



شركة مرس الخيطة لصناعة الاسمنت الأبيض والمواد الإنشائية  
RAS AL KHAIMAH CO. FOR WHITE CEMENT & CONST. MATERIALS

## Governance Report

**2018**



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**(1) A statement of the measures taken to complete the system of governance, how the company applies the principles stated in the decision of the Chairman of the Authority No.(7/R.M) for the year 2016 on the standards of institutional discipline and governance of public shareholding companies.**

**First:**

Ras Al Khaimah White Cement and Construction Materials takes great care of the issue related to applying the corporate governance and discipline and is fully committed to the provisions of applicable legislation, including the provisions of the Chairman of the Board of Directors of Securities and Commodities Authority (SCA) No. 7/2016 on governance and articles of association for the public shareholding companies.

The Board of Directors is responsible towards the shareholders of the company and its customers for the proper and strict application of the principles of governance by achieving the required discipline in the management of the company in accordance with the international standards, and encourage the Board of Directors of the company to maintain a high level of transparency.

**Second:**

The Board of Directors of the Company and its Executive Management shall comply with the rules and procedures stipulated in the Article No. (14) of SCA Decision No. (2) of 2001 regarding the system of trading, clearing, settlement, transfer of ownership and custody of securities, Decision No.(3) for the year 2000 regarding disclosure and transparency system and any new amendments or regulations that may be mentioned in this regard.

Accordingly, the company has provided the Abu Dhabi Securities Exchange with a list of the names of the chairman / members of the board of directors of the company as well as a list of the executive management and heads of departments. All those procedures are to ensure compliance with the rules set by the market to organize the selling and buying of the company's shares.

These measures aim to enhance the confidence of shareholders and investors with SCA, so the board of directors and employees of the company do not exploit the information they have before others to achieve material gains.

Therefore, the company is fully committed to all regulations and legislations issued by SCA and Abu Dhabi Securities Market.

**(2) A statement of the transactions of the members of the Board of Directors, and spouses and children thereof in the Company' securities during 2018**

During the financial year ended 31 December 2018, the Board of Directors, their spouses or their sons did not conduct any transactions on the Company's shares either by selling or buying, except for the following individuals according to the disclosure issued by Abu Dhabi Securities Exchange and the Kuwait Stock Exchange.

Name of insider	Title/ Relationship	Shares as of 31/12/2018 In Abu Dhabi & Kuwait markets	Shares total buy	Shares Total sell	Share Net buy/sell
Ahmed Omar Salem Al Korbi	Member	8,748,584		(80,000)	(80,000)
Majed Ahmed Omar Salem Al Korbi	Son of a member	4,789,551		(300,000)	(300,000)
<b>Total</b>		<b>13,538,135</b>	<b>-</b>	<b>(380,000)</b>	<b>(380,000)</b>

**(3) Formation of the Board of Directors and the details related to the Chairman and members of the Board and their experiences and qualifications**

In accordance with Article No.19 of the Articles of Association of the Company, the Company shall be managed by a Board of Directors consisting of nine members elected by the Ordinary General Assembly by secret accumulative ballot. In all cases, the majority of the members of the Board shall be UAE nationals. Accordingly, a new Board of Directors has been re-elected at the Annual General Assembly Meeting on Thursday, March 22, 2018.

The Board comprises of nine members, most of them are UAE nationals and are highly experienced and competent.

**(A) A statement of the formation of the Board of Directors**

**The special details of the members of the Board of Directors, their experiences and qualifications, the duration of their membership in the Board of Directors of the Company, and their positions in other PSC companies, and other control and government positions.**

**1) Dr/ Ateeq Abdulaziz Jakka Al Mansoori**

**Chairman of the Board  
United Arab Emirates**

Category	Experience	Qualifications
Non-independent and non-executive	Professor of Public Administration in the UAE University	<ul style="list-style-type: none"><li>- PhD in Public Administration from Warwick University, United Kingdom in 1993.</li><li>- Master of Public Administration from the University of Southern California in 1987.</li><li>- BA in Public Administration from UAE University.</li></ul>
Member since	Membership and positions in any other PSC company	Positions in any other important governmental, commercial or regulatory sites
2003	-	<ul style="list-style-type: none"><li>- Director of the UAE University Center for Public Politics and Leadership.</li><li>- Member of the faculty of the UAE University.</li><li>- Associate Deputy for Students Affairs at the University of the Emirates.</li></ul>

**2) Mr. Mohamed Sultan AlQadi**

**Deputy Chairman of the Board  
United Arab Emirates**

Category	Experience	Qualifications
Independent and non-executive	<ul style="list-style-type: none"><li>- General Manager of Etisalat Corporation in Ras Al Khaimah.</li><li>- Chairman of Dantel (Zanzibar Telecommunications Company in Zanzibar).</li><li>- Won the license of operating (Sudatel) Sudan Telecommunications Company in Sudan.</li><li>- Member of the Board of Directors of the Arab Organization for Satellite Communications (Arab sat) for 15 years.</li><li>- Representing UAE in the permanent committee of Telecommunications at the Arab League in Cairo.</li></ul>	<ul style="list-style-type: none"><li>- Graduated from the Royal College of Post and Telecommunications in 1975.</li></ul>
Member since	Membership and positions in any other PSC company	Positions in any other important governmental, commercial or regulatory sites
2004	<ul style="list-style-type: none"><li>- Chairman of the Board of Directors of Commercial International Bank.</li><li>- Managing Director of RAK Properties.</li></ul>	<ul style="list-style-type: none"><li>- Member of the Board of Trustees of the Higher Colleges of Technology.</li></ul>

### 3) Sheikh/ Nasser Rashid Al Moalla

Member of the Board of Directors

United Arab Emirates

Category	Experience	Qualifications
Independent	<ul style="list-style-type: none"> <li>- Awarded the best Emiratisation CEO in the banking sector in UAE in 2006.</li> <li>- Recipient of the Emiratisation Award at the third honoring ceremony for private sector companies and institutions in the (GCC) countries and UAE and awarded by GCC Ministers of Labor in 2004.</li> </ul>	BA from Tulane University of Louisiana, USA
Member since	Membership and positions in any other PSC company	Positions in any other important governmental, commercial or regulatory sites
2012	<ul style="list-style-type: none"> <li>- Vice Chairman of National Bank of Umm Al-Taiwan. -</li> <li>- Vice Chairman of Sharjah Insurance Company.</li> </ul>	-

### 4) Mr. Salem Abdulla Salem Al Housani

Member of the Board of Directors

United Arab Emirates

Category	Experience	Qualifications
Non-Independent and non-executive	<ul style="list-style-type: none"> <li>- Long experience in business, investment and banking.</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor of Business Administration from Beirut Arab University in 1976</li> </ul>
Member since	Membership and positions in any other PSC company	Positions in any other important governmental, commercial or regulatory sites
2012	<ul style="list-style-type: none"> <li>- Vice Chairman of Gulf Medical Projects Company.</li> <li>- Member of the Board of Directors of Sharjah Insurance Company.</li> <li>- Chairman of Umm Al Quwain General Investment Company (formerly Umm Al Quwain Cement Industries).</li> <li>- Member of the Board of Directors of National Bank of Umm Al Quwain.</li> </ul>	<ul style="list-style-type: none"> <li>- Vice Chairman of the Board of Directors of Khatif Holding Company (Kuwait).</li> <li>- Chairman of Al Salem Company Limited (LLC).</li> </ul>



### 5) Dr. Mohamed Abdullatif Khalifa AL Shehhi

Member of the Board of Directors

United Arab Emirates

Category	Experience	Qualifications
Independent	<ul style="list-style-type: none"> <li>- Professor in Business Administration Faculty of Management and Economics, United Arab Emirates University - Al Ain.</li> <li>- Executive Director of Saud Bin Saqr Public Policy Research Institute.</li> <li>- Administrative Development Consultant in Al Ain Municipality.</li> <li>- General Manager of Dubai Real Estate College - Dubai.</li> <li>- General Manager of Sheikh Saqr Program for Government Excellence - Ras Al Khaimah.</li> <li>- General Manager of Human Resources Department - Ras Al Khaimah.</li> <li>- Secretary General of the Executive Council of the Emirate of Ras Al Khaimah.</li> </ul>	<ul style="list-style-type: none"> <li>- PhD in Business Administration from the University of Southern California, USA.</li> <li>- Master of Public Administration, University of Southern California, USA.</li> <li>- BA in Public Administration from UAE University.</li> </ul>
Member since	Membership and positions in any other PSC company	Positions in any other important governmental, commercial or regulatory sites
2015	-	<ul style="list-style-type: none"> <li>- Vice Chairman of the Emirates Society for Social Development - Ras Al Khaimah.</li> <li>- Member of the Board of Trustees of the American University - Ras Al Khaimah.</li> <li>- Member of the Board of Directors of Ras Al Khaimah Academy.</li> <li>- Member of the Federal Authority for Competitiveness and Statistics.</li> </ul>

**6) Mr. Ahmed Omar Salem Al Korbi**  
**Member of the Board of Directors**  
**United Arab Emirates**

Category	Experience	Qualifications
Independent	<ul style="list-style-type: none"> <li>- Filled several positions.</li> <li>- Filled many positions in the Ministry of Agriculture and Fisheries - Abu Dhabi from 1972 to 1986 such as: (Accountant of the Office Manager of the Minister), Acting Manager of Diwan Ministry in Abu Dhabi.</li> <li>- Former Air Force Administration Officer from 1987 to 1992.</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor of Business Administration and Accounting from UAE University in 1985.</li> </ul>
Member since	<b>Membership and positions in any other PSC company</b>	<b>Positions in any other important governmental, commercial or regulatory sites</b>
2009	<ul style="list-style-type: none"> <li>- Member of the Board of Directors of Umm Al Quwain Public Investment Company (formerly Umm Al Quwain Cement Industries).</li> <li>- Member of the Board of Directors of Ras Al Khaimah Poultry and Feed Company.</li> <li>- Member of the Board of Directors of Al-Dhabi Investment.</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman of the Board of Directors of the Cooperative Society for Housing and Development (Dubai).</li> </ul>

**7) Eng. Ahmad Hamad Abdulla Al Subih**  
**Member of the Board of Directors**  
**State of Kuwait**

Category	Experience	Qualifications
Independent	<ul style="list-style-type: none"> <li>- Currently Secretary General of the Organization of Arab Towns (2016).</li> <li>- Civil engineer</li> <li>- Former General Manager of Kuwait Municipality from 2006 to 2016.</li> <li>- Director of Construction Department in Kuwait Municipality</li> <li>- Assistant Undersecretary for Construction Affairs in Kuwait Municipality.</li> <li>- Assistant Undersecretary for Urban Planning.</li> <li>- Chairman of Yarmouk Cooperative Society from 1994 to 1996.</li> <li>- Member of the Board of Directors of Kuwait Credit Bank from 2000 to 2006.</li> <li>- Member of the Board of Industry Authority from 2006 to 2015.</li> <li>- Member of the Board of Directors of Housing Authority from 2006 to 2015.</li> </ul>	<ul style="list-style-type: none"> <li>- Holds a degree in Civil Engineering from a US University in 1980.</li> </ul>
Member since	<b>Membership and positions in any other PSC company</b>	<b>Positions in any other important governmental, commercial or regulatory sites</b>
1995		<ul style="list-style-type: none"> <li>- Member of the Society of Engineers (State of Kuwait).</li> <li>- Member of Alumni Society (Kuwait).</li> <li>- Member of International Safety Association (State of Kuwait).</li> </ul>



**8) Mr. Nawaf Abdullah Al Refaie**  
**Member of the Board of Directors**  
**State of Kuwait**

Category	Experience	Qualifications
Independent	21 years of experience in investment and banks.	BA of Business Administration - Kuwait University.
Member since	<b>Membership and positions in any other PSC company</b>	<b>Positions in any other important governmental, commercial or regulatory sites</b>
2015	<ul style="list-style-type: none"> <li>- Member of the Board of Directors of Smile Telecom Holding - Mauritius.</li> <li>- Chairman of Al-Nawadi Holding Company - Kuwait.</li> <li>- Member of the Board of Directors of Sharjah Cement and Industrial Development Company.</li> <li>- Chairman of the Board of Directors of KAMCO Investment Company / DIFC - Dubai.</li> <li>- Member of the Board of Directors of Mashaer Holding Company – Kuwait.</li> </ul>	

**9) Mr. Abdullah Mohammed Hassan Al Housani**  
**Member of the Board of Directors**  
**United Arab Emirates**

Category	Experience	Qualifications
Independent	- Banking experience up-to 30 years of which he held many positions in the management of local banks.	- BA in Accounting & Commerce from UAE University.
Member since	<b>Membership and positions in any other PSC company</b>	<b>Positions in any other important governmental, commercial or regulatory sites</b>
2018	<ul style="list-style-type: none"> <li>- Board member of Gulf Cement Company.</li> <li>- Board member in Ajman Bank.</li> </ul>	

**Mr. Ahmed Mohamed Rahma Al Shamsi**  
**Member of the Board of Directors (former)**  
**United Arab Emirates**

Category	Experience	Qualifications
Independent	<ul style="list-style-type: none"> <li>- He held many positions in the management of local banks.</li> <li>- Experience in the field of investment and banks.</li> </ul>	<ul style="list-style-type: none"> <li>- Bachelor of Business Administration</li> <li>- Kuwait University.</li> </ul>
Member since	Membership and positions in any other PSC company	Positions in any other important governmental, commercial or regulatory sites
The deceased passed away on 27/07/2018.		

**(B), (C)** there is no females representation in the Board of Directors for the year 2018, the candidacy for membership of the Board of Directors of the Company was opened from 07/03/2018 until 17/03/2018. The Company did not receive any nomination papers from any female individual.

**(D) Remunerations of the Board of Directors' and Committees attendance allowances**

The remuneration of the directors is determined based on the provisions of Article (169) of the Companies Corporate Law No. (2) for the year 2015, which states that the company's system shows the method of calculating the remuneration of the members of the board of directors. This bonus should not exceed than 10% of the net profit of the ended fiscal year after deducting both depreciation and reserves.

The fines that may have been imposed on the Company due to the Board of Directors 'violations of the law or the Articles of Association of the Company during the ended financial year may be deducted from the Board of Directors' remunerations. The General Assembly may not deduct such fines if it is found that they are not due to default or error by the Board of Directors.

- 1) The total remunerations paid for the board of directors for the year 2017 was AED 1,500,000.
- 2) Allowance for AED 1,040,000 for the Board of Directors in return of 2018 will be submitted in General Assembly meeting for approval.
- 3) Below table states name of the Committee members, committee name, allowance value, and Number of meetings

Board member name	Committee name	Allowance	No. of meetings
- Mr. Ahmed Mohammed Rahma Al-Shamsi	Nominations & remunerations	30,000	3
- Dr. Mohamed Abdullatif Khalifa Al Shehhi	Nominations & remunerations	15,000	3
- Ahmed Hamad Abdullah Al-Subeeh	Nominations & remunerations	5,000	1
- Dr. Mohamed Abdel Latif Khalifa Al Shehhi	Audit Committee	60,000	6
- Mr. Nawaf A. Mahmoud Al-Refai	Audit Committee	20,000	4
- Mr. Mohamed Sultan Al Qadi	Marketing and Sales Committee	50,000	5
- Mr. Ahmed Mohamed Rahma Al Shamsi	Marketing and Sales Committee	10,000	2

**(E) Number of Board meetings during 2018**

The Board held four meetings during the year ended 31 December 2018, as follows:

Meeting date	No. of attendees	Attendance by proxy	Absent members
03 March 2018	9	-	-
22 March 2018	8	1	-
09 June 2018	9	-	-
10 November 2018	7	-	Ahmad Hamad Abdulla Al Subih

**The number of personal attendance of the Chairman and members of the Board of Directors for the period from 1 January 2018 to 31 December 2018 and a by the number of members attended by proxy**

Name	Title	No. of attendance	Attendance by proxy
1) Dr. Ateeq Abdul Aziz Jakka Al Mansoori	Chairman	3	1
2) Mr. Mohammed Sultan Al-Qadi	Vice Chairman	4	-
3) Sheikh / Nasser bin Rashid bin Abdulaziz Al Mualla	Board Member	4	-
4) Mr. Salem Abdullah Salem Al Hosani	Board Member	4	-
5) Mr. Ahmed Omar Salem Al-Korbi	Board Member	4	-
6) Mr. Ahmed Hamad Abdullah Al Subeeh	Board Member	3	-
7) Mr. Ahmed Mohamed Rahma Al Shamsi	Board Member	3	-
8) Dr. Mohammed Abdul Latif Khalifa Al Shehhi	Board Member	4	-
9) Mr. Nawaf Abdulla Mahmoud Al Rifai	Board Member	4	-

**Notice:**

- The Board of Directors in its' meeting No.(170-2018), held on 10/11/2018, released an obituary regarding the death of the late member of the Board of Directors Mr/ Ahmed Mohamed Rahma Al Shamsi, who passed away on 27/7/2018.
- The Board of Directors approved in its' meeting No. (170-2018) held on 10/11/2018 the appointment of Mr. Abdullah Mohammed Hassan Al Hosani as a member of the Board of Directors of the Company effective 10/11/2018 (the appointment decision is subject to the approval of the General Assembly in its' next meeting), In lieu of the late Mr. Ahmed Mohamed Rahma Al Shamsi who passed away on 27/07/2018.

**(F) The Duties & roles delegated by the Board of Directors to the Executive Management**

<b>Name</b>	<b>Authorization Extent</b>	<b>Validity of Authorization</b>
Eng./ Ali Hasan Jakka Al Mansoori (Ex.GM)	1. Authorization of the General Manager to solely sign all transactions of the company before the Federal Ministries and Local Departments, Institutions, Companies and Entities operating in the United Arab Emirates. 2- Authorize both the General Manager and the Director of Corporate Support to sign bank checks together and transfer the funds and transactions with banks within the scope specified in the delegation decision.	3 years renewable after the election of the Board of Directors (Expired on 17 July 2018).
Mr/ Mohamed Ahmed Al Houti (Acting GM)		3 Years

- The Board of Directors approved the resignation of Mr/ Ali Hasan Jakka Al Mansoori (Ex.GM) and decided that his last day would be 19/07/2019.
- The Board of Directors approved to mandate Mr/ Mohammed Ahmed Zayed Al Houti as General Manager.

**In addition, the executive management shall:**

- 1) Execute and implement policies, plans and programs approved by the Board of Directors.
- 2) Discuss the company's estimated budgets with the executive directors and department managers before submitting them to the Board of Directors.
- 3) Submit periodic reports to the Board of Directors regarding the company's plans and programs.
- 4) Manage and supervise the daily business of the company.
- 5) Monitor the performance of managers and guidance in their field.
- 6) Supervise on the studies and plans made to raise the level of performance in the company.
- 7) Issue decrees and circulars tailored to ensure the smooth conduct of work in line with the powers granted to them.
- 8) Ensure that the proposed target is met in the approved budget for the fiscal year.

### **(G) Transactions with related parties (stakeholders)**

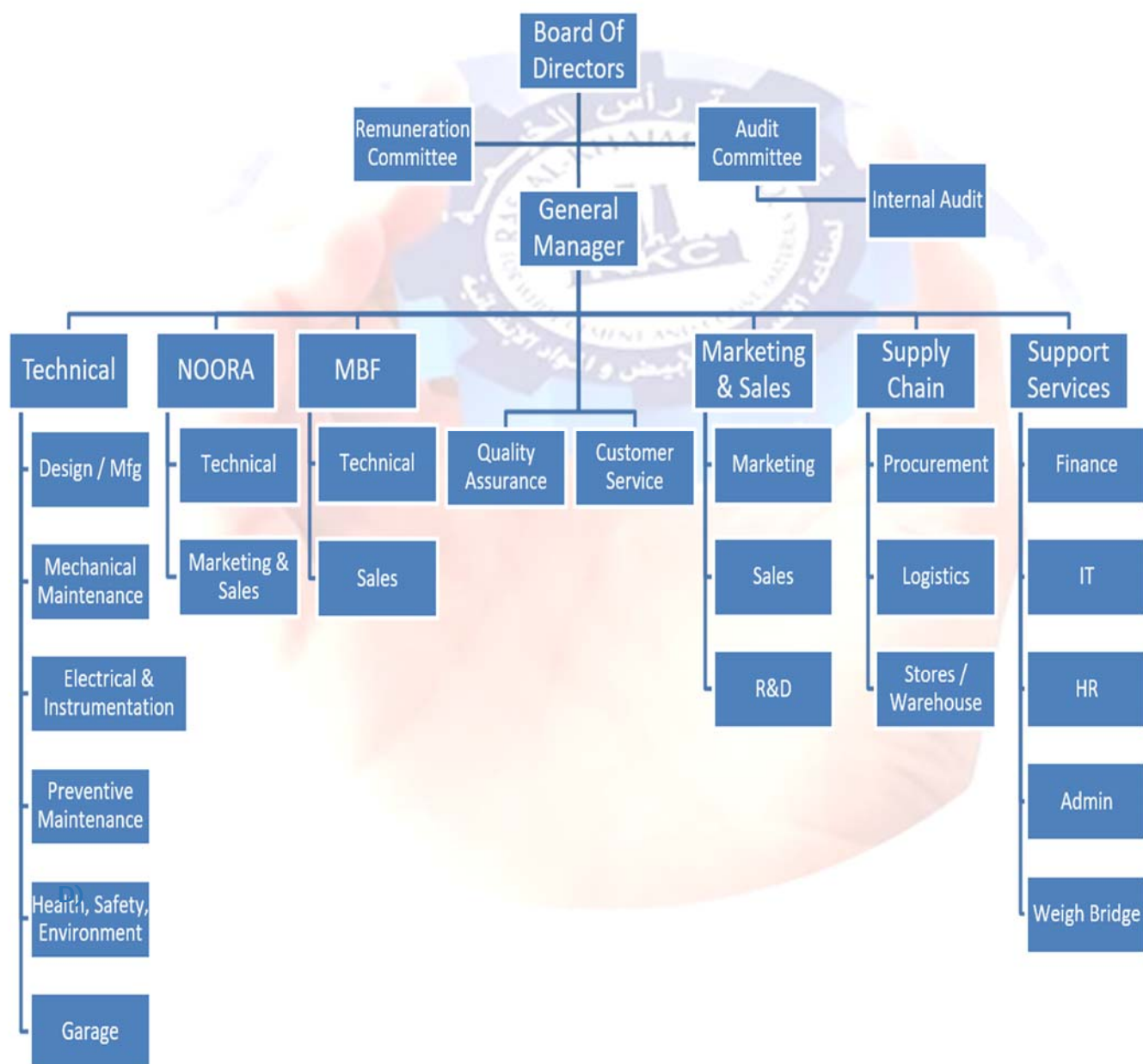
Article No. (33) of the Articles of Association of the Company states that it is prohibited for the concerned parties to exploit any of the information in their custody by virtue of their membership in the Board of Directors or their position in the Company for the interest of them or any other person, no matter it resulted in whatever dealing in the securities of the Company or other transactions, nor may any of them have a direct or indirect interest with any entity that carries out operations intended to affect the prices of shares issued by the company.

In addition Article No. (34) of the Articles of Association of the Company states that the Company is prohibited from any transactions with related parties except with those approved by the Board of Directors, and should not exceed more than 5% of the Company's capital, and to avail the approval of the General Assembly of the Company if they exceeded that percentage and the deals should be evaluated by a certified evaluator with SCA. The auditor of the company shall include in his report a list of the transactions of any conflict of interest that may arise and the financial transactions between the company and any of the related parties and the actions taken thereon.

- ✧ **The Board of Directors has decided the suspension of all transactions with related parties for the Board of Directors and the employees of the Group in its' meeting No.(149) held on 22 March 2014.**
- ✧ **There are no dealings with any related parties for the year 2018.**



(H) The Organizational Structure of the company



**(I) A detailed statement of the company's senior executives:**

The following table provides a detailed breakdown of the company's senior employees' names, positions, and dates of appointments, as well as salaries and bonuses paid to them in 2018.

Position	Date of join	Total salaries & Allowances paid in 2018	Total remunerations paid in 2018
Acting General Manager (Corporate Support Director)	05/03/2013	645,178	-
Director of Marketing and Sales	16/10/2016	405,952	-
Director of Technical Department	09/03/2015	514,255	19,000
Director of the Modern Block Factory	20/12/2004	493,464	200,000
Director of Supply Chain	10/12/2013	322,902	14,500
Director of Noora Factory	19/08/2015	518,131	19,000
Quality Assurance Manager	28/03/2016	262,770	9,840
Acting Customer Service Section	31/03/2019	175,877	50,000
<b>Total</b>		<b>3,338,529</b>	<b>312,340</b>

**(4) The External Auditor**

**Deloitte & Touche**

**(A)** Deloitte & Touche is one of the world's leading audit firms with extensive audit experience.

Deloitte & Touche (Middle East) is a member of Deloitte Touche Tohmatsu Limited, a leading professional audit, taxation, management and financial consulting firm with more than 2,500 partners, managers and employees working across 26 offices in 15 countries in the Middle East of which ( 6 offices in the United Arab Emirates) with a global network of connected companies in more than 150 countries and 182 professionals, Deloitte provides high quality services to customers in the public and private sectors in a wide range of economic areas by proposing effective solutions to the challenges that face their business.

**(B) A detailed table below stating the fees and costs of the audit or services provided by the External Auditor.**

The General Assembly decided in its meeting held on 22 March 2018, to reappoint Deloitte & Touche (Middle East) for the eighth consecutive year (2011-2012-2013-2014-2015-2016-2017).

The annual fees were set at AED 259,500 for auditing the company's accounts for the year 2018. Their services included all professional services related to the review of the quarterly and annual financial statements in accordance with international accounting standards and in accordance with Article No. (36) of the Chairman's decision No. (7) R.M. 2016 of SCA and the provisions of Articles of Association of and the Corporate Governance of public shareholding companies.

We also confirm on the independency of the external auditor and certify that he did not provide any additional technical, administrative or consulting services related to his business.

- ♦ We also would like to inform you that no other external auditor has provided any other services to the Company.

Name of Audit Office	Deloitte & Touche
Number of years spent as an external auditor of the company	8 years
Total audit fees for the financial statements of 2018	259,500 (AED)
Fees and charges for special services other than audit of the financial statements for 2018 (AED)	None
Details and nature of other services provided	None

**(C) A statement clarifying the reservations made by the Company's auditor to be included in the interim and annual financial statements for the year 2018. In the absence of any reservations, this should be stated explicitly.**

**(5) Audit Committee**

The Audit Committee was formed in accordance with the Corporate Governance Regulations and Rules. It consists of three members, two of whom are members of the Board of Directors and a member appointed by the Board with experience in Audit and Finance.

**A. Members of the Audit Committee are:**

- Members of the Audit Committee for the period from 1 January 2018 to 31 December 2018

Name	No. of attendance	Position
1) Dr. Mohamed Abdel Latif Khalifa Al Shehhi	6	Head of Audit Committee
2) Mr. Nawaf Abdullah Mahmoud Rifai	4	Member of the Audit Committee
3) Mr. Ahmed Mohamed Mansour	6	Member of the Audit Committee Expert in Audit & Finance

**The functions of the Audit Committee are:**

- ♦ Develop a policy of contracting with the external auditor and submit a report to the Board of Directors.
  - ♦ To verify the independency and objectivity of the external auditor and discuss the nature and scope of the audit process and its effectiveness in accordance with the approved auditing standards.
  - ♦ To verify the integrity of the financial statements of the company and its annual, half-annual and quarterly reports and to ascertain the following aspects:
    1. Any changes in accounting policies and practices
    2. Substantial adjustments resulting from the audit
    - 3 - Review the assumption of continuity of the company
    4. Ensure that the financial statements are prepared in accordance with International Accounting Standards
    - 5 - Highlight the areas that are under the discretion of the management
    6. Adhere to the rules of corporate listing with SCA, disclosure and other legal requirements related to the preparation of financial reports
- \* Coordination with the company's board of directors and executive management in order to perform its tasks.
  - \* Meeting with the external auditor at least once a year.
  - \* Consider any items that are important and unusual in the report of the external auditor or internal auditor.
  - \* Review the Company's internal control and risk management systems.
  - \* Ensure that there is coordination between the Internal Audit Department and the external auditor and ensure that the necessary resources are available to the internal control system and to review and control the effectiveness of internal control in the company.
  - \* Review the company's financial policies and procedures.
  - \* Reviewing the External Auditor's business plan and any essential queries that may be raised by them to management with regard to accounting records or internal control systems.
  - \* Establish rules that enable the company's employees to report any potential violations in the financial reports, internal control or other matters within in a confidential manner, and conduct independent and fair investigations of such violations.
  - \* Monitor the extent of which the company complies with professional codes of conduct.
  - \* Ensure the implementation of the rules related to Audit Committee authorities and tasks.
  - \* To report to the Board of Directors matters within its competence and to consider any other matters determined by the board.

**B. The following table shows the dates of the Audit Committee's meetings in 2018:**

Serial number	Meeting number	Meeting Date	Number of attendees
1)	01-74	16 January 2018	2
2)	02-75	15 February 2018	3
3)	03-76	25 February 2018	3
4)	04-77	05 May 2018	2
5)	05-78	05 July 2018	3
6)	06-79	05 November 2018	3

**(6) Nominations and Remuneration Committee**

The main tasks of the Nomination and Remuneration Committee are to ensure the independency of the independent members on an ongoing basis and to review the annual incentive plan, and the remunerations, nominate the board members and their remuneration, and all the main tasks mentioned in Article (47) of SCA No.(7/R.M.) for 2016 regarding the corporate standards of association and governance of public shareholding companies.

**A. The following table shows the formation of the Nomination and Remuneration Committee and the number of times the Committee held meetings in 2018:**

- Members of the Nomination and Remuneration Committee for the period from 1 January 2018 to 31 December 2018:

Name	Title	No of meetings attended
1. Mr. Ahmed Mohamed Rahma Al Shamsi	Head	3
2. Mr. Ahmed Hamad Abdullah Al Sobeh	Member	1
3. Dr. Mohammed Abdul Latif Khalifa Al Shehhi	Member	3

- The Board of Directors in its meeting No. (170-2018) held on 10/11/2018, approved the reformation of the Nominations and Remuneration Committee and the appointment of Dr. Mohammed Abdul Latif Al Shehhi as Head of the Committee.

- The Board of Directors in its meeting No. (170-2018) held on 10/11/2018, approved the reformation of the Nominations and Remuneration Committee and the appointment of Mr. Abdulla Mohamed Hassan Al Housani as member.

- The late Mr. Ahmed Mohamed Rahma Al-Shamshi - Board Member – former Head of Nominations and Remuneration Committee died on 27/07/2018.

- Below table state Nominations and Remuneration Committee members from 10 November 2018 to 31 December 2018:

Name	Title	No of meetings attended
1. Dr. Mohammed Abdul Latif Khalifa Al Shehhi	Head	-
2. Mr. Ahmed Hamad Abdullah Al Sobeh	Member	-
3. Mr. Abdulla Mohamed Hassan Al Housani	Member	-

**The Nominations and Remuneration Committee shall assume the following functions, responsibilities and responsibilities:**

1. To ensure independence of the independent members on an ongoing basis. If the committee finds that one of the members has lost the conditions of independence, it must submit the matter to the board of directors of the company and the board of directors shall notify the member by sending him a registered letter on his fixed address registered with the company. The member has to reply to them within fifteen days from the date of the notification. The Board of Directors shall issue a decision declaring the member independent or non-independent at the first meeting following the member's reply or the expiry of the period referred to in the preceding paragraph without a reply. It should be taken into consideration whether the loss of that title of the member would not result in a breach of the minimum number of independent members of the Board of Directors, in the composition of the Board. Without prejudice to the provisions of Article (102) of the Commercial Companies Law, if the decision of the Board to eliminate the reasons or reasons for the independency of the member affect the minimum percentage of independent members within the board, the board of directors of the company appoints a new independent member to replace that member, provided that the appointment decision has to be submitted in the first ordinary General Assembly Meeting of the Company to consider the validation of the decision of the Board.
- 2 - Identify the company's needs of competencies at the level of senior executive management, and employees, and the basis of their selection.
3. Organize and follow - up the procedures for nominations to the Board of Directors membership in accordance with the applicable laws and regulations and the regulation of SCA.
4. Review the composition of the Board of Directors, and the Committees on an annual basis and issue recommendations to the Board of Directors, when necessary regarding the membership of the Committees.
5. Assist the Board in the annual evaluation of the Managing Director, and the General Manager.
- 6- Prepare the human resources and training policy of the company, and monitor their implementation and review them annually.
- 7 - Review the professional development plans and succession plans within the company and discuss this with the Board and senior management.
8. Review and submit recommendations to the Council on employment contracts, retirement and termination from service arrangements, and any privileges of key members of senior management.
- 9- To prepare the policy for the granting of bonuses, benefits, incentives and salaries for the members of the Board of Directors of the Company and its employees, and to review them on an annual basis. The Committee shall verify that the bonuses and benefits granted to the Company's Executive Management are reasonable and appropriate to the performance of the Company.
10. Review and evaluate the efficiency of the Committee's charter on an annual basis and request the Board of Directors for the proposed changes.

B. The following table shows the dates of the Nominations and Remuneration Committee meetings during 2018:

Serial No.	Meeting No.	Meeting date	No. of members
1)	01-31	19/02/2018	3
2)	02-32	20/06/2018	2
3)	03-33	04/07/2018	2



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

### **A) The names of the members of the Follow-up and Supervision Committee on the dealings of the insiders**

Name	Title
Mahmoud Mohammed Soliman Mohammed	Head of Insiders Committee
Abdelwaheed Fatthalla	Member of Insiders Committee

### **B) A summary of the Committee's work report during the year 2018.**

- Follow-up trading on the shares of the company by the insiders.
- Confirm to the insiders the necessity of complying with the decisions and circulars of SCA, and Abu Dhabi Stock Exchange regarding compliance by the insiders of the company with the terms of the stoppage periods of transactions of the Company's dealings during the interim financial periods until full disclosure of the financial statements.
- Update the data of insiders (dealers) for the year 2018 in both Abu Dhabi Securities & Commodities Authority and Kuwait Stock Exchange.

## **(8) Other committees:**

### **A) Committees of 2018:**

- Marketing and Sales Committee.
- Higher Purchase Committee.
- Investment Committee.

### **B) Details of previous committees (name, title, & duties)**

Name	Title	Duties
Mohamed Sultan Al Qadi	Head of Marketing & Sales Committee	Approve the general strategy of marketing and sales as well as the estimated budget of sales in addition to policies, procedures and contracts related to sales.
Ahmed Mohamed Mansour	Member of Marketing & Sales Committee	
Nawaf Abdullah Al Refaie	Member of Marketing & Sales Committee	
Ahmad Mohamed Rahmah AL Shamsi	Member of Marketing & Sales Committee	
Mohamed Sultan Al Qadi	Member of Higher Purchase Committee.	Review and decide on tenders worth AED 2 million to AED 13 million, as well as review and approval of procurement policies and procedures
Ahmed Mohamed Mansour	Member of Higher Purchase Committee.	
Salem Abdulla Salem Al Housani	Head of Investment Committee.	Review and follow up performance of investment portfolios
Ahmed Omar Salem Al Korbi	Member of Investment Committee.	
Nawaf Abdullah Al Refaie	Member of Investment Committee.	

### C) Committees meetings in 2018:

#### - Marketing and Sales Committee:

Name	Title	No of meetings attended
Mohamed Sultan Al Qadi	Head of Marketing & Sales Committee	5
Ahmed Mohamed Mansour	Member of Marketing & Sales Committee	5
Nawaf Abdullah Al Refaie	Member of Marketing & Sales Committee	-
Ahmad Mohamed Rahmah AL Shamsi	Member of Marketing & Sales Committee	2

- The Board of Directors at its meeting No. (170-2018) held on 10/11/2018 approved the restructuring of the Marketing and Sales Committee and the appointment of Mr. Nawaf Abdullah Al Rifai as a member.
- The deceased, Mr/ Ahmed Mohamed Rahma Al Shamsi died on 27/07/2018.  
He was Member of the Board of Directors - Member of the Committee.

Serial No.	Meeting date	Meeting No.	Number of Members attended
1)	14 /March /2018	01-01	3
2)	22 /April /2018	02-02	2
3)	22 May 2018	03-03	2
4)	04 /July /2018	04-04	3
5)	05/Nov./2018	05-05	2

#### - Investment Committee meetings:

Name	Title	No. of meetings
Salem Abdulla Salem Al Housani	Head of Investment Committee	1
Ahmed Omar Salem Al Korbi	Member of Investment Committee	1
Nawaf Abdullah Al Refaie	Member of Investment Committee	1

Serial No.	Meeting No.	Meeting date	Number of Members attended
1)	01-01	10/Nov/2018	3

### (9) Internal Control System

#### (A) The responsibility of the Board of Directors for the Internal Control System

The Board of Directors of the Company acknowledges its responsibility for the Company's internal control system and for reviewing the mechanism and effectiveness of the control system.

### **(1) Vision**

In order to provide an independent evaluation of the business processes and internal Audit to the management, audit committee and board of directors of Ras Al Khaimah White Cement and Construction Materials Company PJSC and its subsidiaries and to provide the necessary guarantees to manage the risks that may impede the achievement of its tasks, objectives and objectives .

### **(2) Mission**

For the purpose of carrying out audit work, independently reporting on the internal sections of Ras Al Khaimah's White Cement & Construction Materials and related activities, and providing objective analysis and recommendations that add value to the Audit Committee / Board of Directors and Executive Management. All internal audit projects will be conducted in accordance with the Standards of Professional Practice for Internal Auditing issued by the (Institute of Internal Auditors).

### **(3) Objectives**

The Internal Audit Department is an independent evaluation department that assesses the adequacy and effectiveness of the controls, regulations, policies and procedures of Ras Al Khaimah Company for White Cement and Construction Materials. The objectives of internal audit management are as follows:

- ❖ Review the operations / sub - operations of different departments of the company, and determine whether these processes are carried out in accordance with the objectives, policies and procedures of Ras Al Khaimah Company for White Cement and Construction Materials, and related regulations and legislation.
- ❖ Review the reliability and integrity of financial and operational information and the means used to identify, measure, classify and report on such information.
- ❖ Review and evaluate the efficiency in resource utilization.

### **(4) Independence**

Independence is achieved through the organizational position of the Internal Audit Department and the objectivity of internal auditors.

Internal auditors shall be free from any types of conflicts, whether arising out of professional interests, personal relationships or any other interests within Ras Al Khaimah Company for White Cement and Construction Materials or related activities that may be audited.

Internal auditors should be far from of any influences that would restrict or modify the scope of their work or reflect on their ability to judge with respect to the content of internal audit reports.

### **(5) Ability to detect fraud**

Management is clearly responsible for detecting and preventing fraud. The Internal Audit Department is well qualified to support management by assessing the effectiveness, and adequacy of internal audit procedures to prevent and detect fraud.

## **(6) Reporting**

The Internal Audit Department submits reports on the departments to the Audit Committee / Board of Directors, and submits management reports to the General Manager.

The following is the approach used by the Internal Audit Department to report:

- \* Discussion of initial reports on the departments / owners of operations.
- \* Issue a final report including section comments to the Audit Committee, the General Manager, and the Operations Owners.
- \* Follow - up the audit duties, and present matters that have not been resolved to the subsequent Audit Committee meeting.

### **Other management responsibilities include:**

- \* To play an active role and contribute to the identification of risks and the development of an audit coverage plan for Ras Al Khaimah Company for White Cement and Construction Materials, and their specific sections and operations, and then accept joint ownership to maintain and continuously update that responsibility.
- \* Inform the Internal Audit Department and the General Manager of any internal control matters, whether they exist or are likely to occur, such as obstacles, thefts, and fraud, embezzlement, unauthorized transactions, as well as accounting errors, doubtful debts, etc. A report on these important matters will be presented at the meetings of the Audit Committee / Board of Directors.

## **(7) Relations with external auditors**

The independent external auditors for Ras Al Khaimah Company for White Cement and Construction Materials perform shall perform legal acts that represent their responsibility to stakeholders.

The Internal Audit Department of Ras Al Khaimah Company for White Cement and Construction Materials will coordinate its activities with the activities of the external auditors, in order to obtain maximum degree of auditing and avoid duplication of effort. The Internal Audit Department will track the comments and recommendations included in the reports of external auditors.

## **(8) Special assignments**

The Internal Audit Department may from time to time accept requests from the General Manager, the Audit Committee, and the Board of Directors for special assignments. The terms of reference for these tasks will be agreed upon prior to these commitments.

### **Mechanism of the Internal Audit Functions**

The following are the actions authorized by the Internal Audit Department:

- \* Implement a program of internal audit projects, if necessary, to achieve the objectives of the management.
- \* The full right to access all documents, records, employees, etc. of Ras Al Khaimah Company for White Cement and Construction Materials with very strict accountability for their secrecy during the internal audit process.

- \* Request support from the Audit Committee / Board of Directors to enable the internal audit team to perform their work properly.
- \* Asking for assistance when needed from persons, experts, auditors and administrators in the event of lack of skill sets and the need for competencies that may arise during the execution of the audit functions for several operations within Ras Al Khaimah Co. for White Cement and Construction Materials.
- \* Perform its functions in accordance with the risk-based internal audit plan.

The Internal Audit Manager deals with specific, redefined and sensitive matters, as well as matters that are considered to be highly confidential.

The scope of work of the Internal Audit Department is to provide internal audit services to Ras Al Khaimah White Co. for White Cement & Construction Materials, support the departments if necessary, and make corrective recommendations to the Audit Committee / Board of Directors.

#### **The Internal Audit Department has to perform the following audit tasks:**

- \* **Conduct auditing on compliance** of the company's various operations & activities and their compliance with the Company's policies and procedures, including ethical conduct and professional performance that would have a significant impact on the Company.
- \* **Conduct financial auditing** with respect to the reliability and integrity of the financial information and the means used to identify, measure, classify and report on such data and the means of protecting the (assets) and, where appropriate, to verify the existence of such assets.
- \* **Conduct operational auditing** regarding the reliability and integrity of operational information, and the means used to assess the efficiency of resources allocation and utilization.
- \* **Conduct auditing on information system** to undertake system and applications modifications, related sections, and operations and review IT department project.

#### **(B) The name and qualifications of the Internal Audit Manager**

The Internal Audit Department Manager is Mr/ Mahmoud Mohamed Soliman, he was appointed on 3 January 2016. He holds the following certificates and experience:

- Bachelor of Commerce from Ain Shams University - Cairo in 2001.
- Certified Internal Auditor from the Institute of Certified Internal Auditors (IIA), USA.
- Certificate as compliance officer with an advanced level approved by the International Compliance Association in cooperation with the UAE Securities and Commodities Authority (SCA).
- Over 10 years' experience in finance and auditing.

**(C) The Internal Audit Manager also act as the Compliance Officer.**

**(D) How the Internal Audit Department deals with any major problem in the company**

The Internal Audit Department deals with the major problems by following the usual and usual practice in these cases, describing the problem accurately, including the supervisory gaps (if any) that led to them, the risks resulting from those gaps and the proposed procedures with the dependencies of the problem and addressing the regulatory gaps that may have led and report thereon to the Audit Committee for discussion with the Committee and the relevant parties and then Audit Committee will issue a report with proposed recommendations for submission to the Board of Directors to take the necessary action (the Company did not face any major problem during 2018).

**(10) Details of the violations committed during the financial year 2018 and state their reasons, and how to address them to avoid their recurrence in the future**

Ras Al Khaimah White Cement Co. & Construction Materials is keen on full and comprehensive compliance with the Commercial Companies Law and its amendments as well as the Securities and Commodities Authority regulations.

The Company did not commit any material violations in order to comply with the laws and regulations in force in UAE.

**(11) The company's contribution to local community development**

**During the year 2018, Ras Al Khaimah Co. for White Cement and Construction Materials made the following contributions:**

- ♦ Give some citizens materials (cement & Interlock).
- ♦ Support national events and various activities in Ministries and Departments and Federal and Local Authorities involved.
- ♦ Sponsor many social activities and events for institutions of public interest (sports, heritage, cultural and social), both financially and physically.
- ♦ Support schools, institutes and universities in the Emirate.
- ♦ Sponsor Ras Al Khaimah Holy Quran Award.
- ♦ Sponsor the International Day of Civil Defense.
- ♦ Contribute to support charity associations' projects.
- ♦ Total cash and physical contributions during the year 2018 amounted to AED 476,905.



**(12) General Information:**

**A) The Company's share price on the Abu Dhabi Securities Market (highest / lowest / closing) during the fiscal year 2018**

Month	Lowest price	Highest price	Closing price
01	.89	1.1	.95
02	1.01	1.06	1.02
03	.94	1.04	.94
04	.8	.97	.89
05	.92	1.02	1.02
06	1.04	1.12	1.12
07	.81	1.02	.81
08	.75	.86	.86
09	.855	.979	.979
10	.805	1.00	.93
11	.91	1.00	.91
12	.855	1.08	1.08

**B) Comparative performance of the company's shares with the general market index and the industrial sector index during the year**



**C) Distribution of the Company's shareholders' equity as at 31 December 2018**

Shareholder category	Shareholding ratio			
	Individuals	Companies	Government	Total %
1) Local	%23.07	%17.68	%9.86	%50.61
2) GCC	%26.79	%5.83	-	%32.62
3) Arab countries	%0.68	% .53	-	%1.21
4) Other countries	%0.10	% 15.46	-	%15.56
<b>Total</b>	<b>%50.64</b>	<b>%39.5</b>	<b>%9.86</b>	<b>%100.00</b>

**D) Shareholders own (5%) and more of the company's capital as at 31 December 2018**

Shareholder name	No. of owned shares	%
1) NBAD Private Bank	79,254,000	15.85 %
2) Salem Abdulla Salem Al Housani	70,068,773	14.01 %
3) Al Salem Co.	52,197,576	10.44%
4) Government of Ras Al Khaimah	45,649,163	%9.13
<b>Total</b>	<b>247,169,512</b>	<b>%49.43</b>

**E) The shareholders distribution according to the size of their ownership as at 31 December 2018**

Share ownership	No. of shareholders	No. of owned shares	Ratio of owned shares to capital
1) Less than 50K	2,798	17,784,187	3.56%
2) From 50K to less than 500K	379	57,760,421	11.55%
3) From 500K to less than 5 Mio	70	110,120,274	22.02%
4) More than 5 Mio	13	314,492,118	62.87%
<b>Total</b>		<b>500,157,000</b>	<b>%100.00</b>

**F) Below are details of the measures taken regarding investor relations guidelines:**

- Mr. Abdelwaheed Fatthalla is in charge of/ Investor Relations in the company.

His contact details are as follows:

- ♦ Email : a.fathalla@rakwhitecement.ae
- ♦ Landline : +971 7 266 8888 (Ext. 227)
- ♦ Mobile phone : +971 50 736 3779
- ♦ Fax : +971 7 266 8866

- Investor Relations Web page at: (<http://www.rakwhitecement.ae/investor-relation/>)

**G) Below are the special resolutions that were presented in the general assembly held in 2018 and the actions taken thereon:**

There is none.

**H) Name of rapporteur of Board of Directors' meetings and date of his appointment:**

Mr. Saeed Ismail Al Ali - Appointment Date 29/05/2010.

**I) Below are list of the significant events that occurred during the year 2018.**

- ♦ The Company obtained the certificate (Integrated Management System IMS).
- ♦ Completion of the project "Petcock" for (Noora Company).
- ♦ The former General Manager has resigned, and his resignation was approved by the Board of Directors.
- ♦ The Support Services Director was appointed as Acting General Manager.
- ♦ Appointment of a new board member instead of the deceased board member.

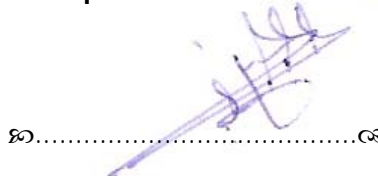
**J) Below is statement of Emiratization rate in the company by the end of 2018 (excluding labors for companies engaged in contracting):**

The company encourages UAE nationals to join its' forces by allocating good salary package and privileges to them. The company also works with the Higher Colleges of Technology and other educational institutions to train UAE nationals in the company whenever it's asked to do so. The percentage of UAE nationals in the company by 31/12/2018 was 4%.

**K) Projects and innovative initiatives undertaken by the company or under development in 2018:**

There is none.

**Dr/ Ateeq Abdulaziz J. Al Mansoori**



**Chairman**