



ALRAMZ
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Al Ramz Corporation Investment and Development P.J.S.C.

Corporate Governance Report 2017

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Introduction

Al Ramz Corporation Corporate Governance Framework

Al Ramz Corporation adheres to the corporate governance resolutions and guidelines issued by the U.A.E. Securities and Commodities Authority; which is reflected through its corporate governance framework that aligns all its business fronts to best practices, internal processes and controls, policies and procedures and ethical considerations. Its main underlying principles for corporate governance are trust, transparency and control as it believes that adopting these principles establishes a healthy and comprehensive corporate culture.

Al Ramz is also aware that implementing these principles and guidelines shall lead to embedding and improving our effectiveness, and would in return enhance the trust of shareholders and other stakeholders in the Corporation's performance and reputation.

Trust

Originating from Al Ramz's parallel economic and social objectives, Al Ramz represents the convergence of the interests of shareholders, employees and other stakeholders and their appointment of the Board of Directors as a guardian of these interests and fulfilment of Al Ramz's objectives and obligations.

Transparency

The past years have bared witness to Al Ramz's consistent care to implement transparency guidelines and enhancing its disclosure of policies and procedures covering its transactions and relationships with stakeholders. This practice is a preemptive effort stemming from its belief in transparency guidelines and disclosing facts and events without endangering its strategic interests. The same is applied internally amongst all of Al Ramz employees.

Control

Control is one of the most important corporate governance principles and Al Ramz believes that management's freedom should be within a suitable control framework. Control prevents misuse of management authority and enables management to promptly respond to any issues. It also emphasizes that risk management should be preventive and effective.

Ethical Principles

Al Ramz bears the full responsibility in implementing a code of conduct that addresses both the internal and the external relationships of the Corporation.

In the context of its commitment to implementing the fundamentals of corporate governance, Al Ramz, represented by its Board of Directors and Executive Management has developed a corporate governance and compliance framework via a group of policies, processes and regulations. The purpose is to organize its business and clearly defining the roles and responsibilities the Board Directors and Executive Management. Henceforth, Al Ramz has achieved multiple accomplishments during 2017 in relation to corporate governance, summarized below:

- Continuous revision and update of the Corporation's policies, processes and regulations.
- Continuous development of both the Board and Management Committees' Charters.
- Evaluating the extent of the Corporation's implementation of the corporate governance fundamentals.

The following report summarizes the requirements and implementation thereof of the corporate governance fundamentals.

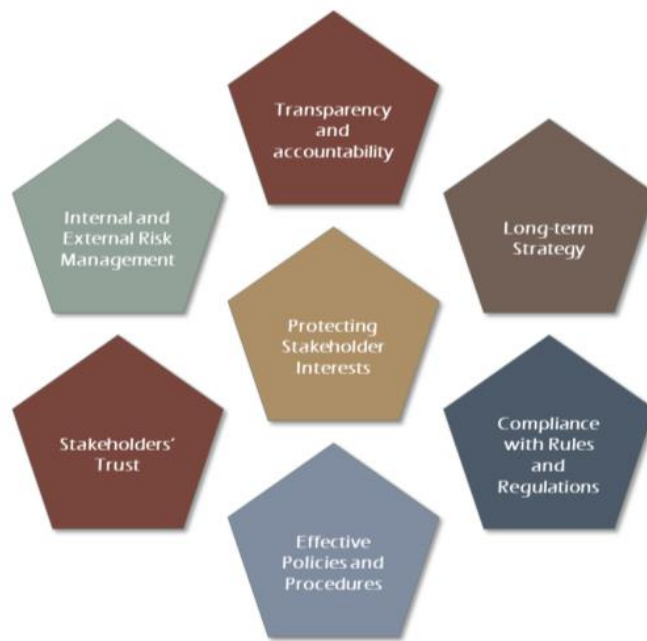


Dhafer Al Ahbabi
Board of Directors Chairman



1. Procedures to adopt and implement corporate governance in 2017

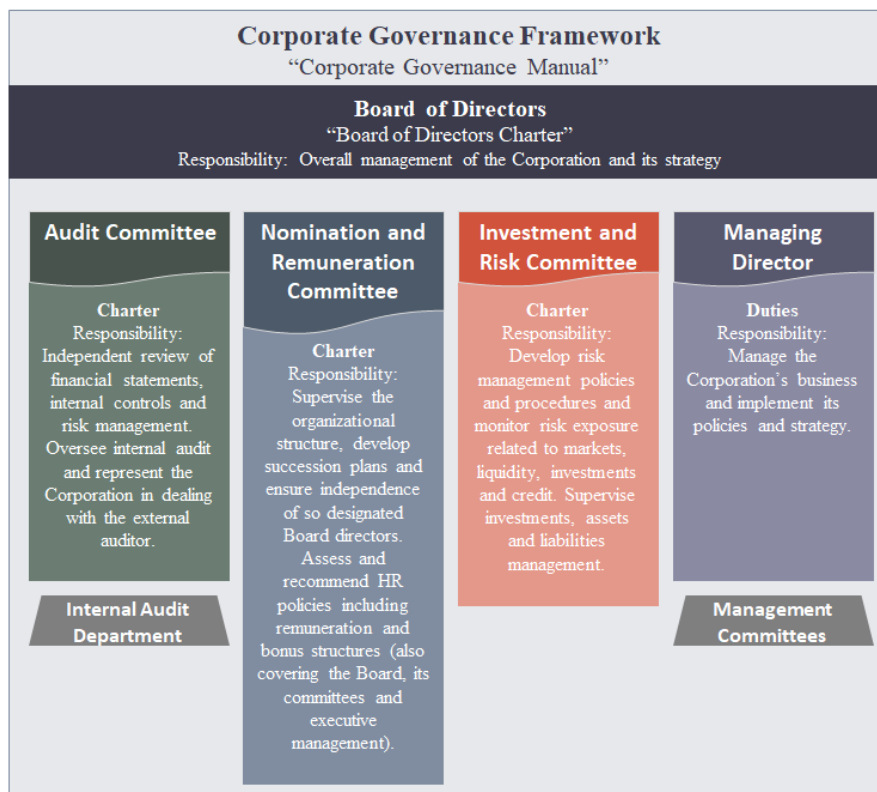
Al Ramz Corporation Investment and Development P.J.S.C. (the “Corporation”), represented by its Board of Directors, has complied with all the corporate governance guidelines and controls as per the Chairman of the Securities and Commodities Authority's Board of Directors' Resolution No. (7 R.M) of 2016, concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies. This compliance arises from the Board's awareness of its responsibility to protect the interests of shareholders and other stakeholders and achieving the purposes of corporate governance.



1. Procedures to adopt and implement corporate governance in 2017

Following, the Corporation has adopted the applicable rules and regulations such as:

- The Board of Directors has revised and approved the Corporation's Corporate Governance Manual including the Board structure, the Board Committees and the corresponding charters; in accordance with resolution No. (7 R.M) of 2016.



- The Board of Directors held five (5) meetings in the period from 1st January 2017 to 31st December 2017.
- The Corporation held two (2) General Meetings during 2017; the key decisions made were:
 - Amending article 16 of the Articles of Association by increasing the number of Directors of the Board from five (5) to seven (7).
 - Approving the election of four (4) new Board directors.

2. Board Directors' and Relatives' transactions in the Corporations' financial instruments in 2017

Name	Dhafer Sahmi Al-Ahbabi
Position	Chairman
Category	Independent non-executive
Shares purchased in 2017	2,956,889
Total shares owned at 31 December 2017	2,956,889
Share capital of the Corporation	549,915,858
Ownership percentage the Corporation's total share capital	0.5773

3. Board of Directors Composition

The Board of Directors was formed on 20th December 2015 by the Corporation's Annual General Meeting. The Board consisted of five (5) members whose term was till 20th December 2018. However, the Board Chairman and a Board Director resigned due to personal reasons.

As such, another General Meeting was held on 30th October 2017 due to the vacant Board positions in order to elect four (4) new Board members as below:

- Electing two (2) Board members to replace the resigned Chairman and director.
- Electing two (2) additional Board members via a special resolution to amend article 16 of the Articles of Association to increase the number of Board members to seven (7).

In compliance with the resolution No. (7 R.M) of 2016 and the Articles of Association, a window for Board member nomination was opened and nominations (with required documentation) were submitted to the Nomination and Remuneration Committee to ensure their eligibility as Board members. The special resolution to increase the number of board members was approved in the General Meeting in addition to the appointment of the following as Board members following their obtainment of the highest vote percentages:

- H.E. Hamad Rashid Al Nuaimi
- H.E. Ali Saeed Bin Harmal Al Dhaheri
- Dr. Nasser Amin Saidi
- Mr. Anthony Mallis

3. Board of Directors Composition

Board members' memberships in other public companies

Name	Membership and position
Mr. Dhafer Al-Ahbabi	Board Member - Invest Bank PJSC
HE Hamad Rashid Al Nuaimi	Board Member – International Arab Bank - Egypt
HE Ali Saeed Bin Harmal Al Dhaferi	Chairman – Abu Dhabi National Takaful Company PJSC
Mr. Mohammad Al Murtada Al Dandashi	Board Member – Union Insurance Company PJSC
Mr. Anthony Mallis	Board Member – Alubaf Arab International Bank - Bahrain

Board members' positions in other supervisory, governmental or commercial entities

Name	Role in other supervisory, governmental or commercial entities
Mr. Dhafer Al-Ahbabi	<ul style="list-style-type: none"> • Vice chairman – Abu Dhabi University
HE Ali Saeed Bin Harmal Al Dhaferi	<ul style="list-style-type: none"> • Board Member – Abu Dhabi University
Mr. Abdullah Saeed Al Ghafli	<ul style="list-style-type: none"> • Abu Dhabi Investment Authority – Fixed income department • Board Member – Abu Dhabi Building Company
HE Hamad Rashid Nuhail Al Nuaimi	<ul style="list-style-type: none"> • Executive Director – Ministry of Presidential Affairs
HE Khalifa Muhammad Al Kindi	<ul style="list-style-type: none"> • Chairman – Central Bank of UAE • Board Member – IPIC petroleum
Mr. Eisa Hareb Al Dhabahi	<ul style="list-style-type: none"> • Consultant to CEO – Invest AD
Dr. Nasser Saidi	<ul style="list-style-type: none"> • Audit and Risk committees Chairman - Future Pipe Group • Audit and Risk committees Chairman - Majid Al Futtaim Trust LLC • Audit and Risk committees Chairman - Falcon Trade

3. Board of Directors Composition

Board members' memberships in other public companies

Name	Membership and position
Mr. Dhafer Al-Ahbabi	Board Member - Invest AD PJSC
HE Hamad Rashid Al Nuaimi	Board Member – International Arab Bank - Egypt
HE Ali Saeed Bin Harmal Al Dhaferi	Chairman – Abu Dhabi National Takaful Company PJSC
Mr. Mohammad Al Murtada Al Dandashi	Board Member – Union Insurance Company PJSC
Mr. Anthony Mallis	Board Member – Alubaf Arab International Bank - Bahrain

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HE Hamad Rashid Nuhail Al Nuaimi	<ul style="list-style-type: none"> Executive Director – Ministry of Presidential Affairs
HE Khalifa Muhammad Al Kindi	<ul style="list-style-type: none"> Chairman – Central Bank of UAE Board Member – IPIC petroleum
Mr. Eisa Hareb Al Dhabahi	<ul style="list-style-type: none"> Consultant to CEO – Invest AD
Dr. Nasser Saidi	<ul style="list-style-type: none"> Audit and Risk committees Chairman - Future Pipe Group Audit and Risk committees Chairman - Majid Al Futtaim Trust LLC Audit and Risk committees Chairman - Falcon Trade

3. Board of Directors Composition

Female representation in the Board of Directors in 2017

There was no female representation in the Board of Directors in 2017 as five (5) members had been appointed for a three (3) years term to expire on 20th December 2017. A nomination window was opened from 10th October to 22nd October 2017 during which no female representatives were nominated.

Total Board of Directors Remunerations in 2016

A remuneration of AED one million (1,000,000) allocated evenly to the Board members was approved by the General Assembly meeting held on 12th April 2017.

Proposed Board of Directors Remunerations in 2017

The Board of Directors shall propose for approval in the next General Assembly Meeting, a Board of Directors remuneration totaling AED two million (2,000,000) for 2017. It is important to note that the remuneration is based on their effective leadership of the Corporation and its profits and financial position and not on their attendance of the Board meetings. This is in line with the resolution No. (7 R.M) of 2016.

3. Board of Directors Composition

Board Committees attendance allowances in 2017

The following attendance allowances were paid to the Board members:

Name	Position in the committee	Fees (AED)	No. of meetings	Total (AED)
Mr. Dhafer Al-Ahbabi	Audit Committee Chairman	8,000	3	24,000
	Member – Nomination and remuneration committee	8,000	1	8,000
Mr. Abdullah Saeed Al Ghafli	Audit committee member	8,000	4	32,000
	Member – Nomination and remuneration committee	8,000	1	8,000
Dr. Nasser Saidi	Audit Committee Chairman	8,000	1	8,000
Mr. Anthony Mallis	Audit committee member	8,000	1	8,000

Number of Board of Directors meetings held in 2017

The Board of Directors held five (5) meetings in 2017 as detailed below. The Board of Directors accepted the absences shown and no Board Director appointed any other by proxy.

Board Member	28/2/2017	16/5/2017	4/10/2017	8/11/2017	13/12/2017
Mr. Dhafer Al-Ahbabi	Present	Absent	Present	Present	Present
Mr. Abdullah Saeed Al Ghafli	Present	Present	Present	Absent	Present
Mr. Mohammad Al Murtada Al Dandashi	Present	Present	Present	Present	Present
HE Hamad Rashid Al Nuaimi	NA	NA	NA	Present	Present
HE Ali Saeed Bin Harmal Al Dhaferi	NA	NA	NA	Absent	Present
Dr. Nasser Saidi	NA	NA	NA	Present	Present
Mr. Anthony Mallis	NA	NA	NA	Present	Present
HE Khalifa Muhammad Al Kindi	Present	Present	NA	NA	NA
Mr. Eisa Hareb Al Dhabahi	Present	Present	NA	NA	NA

3. Board of Directors Composition

Board of Directors roles and responsibilities delegated to management

The Board of Directors roles and responsibilities delegated to management are clearly disclosed in the Board's Charter in compliance with the relevant laws and resolutions with respect to corporate governance as well as per the Corporation's Articles of Association. Following are those roles and responsibilities:

- Develop and review the organizational structure, operational policies and procedures and establishing a corporate governance framework.
- Develop the Corporation's strategy for submission to the Board for review and approval.
- Develop the internal control and risk management process(es).
- Prepare periodical reports for the Board and its committees.
- A notarized Power of Attorney has been granted to the Managing Director for the period from 30th October 2017 to 20th December 2018.

Transactions with related parties

The Corporation adopts the related parties' transactions regulations as stated in the resolution No. (7 R.M) of 2016 for all the Directors of the Board, the Executive Management, the key shareholders and any associated persons and entities.

Following are the related parties' transactions as stated in the consolidated statement of comprehensive income:

	2017 AED	2016 AED
Commission income	377,498	578,788
Transaction services income	1,830,800	-
Finance income	1,189,653	670,638
Finance costs on short term borrowings from related parties	5,045,045	860,333

Following are the related parties' balances as stated in the consolidated statement of financial position:

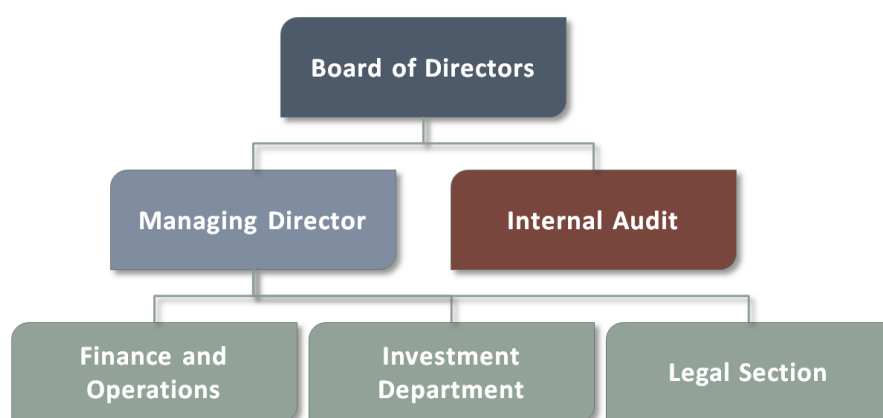
	2017 AED	2016 AED
Loans from related parties	66,900,000	60,000,000
Trade accounts receivable	6,668,229	35,712,322
Trade accounts payable	4,536,381	2,226,028

3. Board of Directors Composition

Related parties transactions' details

Transactions with related parties are carried out at normal market price. Outstanding balances at end of the year are un-secured and are settled in cash. No guarantees were given or received to related parties' receivables or payables. The Corporation has not recognized any impairment of receivables relating to amounts owed by related parties.

The Corporation's organizational structure



Key executives details

The table below states the names, positions, dates of joining and total salaries and bonuses for 2017:

Name	Position	Date of Joining	Total salaries	Total bonuses
Mr. Mohammad Al Murtada Al Dandashi	Managing Director	1/1/2017	2,400,000	5,800,000
Mr Haisam Odeimeh	Chief Financial Officer	12/10/2017	221,000	120,833
Mr. Shahzad Janab	Chief Investment Officer	10/10/2016	1,020,000	1,449,184
Dr. Fady Kayyal	General Counsel	18/03/2012	320,630	137,750

3. Board of Directors Composition

Mr. Mohammed Mortada Dandashi: Mortada has more than 20 years of experience in the financial sector including asset management, brokerage, real estate and banking and is the founder of Al Ramz. Mortada holds a bachelor's degree of economics from Aleppo University.

Mr. Haisam Odeimeh: Prior to joining Al Ramz, Haisam served as the deputy CFO of Al Hilal Bank where he oversaw regulatory, statutory and management reporting as well as asset and liability management. Haisam also served as the Head of the Financial Services Department in KPMG where he oversaw attestation and advisory services. Haisam served on the board of directors of several concerns across banking, insurance and asset management sectors. Haisam holds a master's degree in Baking and Finance from Sorbonne University, a bachelor's degree of accounting from the University of Toledo and is a certified public accountant from the U.S.A.

Mr. Shehzad Janab: Shehzad was ranked as the number one hedge fund manager in the world for 2014. He served as the Head of Asset Management and Advisory at Daman and as CEO for Credit Agricole in the MENA region prior to joining Al Ramz. Shehzad holds a master's degree in Economics from the University of London.

4. External Auditor

Brief on the external auditor

Ernst and Young is considered one of the oldest and biggest public accounting firms in the Middle East and is a global leader in the assurance, taxation, financial advisory and consulting services and has branches in 150 countries.

External auditor fees for 2017

Audit firm name	Ernst & Young
Number of years as auditor of Al Ramz	2 years
Total audit fess for 2017	AED 58,000
Fees for non-audit services in 2017	none
Details of non-audit services in 2017	none
Details of any professional services provided by other audit firms	none

5. Audit Committee

Audit Committee members, roles and responsibilities

1 January to 30 October 2017	Category in BOD	Position in the committee
Mr. Abdullah Saeed Al Ghafli	Independent non-executive	Chairman
Mr. Dhafer Al-Ahbabi	Independent non-executive	Member
Mr. Eisa Hareb Al Dhabahi	Independent	Member

30 October to 31 December 2017	Category in BOD	Position in the committee
Dr. Nasser Saidi	Independent non-executive	Chairman
Mr. Abdullah Saeed Al Ghafli	Independent non-executive	Member
Mr. Anthony Mallis	Independent non-executive	Member

The audit committee performs a number of duties including supervising the propriety of the financial statements, related reports and accounting processes, audits on the financial, internal control and risk management processes as well as compliance with the Corporation's Code of Ethics. The audit committee also develops and implements the policy dealing with appointing, contracting, supervising the independence, performance and scope of the external auditor.

5. Audit Committee

Audit Committee meetings held in 2017

The audit committee held 4 meetings in 2017 summarized as follows:

Meeting	Date
First	11 May 2017
Second	13 August 2017
Third	4 October 2017
Fourth	13 December 2017

The Audit Committee shall also meet at least once quarterly for the year 2018.

Below are the attendance details of the audit committee members:

Name	Attendance
Mr. Abdullah Saeed Al Ghafli	4
Mr. Dhafer Al-Ahbabi	3
Mr. Eisa Hareb Al Dhabahi	0
Dr. Nasser Saidi	1
Mr. Anthony Mallis	1

6. Nomination and Remuneration Committee

Nomination and Remuneration Committee members, roles and responsibilities

1 January to 30 October 2017	Category in BoD	Position in the committee
Mr. Eisa Hareb Al Dhabahi	Independent	Chairman
Mr. Dhafer Al-Ahbabi	Independent non-executive	Member
Mr. Abdullah Saeed Al Ghafli	Independent non-executive	Member

30 October to 31 December 2017	Category in BoD	Position in the committee
HE Ali Saeed Bin Harmal Al Dhaferi	Independent non-executive	Chairman
Mr. Abdullah Saeed Al Ghafli	Independent non-executive	Member
Mr. Anthony Mallis	Independent non-executive	Member

The nomination and remuneration committee primarily oversees the independence of the Board's independent directors, the development of the remuneration policies for the Board, management and employees, the Corporation's recruiting needs, the development of HR policies; in addition to the Board of Directors nomination process.

Nomination and Remuneration Committee meetings held in 2017

One meeting was held by the nomination and remuneration committee in 2017 on 4th October 2017 and was attended by all members.

6. Investment and Risk Committee

Investment and Risk Committee members, roles and responsibilities

Name	Category in BOD	Position in the committee
Mr. Dhafer Al-Ahbabi	Independent non-executive	Chairman
HE Hamad Rashid Al Nuaimi	Independent non-executive	Member
Mr. Mohammad Al Murtada Al Dandashi	executive	Member

The investment and risk committee oversees the investment initiatives and related risks, the Corporation's investment portfolio management, the investment strategy and performance; in addition to compliance to investment related laws and regulations.

7. Insiders Supervisory Committee

As per the requirements of corporate governance guidelines, an insiders supervisory committee was created by the Board of Directors on 15th October 2016. The committee consists of:

- Mrs. Salam Saleh – Head of Internal Audit and Compliance
- Dr. Fady Kayyal – General Counsel and Board Secretary

The Board of Directors reviews the insiders supervisory committee charter which covers:

- Review and raise recommendations to the Board in relation to approving and implementing the policies and procedures covering Board directors' and employees' dealings in the Corporation's, the Corporation's subsidiaries and affiliates' financial instruments.
- Prepare and maintain an insiders' register.
- Collate and supervise the attestation and disclosure processes in relation to employees and relevant parties.
- Manage and oversee internal transactions including transaction requests and disclosures.
- Raise to the HR department any employee or related party violations requiring disciplinary measures.
- Ensure the Corporation's compliance with all disclosure and transparency regulations.
- Raise periodical reports to the Board of Directors regarding compliance with the Corporation's policies and applicable laws and regulations.

8. Internal Control Framework

Board of Directors responsibility towards internal control

The Board of Directors bears the responsibility of the internal control framework and oversees its implementation and effectiveness through the audit committee.

Head of Internal Audit and Compliance brief

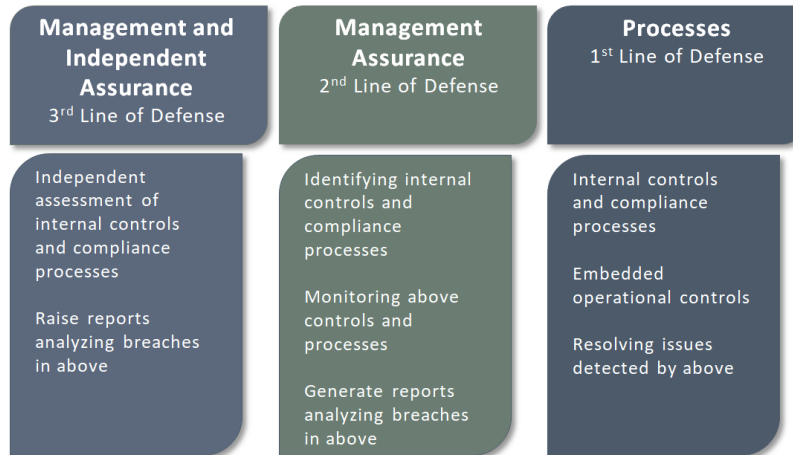
Mrs. Salam Saleh joined the Corporation on 5th November 2017 as Head of Internal Audit and Compliance and holds the following qualifications:

- Bachelor's degree in accounting from the University of Jordan in 2005.
- CMA certification from the Institute of Management Accountants in 2009.
- CIA certification from the Institute of Internal Auditors in 2011.

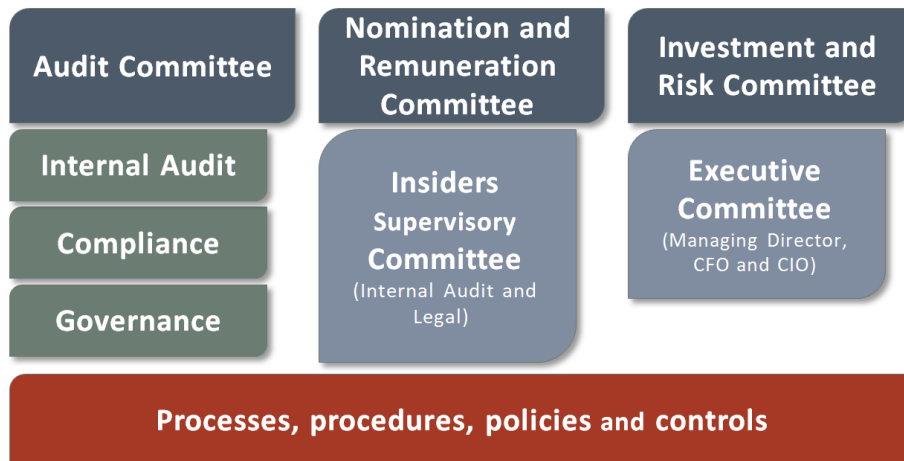
9. Internal Control Framework

Internal control framework

The Corporation has adopted the “three lines of defense” principle in relation to corporate governance and risk management:



The below diagram illustrates how the above was implemented in the Corporation:



Looking at the diagram above in addition to the relevant Board committees aforementioned, we would like to draw attention to the extent to which the Corporation and its Board of Directors focus on the independence of the entities related to internal control as all functions such as compliance, audit and risk management report directly to Board committees consisting mostly of independent directors to ensure there is no conflict of interest and enable the right decisions to be made.

10. Violations committed during 2017

Al Ramz Corporation did not commit any violations during 2017.

11. Corporate Social Responsibility and Environmental Protection

The Corporation conducted a training tour for one of the local schools where the students were introduced to the Corporation's investment business and market. The Corporation also interned students from a local university. A blood donation campaign was sponsored by the Corporation in partnership with the Central Blood Bank. The Corporation's employees also distributed Iftar meals during Ramadan in mosques and labor camps.

The Corporation has implemented an environmental protection policy by adopting an online system to manage all meetings and related documentation including those of the Board of Directors and Board committees; thereby minimizing paper use and wasting environmental resources.

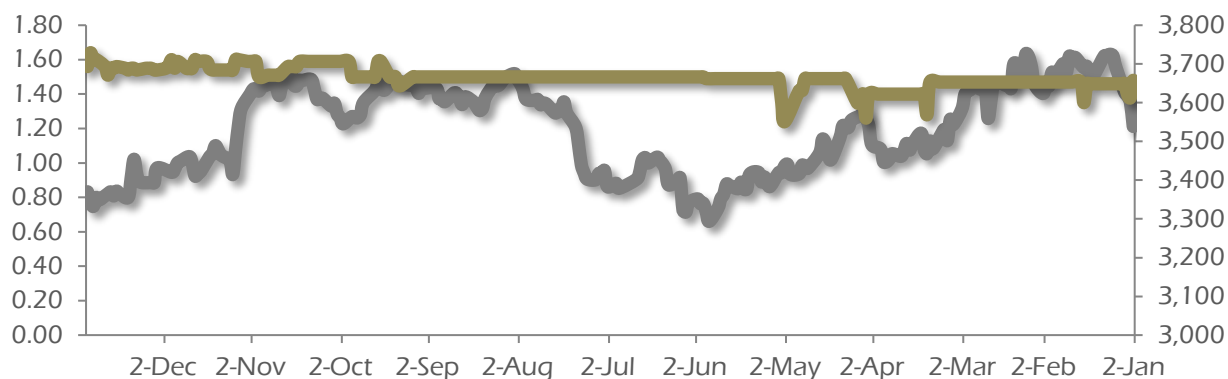
12. General Information

The Corporation shares' end of month prices in 2017

Period	Lowest price	Highest price	Closing price	Traded volume (No. of shares)	Percentage change
Jan2017	1.49	1.64	1.60	43,576,906	-
Feb2017	1.54	1.60	1.59	14,178,522	-0.63
Mar2017	1.50	1.59	1.59	1,530,100	0.00
Apr2017	1.45	1.59	1.50	9,106,039	-5.66
May2017	1.50	1.50	1.50	NA	0.00
Jun2017	1.38	1.50	1.50	516,000	0.00
Jul2017	1.50	1.50	1.50	NA	0.00
Aug2017	1.24	1.50	1.24	78,927	-17.33
Sep2017	1.26	1.49	1.40	168,252	12.90
Oct2017	1.28	1.47	1.47	460,648	5.00
Nov2017	1.33	1.47	1.47	25,003	0.00
Dec2017	1.30	1.50	1.48	3,836,607	0.68
Average				7,347,700	

12. General Information

The Corporation shares' performance against the market index in 2017



Shareholder dividends as of 31st December 2017

Shareholder category	Individual	Corporate	Government	Total
Local	19.31%	64.00%	0.00%	83.31%
GCC	0.00%	0.25%	0.00%	0.25%
Arab world	15.88%	0.01%	0.00%	15.89%
Rest of the world	0.18%	0.37%	0.00%	0.55%
Total	35.37%	64.63%	0.00%	100.00%

Shareholders owning 5% or more of the Corporation shares as of 31st December 2017

Name	Shares owned	Percentage of shares owned to the total share capital
Abu Dhabi Investment Company	88,989,539	16.18%
Mr. Mohammad Al Murtada Al Dandashi	80,468,589	14.63%
Invest AD Fund	71,904,884	13.08%
Finsco Financial Investment LLC	48,270,275	8.78%
Mohammad Bin Ahmad Bin Saeed Alqassimi	36,459,161	6.63%
Yes Investments Company LLC	32,189,249	5.85%

12. General Information

Shareholders according to shares owned as of 31st December 2017

Ownership (Share)	No of shareholders	Shares owned	Percentage to share capital
Less than 50,000	103	1,242,386	0.22%
From 50,000 to 500,000	27	4,791,885	0.87%
From 500,000 to 5 million	21	35,093,628	6.38%
More than 5 million	17	508,787,959	92.52%

Process related to the investors relations

Dr. Fady Kayyal has been appointed as the Investor Relations Officer and can be contacted via the following methods. The Investor Relations Website is currently under development and shall be announced upon completion.

- Email: IR@ALRAMZ.AE
- Landline: 02-6262861
- Fax: 02-6262444

Special resolutions submitted to the 2017 General Meeting

A General Assembly Meeting was held on 31st October 2017 during which article 16 of the Articles of Association was amended to increase the number of Board directors to seven (7).

Key events during 2017

- Resignation of two (2) Board members
- Increase in the number of Board directors to seven (7)
- Appointment of four (4) new Board members (H.E. Hamad Rashid Al Nuaimi, H.E. Ali Saeed Bin Harmal Al Dhaheri, Dr. Nasser Amin Saidi, Mr. Anthony Mallis)

Emiratization percentage as of end of 2017

There were no Emirati employees at the Corporation by the end of 2017.

12. General Information

Creative and leading projects initiated by the Corporation

The Corporation initiated the Liquidity Providing and Market Making services and is one of the pioneers of these services in the U.A.E. The Corporation is the only provider of Liquidity Providing services in Abu Dhabi and is the first in the U.A.E. in terms of Market Making volume. These services support the liquidity and transaction volume of the market, thereby improving the market's effectiveness and investors' trust in the local market.