



شركة الإسمنت الخليج ش.م.ع

Gulf Cement Company P.S.C

شركة مساهمة عامة
Public Shareholding Company

سجل تجاري رقم 2202 Commercial Reg. No.

صناعة نظيفة بيئة مستدامة
Clean Industry - Sustainable Environment

Corporate Governance Report Gulf Cement Company Year 2018

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ISO 9001 : 2008 & ISO 14001 : 2004 CERTIFIED
رأس المال المصرح به والمدفوع : 821,096,820 درهم الإمارات
Authorised and paid up capital : AED 821,096,820

ص.ب : 5295 - رأس الخيمة
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Introduction

Gulf Cement Company established as a public shareholding company on 31 May 1977, The Company's authorized and paid-up capital is AED 821,096,820. The company's plant is located in the Emirate of Ras Al Khaimah. It has a close proximity to the main raw materials quarries and is close to Saqr port, facilitating the importation of equipment and materials, exportation of Clinker, Cement and GGBS. Gulf Cement is one of the largest cement producers in the United Arab Emirates.

Committed to Chairman of SCA's Board of Directors' Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies, the Company issues a corporate governance report signed by the Chairman, including all data and information in accordance with the form prepared by the Securities and Commodities Authority, which reflects the company's keenness on the proper application of the rules of governance.

The Company applies IFRS in the preparation of financial statements in accordance with the requirements of applicable laws in the United Arab Emirates and takes into account the new and revised IFRS that are effective for annual periods beginning on or after 1 January 2019. To study the effects of applying these standards on the accounting treatment of future transactions.



(1) Procedures taken to complete the corporate governance

Gulf Cement Company adopts a set of rules, controls and charters that achieve institutional discipline in the company's relations and management in accordance with international standards and methods by defining the responsibilities and duties of the board of directors and senior executive management of the company and taking into consideration the protection of shareholders 'and stakeholders' rights, which created an environment that adopts the standards of corporate discipline and governance controls an indicator that measures the compatibility of the company's activities with these rules and regulations. The company is keen to communicate with the related authorities and public in order to maintain its position locally, regionally and globally. The company is committed to implement the Chairman of SCA's Board of Directors' Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies and believes in the importance of applying it to establish the rules of transparency, fairness and accountability based on the best models, practices and standards in force worldwide which effectively help in achieving the company's objectives.

As part of Board of Directors' keenness to establish a distinguished model of compliance with the resolution No. 7 / RM of 2016 Concerning the Standards of Institutional Discipline and governance of public shareholding companies, the Company has committed to apply best practices as follows:

Chapter One: Institutional Discipline Standards

1. The Company's Articles of Association has been prepared according to the provisions of Federal Law No. (2) For the year 2015 concerning commercial companies and the Chairman of SCA's Board of Directors' Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance.
2. Implementation of policies, procedures and resolutions issued by the SCA on the standards of institutional discipline and corporate governance of public shareholding companies. In addition, commit to applying best practices in relation to the Board of Directors and its committees and dealing transparently with the external auditor and implementing the resolutions of the General Assembly.
3. Formulation of business rules regarding the transactions of the company's Board of Directors, employees and insiders, in addition, formation of a committee reporting to Board of Directors working to follow up and supervise all transactions of insiders in the company's shares.



4. Board of Directors has taken all necessary measures to maintain the complete confidentiality of the company's data and information which has a significant impact in a precise manner to ensure that it is not exploited and to put in place effective contractual arrangements whereby the other parties are aware of company's internal data, information about its customers to maintain the confidentiality of such data and information and not to misuse, direct or indirect transfer of such information to any third parties.
5. All insider's parties to sign on an official declaration that confirm their knowledge that they acquire internal data and information related to the company and its customers and bear all the legal effects in case of leaking this information or data or giving advice on the basis of the information in possession and to notify the company of any transactions on its shares before and after such transactions.
6. Commitment of any Board of Directors member, who has joint or conflicting interest in a transaction to inform the Board of Directors to take a decision thereof and to be recorded in the minutes of the meeting and the related member shall not vote on that decision.
7. The company's keenness to carry out its business transparently and to adopt the disclosure and transparency policy of the company in accordance with the requirements of regulatory authorities and legislations in force.
 - Disclosure of periodic reports, material information, the ownership of insiders and their relatives, transactions of related parties with the Company, and the advantages to the members of the Board of Directors and the senior executive management.
 - Provide information to shareholders and investors accurately and clearly and at the specified times.
8. All the shares issued by the Company within the same class of shares are equal in rights and obligations and proven to the shareholder all the rights related to the shares in accordance with the provisions of the Companies Law. The Article of Association of the Company and its internal regulations include the procedures to ensure all rights of shareholders.
9. The organizational structure of the company includes the department of investors' relations, for the importance of this department, to ensure and support accountability and transparency. The Board of Directors is keen to support it for the importance of communication with shareholders.



Chapter Two: Corporate Governance

1. The Company's Article of Association specify the rules for nomination for membership of the Board of Directors and comply with the conditions of issued by the Securities and Commodities Authority.
2. The Board of Directors formed permanent committees affiliated to it directly and work in accordance with the standards of corporate discipline and governance of public shareholding companies to carry out their responsibility according to the authority granted to them.
3. Adopting written detailed rules and regulations for internal control that define the duties and responsibilities in accordance with the policy approved by the Board of Directors and the general requirements and objectives in order to follow up the compliance with the provisions of the laws, regulations and resolutions in force and the requirements of the regulatory authorities.
4. All members of the Board of Directors, its employees and its auditor shall have committed to the rules of code of conduct, policies and internal regulations, and abide by the applicable laws and regulations.
5. Updating the website of the company, which includes all the information related to the company www.gulfcement.ae to enhance disclosure and transparency, and to present any new or material decisions, and is a means to reach the shareholder to see all events directly.

The Company is applying all the provisions of the laws, regulations and decisions in force and the requirements of the supervisory authorities in an optimal manner. These provisions and rules shall apply to the members of the Board of Directors of the Company and the executive management and its employees in the performance of their duties.



(2) Transactions of the members of the Board of Directors, spouses and children thereof in the Company's securities during the year 2018

First: The rules of the transactions of the board of directors and employees of the company

The Board of Directors of the Company has adopted written rules regarding the transactions of the Board of Directors of the Company and its employees and insiders in its shares. The members of the Board of Directors of the Company are among the persons familiar with the Company's financial data and internal information. The Board of Directors is keen to raise the level of transparency in disclosure and full compliance with the laws and regulations of authorities and markets, the following has been done:

- Formation of the committee that is responsible for the management, follow-up, and supervision of insiders' trading and their ownerships, and keep their record and the submission of periodic reports to the market.
- Prepare a special and integrated register for all insiders, including persons who may be considered as persons with temporary insiders and who are entitled or have access to the company's internal information prior to publication. This record includes the prior and subsequent disclosures of the insiders.

The rules of trading of the members of the Board of Directors of the Company, its employees and insiders in its shares expressly stated the prohibited trading periods provided for in Article No. (14) of Resolution No. (2) for the year 2001 issued by the Board of Directors of SCA regarding the system for trading and clearing, which stipulates that the chairman and members of the board of directors of the listed company are prohibited from trading their securities and their general manager or any of the employees who are aware of the material data of the company trading with himself or for his account by third parties or in any other capacity for the account of others. The parent company, affiliate, sister or associate of that company if any of these companies are listed on the market during the following periods:

- Before ten (10) business days from the announcement of any material information that will affect the price of the share up or down unless the information is the result of sudden events.
- Before fifteen (15) days from the end of the quarter, semi-annual or annual financial period until disclosure of the financial statements.



Second: Disclosure

The follow-up and supervision committee on the trading of the board of directors of the company, employees and insiders in securities, has done the following:

1. Informing the Chairman, Board members, all employees and insiders before "15 March, 15 June, 15 September and 15 December" of 2018, on the prohibition period of trading on securities of the Company.
2. Reviewed reports sent from financial markets
3. Reviewed Company's records
4. Acknowledgment submitted by the members of the Board of Directors of the company and insiders for their trading in company's shares if any.
5. Updating the list of insiders through the Abu Dhabi Securities Market website www.adx.ae and Provide Boursa Kuwait Stock Exchange with a list of the members of the Board of Directors and insiders.
6. Ensure that the Investors Relations Department disclosed to the financial markets and authorities listed therein the shares of the Company about the ownership of the members of Board of Directors after elections.



- The table below shows the shares owned by the Board of Directors and transactions as of 31 December 2018 as follows:

S/N	Name	Position /Relationship	Shares Held as at 31/12/2018	Total Sale Transactions	Total Purchase Transactions
1	Sheikh Kayed Omar Saqer Mohamed Alqassimi Represented by (Government Of Ras Al Khaimah)	CHAIRMAN	-- 59,639,263	-- --	-- --
2	Mr. Hamad Ahmed Hamad Alameeri Represented by (National Investments Company)	VICE CHAIRMAN	6,613 2,000,000	-- --	-- --
3	Sheikh Jamal Saqer Sultan Alqassimi	MEMBER	17,065	--	--
4	Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	MEMBER	5,000	--	5,000
5	Mr. Abdullaziz Hamad Abdullaziz Alwnais	MEMBER	2,934,301	--	--
6	Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.)	MEMBER	-- 5,000	-- --	-- 5,000
7	Mr. Ahmed Abdullah Ali Al Amash	MANAGING DIRECTOR	25,488	--	--

Based on the above table and controls:

- There is no trading on the shares of the company by the members of the Board of Directors or their relatives except for Al-Khair National Company for Shares and Real Estate (a member of the Board of Directors) and Mr. Abdulla Mohammed Hassan Al Hosani (Board Member), they held 5,000 shares in accordance with Article (19) of the Article of Association of the Company after the election of the members of the Board of Directors through the General Assembly on 11 April 2018.
- All members of the board of directors of the company, employees and insiders are committed to the rules of trading, laws, regulations and resolutions issued related to trading in the securities of the company, either during periods of prohibition of trading or during other periods.



(3) Board of Directors

The Board of Directors shall be deemed to have all the power to carry out all acts on behalf of the Company and to exercise all powers required to achieve its purposes. Such powers shall not be restricted except by the law or the Company's Articles of Association.

The Company's Articles of Association stipulate that the Board of Directors shall be composed of seven members elected by the General Assembly by cumulative secret voting.

A. Composition of the Board of Directors

The current members of the Board of Directors were elected through the Company's General Assembly held on April 11, 2018 for a period of three years starting from the date of their election. The Company has taken into consideration the requirements of Corporate Governance Rules in accordance with the Company's Articles of Association that formation of the Board of Directors to be at least one third of the members are independent members and the majority to be non-executive members who have practical experience and technical skills belong to the interest of the company. The below table shows board of directors' composition:

Name	Category	Experience	Qualifications	BOD Member from	Memberships and positions in any other joint-stock companies	Positions in any other important supervisory, governmental or business entities
Sheikh Kayed Omar Saqer Mohamed Alqassimi Represented by (Government Of Ras Al Khaimah)	Independent	Non-executive	Business Man	B.Sc. Accounting and Economy	April 2018	-
Mr. Hamad Ahmed Hamad Alameeri Represented by (National Investments Company)	Non-independent	Non-executive	Chairman of National Investment Co. Manager Local & Arab Investment Dep.	B.Sc. Accounting	2004	-
Sheikh Jamal Saqer Alqassimi	Independent	Non-executive	Business Man	Business Man	2003	-
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	Independent	Non-executive	Thirty years of banking experience in which he held leadership positions with a number of local banks	B.Sc. Accounting and Economy	April 2018	- BOD Member at Ajamn bank - BOD Member at RAK white cement
Mr. Abdullaziz Hamad Abdullaziz Alwnais	Independent	Non-executive	CEO Development and Investment Co. Vice Financial Manager Hamad Alwanyis Trading	B.Sc. Accounting Higher Diploma in B.A / Cambridge Higher Diploma in International Investment / Atlantic	2006	-
Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.)	Non-independent	Non-executive	Executive Director of Alkhair national Co. - Alkharafi group CEO of Gulf National Holding CFO of Alkharafi group in Syria and Lebanon	B.Sc. Commerce CMA (USA)	April 2018	-
Mr. Ahmed Abdullah Ali Al Amash	Non-independent	executive	General Manager of Gulf Cement Co.	Diploma	2013	- BOD Memembr at RAK chamber of commerce

- There are no board members resigned or appointed from the date of election of the current members until 31 December 2018.



B. Women's representation in the Board of Directors for 2018

As per Article (19) of the Article of Association of Gulf Cement Company, the company is managed by a Board of Directors consisting of seven members, as follows:

Description	Number	%
Men	7	100%
Women	-	-

C. Reasons why no women were nominated for the membership of the Board of Directors

The company opened the door of nomination for both genders in each electoral cycle with equal rights without any restrictions on female nomination. However, all candidates were male only and the company did not receive any application submitted by any female during the last election cycle. As the company will support any female who meets the requirements and wishes to join the board of directors. The current members of the Board of Directors elected through the General Assembly held on 11 April 2018 by cumulative secret voting.

Gulf Cement Company believes in the importance of diversity of expertise and the role of women in the development process, which contributes to the addition of quality, effectiveness and increase constructive views. The company works to implement such decisions (Article 40, item 1) of standards of corporate discipline and governance of public shareholding companies.



D. Directors' remuneration

The remuneration of the members of the Board of Directors shall be determined according to the provisions of Article (169) of Federal Law No. 2 of 2015 of Commercial Companies and the provisions of Article (21) of the SCA Chairman's Resolution No. (7 R.M) and Article (58) of the Article of Association of the Company.

Remuneration of the Chairman and members of the Board of Directors is made up of a percentage of the net profit not exceeding 10% of the fiscal year profits. The Company may also pay expenses, fees, additional bonuses; a monthly salary as decided by the Board of Directors to any of its members if this member works in any committee, makes special efforts, or additional work to serve the Company in addition to his regular duties as a member of the Board of Directors. Attendance allowance may not be paid to the Chairman or a Board member for attending the Board meetings.

The fines imposed on the Company due to contraventions by the Board of Directors of the Companies Law or the Articles of Association of the Company during the ending financial year shall be deducted from the remuneration of the Board of Directors. The general assembly may not deduct such fines if it finds that such fines are not due to omission or error by the Board of Directors.

A. Total remuneration of Board members paid for the year 2017

Pursuant to the resolution of the Annual General Assembly (41) of the Company held on 11 April 2018, the Board of Directors' remuneration for the financial year ended 31 December 2017 amounted to AED 1.3 million, with reduction by 20% of the year 2016, after deduction of both depreciation and reserves.

B. Total remuneration of Board members proposed for 2018

The Company has not made any profits for the financial year ended 31 December 2018, so there will not be proposal regarding the Board of Directors remunerations for the financial year ended 31 December 2018.

C. Details of allowances for attending the sessions of committees derived from the BOD, which were paid to the BOD members for the fiscal year 2018

There are no allowances paid to members of the BOD for attending the meetings of the committees for the fiscal year 2018.



E. Board of Directors' meetings during the financial year ended 31 December 2018

In accordance with the provisions of Article (5) of the resolution of SCA No. (7 / R.M) of 2016 on the standards of institutional discipline and the governance of public shareholding companies and in accordance with the provisions of Article (28) of the Article of Association of the Company, that the Board of Directors shall conduct its meetings at least four times a year.

The meeting shall be based on a written invitation from the Chairman of the Board, or upon the written request of at least two members of the Board. The invitation shall be sent not less than one week prior to the specified date together with the agenda. Each member has the right to add to the agenda any matter he deems necessary for discussion in the meeting.

In accordance with the above controls, the Board of Directors of the Company held five meetings during the financial year ended 31 December 2018, in the presence of all its members, as shown in the following table:

Number of meeting	Date of the meeting	Number of Attendees	Number of attendance by proxy	Names of absent members
1	14/2/2018	7	-	-
2	11/4/2018	7	-	-
3	13/5/2018	7	-	-
4	6/9/2018	7	-	-
5	11/11/2018	7	-	-



F. BOD's tasks and functions, which were performed by the Executive Management

In accordance with the provisions of Article (9) of the resolution of SCA No. (7 / R.M) for the year 2016 on the standards of institutional discipline and governance of public shareholding companies, and the provisions of Article (25) of the Company's Articles of Association:

- The Board of Directors may delegate its Chairman or one of its members or Senior Executive Management in some of the administrative issues in which the Board has the power to make decisions. In this case, the delegation shall be in writing and detailing the delegated powers, especially with regard to cases in which the Senior Executive Management needs to obtain prior approval from the Board of Directors before making any decisions or entering into any commitments on behalf of the Company. A list of tasks and functions which the Board of Directors performs shall be written, as well as those delegated to Senior Executive Management, and those tasks and functions shall be reviewed periodically.
- Each delegation shall be specific with regard to its subject, delegated persons, and the limits of their powers and in the duration, and that includes the date of presenting its results to the Board of Directors.
- The Chairman of the Board of Directors or Vice chairman, as well as the Managing Director, shall have the right to sign separately about the Company according to the powers granted to them by the Board of Directors.

In accordance with the above controls, the Managing Director, General Manager and the Deputy General Manager of the Company shall conduct the day-to-day operations in accordance with the best practices of governance and the provisions of the article of association and the powers granted to them by the Board of Directors.

The General Manager and the Deputy General Manager

- Signing with all federal and local government agencies, public and private institutions and legal responsibility according to specific limits.
- Signing cash documents, transfer of funds and transactions with banks within the scope specified in the delegation, as well as contracts and obligations of the company towards third parties at the same limits.



G. Details of transactions with related parties (stakeholders)

According to Federal Law No. 2 of 2015 for Commercial Companies and SCA resolution No. (7 / R.M) for the year 2016 on the standards of institutional discipline and the governance of public shareholding companies and Company's Articles of Association:

- The Company shall not enter into transactions with Related Parties without the consent of the Board of Directors in cases where the value of the transaction does not exceed (5%) of the Company's capital, and with the approval of the general assembly where such percentage threshold is exceeded.
- A member of the board of directors of the company who has a common or conflicting interest in a transaction or deal to be submitted to the board of directors to take a decision thereon and shall inform the board of this and record it in the minutes of the meeting. He shall not participate in voting on the decision issued in respect of this transaction.
- The Company shall maintain a register for Related Parties where the names of such parties shall be recorded together with their transactions, in details, and actions taken in relation thereto.

In accordance with the above controls, no transactions with related parties (stakeholders) were made during the fiscal year ended 31 December 2018, and this was ascertained through the disclosure form of transactions of related parties (stakeholders) and through the Company's records.

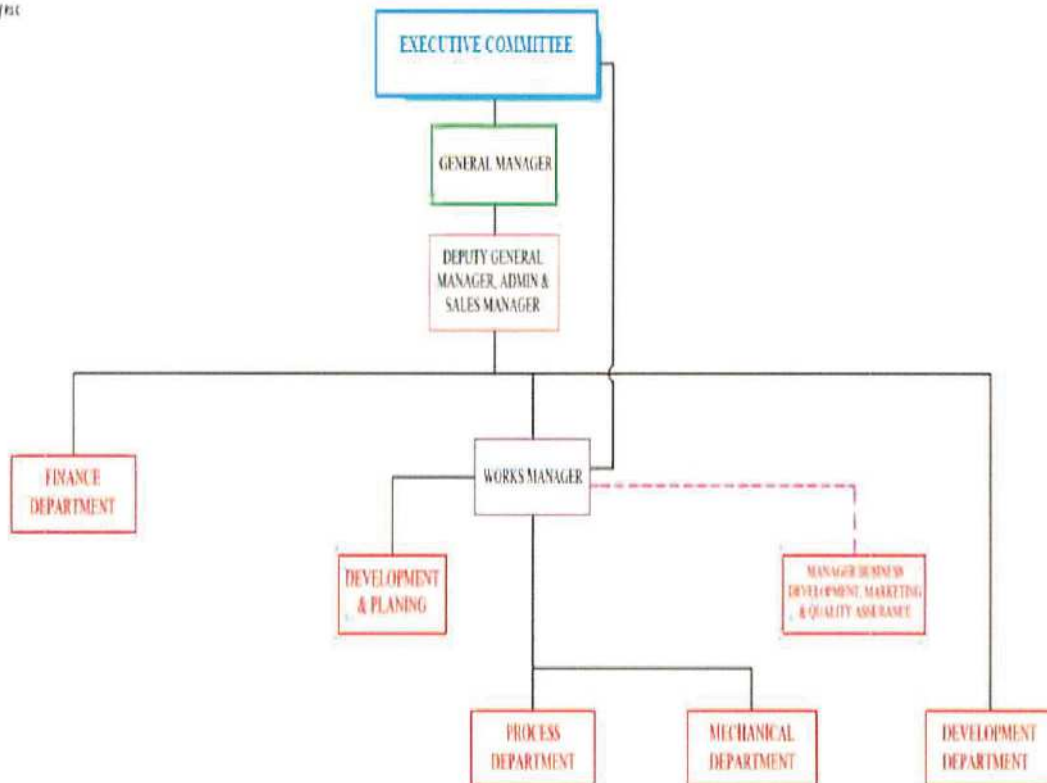


H. The organizational structure of the company

Gulf Cement Company has been developing and implementing an efficient and effective organizational structure at the level of the company's departments and sections to ensure a high level of coordination and management interaction. The chart below shows the company's organizational structure approved by the Board of Directors of the company as follows:



ORGANISATION CHART OF MANAGEMENT





I. Statement of the company's senior executives

The table below shows the dates of appointment of the executive management members and their current positions according to the organizational structure of the company and the salaries and bonuses granted for 2018

Position	Date of Appointment	Total Salaries and Allowances paid in 2018 (AED)	Total Bonuses paid in 2018 (AED)	Any other Cash/in-kind benefits for 2018 or payable in the future
Managing Director	2013	783,000	716,326	-
General Manager	2013	677,520	45,910	-
Deputy General Manager	1995	589,932	61,745	-
Finance Manager	2016	417,936	41,238	-
Works Manager	2017	352,000	-	-
Advisor	2003	296,980	22,125	-
Investors Relation Manager	2000	385,560	53,557	-
Process Manager	2008	230,010	35,532	-
Development Manager	2003	238,080	22,850	-
Maintenance Manager	1981	238,644	19,350	-



(4) External Auditor

Policy of contracting with the external auditor: In accordance with the provisions of Article (36-37-38-39) of SCA resolution No. (7 / R.M) of 2016 on the standards of institutional discipline and the governance of public shareholding companies and the Company's Article of Association, the Board of Directors of the Company is committed to the policy of selecting the external auditor through nomination to the General Assembly in order to organize the appointment process which sets out the framework, scope, powers and obligations of the External Auditor, the Board of Directors is keen to facilitate the External Auditor's duties according to the requirements and standards.

The Executive Management as per request of the Audit Committee to provide it with offers from the audit companies. The Committee shall study them and meet and discuss with the external auditors, and nominate based on the efficiency, reputation and experience. Appointment of external auditor and determination of fees shall be determined by a resolution of the General Assembly.

If the Board of Directors does not approve the Audit Committee's nomination, appointment or resignation, or the dismissal of the External Auditor, the Board of Directors shall make a statement in the Governance Report explaining the recommendations of the Audit Committee and the reasons for not taking them.

Second

A. External auditor of the company

Deloitte & Touche (Middle East) was appointed as the External Auditor of 2018, a British company with each of its member companies having its own independent legal personality. Deloitte provides audit, tax, management consulting and financial advisory services to public and private clients in a wide range of Economic fields through an interconnected global network of member companies in more than 150 countries around the world with more than 200,000 professionals and a group of highly qualified consultants to provide high quality services to clients through effective solutions to meet the challenges Which is the first professional service company established in the Middle East region with uninterrupted presence since 1926. Deloitte is a leading professional accounting, tax, management consulting and financial consulting firm with more than 3,000 partners, directors and staff working across 26 offices in 15 countries in GCC region Since 2010, Deloitte & Touche (Middle East) has been recognized as the first level of tax consultancy in the GCC by International Review Magazine (ITR).



B. Fees of the External Auditor during the year 2018

Name of Auditing Firm	Deloitte & Touche
Number of years served as an external auditor for the Company	17 Years
Total fees for auditing the financial statements of 2018 (in AED)	AED 235,000
The fees and costs of the special services other than the auditing of the financial statements in 2018 (in AED), if any, and in case there are no other fees, this shall be expressly stated	-
The details and nature of other services provided (if any), and in case there are no other services, this shall be expressly stated	-
A statement of the other services performed by an external auditor other than the Company's auditor in 2018 (if any), and in case there is no another auditor, this shall be expressly stated	-

- **There are no qualified opinions made by the company's external auditor in the interim or annual financial statements for 2018.**



Committees of the Board of Directors

The Board of Directors shall form permanent committees that shall directly be affiliated to it in order to contribute to the implementation of its functions. Each committee shall operate as per SCA resolution no. (7 / R.M) of 2016 on standards of institutional discipline and corporate governance of public shareholding companies.

The Board has established procedures that specify the mission of the Committee, the duration of its work, the powers granted to it, the manner in which the Board of Directors supervises it, and the tasks assigned to it. The Committee presents a written report of the procedures, results and recommendations with absolute transparency.

(5) Audit Committee

A. Names of members of the audit committee, and a statement of its functions and the duties assigned thereto:

The Board of Directors elected by the General Assembly held on April 11, 2018 has formed the Audit Committee to support the Board of Directors in many areas and in accordance with the requirements of Article (46) of the SCA resolution No. (7 / R.M) of 2016 on the standards of corporate discipline and governance of Public Shareholding Companies. The Audit Committee consists of three members of the Board of Directors, two of them are independent members. The Committee is chaired by one of them. All members of the Committee have knowledge and experts in financial and accounting matters, names of members as follows:

Name	Position	Category
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	HEAD	Independent
Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.)	Member	Non - Independent
Mr. Abdullaziz Hamad Abdullaziz Alwnais	Member	Independent



➤ Duties of the Audit Committee

The Audit Committee is undertaking its duties as per the requirements of SCA resolution No. (7 / R.M) of 2016 on the standards of institutional discipline and the governance of public shareholding companies, as follows:

1. Review the Company's financial and accounting policies and procedures.
2. Monitoring the integrity of the Company's financial statements and reports (annual, semi-annual, and quarterly) and review thereof as part of its normal work during the year, and the committee shall particularly focus on the following:
 - ✓ Any changes in accounting policies and practices;
 - ✓ Highlighting the aspects that are subject to the management's discretion;
 - ✓ Substantial amendments resulting from auditing;
 - ✓ Supposing continuity of the Company's business;
 - ✓ Commitment to the accounting standards approved by the Authority;
 - ✓ Commitment to the listing and disclosure rules and any other legal requirements related to preparation of financial reports.
3. Coordinating with the Company's Board of Directors, Senior Executive Management, and the financial manager or the manager doing such role in the Company, for the purpose of performing its duties.
4. Considering important and unusual clauses that are or shall be mentioned in such reports and accounts, the committee shall also pay the required attention to any issues brought up by the financial manager, the manager doing such role, compliance officer, or the auditor.
5. Submitting a recommendation to the Board of Directors respecting selection, resignation, or discharge of the auditor, and in case the Board of Directors rejects the recommendation of the Audit Committee in this regard, the Board of Directors shall include in the Governance Report a statement clarifying the Audit Committee recommendations and the reasons for the Board of Directors' rejection thereof.
6. Setting and implementing the policy of contracting with the auditor, submitting a report to the Board of Directors, specifying the issues the committee deems necessary to take procedures in relation to, and submitting the committee's recommendations concerning the steps required to be taken;
7. Ensuring the auditor's fulfillment of the terms stipulated in the applicable laws, regulations, and resolutions and the Company's Articles of Association, and following up and monitoring his/her independence.
8. Meeting with the Company's auditor without attendance of any of the personnel of the Senior Executive Management or representative thereof, at least once annually, and discussing with the auditor the nature and scope of the auditing process and its effectiveness according to the approved auditing standards.



9. Studying all that is related to the auditor's job, work plan, correspondence with the Company, comments, proposals, concerns, and any substantial inquiries posed by the auditor to the Senior Executive Management concerning accounting books, financial accounts, or control systems, and following up the Company's board of Directors response thereto and provision of the facilities required for performing the auditor's job.
10. Ensuring timely response of the Board of Directors to inquiries for illustration and substantial matters mentioned in the auditor's letter.
11. Review and assessment of internal control and risk management systems in the Company.
12. Discussing the internal control system with the Board of Directors and ensuring the latter's establishment of an effective system for internal control;
13. Considering the results of primary investigations in internal control issues as assigned to the committee by the Board of Directors or based on an initiative on the part of the committee and the Board of director's approval of such initiative.
14. Review of the auditor's assessment of internal control procedures and ensuring coordination between the internal and external auditors.
15. Ensuring availability of the resources required for the internal control department, and reviewing and monitoring the effectiveness of such department.
16. Studying internal control reports and following up the implementation of corrective measures for the comments arising from such reports.
17. Setting the rules that enable the Company's staff to confidentially report any potential violations in financial reports, internal control, or any other issues and the procedures sufficient for conducting independent and fair investigations concerning such violations.
18. Monitoring the extent to which the Company complies with the code of conduct;
19. Review of Related Party transactions with the Company, managing conflict of interests , and submitting recommendations concerning such transactions to the Board of Directors before concluding the contracts.
20. Ensuring implementation of code of conduct related to the committee's duties and powers assigned to it by the Board of Directors.
21. Submitting reports and recommendations to the Board of Directors concerning the above mentioned issues.
22. Considering any other issues determined by the Board of Directors.



B. Audit Committee meetings during 2018

As per Article (48) of SCA resolution No. (7 / R.M) for the year 2016 on the standards of institutional discipline and the governance of public shareholding companies, the Audit Committee shall conduct its meeting once every three months at least or whenever the need arises. Audit Committee has conducted four meetings during the fiscal year ended 31 December 2018 in the presence of all its members in person. The Committee reviewed the financial and accounting policies and procedures of the Company and monitored the integrity of its financial statements and its interim and annual reports and reviewed them as part of its normal work during 2018. The meetings of the Committee were as follows:

Number of meeting	Date of the meeting	Number of Attendees	Names of absent members
1	14/2/2018	3	-
2	13/5/2018	3	-
3	6/9/2018	3	-
4	11/11/2018	3	-

(6) Nominations and Remuneration Committee

A. Names of the members of the Nomination and Remuneration Committee and the duties and terms of reference assigned to it:

The Board of Directors elected by the General Assembly held on April 11, 2018 has formed the Nomination and Remuneration Committee to ensure that the Board of Directors fulfills its functions efficiently and effectively and to achieve the objectives of the Company. As per Article (46) of SCA resolution No. (7 / R.M) Of 2016 on standards of Institutional discipline and governance of public shareholding companies. The Nomination and Remuneration Committee was composed of three Non-Executive Board members, two of them are independent and chaired by one independent Board member as follows:

Name	Position	Category
Sheikh Jamal Saqer Sultan Alqassimi	HEAD	Independent
Mr. Hamad Ahmed Hamad Alameeri Represented by (National Investments Company)	Member	Non - Independent
Mr. Abdullaziz Hamad Abdullaziz Alwnais	Member	Independent



➤ Tasks of the Nominations and Remuneration Committee

The Nomination and Remuneration Committee is undertaking its duties as per the requirements of SCA resolution No. (7 / R.M) of 2016 on the standards of institutional discipline and the governance of public shareholding companies, as follows:

1. Setting a policy for nomination of the Board and executive management membership with the aim of varying between the two genders in the Board and encouraging female nominees through offering privileges and training and motivational programs, and submitting a copy of such policy to the Authority.
2. Regulating and following up the procedures of nomination for Board membership in accordance with the applicable laws and regulations, as well as the provisions of this Decision.
3. Constantly verifying independence of independent Board members.
4. Setting the policy for granting bonuses, privileges, incentives, and salaries to the Company's Board members and staff, reviewing such policy annually, and ensuring that the bonuses and privileges offered to the Senior Executive Management are reasonable and in line with the Company's performance.
5. Annual review of the skills required for Board membership and preparation of the required capabilities and qualifications for Board membership including the time a member shall need to allocate to do his/her duties as a Board member.
6. Review the Board of Directors structure and submitting recommendations regarding the changes that may be made.
7. Determining the Company's needs of qualifications at the Senior Executive Management and the staff levels and the criteria for selection thereof.
8. Setting the Company's human resources and training policy, monitoring implementation of such policy, and reviewing thereof on annual basis.
9. Any other matters determined by the Board of Directors.

B. Nomination and Remuneration Committee meetings during 2017

As per Article (47) of SCA resolution No. (7 / R.M) of 2016 on the standards of institutional discipline and the governance of public shareholding companies, the Nomination and Remuneration Committee shall conduct its meetings at least once annually or as required. Nominations and Remuneration conducted Three meetings during the fiscal year ended 31 December 2018 were attended by all its members, as the following table:

Number of meeting	Date of the meeting	Number of Attendees	Names of absent members
1	14/2/2018	3	-
2	13/5/2018	3	-
3	11/11/2018	3	-



(7) Insiders' Trading Follow-Up and Supervision Committee

In accordance with SCA resolution No. (7 / R.M) for the year 2016 on the standards of institutional discipline and governance of public shareholding companies and the decision of the Board of Directors at its meeting No. (4/2016) which is aware of its obligations regarding the requirements for disclosure of trading on the company's shares and the importance of identifying the insiders in the company. The BOD formed a committee specialized in the affairs of insiders concerned with follow-up and supervision of all trading of insiders and their ownership and reporting to the concern authorities, and identify the members of the Committee and the functions and tasks assigned to it as follows:

A. Committee Members:

- | | |
|--------------------------------|--------|
| 1. Ms. Dalya Mohamed Al-shehhi | HEAD |
| 2. Mr. Mohamed Hassanin | Member |

B. Functions and the duties assigned to it:

1. Manage, monitor and supervise the transactions of insiders and their ownership and keep their register.
2. Prepare a special register for all persons who are permanent and temporary insiders and who are entitled or have access to the company's internal information.
3. Keeping the record of past and subsequent disclosures of the insiders.
4. Keep official declarations of persons who are aware and temporarily aware of the company's internal information.
5. To ensure continuous updating of the Company's list of insiders on ADX website, and to notify Boursa Kuwait and to update this list immediately when required.
6. Monthly follow-up of insiders balances.
7. Issuing periodic reports on insider transactions to SCA, Boursa Kuwait and the financial markets, which the company's shares listed in.
8. Inform all insiders about the required controls, by signing official declarations.
9. Continue to notify insiders of prohibition periods of trading
10. Review and monitor the trading policy of insiders in accordance with the rules of disclosure, transparency and take necessary action.

(C) A summary of the Committee's activities during the year 2018

The Committee has been keen on implementing all matters related to governance rules. It has played an important and effective role in following up and supervising the affairs of insiders according to the objectives, policies and controls. The committee reviewed the register of insiders and confirmed that there were no transactions for the members of the board of directors of the company, employees and insiders during 2018, except for the members of Al-Khair National Company for Stock and Real Estate (a member of the Board of Directors), Mr. Abdulla Mohammed Hassan Al Hosani (A member of the Board of Directors) have held 5,000 Gulf Cement shares each, in fulfillment of the membership requirement in accordance with Article (19) of the Articles of Association of the Company after the election of the Board of Directors through the General Assembly on 11 April 2018.



(8) Executive Committee

According to decision of the Board of Directors in its meeting No. 2-2018, the Executive Committee was formed in accordance with the law and the resolutions and regulations of the Company's governance and articles of association "Article No. 37". The Committee shall be composed of members of the BOD who determined its functions, duration of work and powers granted to it, and shall submit its results and recommendations to the Board of Directors.

A. Committee members

Name	Position
Sheikh Kayed Omar Saqer Mohamed Alqassimi	HEAD
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	Member
Mr. Husam Mohammed El-Sayed Hussein	Member
Mr. Ahmed Abdullah Al Amash	Member

B. Statement of its functions and the duties

1. Draw the strategic objectives, plans and policies of the company and submit them to the Board for discussion and approval.
2. Discussing and approving the annual budgets estimated by the executive management of the company before submitting them to the Board of Directors through the Audit Committee for discussion and approval.
3. Review the organizational structure of the company and make the necessary adjustments before submit to the Board of Directors through the Nominations and Remuneration Committee for discussion and approval.
4. Reviewing and approving the executive authorizations of the basic executive levels (departments Managers and Chiefs only, the General Manager and Deputy General Manager shall be through the BOD through the Nominations and remuneration Committee) and amend it whenever required.



5. Continuous evaluation of the performance of key managerial positions of the company to ensure their effectiveness and ability to achieve the strategic objectives entrusted to them and replace them with others when required.
6. Continuous review of the administrative authorizations of the General Manager, Deputy General Manager and departments managers and amend them when required.
7. Continuous review of implementation of policies, procedures and controls related to sales, procurement and operation issued by the Board, establishing the detailed regulations necessary to manage them in a tight manner and determining the scope and ceiling of authorizations available to the Executive Management by the Committee, as per BOD governance.
8. Approve the implementation mechanism for all contracts to which the company is a party, whether related to procurement, sales or services in accordance with stability of operations. Establish regulatory procedures that will ensure that the proper governing procedures.
9. Study and approval of new capital projects before submission to the Board of Directors for discussion and approval.

C. Executive committee meetings during 2018

Number of meeting	Date of the meeting	Number of Attendees	Names of absent members
1	6/9/2018	4	-
2	4/10/2018	4	-
3	11/11/2018	4	-
4	12/12/2018	4	-



(9) Internal Control System

Internal Control Department is fully independent and directly affiliated to the Board of Directors, it implements audit and control policies, which aim to assess the Company's risk management procedures, contribute to the proper application of the Company's governance rules and verify the compliance of the Company and its employees with the provisions of laws and regulations. Reviewing financial statements, and reviewing accounting policies and practices.

Internal Control Department raise reports on the extent to which policies implemented by the Board of Directors and its committees are properly implemented through periodic, annual and urgent reports.

Internal Control Department has the full authority to access all documents and records of the company and its employees' data and transactions. The Internal Control Department is committed to ensure the strict implementation of the decisions issued by the Board of Directors or its Chairman and its committees to the Executive Management. All departments and employees shall cooperate with the Internal Control Department to solve issues and events facing the company. In case of non-cooperation of any employee, the ICD shall be obliged to submit a report to the Board.

BOD defines the most important objectives and tasks of ICD as follows:

- Ensure the validity and integrity of work procedures in all departments of the company.
- Determining the extent to which the company complies with the requirements of governance and codes of ethics.
- Ensure the commitment of any party dealing with the company and the employees of the company to apply the rules of governance and institutional discipline and code of ethics.
- Preventing, detecting and correcting errors.
- Ensure compliance of employees with the laws, regulations and policies of the company.
- Review the integrity of assets and verify the actual presence of it.
- Conduct regular and periodic reviews of various activities and report on findings and recommendations.
- Cooperation with the external auditor to implement the resolutions of the General Assembly.
- Cooperation with the executive management to achieve the objectives of the Board of Directors.
- Ensuring the accuracy of accounting records and their integration so they can be reliable for taking higher decisions.

Based on the above, the Board of Directors is responsible for the Company's internal control system, which has sufficient authority to apply the rules of governance throughout the Company and to achieve transparency and fairness.



A. The name, qualifications, and date of appointment of the Internal Control Manager

Mr. Mohamed Hassanin appointed as Internal Control Manager. He holds a B.Sc. of Commerce - Major Accounting - from Alexandria University year 2007. He has over 10 years of experience in the field of external and internal auditing.

B. Compliance officer

Mr. Majed Abdullah appointed as Compliance Officer. He holds a B.Sc. in Finance and Banking. He is responsible for verifying the extent to which the Company and its employees comply with applicable laws, regulations and internal policies.

C. How the Internal Control Department handle any significant issues in the company, or issues disclosed in the annual reports and accounts:

Internal Control Department has evaluated the risk management, procedures of the company, reviewed the internal policies and the implementation of the company's governance rules, verified the company's compliance with the laws and resolutions, and submitted periodic reports to the Board of Directors and Audit Committee.

The Internal Control Department deals with any challenges in the company independently and objectively by informing the Audit Committee and informing the senior executive management of the problem and potential risks and proposing the necessary steps to address the problem and ensure that it is not repeated and follow up with senior management to ensure of the procedures and decisions has been taken.

(10) Violations during the year 2017

During the year 2018, the company did not commit any violations and did not face any penalties either by governmental or private parties. Where the company was keen to comply with federal and local laws and ministerial decisions and governance of the Board of Directors, and achieved justice with all Stakeholders, which is in line with the good reputation of the company.



(11) Cash and in-kind contributions made by the Company during the year 2018 toward the local community development and environmental conservation

First: Contributions:

Local community development is one of the main concern of The Company's Board of Directors that seeks through its employees to participate in all national and social events in order to establish institutional partnerships and close relations with the local community. Implemented through effective and meaningful contributions that achieve community partnership and contribute to meeting the needs of the surrounding community.

- **Community outreach:** The company has exceeded the in-kind, cash contributions and reached the goal of active community participation through adoption of the executive management to BOD initiative in supporting the community and building a strong social relationship that contributes to the positive social impact, through community outreach to become the company part of the surrounding society
- **Community voluntary contributions provided by the company:** In accordance with Federal Law No. (2) for the year 2015 on commercial companies, which allowed companies to pay voluntary contributions, and stipulated that voluntary contributions should not exceed (2%) of the average net profit of the company during the two financial years preceding the year in which such voluntary contributions are paid, with the below conditions:
 1. A special resolution shall be issued by the General Assembly.
 2. Such contributions shall be for the purposes of community service.
 3. clearly mention the beneficiary of these contributions in the auditor's report and the company's financial statements.

In accordance with Article (65) of the Company's article of association on Voluntary Contributions and implementation of the policy of voluntary contributions approved by the Board of Directors, the Company has determined the amount of cash allocated for the year ended 31 December, amounted to 907 thousand dirhams.

In order to implement the above, the voluntary contributions of the company varied between cash contributions and in-kind contributions as follows:

(A) Cash contributions:

The voluntary cash contributions of the Company during 2018 amounted to AED 217,600. These contributions are cash support for public benefit organizations, service organizations and individuals with low income surrounding the Company.

(B) Contributions in kind:

The company has provided various building materials and services to help citizens with low income from the local community, public benefit organizations, charities, sports clubs and service organizations.

The company supports participation in national events by allowing specialized staff to participate in national celebrations and events permanently to achieve the desired objectives.



Second: Environmental conservation:

The company is keen to comply with the laws and resolutions issued by the Ministry of Climate Change and the Environment, and by Environment Protection and development authority in Ras Al Khaimah. Implement the policy of the Board of Directors that the company to be a leader in its field by applying best practices related to sustainable environment and green products. In addition to Waste Heat Recovery project for power generation which is one of the leading environmental projects in the region, and which strengthens and supports the vision of the leadership on the green economy, the company succeeded in producing and marketing its new product "Fly Ash". The company has a permanent methodology adopted since its establishment and executes it with under the supervision of the board of directors to achieve the appropriate environment, which is compatible with the environmental nature of the surrounding area. The company works to support UAE orientations towards the green economy through ongoing environmental projects at the best and the latest technology in line with the prestigious position of the United Arab Emirates.

A. Urbanization:

The company takes great interest in Urbanization Projects as it represents the bright facade of the environmental reality of the company. These projects contribute to the presentation of the company's commitment to the importance of urbanization to achieve professional safety and job security and other parties as per the Ministry of Climate Change and EPDA requirements.

B. Landscaping:

The company has increased its interest in exploiting open spaces by planting shade trees and plants in and around the company to achieve integration with Urbanization projects aiming to present the desired appearance of the company and to increase the green areas that contribute to improving the environmental reality in the area.



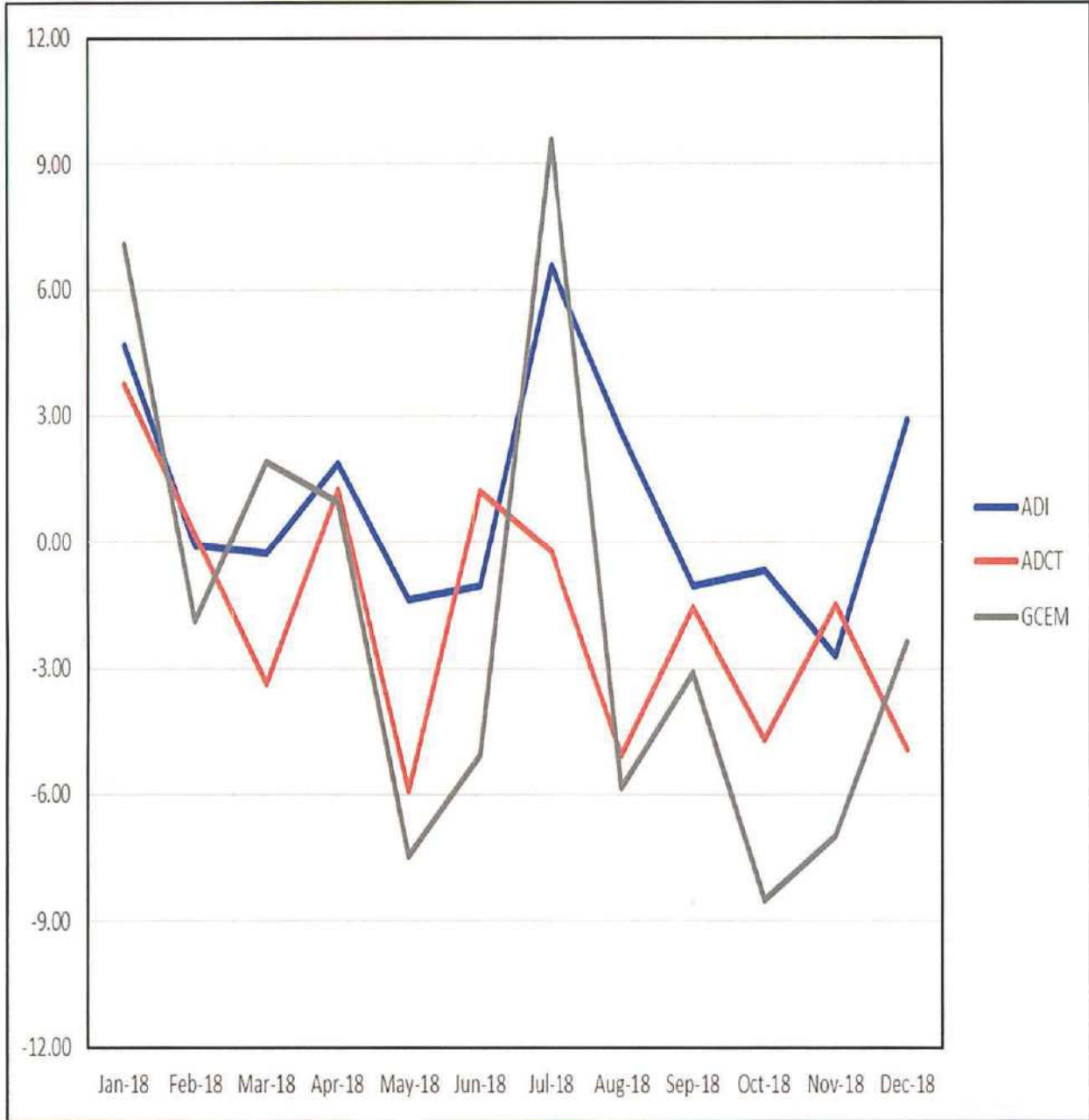
(12) General information

A. The Company share price in the Market (closing price, highest price, lowest price) in the end of each month during year 2018

Date	Highest price	Lowest price	Closing price	Quantity (Shares)	Value (AED)
January	1.100	0.970	1.060	4,893,112	5,134,023.71
February	1.080	0.950	1.040	780,507	813,546.64
March	1.090	1.010	1.060	2,053,287	2,161,453.64
April	1.090	1.000	1.070	5,851,043	6,178,952.00
May	1.080	0.900	0.990	2,414,034	2,507,179.80
June	1.040	0.900	0.940	10,396,845	9,827,413.67
July	1.030	0.900	1.030	1,849,615	1,807,744.22
August	1.010	0.920	0.970	440,253	416,044.27
September	0.940	0.851	0.940	2,441,131	2,243,974.60
October	0.937	0.860	0.860	2,236,912	1,965,285.87
November	0.940	0.800	0.800	2,901,240	2,498,100.38
December	0.861	0.671	0.781	774,478	587,640.29



B. The comparative performance of the company's shares with the market index and the sector index to which the company belongs during year 2018





C. Distribution of shareholding of the Company as at 31 December 2018

According to the company's article of association, "All shares are nominal and the contribution of UAE and GCC nationals whether natural persons or legal person(s) wholly owned by UAE nationals and GCC nationals at any time throughout must not be less than (51%) of the capital. The percentage of non-UAE nationals and GCC nationals should not exceed (49%).

S/N	Shareholder Category	Individual		Companies		Government		Total	
		Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
1	Local	87,661,483	10.67%	65,949,485	8.03%	60,594,977	7.38%	214,205,945	26.08%
2	GCC	185,323,670	22.57%	413,909,731	50.41%	—	-	599,233,401	72.98%
3	Arab	3,986,475	0.49%	10,000	-	—	-	3,996,475	0.49%
4	Others	974,343	0.12%	2,686,656	0.33%	—	-	3,660,999	0.45%
	Total	277,945,971	33.85%	482,555,872	58.77%	60,594,977	7.38%	821,096,820	100%

D. Shareholders who own (5%) or more of the Company's capital as at 31 December 2018

S/N	Name	Number of Shares Held	%
1	National Investment Co. – Clients	308,431,252	37.56%
2	Hamad Bin Abdulaziz Bin Hamad Alwanis	63,011,689	7.67%
3	Salem Abdulla Salem Al Hosani	59,747,383	7.28%
4	Government of Rak Al Khaimah	59,639,263	7.26%
5	Al Salem Company Limited Company	58,890,114	7.17%



E. Shareholders Distribution of shareholders according to the size of ownership as at 31/12/2018

S/N	Share(s) Owned	Number of Shareholders	Number of Share Held	% of the Shares Held of the Capital
1	Less than 50,000	1,341	11,765,063	1.44%
2	From 50,000 to less than 500,000	308	47,462,503	5.78%
3	From 500,000 to less than 5,000,000	77	110,951,121	13.51%
4	More than 5,000,000	14	650,918,133	79.27%
	Total	1740	821,096,820	100%

F. Actions taken on investor relations controls

In accordance with SCA resolution No. (7 / R.M) for the year 2016 on the standards of corporate discipline and governance of public shareholding companies. Two years back, the company has developed investors' relations department, strengthened its role and activated the best means of communication with the company. It has also developed and updated its website in a complete and accurate manner to be known as "Investors' Relation Portal" in which the company through it seeks to enable investors and those interested in direct access to the latest information, especially those related to the financial statements, annual reports, dividends and stock prices and other disclosures.

The "Investor Relations Portal" aims at enhancing channels of communication and encouraging information exchange to enable investors and financial analysts to reach clear visions in accordance with the highest standards of transparency and reliability and to provide the latest information that confirms the extent of compliance with transparency and the application of the standards of institutional discipline.

Manager of Investor Relations Department: Ms. Dalia Mohammed Al Shehhi

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E-Mail: shares@gulfcement.ae

Investors Relation Portal: <http://www.gulfcement.ae/investor-relations-ar/>

G. Special resolutions presented to the General Assembly held in 2018

At its 41st meeting on April 11, 2018, the General Assembly approved voluntary contributions for community service purposes and authorized the Board of Directors to determine the amounts to be allocated. Voluntary contributions shall not exceed 2% of the net profit of the Company during the two financial years (2017 / 2016) and taking into account the provisions of the Commercial Companies Law No. 2 of 2015.



H. The name of the board secretary and the date of his appointment

Name	Date Of Appointment
Mr. Mohamed Ahmed Ebrahimouh Al-Shehhi General Manager	2013

I. Significant events that took place in the Company in 2018

Despite the challenges faced by the company during the year 2018, the company succeeded in starting the use Bio fuel which contributed to reducing the emission of carbon dioxide and preserving the environment.

J. The rate of Emiratization in the company by the end of 2018

The company assigns one of its interests toward Emiratization and consider it as one of its main responsibilities. The percentage of Emiratization reached 9.5% for 2018 (the number of Emirati is 48 employees).

In response to government initiatives to launch the Accelerated Program, the company participated in the Emiratization initiative launched by the Ministry of Human Resources and Emiratization and contributing to the preparation and implementation of its plans, and this was reflected in the selection of the company as one of the partners of the Emiratization Club and its promotion to the Platinum level for its compliance with the laws and decisions issued by the Ministry and its efforts in Emiratization.

K. Innovative projects and initiatives implemented by the Company or which were under development during 2018

Developing the operations of the company through the introduction of more than one alternative material for some raw materials and coal without any reflection on the operational stability, which returned positively to reduce cost of production.



**H.H KAYED BIN OMAR ALQASIMI
CHAIRMAN**