



شركة الإمارات لتعليم قيادة السيارات  
EMIRATES DRIVING COMPANY

## EMIRATES DRIVING COMPANY

### Governance Report Form for the year 2018

#### Company Profile

Emirates Driving Company was established in 2000 as a national public shareholding company with a part of the Abu Dhabi Government. It was established as a solution to reduce the number of traffic accidents, raise the efficiency of training and develop the skills of drivers.

It has been agreed and co-operated with the Swedish National Road Safety Commission (SweRoad) in road safety and driving training services to build the foundation for an innovative and advanced driving education system.

The company developed the quality system and obtained ISO 9001-2008 certificate in 2007 and was renewed in 2010 and then renewed in both 2013 and 2016. The area of the system was traffic safety and driving training services. (OHSAS 18001-2007) of the occupational health and safety system.

In addition, the company received the Sheikh Khalifa Award for Excellence in 2015 from the first participation in this award.

#### Vision:

To be the leading provider of driving education and training contributing to safer roads in the community.

#### Mission:

Providing the highest quality driving education, training and standards that exceed our customers' expectations and contribute to increase road safety awareness in our communities.

#### Value:

Social responsibility; Customer oriented; Building partnerships; Innovative; Ethical; Commercially minded and Team work.

#### Quality Policy:

Emirates Driving Company has implemented, reviewed and developed the quality system and worked to ensure its continued improvement in accordance with the requirements of ISO 9001-2008, to provide training services and improve road safety factors.

#### Executive Management Obligations:

- Provide traffic culture and leadership training for all categories of vehicles of the highest quality.
- To contribute to increasing awareness of traffic safety for all road users inside and outside the country.
- Provide an appropriate working environment to enable individuals to work together, creativity and increase productivity.
- Working to satisfy customers, providing services beyond their expectations.

#### Services:

- ✓ The company offers many unique services, which are unique to the country.



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- ✓ The company offers theoretical traffic education courses, which include Light Vehicles, Heavy Vehicles, Heavy Buses and Motorcycles.
- ✓ In addition to practical training available for Light Vehicles, as well as to practical training for Heavy Vehicles, Heavy Buses and Motorcycle categories.
- ✓ The company provides training in several languages including Arabic, English, Urdu, Malayalam and Pashto.
- ✓ The company also provides special training for people with special needs.
- ✓ In cooperation with the Vehicles and Drivers Licensing Department, the company provided all kinds of tests to obtain the required certificates.
- ✓ For the convenience of customers, the company provides some additional services such as transportation, cafeteria, ATM, credit card payment and public and private waiting rooms for ladies.
- ✓ In the belief of the importance of spreading traffic awareness among all segments of society, EDC has prepared a plan for several training programs to serve the specialized institutions in the field of transport and communication.
- ✓ In addition to the above, the company offers courses for School Bus Drivers and Supervisors.

#### **Human resources development:**

The company believes that its employees are the basis for its success, therefore the appropriate competencies are selected to achieve its objectives and are keen to develop them continuously.

#### **Technology and expertise:**

Quality services have been provided by combining the intellectual capacities of individuals with different levels of experience and knowledge, and harnessing the best equipment, systems and advanced equipment.

#### **Events:**

The company participates in many activities and activities such as campaigns, workshops, conferences and seminars related to the field of awareness and traffic safety.

#### **Company Branches:**

Emirates Driving Company started in 2004 from its headquarters in the Emirate of Abu Dhabi, Musaffah to provide training services.

In 2006, the company opened its branches in Al Ain, Tarif and finally in Dalma Island. In 2015, Tarif branch moved to Madinat Zayed in Al Dhafra area. Other branches were opened in 2017 in Ghayathi,

Emirates Driving Company in collaboration with Belhasa International Group, has established a driving leadership company in Dubai and Ajman.

### **1. A statement of the procedures taken to complete the Corporate Governance system during 2018, and how they are applied**

From the very beginning, Emirates Driving Company (DRIVE) has been keen to implement Ministerial Resolution n° (7 R.M) of 2016 on the Corporate Governance and Institutional Discipline Standards issued by the Securities and Commodities Authority (SCA) and to cover all requirements by defining the responsibilities and duties of the Board of Directors and the Executive Management of the Company. And takes into consideration the protection of the rights of all shareholders and stakeholders through transparency and disclosure of everything that happens at the company.



The company's Board of Directors represented by the Chairman, Vice-Chairman and Board members supervises and controls the continued performance of the company and how to implement the Ministerial Resolution:

- The company began to implement the actual application after attending the promotional offers organized by the Securities and Commodities Authority. The first steps were by calling for the Board of Directors and considering them to be independent and non-executive board members at the meeting held on 18/2/2010. The balance between independent and non-independent members has been taken into account.
- All Board members are non-executive members.
- All members are independent members.
- Everyone has pledged to disclose any change that may affect their independence.
- The committees emanating from the Board of Directors were formed at the Board meeting held on 10/04/2016. The Nomination and Remuneration Committee was reconstituted at the Board meeting held on 28/11/2017.
- Members of the Board of Directors have submitted a declaration of independence, which has been submitted to the Authority.
- On 10/04/2016, the Company held a general assembly for the year 2015 at the company's headquarters in Mussafah - Abu Dhabi. The members of the Board of Directors were elected as follows:

**1. Dr. Tayeb Kamali - Chairman of the Board of Directors**

**2. Mr. Rashed Salem Lakhribani Al Nuaimi - Vice Chairman**

**3. Mr. Khalil Badran - Member**

**4. Mr. Khaled Al-blind - Member**

**5. Mr. Ahmed Mohamed Rahma Al-Shamsi - Member (deceased on July 2018)**

- The Board of Directors approved the appointment of **Mr. Maktoum Abdullah Mohammed Khalfan Al Kaabi** as a member of the Board of Directors of the Company instead of the deceased member (**Mr. Ahmed Al Shamsi**, May God have Mercy on him).
- The independence, non-independence, executive or non-executive status was once again confirmed by the signature of the independent board member on January 27, 2019.
- In conclusion, the Authority was provided with all the detailed data by the Company to comply with the requirements of governance, which resulted in the granting of a letter to Emirates Securities and Commodities Authority stating that Emirates Driving Company has fulfilled all the necessary requirements to implement the resolution.
- Emirates Driving Company takes upon itself and with every effort to comply with the provisions of the Ministerial Resolution n° (7 R.M) of 2016 on the rules of governance and the standards of institutional discipline.

## **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**

- The Company has issued legislation governing the transactions of the members of the Board of Directors in securities, where the Chairman and members of the company Board of Directors and the members of the senior executive management of the company and its employees, which contributes not less than 30% of its capital, as well as subsidiaries, during the following periods:
  - Before (10) Business days after the announcement of any material information that will affect the price of the stock up or down unless the events result from sudden and sudden events.
  - Before (15) Days from the end of the quarterly, semi-annual or annual financial period until disclosure of the financial statements.
- Continued diligence to fully comply with the laws and the supervisory entities regulations such as authorities, markets and others.



- All members of the Board of Directors and employees of the Company should not disclose material information affecting the share price of the financial market except by the competent department, which is the Finance Department.
- There were no transactions during the financial year 2018 for any of the members of the Board of Directors or their relatives of the first degree and the members of the senior executive management of the company and its employees, which contributes at least 30% of its capital, as well as subsidiaries, associates or affiliates.

### **3. Board of Directors Composition:**

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

A statement of the composition of the current Board of Directors according to the categories of its members (executive, non-executive and independent), their data, experience and qualifications, and the duration of their term as members of the Board of Directors from the date of their first election.

Pursuant to the provisions of the Federal Commercial Companies Law n° (2) of the year 2015 and the Ministerial Resolution No. (7 R.M) of the year 2016 on Corporate Governance and Institutional Discipline Standards, the Board of Directors of Emirates Driving Company were elected during the AGM held on April 10, 2016:

- 1) The Board of Directors shall manage the Company. The Articles of Association of the Company shall specify the manner of composition, the number of its members and the duration of its membership therein.
- 2) The members of the first board of directors of the company were elected by the founders. The subsequent members of the board of directors are elected for a specific period by the shareholders of the company. In the composition of the board, the appropriate balance between executive and non-executive members and independent members was taken into consideration. So that at least one third of the members shall be independent members and the majority shall be non-executive members who shall have expertise and technical skills for the benefit of the company. In all cases, when selecting the non-executive members of the company, the member must be able to allocate sufficient time and attention to his membership, such membership is opposed to other interests.
- 3) Prohibition of combining the position of the Chairman of the Board of Directors with the position of Director of the Company and / or the Managing Director.
- 4) Each member of the Board of Directors shall hold his position until the expiration of his term of membership or approval of his resignation by a resolution of the Board of Directors, his death or his dismissal by a resolution of the General Assembly of the Company.
- 5) If the position of a member becomes vacant, the Board of Directors may appoint a member of the vacant position, provided that the matter is submitted to the General Assembly at its first meeting to approve his appointment or appoint another, unless the Company's Articles of Association provide otherwise. The General Assembly shall be invited to meet within three months at the latest date of the vacancy in order to elect who fills the vacant positions.
- 6) The Board of Directors shall hold its meetings four times during the financial year at least, upon written invitation by the Chairman of the Board of Directors or at the written request of at least two members of the Board. The invitation shall be issued at least one week before the date specified, together with the agenda. Each Member shall have the right to add any topic which he considers necessary to be considered at the meeting.



- 7) The meeting of the Board of Directors shall be valid only with the presence of the majority of its members. Decisions of the Board of Directors shall be issued by a majority vote of the attendees and representatives of the meeting. In the case of equal votes, the side of the Chairman or whoever fulfills his position shall prevail.
- 8) Without prejudice to the foregoing, the Board of Directors may exclude the issuance of some of its decisions by passing in emergency cases, taking into consideration the following:
  - ❖ Decisions should not be passed four times a year.
  - ❖ The majority of the members of the Board of Directors agree that the situation requiring the issuance of the decision to pass is an emergency.
  - ❖ The Board of Directors shall deliver the written decision in writing for approval, accompanied by all necessary documents and documents for review.
  - ❖ The written approval of the majority of any of the resolutions of the Board of Directors issued by passing must be approved, with the need to be presented at the next meeting of the Board of Directors to be included in the minutes of its meeting.
- 9) The minutes of the meetings of the Governing Council or its committees shall record the details of the issues considered and the decisions taken, including any reservations of members or views expressed on them. All members present must be signed on draft minutes of Board meetings prior to adoption. The minutes of the meetings of the Board of Directors and its committees shall be kept by the Board of Directors' decision. In the event that a member fails to sign, his objection shall be recorded and the reasons for the objection shall be stated as soon as they appear.
- 10) If a member of the Board of Directors has a conflict of interest in a matter to be considered by the Board of Directors, and the Board of Directors decides that it is a matter of substance, it shall issue its decision in the presence of the majority of the members. A member of interest may not participate in voting on the resolution and may in extraordinary cases address such matters through committees emanating from the board of directors formed for this purpose by virtue of a decision issued by it. The opinion of the Committee shall be submitted to the Board of Directors for decision in this regard.
- 11) The Board of Directors may, by a decision of a majority of its members, request an external advisory opinion in any matter related to the Company and at its expense.
- 12) The Board of Directors shall establish rules of procedure for corporate governance, supervision and supervision of its application, in a manner not inconsistent with the provisions of this resolution, and shall be responsible for its application in accordance with its provisions, in condition to ensure that there are no conflicts of interest.
- 13) The Board of Directors works on appropriate development programs for all members of the Board of Directors to develop and update their knowledge and skills and to ensure effective participation in the Board of Directors.
- 14) The Board of Directors establishes written rules regarding the transactions of the Company's Board of Directors and its employees in the securities issued by the Company, the Parent Company or its subsidiaries or sister companies.



S/N	Name	Category (Executive, Non-executive, and Independent)	Experience	Qualifications	Period served as a BOD member of the Company since his first election date	Their memberships and positions in any other joint-stock companies	Their positions in any other important supervisory, governmental or business entities.
1	<b>Dr. Tayeb Amanalla Mohd Zaman Kamali</b>	Non-executive, and Independent	<ul style="list-style-type: none"> <li>* Director of the Higher Colleges of Technology Complex</li> <li>* Founder and former CEO of the Center for Excellence in Applied Research and Training (CERT), research and training arm of the Higher Colleges of Technology</li> <li>* Leader of the education, training, research and applied technology programs offered by the Higher Colleges of Technology.</li> <li>* Contribute to the outstanding initiatives to make HCT a world-class e-learning institution using mobile learning technologies, including wireless infrastructure, intensive use of laptops and tablets, and knowledge management programs, as well as distributing more than 150,000 e-books on Higher Colleges of Technology.</li> <li>* Leader in the organization and establishment of several international conferences on education and economic innovation, most notably the Conference on Education Without Borders and the Festival of Thinkers.</li> <li>* Founding member of the World Federation of Colleges and Polytechnic Institutes.</li> <li>* Awarded in the scientific field and a prominent speaker at world conferences.</li> </ul>	<ul style="list-style-type: none"> <li>* Ph.D. in Engineering, George Washington University, USA</li> <li>* Honorary Doctorate degree from the University of Waterloo - Canada</li> <li>* Master of Business Administration, Aeronautical Engineering, Embry-Riddle Aeronautical University, USA</li> <li>* Bachelor of Science in Aeronautical Engineering, Embry-Riddle Aeronautical University, USA</li> <li>* Bachelor of Science in Aerospace Engineering, Embry-Riddle Aeronautical University, USA</li> </ul>	<b>Chairman</b> (18 years)	NONE	All members have an important senior positions within UAE Government.
2	<b>Mr. Rashed Salem Saif Lekhraibani Al Nuaimi</b>	Non-executive, and Independent	<ul style="list-style-type: none"> <li>* Advisor to His Highness the Deputy Prime Minister and Minister of Interior and member and Secretary General of the Federal Demographic Council - from 2010 to date</li> <li>* Chairman of the Board of Directors of Qeyadah Driving Company - from 2010 to date</li> <li>* Undersecretary of the Ministry of Education - from 2008 to 2009</li> <li>* Assistant Secretary General of the National Consultative Council - from 2001 to 2009</li> <li>* Head of Financial and Administrative Departments at the National Consultative Council, 1997-2001</li> <li>* Director of the Member Affairs Department of the National Consultative Council (Al Ain) - 1995-1997</li> </ul>	<ul style="list-style-type: none"> <li>* Master of Public Administration - University of Southern California - USA.</li> <li>* Bachelor of Finance - University of California - USA.</li> </ul>	<b>Vice Chairman</b> (18 years)	NONE	

3	<b>Mr. Khalid Dawood Mohamed Badran Al Karaeen</b>	Non-executive, and Independent	<ul style="list-style-type: none"> <li>* Ex-Director General of the former General Directorate of Finance and Services - General Directorate of Abu Dhabi Police</li> <li>* Chairman of the Pensioners Affairs Committee</li> <li>* Chairman of the Development Committee Magazine (999)</li> <li>* Chairman of the Graduate Studies Committee</li> <li>* Chairman of the Standing Committee of Finance and Assets</li> <li>* Chairman of the committee to activate the organizational structure at the Ministry of Interior</li> <li>* Member of the Higher Command Committee of the Abu Dhabi Police</li> <li>* Second Deputy in the Police Projects Follow-up Committee</li> <li>* Member of the Tender Committee</li> <li>* Member of the Board of Directors of Privatization Services Group</li> <li>* MOfficers Promotions Committee</li> <li>* General supervisor of the development of the financial system and the system of supplies and procurement</li> </ul>	<ul style="list-style-type: none"> <li>* Bachelor of Accounting</li> <li>* Certified Public Accountant (CPA)</li> <li>* Vice Chairman of the Board of Directors of the Association of Certified Public Accountants (UK) FCPA "International"</li> <li>* Fellow of the American Certified Accountants Association – Montana (MSCPA) "International"</li> <li>* Fellow of the Institute of Certified Public Accountants (Ireland) CPA "International"</li> <li>* Financial Advisor and member of the Institute of Financial Advisors (America and Canada) CFC "International"</li> <li>* Certified Management Professional / CBA (International Business Association) "International"</li> </ul>	<b>Board Member</b> (18 years)	NONE	All members have an important senior positions within UAE Government.
4	<b>Mr. Khaled Mohamed Salem Balama Al Tameemi</b>	Non-executive, and Independent	<ul style="list-style-type: none"> <li>* Executive Director (Real Estate Management) - Abu Dhabi Investment Council - 2008 to date</li> <li>* Head of Tactical Assets Distribution Unit (Assets) - Abu Dhabi Investment Authority – 2004 - 2007.</li> <li>* Deputy Director of Evaluation and Follow-up Department - Abu Dhabi Investment Authority - 1997 - 2004.</li> <li>* Assistant Advisors to the Evaluation and Follow-up Department, Abu Dhabi Investment Authority (ADIA), 1995-1997</li> <li>* Financial Analyst, European Stock Management, Abu Dhabi Investment Authority, 1990-1995.</li> <li>* Board Member in: <ul style="list-style-type: none"> <li>- Central Bank of the UAE, since 2008</li> <li>- General Authority for Pensions and Social Insurance, since 2010</li> <li>- Integrated telecommunications company DU, since 2015</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>* Bachelor of Finance - Indiana University Bloomington - USA 1990</li> <li>* Certified Financial Analyst C.F.A Chartered Financial Analyst C.F.A - since 1995</li> </ul>	<b>Board Member</b> (18 years)	Vice Chairman of Du Company (a public joint stock company)	
5	<b>Mr. Ahmed Mohammed Rahmah Al Shamsi</b> (deceased)	Non-executive, and Independent	<ul style="list-style-type: none"> <li>* Retired Brigadier</li> <li>* Former member of the Federal National Council</li> <li>* Member of the Board of Directors of Umm Al Quwain General Investment Company</li> <li>* Member of the Board of Directors of Ras Al Khaimah White Cement Company</li> </ul>	<ul style="list-style-type: none"> <li>* Graduate of the Royal Military Academy Sandhurst</li> <li>* Master of Military Science</li> <li>* Management Course from UAE University - Affiliation</li> </ul>	<b>Board Member</b> (5 years & half)	<ul style="list-style-type: none"> <li>* Vice Chairman of Umm Al Qaiwain Public Investment Company</li> <li>* Board Member of Ras Al Khaimah White Cement Company</li> </ul>	
6	<b>Mr. Maktoum Abdulla Mohammed Khalfan Al Kaabi</b> (Alternative to deceased Board Member)	Non-executive, and Independent	<ul style="list-style-type: none"> <li>* Advisor to the Head of Department and Head of Transport Technology and Systems Group - Department of Transport - 2017 to date</li> <li>* Engineer officer in the Armed Forces from 2000 until 2017</li> <li>* Member of the Traffic Safety Technical Committee in the Emirate of Abu Dhabi from 2017 to 2018</li> </ul>	<ul style="list-style-type: none"> <li>* Master of Science in Communication and Computer Science, George Washington University, 2004</li> <li>* Bachelor of Science in Electrical Engineering, George Washington University, 2000</li> <li>* Management Course from UAE University - Affiliation</li> </ul>	<b>Board Member</b> (3 months)	NONE	

**b. A statement of women's representation in the Board of Directors in 2018**

- There is no representation of the female component in the company's Board of Directors.

**c. A statement of reasons why no women were nominated for the membership of the Board of Directors**

- No women were nominated for the membership of the Board of Directors in the 2016 election.

**d. A statement of the following:**

**1. Total remunerations paid to the members of the Board of Directors for the year 2017.**

The General Assembly held on 04/03/2018 approved the granting of 8% of the profits of 2017 as a bonus to the Board members amounting to AED 8,337,395 for the year ended 31 December 2017 after deducting the value of reserves and depreciation.

**2. Total remunerations proposed to be paid to the members of the Board of Directors for the year 2018, which shall be presented in the annual General Assembly for approval.**

The remuneration for the members of the Board of Directors for the year 2018 has not been determined to date. The remuneration will be considered and determined at the general meeting to be held in February 2019. The bonus will be disclosed and updated as soon as it is determined and issued.

**3. A statement of the details of allowances for attending the sessions of committees derived from the BO, which were paid to the BOD members for the fiscal year 2018 using the table below:**

No member of the Board of Directors has been paid any fees or allowances for attendance at meetings of the Board of Directors or the committees emanating from it for the year 2018.

**e. The number and dates of BOD meetings held during the FY 2018 as well as the attendance frequency by all the members; in person and by proxy**

#	of the meeting	Number of Attendees	Number of attendance by proxy	Names of absent members
1	<b>31/01/2018</b>	4 attendees	NONE	Mr. Rashed Al Nuaimi (with acceptable excuse)
2	<b>04/03/2018</b>	4 attendees	NONE	Mr. Khaled Belama (with acceptable excuse)
3	<b>26/04/2018</b>	5 attendees	NONE	NONE
4	<b>01/10/2018</b>	4 attendees	NONE	NONE (Mr. Ahmed Al Shamsi died before this meeting and Mr. Maktoum Al Kaabi was appointed to replace him at the same meeting)
5	<b>28/11/2018</b>	5 attendees	NONE	NONE



**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.**

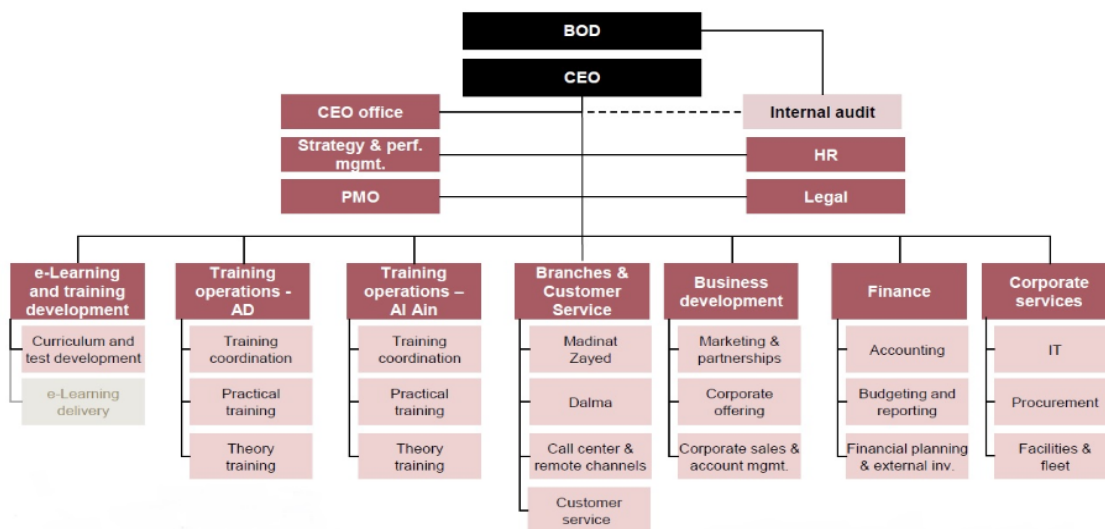
The functions and terms of reference of the executive management and delegated by the Board of Directors to the Chief Executive Officer - Mr. Khaled Al Mansoori are as follows:

- ✓ General responsibility for the management of Emirates Driving Company and its projects.
  - ✓ The responsibility of implementing the plans aimed at developing the performance of Emirates Company for the coming years.
  - ✓ Develop current and future policies and strategies that will enhance the prosperity and development of Emirates Driving Company.
  - ✓ Payment of maximum financial payments (AED 300,000).
  - ✓ Approving non-financial bank transactions (ex: activating bank accounts / requesting check books / bank accounts disclosure request).
  - ✓ Renewal of fixed deposits and investing surplus funds in new fixed deposits with the highest profitability rates.
- The Chief Executive Officer carries out his duties and responsibilities through a number of experienced and highly qualified executives who are considered as a pillar of the company's executive and administrative work.

**g. A statement of the details of transactions made with the related parties (stakeholders), indicating the nature of relationship and transaction type.**

The Company has no transactions with related parties (whether they are directors of the Company or members of the senior executive management and employees of the Company) or any companies in which any of them contributes at least 30% of its capital.

**h. The organizational structure of the Company, including at least the first and second levels, and including the General Director and/or Executive Manager, Deputy General Director, and the managers of the Company such as the Financial Manager.**





- i. A detailed statement of the senior executive staff in the first and second levels according to the Company's organizational structure (as set out in item (3h) above), their positions and appointment dates, and total salaries and benefits paid thereto, using the table below:

S/N	Position	Date of Appointment	Total Salaries and Allowances paid in 2018 (AED)	Total Bonuses paid in 2018 (AED)	Any other Cash/in-kind benefits for 2018 or payable in the future
1	Chief Executive Officer	31/12/2012	1,956	3,400	-
2	Director of Training Operations (Al Ain)	29/05/2004	848	400	-
3	Director of Training Operations (Abu Dhabi)	21/08/2004	539	400	-
4	Director of Finance	03/02/2015	973	600	-
5	Director of Corporate Services *	07/09/2009	683	-	-
6	Director of Business Development	These departments are currently vacant as a result of the restructuring that took place in the company			
7	E-learning and training development				

\*Resigned from the company on 16/09/2018

#### 4. External Auditor:

- a. A brief about the external auditor of the Company's to the shareholders.

➤ About the Company's auditor for shareholders

The external auditor of Emirates Driving Company is Ernst & Young (EY). They were hired in 2018, a globally renowned financial and professional auditing and advisory firm and one of the four largest auditing firms worldwide. They were contracted to carry out audit work and the work of quarterly and final financial reports.

➤ Selection mechanism of external auditor:

The external auditor is selected through the annual general assembly where the external auditor is nominated by the Board of Directors on the recommendation of the Audit Committee.

➤ **Functions of the External Auditor:**

The functions of the External Auditor are as follows:

- 1- Conduct annual audit.
- 2- Quarterly audit (March, June and September) plus one interim audit.
- 3- Preparation and adoption of financial statements within the specified time frame:
  - ✚ Three months from the end of the year, for the final audit
  - ✚ Four weeks from the end of the quarter audited, for the quarterly audit
- 4- Submit audited financial statements in Arabic and English

**b. A statement of the fees or costs of auditing or the services provided by the external auditor, using the table below:**

The audit fee for the year 2018 is AED 204,750 (two hundred and four thousand seven hundred fifty dirhams). In 2018, Ernst & Young did not have any professional services other than auditing. We would like to emphasize that the auditor does not engage in any other activities that are inconsistent with its independence and neutrality.

Name of Auditing Firm	Ernst & Young (Mother Company)	Ernst & Young (Tabieah Company)	Ernst & Young (Qeyadah Company)
Number of years served as an external auditor for the Company	One Year	One Year	Four Years
Total fees for auditing the financial statements of 2018 (in AED)	AED 168,000	AED 36,750	AED 55,000
The fees and costs of the special services other than the auditing of the financial statements in 2018 (in AED), if any, and in case there are no other fees, this shall be expressly stated	NONE	NONE	NONE
The details and nature of other services provided (if any), and in case there are no other services, this shall be expressly stated	NONE	NONE	Audit the financial statements of the subsidiary.
A statement of the other services performed by an <b>external auditor other than</b> the Company's auditor in 2018 (if any), and in case there is no another auditor, this shall be expressly stated	NONE	NONE	NONE

➤ **There are no reservations made by the Company's auditor in the interim and annual financial statements for 2018.**

## 5. Audit Committee:

### a. The names of members of the audit committee, and a statement of its functions and the duties assigned thereto.

#### Members:

- ◆ Mr. Khalil Badran - Head of the Committee
- ◆ Mr. Khaled Balama - Member
- ◆ Mr. Ahmed Mohammed Rahmah Al Shamsi (deceased) - Member
- ◆ Mr. Maktoum Al Kaabi was appointed as a member of the Audit Committee to replace Mr. Ahmed Al Shamsi (May Allah have Mercy on him)

#### Statement of Competence and Tasks:

- 1) Develop and implement the contracting policy with the external auditor, and submit a report to the Board of Directors specifying the issues that it considers important to take action and recommending the steps to be taken.
- 2) Follow up and monitor the independence of the external auditor and the extent of its objectivity and discuss the nature and scope of the audit and its effectiveness in accordance with the approved auditing standards.
- 3) Monitor the integrity of the financial statements of the company and its reports (annual, semi-annual and quarterly) and review them as part of its normal work during the year, and should focus in particular on the following:
  - ❖ Any changes in accounting policies and practices.
  - ❖ To highlight the areas subject to the discretion of the Board of Directors.
  - ❖ Significant revisions resulting from the audit.
  - ❖ Presumption of business continuity.
  - ❖ Compliance with the accounting standards determined by the Commission.
  - ❖ Compliance with the rules of incorporation, disclosure and other legal requirements related to the preparation of financial reports.
- 4) Coordinate with the Board of Directors of the Company, the Executive Management and the Financial Manager or the Manager, who shall perform the same functions in the Company in the performance of its duties. The Committee shall meet with the External Auditor of the Company at least once a year.
- 5) Consider any significant and unusual items that are or should be included in such reports and accounts, with due attention being given to any matters raised by the CFO of the company, the manager with the same functions, the compliance officer or the external auditor.
- 6) Review the financial control and internal control systems and risk management in the company.



- 7) Discuss the internal control system with the administration and ensure that it fulfills its duty to establish an effective internal control system.
- 8) To consider the results of the main investigations in the internal control matters assigned to it by the Board of Directors or at the initiative of the Committee and the approval of the Board of Directors.
- 9) Ensure that there is coordination between the internal auditor and the external auditor, and ensure that the necessary resources are available to the internal audit body and to review and monitor the effectiveness of that body.
- 10) Review the financial and accounting policies and procedures of the company.
- 11) Reviewing the External Auditor's letter of work and its work plan and any material questions raised by the auditor on the executive management regarding accounting records, financial accounts or control systems, and their response and approval.
- 12) Ensure that the Board of Directors responds in a timely manner to the clarifications and material issues raised in the external auditor's letter.
- 13) Establish controls that enable employees of the Company to report any potential irregularities in financial reports, internal controls or other matters in secret and steps to conduct independent and fair investigations of such violations.
- 14) Monitor the company's compliance with the rules of professional conduct.
- 15) Ensure the application of the rules of work for the functions and powers entrusted to it by the Board of Directors.
- 16) To report to the Governing Council on the matters listed in this item.
- 17) Consideration of any other matters determined by the Board of Directors.

**b. The number and dates of the meetings held by the audit committee during the year 2018 to discuss issues related to the financial statements and any other issues, and a statement of the attendance frequency in person by the committee's members.**

- The Committee held four meetings during the fiscal year 2018 according to the following dates:
  - ✓ **The First meeting:** was held on 31/1/2018 - (3) members attended
  - ✓ **The Second meeting:** was held on 04/03/2018 – (2) members attended, where Mr. Khaled Balama apologized with acceptable excuse.
  - ✓ **The Third meeting:** was held on 26/04/2018 - (3) members attended
  - ✓ **The Fourth meeting:** was held on 26/11/2018 - (3) members attended

**6. Nomination and Remuneration Committee:**

**a. The names of members of the Nomination and Remuneration Committee, and a statement of its functions and the duties assigned thereto.**

### Members:

- ◆ Mr. Rashed Salem Lekhraibani Al Nuaimi - Head of the Committee
- ◆ Mr. Khalil Badran - Member
- ◆ Mr. Khaled Balama - Member

The committee was re-formed on 28/11/2017 where Mr. Khaled Balama, as a third member of the Committee, in accordance with Article 46 (B) of the Authority Chairman's Resolution n° (7 R.M) of 2016 concerning the standards of institutional discipline and governance of public shareholding companies.

### Statement of Competence and Tasks:

- 1) Ensure always the independence of independent members.
- 2) 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 remuneration and benefits granted to the Company's Executive Management are reasonable and proportionate.
- 3) Identify the company's needs of competencies at the level of senior executive management and employees and the bases of their selection.
- 4) Prepare the human resources policy and training in the company and monitor its application, and review annually.
- 5) Organizing and following up the procedures for nomination to the Board of Directors in accordance with the applicable laws and regulations and the provisions of this resolution.

### **b. A statement of the number and dates of the meetings held by the committee during the year 2018, stating the frequency of attendance in person by all the members of the committee.**

- One meeting of the Nomination and Remuneration Committee was held during 2018 on 17/01/2018 in the presence of all members of the Committee.

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

- The Audit Committee shall carry out the functions and terms of reference of this Committee provisionally.

### **8. Any committee or other committees approved by the Board of Directors**

- Currently, there is no other committees on the Board of Directors.

### Internal Control System:

#### **a. The BOD's acknowledgement of its responsibility for the Internal Control System in the Company and its review of the functioning mechanism of internal control and ensuring its effectiveness.**

- ◆ The internal control department of the company carries out its work in accordance with the provisions of Article (8) of Ministerial Resolution No. (7 R.M.) for the year 2016 and its amendments, where the Internal Control Department has sufficient independence to carry out its functions and functionally follow the Audit Committee emanating from the Board of Directors.

- ◆ The Board of Directors acknowledges its full responsibility for the internal control system, its follow-up, review and effectiveness.
- ◆ The Internal Audit Charter has been adopted by the Audit Committee, which defines the nature, purpose and scope of the internal audit activity and authorizes the Internal Audit Manager the authority necessary to achieve these objectives.
- ◆ The Internal Audit Charter regulates the functions and responsibilities of the Internal Control Department, determines the mechanism of work and the internal control function and contributes to the achievement of the objectives and objectives of the Company.

The Internal Oversight Department reports to the Board of Directors through the Audit Committee, allowing it to operate independently and objectively.

Its role is to create a strong internal control environment by ensuring the following:

- Compatibility of information and data.
- Adherence to policies, plans, procedures and laws.
- The extent to which operations and activities are appropriate to specific objectives and to verify their applicability.
- Emphasis on preventive control to avoid undesirable events.

**b. The name, qualifications, and date of appointment of the Director of Internal Control Department.**

The Internal Oversight Department (IOSA) is headed by Mr. Sufyan Arif, who was appointed on 07/09/2016. He holds a Certified Internal Auditor (CIA), Certified as UAE Certified Public Accountant (UAECA) and a member of the British Association of Certified Public Accountants (ACCA). Besides he has more than nine years of internal audit experience.

**c. The name, qualifications, and date of appointment of the Compliance Officer.**

For the purposes of the Ministerial Resolution, the Director of Internal Oversight Services shall also be the Compliance Officer as of the date of his appointment on 07/09/2016.

**d. How the Internal Control Department handle any significant issues in the company, or issues disclosed in the annual reports and accounts**

The Internal Audit Manager reports to the Audit Committee on these problems. These problems are discussed at the first meeting of the Audit Committee with the information of the senior management of the Company. The Internal Audit Manager also monitors the implementation of proposed solutions and procedures. Note that during 2018, the Company did not face any problems requiring the intervention of its Audit Committee.

**9. Details of the violations committed during the year 2018 and a statement of reasons thereof, and how they addressed and how they will avoided in the future.**

In the fiscal year 2018, the Company did not commit any material violations affecting the Company's work or activity in order to comply with the laws and regulations in force in the State. The Company's policies and procedures have been established in accordance with these laws.

**10. A statement of the cash and in-kind contributions made by the Company during the year 2018 toward the local community development and environmental conservation. (In case there are no contributions, it should be stated that the Company did not make any contributions).**

At the community level and environmental conservation, the company has participated in many activities and participations that serve the benefit of society, including, but not limited to:

- ✚ The Day of Health, Safety and Environment (HSE) interactive activities at Zayed University to highlight the right leadership of driving.
- ✚ Adrenagy Motorshow 2018 to raise awareness about the importance of safe driving and raising awareness among the community members.
- ✚ The sudden deviation campaign in cooperation with the Ministry of the Interior
- ✚ Health and Safety Week 2018
- ✚ Summer without accidents
- ✚ Back to school campaign

**11. General Information:**

**a. A statement of the Company share price in the Market (closing price, highest price, lowest price) in the end of each month during year 2018.**

- The maximum and minimum price of Emirates Driving Company's share during the 12 months of 2018 was as follows:

MONTH	Opening Price	Highest Price	Lowest Price	Closing Price
January	9.20	9.20	9.20	9.20
February	There is no movement on the stock			
March	8.60	8.60	8.60	8.60
April	8.00	8.00	7.20	7.50
May	8.00	8.00	7.00	7.00
June	7.00	7.40	7.00	7.40
July	6.80	7.40	6.80	7.40
August	6.95	6.95	6.95	6.95
September	6.80	7.40	6.80	7.30
October	6.57	6.90	5.92	6.70
November	6.70	7.20	5.76	7.20
December	7.10	7.10	6.90	6.90





**b. A statement of the comparative performance of the company's shares with the market index and the sector index to which the company belongs during year 2018.**

- The opening price of the company's shares reached AED 9.20 as of 01/01/2018 and closed at AED 6.90 as at 31/12/2018 with a decrease of 25%.
- The following chart shows the movement of the company's shares during 2018 compared to the general market index and the service sector index.



**c. A statement of shareholding distribution as of 31/12/2018 (individuals, companies, governments) classified as follows: local, GCC, Arab, foreign using the table below:**

- All Emirates Driving Company shareholders from the United Arab Emirates.

S/N	Shareholder Category (Local only)	Number of Shares Held	Percentage of Shares Held
1	Government	33,342,449	37.14%
2	Individuals	32,816,695	36.55%
3	Companies	23,627,256	26.31%
<b>Total</b>		<b>89,786,400</b>	<b>100%</b>



d. A statement of the shareholders who hold 5% or more of the Company's capital as of 31/12/2018 using the table below:

S/N	Name	Category	Number of Shares Held	Percentage of the Shares Held of the Company's Capital
1	Abu Dhabi Government	Government	33,000,000	36.75%
2	Ahmed Ali Matar Khamis Al Rumaithi	Individual	4,489,320	5%
3	CERT Foundation LLC	Company	4,489,320	5%
4	Al Nahda Investment	Company	4,489,320	5%
5	Al Dhabi Investment Company PJSC	Company	4,485,720	5%

e. A statement of shareholders distribution by the size of equity as of 31/12/2018 using the table below:

S/N	Share(s) Owned	Number of Shareholders	Number of Share Held	Percentage of the Shares Held of the Capital
1	Less than 50,000	348	3,997,352	4.46%
2	From 50,000 to less than 500,000	49	6,754,091	7.52%
3	From 500,000 to less than 5,000,000	20	46,034,957	51.27%
4	More than 5,000,000	1	33,000,000	36.75%

f. A statement of the procedures taken with respect to the controls of investors' relations, indicating the following:

- ◆ The name and contact information of the Investors' Relations Manager
  - Name and contact information of the Investor Relations Officer:
    - ✚ Contact Officer: **Faisal Al Awbathani**
    - ✚ Phone number: **0526666983**
    - ✚ Email: [falawbathani@edcad.ae](mailto:falawbathani@edcad.ae)
- ◆ The link of the Investor Relations webpage on the website of the Company is:  
<http://www.edcad.ae/Investors>



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- g. A statement of the special resolutions presented to the General Assembly held in 2018 and the procedures taken with respect thereto.
- There is no special resolutions that were presented to the General Assembly Meeting held on 04/03/2018.
- h. The name of the board secretary and the date of his/her appointment.
- Mr. Abdel Rahim Mohamed Ibrahim, the Company's Legal Advisor, serves as Rapporteur of the Board of Directors' meetings, noting that he was appointed on 09/01/2011.
- i. A statement of the significant events that took place in the Company in 2018.
- There are no significant events during 2018.
- j. A statement of the Emiratisation percentage in the Company as of 2018 (excluding workers for companies operating in contracting).
- The percentage of citizens working in the company until 31/12/2018 is 5.20%.
- k. A statement of the innovative projects and initiatives implemented by the Company or which were under development during 2018.
- All internal correspondence and memoranda have been automated so that all of them are made through the new electronic system of the company, which contributes to shortening the time of completion of transactions and increasing the efficiency and productivity of the employees in the company.

Dr. Tayeb Kamali

Chairman of the Board of Directors

Date: 30/01/2019



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