

# Corporate Governance Report 2016



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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 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;
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 2016; and
8. General Information - certain other information requested by SCA, including price movement of company's share, breakdown of share ownership, investor relations and corporate governance violations committed during 2016.



## 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 currently reviewing and updating the Corporate Governance Manual to align it with the requirements of new 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.

In addition, the directors are responsible for monitoring and reviewing the preparation, integrity and reliability of NMDC's combined and 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 the 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 the Audit Committee, Strategy Committee, Nomination and Remuneration Committee and the Technical Committee), external and internal auditors, and company officers and employees (including the Chief Executive Officer, the Chief Financial Officer, the 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 the 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 2016, 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 its meeting dated 13 October 2010. The Delegation of Authority outlines authority limits delegated by the Board to the executive committee, 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 the 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 Policy, which addresses 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 functions have been handled through the office of the CEO / Finance Department of the Company and board has recently appointed Follow-up Committee comprising following members:

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

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.

### 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 the ADX.

Additionally, a yearly declaration is obtained from the directors confirming their compliance with the company share dealing policy and with the requirements of the Corporate Governance Code. The table



below provides details of the dealing in NMDC securities and balances as at 31 December 2016 by current Board members and their relative.

Board Member	Position / Relative Relation	Shares on 31 Dec 2016	Shares Purchased	Shares Sold
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	741,999	-	-
	Daughter	199,999		
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	Member	201,893	-	-
Mr. Mohamed Ahmed Al Qamzi	Wife	53,999	-	-



### 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 the 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 the 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 the 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 subcommittees, 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 the effectiveness of the internal systems of controls;
- Ensures that the company adopt sustainable business practices, including social and environmental activities;
- Monitors and evaluates significant IT investments and expenditure;
- Ensures information assets are managed effectively;
- Ensures that the appropriate risk governance, including IT, is in place including continual risk monitoring by management;
- Ensures the integrity of the company and its subsidiary's integrated report;
- Ensures the induction of, and ongoing training and development of directors; and
- Evaluates the performance of senior management and considers succession planning.

### 3.2. Composition of the Board

The members of Board of Directors were elected by the company's shareholders in the company's Annual General Meeting (held on 19 April 2016). In addition, the Extra-ordinary General Meeting was held on 27 July 2016; wherein a majority voted to end the Board membership of Mr. Ahmed Omar Salem Al Kourbi and authorized the Board to appoint another member to replace Him and present such appointment in the next General Assembly meeting for approval. On 9 October 2016, The Board of Directors voted to appoint Mr. Dagher Darwish Al Marar as the new member of the Board. At the end of 2016, the Board comprised 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. Mohamed Ahmed Al Qamzi	Member	Independent	2013
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	Member	Independent	2007
Mr. Mohamed Rashed Mubarak Al Kitbi	Member	Non-Executive	2010
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	Member	Non-Executive	2007
Mr. Ahmed Saeed Al Mureikhi	Member	Independent	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 provides that a Director is non-executive if they are not employed by the company, or who does 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 provides that a director cannot be deemed to be independent if he/she satisfies any of the following:

- 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 the 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 is during the last two years related to or an employee of any external or former auditor of the company or any party related to the company; or
- His/her or his/her minor children's share or the share 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 advertisement 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 2. Board Member, SANAD Insurance & Re-Insurance Co-Operative Company, KSA	1. Chairman and CEO of Al-Rubaya Group 2. Board Member, British Arab Chamber of Commerce, London
Mr. Abdulla Ali Musleh Al Ahababi	Master of Business Administration	20+ Years		1. Undersecretary of Department of Finance 2. Board Member of Abu Dhabi Technology Development Committee 3. Board Member of Abu Dhabi Retirement Pensions and Benefits Fund 4. Board Member of Khalifa Fund for Enterprise Development
Mr. Mohamed Ahmed Al Qamzi	Bachelor of Science in Management, EMBA, PLD	15+ Years	1. Board Member & Audit Committee member at OOREDOO in Doha, Qatar	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. CEO of Milipol International Company.
Mr. Mohamed Rashed Mubarak Al Kitbi	Businessman	15+ 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. 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. Chairman of Board Advisory Committee - ADNOC Distribution – 2. Board Member of ADNOC Distribution 3. Board Member of National Gas Shipping Co. 4. Board Member of Abu Dhabi National Tanker Co.



### 3.5. Directors Remunerations

The company's General Assembly determines the 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 the net profits of the company, after deducting the 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 2016, the directors were paid a bonus of AED 11 million (in aggregate) in respect of the financial year 2015. No provision has been created towards Board remuneration or bonus for the year 2016 till date.

Apart from the above provision for bonuses, no other remuneration or allowances has 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 2016.

### 3.6. Board of Directors Meeting

The Board of Directors held six (6) meetings during 2016 on the following dates:

Name	Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5	Meeting 6
	18/01/16	06/03/16	19/04/16	01/05/16	29/06/16	09/10/16
Mr. Mohamed Thani Murshid Al Rumaithi	✓	✓	✓	✓	✓	✓
Mr. Khalifa Mohamed Abdul Aziz Rubaya Al Muhairy	✓	✓	✗	✓	✓	✓
Mr. Abdulla Ali Musleh Al Ahabbi	✓	Note 1	✓	Note 1	✓	✓
Mr. Mohamed Ahmed Al Qamzi	Note 1	✓	✗	✓	✓	✓
Mr. Abdul Ghaffar Abdul Khaleq Al Khouri	Note 1	✓	✗	✓	✓	✓
Mr. Mohamed Rashed Mubarak Al Kitbi	✓	✓	✓	✗	✓	✓
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	✓	✓	✗	✓	✓	Note 1
Mr. Ahmed Saeed Al Mureikhi	✓	✓	✓	Note 1	✗	✓
Mr. Dagher Darwish Al Marar	Note 2	✓				
Mr. Ahmed Omar Salem Al Kourbi	✓	✓	✓	✓	✓	Note 2

✓ refers to attendance

✗ refers to absence

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

**Note 2:** Mr. Ahmed Omar Salem Al Kourbi was replaced by Mr. Dagher Darwish Al Marar as a Board member.



### 3.7. 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 11 June 2011 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 some materials, vehicles or metals that the Company wishes to dispose of and sell to third parties.

### 3.8. Dealing with Other Concerned Parties

The below table provides the detail of dealings by NMDC with companies related to the members of the Board. All transactions with such related parties were carried out in the normal course of business and as per established policies and procedures.

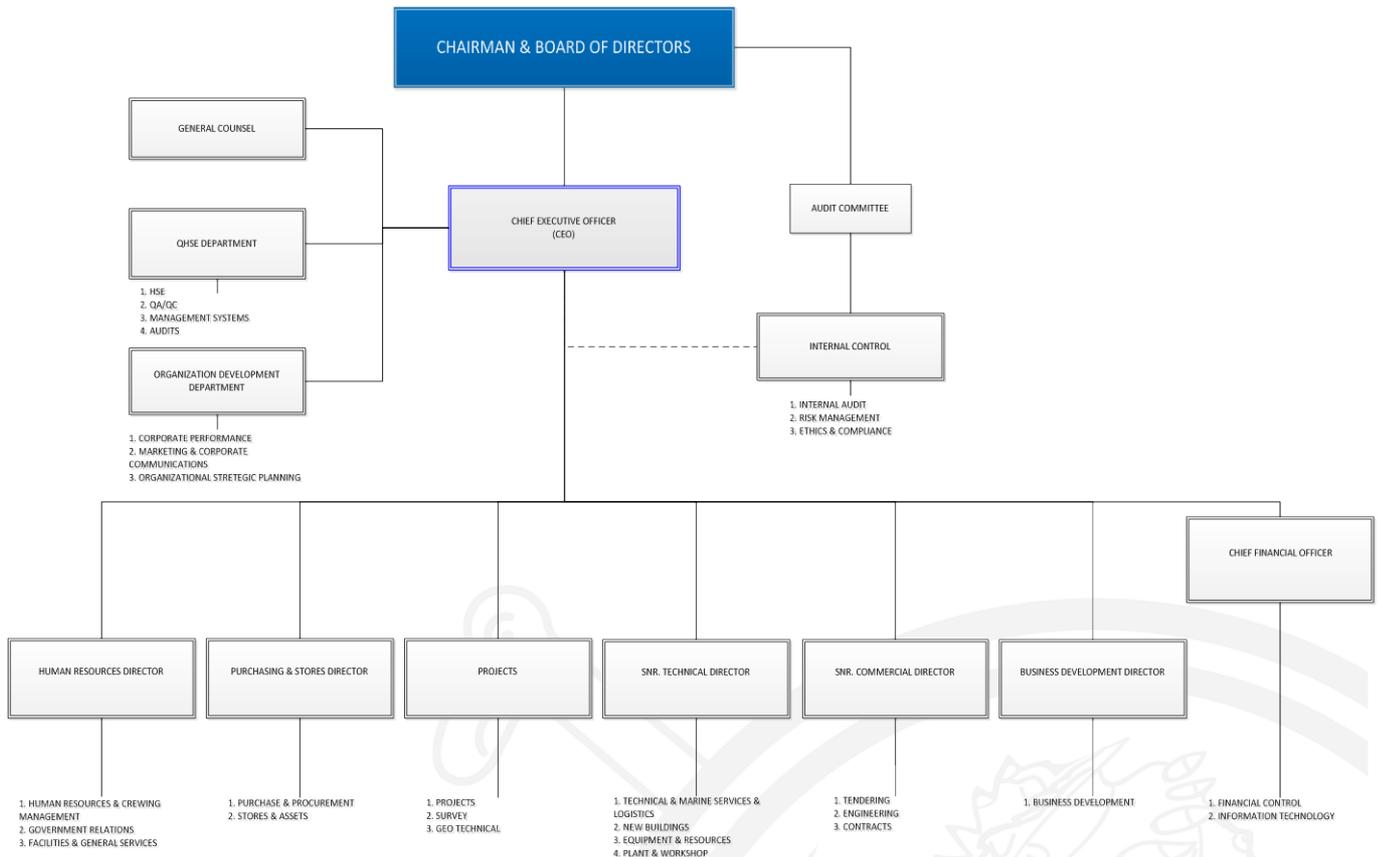
Name of Company	Nature of Transactions	Transactions in 2016 (AED)
Target Engineering Construction Company LLC	Subcontract	42,901,687
Al Khazna Insurance Company	Insurance Services	6,314,082
Al Jazeera Capital Real Investment LLC	Sponsorships	4,750,000
Electromechanical Company	Consumables - Spare parts	5,231



### 3.9. 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 the Organization Structure of the Company.





The table below details the current executive management team at NMDC along with their date of appointment and the salaries, allowances and bonuses paid to them for the financial year 2016:

Position	Date of Appointment	Date of Resignation (If Applicable)	Total Salaries & Allowances paid for 2016 (AED)	Bonus for 2016 (AED)	Any other remuneration in cash/ contribution in kind 2016
Chief Executive Officer	1-Jan-2010		3,452,003	Note 1	Note 2
Chief Operations Officer	18-Nov-2014	17-Nov-2016	1,061,027		
Chief Financial Officer (previous)	4-Aug-2009	11-Sep-2016	868,819		
Chief Financial Officer	31-Aug-2016		438,259	Note 1	
Senior Technical Director	23-Nov-2014		1,202,175	Note 1	
Operations Director	1-Sep-2016		536,709	Note 1	
Operation Director	1-Sep-2016		416,316	Note 1	
Operation Director	1-Nov-2015		1,088,199	Note 1	
Human resource Director	1-Oct-2015		676,443	Note 1	
Purchasing & Stores Director	1-Jun-2016		874,664	Note 1	
Commercial Director	1-Nov-2015		965,135	Note 1	
Business Development Director	31-Dec-2014		1,035,965	Note 1	

provides details of the dealing in NMDC securities and balances as at 31 December 2016 by current Board members and their relative.

**Note 1:** Till the date of this report the Board of Directors have not finalized the bonus for the executive management of the Company for 2016.

**Note 2:** In recognition of the efforts of the CEO in successfully managing the Company and its major projects during the years 2012, 2013, 2014, 2015 and 2016 including the ZAKUM project and other global projects, the placement of the Company on global industry map, and considering the Company's distinguished accomplishment in the Suez Canal project, the Board of Directors decided in 2016 to consider that the loan of AED 6.5 million advanced to the CEO previously in 2012 as fully repaid and to reimburse him for repayments made by him in respect thereto.



#### 4. EXTERNAL AUDITORS

##### 4.1. Appointment of External Auditors

The Company's external auditor for the year 2016 is Deloitte. Deloitte has more than 244,000 professionals at member firms delivering services in audit, tax, consulting, financial advisory, risk management, and related services in more than 150 countries and territories. Revenues for fiscal year 2016 were US\$36.8billion. Deloitte has been auditors of NMDC since the financial year 2015.

The Audit Committee, after consideration and evaluation had recommended appointment of Deloitte as the external auditors for 2016.

Deloitte was appointed as the Company's auditor for the financial year 2016 by a shareholders' resolution at the Company's 2016 Annual General Meeting (held on 19 April 2016).

##### 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; and
- 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.
- Review and approval by the Audit Committee for any proposed additional services from the external auditors.

Management obtains comfort on the independence of the appointed external audit firm through direct inquiry of the firm on the 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 were paid fees for the year 2016 as detailed below:

Name of External Auditors	Deloitte
Years spend as External Auditor for Company	2 years
Fees for review / Audit of financial statements of the Company for 2016 in AED	206,000
Fees for review / Audit of financial statements of the various Subsidiaries / others for 2016 in AED	165,000
Fees for other services except Audit of Financial statement in AED	31,500
Details of any other type of service than audit	Professional Fees For Review of Swift 1 Cost and Certification of NMDC FS.

During the financial year 2016, no other advisory services were rendered by the external auditors, Deloitte.

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

Services received from other external audit firms include:

Service Provider	Nature of Service	Value of Service (AED)
BDO	Audit and Tax compliance services of NMDC Cairo Branch, Egypt	36,630
Shah & Modi Chartered Accountant, India	Audit and Tax Compliance services for National Marine and Infrastructure (India) Pvt. Ltd	43,400
Shah & Modi Chartered Accountant, India	Certifying financial data for Tendering purpose	992



## 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, inducted in 2017)
Nomination & Remuneration Committee (N&RC)	Mr. Abdul Ghaffar Abdul Khaleq Al Khouri (Chairman) Mr. 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 A 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 A Khouri (Member)

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

The following governs the 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 to improving the 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 the following key duties and responsibilities:

- Overseeing the 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 the qualifications, independence and performance of the external auditor;



- Overseeing the **qualifications, independence and performance of the Company's internal audit** staff, and approving the annual audit plan prepared by the internal auditors;
- **Reviewing the external and internal auditors'** management letters, reports and recommendations, and management responses, and overseeing the implementation of action plans recommended by the Audit Committee;
- Reviewing **the Company's financial control, internal control and risk** management systems;
- Overseeing the scope of **the Company's compliance** with its Code of Conduct and its various legal and regulatory obligations; and
- To 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 nine (9) meetings during the year 2016 to discharge the duties as entrusted to the Audit Committee by the Board and the Corporate Governance Code. Following are the details of the Audit Committee meeting held during 2016:

Name	Meeting Dates								
	17/01/ 16	25/02/ 16	06/03/ 16	08/05/ 16	26/06/ 16	28/07/ 16	31/08/ 16	06/11/ 16	08/12/ 16
Mr. Mohamed Ahmed Al Qamzi (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Mohamed Rashed Mubarak Al Kitbi	✓	Note1	✓	Note1	✓	✓	✓	✓	Note1
Mr. Abdul Gaffar Abdul Khaleq Al Khouri	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ refers to attendance

× refers to absence

**Note 1:** This Audit Committee member did not attend the meeting but has signed a proxy to the other Audit Committee members.

The Audit Committee has submitted its Annual Report to the Board on the activities that were carried out by the Audit Committee during the year 2016 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 the requirements of applicable laws and regulations and of 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 the remuneration (comprising 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. The Nomination and Remuneration Committee held three (3) meetings during the year 2016 as detailed hereunder:

Name	Meeting No. 1	Meeting No. 2	Meeting No. 3
	06/03/2016	04/04/2016	18/05/2016
Mr. Abdul Ghaffar Abdul Khaleq A Khouri (Chairman)	✓	✓	✓
Mr Mohamed Rashed Mubarak Al Kitbi	✓	✓	<b>Note 1</b>
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	✓	✓	✗
Mr. Mohamed Ahmed Al Qamzi	✓	✓	✓

✓ refers to attendance

✗ refers to absence

**Note 1:** This Committee member did not attend the meeting but has signed a proxy to the other Committee member.

### 5.3. Technical Committee

The Technical Committee acts on behalf of the Board usually when timing is critical, and is authorized by the Board to fulfill the objects set out in the Company's Memorandum and Articles of Association, including the authorization and negotiation of and entry into legally binding agreements on behalf of the Company, in connection with any of the following as per its approved Terms of Reference and the Board delegated authorities set therein:

- Entering into share or asset purchase or disposal agreements;
- Entering into or terminating any joint venture arrangements or shareholder agreements with another company or legal entity;
- Entering into any limited or general partnership as a general partner;
- Obtaining commitments to fund;
- Entering into or terminating any financing under which the company accepts a funding commitment in favour of a party outside the Company's group;



- Restructuring of the Company financing;
- Entering into leasing or licensing agreements; and
- Establishing of special purpose vehicles in appropriate jurisdictions through which the Company may conduct its business;

The Technical Committee held one (1) meeting during the year 2016 as detailed hereunder:

Name	Meeting No. 1
	18/02/2016
Mr. Ahmed Saeed Al Mureikhi (Chairman)	×
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy (Member)	✓
Mr. Abdul Ghaffar Abdul Khaleq A 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 the implementation of the Company's strategic plan and initiatives in support of strategic plan. More particularly, the 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 held two (2) meetings during the year 2016 as detailed hereunder:

Name	Meeting No. 1	Meeting No. 2
	18/02/2016	04/12/2016
Mr. Mohamed Ahmed Al Qamzi (Chairman)	✓	✓
Mr. Ahmed Saeed Al Mureikhi	✗	✓
Mr. Rubaya Mohamed Abdul Aziz Rubaya Al Muhairy	✓	✓
Mr. Abdul Ghaffar Abdul Khaleq A 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 the 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, Risk Management & Ethics and Compliance)	Manish Bucha (Director of Internal Control and Ethics & Compliance Officer)	Till 07.07.2016	Chartered Accountant Certified Internal Auditor Certificate in Risk Management Assurance Certificate in Corporate Governance, Bachelor of Commerce	Over 15 years of professional experience in the fields of Internal Audit, Risk Management, Corporate Governance and Business Process reviews.
	Kashif Nawaz Sheikh (Acting Head of Internal Control and Ethics & Compliance Officer)	From 08.08.16	Chartered Certified Accountant Certified Internal Auditor Cost and Management Accountant	Over 11 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	Ehab Murad (QHSE Director)	Till 24.08.2016	- BS. Civil Engineering - ISO Certifications	Over 25 years of experience in Quality, HSE and Constructions
	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, and assurance and control functions such as External Audit, Internal Audit, Ethics and Compliance and 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 2016, 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 Deloitte, a professional services firm (latest available interim review is for the third Quarter 2016 ended 30 September 2016, and latest available external audit report is for the year ended 31 December 2016). 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 2016 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 as identified by management as being of greatest risk and significance, and the internal audit plan therein is subject to the 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 the gaps and improve internal controls to avoid similar instances in the



future, Internal audit regularly follows up on the implementation of the 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 the collection efforts being made by the Company, status of unbilled amount and the challenges regarding sorting the issues, strategy and business plan for subsidiaries, impairment assessment need for tangible and intangible assets.

### 6.3. Risk Management

The Company considers risk management as a core competency throughout the organization. It is committed to maintaining risk management systems and enhancing the organization's ability to manage uncertainty by protecting its assets and safeguarding shareholders' interests whilst ensuring compliance with the applicable laws and regulations.

The Company's enterprise risk management framework (ERM) was established in 2013 and is being updated to address current needs. The ERM framework has been designed to ensure consistency in the application of ERM in identifying, assessing, monitoring and reporting risks across the organization.

### 6.4. Ethics and Compliance

Ethics and Compliance Function is part of Internal Control Department. The role of the Ethics and Compliance Manager 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 the operation of the policy. A number of workshops are being 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

In addition to above internal control activities, the Quality and HSE functions of the company annually plans and conduct regular audits on Quality and HSE compliance and improvement opportunities. Root causes are identified for issues noted during the audits and reported with corrective and preventive remediation measures. Quality and HSE issues reported are monitored and followed by the function to ensure timely closure of the issues. Periodic summary reports are presented to the executive management on the gaps identified and the remediation measures taken. Furthermore, the Quality and HSE Functions conduct pre-qualification and routine inspections/ audits on NMDC strategic suppliers and subcontractors (where necessary) to ensure their compliance with NMDC System and applicable regulations and standards.

Acting in accordance with the company interest to improve people competency, internal trainings hours on 2016 has exceeded 162K hrs. The Quality function has also implemented an Electronic Document Management System (EDMS) as part of document control.

The company is also subject to external Quality and HSE audits such as ISO 9001, ISO 14001, ISO 18001 and ISM (International Safety Management).

NMDC initiated the transformation plan towards implementing the new requirements of ISO 9001:2015 as well as ISO 14004:2015. The implementation plan will be completed by the end of 2017.



### 7. COMPANY'S CONTRIBUTION

NMDC recognizes that organizations should not solely focus in making profits; instead there are broader social and environmental considerations that are equally important.

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 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 towards "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 pursue 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 & 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.

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.

#### 7.1. Contribution in the Local Community Development

The various initiatives and activities by NMDC to contribute in the development of local community include:

- Participation by NMDC in the recruitment exhibitions and Tawteen programs to promote Emiratization.
- In association with Environment Agency - Abu Dhabi (EAD), NMDC has joined the waterway cleaning campaign to clean Abu Dhabi seashores & seabed from all kinds of waste along with Tadweer waste management center and Averda Waste Management.
- Coordination with Abu Dhabi Health Authority (SEHA) through organizing health awareness programs such as blood donations and health campaigns.
- NMDC Hajj program, through which a number of NMDC employees are sent on an all-expenses paid trip for the Hajj.
- Participation in weekly sports such as Football and Basketball.



- Participation in Operation Smile sports event.
- Organizing social events during Ramadan Iftar, Eid Al Adha and National Day.
- Organizing of various NMDC family social gathering and sport activities.
- Sponsor for Albayt Mitwahid Initiatives.
- Participate in the Heat Campaign and it comes in line with the Ministry of Labor's decision banning midday work during summer months to raise the awareness of employers, supervisors on protecting workers from the risks associated with heat.

### 7.2. Contribution in Environment Protection

The various initiatives and activities carried out by NMDC during 2016 to protect the environment include:

- Initiation of a National Campaign for the cleaning of Abu Dhabi Waterways, which will extend for 6 months starting December 2016. The project includes cleaning of around 30 million cubic meters of surface water and shorelines in addition to 6 million cubic meters of seabed surface. The project is in full coordination with Environment Agency of Abu Dhabi (EAD) and the corporation and participation of Abu Dhabi Center of Waste management (CWM).
- Generating a 'Waste Reduction Plan' for year 2016 in compliance with Abu Dhabi Center of Waste Management (CWM) policies for minimizing the quantities of different types of wastes generated at industrial institutions throughout the implementation of applicable reduce, reuse and recycle management approaches.
- Preparing and Implementing several Environmental Management plans pertaining to NMDC ongoing projects namely but not limited to: CEMP for Khalifa Port Dredging and Reclamation Project, EMMP for GASCO Al Reef Island Protection Project and EMP for Swan LNG Dredging and Reclamation Project – India.
- Installation of three Water Quality Monitoring Stations at Khalifa Port project using multi-electronic sensors for data acquisition and operating under solar power recharge technology for logging and transmitting of such data through a telemetry device utilized at each station. The information can be reviewed from any mobile devise or laptop with an alert system in case if such data exceeded the required limits.
- Acquiring of No Objection Certificates (NOCs) from the Environment Agency of Abu Dhabi (EAD) for several on-going projects, which reflects approvals for work commencement and at the same time stipulates the requirements for compliance with Abu Dhabi Environmental protection laws.
- Successful pass of the Bureau Veritas (BV) Surveillance Audit for the ISO 14001:2004 International Standard for Environment Management Systems.
- Organizing an external training session for QHSE team, conducted by British Standard Institute (BSI), on the basics and methodologies for calculating carbon footprint.
- Participating in conferences and workshops pertaining to Company related environmental topics and these are:
  - UAE Ministry of Climate Change and Environment and the World Bank Workshop on the Cost Assessment of Environment Degradation (COED) - February 2016.



- Abu Dhabi Chamber of Commerce and Centre of Waste Management Panel Discussion on the Services provided by the Center pertaining to Waste Management in the Emirate of Abu Dhabi - September 2016
- Environment Agency of Abu Dhabi Seminar on confronting the Red Tide Risk in Abu Dhabi Waters: Role of Harmful Algal Toxin Characterization and cyst identification in Algal Bloom Monitoring and Management” – November 2016.





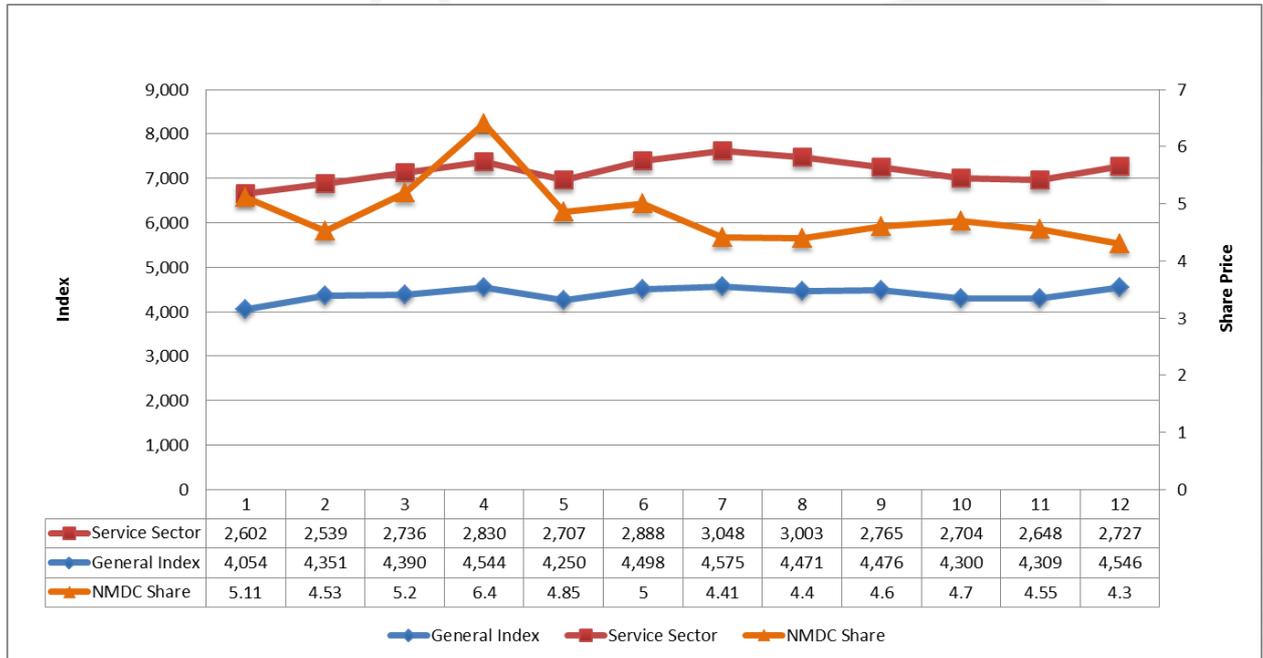
### 8. GENERAL INFORMATION

#### 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 2016:

Month	Highest price	Lowest price	Closing price	Services Sector Index	General Index
January	6.30	4.45	5.11	2,602	4,054
February	5.44	4.30	4.53	2,539	4,351
March	5.39	4.51	5.20	2,736	4,390
April	6.40	5.04	6.40	2,830	4,544
May	6.19	4.53	4.85	2,707	4,250
June	5.50	4.75	5.00	2,888	4,498
July	5.00	4.40	4.41	3,048	4,575
August	4.90	4.40	4.40	3,003	4,471
September	4.79	4.40	4.60	2,765	4,476
October	5.00	4.24	4.70	2,704	4,300
November	4.71	3.96	4.55	2,648	4,309
December	4.30	4.25	4.30	2,727	4,546

#### 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 2016

Shareholding (Nationality)	Individuals Shares	Companies Shares	Government Shares	Total Shares
Locals	84,847,059	81,967,316	79,999,999	246,814,374
GCC	2,950	29,593	-	32,543
Arabs (Other than GCC)	94,893	-	-	94,893
Foreigners	44,990	3,013,200	-	3,058,190
<b>Total</b>	<b>84,989,892</b>	<b>85,010,109</b>	<b>79,999,999</b>	<b>250,000,000</b>
<b>Percentage</b>	<b>34.00%</b>	<b>34.00%</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

Shareholder	Number of Shares	Percentage
Abu Dhabi Government – Finance Department	79,999,999.00	32.00%
Tasameem Real Estate LLC	27,848,502.00	11.14%
Abu Dhabi United Group For Development and Investment	22,151,498.00	8.86%
Al Khazna Insurance Company	17,787,316.00	7.11%

### 8.5. Breakdown of Ownership of Company Shareholders

Sr. No	Ownership of shares (shares)	Number of Shareholders	Number of shares owned	The percentage (%) of shares owned
1	Less than 50,000	3,079	12,073,890	4.83
2	50,000 to less than 500,000	165	26,090,996	10.44
3	500,000 to less than 5,000,000	30	40,899,176	16.36
4	More than 5,000,000	8	170,935,938	68.37
	<b>Total</b>	<b>3,282.00</b>	<b>250,000,000.00</b>	<b>100</b>

### 8.6. Statement of significant events encountered by the Company during 2016

The Company made sustainable progress in its vision to become a global player. The Company is executing projects in the UAE, the GCC, Middle East and Africa. In 2016, the Company has entered the Indian Market to develop a Liquefied Natural Gas (LNG) terminal in the state of Gujarat which will be built in partnership with Indian company Swan Energy, the project contract value worth's \$316 million.

Furthermore, during the year 2016, the Company has signed a contract for Khalifa Port Project to expand the port's quay wall so that it can handle more cargo and to dredge the port to make it two meters deeper.



On 1 October 2016, the Company's Swift vessel has been in accident which were carrying humanitarian vessel to Yemen and it was under the insurance cover. Total loss claim has been agreed with the insurance provider.

The Company was anticipating a significant project in Bahrain (Bahrain Approach Channel) which has been cancelled. However, the Company has adequate survival plan to mitigate such events.

### 8.7. Investor Relation Officer

Mr. Khalid Shalati has been recently appointed as the 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 relevant reports and contact information.

### 8.8. Detail of Violations during 2016

There were no violations committed during 2016.

Mohamed Thani Murshed Al Rumaithi  
Chairman of the Company  
Date: 9/4/2017

