



شركة أبوظبي الوطنية لمواد البناء
ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS



Governance Report for the fiscal year 2018

CONTENTS



شركة أبوظبي الوطنية لمواد البناء
ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS

<u>Subject:</u>	<u>Page No.</u>
➤ Vision, Mission, and Objectives	3
➤ Introduction	4
➤ Applications of Corporate Discipline Standards (Corporate Governance)	5
➤ The Company's Board of Directors	6
➤ A statement of transactions of the Board of Directors' members and their spouses and children in the company's securities for the fiscal year 2018	7
➤ Formation of the Company's Board of Directors.	8
➤ Female Members in the Board of Directors for the fiscal year 2018	9
➤ Directors' Remuneration	10
➤ Allowances for Attendance of meetings of committees of the Board of Directors	11
➤ Number of Board meetings held in the fiscal year 2018.	12
➤ Duties and responsibilities of the Board of Directors undertaken by the Executive Management by virtue of an authorization from the Board.	13
➤ A statement with the details of transactions made with related parties.	14
➤ The company's organizational structure for fiscal year 2018	15
➤ Executive Management of the company	16
➤ External Auditor	17
➤ Board Committees	19
➤ Internal Control System	26
➤ General information	32
➤ Sustainable Development and Community Responsibility	38
➤ Clients	39

Vision, Mission, and Objectives



شركة أبوظبي الوطنية لمواد البناء
ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS

Vision

To be the first company in UAE, region and Arab Countries, to support and promote the development of the construction sector with all products and tools that it needs according to the highest standards in the world.

Mission

To be an inspiration to other companies and locomotive dragging them to the highest levels of future development and construction.

Objectives

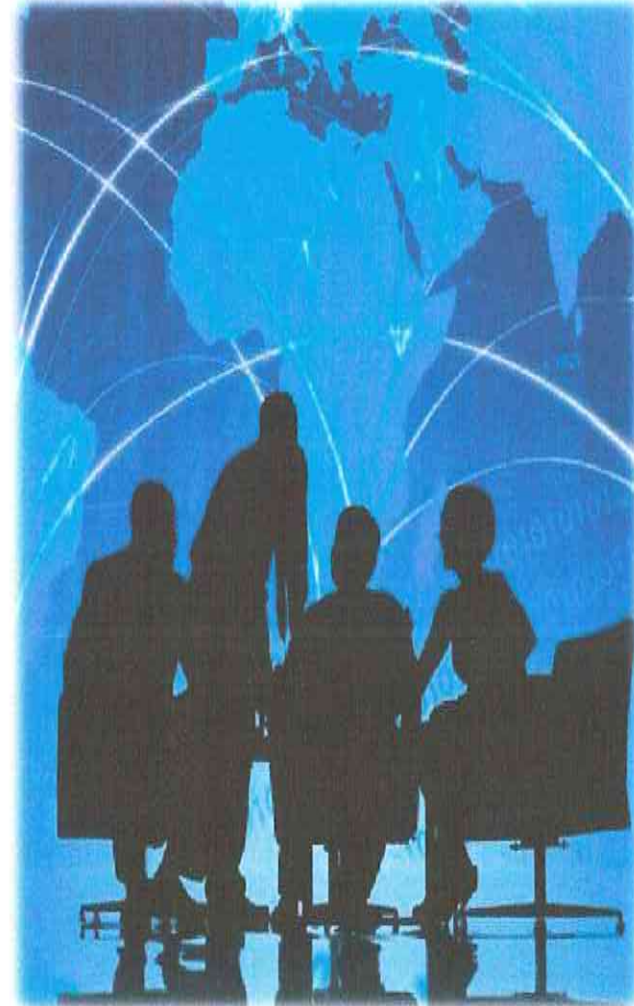
The Abu Dhabi Company for Building Materials (Bildco) is the name behind some of the market's most trusted and recognized brand names in providing and manufacturing building products for residential and commercial construction projects.

We operate high standard manufacturing facilities and a strong distribution network to service our customers across the UAE, and the region. And since these products come from Bildco, our customers can be sure that they are manufactured to meet the highest international standards.

Strategy

The company's strategy during the period (2018-2019) is crystallized in the following items:

- ❖ Continually re-investing in our business to meet new challenges in construction.
- ❖ Developing more innovative products right across our portfolio targeting the buildings of the future.
- ❖ Continuously improve, so that our customers benefit from our knowledge and our expertise.
- ❖ Acquire new resources to provide our customers with the service they need to get their job done.



Abu Dhabi National Company for Building Materials - BILDCO (PJSC) makes every effort to achieve the objectives for which it was established, increase the revenues of the company, and develop and enhance its business by adopting an ambitious work plan that aims to add new production lines and establish a plant for producing adhesives for building materials which shall contribute to the overall economic development of the Emirate of Abu Dhabi.

The fiscal Year 2018 has witnessed significant developments in the field of modernization and development of corporate discipline systems which includes:

- Updating the system and the corporate governance guide to comply with the decision of the Chairman of SCA Board of Directors No. (7 / R .M) for the year 2016 on corporate discipline and governance of public shareholding companies.
- Giving several presentations before the board and executive management, by the consultant who is in charge of developing and updating the governance guide and system.
- Updating financial and administrative regulations.
- Updating and developing the company's computer system according to international best practices.
- Updating the internal control system to comply with the provisions of both law and the decision of the Chairman of the Board of Directors of the aforementioned entity.
- Preparation of manual and rules on professional conduct.

The Company's Board of Directors and Executive Management will spare no effort in restoring the Company's proper place in the field of building materials trade and industry. In order to achieve this, an ambitious medium-term work plan covering the period (2018-2019) has been developed to cover the accumulated losses and generate profits till we reach a stage in which the company continuously and sustainably makes cash distributions to the Company's shareholders.

Finally, we present to the esteemed General Meeting the Corporate Governance Report for the fiscal year 2018, including the main items in accordance with the requirements of the Securities and Commodities Authority, along with some amendments made to the vision and mission of the company in line with the objectives of the company's work plan referred hereinabove.

Applications of Corporate Discipline Standards (Corporate Governance)



شركة أبوظبي الوطنية لمواد البناء
ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS

This Section includes the following items:

- First Item: The grounds upon which the principles of corporate governance were applied.**
- Second Item: The measures taken to complete the guide and the system of governance for the fiscal year 2018 and how they were applied.**

We will address these two items in detail as follows:

- First Item: The grounds upon which the principles of corporate governance were applied.**

When applying governance, Abu Dhabi National Company for Building Materials - BILDICO has committed itself to the provisions of the following sources:

- The relevant articles of the Federal Law No. (2) of 2015 concerning the Commercial Companies ;
- The relevant articles of the decision of the Chairman of SCA Board of Directors No. (7 / M.R) for the year 2016 on the standards of corporate discipline and the governance of public shareholding companies.
- The relevant articles of the company's Articles of Association, after being amended to comply with the provisions of Federal Law No. (2) for the year 2015 concerning commercial companies.
- The relevant standards included in the principles of the Organization for Economic Cooperation and Development (OECD).

It is worth mentioning that the company adopted a governance guide that meets the international and local best practices and fully complies with the relevant sources referred to in the first item above, according to which this report was prepared. In addition, The Board of Directors subjects this Guide to periodic review and any amendments or changes made to the Board, executive management or administrative and financial regulations or policies governing the work of the company, shall be added thereto.

The Company treats the Corporate Governance Guide as a very important document, as it contains the standards of corporate discipline which may not be violated or breached under any justification, and as It deals with work policies and procedures within the executive management, as well as full compliance with disclosure, transparency and control from more than one side and the internal management.

- Second Item: The measures taken to complete the guide and the system of governance for the fiscal year 2018 and how they were applied.**

The Board of Directors thoroughly reviewed and evaluated the contents of the approved governance guide, and the amendments proposed by the Securities and Commodities Authority (ESC) and Abu Dhabi Securities Exchange (ADX), as the official competent authorities to which the company is subject, were immediately made.

The most important of these amendments are as follows:

- Issuing a code of professional conduct for the company and distributing it to employees.
- Distributing the governance guide to the members of the Board of Directors, department managers and all employees holding leadership positions.
- Requesting the consultant who prepared the governance system and guide to make a presentation to the members of board of directors and department managers and all employees holding leadership positions.
- Signing confidentiality acknowledgment by the employees of the company.
- Circulating the guide, rules, principles of professional conduct to the employees of the company.

The Company's Board of Directors



شركة أبوظبي الوطنية لمواد البناء
ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS

The board of directors of the company makes sincere efforts to ensure continuous and sustainable growth and implement the objectives set out in the company's strategic plan and any periodic revisions made thereto, and to even exceed them when necessary, in line with the binding legislations and laws applicable in the state. Furthermore, the Board works hard to employ the best professional human resources, considering the same as one of the most important elements of success, to ensure the realization of the objectives of the shareholders of the company and to actively participate in the economic and social development of UAE.

We will address this chapter in the following items:

- A statement of transactions of the Board of Directors' members and their spouses and children in the company's securities for the fiscal year 2018
- Formation of the Company's Board of Directors.
- Female Members in the Board of Directors for the fiscal year 2018
- Directors' Remunerations in Total
- Statement of Allowances for Attendance of meetings of committees of the Board of Directors.
- Number of Board meetings held in the fiscal year 2018.
- Duties and responsibilities of the Board of Directors undertaken by the Executive Management by virtue of an authorization from the Board.
- A statement with the details of transactions made with related parties.
- The company's organizational structure for the fiscal year 2018.



Transactions of the Board of Directors' members and their spouses and children in the company's securities for the fiscal year 2018 are as follows:

The transactions of the Board of Directors' members and their spouses and children in the company's securities for the fiscal year 2018 are limited to the following transactions:

S.NO	Name	Position / kinship	Shares held as at 31/12/2018	Total sales	Total purchases
1	H.E Saif Darwish Al Ketbi	Chairman	6,051,575	0	0
2	H.E. Nasser Saif Majid Al Mansour	Vice-Chairman	0	0	0
3	H.E. Ali Rashid Nasser Al-Omairah	Managing Director	62,813,806	0	0
4	Mr. Rashid Ali Rashid Al-Omairah	Director	1,000	0	0
5	Mr. Saeed Saif Darwish Al Ketbi	Director	846,965	0	605,965
6	Mr. Suhail Saeed Abdullah Al-Falasi	Director	1,000	0	0
7	Mr. Khalid Khalifa Swaih Al Nuaimi	Director	0	0	0

Formation of the Company's Board of Directors



شركة أبوظبي الوطنية لمواد البناء
ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS

S.No	Name	Category: Executive, non-executive and independent	Expertise	Qualifications	Term of Office of Board Members	Board Members' membership and positions in any other joint stock companies	Board Members' positions in any other important regulatory, governmental or commercial positions.
1	H.E Saif Darwish Ahmed Al Ketbi	Non-executive/ Non-Independent	Vice-Chairman of the Board of Directors 1999-2010 Chairman of the Board of Directors as of 2010 - till the date		2010 till the date	-	-
2	H.E. Nasser Saif Al Mansour	Non-executive Independent	CEO of Erihad Rail. Professor of Planning Management- Faculty of Engineering.	PhD in Urban Studies	2013 till the date	Member in the Board of Directors of Emirates Transport	
3	H.E. Ali Rashid Nasser Al-Omairah	Executive Non-Independent	Vice-Chairman of the Board of Directors from 2013 till 2018 Member of Board of Directors from 1999 till the date Member of Board of Directors from 1993 till 1999		1993 till the date	-	-
4	Mr. Rashid Ali Rashid Al-Omairah	Executive Non-Independent	<ul style="list-style-type: none"> - Member in Al Wathba National Insurance Company's Board of Directors - Chairman of Rayah Capital - Vice Chairman of Rayah Capital Company - Member in the Board of Directors of Rayah Capital Company. - Member in Emirates Insurance Association's Board of Directors 		2015 - till the date	<ul style="list-style-type: none"> - Member in Al Wathba National Insurance Company's Board of Directors - Member in Waha Capital Company's Board of Directors 	-
5	Mr. Saeed Saif Darwish Al Ketbi	Non-executive Independent	Director of Emergency Department- Abu Dhabi Distribution Company	Bachelor of Engineering	2017 - till the date	-	-
6	Mr. Suhail Saeed Abdullah Al-Falasi	Non-executive Independent	Director of Talent Management in Abu Dhabi Quality and Conformity Council	Bachelor of Business Administration	2017 - till the date	-	-
7	Mr. Khalid Khalifa Al Nuaimi	Non-executive Independent	Project Manager - Crown Prince's Court	Bachelor of Business Administration	2017 - till the date	-	- 8

- No female members in the Board.
- There are no restrictions on candidacy of women to any administrative or executive positions or membership of the Board of Directors and no one has applied for the same in the new session that started after holding the Annual General Meeting of the company for the fiscal year 2017.



As follows:

Total remunerations paid to Directors for the year 2018.

- There are no remunerations for the year 2018

Total remunerations proposed to be paid to directors for the year 2018 and which will be discussed at the Annual General Meeting For approval.

- There are no remunerations proposed for the year 2018



Statement of allowances paid to Board Members for attendance of meetings of Board committees for the fiscal year 2018



شركة أبوظبي الوطنية لمواد البناء
ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS

The following table shows the attendance allowances of attending meetings of the committees of the Board of Directors for the fiscal year 2018 and the share of each member in these allowances for approval of the General Meeting.

S.NO	Name	Allowances for Attendance of meetings of Board of Directors' committees		
		Name of Committee	Allowance Value	No. of Meetings
1	Dr. Nasser Saif Majid Al Mansour	Auditing	25,000	5
2	Mr. Rashid Ali Rashid Al-Omairah	Auditing	5,000	1
3	Mr. Suhail Saeed Abdullah Al-Falasi	Auditing / Nominations	25,000	5
4	Mr. Khalid Khalifa Swaih Al Nuaimi	Auditing / Nominations	15,000	3
5	Mr. Saeed Saif Darwish Al Ketbi	Nominations	5,000	1

Number of Board meetings held in the fiscal year 2018



شركة أبوظبي الوطنية لمواد البناء
ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS

According to the provisions of Article (29) of the Articles of Association of the Company, which stipulates that «the Board of Directors shall meet (4) four times a year, i.e at least once every three months ».

The following table shows the number of meetings of the Board of Directors held during the fiscal year 2018, its dates , times of personal attendance of all members and attendance through attorneys.

S.NO	Members of Board of Directors	First Meeting 31 January 2018	Second Meeting 26 March 2018	Third Meeting 14 May 18	Fourth Meeting 13 August 2018	Fifth Meeting 10 September 2018	Sixth Meeting 13 November 2018	Seventh Meeting 31 December 2018	Total
1	H.E Saif Darwish Ahmed Al Ketbi	✓	✓	✓	✓		✓	✓	6
2	H.E. Ali Rashid Nasser Al-Omairah		✓	✓		✓	✓	✓	5
3	H.E. Nasser Saif Majid Al Mansour	✓	✓	✓		✓	✓	✓	6
4	Mr. Rashid Ali Rashid Al-Omairah	✓	✓	✓	✓	✓	✓	✓	7
5	Mr. Saeed Saif Darwish Al Ketbi		✓	✓	✓	✓		✓	5
6	Mr. Suhail Saeed Abdullah Al-Falasi	✓		✓	✓	✓	✓	✓	6
7	Mr. Khalid Khalifa Swaih Al Nuaimi	✓		✓		✓		✓	4
	Total	5	5	7	4	6	5	7	

Duties and responsibilities of Board of Directors undertaken by a board member or Executive Management by virtue of an authorization from the Board.



شركة أبوظبي الوطنية لمواد البناء
ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS

Duties and responsibilities of the Board of Directors undertaken by a board member or the Executive Management by virtue of an authorization from the Board.

The Board of Directors undertook its work and has not authorized the Executive Management to carry out any specific business.



A statement with the details of transactions made with related parties.



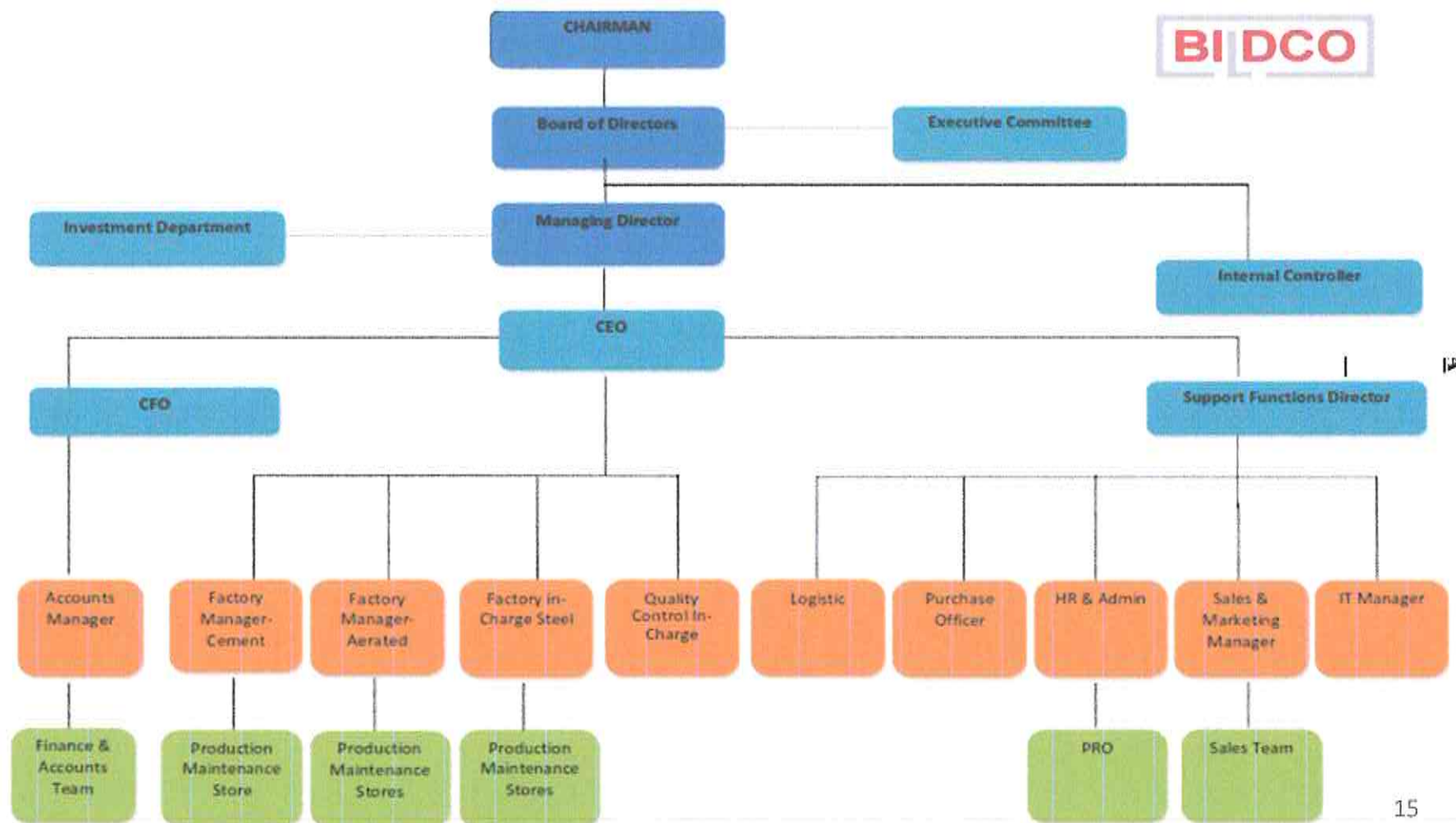
شركة أبوظبي الوطنية للمواد البناء
ABU DHABI NATIONAL CO. FOR BUILDING MATERIALS

A statement with the details of transactions made with related parties (stakeholders), indicating the nature of the relationship and the type of transaction.

Suppliers					
	Abu Dhabi National Company for Building Materials	Bildco Reinforcing Steel Services	Bildco Cement Products	Bildco Aerated Concrete Products	Total
Darwish bin Ahmed and Sons	0	0	541,412	8,702	550,114
Al-Omeira Printing	23,537	5,633	17,064	50,633	96,867
Saif Bin Darwish	0	0	833,439	0	833,439

Clients					
	Abu Dhabi National Company for Building Materials	Bildco Reinforcing Steel Services	Bildco Cement Products	Bildco Aerated Concrete Products	Total
Darwish bin Ahmed and Sons	777,079	1,157,549	474,350	34,274	2,443,252
Saif Bin Darwish	199,629	0	907,687	0	1,107,316

It is worth mentioning that the company has updated, developed and restructured its management. Thus, the organizational structure of the company has been developed in a way that complies with this new version, so that it includes the first and second level of the staff at a minimum. In addition the organizational structure shall include the general manager and / or the chief executive officer, Deputy General Manager and the managers of the Company such as Chief Financial Officer.



The executive management of the company carries out all duties, tasks and responsibilities assigned to it by the Board of Directors and undertakes the day-to-day businesses. The following table provides the details of senior executives in the first and second level according to the organizational structure of the company, their functions and the dates of their appointment, along with the total salaries and bonuses paid to them:

S.NO	Role	Date of appointment	Total salaries and allowances paid for the year 2018 (in UAE Dirham)	Total bonuses paid for the year 2018 (Bonuses) (in UAE Dirham)	Any other cash / in-kind bonuses for the year 2018 or in the future
1	Managing Director	1999	600,000	-	-
2	Chief Executive Officer	January 2018	600,000	-	-
3	Chief Financial Officer	February, 2018	300,000	-	-
4	Internal Controller	February, 2017	360,000	-	-
5	Block Factory Manager	1-2016	140,473		
6	AAC Factory Manager	9-2016	138,145		
7	Cut & Bend Factory Manager	1-2016	30,000		
8	Sales Manager	1998	330,000	-	-
9	Director of Audit	August 2017	120,000	-	-
10	Computer Department Manager	2008	302,400	-	-
11	Chief Accountant	3-2018	142,641		

The Board of Directors of the Company resolved, according to the Federal Law, decision of the Chairman of SCA Board of Directors, the Company's Articles of Association, and the Governance Guide, to approve policy of appointing External Auditor, which sets out the framework, scope and powers of the External Auditor while ensuring his full independence in carrying out the assigned task. The Policy also sets out the rules according to which the auditor shall be selected. According to these rules, the Board of Directors recommend auditors, and present its recommendations in the General Meeting for consideration and approval or rejection.

The Audit Committee also overseen the tender it offered for appointment of an external auditor for the company, and interviewed each auditor in order to ascertain his expertise and knowledge of the tasks assigned to him, and that the auditor is registered with the Securities and Commodities Authority and within its list of auditors. Having reviewed the recommendations made by the Audit Committee, The Board of Directors decided to propose the appointment of M/s Talal Abu-Ghazaleh Co. as the external auditors of the Company's accounts for the fiscal year 2018. It is worth mentioning that the General Meeting of the Company has approved the proposal of the Audit Committee to appoint the External Auditor.

Talal Abu-Ghazaleh Organization (TAG-Org), is a holding company that includes several professional companies within its group, and is considered as a leading global organization. TAG-Org has gained a great deal of expertise and made significant achievements in the field of professional services since its establishment 33 years ago. TAG-Org employs teams of highly qualified and experienced Arab professionals.

TAG-Org was established thirty-three years ago and currently operates under the name and according to the vision of TAG-Org. Furthermore, TAG-Org started as an firm providing chartered accountant, auditing and financial Services to the business community in UAE.

Today, TAG-Org operates through 85 offices across the main cities of the Arab world, and Its services cover an area of approximately 5 million square miles and address about 200 million people.

Statement of fees and costs related to the audit or services provided by the external auditor, which should include the details and nature of the services and the due fees, and indicates the other services that were performed by an external auditor other than the auditor of the company during the year 2018. In addition, the statement should indicate the number of years spent by the auditor as an External auditor for the accounts of the company. According to the following table:

Name of Auditing Firm	Talal Abu-Ghazaleh International
Number of years spent as an external auditor of the company	Three years
Total fees paid for auditing the Financial Statements of the year 2018 (In UAE Dirham)	AED 115,000
Fees and charges for special services other than the audit of the financial statements for the year 2018 (in UAED Dirham), if any, and in absence of any other fees, this should be expressly stated	There are no other works
Details and nature of the other services provided, if any, and in absence of any other fees, this should be expressly stated	There are no other works
A statement of the other services performed by an external auditor other than the auditor of the company in 2018 (if any). In absence of another external auditor, this should be expressly stated	There are no other works

Statement of reservations made by the auditor in the interim and annual financial statements for the year 2018:

1. The Company did not assess the impairment of capital works under development.
2. The Company did not increase the provision of doubtful debts and slow moving inventories.
3. We have not received confirmations from some banks on the balances.
4. Some of the investment securities are frozen.



In accordance with the provisions of Article (24 / b) of the Articles of Association of the Company, The Board of Directors has formed and approved the following committees:

- AUDIT COMMITTEE.
- Nominations and Remunerations Committee
- Committee Concerned with Following up and supervising transactions of “insider” persons

The Board of Directors has also granted them certain powers and authorities that are commensurate with the nature of their work, so that they carry out their functions easily and unhindered. Further, these committees are entrusted with responsibilities related to specific matters and issues of concern to the company, in order to provide assistance to the Board of Directors in discharging its responsibilities and functions by providing relevant advice and recommendations. Each committee shall consist of a chairman and at least three members of the Board of Directors, and shall operate in accordance with the written terms and conditions approved by the Board of Directors. The following are the committees of the Board of Directors:

AUDIT COMMITTEE

- The main duties and responsibilities of the Audit Committee:

The Audit Committee has been formed to carry out the tasks and duties stated in both the Company's Articles of the company and the decision of Chairman of SCA Board of Directors. The main duties of the Audit Committee are as follows:

- Setting and implementing the policy of contracting with the auditor, submitting a report to the Board of Directors, specifying the issues against which the committee deems it is necessary to take procedures , and submitting the committee's recommendations concerning the steps required to be taken....etc;
- Controlling correctness of the company's financial statements and reports (annual, semi-annual, quarterly) and auditing them as part of its normal work during the year.

- Coordinating the financial policy and the duties of all the members of the financial department team in the company,..etc.. with the Board of Directors, the Executive Management and the Chief Financial Officer.
- Ensuring the company's compliance with all legal and regulatory rules, monitoring company accounts, developing corporate discipline and corporate governance standards.
- Auditing the financial control, internal control and risk management systems of the company.
- Ensuring that there is coordination between the Internal Auditor and the External Auditor.
- Continuous reviewing of financial and accounting policies and procedures and working on sustainable development.
- Monitoring the company's compliance with the Code of Professional Conduct.

▪ The main powers and authorities of the Audit Committee:

The following are the main powers and authorities granted by the Board of Directors to the Audit Committee:

- the Audit Committee shall has the right to examine any activity within its audit requirements and is authorized to have unrestricted access to the external auditor and obtain any professional advice on any matter relating to the accounts of the company.
- The Committee shall be authorized to request any information required from any employee or member of the Board of Directors, and the members of the Board of Directors and staff shall be directed to cooperate with any request submitted by the Committee.

▪ The Audit Committee shall consist of the following members:

- H.E. Nasser Saif Majid Al Mansour
- Mr. Suhail Saeed Abdullah Al-Falasi.
- Mr. Khalid Khalifa Swaih Al Nuaimi.
- Mr. Rashid Ali Rashid Al-Omairah (Till January 2018).

▪ Meetings of the Board's Audit Committee:

Number of meetings held by the Audit Committee during the year to discuss matters related to financial statements and any other matters, and their dates, in addition to, the number of personal attendance of members in these meetings.

S.NO	Name	First Meeting 18 March 2018	Second Meeting 13 May 2018	Third Meeting 2 July 2018	Fourth Meeting 12 August 2018	Fifth Meeting 12 November 2018	Total
1	Mr. Nasser Saif Al Mansour	✓	✓	✓	✓	✓	5
2	Mr. Rashid Ali Rashid Al-Omairah	✓					1
3	Mr. Suhail Saeed Abdullah Al-Falasi		✓	✓	✓	✓	4
4	Mr. Khalid Khalifa Al Nuaimi	✓			✓		2
	Total	3	2	2	3	2	

□ The Nominations and Remunerations Committee

▪ The main duties and responsibilities of the Nominations and Remunerations Committee

The Nomination and Remuneration Committee was formed to undertake the duties and responsibilities stipulated in both the Articles of Association of the Company and the decision of Chairman of SCA Board of Directors. The Nomination and Remuneration Committee is also responsible for determining the remunerations of the members of the Board of Directors, individually and in total according to the limits approved by the shareholders, setting the remuneration policy for the executive management associated with the performance of the company and determining the salary ceiling, including salaries, bonuses and incentive programs. The committee is also responsible for preparing and reviewing human resources policies in compliance with the relevant laws and regulations and supervising the procedures of nominating members of the Board of Directors, because the Company believes that the members of the Board should be rotated as part of its commitment to good practices.

▪ The main functions of Nominations and Remunerations Committee are as follows:

- Reviewing and ensuring the independency of the members of the Board of Directors in the exercise of their functions and duties.
- Preparing and reviewing the remuneration and wage policy of the Board of Directors and Executive Management.
- Determining the Company's needs of qualifications at the Senior Executive Management level.
- Organizing and reviewing the procedures of nomination to the Board of Directors.

- Preparing and reviewing of the human resources policy, and If the Committee finds that one of the members has lost the requirements of independence, it must submit the matter to the board of directors of the company. The board of directors shall notify the member, via a registered letter to be send to its fixed address with the company, of the reasons justifying the absence of independence. The member should respond to the Board of Directors within fifteen days from the date of notification thereof, and the Board of Directors shall issue a decision to consider the member as independent or non-independent at the first meeting following the member's reply or the expiry of the mentioned period if he failed to reply. If losing this capacity by the member will not result in a violation of the requirements related to the minimum number of independent members within the Board of Directors, this should be considered when forming the committees, without prejudice to the provisions of the relevant articles of Companies Law No. (2) for the year 2015. If the Board's decision with the lack of the reasons or justification of the independence of the member shall affect the minimum percentage of independent members within the Board, The Board of Directors of the Company shall appoint an independent member to replace the Member, Provided that the order of appointment shall be submitted to the first general meeting of the company to consider approving the decision of the board of directors.

▪ The Powers of Nominations and Remunerations Committee:

The following are the main powers and authorities of the Nominations and Remuneration Committee:

- The Committee shall be authorized by the Board of Directors to examine any activity within its audit requirements and to have unconditional access to and obtain any professional advice on any matter relating to the Company.
- The Committee shall be authorized to request any information required from any employee or member of the Board of Directors, and the members of the Board of Directors and staff shall be directed to cooperate with any request submitted by the Committee.

▪ Meetings of the Board's Nominations and Remunerations Committee:

A list of the number of meetings held by the Committee during the Fiscal year and its dates , indicating the number of personal attendance of all members of the Committee.

S.NO	Name	First Meeting 5 JUL 2018	Total
1	Mr. Saeed Saif Darwish Al Ketbi	✓	1
2	Mr. Suhail Saeed Abdullah Al-Falasi	✓	1
3	Mr. Khalid Khalifa Swaih Al Nuaimi	✓	1
	Total		3



□ Committee Concerned with Following up and supervising transactions of “insider” persons

Names of the members of Committee Concerned with Following up and supervising transactions of “insider” persons, and the duties and responsibilities entrusted to them.

- Mr. Osama Abdelhareth Abu Bakr.
- Mr. Wael Ghazi Rawishdeh.

Summary of the report of the Committee's work during the year 2018.

- Set up insider trading record.
- Follow-up trading of insider persons on the shares of the company.



Abu Dhabi National Company for Building Materials - BILDCO - is responsible for the internal control and review of its effectiveness, through preservation of assets, maintaining correct financial statements and disclosing errors and irregularities. The Board of Directors is committed to reviewing the Audit Committee's report on the results of internal control activities and the periodic reports on control activities.

Internal control include defining a clear organizational structure, codifying policies and guidelines, and identifying authorities, agencies and performance monitoring mechanisms that have been set up to monitor the company's operations effectively and regularly and ensure compliance with governance laws.

Board of Directors Role In Internal Control

- The Board of Directors recognizes its full responsibility for the internal control system, its audit and its effectiveness.
- The Board of Directors shall be fully responsible for ensuring that the senior management prepares and implements an effective internal control system to provide reasonable guarantees for the efficiency of the operations, to provide accurate financial reports and to comply with the laws and regulations within the limits stipulated in the Federal Law No. (2) of the year 2015 Concerning Commercial Companies and the decision of the Chairman of SCA Board of Directors No. (7 / R .M) for the year 2016 on corporate discipline and governance of public shareholding companies.
- The Board of Directors authorized the Audit Committee to:
 - Audit risk management systems and internal control regulations at least once a year to ensure that all risks that may face the business objectives are mitigated by applying appropriate and effective regulations. The audit should include the regulations on financial statements, processes and risk management.
 - Audit procedures followed by the Company's management to identify, assess and manage major risks.

- Changes that have taken place since the last audit was conducted concerning the nature and extent of major risks and the Company's ability to respond to operational changes and changes in the external environment.
 - Scope and nature of control activities under implementation on risk, internal control systems and external audit.
 - Auditing the weaknesses and defects of control system or unexpected emergencies that have affected or may significantly affect the financial performance of the company and the procedures followed by the company to address the essential issues of control.
 - Auditing the company's compliance with applicable laws and regulations.
- The Board shall be responsible for setting up the policy for reporting irregularities, in accordance with the provisions of the Commercial Companies Law and the decision of the Chairman of SCA Board of Directors No. (7 / R.M) for the year 2016 on corporate discipline and governance of public shareholding The Board of Directors of the Company authorized the Audit Committee to audit the efficiency of the Company's internal control system, and based on the audit findings and the information available to it, the Audit Committee confirms that the internal control system has been effectively and appropriately designed and is being implemented efficiently to achieve the Company's objectives.



Abu Dhabi National Company for Building Materials - BILD CO - is responsible for the internal control and review of its effectiveness, through preservation of assets, maintaining correct financial statements and disclosing errors and irregularities. The Board of Directors is committed to reviewing the Audit Committee's report on the results of internal control activities and the periodic reports on control activities.

Internal control include defining a clear organizational structure, codifying policies and guidelines, and identifying authorities, agencies and performance monitoring mechanisms that have been set up to monitor the company's operations effectively and regularly and ensure compliance with governance laws.

Procedures and applications of the internal control system

The internal control system of BILD CO consists of a set of procedures that are applied by the Board of Directors, the Executive Management and all the Company's employees. These procedures are designed to provide appropriate and not absolute guarantees on the achievement of the following objectives:

- **Risk Management:** Ensuring that risks and controls are identified to achieve the company's objectives.
- **Effectiveness and Efficiency of The Operations:** Defining key objectives of the company including compliance with performance standards and resource protection.
- **Reliability of Financial Reports:** Ensuring provision of reliable financial statements and other financial information to the Board of Directors, shareholders and senior management.
- **Compliance with applicable laws and regulations:** Including the laws and legislations to which the company is subject in order to avoid harming the reputation of the company or fines.

Finally, the objective of the internal control system is to ensure that the rules of internal controls are properly established, documented, maintained and adhered to in all departments and sectors of work. The company should integrate the internal control system with its standard activities related to corporate governance and risk management.

□ The Mechanism of Internal Control

- The Internal Control Department is responsible for ensuring that the procedures applied to monitor operations within the Company have been properly designed and implemented in an effective manner in accordance with its annual plan approved by the Audit Committee delegated by the Board of Directors.
- The Internal Control Department is responsible for reporting on the effectiveness of the Company's internal control systems to management and the Audit Committee delegated by the Board of Directors, and its reports should include ideas and recommendations for improving such systems. The Internal Control Department is not responsible for the preparation and maintenance of internal control systems, which are the responsibility of the delegated management.
- The Internal Control Department appoints a Compliance Officer and assign clear and independent responsibilities to him to supervise compliance with laws and regulations of Regulators. Further, the Compliance Department shall control the company's activities and ensure that they are in line with the external laws and regulations and being carried out in accordance with the annual work plan of the compliance Department. In addition, the Compliance Department shall modify and update the procedures followed in the compliance control system to ensure the continuation of the work of the Department according to the highest standards.
- The Internal Control Department only provides appropriate assurance to the Audit Committee delegated by the Board of Directors on the effectiveness of the operations in the realization of the Company's objectives.

Within this framework, the Risk Management Department shall regularly monitor and evaluate the Company's related risks and discuss them with the Chief Executive Officer and the Executive Management Team to identify the best ways to deal with the risks that the Company may face, thus ensuring that risk management is closely aligned with the company's strategic and business objectives.

The company is in the process of implementing certain procedures and practices that will develop the work process and increase the practical efficiency of dealing with the risks in this important management. The CEO of the company reviews the effectiveness of the risk management and reports to the Audit Committee on a quarterly basis.

- The official in charge of the Internal Control Department and Compliance Officer in the company and his qualifications

Internal Control System

Name	Job Title	Qualifications and Expertise	Date of appointment
Osama Abdelhareth Abu Bakr	Director of the Internal Control Department and Compliance Officer	Bachelors of commerce from Cairo University	1 February 2017



How the Internal Control Department deals with critical issues in the company

How the Internal Control Department deals with any critical issues in the company or those disclosed in annual reports and accounts?

- Follow up the implementation and ensure the integrity of the procedures performed to execute the resolutions of the General Meeting of the company.
- Ensure that the company's portfolio is classified according to the accounting standards.

Details of the violations committed during the fiscal year and its reasons and how to address them and avoid recurrence in the future

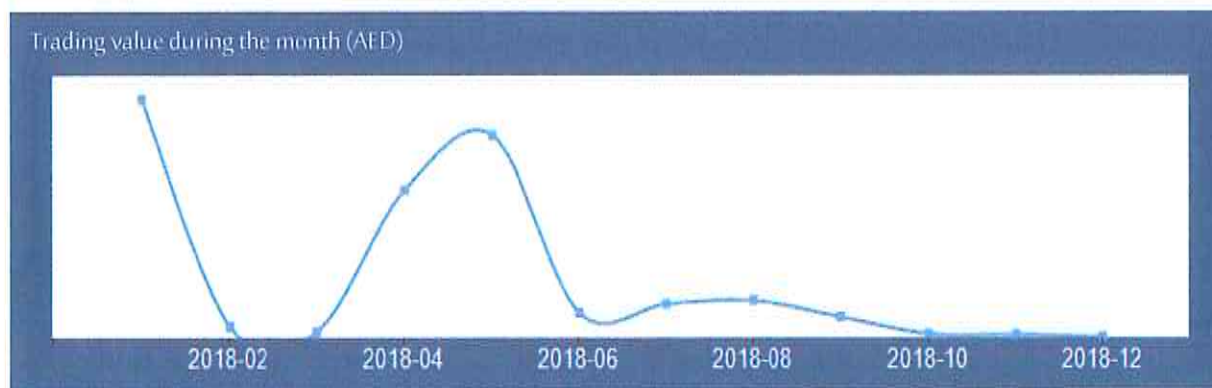
BILDCO complies with all laws, decrees and regulations in force in the UAE, and No violations of laws and regulations have been committed during the fiscal year 2017. Further, the Company commit itself, through its Board of Directors and Executive Management, to the corporate discipline frameworks that do not permit procedural irregularities.

Cash and in-kind contributions

A statement of the cash and in-kind contributions made by the company during the year 2017 in the development of the community and the preservation of the environment.

- There are no contributions.

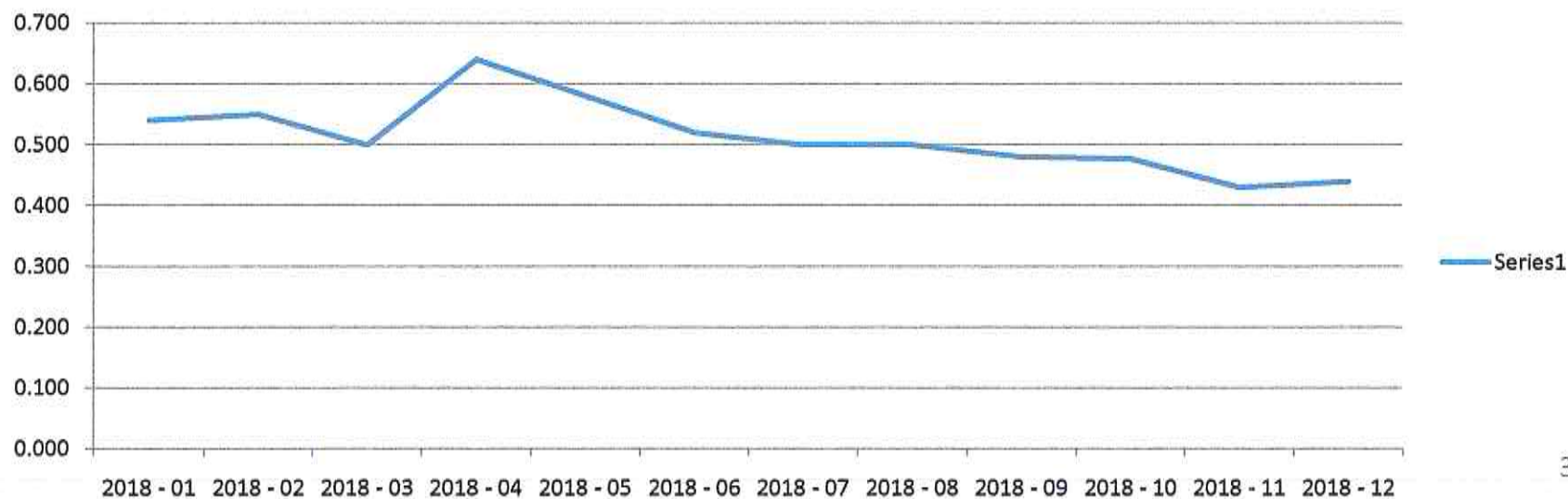
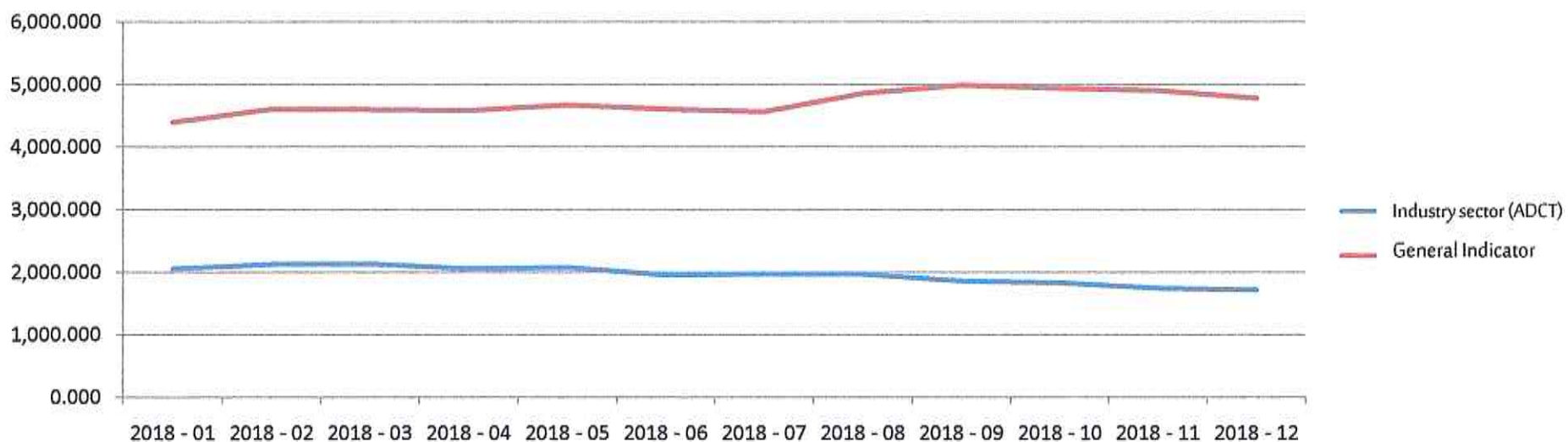
Statement of the market price of company's shares (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2018



Total	
Value (in UAE Dirham)	28,465,757.83
QUANTITY	50,070,055
Deals	762

QUANTITY	Value (in UAE Dirham)	Lowest (In UAE Dirham)	Highest (In UAE Dirham)	Closing (In UAE Dirham)	Opening (In UAE Dirham)	Month	Year
15,991,346	9,157,388.10	0.420	0.650	0.540	0.420	January	2018
848,385	469,267.83	0.520	0.610	0.550	0.540	February	2018
530,498	272,687.22	0.500	0.580	0.500	0.500	March	2018
9,487,936	5,691,967.51	0.460	0.670	0.640	0.460	April	2018
13,028,894	7,792,191.67	0.550	0.660	0.580	0.620	May	2018
1,879,276	1,003,920.03	0.480	0.590	0.520	0.530	June	2018
2,659,674	1,343,311.57	0.470	0.550	0.500	0.480	July	2018
2,851,340	1,469,377.83	0.460	0.570	0.500	0.480	August	2018
1,855,455	843,310.12	0.430	0.490	0.480	0.461	September	2018
401,299	186,744.12	0.431	0.490	0.477	0.470	October	2018
375,300	166,608.40	0.410	0.477	0.430	0.455	November	2018
160,652	68,983.43	0.410	0.479	0.440	0.410	December	2018

A statement of the performance of the company's shares compared with the market index and the sector index to which the company belongs during 2018



- Statement of Shareholders' Equity as at 31/12/2018 (Individuals, Government) Classified as follows: Local, Gulf, Arab, Foreign

S.NO	Shareholders Classification	Number of shares held			
		Individual	Companies	government	Total
1	Local	% 87.91	% 7.52	0 %	% 95.44
2	Arabic	% 3.38	% 0.78	0 %	% 4.15
3	Foreign	% 0.41	0 %00	0 %	% 0.41
	Total	91 % .70	% 8.30	0 %	100%

- A statement of shareholders holding 5% or more of the Company's capital as at 31/12/2018

S.NO	Name	Number of shares held	Shareholding percentage in the Company's Capital
1	Mr. Khalid Ali Rashid Al-Omairah	65,725,309	% 21.90
2	Mr. Ali Rashid Nasser Al-Omairah	62,813,806	20.93 %

□ Distribution of the Shareholders' Equity as at 31/12/2018

S.NO	Shareholding	Number of shareholders	Number of shares held	Shareholding percentage
1	Less than 50,000	919	8,413,810	% 2.81
2	From 50,000 to 500,000	160	23,207,496	% 7.74
3	From 500,000 to 5,000,000	47	58,698,923	% 19.56
4	More than 5,000,000	14	209,679,771	% 69.89

□ A statement of the actions taken regarding investor relations controls

A statement of the actions taken regarding investor relations controls, which present the following:

- Name of the investor Relations Officer and contact details
- Create a link to the Investor Relations page on the company's website.

1	Name of Investor Relations Officer	Hani Shaker Habib
2	Phone Number	02-6455500
3	Mobile Number	055-6052203
4	Email	h_shaker@bildco.ae
5	Investor Relations page link	www.bildco.ae

□ A statement of the special resolutions that were presented in the General Meeting held during 2018 and the actions taken thereon

- Company's Purchase of 10% of its shares under its name and account for the purpose of sale.

□ The name of Rapporteur of the board of directors' meeting and the date of his appointment.

- Mr. Osama Abdelhareth Abu Bakr
- Appointment Date: **1 February 2017**



A statement of the material events that occurred during the year 2018

- The Company did not encounter any material events during the year 2018 that would affect the Company.

Statement of Emiratization percentage at the end of 2018

- Emiratization percentage : %10.8.

A statement of innovative projects and initiatives undertaken by the company or under development in 2018

- None.



Through its Board of Directors, Board's Committees and Executive Management, the company continues to make a firm commitment to achieve its business sustainability and enhance its contribution in supporting and promoting economic and social development in the UAE by adopting smarter and effective ways.

One of the most important concerns of the Board of Directors of the company, representatives of its committees and all members of the executive management is to make significant contributions to the society surrounding the company.

The company praises the high level of attention paid by the political leadership of the State and all governmental and community entities, in which the company has contributed and made every effort to develop the surrounding society, especially with regard to the following sectors:

- Education Sector.
- Health Sector.
- Environment and Waste Management Sector.

It is worth mentioning that the Executive Management will present an integrated plan on the development of the society surrounding the company for the coming years and the financial allocations to be made for the same, which will be included in the budget of the company. In addition, our continuous efforts exerted in contacting with citizens who have been granted loans to build their own homes from the Al-Diwan Al-Amiri in the Emirate, which include providing building materials products at cost prices, have contributed to relieving the burdens on the Emirate's citizens.



The management of the company at all levels, from the board of directors and its committees to the executive management, is dedicated to providing the highest level of service to customers and improving their level of satisfaction.

In order to ensure this, we have been able to offer a number of products and services that have contributed to our competitive advantage and to emphasize our position as the best choice for most of our customers, whether individuals or institutions.


Saif Bin Darwish Al Ketbi
Chairman