



شركة الجرافات  
البحرية الوطنية  
NATIONAL MARINE  
DREDGING COMPANY



## Corporate Governance Report 2018

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### 1. INTRODUCTION

National Marine Dredging Company ("NMDC" or the "Company") is operating in an evolving global environment of diverse expectations, constant regulatory change, and increasing focus on stakeholder engagement and accountability. We acknowledge that the environment in which we operate provides challenges from a governance and regulatory perspective; however, we are confident that our commitment to adopting and complying with good corporate governance practices, and our culture and values will continue, as ever, to provide the group with a strong foundation that will enable the Board of Directors and the Company to meet these challenges going forward.

The purpose of this document is to report on the corporate governance framework at NMDC, in accordance with the Resolution No. 7 of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies ("Corporate Governance Code") issued by the Securities and Commodities Authority ("SCA") and as amended from time to time.

This report includes a discussion on the following:

1. Corporate Governance Practices - the principles of the Company's corporate governance framework and the approach the Company takes to the implementation of these principles;
2. Board of Directors (the Board) - the role of the Board in connection with the Company's corporate governance framework, the structure and composition of the Board, the terms of membership of the Directors including membership in other joint stock companies and details about their remuneration from the company;
3. Directors' Dealings in NMDC Securities - a description of the Company's share dealing policy, and the company's approach to ensuring that it complies with its disclosure obligations relating to Directors' dealings in NMDC securities;
4. External Auditors - a brief about the Auditor company, including a statement of the fees and expenses relating to auditing or other services provided by the Company's External Auditor, and their qualified opinion on the interim and annual financial statements;
5. Board Committees - a description of the composition, functions and responsibilities of the four Board Committees – Audit Committee, Nomination and Remuneration Committee, Strategy Committee and Technical Committee;
6. Internal Control System - a description of the Company's internal control system, and the Company's approach to comply with that system;
7. Company's Contribution – in development of local community and environment protection during the year 2018; and
8. General Information - certain other information requested by SCA, including price movement of Company's shares, breakdown of share ownership, investor relations and corporate governance violations committed during 2018.

## 2. CORPORATE GOVERNANCE PRACTICES

### 2.1. Corporate Governance Rules

The Board of NMDC is committed to implementing strong corporate governance practices to a standard derived from an amalgam of UAE guidelines and international best practices. Underpinning these legislative, regulatory and best practice requirements are NMDC's values and philosophies, which provide the framework against which we measure behavior and practices so as to assess the characteristics of good governance. Our values require that directors and employees act with integrity and conduct themselves to promote and maintain trust.

Sound corporate governance is therefore implicit in our values, culture, processes, functions and organizational structure. Structures are designed to ensure that our values remain embedded in all businesses and processes. We continually refine these structures and a written statement of values serves as our code of ethics. NMDC undertakes a frequent review of its strategic and operational environment, including communication with its stakeholders, in order to determine an appropriate balance, scope and sophistication of the corporate governance framework which is proportionate to NMDC's nature, size and complexity.

The corporate governance culture of NMDC is driven by:

- A well informed and effective Board to direct the Company's affairs and set its objectives;
- Clearly defined roles and responsibilities of the Board, its members, its committees, and key Company officers and executives;
- Selection of productive strategies and management of risks;
- Appropriate delegation and monitoring of responsibility and accountability to Management;
- Satisfying the interests of stakeholders through relevant and material disclosures;
- Ensuring compliance with all regulatory obligations;
- Ensuring that the Company's performance and financial reporting are properly directed and controlled through an effective internal control system;
- Engaging with the community; and
- Adopting high ethical standards and practices by the Company, its officers, and employees.

To achieve these aims, and to ensure compliance with the specific requirements of the Corporate Governance Code issued by SCA, the Company has developed and implemented its Corporate Governance Manual, which contains policies on the following subjects:

- Board and Director Matters;
- Board Committees;
- Delegation of Authority to Management;
- Relationship with Shareholders;
- Company's Disclosure Obligations;
- Internal Control System;

- Engagement of External Auditor;
- Code of Conduct;
- Share Dealing Policy; and
- Board Committee's Terms of Reference.

The Board is reviewing and updating the Corporate Governance Manual to align it with the requirements of Federal Law No. 2 of 2015 concerning Commercial Companies and Resolution No. 7 of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies issued by SCA.

Directors are responsible for monitoring and reviewing the preparation, integrity and reliability of NMDC's consolidated financial statements, accounting policies and the information contained in the annual report. In undertaking this responsibility, the Directors are supported by an ongoing process for identifying, evaluating and managing significant risks NMDC faces in preparing the financial and other information contained in the annual report. This process was in place for the year under review and up to the date of approval of the annual report and financial statements. The process is implemented by the Management and independently monitored for effectiveness by the Audit, Strategy, Nomination and Remuneration and Technical Committees of the Board.

### 2.2. Corporate Governance Structure

The Board plays a central role in the Company's corporate governance framework. It is ultimately responsible for ensuring that the Company complies with its legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties to shareholders. The Board is assisted in this process by various Board committees (particularly Audit Committee, Strategy Committee, Nomination and Remuneration Committee and Technical Committee), external and internal auditors, and company officers and employees (including the Chief Executive Officer, Chief Financial Officer, Head of Internal Control and other members of Management).

In addition to the Articles of Association and regulating laws, the NMDC Board has approved a wide range of charters, codes, policies and carefully defined business structures and processes in order to record their decisions and delegations, and regulate the operations and overview activities of the Company and its subsidiaries. The Board has also issued general principles of behavior and personal conduct for which all directors and staff are accountable as individuals and as a collective entity. The corporate governance structure ensures transparent reporting and necessary checks and balances. Various layers of shareholder, management and regulatory oversight ensure continuous performance review against corporate strategic objectives and external standards.

### 2.3. Disclosure Practices

The Company is committed to comply with all of its disclosure obligations, including to Securities and Commodities Authority (SCA), the Abu Dhabi Stock Exchange (ADX) and to shareholders, so that trading in its shares can take place in an informed market. In 2018, the Company made regular disclosures to SCA and ADX including upcoming Board meetings and decisions, publication of Annual Report, Corporate Governance Report and other announcements on key financial and/or operational matters/transactions, copies of which are generally available or updated on the Company's website.

### 2.4. Delegation of Authority

The Board has approved the Delegation of Authority Matrix in 2010. The Delegation of Authority, and specific updates approved thereafter, outlines authority limits delegated by the Board to the executive committees, management and staff in order to run the Company's affairs and operations within the United Arab Emirates and overseas locations. Furthermore, the Company adopts a written policy on approval of purchases (supplies and services), payroll and related employee expense claims, and petty cash transactions.

The Board has also delegated certain authority to its committees, being the Audit Committee, the Nomination and Remuneration Committee, the Strategy Committee and the Technical Committee.

The existing Delegation of Authority Matrix is constantly under review and any update required to address changes in current economic environment within which the Company operates is incorporated.

### 2.5. Code of Business Conduct and Fraud Control Policy

The Company has defined Code of Business Conduct and Fraud Control Policies, which address the following areas:

- Compliance with Laws and Regulations;
- Personal Conduct;
- Standard of Conduct;
- Confidentiality and Intellectual Property Rights;
- Integrity and Conflicts of Interest;
- Competition and Fair Dealing;
- Protection and Proper Use of the Company's Assets;
- Health and Safety;
- Reporting any Violations of the Code;
- Compliance Procedure; and
- Disclosure in Reports and Documents.

Company officers and employees are required to comply with these Codes in performing their duties.

### 2.6. Director's Induction Policy

The Company's policy on director induction requires all new Directors to participate in the Company's induction program. This program includes presentations by Management to familiarize new Directors with the Company's strategic plans, business operations and activities, business units and departments, and principal officers and employees. The program aims at providing the information required to ensure that a new Director understands his/her duties and responsibilities under the applicable laws and regulations, the Company's corporate governance framework, and understands the Company's policies and procedures.



### 2.7. Share Dealing Policy

The Company has adopted a policy on Directors' and employees' dealing in the Company's securities, for the purpose of ensuring that the Company's Directors and employees (and their closely related individuals) do not deal or trade in securities issued by the Company or its subsidiary or group companies based on undisclosed confidential information or in circumstances of conflict.

The following represents the key aspects of the Share Dealing Policy:

- No Director or employee of the Company (or any subsidiary or other company controlled by NMDC) may deal in Company securities whilst they are in possession of any information which could affect the price of these securities, where such information has not been disclosed to the ADX.
- Trading may not take place during any insider trading prohibition period, which is generally the period commencing in the last two weeks of an accounting quarter, and ending once the accounts for that quarter have been released to the market.
- Directors who are not in possession of such information as referred to above, and who are not proposing to trade in any insider trading prohibition period, may only deal in the securities of the Company with the prior written consent of the Chairman (or, in his absence, of the Vice-Chairman), whilst employees who are not in such possession may only do so with the prior written consent of the CEO.

### 2.8. Follow-up Committee

The Follow-up Committee has responsibility for the Register of Insiders including monitoring, follow up, supervising and managing the dealings of all Insiders, registering their dealings and ownership in the Register and to communicate and report to ADX regularly on all such matters.

The Follow-up Committee comprises the following members:

Name	Designation
Representative from Internal Control Department	Committee Head
Representative from Purchasing Department	Committee Member
Representative from Finance Department	Committee Member

The Committee in 2018 regularly reviewed and updated the Register of Insiders. Further in line with ADX regulations and NMDC Corporate Governance Manual, notifications were communicated to Insiders for blackout periods. There was no trading conducted by Insiders during year 2018.

### 2.9. Transactions in Company's Securities by Board Members

The Board and the individual Directors, as well as Company Management understand their obligations with respect to disclosure requirements, in connection with their dealings in NMDC securities and are compliant with all requirements set by SCA and ADX.

Additionally, a yearly declaration is obtained from the Directors confirming their compliance with the Company share dealing policy and with requirements of the Corporate Governance Code. The table below provides details of dealing in NMDC securities and balances as at 31 December 2018, by current Board Members and their relatives.

Name	Position/ Relationship	Shares Held as at 31/12/2018	Total Sale Transactions	Total Purchase Transactions
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	Member	5,999,999		
	Son	3,199		
	Son	3,199		
	Son	3,199		
	Son	3,199		
	Daughter	3,199		
Mr. Ahmed Saeed Al Mureikhi	Member	310,359	431,640	
	Daughter	199,999	-	-
	Ahmed Saeed for Investments Company LLC	431,640	-	431,640
Mr. Mohamed Ahmed Al Qamzi	Wife	53,999	-	-
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	Member	201,893	-	-

### 3. BOARD OF DIRECTORS

#### 3.1. Role of the Board

The Board is responsible to the Company's shareholders for creating and delivering sustainable value through oversight of the Company's business. In particular, the Board is responsible for providing strategic direction, management supervision and adequate controls, with the objective of promoting success and long-term value of the Company. The Board also plays a central role in the Company's corporate governance framework. It is ultimately responsible for ensuring that the Company complies with its legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties to shareholders.

The NMDC Board seeks to exercise leadership, integrity and judgement in pursuit of strategic goals and objectives, to achieve long-term sustainability and growth. The Board is accountable for the performance and affairs of NMDC. It provides leadership for the Company within a framework of prudent and effective controls which allows risks to be assessed and managed. The Board has adopted a Corporate Governance Manual, which provides a framework of how the Board operates as well as the type of decisions to be taken by the Board and which decisions should be delegated to Management.

The NMDC Board:

- Approves the Company's and its subsidiaries strategy;
- Ensures that the group complies with the applicable laws and regulations;
- Is responsible for the governance of risk, including that of Information Technology (IT);
- Acts as a focal point for, and the custodian of corporate governance;
- Provides effective leadership on an ethical foundation; and
- Ensures that the Company is, and is seen to be, a responsible corporate citizen.

The Board meets its objectives by reviewing and guiding corporate strategy, setting the Company's values and standards, promoting high standards of corporate governance, approving key policies and objectives, ensuring that obligations to its shareholders and other stakeholders are understood and met, understanding the key risks, determining risk tolerance, and reviewing and approving the processes in operation to mitigate risk from materializing, including approval of the Terms of Reference of key Board Committees. To achieve its objectives, the Board may delegate certain of its duties and functions to various Board Committees or the Chief Executive Officer, without abdicating its own responsibilities.

Furthermore, directly or through its committees, the NMDC Board:

- Assesses the quantitative and qualitative aspects of NMDC's performance through a comprehensive system of financial and non-financial monitoring involving an annual budget process, detailed monthly reporting, regular review of strategic and operational updates;
- Approves annual budgets, capital plans, projections and business plans. Monitors the Company's compliance with relevant laws, regulations and codes of business practice;
- Ensures there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders;
- Identifies and monitors key risk areas and key performance indicators;

- Reviews processes and procedures to ensure effectiveness of the internal systems of controls;
- Ensures that the Company adopts sustainable business practices, including social and environmental activities;
- Monitors and evaluates significant IT investments and expenditure;
- Ensures information assets are managed effectively;
- Ensures that appropriate risk governance, including IT, is in place including continual risk monitoring by Management;
- Ensures integrity of the Company and its subsidiary's integrated report;
- Ensures induction of, and ongoing training and development of Directors; and
- Evaluates performance of Senior Management and considerations for succession planning.

### 3.2. Composition of the Board

NMDC Board of Directors comprises of the following members:

Name	Designation	Membership Category	Year of Initial Appointment
Mr. Mohamed Thani Murshid Al Rumaithi	Chairman	Independent	2007
Mr. Khalifa Mohamed Abdul Aziz Rubaya Al Muhairy	Vice Chairman	Non-Executive	2004
Mr. Abdulla Ali Musleh Al Ahbabi	Member	Independent	2007
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	Member	Independent	2007
Mr. Ahmed Saeed Al Mureikhi	Member	Independent	2010
Mr. Mohamed Ahmed Al Qamzi	Member	Independent	2013
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	Member	Non-Executive	2007
Mr. Mohamed Rashed Mubarak Al Kitbi	Member	Non-Executive	2010
Mr. Dagher Darwish Al Marar	Member	Non-Executive	2016

All of the above Directors are considered as non-executive and/or independent, according to the definitions used in the Corporate Governance Code. In particular, the Code states that a Director is non-executive if they are not employed by the Company, or who do not receive a monthly or annual salary from the Company. All of the Directors satisfy this definition and are thus considered as non-executive Directors.

The Corporate Governance Code also highlights that a Director cannot be deemed to be independent if he/she satisfies any of the following conditions:

- He/she is an employee of any party related to the Company during the last two years;
- He/she is directly related to a company that performs consultation business or provides consultation to the Company or any parties related thereto;
- He/she enters into personal service contract with the Company, any party related to the Company or the employees of Executive Management of the Company;
- He/she is directly related to a non-profit organization that receives a considerable financing from the Company or a party related thereto;

- He/she during the last two years is related to or an employee of any external or former auditor of the Company or any party related to the Company; or
- He/she or his/her minor children's share or shares of both in the capital of the Company, amounts to ten percent or more.

To ensure their continued independence, Directors are required to disclose the nature of their positions with other organizations, including companies and public institutions, and indicate the set term of each position, when they first join the company, and when their positions change.

### 3.3. Representation of Female Members in the Board of Directors

The Company's Board was re-constituted during 2016 for which the Company sent out advertisements in line with applicable law and regulations seeking nominations for the Board from eligible members. On 4 April 2016, the Nomination and Remunerations Committee of the Board reviewed the nominations received as per the Company's Articles of Association and applicable regulations; however, no female member nomination was received. Therefore there is no female representation in the current Board of Directors.

### 3.4. Director's Qualification and Experience

The current NMDC Board of Directors' qualifications and experience are as follows:

Name	Qualification	Exp.	Membership in Joint Stock Co	Other Memberships
Mr. Mohamed Thani Murshid Al Rumaithi	Businessman	20+ Years	1. Chairman of Arabtec	1. President of Federation of UAE Chambers of Commerce & Industry 2. Chairman of Abu Dhabi Chamber of Commerce & Industry 3. Chairman of Thani Murshed Uniliver 4. Board member of Emirates Competitiveness Council 5. Board Member of Abu Dhabi Council For Economic Development
Mr. Khalifa Mohamed Abdul Aziz Rubaya Al Muhairy	Bachelor Degree in Accounting & Business Management	20+ Years	1. Chairman of Al-Khazna Insurance Company	1. Vice Chairman of Al-Rubaya Group
Mr. Abdulla Ali Musleh Al Ahabbi	Master of Business Administration	20+ Years		1. Chairman of Abu Dhabi Sewerage Services Company 2. Board Member of Environment Agency – Abu Dhabi 3. Chairman of Sweihan Solar Company
Mr. Mohamed Ahmed Al Qamzi	Bachelor of Science in Management, EMBA, PLD	15+ Years		1. Executive Director, Internal Equities ADIA 2. Board Member of Khalidiya Co-operative Society 3. Member of National Consultative Council
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	Businessman	20+ Years		1. CEO of Abdul Khaleq Al Khouri & Sons Company. 2. Managing Director of Milipol International Company.
Mr. Mohamed Rashed	Businessman	15+		

Name	Qualification	Exp.	Membership in Joint Stock Co	Other Memberships
Mubarak Al Kitbi		Years		
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	Businessman	15+ Years	1. Board Member and Managing Director of Al-Khazna Insurance Company	1. Managing Director of Electromechanical Company. 2. Board Member of Al-Rubaya Group
Mr. Ahmed Saeed Al Mureikhi	Bachelor of Electrical Engineering	20+ Years		
Mr. Dagher Darwish Al Marar	Master of International Relations The University of Queensland	15+ Years		1. Director General at Abu Dhabi Council for Economic Development

### 3.5. Directors Remunerations

The Company's General Assembly determines remuneration of the Board of Directors on an annual basis. According to the Company's Articles of Association and the Corporate Governance Code, the Director's remuneration cannot exceed 10% of net profits of the Company, after deducting depreciations and statutory reserve.

The Nomination and Remuneration Committee is also required to review, at least annually, the remuneration proposed to be paid to Directors, whether in their capacity as members of the Board or of the Board Committees, and make recommendations to the Board as considered appropriate.

In 2018, the Directors were paid remuneration of AED 10.1 million in respect to financial year 2017. On 21 April 2019, the AGM approved an amount of 11 million (9.1% of the net profit) as Board of Directors remuneration in respect of financial year 2018.

Apart from the above provision for bonuses, no other remuneration or allowances have been paid/proposed to be paid to the Board members for attending the meetings of the Board or membership remuneration in the committees formed by the Board for the year 2018.

### 3.6. Board of Directors Meeting

The Board of Directors held four (4) meetings during 2018 on the following dates:

Name	Meeting 1	Meeting 2	Meeting 3	Meeting 4
	20/3/2018	15/4/2018	18/9/2018	11/11/2018
Mr. Mohamed Thani Murshid Al Rumaithi	×	×	✓	×
Mr. Khalifa Mohamed Abdul Aziz Rubaya Al Muhairy	✓	✓	✓	✓
Mr. Abdulla Ali Musleh Al Ahababi	✓	Note 1	✓	×
Mr. Mohamed Ahmed Al Qamzi	✓	✓	✓	✓
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	×	✓	✓	✓
Mr. Mohamed Rashed Mubarak Al Kitbi	✓	✓	✓	✓
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	✓	✓	✓	×

Name	Meeting 1	Meeting 2	Meeting 3	Meeting 4
	20/3/2018	15/4/2018	18/9/2018	11/11/2018
Mr. Ahmed Saeed Al Mureikhi	✓	Note 1	✓	✓
Mr. Dagher Darwish Al Marar	✓	✓	✓	×

✓ refers to attendance

× refers to absence

**Note 1:** This Board member did not attend the Board of Directors meeting but had signed a proxy to the other Board members.

### 3.7. Board Secretary

The position of Board Secretary in 2018 was held by external consultant Allen and Overy, an international law firm.

### 3.8. Duties and Competencies of the Board performed by Executive Management

Under the Articles of Association, and by virtue of various resolutions, the Board of Directors of the Company have delegated to the other committees of the Board, the CEO or other officers, the authority to transact business on behalf of the Company. To that end, the Board has delegated to the CEO authority to conduct the business of the Company within the UAE and abroad, and to carry out all acts reasonably necessary to fulfil the Company's objects with certain financial limits.

Specifically, the CEO holds a special Power of Attorney, dated 30 Aug 2016, and signed by the Chairman to:

- Sign all correspondence of the Company before Governmental and Local Departments;
- Complete legal transactions on behalf of the Company in accordance with the Company's policies and procedures;
- Address, send and receive notices and warnings on behalf of the Company;
- Visit all Federal or Local Departments and establishments for completing and signing all the administrative, legal and judicial requirements of the Company's business;
- Sign all bids, tenders, supply contracts and projects contracts executed by the Company or on its behalf via subcontracting; and
- Sign sale contracts for selling materials, vehicles or metals that the Company wishes to dispose of and sell to third parties.

### 3.9. Dealing with Other Concerned Parties

Related parties include the Government of Abu Dhabi, Directors and key management personnel, management entities engaged by the Group and those enterprises over which the Government of Abu Dhabi, Directors, the Group or its affiliates can exercise significant influence or which can exercise significant influence over the Group. In the ordinary course of business, the Group provides services to, and receives services from, such enterprises on terms agreed by management. The Group derives significant portion of its UAE revenue from the Government of Abu Dhabi, its departments and related entities.

Balances with related parties as at 31 Dec 2018 are as follows:

	<b>AED'000</b>
<i>Balances with Government of Abu Dhabi and related entities</i>	
Trade and other receivables	2,171,840
<i>Balance with shareholders (excluding Government of Abu Dhabi and related entities):</i>	
Trade and other receivables	13,452
Trade and other payables	1,000
<i>Due from joint venture for project related work:</i>	
Trade and other receivables	554,090

Transactions with related parties during 2018 are as follows:

	<b>AED'000</b>
<i>Government and related entities</i>	
Revenue earned during the period	704,891
<i>Joint venture</i>	
Revenue earned during the period	555,943

Other related party transactions

In 2018, Abu Dhabi Municipality granted the Company the right to use the land at the Company's base facilities in Musaffah for an annual charge of AED 1,799 thousand (2017: 1,799 thousand) per annum.

The below table provides the detail of dealings by the Company with companies related to the members of the board. All transactions with such related parties were carried out in the normal course of business, on arm's length transactions, and as per established policies and procedures.

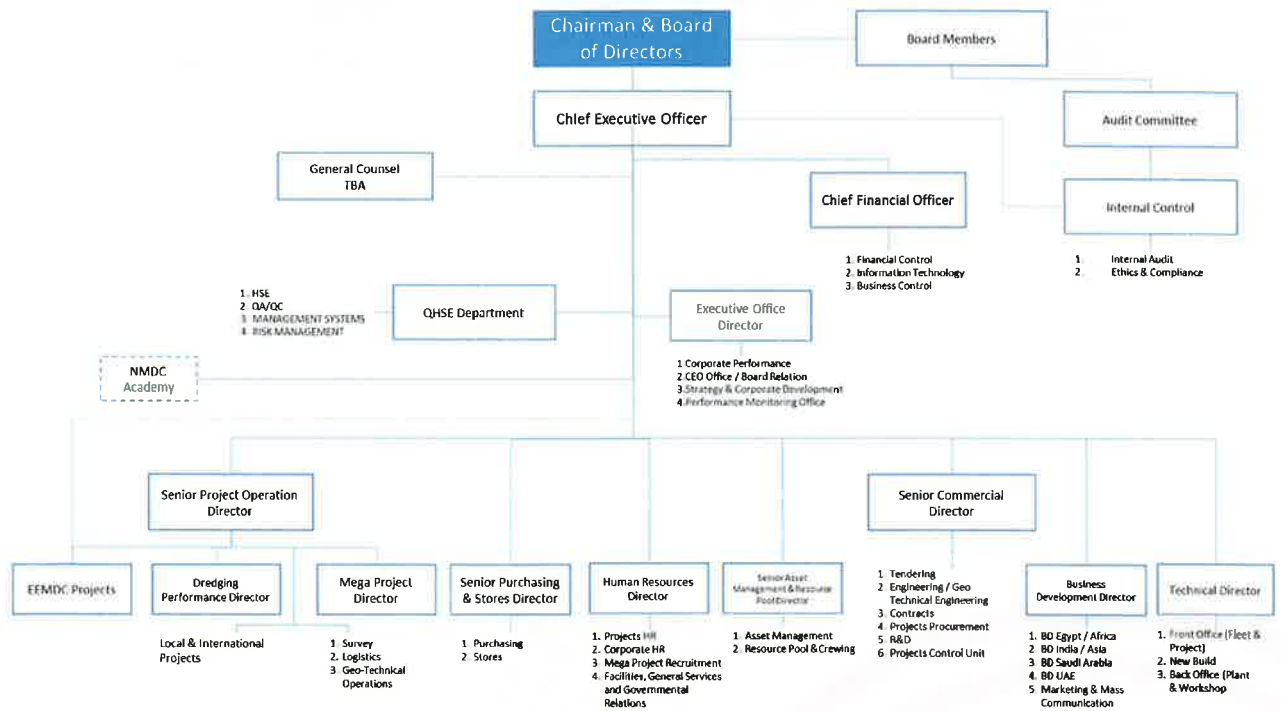
Name of Company	Nature of transactions	Transactions in 2018 (AED'000)
Al Khazna Insurance Company	Insurance services	1,818



### 3.10. Executive Management

The CEO, supported by the Management team, is responsible for the day-to-day management of the Company's businesses.

The following illustrates Organization Structure of the Company.



The table below details the current Executive Management team at NMDC, along with their date of appointment and salaries, allowances and bonuses paid to them for the financial year 2018:

Position	Date of Appointment	Date of Resignation (If Applicable)	Total Salaries and Allowances paid in 2018 (AED)	Total Bonuses paid in 2018 (AED)	Any other Cash/in-kind benefits for 2018
Chief Executive Officer	1-Jan-10		3,495,100	3,000,000	-
Chief Financial Officer (Previous)	31-Aug-16	17-Sep-18	1,187,414	-	-
Chief Financial Officer (Current)	18-Jun-18		488,994	38,137	-
Senior Project Operation Director	16-Dec-18		37,935	-	-
Senior Purchasing & Stores Director	19-May-16		1,084,501	59,596	-
Senior Asset Management & Resource Pool Director	24-May-17		1,211,700	75,000	-

Position	Date of Appointment	Date of Resignation (if Applicable)	Total Salaries and Allowances paid in 2018 (AED)	Total Bonuses paid in 2018 (AED)	Any other Cash/in-kind benefits for 2018
Senior Commercial Director	1-Jun-14		1,210,581	175,000	-
Human Resources Director	15-Jan-18		898,195	50,000	-
Business Development Director	1-Apr-17	11-Jan-18	95,099	-	-
Executive Office Director	1-Mar-18		590,690	60,000	-

#### 4. EXTERNAL AUDITORS

##### 4.1. Appointment of External Auditors

The Company's External Auditors appointed for the year 2018 are Ernst & Young (EY). EY is a US\$ 31.4 billion global professional services organization with over 247,570 employees in more than 150 countries. They are global leaders in providing assurance, tax, transaction and advisory services.

The Audit Committee, after consideration and evaluation had recommended appointment of EY as the External Auditors for 2018. They were appointed as the Company's Auditor for the financial year 2018 by a shareholders' resolution at the Company's Annual General Meeting held on 15 April 2018.

##### 4.2. External Auditors Independence

The Company adopts a policy on external auditors' independence by which the external auditor may not, while assuming the auditing of the Company's financial statements, perform any technical, administrative or consultation services or works in connection with its assumed duties that may affect its decisions and independence or any services or works that, in the discretion of SCA, may not be rendered by the external auditor.

The Company's policy includes measures to ensure the external auditors' independence, including the following:

- The Board nominates the external auditor, generally upon the recommendation of the Audit Committee;
- The appointment of the external auditor is made by a resolution of the Company's Annual General Meeting, for a period of one year renewable;
- The external auditor should be independent from the Company and its Board and may not be a partner, agent or a relative, even of the fourth degree, of any founder or director of the Company; and
- Review and approval by the Audit Committee for any proposed additional services from the external auditors.

Management obtains comfort on independence of the appointed external audit firm through direct inquiry to the firm on independence of the external audit engagement team. Such independence is also reiterated by the appointed auditors during their quarterly presentation to the Audit Committee/ Board.

##### 4.3. External Auditors Fees

External auditors fees for the year 2018 is detailed below:

Name of Auditing Firm	Ernst & Young
Number of years served as an external auditor for the Company	1 year
Total fees for auditing the financial statements of 2018	AED 649,685

During the financial year 2018, EY India has also provided tax advisory services for fees of AED 1,016,596 and EY Egypt has provided consultancy services for fees of AED 55,200.

#### 4.4. Services received from other External Audit Firms

Services received from other external audit firms in 2018 include:

Service Provider	Nature of Service	Value of Service (AED)
Deloitte & Touche – M.E.	Tax/Zakat compliance service in Saudi	20,790
Price Water House Coopers	Registration of New Directors/Tax advisory in Maldives	29,204

#### 4.5. Qualified Opinion of External Auditors

The qualified opinions made by the external auditors EY in the financial statements for 2018 were as follows:

- Basis of Qualified Conclusion in Interim and Annual Financial Statements

Trade and other receivables include unbilled receivables relating to certain contracts with the Government of Abu Dhabi, its departments or its related parties. We were unable to obtain sufficient and appropriate evidence to support the recoverability of the amounts included in these balances as stated below, due to the absence of signed contracts and/or significant delays in the billing and collection. Consequently we were unable to determine whether any adjustments to these amounts were necessary.

Financial Statement	Unbilled Receivables – Verbal Contracts	Unbilled Receivables – Signed Contracts
Q1 (as at 31 March 2018)	AED 848,941 thousand	AED 186,369 thousand
Q2 (as at 30 June 2018)	AED 1,001,619 thousand	AED 185,630 thousand
Q3 (as at 30 September 2018)	AED 1,030,735 thousand	AED 187,700 thousand
Annual (as at 31 December 2018)	AED 769,432 thousand	AED 156,997 thousand

- Emphasis of matters in Interim and Annual Financial Statements:

- As stated in notes to the accompanying consolidated financial statements, unbilled receivables include an amount of AED 600,000 thousand recognized on the basis of claims submitted to a customer in prior periods. The final amount of the claims is still under negotiation and is subject to a review by a consultant, the finalization of which could have a significant impact on the amount of receivables recognized. Our conclusion is not qualified in respect of this matter.
- We refer to notes to the consolidated financial statements, which discloses the significant judgement made by management in relation to the recognition of revenue over time from unsigned contracts in accordance with the requirements of IFRS 15 “Revenue from Contracts with Customers”. Our conclusion is not qualified in respect of this matter.

### 5. BOARD COMMITTEES

The following Board committees have been established by a resolution of the Board, and comprise of non-executive/ independent Board members:

Name of Board Committee	Members
Audit Committee (AC)	Mr. Mohamed Ahmed Al Qamzi (Chairman) Mr. Mohamed Rashed Mubarak Al Kitbi (Member) Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member) Mr. Dagher Darwish Al Marar (Member)
Nomination & Remuneration Committee (N&RC)	Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Chairman) Mr. Mohamed Ahmed Al Qamzi (Member) Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy (Member) Mr. Mohamed Rashed Mubarak Al Kitbi (Member)
Technical Committee (TC)	Mr. Ahmed Saeed Al Mureikhi (Chairman) Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy (Member) Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member)
Strategy Committee (SC)	Mr. Mohamed Ahmed Al Qamzi (Chairman) Mr. Ahmed Saeed Al Mureikhi (Member) Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy (Member) Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member)

The Company has adopted formal Terms of Reference (charters) for each of these Board committees, which details the composition, duties, and responsibilities of each committee, amongst other things. These Terms of Reference are also compliant with requirements of the Corporate Governance Code.

The following conditions govern relationship between the Board and its committees as per the Company's Corporate Governance Manual:

- **Reporting to the Board:** Each committee will report regularly to the Board about their activities and the exercise of their powers. This includes updating the Board at each Board meeting of all decisions and resolutions passed by the committees since the last Board meeting;
- **Annual Evaluation:** Each committee will evaluate its workings under its relevant Terms of Reference on an annual basis, with a view of improving workings of the relevant committee or its relationship with the Board; and
- **Board Follow-up:** The Board will follow up the operations of the committees to ensure that they are adhering to their Terms of Reference.

#### 5.1. Audit Committee

The duties and responsibilities of the Audit Committee are specified in the approved Audit Committee Charter. In particular, the Audit Committee has following key duties and responsibilities:

- Overseeing integrity of and reviewing the Company's financial statements including quarterly and annual reports;
- Developing and applying the policy for selection of external auditors, and following up and overseeing qualifications, independence and performance of the external auditor;
- Overseeing qualifications, independence and performance of the Company's internal audit staff, and approving the annual audit plan prepared by internal auditors;

- Reviewing the external and internal auditors' management letters, reports and recommendations, and management responses, and overseeing implementation of action plans recommended;
- Reviewing the Company's financial control, internal control and risk management systems;
- Overseeing scope of the Company's compliance with its Code of Conduct and its various legal and regulatory obligations; and
- Review or investigate any allegations of fraud or theft, which are brought to the Audit Committee's attention, which are made by or against employees or directors, and make appropriate recommendations to the Board.

The Audit Committee held six (6) meetings during the year 2018 to discharge the duties as entrusted to them by the Board and the Corporate Governance Code. Following are the details of meetings held during 2018:

Name	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Meeting 6
	16/01/18	20/03/18	10/05/18	08/07/18	06/08/18	11/11/18
Mr. Mohamed Ahmed Al Qamzi (Chairman)	✓	✓	✓	✓	✓	✓
Mr. Mohamed Rashed Mubarak Al Kitbi	✓	✓	Note1	✓	Note1	✓
Mr. Abdul Gaffar Abdul Khaleq Al Khouri	✓	✓	✓	Note1	✓	✓
Mr. Dagher Darwish Al Marar	✓	✓	✓	✓	✓	x

✓ refers to attendance

x refers to absence

**Note 1:** This Audit Committee member did not attend the meeting but had signed a proxy to another Audit Committee member.

The Audit Committee has submitted its Annual Report to the Board, on the activities that were carried out by them during the year 2018 to discharge the responsibilities entrusted to the Audit Committee.

### 5.2. Nomination & Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee according to its approved Terms of Reference are consistent with the governance rules set forth in the Corporate Governance Code. In particular, the Nomination and Remuneration Committee has the following key duties and responsibilities:

- Organizing and following up the Board nomination procedures in line with requirements of applicable laws and regulations and the SCA Corporate Governance Code, in addition to determining the Company's needs for qualified staff at the level of Senior Management and the basis for their selection;
- Verifying the continued independence of independent Board members;

- Reviewing and approving, in consultation with the Chairman of the Board and/or the Chief Executive Officer, the terms and conditions of the service contracts of Executive Directors and Senior Management employees;
- Reviewing at least annually remuneration (comprising of basic salary, other allowances, and any performance-related element of salary or bonus) of the Company's employees, including the Senior Management team, and remuneration proposed to be paid to the Board Directors; and
- Preparing a succession plan for the Board and its committees, the Chief Executive Officer, and key members of Management.

The Nomination and Remuneration Committee meets as often as required. In year 2018 the Nomination and Remuneration Committee held one (1) meeting, as detailed below:

Name	Meeting 1
	22/4/2018
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Chairman)	✓
Mr. Mohamed Ahmed Al Qamzi	✓
Mr. Mohamed Rashed Mubarak Al Kitbi	✗
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	✓

✓ refers to attendance

✗ refers to absence

### 5.3. Technical Committee

The Technical Committee acts on behalf of the Board, and is authorized by the Board to fulfill objectives set out in the Company's Memorandum and Articles of Association, related to its oversight responsibilities for fleet management.

The Technical Committee held one (1) meeting during the year 2018, as detailed below:

Name	Meeting 1
	21/05/18
Mr. Ahmed Saeed Al Mureikhi (Chairman)	✓
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy (Member)	✓
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member)	✓

✓ refers to attendance

✗ refers to absence

### 5.4. Strategy Committee

The Strategy Committee is responsible for assisting the Board in its oversight responsibilities in relation to implementation of the Company's strategic plan, and initiatives in support of strategic plan. The Strategy Committee held one (1) meeting during the year 2018, as detailed below:

Name	Meeting 1
	22/04/18
Mr. Mohamed Ahmed Al Qamzi (Chairman)	✓
Mr. Ahmed Saeed Al Mureikhi	✓
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	✓
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	✓

✓ refers to attendance

× refers to absence



### 6. INTERNAL CONTROL SYSTEM

#### 6.1. System of Internal Control at NMDC

The Company's internal control system is established to ensure that the Board and management are able to achieve their business objectives in a prudent manner, safeguarding interests of the Company's shareholders and other stakeholders, whilst at the same time minimizing key risks such as fraud, unauthorized business activity, misleading financial statements, un-informed risk-taking, or breach of legal or contractual obligations, and also ensuring highest quality achieved in a safe and sustainable environment.

As per the approved Corporate Governance Manual, the Board is responsible for ensuring that the Company applies a precise internal control system that covers the following key functions being managed by respective heads as detailed hereunder:

Department	Head of Department & Designation	Date of Appointment	Qualification	Experience
Internal Control (Consisting of Internal Audit & Ethics and Compliance)	Mr. Kashif Nawaz Sheikh (Head of Internal Control and Ethics & Compliance Officer)	From 01.02.19	Chartered Certified Accountant Certified Internal Auditor Cost and Management Accountant	Over 13 years of professional experience in the fields of Internal Audit, Statutory Audit, Risk Management, Corporate Governance and Business Process reviews.
Quality, Health Safety and Environment (consisting also of Risk Management)	Mr. Mohamed Yassein Mohamed (QHSE Manager)	From 25.08.16	-BS. Civil Engineering -Construction Management Diploma -MBA -ISO 9001:2015 Certified Lead Auditor - Nebosh International Certificate	Over 25 years of experience in Quality, HSE and Constructions.

Management is responsible for ensuring that adequate internal controls (both financial and operational) are in place and applied to safeguard and manage the assets of the Company, in an effective and efficient manner.

The Board will conduct an annual review of the efficiency of the Company's internal control system, and the scope of the Company's compliance with that system.

#### 6.2. Independent Assessment of Internal Control System

Internal control is designed to mitigate, not eliminate, significant risks faced. It is recognized that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved within the Company through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, assurance and control functions such

as External Audit, Internal Audit, Ethics & Compliance, Quality, Health, Safety and Environment function. These ongoing processes, which comply with leading practices and the Corporate Governance Code, were in place throughout the year under review and up to the date of approval of the annual report and financial statements.

During the year 2018, the Company was subject to the following independent assessments of its internal control system:

- Annual external audit and interim reviews of NMDC consolidated financial statements through EY, a professional services firm. The external audit work covers assessment of internal controls over financial reporting, although the same does not entail expressing an opinion on the effectiveness of the Company's internal control.
- Process reviews of NMDC business processes and functions through the Internal Audit Function, according to an Internal Audit Plan approved by the Audit Committee. The scope of internal audit for the year 2018 covered both core and support processes at NMDC, and were prioritized in accordance with Risk Analysis Methodology.

The internal audit procedures are designed on the assumption that the responsibility for a sound system of internal controls rests with Management, and work performed by internal audit might not lead to identifying all strengths and weaknesses that may exist, but so that any material irregularity has a reasonable probability of discovery. The internal audit procedures also focus on areas identified by Management as being of greatest risk and significance, and the internal audit plan therein is subject to approval of the Audit Committee.

The internal audit function reports directly to the Audit Committee. Internal audit reports on any control recommendations, to Senior Management and the Audit Committee. The internal audit function considers and includes focus areas for audit in the annual audit plan. Material incidents and losses and significant breaches of systems and controls are reported to the Audit Committee.

External audit function discusses their management letter with the Audit Committee, highlighting control deficiencies, if any. Appropriate processes, including review by the audit function, ensure that timely corrective action is taken on matters raised by external audit. Action plan is obtained from the Management to remediate gaps and improve internal controls to avoid similar instances in the future. Internal audit regularly follows up on implementation of action plan and reports to the Audit Committee if not implemented by the due date.

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that personnel are suitably qualified, that appropriate segregation exists between duties, and that there is suitable independent review. These areas are monitored by the Board through the Audit Committee, and are independently assessed by the internal audit and the compliance functions. Processes are in place to monitor internal control effectiveness, identify and report material breakdowns, and ensure that timely and appropriate corrective action is taken. NMDC finance coordinate, review and comment on the monthly financial and regulatory reports, and facilitate the interim and annual financial reporting process, including the independent audit process.

All internal control weaknesses noted during the year were discussed with Management and Audit Committee for corrective action. Material internal control deficiencies noted and discussed during the year were in relation to reducing margins and/or losses from projects and its impact on the profitability of the organization, status of outstanding receivables and collection efforts being made by the Company,

status of unbilled amount and challenges regarding sorting the issues, strategy and business plan for subsidiaries, and impairment assessment need for tangible and intangible assets.

### 6.3. Risk Management

Effective management of both risks and opportunities is essential for successful operations and NMDC growth; the proper identification, assessment and management of risks and opportunities.

Therefore, risk and opportunities management is a primary part of NMDC management approach, particularly with respect to tendering, preparation and projects' performance

### 6.4. Ethics and Compliance

Ethics and Compliance Function is part of Internal Control Department. The role of the Ethics and Compliance Officer is to investigate and address any suspected wrongdoings as identified from the whistle blowing system, and to verify compliance by the Company and its officers and employees with the applicable legal and regulatory requirements (including the resolutions issued by SCA and ADX), the Company's internal policies and procedures, and commitments made to third parties (including the Company's lenders and counterparties).

The Company, in 2013, has developed and implemented policies and procedures on Fraud Control, Whistle Blowing and Investigation. These policies have been formulated to provide employees an opportunity to report in good faith in case they observe any unethical or improper practices in the Company. Responsibility for overseeing and implementing the policy has been delegated to the Ethics and Compliance Manager. The Company's management also has specific responsibility for facilitating operation of the policy. Communication sessions are held to spread awareness on fraud control and whistle blowing system to the employees of the Company. Incidents reported during the year through the whistle blowing system were adequately investigated and appropriately resolved. HR function of the organization has also included such awareness in the new employee induction program.

### 6.5. Quality, Health, Safety and Environment

As part of the company's 2018 vision and continuous commitment to sustaining its excellence in Quality, Health, Safety and Environment, NMDC has finalized the transition requirements for upgrading the already existing system of OSHAS 18001: 2007 into ISO 45001 looking for official certification in late 2019.

In addition, as part of our QHSE pro-active approach the following were accomplished:

- NMDC has been qualified as a Maritime Labor Convention (MLC) manning/staffing agency office.
- Earlier than planned, NMDC was able to implement its QHSEMS on its very own latest TSHD to the fleet, Arzanah. In compliance to standards: ISO 9001:2015, ISO 14001:2015, OSHAS 18001:2007 and ISM.
- The commitment to performance reflected in our award the first NEESHAN Award for "Best HSE Performance for strategic partner" from Abu Dhabi Ports during our participation in "Occupational Health & Hygiene, together for a bright future" Event.

Safety culture is embedded in our organization which makes safety a fully integrated part of working behavior. The Company has planned year 2019 to be a benchmark in the efficiency of HSE reporting system and performance analysis where it will implement HSE reporting software. This would not only benefit the outcome of our reporting and analysis process but also promote ownership and a safety-driven mindset

The extensive expectations of our clients and the company strategy requires continuous monitoring and improvements in order to meet our targets and then exceed them as far as possible to achieve the level of excellence that would be expected from an EPC contractor of our caliber. This is reflected in our KPIs, innovation approach in planning, problem solving. With the assistance of the new acquired technology, our focus will be on gaps identified during performance measurement and internal audits.

QHSE performance improvement measures represented in implementation of internal audit program is being followed regularly. All recorded system implementation abnormalities are being thoroughly investigated, performance gaps identified and corrective actions are being taken in order to prevent recurrences. Lessons learnt are communicated to concerned department heads and follow-up action is carried out.

The commitment of departmental management to QHSE Management Systems expectations have also showed a recognizable improvement due to the cascading of accountability by the Top Management.

### 7. COMPANY'S CONTRIBUTION

#### 7.1. Corporate Social Responsibility Initiatives

NMDC recognized that its activities could, without careful management, have a potential impact on the marine environment. This fact directed NMDC to develop its first Corporate Social Responsibility (CSR) strategy in 2010, to address environment and social challenges and meet its stakeholders' expectations. The CSR strategy aligns with NMDC Mission "Environment, People, Value, and Profit", and emphasizes its strategic objective of performing activities directed "for the good of the community". NMDC CSR strategy is adapted regularly to suit the changes to its business environment and its stakeholder expectations. The HSE policy also pursues the goal of "no harm to people, environment and the community", to ensure NMDC commitment to protect everybody, prevent pollution, reduce any significant adverse environmental impacts, and comply with all applicable laws and regulations. NMDC identifies and selects CSR initiatives that link to its CSR policies and strategies, and add value to four quadrants as follows:

- Donations: NMDC encourages initiatives that enhance its participation in community life.
- Internal NMDC Customers: NMDC encourages initiatives that provide good and safe working conditions enhance work-life balance and increase employees' involvement.
- Business partners and authorities: NMDC contributes with business partners and authorities in delivering Abu Dhabi urban planning and economic vision 2030, encourages the long-term partnership strategy with vendors and sharing its lessons learned and knowledge with CEDA and IMCA members.
- HSE and Marine: NMDC encourages initiatives that results in minimizing adverse environmental impacts and achieving high environmental performance.

#### 7.2. Contribution to Local Community Development

NMDC appoints independent third party specialist to conduct society surveys, to evaluate the performance of CSR, and determine the actions required to improve its management of CSR policies, strategies and initiatives.

During 2018 the main activities that were undertaken were:

- Blood donation
- Heat Campaign
- Weekly Sports (Football & Basketball)
- Emirates Autism Centre sponsorship
- General Authority of Sports
- Over last 3 years the Company has concentrated towards internal employees for donations needed for specialized schools and/or hospitals, to help the families with challenged children.

### 7.3. Contribution to Environment Protection

- **Environmental Management**

Supervision and Monitoring of Environmental aspects at all NMDC projects and activities in Abu Dhabi, mainly at Musaffah Base, Khalifa Port, Ruwais Resort Island, and Delma Port Project; in addition to; regional and international projects in Bahrain, Egypt, and Maldives.

- **Compliance to Environmental Legal requirements**

Ensure compliance with applicable local and federal legal environmental requirements and achieve the necessary Environmental Permits (NOC's) for projects whenever applicable, such as at Khalifa Port Project. In addition to conducting review for Company's EMS to satisfy the requirements of ISO 14001:2015 surveillance audit of 2018.

- **Environmental Studies**

Assignment of Abu Dhabi Environment Agency (EAD) approved Third Party Consultants for execution of Environmental Studies for several Projects, whenever required, which have been later reviewed, assessed, and approved by relevant authorities (EAD and/or Client), such studies included PER / CEMP for Khalifa Port Project, CEMP for Delma Port Project, EIA for Ruwais Resort Island, etc.

- **Control Plans**

Internal Preparation and Implementation of Environmental Management and Control Plan(s), in line with third party environmental studies and / or applicable legal environmental requirements, such as Waste Reduction Plan for year 2018. This is addition, to the quarterly Carbon Foot Print reports for NMDC operations in Musaffah base for the same year.

- **Inspections and Audits**

Implementation of an Environmental Inspection plan that covers all ongoing NMDC Projects and Musaffah Base activities and conducting periodic Environmental Audits at projects and base to assess compliance against the newly upgraded NMDC ISO 14001:2015 certified EMS as well as project environmental requirements.

- **Monitoring of Performance**

Implementation of Monitoring Programs for specific Environmental Indicators such as water, air, noise, waste, effluents, soil, and more. These are in line with Project's environmental and / or NMDC EMS requirements. Monitoring is conducted either by using Company owned equipment such as, in-situ water quality sensors, noise meter, dust meter, and illumination meter; or through external ESMA approved Laboratories for soil, sediments effluent and air quality testing. Examples of such monitoring programs were undertaken in Khalifa Port and Delma Port Projects, as well as Ruwais Resort Project, and NMDC base.

- **Inductions & Awareness**

Conducting Inductions, awareness and training at Musaffah Base and Project sites on relevant Environmental topics, particularly those of direct relevance to employees' day-to-day work environment, as well as and those required by projects, such as Waste Management, Marine Mammals and Reptiles Observation & Identification, Spill Prevention and Control, Chemicals Handling and Storage, and Environmental Aspects of Dredging.

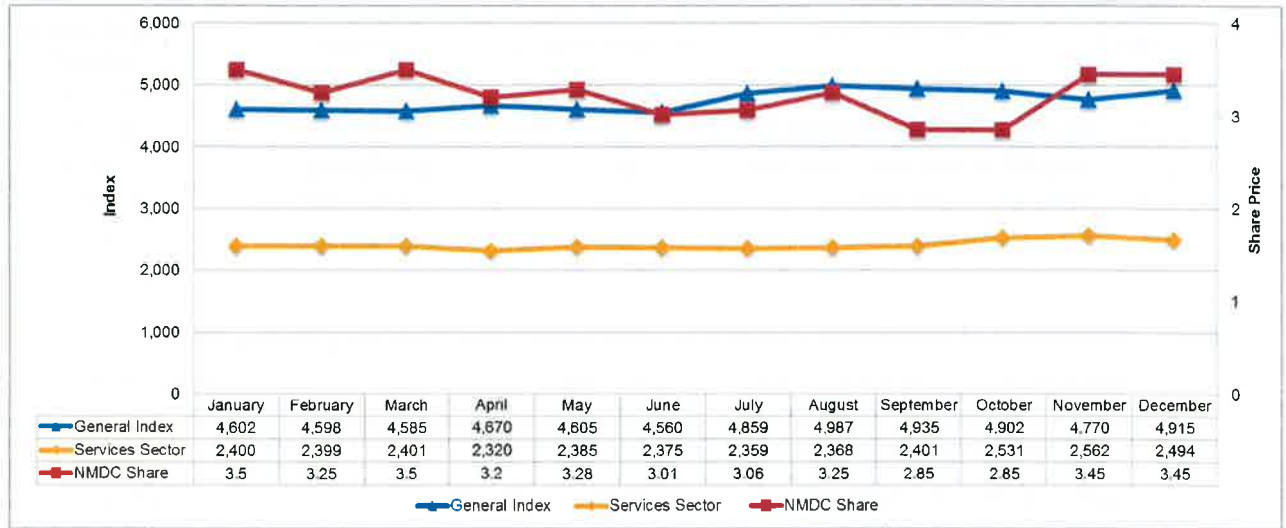
## 8. GENERAL INFORMATION

### 8.1. Monthly Price of the Company's share as compared to General and Sector Index

Statement of company's share price in the market (closing price, highest price and lowest price), General Market Index and Sector Index at the end of each month during 2018 were as follows:

Month	Highest price	Lowest price	Closing price	Services Sector Index	General Index
January	3.500	3.440	3.500	2,399.950	4,602.23
February	3.400	3.250	3.250	2,398.670	4,597.66
March	3.500	2.710	3.500	2,401.200	4,585.40
April	3.500	3.200	3.200	2,320.430	4,669.52
May	3.280	2.520	3.280	2,384.780	4,605.04
June	3.010	2.960	3.010	2,375.270	4,560.03
July	3.060	3.010	3.060	2,358.590	4,859.45
August	3.250	3.030	3.250	2,368.200	4,986.88
September	3.060	2.850	2.850	2,400.760	4,935.36
October	2.850	2.850	2.850	2,531.050	4,901.87
November	3.450	3.000	3.450	2,562.390	4,770.08
December	3.450	3.400	3.450	2,494.100	4,915.07

### 8.2. Chart of the comparative performance of the Company share with General Index and Company's Sector Index



### 8.3. Breakdown of Ownership of NMDC Shares by Nationality and by Category as at 31 December 2018

Shareholder Category	Individual Shares	Companies Shares	Government Shares	Total Shares
Locals	87,459,929	82,424,966	79,999,999	249,884,894
GCC	5,166	53,093	0	58,259
Arabs (Other than GCC)	41,722	0	0	41,722
Foreigners	15,125	0	0	15,125
<b>Total</b>	<b>87,521,942</b>	<b>82,478,059</b>	<b>79,999,999</b>	<b>250,000,000</b>
<b>Percentage</b>	<b>35.01%</b>	<b>32.99%</b>	<b>32.00%</b>	<b>100%</b>

### 8.4. Statement of the Company's Shareholders who own 5% or more of the Company's Capital as at 31 Dec 2018

Shareholder	Number of Shares	Percentage (%)
Abu Dhabi Government – Finance Department	79,999,999	32.00%
Tasameem Real Estate LLC	27,848,502	11.14%
Abu Dhabi United Group For Development and Investment	22,151,498	8.86%
Al Khazna Insurance Company	17,787,316	7.11%

### 8.5. Breakdown of Ownership of Company Shareholders as at 31 Dec 2018

Sr. No	Share(s) Owned	Number of Shareholders	Number of shares owned	The percentage (%) of shares owned
1	Less than 50,000	3,139	12,200,755	4.88 %
2	50,000 to less than 500,000	156	25,780,613	9.91 %
3	500,000 to less than 5,000,000	29	34,070,975	13.63 %
4	More than 5,000,000	9	178,947,657	71.58 %
	<b>Total</b>	<b>3,333</b>	<b>250,000,000</b>	<b>100 %</b>

### 8.6. Statement of significant events encountered by the Company during 2018

The 6,000m<sup>3</sup> trailing suction hopper dredger (TSHD) Arzana which forms part of NMDC's international growth and fleet investment strategy, was delivered in March 2018, taking the Company another step closer to the vision and ambition to lead the international market.

During 2018, the legal process for incorporating Egyptian Emirates Marine Dredging Company (EEMDC) was completed. Through this arrangement several projects were awarded to NMDC in Egypt region, for which execution was also initiated in 2018.

In September 2018 NMDC was awarded the contract for Khalifa Port Expansion project by Abu Dhabi Ports Company (ADPC). The contract is valued at AED 985.17 million and is scheduled for a duration of approximately 22 months.



NMDC was also awarded a mega project by ADNOC for construction of Ghasha Concession Artificial Islands in January 2019. This is a further landmark in the development of the Company, and demonstrates the potential to execute and deliver one of the largest projects in field of dredging, reclamation and marine construction. The project involves construction of 10 new islands, two causeways and expansion of an existing island. The contract is valued at AED 5 billion (USD 1.36 billion) and is estimated to take 38 months to complete.

### 8.7. Investor Relation Officer

Mr. Khalid Shalati is the Company's Investor Relation Officer. Furthermore, the Company website i.e. [www.nmdc.com](http://www.nmdc.com), has a dedicated page for investor relations, which includes Company's Articles of Association, candidates for Board of Directors, Company's address, and Investor Relation Officer contact information.

#### Contact Information of Investor Relation Officer

Email: [ir@nmdc.ae](mailto:ir@nmdc.ae)

Office No.: 02 – 513 0242

### 8.8. Emiratization in 2018

The Emiratization percentage in NMDC as of 31 December 2018 was 10% for white collar employees.

### 8.9. Innovative projects and initiatives in 2018

The innovative projects and initiatives that took place in 2018 by NMDC are:

- New department for Research and Development created, whose objective would be to ensure continued innovation and improvement within NMDC and its operations.
- Diffuser design for UPI Borouge project: Engineering and Dredging Production team in collaboration with Dredging Manager and Technical Department have developed an in-house diffuser in order to perform controlled reclamation over sensitive area. The use of this diffuser made the project very successful.
- Reclamation model: Dredging production and engineering engaged a specialized numerical modeling consultants and guided them to develop modeling tools capable to simulate dredging and reclamation operations in Khalifa Port South Quay Development project. The coordination between modeling team and project (reclamation team and geotechnical investigation) made possible to develop much more efficient reclamation methods, optimizing the silt management in the project like never before in NMDC projects.

### 8.10. Details of violations during 2018

There were no violations reported during 2018.

Mohamed Thani Murshed Al Rumaithi  
Chairman of the Company  
Date: ١٩ / ٥ / 2019

