



شركة الجرافات  
البحرية الوطنية  
**NMDC**



— —  
**CORPORATE  
GOVERNANCE REPORT 2019**

[www.nmdc.com](http://www.nmdc.com)



His Highness Sheikh Khalifa bin Zayed Al Nahyan

President of the United Arab Emirates



His Highness Sheikh Mohamed bin Zayed Al Nahyan

Crown Prince of Abu Dhabi, and Deputy Supreme Commander of the UAE  
Armed Forces, Chairman of the Executive Council



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# INTRODUCTION

# 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 2019; and
8. General Information - other information requested by SCA, including price movement of Company's shares, breakdown of share ownership, investor relations and any corporate governance violations committed during 2019.





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# 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 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 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 and their Charters;
- Delegation of Authority;
- Relationship with Shareholders;
- Company's Disclosure Obligations;
- Internal Control System;
- Engagement of Auditors;
- Code of Conduct; and
- Share Dealing Policy.

In 2019, the Board reviewed and updated the Corporate Governance Manual to align it with the requirements of Federal Law No. 4 of 2000 concerning SCA and the Market, Federal Law No. 2 of 2015 concerning Commercial Companies, Resolution No. 7 of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies issued by SCA, and the Company's Articles of Association 2016.

The Board is responsible to the Company's shareholders for creating and delivering sustainable value through the management of the Company's businesses. Although day-to-day management of these businesses is delegated to the Management, the Board is responsible for providing strategic direction, management supervision and adequate controls with the ultimate objective of promoting the success and long-term value of the Company. The Board retains responsibility for the overall performance of the Company, and must ensure that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives.

## 2.2. Corporate Governance Structure

Corporate Governance is the system by which the business of the Company is directed and controlled. The implemented corporate governance structure specifies the distribution of rights and responsibilities among different stakeholders within the Company, such as, the Board Chairman, Chief Executive Officer, Chief Officers, Managers and shareholders; and establishes the rules and procedures for making decisions on corporate affairs. The primary goal of the Company's corporate governance policy is to create and sustain value within the Company.

The Company believes that it is important that these principles of governance are made transparent to all the stakeholders and to safeguard their rights and promote their participation in the Company's corporate governance process.

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, Nomination and Remuneration Committee, Technical Committee and Strategy 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.

## 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 2019, 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 bears ultimate responsibility for the operations of the Company, and within the provisions of the Articles of Association, UAE Companies Law and approved Corporate Policies and Procedures, the Board has the authority to delegate its powers to the committees and senior management.

The Board has approved such 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 employees in order to run the Company's affairs and operations within the United Arab Emirates and overseas locations. 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.

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, as defined within their Charters, update to which were approved in 2019.

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

The Company recognizes the importance of establishing and maintaining a set of core values and approaches to the process of doing business. The Company demands, and will maintain, the highest ethical standards in its business activities through a detailed Code of Business Conduct and Fraud Control Policies, which address the following areas:

- Compliance with Laws, Rules and Regulations;
- Personal Conduct;
- Standard of Conduct;
- Confidentiality and Intellectual Property Rights;
- Integrity and Conflicts of Interest;
- Competition and Fair Dealing;

- Corporate Opportunities;
- Protection and Proper Use of the Company's Assets;
- Environment and Community Service;
- 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 in its field of operations.

## 2.7. Share Dealing Policy

The purpose of the Company's share dealing policy is to ensure that the Company's Directors and employees (and their Connected Persons) do not deal or trade in securities issued by the Company or its subsidiary or sister companies based on undisclosed confidential information or in circumstances of conflict.

The Company's share dealing policy is that no Director or employee of the Company (or any subsidiary or other company controlled by the Company) may Deal in the Securities of the Company whilst they are in possession of any information which could affect the price of the Securities of the Company, where such information has not been disclosed to the ADX. Directors who are not in such possession 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 (or, in his absence, the Company Secretary).

This policy does not avoid the need to obtain the consent of the ADX Board of Directors before trading in the Company's Securities, and does not permit any Director or employee to Deal in the Securities of the Company during any Blackout Period, as defined Company's Corporate Governance Manual. This policy is also in addition to, and does not avoid the legal requirement to comply with, any applicable laws or regulations. Directors and employees remain personally liable for their non-compliance with any applicable laws and regulations.

## 2.8. Follow-up & Supervision Committee

The Follow-up & Supervision 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 & Supervision Committee comprises of the following members:

Name	Position	Designation
Mr. Kashif Nawaz Shaikh	Head of Internal Control	Committee Head
Mr. Mohammed Al Falahi	Purchasing Manager	Committee Member
Mr. Khaled Shalati	Investor Relation Officer	Committee Member

Mr. Kashif Nawaz Shaikh acknowledges his responsibility for the follow-up & supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.

The Committee in 2019 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 2019.

## 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.

The table below provides details of dealing in NMDC securities and balances as at 31 December 2019, by current Board Members and their relatives.

Name	Position/ Relationship	Shares Held as at 31/12/2019	Total Sale Transactions	Total Purchase Transactions
Mr. Abdul Ghafar Abdul Khaleq Al Khouri	Member	5,999,999	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Son	3,199	-	-
	Daughter	3,199	-	-
Mr. Majed Ahmed Salem Al Kourbi	Member	5,460,699	-	-
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	Member	201,893	-	-
Mr. Mohamed Ahmed Al Qamzi	Wife	53,999	-	-





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# BOARD OF **DIRECTORS**

# 3

### 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, and is accountable for performance and affairs of NMDC.

The Board also plays a central role in the Company's corporate governance framework. 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 Board 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 following is a list of some of the key specific responsibilities of the Board:

- Taking the necessary procedures to ensure compliance with applicable laws, regulations, resolutions and requirements of the regulatory authorities.
- Approval of the strategic approaches and main objectives of the Company, and supervising implementation thereof.
- Taking the steps sufficient to ensure efficient internal control of the work flow in the Company
- Establishing an internal control department to follow up compliance to the applicable laws, regulations, and resolutions, requirements of the regulatory bodies, and the internal policy, rules, and procedures set by the Board of Directors.
- Setting written procedures to regulate conflict of interests and deal with potential cases of such conflict for Board members, the senior executive management, and shareholders, and setting the procedures to be taken in cases of misuse of the Company's assets and facilities or misconduct resulting from transactions with Related Parties.
- Ensuring soundness of administrative, financial, and accounting rules, including the rules related to preparation of financial reports.
- Ensuring the use of appropriate regulatory systems for risk management by outlining potential risk and discussing it with transparency.
- Setting clear and precise standards and procedures for Board membership and putting them in force subsequent to approval of the general assembly.
- Setting a clear authorization policy in the Company to determine authorized persons and the powers assigned to them.
- Setting a policy that regulates the relationship with stakeholders in a manner that ensures the Company's fulfilment of its obligations towards them, preserving their rights, providing them with required information, and establishing sound relations with them.
- Setting code of conduct for Board members, employees, auditor, and persons assigned some of the Company's works.
- Setting procedures to apply governance rules in the Company, review of such procedures, and assessment of compliance thereto on annual basis.

- Designing appropriate training programs for Board members to enhance and update their knowledge and skills and ensure effective participation in the Board of Directors, and ensure compliance with any training or qualifying programs determined by the SCA or the Market.
- Familiarizing a newly appointed Board member with all the Company's departments and sections, and providing them with all the information required to ensure correct understanding of the Company's activities and works, and full realization of their responsibilities, all that enables them to perform their duties duly in accordance with the enforced legislations, all other regulatory requirements, and the Company's policies in its field of business.
- Setting procedures to prevent employees who have access to information from using the Company's confidential internal information to make tangible or intangible gains.
- Devising a mechanism for receiving shareholders' complaints and proposals including their proposals concerning particular issues in the general assembly's agenda in a manner that ensures studying such proposals and making the right decisions about them.
- Approval of the rules on which basis incentives, bonuses, and special privileges shall be granted to Board members and senior executive management in a manner that furthers the Company's interest and helps achieve its objectives.
- Setting the Company's policy of disclosure and transparency and follow up of implementation thereof in accordance with the requirements of the regulatory authorities and applicable legislations.
- Setting a clear policy for distribution of the Company's profits in a manner that furthers the interests of both the shareholders and Company, and it should be displayed to shareholders in the meeting of the general assembly and it should be mentioned in the Board of Directors' report.

### 3.2. Composition of the Board

The members of the Board were elected by the Company's shareholders in Annual General Meeting held on 21 April 2019. During this meeting, Mr. Abdullah Ali Musleh Al Ahbabi and Mr. Ahmed Saeed Al Mureikhi were replaced by Dr. Mohammad Rashid Ahmed Al Hamli and Mr. Majed Ahmad Al-Kurbi as Board Members. At the end of 2019, the Board comprised of the following members:

Name	Designation	Membership Category	Year of Initial Appointment
<b>Mr. Mohamed Thani Murshid Al Rumaithi</b>	Chairman	Independent	2007
<b>Mr. Khalifa Mohamed Abdul Aziz Ruba-ya Al Muhairy</b>	Vice Chair-man	Independent	2004
<b>Mr. Abdul Ghaffar Abdul Khaleq Al Khouri</b>	Member	Independent	2007
<b>Mr. Mohamed Ahmed Al Qamzi</b>	Member	Independent	2013
<b>Mr. Rubaya Mohamed Abdul Aziz Ruba-ya Al Muhairy</b>	Member	Independent	2007
<b>Mr. Mohamed Rashed Mubarak Al Kitbi</b>	Member	Non-Executive	2010
<b>Mr. Dagher Darwish Al Marar</b>	Member	Non-Executive	2016
<b>Dr. Mohamed Rashid Ahmed Khalaf Al Hamli</b>	Member	Independent	2019
<b>Mr. Majed Ahmed Al Kurbi</b>	Member	Independent	2019

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 board member shall lose independency in the following cases:

- If a Board member or any of his/her first-degree relatives work or worked at the senior executive management of the Company or its subsidiary company during the two years preceding his/her nomination for Board membership.
- If a Board member or any of his/her first-degree relatives has a direct or indirect interest in the contracts and projects of the Company or its subsidiary companies during the last two years and the total of such transactions exceeds (5%) of the company's paid capital or the amount of AED 5 million or its equivalent amount in a foreign currency, the lesser of the two, unless such relationship is part of the nature of the Company's business and involves no preferential terms.
- If a Board member works or worked for the Company or its subsidiary companies prior to the date of occupying a seat in the Board of Directors.
- If a Board member works for or is a partner in a company that performs consulting works for the Company or any of its subsidiary companies, sister companies, affiliate companies or any parties related thereto during last 2 years.
- If a Board member has entered into personal services contracts with the Company or any of its subsidiary companies, sister companies, or affiliate companies during last 2 years.
- If a Board member is directly engaged in a non-profit organization that receives sizeable finances from the Company or a party related thereto.
- If a Board member or any of his/her relatives is a partner or employee of the Company's auditor, or if he/she was a partner or employee of the Company's auditor or auditing office during the two years preceding his/her occupying a seat in the Board of Directors.
- If a Board member and/or any of his/her underage children own (10%) or more of the Company's capital.
- Independence of a Board member shall not be affected for the reason of only being an employee of the parent company or any of its subsidiary companies in case any of such companies is owned by the government or in case at least (75%) of the parent or subsidiary companies is owned by the government.

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 2019 for which the Company sent out advertisements in line with applicable law and regulations seeking nominations for the Board from eligible members. 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 Other Joint Stock Companies	Other Memberships
Mr. Mohamed Thani Murshid Al Rumaithi	Businessman	20+ Years	<ul style="list-style-type: none"> <li>Chairman of Arabtec</li> <li>Board Member of First Abu Dhabi Bank</li> </ul>	<ul style="list-style-type: none"> <li>President of Federation of UAE Chambers of Commerce &amp; Industry</li> <li>Chairman of Abu Dhabi Chamber of Commerce &amp; Industry</li> <li>Chairman of Thani Murshed Uniliver</li> </ul>
Mr. Khalifa Mohamed Abdul Aziz Rubaya Al Muhairy	Bachelor Degree in Accounting & Business Management	20+ Years	<ul style="list-style-type: none"> <li>Chairman of Al-Khazna Insurance Company</li> </ul>	<ul style="list-style-type: none"> <li>Vice Chairman of Al-Rubaya Group</li> <li>Chairman of Abu Dhabi Holding</li> <li>Chairman of the Board of Trustees in Al Hosn University</li> </ul>
Mr. Mohamed Ahmed Al Qamzi	Bachelor of Science in Management, EMBA, PLD	15+ Years	-	<ul style="list-style-type: none"> <li>Executive Director, Internal Equities ADIA</li> <li>Board Member of Khalidiya Co-operative Society</li> <li>Member of National Consultative Council</li> </ul>
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	Businessman	20+ Years	-	<ul style="list-style-type: none"> <li>CEO of Abdul Khaleq Al Khouri &amp; Sons Company.</li> <li>Managing Director of Milipol International Company.</li> </ul>
Mr. Mohamed Rashed Mubarak Al Kitbi	Businessman	15+ Years	-	-
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	Businessman	15+ Years	<ul style="list-style-type: none"> <li>1. Board Member of Al-Khazna Insurance Company</li> </ul>	<ul style="list-style-type: none"> <li>Managing Director of Electromechanical Company.</li> <li>Board Member of Al-Rubaya Group</li> </ul>
Mr. Dagher Darwish Al Marar	Master of International Relations The University of Queensland	15+ Years	-	<ul style="list-style-type: none"> <li>Director General at Abu Dhabi Council for Economic Development</li> </ul>
Dr. Mohamed Rashid Ahmed Khalaf Al Hamli	PHD	24+ Years	-	<ul style="list-style-type: none"> <li>Secretary General of Abu Dhabi Ex-ecutive Council</li> <li>Chairman of Emirates Steel Company</li> <li>Chairman of Senaat</li> <li>Chairman of National Petroleum Construction Company</li> </ul>
Mr. Majed Ahmed Al Kurbi	Bachelor Degree in Mechanical Engineering	9+ Years	-	-

### 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 2019, the Board of Directors were paid remuneration of AED 11 million in respect to financial year 2018. The Company has made a provision of AED 48.5 million towards Board remuneration and Employee bonuses for 2019. Further, this report will be updated with the bonus amounts once decided.

Apart from above provision for bonuses, no other remuneration or allowances have been paid / proposed to be paid to Board members for attending the meetings of the Board or membership remuneration in the committees formed by the Board for year 2019.

### 3.6. Board of Directors Meeting

The Board of Directors held five (5) meetings during 2019 on the following dates:

Name	Meeting 1 08/1/2019	Meeting 2 13/2/2019	Meeting 3 19/3/2019	Meeting 4 01/5/2019	Meeting 5 12/11/2019
Mr. Mohamed Thani Murshid Al Rumaithi	✓	✓	✓	✓	✓
Mr. Khalifa Mohamed Abdul Aziz Rubaya Al Muhairy	✓	✓	✓	✓	✓
Mr. Abdulla Ali Musleh Al Ahababi	✓	✗	✗	Note 2	Note 2
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	✓	✓	✓	✗	✓
Mr. Ahmed Saeed Al Mureikhi	✗	✓	✓	Note 2	Note 2
Mr. Dagher Darwish Al Marar	✓	✓	✓	✓	✓
Dr. Mohamed Rashid Ahmed Al Hamli	Note 2	Note 2	Note 2	✓	Note 1
Mr. Majed Ahmed Al-Karbi	Note 2	Note 2	Note 2	✓	✓

✓ 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.

**Note 2:** Mr. Abdullah Ali Musleh Al Ahababi and Mr. Ahmed Saeed Al Mureikhi was replaced by Dr. Mohammad Rashid Ahmed Al Hamli and Mr. Majed Ahmad Al-Kurbi as a Board Member in the Annual General Assembly held on 21 April 2019.

### 3.7. Board Secretary

The position of Board Secretary in 2019 was held by external consultant Allen and Overy, an international law firm which was appointed in 2012. Allen & Overy have over 5,500 people, 2,800 lawyers, over 550 partners and over 40 offices in 30 different countries. Their team advises both sponsors and investors – including private equity houses, government entities, financial institutions and corporate clients – on fund establishment and related issues, including Shari'a aspects of fund structures. They have significant experience of advising clients on commercial disputes and breach of contract claims and in particular those under the laws of the GCC. In addition, they have extensive experience in drafting laws, regulation, legislation and acting on arbitrations that include disputes across the Middle East, including in Saudi Arabia, the UAE, Iraq, Oman, Bahrain, Egypt and Jordan.

Statement of their duties during the year were the following:

- Preparing and sending invitations for Board of Directors meetings
- Distributing Board of Directors Meeting Agenda
- Taking minutes of meeting during Board of Directors meeting
- Providing legal advisory to the Board of Directors when needed

### 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

Details of the Special Power of Attorney as follows:

Name of Authorized Person	Duration of Authorization
Mr. Yasser Zaghloul	30 August 2016 to 29 August 2019
Mr. Yasser Zaghloul	27 August 2019 to 26 August 2022

Specifically, both of the Special Power of Attorneys, which are signed by the Chairman of the Board, authorize the CEO (Mr. Yasser Zaghloul) to perform the following:

- 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;
- Sign sale contracts for selling materials, vehicles, sea parts or metals that the Company wishes to dispose of and sell to third parties; and
- The right to authorise third parties to do all or some of the powers conferred upon him.

### 3.9. Dealing with Other Concerned Parties

Related parties include the Government of Abu Dhabi, joint ventures, 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 a significant portion of its UAE revenue from the Government of Abu Dhabi, its departments and related entities.

Balances with related parties included in the consolidated statement of financial position are as follows:

	AED'000
<i>Balances with Government of Abu Dhabi and related entities</i>	
Trade and other receivables	2,759,743
<i>Balance with shareholders (excluding Government of Abu Dhabi and related entities):</i>	
Trade and other receivables	1,626
Trade and other payables	1,000
<i>Due from joint venture for project related work:</i>	
Trade and other receivables	459,849
Transactions with related parties included in the consolidated statement of profit or loss are as follows:	
<i>Government and related entities</i>	
Revenue earned during the period	2,388,726
<i>Joint venture</i>	
Revenue earned during the period	291,680

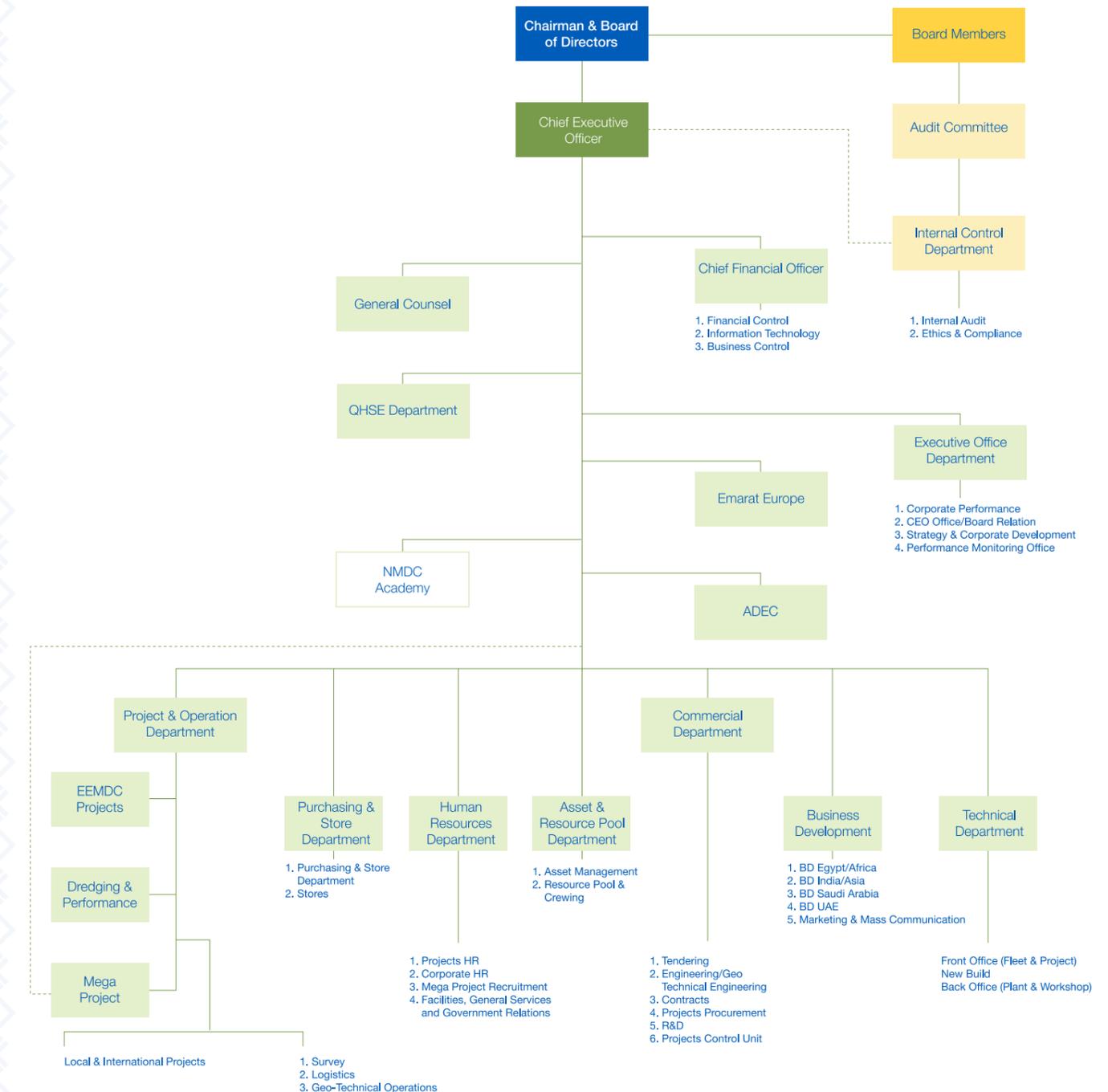
Other related party transactions

In 2019, 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 (2019: 1,799 thousand) per annum.

### 3.10. Executive Management

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

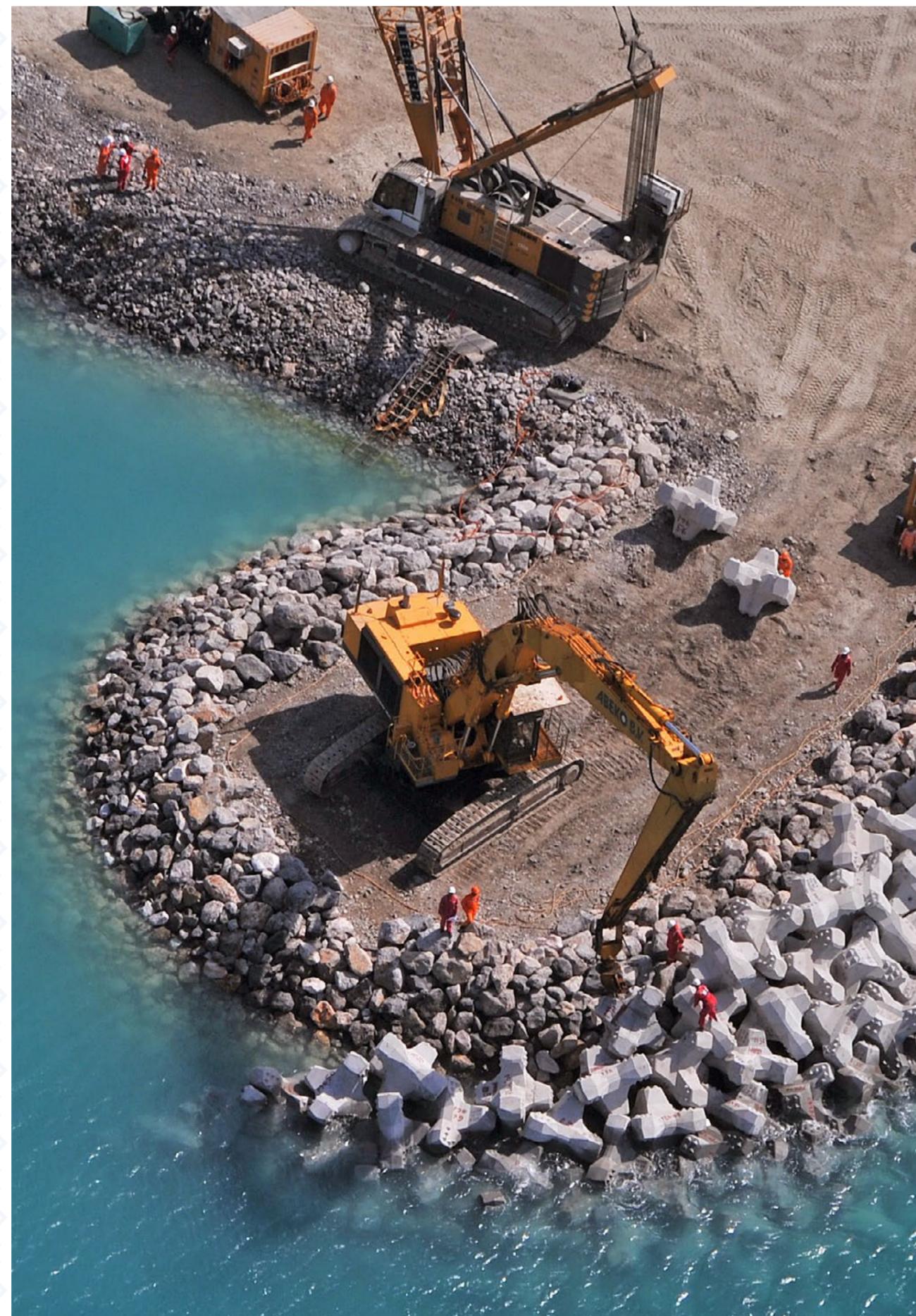
The following illustrates Organization Structure of the Company.



The table below details the current Executive Management team at NMDC, along with their date of appointment, salaries, allowances and bonuses paid to them for the financial year 2019:

Position	Date of Appointment	Total Salaries and Allowances paid in 2019 (AED)	Total Bonuses for 2019 (AED)	Any other Cash/ in-kind benefits for 2019
Chief Executive Officer	1-Jan-10	5,768,887	Note 1	-
Chief Financial Officer	18-Jun-18	1,479,725	Note 1	-
Senior Project Operation Di-rector	16-Dec-18	1,587,293	Note 1	-
Senior Purchasing & Stores Director	19-May-16	1,017,213	Note 1	-
Senior Asset Management & Resource Pool Director	24-May-17	1,237,013	Note 1	-
Senior Commercial Director	1-Jun-14	1,325,337	Note 1	-
Technical Director	1-Jan-19	1,147,697	Note 1	-
Human Resources Director	15-Jan-18	830,738	Note 1	-
Director - Executive Office	1-Mar-18	622,403	Note 1	-
Civil Director	22-Aug-19	1,295,962	Note 1	-
Dredging and Performance Director	16-Jan-19	1,247,944	Note 1	-

**Note 1:** Till the date of this report the Board of Directors have not finalized bonus for the Executive Management of the Company for 2019. However Company has made a provision of AED 48.5 million towards Board remuneration and employee bonuses for 2019. Further, this report will be updated with the bonus amounts once decided.





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# External Auditors

# 4

## 4.1. Appointment of External Auditors

The Company's External Auditors appointed for the year 2019 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 recommended appointment of EY as the External Auditors for 2019. They were appointed as the Company's Auditor for the financial year 2019 by a shareholders' resolution at the Company's Annual General Meeting held on 21 April 2019.

## 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 auditor details for the year 2019 are mentioned below:

<b>Name of Auditing Firm</b>	<b>Ernst &amp; Young</b>
Name of Audit Partner	Mr. Ahmed Al Dali
Number of years served as an external auditor for the Company	2 years
Total fees for auditing the financial statements of 2019	AED 678,100

During 2019, EY has provided other professional services including tax consultancy services amounting to AED 81,607.

## 4.4. Services received from other External Audit Firms

Services received from other external audit firms in 2019 include:

Service Provider	Nature of Service	Value of Service (AED)
Deloitte & Touche – M.E.	Valuation and financial due diligence	721,674

## 4.5. Qualified Opinion of External Auditors

The qualified opinions made by the external auditors EY in the financial statements for 2019 were as follows:

### Basis of Qualified Conclusion in Interim and Annual Financial Statements:

Trade and other receivables at 31 December 2019 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 amounts totalling AED 464,356 thousand (verbal contracts) and AED 152,891 thousand (signed contracts) included in these balances, 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.

### Emphasis of matters in Interim and Annual Financial Statements:

As stated in note 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 opinion is not qualified in respect of this matter.





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# Board Committees

# 5

## 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. Dagher Darwish Al Marar (Chairman) Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member) Mr. Majed Ahmed Omar Al Kurbi (Member)
Strategy Committee (SC)**	Mr. Mohamed Ahmed Al Qamzi (Chairman) Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Member) Mr. Ahmed Saeed Al Mureikhi (Member) Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy (Member)

\* The Committee were reconstituted on 1st of May 2019 in the Board of Directors meeting no.4 of 2019.

\*\* The Committee was dissolved on the 1st of May 2019 in the Board of Directors meeting no. 4 of 2019.

The Company has adopted formal Charters for each of these Board committees, which details the composition, duties, and responsibilities of each committee, amongst other things. These Charters 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 Charters 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 Charters.

## 5.1. Audit Committee

Mr. Mohamed Ahmed Al Qamzi, Audit Committee Chairman, acknowledges his responsibility for the Committee system in the Company, review of its work mechanism and ensuring its effectiveness.

The role of the Committee is to review the Company's financial and accounting policies and procedures, monitor integrity of the Company's reports and financial information, implement policy for selection of Company auditor and provide recommendation to the Board, review and assess internal control and risk management systems, set up rules to enable confidentially reporting of violations, and ensure implementation of code of conduct.

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 seven (7) meetings during the year 2019 to discharge the duties as entrusted to them by the Board and the Corporate Governance Code. Following are the details of meetings held during 2019:

Name	Meeting 1 22/1/19	Meeting 2 13/2/19	Meeting 3 19/3/19	Meeting 4 13/5/19	Meeting 5 31/7/19	Meeting 6 06/10/19	Meeting 7 10/11/19
Mr. Mohamed Ah-med Al Qamzi (Chairman)	✓	✓	✓	Note 1	✓	✓	✓
Mr. Mohamed Rashed Mubarak Al Kitbi	✗	✓	✓	✓	✗	✓	✓
Mr. Abdul Gaffar Abdul Khaleq Al Khouri	✓	✓	✓	✓	✓	✓	✓
Mr. Dagher Darwish Al Marar	✓	✓	✓	✓	✓	✓	✓

✓ refers to attendance

✗ 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 2019 to discharge the responsibilities entrusted to the Audit Committee.

## 5.2. Nomination & Remuneration Committee

Mr. Abdul Gaffar Abdul Khaleq Al Khouri, Nomination & Remuneration Committee Chairman, acknowledges his responsibility for the Committee system in the Company, review of its work mechanism and ensuring its effectiveness.

The role of the Committee is to set up policy and its regulation regarding nomination for the Board and executive management membership, the basis on which bonuses, privileges, incentives, and salaries shall be granted to the Board members and employees, and other related human resources policy.

The duties and responsibilities of the Nomination and Remuneration Committee according to its approved Charter 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 2019, the Nomination and Remuneration Committee held one (1) meeting, as detailed below:

Name	Meeting 1 13/2/19
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Chair-man)	✓
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

Mr. Dagher Darwish Al Marar, Technical Committee Chairman, acknowledges his responsibility for the Committee system in the Company, review of its work mechanism and ensuring its effectiveness.

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

- Evaluate and endorse recommendations submitted by the executive management and refer them to the Board for final approval, in regards to the following:
  - Acquisition of fleet and related purchase agreements, including new dredgers building.
  - Disposal of fleet and related disposal agreements.
- Provide oversight on management of fleet owned by the Company.
- Any other matters determined by the Board.

The Technical Committee did not meet during 2019; however they have approved and passed one resolution to the Board on 7 January 2019. The resolution was signed by all Committee members.

## 5.4. Strategy Committee

Mr. Mohamed Ahmed Al Qamzi, Strategy Committee Chairman, acknowledges his responsibility for the Committee system in the Company, review of its work mechanism and ensuring its effectiveness.

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

- Review and evaluate the recommendations submitted by the executive management with regard to business strategy, budgets and annual plan.
- Work with the executive management to make recommendations to the Board on the business strategy and long term strategic objectives of the Company, including all subsidiaries and associates.
- Review and evaluate large scale capital investments and operational expenditure.
- Review and evaluate the Company's operational plans in support of the Company's strategic plan and refer them to the Board for final approval, including:
  - Expansion Strategy, including opening of new subsidiaries, branches and joint ventures
  - Acquisition Strategy
  - Opportunities for potential acquisitions
- Review and evaluate major unbudgeted expenditure, including those relating to contractual arrangements with consultants and advisors.
- Review and assess responses to external developments and factors, such as changes in the economy, industry trends, competition and technology, which may impact the Company's strategic plan.

The Strategy Committee did not meet during 2019 and on 1st of May 2019 the Committee was dissolved in the Board of Directors meeting no. 4 of 2019.



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# Internal Control System

# 6

## 6.1. System of Internal Control at NMDC

The Board of Directors acknowledges its responsibility for the Company internal control system, review of its work mechanism and ensuring effectiveness. Further, the Internal Control department issued 12 reports to the Board of Directors in 2019. In relation to major problems occurred during 2019, the Company did not encounter any major problems during 2019.

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 (Internal Audit & Ethics and Compliance)	Mr. Kashif Nawaz Shaikh (Head of Internal Control and Ethics & Compliance Officer)	1-Feb-19	- Chartered Certified Accountant - Certified Internal Auditor - Cost and Management Accountant	Over 14 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 (Including Risk Management)	Mr. Mohamed Yassein Mohamed (QHSE Manager)	25-Aug-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.

## 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 2019, 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 2019 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 with proposed corrective actions. Material internal control deficiencies noted and discussed during the year were in relation to delays in finalizing project contracts, problems in setting up of overseas branches, high inventory, adequacy of insurance policy, reducing margins and/or losses from projects and its impact on the profitability of the organization, and security and backup of various IT applications.

### 6.3. Risk Management

The increasing pace of change, customer demand and market globalization put risk management on NMDC agenda for forward-thinking. Therefore, risk and opportunities management become primary part of NMDC management approach for NMDC operations and particularly with respect to supporting departments, purchasing, commercial, and others.

### 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 2019 vision and continuous commitment to sustaining its excellence in Quality, Health, Safety and Environment, NMDC completed the transition of the existing OSHAS 18001: 2007 management system into ISO 45001 and obtained the certification in 2019 to further comply with the most recent international standards.

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

- NMDC has successfully sustained an implemented management system onboard applicable marine units as well as being qualified as a MLC manning/staffing agency
- The commitment to performance reflected in our award the NEESHAN Award for "Best HSE Performance" from Abu Dhabi Ports for the second consequent year.

Year 2019 was a benchmark in the efficiency of HSE reporting system and performance analysis where we implemented the HSE reporting software. This not only benefited the outcome of our reporting and analysis process but also promoted ownership and safety-driven mindset throughout our work sites.

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.





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# Company's Contribution

# 7

## 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 QHSE policy also pursues commitment to protect people, property and to prevent pollution, protect the environment, conserve power and focus on reducing adverse environmental impacts of our activities and operations. Emphasis is also given to comply with specific customer requirements, applicable laws, regulations, standards and relevant best practices.

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 2019, the main activities / sponsors that were undertaken are as follows:

- Blood donation
- Heat Campaign to all employees
- Weekly Sports to our employees (Football & Basketball)
- Emirates Association of Visually Impaired sponsorship "donation of electronic wheelchairs"
- Abilities Development Center
- Khorfakan Club for the Disabled
- Cancer Ward visit at Khalifa Hospital
- Annually "Umra Sponsorship – Haj Expenses for 10 employees"
- Cancer Awareness campaign
- Encouraging local talents to associate with the company "Photographers"
- Over the last years the Company has concentrated towards internal employees for donations needed for specialized schools and/or hospitals, to help the families with challenged children.
- NMDC Encourage her HSE specialists to join National volunteer program managed by NCEMA.

## 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, Delma Port and Hail& Ghasha field; in addition to, regional and international projects in Egypt, and Maldives.

Arrange events to increase awareness about Corals life in UAE, in cooperation with Zayed University.

### 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 expansions and Hail& Ghasha projects. In addition, conducted 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 and Hail& Ghasha project.

### 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 2019 and Emarat Europe precast factory. This is addition, to the quarterly Carbon Foot Print reports for NMDC operations in Musaffah base and major projects 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 HSEMS 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 HSEMS 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 Hail& Ghasha 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.



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# General Information

# 8

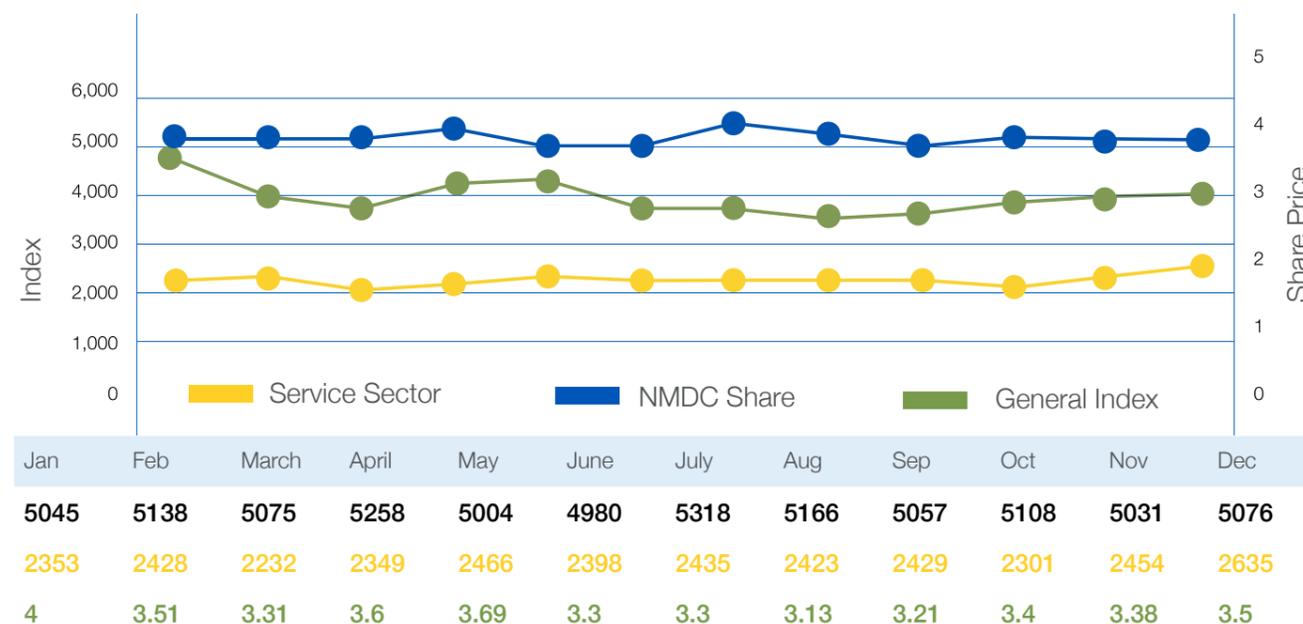
## 8.1. Monthly Price of the Company's share as compared to General and Sector Index

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 2019 were as follows:

Month	Highest price	Lowest price	Closing price	Services Sector Index	General Index
January	4.000	3.450	4.000	2,352.870	5,044.85
February	3.900	3.350	3.510	2,427.890	5,137.81
March	3.580	3.310	3.310	2,232.310	5,074.65
April	4.000	3.500	3.600	2,348.990	5,258.04
May	4.100	3.600	3.690	2,466.070	5,003.58
June	3.330	2.910	3.300	2,397.510	4,979.95
July	3.500	3.020	3.300	2,435.380	5,317.89
August	3.410	3.030	3.130	2,422.690	5,165.57
September	3.500	3.100	3.210	2,428.610	5,057.31
October	3.450	3.000	3.400	2,301.130	5,107.76
November	3.550	3.310	3.380	2,454.110	5,030.75
December	3.650	3.440	3.500	2,634.780	5,075.77

## 8.2. Chart of the comparative performance of the Company share with General Index and Company's 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 2019 were as follows:



## 8.3. Breakdown of Ownership of NMDC Shares by Nationality and by Category as at 31 December 2019

Shareholder Category	Individual Shares	Companies Shares	Government Shares	Total Shares
Locals	83,835,799	86,050,242	79,999,999	249,886,040
GCC	4,366	53,093	0	57,459
Arabs (Other than GCC)	41,722	0	0	41,722
Foreigners	14,779	0	0	14,779
<b>Total</b>	<b>83,896,666</b>	<b>86,103,335</b>	<b>79,999,999</b>	<b>250,000,000</b>
<b>Percentage</b>	<b>33.56%</b>	<b>34.44%</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 December 2019

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%
Petroleum Engineering & Construction Est (Pecon)	16,584,531	6.63%

## 8.5. Breakdown of Ownership of Company Shareholders as at 31 December 2019

Sr. No	Share(s) Owned	Number of Shareholders	Number of shares owned	The percentage (%) of shares owned
1	Less than 50,000	3,176	11,912,386	4.76%
2	50,000 to less than 500,000	158	25,684,398	10.27%
3	500,000 to less than 5,000,000	25	28,736,229	11.49%
4	More than 5,000,000	9	183,666,987	73.47%
<b>Total</b>		<b>3,368</b>	<b>250,000,000</b>	<b>100 %</b>

## 8.6. Statement of significant events encountered by the Company during 2019

- NMDC has been awarded a mega project by ADNOC for construction of Ghasha Concession Artificial Islands in February 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 artificial islands, two causeways and expansion of an existing island and will achieve substantial In-Country value of over 70 percent. The contract is valued at AED 5 billion (USD 1.36 billion) and is estimated to take 38 months to complete.
- The Company is currently building 8,000m<sup>3</sup> trailing suction hopper dredger (TSHD) and Company's first backhoe dredger with a dredging depth of 25 meters. These dredgers will be integral part of NMDC's international growth and fleet investment strategy, taking the Company another step closer to the vision and ambition to lead the international market.

## 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)

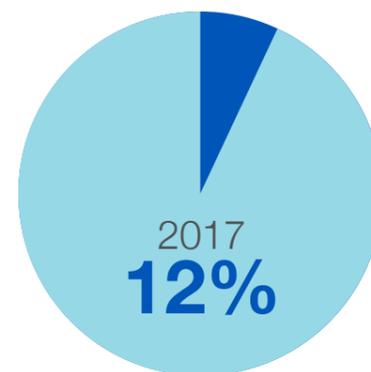
Office No.: 02 – 513 0242

## 8.8. Emiratization in 2019

The Emiratization percentage in NMDC as of 31 December 2019 was 8% for white collar employees. Refer to graphs below for Emiratization percentage in 2017 and 2018.



Emiratization Percentage



Emiratization Percentage

## 8.9. Innovative projects and initiatives in 2019

In 2019, a project was developed, together with specialized CFD modelling consultant, to set-up a detailed dredge reclamation model to generate reclamation plans for NMDC project in South Quay Development Khalifa Port. This model covers topics related to flow and settling processes in basins (reclamation areas).

After developing this model an implementation plan was developed especially for South Quay Development Khalifa Port managed through collective efforts, involving hydraulic modelling, geotechnical, quality, dredging and reclamation operation. The objective was to develop a theoretical and an operational methods to monitor and deal with the fines within the reclamation to retain as much as allowed fines within the reclamation material satisfying the contract fill specifications and reducing the amount of fines to disposed outside and involvement of expensive THSD, along with minimizing requirement for vibrio core activity as well.

## 8.10. Details of violations during 2019

There were no violations reported during 2019.



Board of Directors  
Chairman

Date: 12/April/2020

Audit Committee  
Chairman

Date: 12/April/2020

Nomination &  
Remuneration Chairman

Date: 12/April/2020

Head of Internal Control  
Department

Date: 12/April/2020

