

## **Corporate Governance Report for the Year 2019**

The National Corporation for Tourism and Hotels believes that the proper application of corporate governance and corporate discipline standards will add value to its success in managing its operations.

### **First: Application of Governance Principles**

The National Corporation for Tourism and Hotels was one of the first companies to react positively to the directives of the Securities and Commodities Authority to implement corporate governance regulations. This is in recognition of the advantages offered by these regulations, which have contributed to support the success of the Corporation in leading the change in work patterns and innovation, creativity, ensuring the improvement of performance, continuing excellency, reducing risk, raising responsibility and transparency, and respecting the shareholder's rights. The National Corporation for Tourism and Hotels is committed to the highest standards of management, deriving its values and strategy from a system that integrates ethics, transparency, integrity, disclosure, accountability and the practices of leading and compliant companies. The adoption of corporate governance frameworks means adopting the principles and standards set by the Securities and Commodities Authority. Since the Corporation is fully committed to the application of these controls and practices, it has sought to achieve the following:

- Establishment of Nomination & Remuneration, Audit and Follow-up Committees.
- Signing the independency forms by the Board of Director's members.

- Establishment of the Internal Control Department as an independent department reporting directly to the Board of Directors.

The following documents have been developed to ensure compliance with all governance systems:

- Corporate Governance Guide
- Audit Committee Guide
- Nomination and Remuneration Committee Guide.
- Internal Audit and Internal Control Department Guide.

The Corporation works to provide accurate information about all its activities to the shareholders and to the Securities and Commodities Authority immediately. The Board of Directors and the senior management of the Corporation meet annually with the shareholders in the General Assembly meetings. During this meeting, the annual financial report of the Corporation shall be discussed in addition to the report of the Chairman of the Board and discussing the agenda of the meeting. During this meeting, the shareholders and the senior management and members of the board of directors communicate with each other and submit proposals and complaints regarding the business of the Corporation. The meeting is also attended by the External Auditors of the Corporation who submit their report for the financial year ended and answer all questions submitted by shareholders.

Since the National Corporation for Tourism and Hotels has complied with the directives of the Securities and Commodities Authority to implement the corporate governance rules from the beginning, this commitment led to the completion of its governance systems. In 2017, the Insider

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Trading Follow-Up & Supervision Committee was established, in addition a web page for investor relations was added to the website of the Corporation.

### Second: Transactions of Board Members in Securities

The transactions of the Board of Directors and any employees familiar with the Corporation's basic statements are related to the provisions and decisions of the Securities and Commodities Authority, including Article (14) of the Board of Directors Resolution No. (2) of 2001 regarding the system for trading, clearing, settlement, transfer of ownership and custody of securities. On the other hand, members of the Board and employees are prohibited from trading in the shares of the Corporation or its affiliates in short periods for speculating on a daily basis or weekly basis. They are also prohibited from trading such shares for the purpose of intimidating the rest of the investors and influencing the prices of the company either directly or indirectly. And they are prohibited from trading in the shares of the Corporation when they become aware of any important events or decisions that may affect the prices of the Corporation's shares, In all cases, the members of the Board of Directors, senior executives or any of the employees who are familiar with the basic data of the Corporation shall not act on their own or through others in securities of the Corporation during the following periods:

- A. Ten (10) working days prior to the announcement of any material information, unless the information was a result of sudden or unforeseen circumstances.



implementing the standards of responsibility that enable the management to manage the Corporation to the best benefits for shareholders.

The Board of Directors is subject to a schedule of its own functions and periodic meetings. It is responsible for developing the Corporation's full strategies, the Corporation's policy of selling and buying, approving the capital expenditure proposals and deciding the financial Corporation's affairs. It monitors the risks that may face the Corporation, reviews its annual budget and monitors the work of the Corporation in implementing that budget, and also considers the issues of the working environment and staff and the appointment of important positions.

**A. A statement of the current Board of Directors (BOD) composition (adding the names of the independent and appointed BOD members)**

**1- HH Sheikh Hamdan bin Mubarak Al Nahyan:**

Chairman of the Board (non-executive member)

Born in 1959, he holds a BA degree in political science, specializing in management and economics, and held several key positions in:

Zayed Housing Program - National Transport Authority - The Executive Committee for the Development of Remote Areas - Supreme Committee for the Security of Port and Civil Airports.

In addition, he also served as Minister of Higher Education and Scientific Research, Minister of Works and Vice President of Emirates Media Company. HH Sheikh Hamdan also served as Deputy of the Department of Civil Aviation and then the Head of the Department of Civil Aviation. He also served as the Vice President of Gulf Aircraft Maintenance Company and as Alternate President of Gulf Air, The Falcon Project was launched under his stewardship.

## 2- HE Sultan bin Ghanoum Al Hamli:

Vice Chairman (Independent)

He holds a BA degree of Science from the United States. Previously, he served as an Acting Director of the National Corporation for Tourism and Hotels, He also served as a member of the Board of Directors of Gulf Air. He also held senior government positions, including Director and Advisor to Abu Dhabi Civil Aviation and Chairman for the Development of Air Transport Committee / Abu Dhabi International Airport. He has also served as Managing Director of Gulf Aircraft Maintenance Company, Executive Director of GAMCO and Procurement Department of Emirate of Abu Dhabi and Sheikh Khalifa Medical City in Abu Dhabi.

## 3- Mr. Shaheen bin Rubaya Al-Muhairi:

Member of the Board of Directors (Independent Member).

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He has a BA degree of Business Communications Technology from Staffordshire University, UK. He is currently the Director of the Rubaya Group and is the Managing Director of the Abu Dhabi Electromechanical Company.

**4- Mrs. Amna Saif Al Mansouri:**

Member of the Board of Directors (Independent Member).

She has a Professional Certification of Personnel Practices from the Chartered Institute for Personnel and -CIPD in UK and has a Certification of Occupational Health & Safety Management System Lead Auditor from BVQI. She worked as a Public Relations Controller and then as Marketing Supervisor at the Department of Civil Aviation as well as Director of the Integrated Management System Department. She also served as Executive Director of Human Resources and Support Services at Royal Jet.

**5- Mr. Mohammed Ahmed Al-Khouri:**

Member of the Board of Directors (Independent Member).

He has a BA degree of Finance and Banking from Staffordshire University in the UK, has served as Assistant Chairman and Director of Business Development at Khalidiya International Holding. He is currently the General Manager of HH Sheikh Saeed bin Hamdan Al Nahyan's Office and as the General Manager of the First Emirates Group for Technology

and Trade to manage the investments of HH Sheikh Saeed Bin Hamdan Al Nahyan, and he is also a partner and Chairman of Emirates First Air Group.

#### 6- Mr. Fahad Issa Ahmed Al-Hosani:

Member of the Board of Directors (Independent Member).

He holds a BA degree in Arts, Sociology and Public Administration from the United Arab Emirates University. He served as the Acting General Manager in the Department of Civil Aviation. He also served as Director General in the Abu Dhabi Airports Services Company. He moved to Emirates Post Holding Group, where he held several positions including Director General for Regional Affairs - Abu Dhabi and served as Chairman of the Wall Street Exchange Center and as Chairman of the Board of Directors of the Electronic Documentation Center.

#### Membership Duration of each of the current Board of Director's members:

No.	Name	Position	Membership Duration	The entity represented by the BOD member
1	HH Sheikh Hamdan Bin Mubarak Al Nahyan	Chairman	2008	Representing himself by election
2	HE Sultan Bin Ghanoum Al Hamli	V-Chairman	2008	Representing himself by election
3	Mr. Shaheen Bin Rubya Al Muhairi	Board Member	2011	Representing himself by election
4	Mrs. Amna Saif Al Mansouri	Board Member	2014	Representing himself by election
5	Mr. Mohamed Ahmed Al Khouri	Board Member	2014	Representing himself by election
6	Mr. Fahad Eisa Al Hosani	Board Member	2016	Representing himself by election



**B. A statement of woman's representation in the Board of Directors (BOD) in 2019**

Mrs. Amna Saif Al Mansoori was nominated to the Board of Directors in 2014 to become a member of the Board of Directors of the Corporation for the sixth session of the Board of Directors. She was re-elected in 2017 to continue as a Board Member for the Seventh Session of the Board.

**C. A statement of the method of determining the remunerations of the members of the Board of Directors:**

The remuneration of the members of the Board of Directors is determined by the shareholders of the General assembly of the Corporation in accordance to the SCA Board of Directors Decision No. (7/CH) of 2016 concerning the standards of Intuitional Discipline and Governance of Public Joint Stock Companies as amended and the Federal Law No. (2) of 2015 concerning commercial companies, such remunerations constitute of percentage of the net profit. The Corporation may also pay additional expenses, fees or monthly salary to the extent determined by the Board of Directors for any of its members if such member is a member of a committee, perform special efforts or do additional works for the Corporation beyond his/her regular duties as a member of the Board of Directors, and in all cases, the Board of Directors' remuneration shall not exceed 10% of the net profit after deducting depreciation and reserve.

**1. Total remuneration paid to the members of the Board of Directors for the year 2018:**

The remuneration of the members of the Board of Directors for the financial year 2018 amounted to 9,045,304 (Nine Million and Forty-Five Thousand Three Hundred and Four) Dirhams, which was approved by the shareholders during the General Assembly Meeting.

**2. Total remuneration proposed to be paid to members of the Board of Directors for the year 2019 which shall be presented in the Annual General Assembly for approval**

the amount of AED 9,956,053 (Nine Million and Nine Hundred Fifty-Six Thousand and Fifty-Three) was proposed, and the proposal will be presented to the shareholders at the next AGM for approval or rejection.

**3. Details of allowance for attending the sessions of committees emanating from the BOD, which were received by the BOD members for the fiscal year 2019**

In respect to the remuneration and allowances of the members of the Board of Directors for attending the Board of Directors meetings and the committees emanating from the Board, members of the Board of Directors in the past or in the

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present do not receive any remuneration or allowances for attending such meetings.

#### 4. Details of additional allowances, salaries or fees received by a BOD member other than the allowances for attending the committees and their reasons

As for the details of the allowances, salaries, or additional fees that a member of the board of directors received other than the committee attendance allowances, the corporation's BOD members do not receive any additional allowances, salaries, or fees for their work as members of the board of directors

#### D. The numbers and dates of BOD meetings held during the fiscal year 2019 as well as the attendance frequency by all members

The Board of Directors of the National Corporation for Tourism and Hotels held (6) meetings during the last year 2019

#	Date of the Meeting	Number of Attendees	Number of Attendees by proxy	Names of absent members
1	03/February/2019	All Members	-	-
2	17/March/2019	All Members	-	-
3	03/April/2019	All Members	-	-
4	18/September/2019	All Members	-	-
5	17/November/2019	All Members	-	-
6	22/December/2019	5	1	Mr. Shaheen Bin Rubaya Al-Muhairi

Considering that the absent members issue a proxy to one of the attendee members to represent them and vote in their name when needed.

**E. The number of Board resolutions passed during the 2019 fiscal year, along with its meeting convention dates**

During the year 2019, there were two decisions to pass the board of directors during the board meeting held on September 18, 2019 in which the following decisions were issued:

1. Approve the distribution of interim dividends of 10% in cash and 5% of bonus shares to shareholders.
2. Rearranging the Corporation's credit facilities.

**F. A Statement of the BOD's Tasks and Functions which were performed by the Executive Management pursuant to an Authorization by the BOD to the Management, Stating the period and validity of the Delegation**

The Board of Directors of the Corporation has not authorized the Management to perform any of its Tasks or Functions.

**G. A Statement of the details of transactions made with the related parties (Stakeholders), indicating the nature of relationship and transaction type**

Name	Principal Activity	Shares
National Transport Company L.L.C "NTC" "Joint Venture"	Transport Service	50%
Velocity Properties Development L.L.C "Joint Venture"	Real Estate	60.12%

In respect of related party transactions during 2019, as follows:

	2019 (AED)	2018(AED)
<b>Due from a related party</b>		
National Transport Company L.L.C "NTC"	29,645	100,283
<b>Total</b>	<b>29,645</b>	<b>100,283</b>
<b>Due to a related party</b>		
National Transport Company L.L.C "NTC"	540,336	543,434
Velocity Properties Development L.L.C	0	12,000,000
<b>Total</b>	<b>540,336</b>	<b>12, 543,434</b>

### **Disclosure and Conflicts of Interest:**

To ensure commitment to the legal framework and transparency, the Board of Directors comply with the following:

1. Disclose all other memberships and seek a permit from the Board of Directors for any new membership on the boards of directors of companies.
2. Disclosure of all business activities that are directly or indirectly related to the business of the Corporation.
3. Disclosure of substantial interests for the BOD member to which the Corporation is a party.
4. Not to participate or to seek any decision that may cause conflicts of interest.
5. BOD member shall not offer or accept bribes, gifts or gratuities that may affect decisions.
6. Notifying the Board of Directors of any activities with a competitor or other parties, which may be a cause of conflict of interest.

The Corporation discloses to the shareholders the material transactions with the subsidiaries of the shareholders or members of the Board of Directors and trades on the shares of the Corporation by the members of the Board of Directors and senior executives.

## H. A Detailed Statement of the Senior Executive Staff in the first & second levels according to the Corporation's Organizational Structure

### 1- Mr. Hany Farag

CEO of National Corporation for Tourism and Hotels reports to the Board of Directors. His responsibilities include maintaining and expanding the Corporation that owns the "Danat" brand as well as owning several hotels in Abu Dhabi and Al Ain, developing the Catering Division, Central Purchasing Division and any short and long-term investment opportunities. The CEO also oversees the development of several projects under construction including luxury hotels, resorts, shops, restaurants and accommodation for employees. He is responsible for the presenting of the Corporation and the expansion of its activities inside and outside the borders of the UAE in the event of real investment opportunities.

The CEO also cooperates with the Board of Directors to identify and clarify the vision of the Corporation and develop strategies to achieve this vision. He also monitors the evolution of strategies to ensure the long-term financial integrity of the Corporation as well as its responsibility for managing the Corporation's operations and ensuring compliance with all legal and regulatory requirements, Procedures, programs and new directions of the Corporation.

The CEO is also responsible for marketing all the products of the Corporation and its services in order to get bigger share in the market, in addition of developing new markets and retain the competitive position of the Corporation in the industry. He involves directly in the general development of the Corporation in the business fields. The CEO has the knowledge and experience in all main areas of the Corporation's business including financial management, catering, hotels' management, development of business, human resources and projects and he deals with consultancy firms and contractors. He is fully capable to manage such areas of business.

The Chief Executive Officer is keen to the continues of the Corporation and its mission, programs and services in a strong and positive form.

## 2- Miss Jane Sotelo

The Director of Finance from November 2018 of the Corporation, reporting to the Chief Executive Office. Among her duties, the financial statements preparation in accordance with the Corporation's policies, while ensuring the accuracy and speed of preparation. she also develops an accounting team to ensure the preparation of payroll, accounts payable and accounts receivable in addition to the functions overseeing the efficiency of cash management. Her duties also are to assist in the internal and external audit functions while ensuring that it remains consistent with the statutory and legal requirements of the Corporation. One of the tasks entrusted to her is to ensure the



internal control measures in place to achieve and comply with all the requirements of governance. In addition, she carries out all the tasks entrusted to her by the Chief Financial Officer.

3- **Mr. Shyam Sarrof:**

The Corporation Internal Control Department's Manager and the Compliance Officer as well, he is reporting to the Audit Committee and to the Chairman and the members of the Board of Directors. He is responsible for the design, management and planning of the audit process of the Corporation, as well as the preparation of the Corporation's policy and procedures manual and its implementation, as well as the risk analysis facing the Corporation. This analysis is conducted under management's supervision as required, in addition to its responsibility for the development and management of Internal Audit plans and coordination with External Auditors. He also undertakes to ensure the implementation of all policies related to the implementation of corporate governance regulations, issuance of periodic reports on the Support Services Section and its compliance with the Corporation's policies. In addition to supervising, using and maintaining all documents, records and financial data in accordance with the policies and regulations of the Corporations, as well as all the tasks entrusted to the Director of the Internal Control department.

4- **Mr. Mark Amin**

Operation Manager – Central Procurement Division, reports directly to the Chief Executive Officer. He is responsible for developing this department in the Corporation by opening outlets for sale, managing and developing the brand, marketing and all promotional activities.

5- **Mrs. Nicola Hochgruber**

Director of the hotel division reports directly to the Chief Executive Officer (Start working in the Corporation on October 2018). Her job is to follow up the work of all the Corporation's hotels and to make sure that all these hotels are effective and profitable and to increase their economic value and ensure that all services and products are in line with the required expectations.

### Detailed Statement

Name	Position	Date of Appointment	Total Salaries & allowances paid in 2019 (AED)**	Total Bonuses accrued in 2019 (AED)
Mr. Hany Farag	CEO	01/01/2010	3,150,060	2,000,000
Mr. Ismail Hamed	Director of Operations -CSD	11/06/2019	648,618	0
Mr. Kannan Govinda	Finance & Commercial Director - CSD	28/02/2013	623,151	250,000
Ms. Shimaa Hamza	Project Development Director	16/04/2017	679,720	120,000
Ms. Jane Sotelo	Director of Finance	01/01/2015	620,548	132,000
Mr. Elias Sarkis	NTC General Manager	10/08/2016	560,148	60,000
Mr. Mark Amin	Operation Manager – Central Procurement Division	17/06/2012	319,850	42,000
Mr. Shyam Sarrof	Internal Control Department's Manager	04/07/2010	400,520	48,000
Mrs. Nicola Hochgruber	Director of Hotels Operation	01/10/2018	689,300	120,000
Mr. Saleh Al Habshi	It Manager	05/05/2002	390,596	46,200
Mr. Wesam Tarabih	Legal Consultant	01/10/2018	384,296	48,000
Ms. Maha Al Saqqa	Deputy HR manager	15/08/2010	190,100	17,000

\* There are no other cash or in-kind bonuses payable to senior executives of the Corporation other than the above-mentioned bonuses.

\*\* Included end of service benefits.

\* Mr. Ismail Hamid joined on 11/06/2019 as Director of Operations for Catering Division.

**Tasks and responsibilities assigned to the executive management:**

Managing the Corporation's business and providing guidance to the executive body in line with the Corporation's objectives strategic and policies prescribed by the Board of Directors and the provisions of the law and the provisions of other legislation related to the work of the Corporation and its activities.

- 1- Provide the Board of Directors with accurate periodic reports on the financial position of the Corporation and its work and the procedures taken to manage the risks and the internal control system, that is to enable the Board of Directors to review the objectives, plans and policies set and to check the executive management's performance.
- 2- Provide the Board of Directors members with any necessary information and documents for the BOD meetings in an appropriate time.
- 3- Make recommendations regarding any proposals that it deems necessary regarding the Corporation business.
- 4- Provide the regulatory bodies (Ministry of Economy - Securities and Commodities Authority - Abu Dhabi Securities Market and others) with any information, data and documents required in accordance with the provisions of the law and the regulations, instructions and decisions issued pursuant to any of them.

During the year 2019, the Board of Directors has not authorized any of the executive management to carry out any of the Board's functions.

#### Fourth: External Auditor

The external audit firm is completely independent of the Corporation and its board of directors. It performs the audit work, verifying the validity of the financial statements and monitoring the Corporation accounts for the fiscal year in which it was appointed. In order to perform its functions, the External Audit Firm has the right to access all the Corporation books and its records and documents. And may verify the Corporation assets and liabilities.

Deloitte & Touche Firm as has been appointed as the Corporation's external audit according to the selection of the Corporation shareholders, the appointment was in the last AGM which was held on 28 April 2019. Deloitte & Touche is an auditing firm registered with the Ministry of Economy in the register of auditors.

A fee of AED 72,000 has been charged for the audit of the annual financial statements of the head office and AED 90,000 for the quarterly audit and AED 220,000 for the audit of the hotels, central procurement and other Divisions and the head office.

1	Name of the Auditing Firm	Deloitte & Touche
2	Number of years served as an External Auditor for the NCTH	Two Year
3	Total Fees for auditing the financial statements of the year 2019 (in AED)	382,000
4	Total Fees and Costs of the special service other than the auditing of the Financial Statement in 2019	Nil
5	The Details and nature of other service provided	-
6	A statement of the other services performed by an <u>External Auditor other than</u> the Corporation's auditor in 2019	Nil

**Statement clarifying the reservations that the Corporation auditor included in the interim and annual financial statements for 2019 and in case of the absence of any reservations, this matter must be mentioned**

During the year 2019 there were no reservations made by the Corporation's External Auditor.

**Fifth: Audit Committee**

\* Mr Shaheen Bin Rubya Al Muhairy, Audit Committee Chairman, acknowledges his responsibility for the committee system at the Corporation, review of its work mechanism and ensuring its effectiveness.

Based on the proposal submitted to the Board of Directors of the Corporation, the Board in its resolution 1/8/4, decided at its meeting on 03/03/2010 to form the Audit Committee in accordance with the requirements of the Corporate Governance. The members of the Audit Committee are:

- Mr. Shaheen Bin Rubya Al Muhairy      Chairman
- Mr. Mohamed Ahmed Al Khouri      Member
- Mr. Fahad Eisa Al Hosani      Member

The members of the Audit Committee have extensive experience and expertise in financial, accounting and auditing matters.

The duties of the Audit Committee include:

1. To develop and implement the contracting policy with the External Auditor and submit a report to the Board of Directors specifying the important issues to take actions with and to make recommendations on the steps to be taken.
2. The Follow-up and the Independency of the External Auditor and the extent of its objectivity and discussion on the nature and scope of the audit and its effectiveness in accordance with the approved auditing standards.
3. To Monitor the integrity of the Corporation's financial statements and reports (annual, semi-annual and quarterly) and review them as part of its normal work during the year.
4. To Review the internal control and financial control systems and risk management at the Corporation.
5. Reviewing the External Auditor's letter and its work plan and any material questions raised by the auditor on management regarding the accounting records, financial accounts or control systems and their response and approval.
6. Establish rules that enable the employees of the Corporation to report any possible violations of financial reports or internal control or other in confidential way and steps to ensure independent and fair investigations of such violations.
7. To monitor the extent to which the Corporation complies with the rules of professional conduct.
8. To discuss the internal control system with the administration and ensure that it fulfills its duty to establish an effective internal control system.

During the year 2019 (4) Audit Committee meetings were held to discuss all matters related to the financial statements and all matters related to the work of this committee. The dates of these meetings were as follows:

Meeting No.	Meeting Date	Number of present members	Number of absent members
1	17/March/2019	All Members	-
2	05/May/2019	2 *Mr. Shaheen Bin Rubya Al Muhairy *Mr. Fahad Eisa Al Hosani	1 *Mr. Mohamed Ahmed Al Khouri
3	05/August/2019	2 *Mr. Shaheen Bin Rubya Al Muhairy *Mr. Mohamed Ahmed Al Khouri	1 *Mr. Fahad Eisa Al Hosani
4	30/October/2019	2 *Mr. Mohamed Ahmed Al Khouri * Mr. Fahad Eisa Al Hosani	1 *Mr. Shaheen Bin Rubya Al Muhairy

It shall be noted that in the case of absence of a member, he shall prepare a POA for one of the presence members of the committee to represent him.

#### Sixth: Nomination & Remuneration Committee

\* Mr. Mohamed Ahmed Al Khouri Nomination & Remuneration Committee Chairman acknowledges his responsibility for the committee system at the Corporation, review of its work mechanism and ensuring its effectiveness.



The main purpose of the Nomination and Remuneration Committee is to define policies and criteria for nomination to the Board of Directors, periodic review of the needs and skills required in the Board, preparation of HR policies, training, succession planning, career replacements, appointments and termination of services, ensuring the independency of independent members, and conflict of interest in the Management of other companies as well as the development of compensatory and compensation policies for Board members and senior executives in addition to other matters referred to the Committee by the Board of Directors. The Nominations and Remuneration Committee consist of:

- Mr. Mohamed Ahmed Al Khouri                      Chairman
- Mrs. Amna Saif Al Mansouri                      Member
- Mr. Fahad Eisa Al Hosani                      Member

During the year 2019, the Nomination and Remuneration Committee met once on 17/November/2019 in the presence of all members.

### Seventh: Follow-Up & Supervision Committee of Insider's Transactions

\* H.E Sultan Bin Ghanoum Al Hameli Insider's Trading Follow-Up & Supervision Committee Chairman acknowledges his responsibility for the committee system at the Corporation, review of its work mechanism and ensuring its effectiveness.

This committee has been formed during the year 2017, the members are:

- |                                    |          |
|------------------------------------|----------|
| ▪ H.E Sultan Bin Ghanoum Al Hameli | Chairman |
| ▪ Mrs. Amna Saif Al Mansouri       | Member   |
| ▪ Mr. Fahad Eisa Al Hosani         | Member   |

During the year 2019, the Insiders trading Follow-up & Supervision Committee met once on 17/November/2019 in the presence of all members.

**Tasks and duties of the Follow-up and Supervision Committee for Insiders:**

1. Determine the permanent insiders of the Corporation who are the members of the Board of Directors, executive management, persons who are familiar with the company's information permanently and temporarily.
2. Follow up and supervision of the insider trading and ownership and keep their record.
3. Prepare a special and integrated register for all persons who are permanently or temporarily informed and who are entitled or have access to the company's internal information prior to publication.
4. Preserving the record of the prior and subsequent disclosures of the insiders and the monthly monitoring of insiders' balances.
5. To Notify insiders with the required controls and legal responsibility
6. Provide all insiders with all notifications of ban periods.

7. Reporting to Abu Dhabi Stock Exchange and the Securities and Commodities Authority in case of violation of the trading policy requirements by insiders.

#### **Summary of the duties done by the Committee during the year 2019**

- The Abu Dhabi Stock Exchange (ADX) and the Securities and Commodities Authority (SCA) have been provided with a list of the names of the board members and the insiders.
- The list of insiders on the Abu Dhabi Stock Exchange website has been updated.
- All insiders have been informed about the controls relating to natural and legal insider and the legal responsibility resulting from the breaching of the confidentiality of the information.
- The Internal Control Department and the Board of Directors Secretary have been followed about the notification of the insiders about the terms of the ban, as it has been confirmed to address that the Chairman and the BOD members and all insider employees were notified in relation to the ban on trading of the Corporation's securities until disclosure of the financial statements.

#### **Eighth: Internal Control Department**

The Corporation Internal Control Department has been established based on decision No. 3/2010 dated 24/08/2010 issued by the Board of Directors headed by the Chartered Accountant, Mr. Shyam Sundar Sarrof, a fellow of the American Certified Accountants Association, as well as

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a fellowship of management accountants from the Institute of Management Accountants of the United States of America. He is also a member of the Chartered Accountants' Association from India, who is also the Compliance Officer of the Corporation, who was appointed by the Corporation on 04/07/2010, in compliance with the Corporate Governance Regulations, where he reports directly to the Board of Directors. The Corporation's Board of Directors acknowledge and claimed responsibility for the Internal Control Department activities, as the Board of Directors is supervising the Internal Control system as detailed as in the Corporate Governance Manual. This department works to assess the Corporation risk management procedures, to fully implement the governance rules, and to verify the commitment of the Corporation and its employees to the provisions of the laws, regulations and decisions in force, and internal policies and procedures. The Internal Control Department reviews the data presented to the Corporation's senior management, which is used in the preparation of the financial statements. The Internal Control department's duty is mainly in the management of risks and the proper application of the governance rules in accordance with applicable laws and regulations. The National Corporation for Tourism and Hotels follows the internal control management system and the procedures it has undertaken to review its activities, including:

- A) To supervise the internal audit activities and to ensure that the strategic directives of management are consistently implemented.
- B) To conduct continuous and systematic evaluation and to ensure the effectiveness and efficiency of risk management procedures and processes and corporate governance.

- C) To set and develop models for risk assessment, allocation of audit resources, development, management and direction of internal audit programs within the scope of the internal control authority and regulations.
- D) To reporting to the management on the results of internal control or any analysis, assessment or guidance on the activities being reviewed.
- E) To advice on risk management and the procedures to solve these risks.
- F) To coordinate with other departments in the Corporation to ensure its unification of the plans, programs and procedures.
- G) To qualify and train skilled auditors to perform the required activities.
- H) To Identify and assess risk areas for the preparation of the annual audit plan.
- I) To guide and control the Corporation performance and financial audit projects, and the commitment and compliance of the Corporation to systems and analysis.
- J) To received complaints and allegation's reports.
- K) To search for modern auditing tools and practices, and to pursue professional development opportunities, including internal and external training and membership of the professional association, as well as sharing information with the concerned staff for the purpose of increasing the expertise of the Internal Control Department.

All Internal Control Department reports shall be sent to the Board of Directors of the Corporation to strengthen the system and activate it to comply with the decision of the Chairman of the Securities & Commodities Authority No. (7 / R) for 2016 on the standards of institutional discipline and governance of public shareholding companies as amended. The mechanism of the

Internal Control system is to report to the Board of Directors to include:

1. Comprehensive assessment and documentation of the various risks facing the Corporation.
2. Prepare a record of risks and what happens annually.
3. Develop an audit plan based on the above risk record.
4. Continued development of corporate governance structure in the Corporation and ensure proper implementation of it.

During the year 2019, the Internal Control Department issued 23 reports to the Corporation's Board of Directors, the details of which are attached to this report.

The Corporation already has policies and procedures for all the Hotel Division as well as the Corporation Head Office, and these policies have been approved by the Board. All policies and procedures are periodically updated taking into account all changes taking place in the world. It has been implemented an organizational chart for employees with a clear definition of their powers and responsibilities, and there is a code of conduct for all employees as there are annual performance evaluation being to determine the performance of staff.

Regarding how the Internal Control Department deal with any major problems, the Corporation since its inception did not face any major problems, and the Internal Control Department shall take all preventive measures for areas of major risk, such as cash, banks and other operational areas and performs periodic review of all departments and take action accordingly to prevent any problems. If there is any problem, the Internal Control Department is well qualified to deal with any issue directly and take the necessary action to resolve the problem.

#### **Ninth: Details of violations committed during the year 2019**

The National Corporation for Tourism and Hotels is in compliance with all applicable laws, regulations in the United Arab Emirates. During the fiscal year 2019, the Corporation has not been subject to any penalties or restrictions either by the Securities and Commodities Authority or any other regulatory body.

#### **Tenth: A statement of the cash and in-kind contributions made by the Corporation during the year 2019 towards the local community development & environmental conservation**

The National Corporation for Tourism and Hotels and its employees are proud of the positive impact they have on many levels in the areas where they work and live, and they prioritize this impact in all their activities in local communities on which they depend for the operational mission's support, the purpose is always to give adequate consideration to social issues when planning and implementing projects and programs that the Corporation is working on. Working together to bring about positive change, build strong relationships in the community and reduce the environmental footprint caused by the activities of some companies in their areas of work lead to providing motivation to engage the community in the company.

The National Corporation for Tourism and Hotels believes that it can have a significant impact on the local community. The Corporation supports local and regional care, as well as many non-profit humanitarian organizations working together towards a common goal, which builds strong relationships. A variety of reasons support the company - based on the individual needs of the

community - the National Corporation for Tourism and Hotels focuses on activities, projects and organizations that will produce tangible and positive results, especially in the field of environment, health and leisure activities, and the Corporation will demonstrate a firm commitment for humanitarian reasons that fall outside the core areas of work through time and money donations or private resources, which are carried out by the Corporation on a regular basis.

During the year 2019, the Corporation provided support in the amount of AED 10,000 (ten thousand) to the Emirates Association for the Care of the Visually Impaired, and the amount of AED 34,000 (thirty-four thousand) and the amount of AED 13,500 (thirteen thousand and five hundred) for the Rashid Center for People of Determination, the Corporation also contributed the amount of AED 20,000 (Twenty thousand) in the care of the specialist center for Children with Diabetes, in addition to its contribution of AED 50,000 (fifty thousand) for the care of those affected by the winter season. Also there is donation of AED 15,000 for Women Police.



## Eleventh: General Informations

- A statement of the Corporation Share Price in the market (Closing price, Highest price, Lowest price)

Month	Lowest price (AED)	Highest price (AED)	Closing price (AED)
January	1.68	1.68	1.68
February	1.52	1.68	1.52
March	1.30	1.50	1.40
April	1.44	1.60	1.44
May	1.44	1.60	1.44
June	-	-	-
July	1.40	1.44	1.44
August	-	-	-
September	1.50	1.80	1.75
October	1.58	1.58	1.58
November	1.35	1.58	1.50
December	1.45	1.45	1.45

- A statement of the comparative performance of the Corporation's shares with the general market index and the service sector index

It is no secret that the world in general and the Middle East in particular have suffered a great social and economic changes. The tourism and hotel sector are one of the most important sectors affected by these changes, since It is directly dependent on security, stability and safety of movement and aviation. It is also depending on the availability

of liquidity among individuals, organizations and companies, and on business prosperity and economic activity.

- **A statement of the shareholding distribution as of 31/12/2019 (Individuals, Companies, Government) classified as follows: Local, GCC, Arab, Foreign using the table below**

Shareholder Category	Percentage of Shares Held			
	Individual	Companies	Government	Total
Local	77.72	22.23	-	99.95
Arab	0.05	-	-	0.05
Foreign	-	-	-	-
Total	77.77	22.23	-	100.00

- **A statement of the shareholders owning 5% or more of the Corporation's capital as of 31/12/2019**

No.	Name	Number of Share Held	% of Shares Held of Capital
1	HH Sheikh Hamdan Bin Mubarak Al Nahyan	272,466,446	34.67
2	Mohamed Abdul Aziz Al Muhairi	108,820,230	13.85
3	Sheikh Mohamed Bi Sultan Sorour Al Dhairi	59,524,795	7.57
4	Petroleum Engineering & Construction Est. (Pecon)	49,052,750	6.24
5	Ghobash Trading Investment Company Ltd	41,645,924	5.30
6	Emirates Hotel Company	40,015,263	5.09

■ **A statement of how shareholders are distributed according to the volume of property as of 31/12/2019**

No.	Share(s) Owned	Number of Shareholders	Number of Share Held	% of Share Held of the Capital
1	Less than 50,000	311	6,060,328	0.77
2	From 50,000 to less than 500,000	317	89,725,770	11.42
3	From 500,000 to less than 5,000,000	25	34,679,895	4.41
4	More than 5,000,000	13	655,396,007	83.40

I. **A Statement of the procedure taken with respect to the Investors' Relation**

The Corporation has taken all the necessary measures regarding investor relations controls. A special page for investor relations has been established on the website of the Corporation. Mrs. Nasreen Abdulrahman Khalifa was chosen as the investor relations officer of the Corporation and the following contact details:

Phone number: +971 2 409 9766

Fax number: +971 2 490 9990

Mobile number: +971553900930

Email: [Nasrin.khalifa@ncth.ae](mailto:Nasrin.khalifa@ncth.ae)

The Corporation website also has been updated so that any information and data that are disclosed or any other information relating to the company and the rights of shareholders can be published, such as the annually and quarterly financial statements, the Board of

Director's formation, Governance Reports and the AGM minutes are on the Corporation's web site [www.ncth.com](http://www.ncth.com) Page of the Investor Relation.

**J. A Statement of the special resolutions presented to the General Assembly held in 2019**

During the year 2019, there was special resolutions were presented to the General Assembly to amend the NCTH's Articles of Associations and it was approved by the General Assembly, the details of the amendments were as follows:

3 amendments have been made to the Corporation's current statute and details:

a. Amending Paragraph (B) of Article No. (19) of the Basic Law relating to the company's management as follows:

Text Before Amendment	Text After Amendment
In all cases, the Board members, including the Chairman, shall be UAE nationals.	In all cases, <b>at least five (5)</b> of the Board members, including the Chairman, shall be UAE nationals.

b. Amendment of Article (41) of the Article of Association in relation to Publishing the Invitation for the General Assembly Meeting as follows:

Text Before Amendment	Text After Amendment
The invitation to the shareholders to attend the General Assembly meeting shall be made by publishing the same in two daily local newspapers, one of which shall be in Arabic, and by sending registered letters at least fifteen (15) days prior to the	The invitation to the shareholders to attend the General Assembly meeting shall be made by publishing the same in two daily local newspapers, one of which shall be in Arabic, by sending registered letters <b>or by sending SMS text messages and e-</b>

المؤسسة الوطنية للسياحة والفنادق  
National Corporation for Tourism and Hotels

meeting date, subject to the approval of the Authority. The invitation must include the meeting agenda and a copy of the invitation papers shall be sent to the Authority and the Competent Authority. In case of the Annual General Assembly, the invitation shall be accompanied by the Board's report and the Auditor's report on the financial year end.	<u>mail "if any"</u> at least fifteen (15) days prior to the meeting date, subject to the approval of the Authority. The invitation must include the meeting agenda and a copy of the invitation papers shall be sent to the Authority and the Competent Authority. In case of the Annual General Assembly, the invitation shall be accompanied by the Board's report and the Auditor's report on the financial year end.
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c. Amendment of Article (62) of the Article of Association in relation to Dividends, as follows:

Text Before Amendment	Text After Amendment
Dividends shall be paid to shareholders in accordance with the regulations, resolutions and circulars issued by the Authority in this regard.	<p>Dividends shall be paid to shareholders in accordance with the regulations, resolutions and circulars issued by the Authority in this regard. <b>The Board of Directors may decide to distribute dividends (quarterly and / or semi-annual) to shareholders from operating profit or profits in accordance with the dividend policy approved by the General Assembly, taking in consideration the below:</b></p> <ul style="list-style-type: none"> <li>• Obtain the competent authority or authorities' approval.</li> <li>• The existence of adequate cash reserves in the company.</li> <li>• Dividend distribution does not affect the Company's long and medium term liabilities</li> <li>• The distribution shall be in accordance with the dividend distribution policy approved by the General Assembly</li> </ul> <p>المؤسسة الوطنية للسياحة والفنادق National Corporation for Tourism and Hotels</p>

#### K. The Rapporteur of the Board Meetings

The Rapporteur of the Board Meetings is Mr. Hany Farag. He has been appointed to this position on the BOD Meeting No. Seven of the session No. Four which was held on March 03, 2010. Mr. Farag is certified public accountant with more than 4 decades of experience in every facet of hospitality and hotels industry. He has well defined knowledge and skill in area Board governance: policy, finance, project and personnel. Fosters positive working relations with Board Members and participate in the discussions and the deliberations of the Board.

#### **The Duties During the Year:**

- Maintaining and managing company files (founding contract, regulations, meeting minutes, monthly and annual reports ... etc)
- Support the Chairman of the Board in all aspects of his duties and responsibilities in the organization.
- Prepare the agenda for Board and General Assembly meetings.
- Informing the members of the board of directors with the dates of the board and general assembly meetings and providing them with the necessary documents at least one week before the meeting.
- Reminding the members of the Board of Directors of the dates of the periodic meetings and the new information.
- Create the meeting place with the necessary equipment.

- Record the discussion and decisions of the board of directors 'meetings, prepare the minutes of the meeting and present them to the members before approving it in the next meeting.
- Coordinate the meetings of the committees emanating from the Board of Directors and coordinate with the chairmen and members of those committees to prepare their minutes and present their recommendations and decisions to the Council.
- Providing legal advice and support in the areas of labor law, corporate law, contract law and intellectual property, to the extent required by the board of directors, and during a board meeting and ordinary general assembly.
- Carrying out any other tasks assigned to it by the members of the Board of Directors.

#### L. A Statement of Significant Events that took place in the Corporation in 2019

The significant event that took place during the year 2019 is the appointment of Mr. Ismail Hamid as a Director of Operations in the Catering & Support Service Department from 11/June/2019.

#### M. A Statement of the Emiratization percentage in 2017, 2018 & 2019

By the end of 2017, the Emiratization rate in the Corporation was 02%, and in 2018 the Emiratization ratio in the Corporation's head office was 03%, while in 2019 it reached 05%.

#### N. A statement of the Innovative Projects and Initiatives implemented by the Corporation during 2019

During the year 2019, the Corporation's work continued on projects that have actually started during the year 2018, which include: a residential and service apartments project in the Abu Dhabi Exhibition Center area, in which the foundation stage was completed and actual work began in the construction phase above the ground, in addition to the Marina Intercontinental Hotel apartments In the marina area in Abu Dhabi, in which the actual work also started, then the Saadiyat Ritz Carlton Hotel project, in which the design phase was completed and the actual work will start soon.

The Corporation also continued to renovate its hotels in general, including rooms and public areas, and added several new restaurants and facilities to some of its hotels.

#### Twelfth: The Shareholders

The shareholders of the Corporation constitute the top of the governance pyramid, The General Assembly is the source of authority for the other corporate governance bodies in accordance with the Articles of Association, the Companies Law and the regulations and decisions issued by the Securities and Commodities Authority and the Abu Dhabi Securities Market.



### Thirteenth: Code of professional conduct

In recognition of the commitment of the National Corporation for Tourism and Hotels to the highest standards of honesty and ethical values, it is considering ethical and professional conduct as fundamental to its business and the ethical and professional conduct of the Corporation's reputation and success.

The National Corporation for Tourism and Hotels applies the system of professional conduct of the Board of Directors, senior management and employees, which includes the general rules of ethics and covers a wide range of procedures and practices in accordance with all relevant legislation and local customs.

### Fourteenth: Environmental and Social Policy:

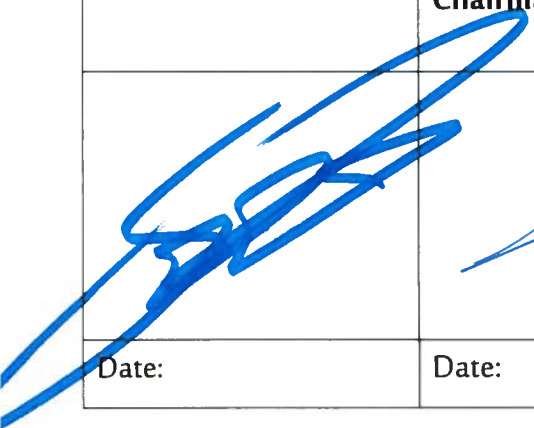



The National Corporation for Tourism and Hotels is committed to protect the environment, guests, employees and property of the Corporation from environmental and health risks and safety hazards. In order to fulfill this commitment, it is keen to provide a healthy and safe environment by:

- Comply with relevant UAE laws and other related requirements
- Environmental protection through continuous improvement of environmental performance and pollution protection.
- In all our business practices, we take into account the environmental impacts of these practices.

- Use environmentally friendly products where possible.
- Allocation of resources to develop appropriate programs and procedures for the implementation of this environmental policy.
- Measure performance and set targets for improvement.
- Minimizing wasting water and energy without affecting the quality of service provided to guests.
- Protect guests, employees, contractors and all concerned from all health and safety hazards by creating a safe environment to eliminate personal injury and occupational diseases.
- Provide the necessary training to ensure safe practices, noting the commitment of all in these safe ways in the performance of their duties.
- Take measures to eliminate environmental, occupational and personal health risks, which are always at all readiness to respond to emergencies.
- Business sector involvement with contractors who are sharing the same principles in EHS support.
- Ensure continuous improvement by encouraging each employee to implement these policies and contribute to a safer environment for future generations.
- Review the policies of the Abu Dhabi Environment Health and Safety Center regularly to ensure that our systems and policies are in line with the Center's policies.
- We are committed to report to the Abu Dhabi Environment Health and Safety Center on the progress of regulatory systems and regulatory authority at regular intervals.

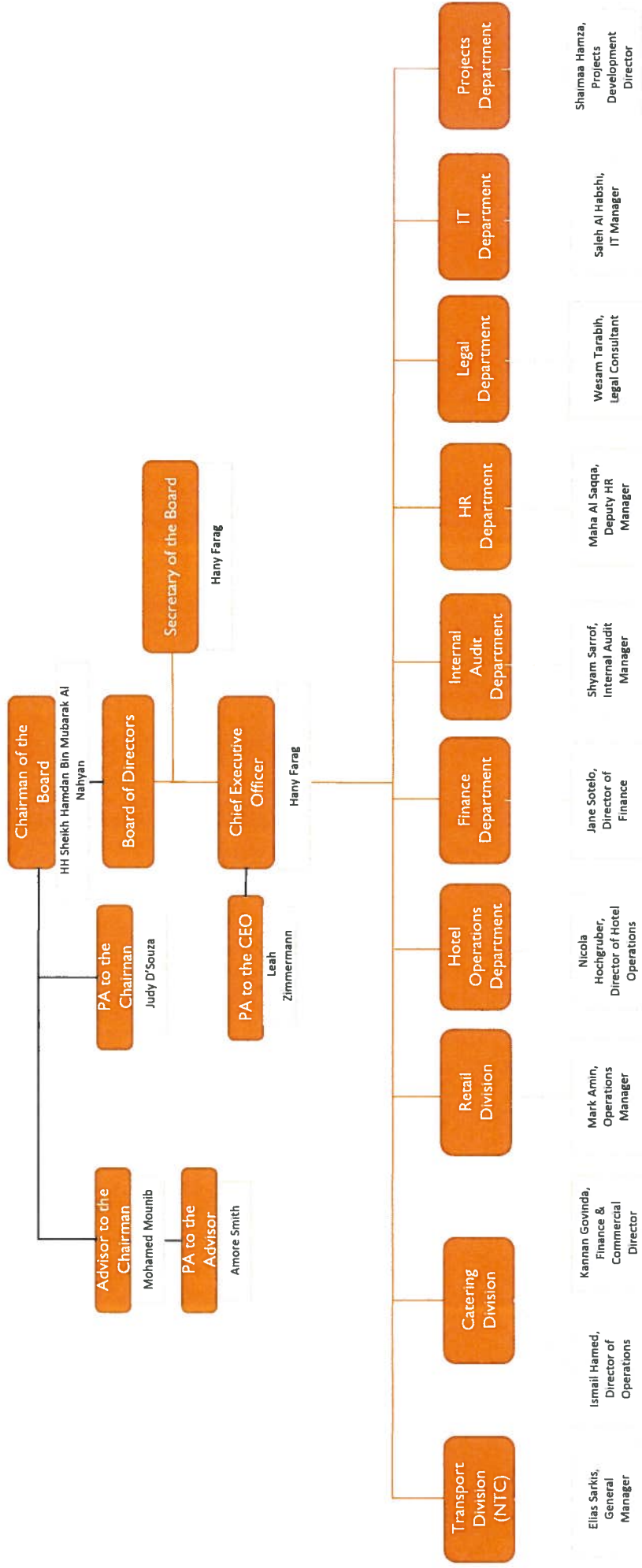
### Fifteenth: The Communication with shareholders

The Corporation is keen to communicate with its shareholders through periodic press releases. At every important development the company's information, activities and financial statements are available on the Corporation's website. The executive management meets periodically with investors, experts and financial analysts to review the activities and financial statements of the Corporation, in addition to providing the opportunity for shareholders to ask questions to management during the AGM.

Signature of: Chairman of the Board	Signature of: Audit Committee Chairman	Signature of: Remuneration Committee Chairman	Signature of: Internal Control Department Director
			
Date:	Date:	Date:	Date:

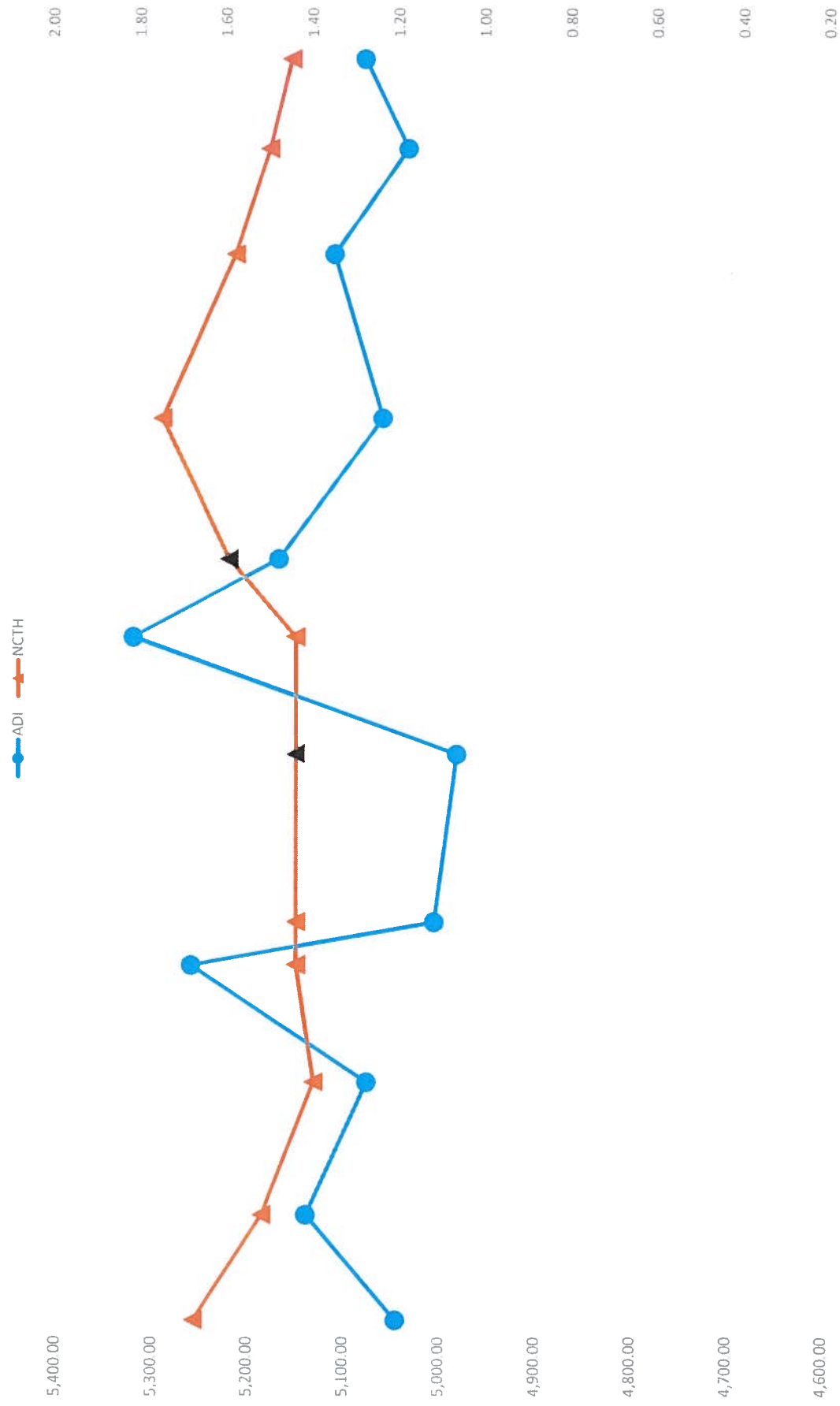


# NCTH Organizational Chart



31.12.2019

2019 NCTH vs. Abu Dhabi General Index



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ADI	5,044.85	5,137.81	5,074.65	5,258.04	5,003.58	4,979.95	5,317.89	5,165.57	5,057.31	5,107.76	5,030.75	5,075.77
NCTH	1.68	1.52	1.40	1.44	1.44	No trade	1.44	No trade	1.75	1.58	1.50	1.45