lowest price and quantity) at the end of each month during the financial year 2018:

Month	Open	High	Low	Close	Volume
Jan – 2018	1.02	1.02	1.02	1.02	2,700
Feb – 2018	1.00	1.05	1.00	1.00	1,561,806
Mar – 2018	1.00	1.01	1.00	1.00	4,273,254
Apr – 2018	1.00	1.00	1.00	1.00	19,424
Jun – 2018	1.00	1.01	1.00	1.01	20,000
Jul – 2018	1.01	1.01	1.01	1.01	8,000
Sept-2018	1.00	1.00	1.00	1.00	22,000
Nov-2018	0.91	0.91	0.85	0.85	78,094
Dec – 2018	0.85	0.97	0.85	0.97	78,529

B) Statement of the comparative performance of the Company's shares with the general market index and the sector index to which the Company belongs during 2018:



C) Statement of shareholders' equity in Umm Al Quwain General Investment Company P.S.C, as of 31/12/2018:

	Individual	Companies	Government	Total
Local	124,718,588	114,913,163	0	239,631,751
GCC	70,299,227	29,590,671	140,257	100,030,155
Arab	3,114,174	0	0	3,114,174
Foreign	223,920	20,000,000	0	20,223,920
<b>Total</b>	<b>198,355,909</b>	<b>164,503,834</b>	<b>140,257</b>	<b>363,000,000</b>

D) Statement of the shareholders owning 5% or more of the Company's capital, as of 31/12/2018, as per the below table:

Sr.	Name	Number of Shares	Percentage (%)
1	Al Salem Limited Company	95,303,453	26.25
2	FAB Private Bank ( Suisse) SA	20,000,000	5.51
3	Majed Ahmed Omar Salem Al Korbi	19,735,268	5.44
4	Mohamed Ahmed Mohamed Ahmed Saeed Al Qasimi	19,265,439	5.31
	<b>Total</b>	<b>154,304,160</b>	<b>42.51</b>

The group associated with the Chairman of the Board of Directors Mr. Salem Abdulla Salem AlHosani, who owns 117,962,017 shares, representing 32.50% of the Company's capital.

E) Statement of shareholders' distribution according to the size of ownership, as of 31/12/2018, as per the below table:

Sr.	Ownership of shares	Shareholders	Number of Shares	Percentage (%)
1	Less than 50,000	5,550	22,199,943	6.12
2	From 50,000 to 500,000	310	45,094,331	12.42
3	From 500,000 to 5,000,000	63	93,672,845	25.80
4	More than 5,000,000	11	202,032,881	55.66
Total		5,934	363,000,000	100.00

F) Skilled and qualified employees have been appointed and trained for investors' relations. In addition, Mr. Khalid Mostafa Akeila has been appointed as investors' relations officer, Contact no. 067681999 - e-mail [qic@emirates.net.ae](mailto:qic@emirates.net.ae)

Below is the link to investors' relations page on the Company's website.

(<http://www.qic-uaq.ae/en/category/investors-realtions>)

G) A subject requires a special decision:

No special decisions were presented in the General Assembly during 2018.

H) Secretary of the Board of Directors' Meetings Mr. Mustafa Fahmi Akila has been appointed on December 1994.

I) Significant events encountered by Umm Al Quwain General Investment Company P.S.C during 2018:

There are no significant events occurred during 2018.

J) Percentage of Emiratisation at the Company by the end of 2018 reached 10% and the Company works to complete the required percentage up to 18% of the total number of the employees, in accordance with the laws in force in the State and the Council of Ministers' Decisions No. 209/1 of 2004.

K) There are no innovative projects or initiatives made by the Company or being developed during 2018.

Chairman of The Board

Salem Abdulla Salem AlHosani

