



الخليج للملاحة القابضة (ش.م.ع)
Gulf Navigation Holding PJSC



CORPORATE GOVERNANCE REPORT 2017

DFM: GULFNAV

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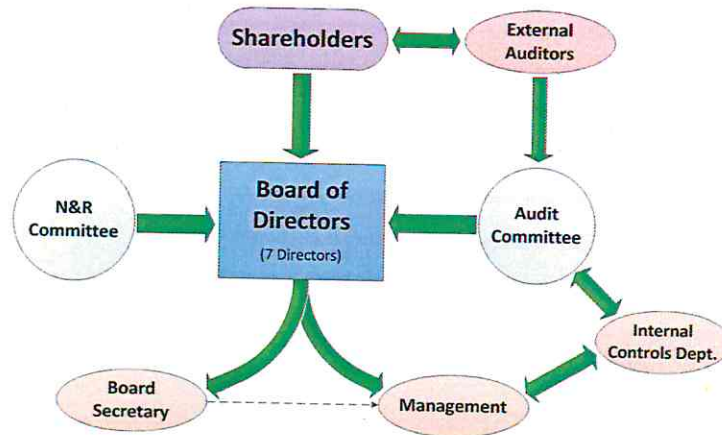


1. CORPORATE GOVERNANCE PRACTICES DURING 2017

- a) Gulf Navigation Holding PJSC (referred hereafter as “GNH” or “Company”) has fully adopted and implemented the relevant corporate governance rules as set out by Securities and Commodities Authority (SCA), i.e., 7 R.M of 2016 concerning the standards of institutional discipline and governance of Public Shareholding Companies.
- b) Adopting and implementing the corporate governance framework is a primary objective of both the Board of Directors (BoD) and the executive management; which helps to ensure compliance with the applicable rules, and regulations, transparency, disclosures, increase shareholder value, protect/safeguard the interest of stakeholders and mitigating business risks appropriately.
- c) GNH is fully committed to apply the corporate governance standards and other related best practices which have been diligently compiled and documented via ‘Corporate Governance Manual’, duly approved by the executive management and BoD. This manual governs the activities/functions of the Company and lays down clear framework, roles and responsibilities of the BoD and its Committees, relationship between the BoD and executive management including the delegations/powers to run the business, code of conduct, external auditors, internal controls environment, investor relations, etc.
- d) GNH rigorously adopts the required procedures/steps which bolsters the corporate governance mechanism within the group, such as (excerpts):
 - Amendment of Articles of Association (AoA), where applicable.
 - Implementation of Corporate Governance Manual.
 - Board Committees as per the corporate governance requirements- Nomination and Remuneration Committee (N&R) and Audit Committee.
 - The Board and its Committees have adhered with the required number of meetings (including the duties and responsibilities) as required by the 7 R.M of 2016.
 - Procedures pertaining to the trading of Company’s securities have also been developed and followed in-line with the SCA guidelines.
 - Code of conduct for the BoD and employees have been developed and implemented.
 - Confidential reporting policy exists whereby staffs can directly communicate potential misconducts/ malpractices.
 - Annually, each board member acknowledges/declares his independency, board positions held in other companies and GNH shares trading transactions.
 - Company website exists with dedicated ‘investor relations sections’, where all the financial statements, disclosures, press releases, etc. are readily available for the stakeholders.
 - Internal Controls Department executes tasks/activities in accordance with the charter, policies and duties which are duly approved by the executive management and the Audit Committee.
 - Internal Controls Dept. has internally developed a checklist whereby compliance with the applicable SCA rules and regulations are reviewed/analyzed on an annual basis, followed by the audit report to the executive management.



GNH – CORPORATE GOVERNANCE STRUCTURE



* As of 31st December 2017, one board member position remains vacant.

2. BOARD MEMBERS SECURITY DEALINGS DURING 2017

A. Policy for securities issued by Gulf Navigation Holding (Insider Trading)

At GNH, there are set of guidelines for Board Members and employees with respect to transactions in GNH shares as well as securities of the parent company, subsidiaries and associate companies (where applicable). This policy is reviewed periodically as part of Company's Corporate Governance Manual and revised in accordance with the latest/updated versions of the SCA's "Regulations as to Disclosure and Transparency" (where applicable). As per the policy, an employee who is familiar with the important, confidential/ undisclosed information which may have an impact on the market share price has been classified under the category of "Restricted Person". Accordingly, Board Members and Company employees are not allowed to trade in GNH securities during blackout period (or restricted period) as defined by the SCA rules and regulations.

The Company has formed a committee with senior management employees to review and monitor the insiders' shares trading (of board members and employees) on a periodic basis. The Committee comprises of three members: (a) Mr. Mohammed Valli – Head of Internal Controls, (b) Ms. Reena Sebastian – Legal Advisor and (c) Ms. Mai Sadaqa – Senior Governance Officer (Board Secretary/Investor Relations/Corporate Communication/Audit), joined in May 2017.

The following tasks have been performed by the Committee during the year 2017:

- a. Maintenance and regular update of a statutory register of insiders.
- b. Formally intimate the insiders of the relevant closed periods to ensure that no trading is done by them during those periods.
- c. Obtained signed declaration from the insiders and the other staff on their shares trading, on an annual basis.



B. Board of Directors' dealings/transactions in the company securities

Board members and the employees are required to disclose their shares trading activities (including first degree relations) on an annual basis, through a pre-defined template/form.

During the year 2017, GNH securities transactions of each board members were as follows:

Name of Board Member	Total No. of shares Purchased	Total No. of shares Sold	No. of Shares Owned as at 31 st Dec 2017	% of Owned Shares in the Company Capital
Mr. Abdulla Brook Al Hemeiri	N/A	N/A	N/A	N/A
Mr. Anas Atatreh	N/A	N/A	N/A	N/A
Mr. Ahmed Kilani	N/A	N/A	N/A	N/A
Mr. Mohammed Alhawari	N/A	N/A	N/A	N/A
Mr. Majid Al Shamrokh	N/A	N/A	N/A	N/A
Mr. Khamis Buamim	N/A	N/A	N/A	N/A







3. FORMATION OF BOARD OF DIRECTORS

A. Composition of the Board of Directors

The Board of Directors is responsible for the overall management of the Company. The Company Articles of Association sets out the way and method of election and composition of Board and the number of its members, as well as their term of office in compliance with governance requirements and applicable Commercial Companies Law. Board members are elected and appointed by the shareholders during the General Assembly meeting (GAM). The Board is also vested with Board authorities to attain the Company's goals and objectives in accordance with the Company's Article of Association.



The composition of board members as at 31st Dec 2017:

Name of Member/s	Board Position	Type / Nature of Membership	Committee Membership	Date of Appointment in Board	Date of Resignation from the Board
Mr. Abdulla Saeed Brook Al Hameiri	 Chairman	Non-Executive/ Independent	Chairman- Board of Directors	07 th Mar 2016	Presently, a board member
Mr. Anas Subhi Atatreh	 Vice Chairman	Non-Executive/ Independent	Chairman N&R Committee	07 th Mar 2016	Presently, a board member
Mr. Ahmed Kilani	 Board Member	Non-Executive/ Non-Independent	Member N&R Committee Member Audit Committee	07 th Mar 2016	Presently, a board member
Mr. Mohammed Alhawari	 Board Member	Non-Executive/ Independent	Chairman Audit Committee Member N&R Committee	07 th Mar 2016	Presently, a board member
Mr. Magid Al Shamrokh	 Board Member	Non-Executive/ Independent	Member Audit Committee	07 th Mar 2016	Presently, a board member
Mr. Khamis Buamim	 Board member, MD and Group CEO	Executive/ Non-Independent	None	19 th April 2016	Presently, a board member

Qualification/ profile of the Board Members

The experience and qualification of the active Board members, as well as their association with other companies (if any) are briefly described below:

1. Mr. Abdulla Brook Al Hameiri – Chairman of GNH PJSC

Abdulla Saeed Brook Al Hameiri belongs to the young generation of accomplished UAE Nationals. He has earned a Bachelor Degree of Business Administration from UAE University and completed certified courses and a diploma in Human Resources Management, Planning and Development, Operation Management, Commercial Strategies and Planning. He has also completed a course in IT from UAE University in 2002, a certificate from Zayed University from February 2007 till February 2008 and attended the Singapore Journey Civil Services in May 2007 and Executive Leadership Program in Abdu Dhabi Civil Service.

Abdulla Al Hameiri is holding several key positions in addition to owning a number of companies. Since February 2006, he is holding the position of CEO and Board Member of ABBCO, Chairman of Bonyan International Investment Group and Board Member in Dar Al Marifa, Tabarak Makkah and Madinah, Prime, Al Ain University of Science & Technology and Future Gate-BVI and many other successful companies that have operations in the MENA region.

Abdulla Al Hameiri has developed an extensive Social and Business Network which played a role in developing his businesses from initial incorporation to acquire assets and facilitate access to large-scale



projects. He has formed strategic ties with independent and commercial investors and finance providers to collaborate on real estate and development projects in the region, assisting in the diversification of the companies' services and portfolio and reviewing performance and forecasts.

Abdulla Al Hemeiri was the Head of Land and Property Division from November 2003 till February 2006 at the Department of Municipalities & Agriculture after serving as Land Registrar from July 2002 till November 2003. He also served on the Committee of Dispute Settlements, Higher Committee of Land, Land Evaluation and Residential Land, Low Cost Housing and Industrial Land Committee.

2. Mr. Anas Subhi Atatreh – Vice Chairman of GNH PJSC/Chairman N&R Committee

Anas Subhi Ahmed Atatreh, Emirati National, is an entrepreneur with active interest in property development. Anas Atatreh is a co-founder of Bonyan International Investment Group best known for developing the Rose Rayhaan Tower, world's tallest hotel from 2009-2012 as per Guinness records.

Anas Atatreh is currently holding the position of Vice Chairman of Wahat Al Zaweya LLC since 2014, managing one of the largest Real Estate development projects in the UAE. With his extensive experience in real estate development, international commercial law, private equity, executive team management and business development, Anas Atatreh has been involved in many innovative projects and held many important and vital roles in developing the business and reaching Board Management goals and visions. Prior to holding the position of Vice Chairman of Wahat Al Zaweya LLC, Anas Atatreh was holding the positions of Chief Executive Officer of Wahat Al Zaweya LLC from 2011 till 2013, Vice Chairman and Chief Executive Officer of Bonyan International Investment Group from 2005 till 2011 and General Manager of Bonyan International Investment Group from 2002 till 2004.

Anas Atatreh is a board member from 2012 to-date in many companies, such as Tabarak Investment LLC, Dar Al Marefah Commercial Investment LLC, Wahat Al Zaweya LLC and Bonyan International Investment Group.

Anas Atatreh earned a Bachelor Degree in Accounting from Al Ain University, UAE, and Master of Business Administration (MBA) from Al Ain University, UAE.

3. Mr. Ahmed Kilani – Member Audit Committee/Member N&R Committee

Ahmad Kilani is a well-versed finance professional with an overall experience of more than 14 years in finance, investment banking and corporate finance, in regional and local firms. The experience of Ahmad Kilani is diversified among sectors of energy, real estate, trading, manufacturing, construction, education and tourism. Throughout his career, Ahmad Kilani managed several transactions including IPOs, mergers and acquisitions, private placements, restructuring and equity valuations.

Ahmad Kilani started his career in Jordan at Jordinvest as an Assistant Vice President managing and dealing with all kinds of investment banking and corporate finance transactions. At Jordinvest, Ahmad Kilani was also responsible for providing clients with different advisories related to valuation, mergers and acquisitions, equity and debt raising, divestitures, restructuring and private placements through different financial instruments. Ahmad Kilani was also leading and managing IPOs in addition to governmental advisories especially in the privatization side.



Upon relocating to the UAE, Ahmad Kilani headed the Investments Department at Bonyan International Investment Group where he was responsible for managing a huge investment portfolio comprised of investments in real estate, industrial, services, transportation, healthcare and financial sectors. Ahmad Kilani later joined Prime Investment Group as Vice President Finance and Investments managing deals and road shows for Private Placements. Prime Investment Group is a listed company on the Secondary Market in London. Ahmad Kilani is currently the CEO of Tabarak Investment, a UAE-based private equity vehicle, responsible for setting the investment strategy of the company and managing and negotiating deals in the education, energy, construction and food security sectors.

In addition, Ahmad Kilani currently serves as board member in Drake & Skull Int'l.

Ahmad Al Kilani earned a Bachelor in Accounting, Finance and Banking in 2002 from Yarmouk University in Jordan and an MBA in Finance in 2007 from the University of Jordan. Ahmad Kilani further progressed his academic and professional accreditation by completing several professional Certificates: Certified Management Accountant in 2006, Certified Financial Manager in 2007 and is currently completing a certification in Financial Analysis.

4. Mr. Mohammed Alhawari – Chairman Audit Committee/Member N&R Committee

Mohammad Alhawari belongs to a young breed of accomplished UAE Nationals. He currently serves as Executive Board Member & Managing Director of Takaful Emarat Insurance (P.S.C), and was appointed to the business with a strategy and investments remit and brings a wealth of multinational experience having held senior positions since 2001 at Citibank, Dubai Holding and most recently in 2010 at Mubadala-GE Capital where he was selected to join GE's renowned Experienced Commercial Leadership Program TM.

Mohammad also holds the following certificates: MBA in International Business Administration from Ecole Nationale des ponts et chaussées, Paris/France, Bachelor Degree in Business and Administration, Specialization "Accounting and Finance" from American University in Dubai – UAE and Higher Diploma in Concentration Accounting from Dubai Men's College – Dubai

Mohammed Alhawari was holding a number of high-rank positions prior to joining Takaful Emarat. During 2013, he was Sponsor Finance Leader then Market Finance Sponsor at GE Capital. From 2010 to 2013, he was Senior Associate at the Investment Department of GE Capital-Mubadala Joint Venture. From 2008 to 2010, he was Real Estate Investments Manager at the Investments Department of National Bonds Corporation. From 2006 to 2008, he was Senior Real Estate Analyst at the Strategy and Business Development Unit of Dubai Properties Group. Finally, from 2001 to 2004, he was Personal Banker, Customer Relationship Manager and Finance Assistant Manager at Citibank.

5. Mr. Magid Al Shamrokh – Member Audit Committee

Mr. Magid Al Shamrokh, a Saudi National holds a PhD in Business Administration and a BSc in Economics and Management Accounting. Since 2005, Mr. Magid has held the position of CEO at ARMS Trading and Investment Co., a Saudi privately owned company managing Saudi and Gulf investment stocks and accessing channels of direct importation from Dubai, China, Malaysia and India.



6. Mr. Khamis Juma Buamim – Board Member, Managing Director & Group CEO

Mr. Buamim is the Chairman of the Dubai Council for Marine and Maritime Industries (Dcmmiemirates), the specialized industry council (non-profit trade and industry) and it was formed to promote the interests of the offshore and maritime industry in Dubai and the UAE. He is also the Chairman of the Federal Committee for the Revision and Update of the UAE Maritime Law, the committee was created to review and update the UAE Commercial Maritime Law and formulate a new & futuristic law that will propel and govern the ongoing potential growth of business and the maritime industry in the UAE and the region.

Mr. Buamim is the former Chairman and Chief Executive officer of Drydocks world and Maritime world and Chairman of the Board of DDW-PaxOcean Asia pte â€“ Singapore and has successfully led the organization through its restructuring during the global financial crisis. His leadership and direction have been instrumental in the company being able to acquire several pioneering projects on a global scale. This leadership has seen the company move from close to financial failure, create major synergies, recognize potential and place the organization firmly on a path driven to sustainable profitability and growth.

Mr. Buamim is a Leading veteran in the oil and gas industry worked with Conoco and ConocoPhillips for 26 years and held various corporate and management positions, including vice president of Dubai oil company (DPC), a subsidiary of ConocoPhillips in the United Arab Emirates. He was also the President and Chief Executive Officer of Regional Clean Sea Organization (RECSO) the oil industry environmental arm in the Gulf region. Mr. Buamim is also involved in a number of leading private & public organization, he is member of the Dubai Government Crises and Disasters Management Team, member of the Advisory board of Emirates Classification Society (Tasneef), Vice Chairman of the Federal Transportation Authority Technical Committee, Advisor to the Career Gulf Development and Senior Advisor in the Middle East and North Africa- Business strategies & International Energy, and board member at Drake & Skull Int'l.

Mr. Buamim has won many Awards and life time achievements, including being recognized as the most influential maritime top 50 personalities in the world by Tanker Shipping & Trade magazine of London 2015, HH. sheikh Mohammed Bin Rashid Business Award 2014, The Tatweej Personality Award for leadership, management and business 2014, The "Outstanding Lifetime Achievement" award from Lloyd's List London for Business 2014, The year personality award in the field of marine and maritime industry by International Ships Techniques 2013, Sword of Honors from the British Safety Council â€“ London 2014, The International Prize in Human Resource Management, The Archimedes Achievement Award "for excellence and exchange of knowledge" - United States of America and so many other.

He holds Bachelor of Business Administration and Economics - United Kingdom and the National Administration degree in Crises Management and incident Command - United States of America and the High-accreditation on international human resources management (IPM).



A. The membership of the Board of Directors in any other public shareholding companies

SR #	Name of GNH Board Member	Board membership in other public shareholding Co.
1	Mr. Ahmed Kilani	Drake & Skull International – Board Member
2	Mr. Khamis Buamim	Drake & Skull International – Board Member
3	Mr. Mohamed Alhawari	Takaful Emarat PSC – Managing Director/Board Member

B. Female component in the Board during the year 2017

None

C. Reasons for not nominating any female to the Board's membership

Nomination form of a female candidate was received at the time of board elections in March 2016, but she was not elected by the shareholders. The existing board is striving to nominate a relevant candidate with related experience/credentials, hence there is no female representative in the GNH Board as at 31st December 2017.

D. Statement regarding:

1. Details of Directors' remuneration during the year 2016

The total remuneration for the Board of Directors amounted to AED 300,000 for the year 2016, as ratified by the General Assembly Meeting held on 19th April 2017.

2. Details of the proposed Directors' remuneration for 2017 which it will be presented in the General Assembly Meeting for approval

It is proposed that the Board shall receive total remuneration up to AED 600,000 for the year 2017. The same shall be presented in the upcoming Assembly Meeting for shareholders' approval.

3. Details of Directors' allowances for attending meetings of the Board and Committees for the financial year 2017 and 2016 (comparative)

Board of Directors' allowances for the previous year (2017):

Description	Board of Directors' Meeting (AED)	Board Committee Meetings (AED)	Allowance to Board members for additional tasks/ assignments (AED)	Total
Attendance Fee	-	-	-	-
Meeting Expenses	57,441	-	-	-
Total	57,441	-	-	57,441



Board of Directors' allowances for the previous year (2016):

Description	Board of Directors' Meeting (AED)	Board Committee Meetings (AED)	Allowance to Board members for additional tasks/ assignments (AED)	Total
Attendance Fee	54,800	-	-	54,800
Meeting Expenses	99,857	-	63,180	163,037
Total	154,657	-	63,180	217,837

* Certain allowances (around AED 166k) were reversed during the year, as per board decision

E. The number of board meetings held during the year 2017, along with dates/attendance & proxies

Board of Directors	12 th Feb	14 th May	10 th Aug	25 th Oct	28 th Dec	Via Circulation
						10 th July
Mr. Abdulla Brook Al Hameiri (Chairman)	✓	X	✓	✓	✓	✓
Mr. Anas Atareh (Vice Chairman)	✓	✓	✓	✓	✓	✓
Mr. Ahmed Kilani	✓	✓	✓	✓	✓	✓
Mr. Mohammed Alhawari	✓	✓	✓	✓	✓	✓
Mr. Magid Al Shamrokh	✓	✓	✓	✓	✓	✓
Mr. Khamis Buamim	✓	✓	✓	✓	✓	✓

*Mr. Abdulla Brook granted proxy to Mr. Anas Atareh to vote on his behalf during the board meeting held on 14th May 2017.

Tasks and functions carried out by the Executive Management as delegated by the Board of Directors

The Managing Director & Group CEO achieves the work assigned to him, as well as the targets/objectives set by the Board and ensures that all departments are managed effectively in terms of resources, operations and profitability. The main tasks assigned to the MD & Group CEO and Executive Management is to attain the vision, mission, strategic plans, expansions/growth and improve the overall image and reputation of Gulf Navigation Holding PJSC.

The Board have delegated powers to Mr. Khamis Buamim in his capacity as the board member, MD & Group CEO to lead the organization and manage day-to-day business/ operational affairs, along with the required power of attorney duly notarized by the Notary Public of Dubai-UAE which includes the representing the Company before all competent authorities, executing agreements/contracts, bank transactions, etc.

F. Statement for Related Party Transactions

Related parties include the major shareholders, directors, key management personnel of the Group, and their related entities that has control, joint control or significant influence over the group. Pricing policies and terms of these transactions are approved by the Group's management. Determination of which relationships and transactions qualify for related party disclosure is done as part of the preparation of consolidated financial statements.



Related Party Transactions and Balances:

During the year 2017, the Group entered into the following significant transactions with related parties in the ordinary course of business at mutually agreed terms and conditions:

	2017 (AED'000)
Finance income – due from a related party	<u>1,202</u>
Management fee charged by a jointly controlled entity	=
Purchase of vessels, property and equipment	<u>262,681</u>

Related Party Balances:

The outstanding balances of amounts due from/to related parties are given below:

	2017 AED'000
Due from a related party	
Non-current	
Gulf Stolt Tankers DMCCO (Joint venture) Refer Note i	-
	=
Current	
Gulf Stolt Tankers DMCCO (Joint venture) Refer Note ii	3,371
	=
Due to related parties	
Current	
Gulf Stolt Tankers DMCCO (Joint venture)	-
	=
	=

Note i: The Group provided a loan in 2011 to Gulf Stolt Tankers DMCCO (GST). This loan carries interest of 6.6% per annum compounded on annual basis. In 2017, this amount has been fully applied against the purchase price of a vessel acquired from GST.

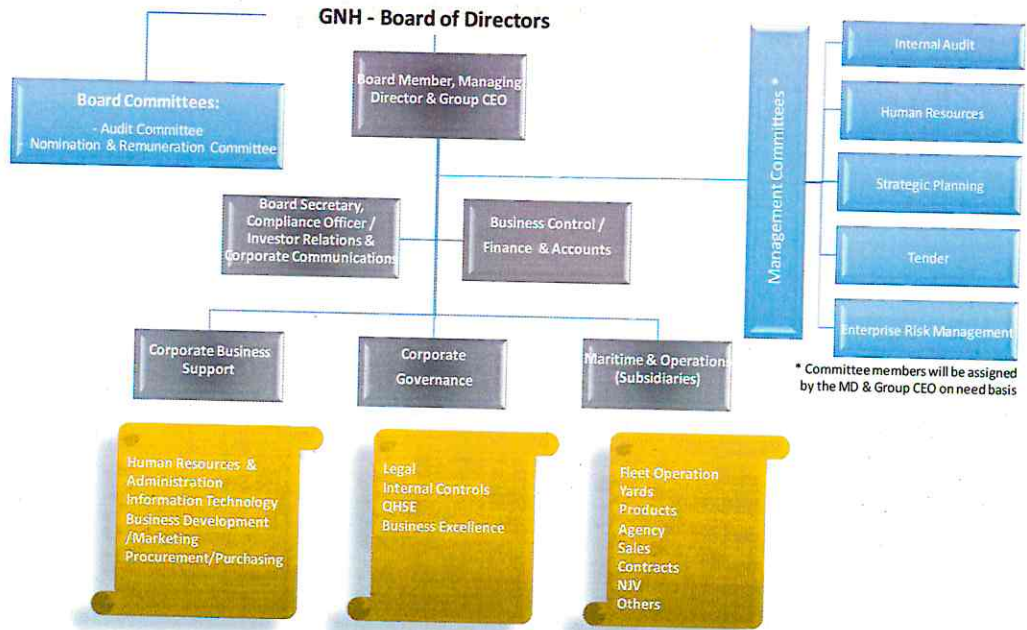
Note ii: This represents advances made to Gulf Stolt Tankers DMCCO in 2009 and 2010 for which no settlement had been previously planned and hence was included in the carrying amount of the Group's investment in said joint venture. In 2017, the group applied AED 108,222,000 against such advances.

For the year ended 31 December 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: Nil).

	2017 AED'000
Key Management Remuneration	
Salaries, benefits and directors' fees *	5,801
End of service benefits	76
	=
The key management remuneration excludes expenses reimbursed amounting to AED 283,000.	



G. Company's organization chart



H. Statement of senior personnel (executives) in the first and second tier, along with their job titles, appointment date, salaries and allowances as at 31st December 2017:

Name	Title	Date of Appointment	Date of Resignation	Salaries & Allowances (AED)	Bonus (AED)	Other Allowances (AED)
Mr. Khamis Buamim	Board Member, MD & Group CEO	13-04-2016	N/A	2,744,109	173,741	Nil
Mr. Omar Abu Omar	President – Maritime & Operations Management	29-05-2016	N/A	1,868,182	366,000	Nil
Mr. Duncan Sawyer	Chief Finance Officer	15-02-2017	N/A	1,016,860	Nil	Nil
Mr. Saood Al Mutaiwee	Business Development Manager	03-09-2016	26-10-2017	424,909	Nil	Nil
Mr. Richard B. Lim	Head of Finance and Accounts	01-09-2013	N/A	617,332	Nil	Nil
Mr. Pramod Jacob	Finance Manager	18-02-2006	31-03-2017	56,750	Nil	Nil
Mr. Mohammed Valli	Head of Internal Controls Dept. *	10-04-2014	N/A	287,030	Nil	Nil
Ms. Reena Sebastian	Legal Advisor	18-04-2016	N/A	242,750	Nil	Nil
Ms. Mai Sadaqa	Board Secretary & Compliance Officer/IR & CC	16-05-2017	N/A	103,063	Nil	Nil

*Corporate Governance, Risk Management & Internal Controls



4. EXTERNAL AUDITORS

A. Overview of the External Auditor

Ernst & Young (EY) was appointed by the shareholders through General Assembly Meeting held on 19th April 2017, as the external auditor for the group.

EY is a global leader in assurance, tax, transaction and advisory services. The MENA practice of EY has been operating in the region since 1923. For over 90 years, EY have grown to over 6,000 people united across 20 office and 15 countries, sharing the same values and an unwavering commitment to quality. As an organization EY continue to develop outstanding leaders who deliver exceptional services to the clients and who contribute to the communities.

B. Appointment, fees and services

As per the minutes of the General Assembly Meeting (held on 19th April 2017), the shareholders resolved to appoint EY as the external auditors for GNH and subsidiaries, with a total remuneration amounting to AED 430,000. In addition, the shareholders also approved to appoint another audit firms for the KSA Branch and other group companies. For further details, please refer to the table below.

On an annual basis, the company requests quotation/proposal from different audit firms and formal evaluation (technical/financial) is conducted before nominating the external auditors for the next year, including review and recommendation from the Audit Committee and Board of Directors. The appointment of the external auditors (firms/fees) are eventually approved by the shareholders through GAM.

Details about the external audit firms, fees and scope of services are briefly explained in the table below:

Audit Firms/Consultants	EY	PwC	Al Shapanat	KPMG	Excellence
Group companies	Gulf Navigation Holding PJSC Gulf Ship Management DMCCO (previously, Gulf Stolt Ship Management JLT) Gulf Navigation Maritime LLC Gulf Sheba Shipping Limited (Hong Kong)	Gulf Stolt Tankers DMCCO	GNH- KSA Branch	GNH- KSA Branch	Gulf Navigation Group FZCO Gulf Nav Ship Management FZE
Associated since (year)	2017	2010	2016	2017	2016
Total audit fees for the financial statement	AED 361,980, excluding translation charges of the financial statements into ARABIC – total AED 23,000	AED 78,800	AED 58,560	N/A	AED 12,000
Fees and costs of the special services, in addition to the audit of financial statements	AED 164,700	N/A	N/A	N/A	N/A
The details/nature of other services	VAT Impact Assessment	N/A	N/A	N/A	N/A
Statement of other services obtained from another external auditors/consultants	N/A	N/A	N/A	KSA VAT Assessment, AED 253,760	N/A



5. AUDIT COMMITTEE

A. Statement of Audit Committee members and their tasks/duties

The Audit Committee is composed of the following members as of 31st Dec 2017:

Name of Board Members	Position	Status
Mr. Mohammed Alhawari	Chairman	Independent/Non-Executive Directors
Mr. Ahmed Kilani	Member	Non-Independent/Non-Executive Directors
Mr. Magid Al Shamrokh	Member	Independent/Non-Executive Directors

The primary tasks of the Audit Committee include:

- **Internal Control, risk management and regulatory compliance**
 1. Review the Company's financial controls, internal controls and risk management system/ framework.
 2. Discuss the Internal control system with the management and to ensure that it is operating effectively.
 3. Compliance with the listing and disclosure rules as issued by SCA (including other applicable rules and regulations).
- **Review of financial information**
 1. Ensure integrity of the financial statements while emphasizing any changes to the accounting policies and practices, aspects subject to judgment or estimation, substantial adjustments resulting from the audit, going concern and, compliance with International Financial Reporting Standards.
 2. Consider any significant and unusual matters to be reported in the financial statements and to address concerns raised by the Head of Finance & Accounts, Internal Auditors or External Auditors.
 3. Review the Company's financial and accounting policies and procedures.
 4. Ensure compliance with the listing rules and other legal requirements in relation to financial reporting.
 5. Review annual and quarterly financial statements before recommending to the Board for approval.
- **Relationship with the external auditors**
 1. Monitor the independence of the External Auditor and to discuss with the External Auditor the nature, scope and efficiency of the audit in accordance with generally accepted auditing standards.
 2. To ensure that significant findings and recommendations made by the External Auditors and management's proposed responses are received, discussed and appropriately acted on.
 3. To develop and implement policy on the engagement of an External Auditor to provide non-Audit services, if any, to ensure that provision of such services would not impair the independency and objectivity of the External Auditor.
 4. Adopt a policy on dealing with the External Auditor and reporting/recommend to the Board any issues that require action on the part of the Board.
 5. Meet with the External Auditors on a periodic basis.
 6. Review and consider (and respond) to any correspondence or queries received from the External Auditor.
 7. Review and recommend the appointment, re-appointment, or replacement of an External Auditor.
 8. Review and approve the remuneration and term of engagement of the External Auditor.



➤ **Relationship with internal auditor**

1. Develop a policy on confidential reporting by employees. The policy should relate to financial irregularities, internal control matters or other matters of concern to the company. Further, to ensure that proper procedures are in place to allow for independent and fair investigations of reported matters.
2. Ensure that the Internal Audit function is adequately resourced and has an appropriate standing within the Company.
3. Monitor compliance with the Code of Business Conduct.
4. Consider the findings of investigations initiated by the Board of Directors.
5. Ensure coordination between the Internal and External Auditors.
6. Ensure adherence to the duties & responsibilities included in the Charters.
7. Ensure that findings and recommendations identified by the Internal Auditors are timely implemented/resolved by the management.

B. Number of Audit Committee meetings held during the year 2017 along with the dates/ attendees

Name of Board Member	12 th Feb	19 th Apr	14 th May	10 th Aug	7 th Nov
Mr. Mohammed Alhawari – Chairman	X	✓	✓	✓	✓
Mr. Ahmed Kilani	✓	✓	✓	✓	✓
Mr. Magid Al Shamrokh	✓	✓	✓	✓	✓

*Mr. Mohammed Alhawari granted proxy to Mr. Ahmed Kilani to vote on his behalf for meeting held on 12th Feb 2017

6. NOMINATION AND REMUNERATION (N&R) COMMITTEE

A. Statement of N&R Committee members and their tasks/duties

The N&R Committee is composed of the following members as of 31st Dec 2017:

Name of Board Members	Position	Status
Mr. Anas Atatreh	Chairman	Independent/Non-Executive Directors
Mr. Ahmed Kilani	Member	Non-Independent/Non-Executive Directors
Mr. Mohammed Alhawari	Member	Independent/Non-Executive Directors

The primary tasks of the N&R Committee are as follows:

- Verification of ongoing independence of independent board members.
- Formulation and annual review of the policy on granting remunerations, benefits, incentives and salaries to Board members and employees.
- Determination of Company's need for resource and basis of selection.
- Formulation, supervision of application and annual review of the Company's human resources and training policy.
- Organization and follow-up procedure of nomination to the membership of the Board of Directors



B. Number of N&R Committee meetings held during the year 2017 along with dates/ attendees

Name of Board Member	12 th Feb	28 th Oct
Mr. Anas Atatreh – Chairman	✓	✓
Mr. Ahmed Kilani	✓	✓
Mr. Mohammed Alhawari	✓	✓

7. INTERNAL CONTROLS SYSTEMS

- Board's responsibility with respect to the internal controls' system, its effectiveness and review mechanism
- Dealing with major/ critical problems in the Company
- Name of the Internal Control Department Manager with the qualification
- Name of the Compliance Officer with the qualification

- The board has the overall responsibility for ensuring adequate internal control systems/ framework within the company.
- Board reviews the Internal Control deliverables through Audit Committee- highlighting matters discussed and resolutions passed after each meeting of Audit Committee in terms of internal audit assignments, audit follow-ups, special assignments, compliance audit, risk management and governance.
- The Internal Control Department (ICD) reports directly to the MD & Group CEO and Board, operating under the stewardship of the Audit Committee. This enables Internal Control to function in an independent and objective manner.
- ICD executes its duties in accordance with the Charter and policies of Internal Controls Dept. which is duly approved by the Audit Committee. Briefly, ICD is responsible for the following tasks/ activities (but not limited to):
 - Develop and execute annual risk-based internal audit plan which is duly approved by the MD & Group CEO and the Audit Committee.
 - Conduct enterprise risk assessment on a periodic basis in order to identify, assess and evaluate the risks surrounding the organization. Accordingly, direct audit resources at high/key risk areas and processes in order to review, recommend and perform follow up on a regular basis to ensure risk appetite of Company is kept at an acceptable level.
 - Submit comprehensive audit reports to the MD & Group CEO and Audit Committee, providing overview of effectiveness of internal controls/reasonable assurance over operating effectiveness of controls, improvement opportunities identified, value additions, observations/weaknesses, etc.
 - Provide the necessary support to the executive management to identify and evaluate the risks facing the organization and business processes, highlight improvement opportunities and other advisory/ management consultation and support activities as deemed necessary.
 - Conduct special assignments/investigations as per the requests from the executive management and/or the Board.
 - Ensure compliance with the applicable rules, regulations and legislations issued by the Securities and Commodities Authority (SCA), Dubai Financial Market (DFM), Commercial Companies' law, etc.



- Establish mechanism for employees to communicate irregularities discovered by them (whistle blowing/ confidential reporting).
 - Perform independent overview/analysis over the financial statements and present the same to the executive management and the Audit Committee along with the audit inputs/comments, variance justifications and commentaries.
- Major/critical issues (if any) are being immediately discussed and reported to the executive management, and the Audit Committee (where appropriate). Internal Control department actively follow-up on such major issues to ensure its timely and proper implementation. During the year 2017, no significant audit observations were noted.
- ICD has a formal mechanism to follow-up the implementation of the audit findings identified during audit engagements and accordingly apprise the executive management and the Audit Committee with the status (open/ closed, justifications by the process owners, etc.) on a quarterly basis.
- ICD is headed by Mr. Mohammed Valli who brings with him extensive and diversified experience of more than 13 years in terms of internal audit, risk management, internal controls, compliance and corporate governance spanning across different industry sectors such as shipping/maritime, transportation, manufacturing, FMCGs, pharmaceuticals, petrochemicals, etc. Mr. Valli joined the company on 10th April 2014. He currently holds certifications from ACCA (Association of Certified Chartered Accountants), AFIA (Association of Forensic & investigative Auditors) and UAECA (United Arab Emirates Chartered Accountants).
- In May 2017, Ms. Mai Sadaqa joined the company as Senior Governance Officer (Board Secretary/IR&CC/Compliance & Audit). This position was being temporarily served by the company's Legal Advisor for a period of two months.

8. VIOLATIONS COMMITTED DURING THE FINANCIAL YEAR 2017

No fines/ penalties were imposed by SCA/DFM during the year 2017.

9. COMPANY'S CASH AND/OR IN-KIND CONTRIBUTION TO THE LOCAL COMMUNITY DEVELOPMENT AND ENVIRONMENTAL CONSERVATION DURING THE YEAR 2017

GNH strive to exceed best industry practice and standards for Quality, Health, Safety, Security and Environmental. Application of the current best Industry Practices, Marine Regulations and Standards of Safety, Environment Protection and Security are the priorities of Gulf Navigation Holding that strives for commercial success. All the ships owned by the Gulf Navigation are of highest specifications and are in compliance where possible exceeding, all relevant national, international and statutory environmental legislation and regulations.

These ships are regularly inspected and audited by various international bodies, such as Oil Majors, Classification Society, Port State Control, Flag State Administration and Terminal authorities which they visit.

GNH is committed to preventing and eliminating pollution in all forms and to implement measures to continually improve our environmental performance. Environmental issues are incorporated into business planning of all GNH activities to ensure adequate and appropriate measures are employed to protect the environment both ashore and at sea which includes prohibition of certain paints which are harmful to the environment and denizens of the sea. GNH ships are operated to the highest standards using good quality fuel & diesel oils (as per the required standards in different parts of the world) in order to reduce the levels of emissions from ship engines.



Memorandum of Understand (MoU) was penned down between “Gulf Navigation Holding Group (GNH)” and “Jordan Academy for Maritime Studies (JAMS)” with the objective to have an effective bilateral and long term relationship in order to enhance the process of maritime academic education, exchange of latest and up-to-date industry knowledge, techniques/innovations and developments, thus overall contributing to advancing progress in the maritime sector.

In general, employees are encouraged to participate in the community projects and support activities (where there is no conflict of interest between such activity and their position at the Company).

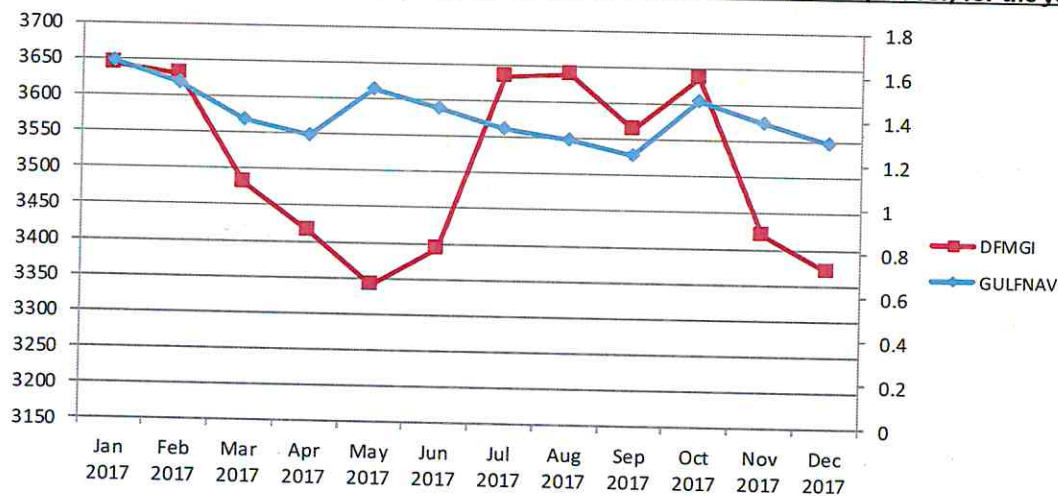
10. GENERAL INFORMATION

A. *Company share prices (high/low/closing) at the end of each month during 2017*

Months (2017)	High (AED)	Low (AED)	Closing Price (AED)
January	1.73	1.57	1.63
February	1.69	1.47	1.53
March	1.55	1.30	1.37
April	1.55	1.27	1.30
May	1.56	1.28	1.52
June	1.54	1.39	1.44
July	1.45	1.35	1.35
August	1.39	1.17	1.30
September	1.35	1.22	1.24
October	1.56	1.21	1.49
November	1.52	1.34	1.39
December	1.40	1.27	1.30

*above data has been obtained from DFM.

B. *Performance of company shares against Dubai Financial Market General Index (DFMGI) for the year 2017*



*above data has been obtained from DFM.

Note: comparison cannot be effectively performed within industry sector index as GNH is the only maritime and shipping company listed on the DFM.



C. Distribution of the shareholding structure as of 31st Dec 2017

Ownership/ Citizen	Individual	Bank	Company	Institution	Government	Total
Arab	9.60%	-	0.07%	-	-	9.67%
GCC	11.6%	0.01%	6.04%	-	-	17.65%
UAE	31.7%	0.23%	27.2%	11.3%	0.03%	70.46%
Others	2.2%	0.15%	0.005%	-	-	2.36%
Total	55.1%	0.39%	33.3%	11.3%	0.03%	100%

*above data has been obtained from DFM.

D. Top 5% and above shareholding as on 31st Dec 2017

Individual/Group Investors (Shareholders)	Qty Owned (No.)	Qty Owned (%)
Rock Alowla General Trading	66,242,000	12%
Invest AD UAE Focus Fund	60,000,000	10.9%
Diamond Line General Trading LLC	51,683,333	9.4%
Waleed Mohammed	38,664,658	7%
H.H Sheikh Tahnoon Al Nahyan	28,000,000	5%

*above data has been obtained from DFM

E. Shareholding distribution based on volume as on 31st Dec 2017

Share Ownership Volume (Qty)	No. of Shareholders	No. of Shares Owned (Qty)	% of Owned Shares in the Company Capital
Less than 50,000	11,115	44,330,054	7.8%
50,000 – 499,999	401	55,922,354	10.2%
500,000 – 4,999,999	65	90,771,724	16.6%
Above 5,000,000	13	360,642,534	65.4%
TOTAL	11,594	551,666,666	100%

*above data has been obtained from DFM



F. Investor Relations

The Company ensures that appropriate/experienced candidate is appointed on such a position, who is deft with the regulations and statutory requirements. A bilingual employee with fair knowledge of group's business and financial affairs is being appointed to manage the investor relations, corporate communications, compliance and board secretarial tasks. [The group appointed Ms. Mai Sadaqa in May 2017 to fulfil these roles and responsibilities].

The Shareholders are able to contact and obtain necessary information about the company (and shares) from the Investor Relations Officer via telephone number **+971 4 4270104**, email at investor.relations@gulfnav.com, and website at www.gulfnav.com. The company's website also features 'investors relation' section, whereby stakeholders can have easy access to the financial statements, governance reports, annual reports, company disclosures, general assembly meetings, Board meetings, unclaimed dividends list, etc.

In addition, shareholders can analyze our company profile and shares related information through DFM website. It is a regular practice by the company to publish press release/disclosures on DFM and our own website (mentioned above).

G. General Assembly – special resolutions during 2017 and its implementation status

GA Meeting Date	Special Resolution/s (Brief Description)	Status/Actions as at 31st Dec 2017
19 th April 2017	To consider the issuance of senior and unsecured sukuk with a total value up to USD 250 million by public offering, redeemable within five years at profit rate less than 10%; and authorizing the board to take all necessary actions with respect to the issuance of the sukuk and to negotiate its terms.	<p>The board and the executive management considers SUKUK as one of the essential options to raise equity/funds, in addition to other avenues, such as bank loans or fresh equity.</p> <p>The management and the board strive to take the most appropriate/diligent decision which shall result in the best interest of the shareholders.</p> <p>Hence, the management is currently analyzing the SUKUK option but conclusion has not been reached as of 31st Dec 2017.</p>



H. Significant events during the year 2017 (excerpts)

- In line with the global business transformation and plans of the company's strategy to expand their marine business and diversify their services to the highest international standards, GNH and Polimar Turkish Holding decided to enter into a Global Strategic Partnership as Emirati and Turkish Partners in the field of Maritime Agencies, Vessels' Services and Marine Products to provide an integrated set of marine services to support a wide range of its customers in the Oil, Gas, Offshore Vessels, Container Liner Vessels, Bulk carriers, Cruise Ships, yachts and Marine facilities.
This Partnership Agreement was signed between "Gulf Navigation Maritime LLC", a subsidiary of Gulf Navigation Holding Group and "Polimar Turkish Holding".
- The company reached full and final settlement with DVB Bank SE, BNP Paribas, and DNB Bank ASA (collectively, "VLCC syndicates"). The settlement relates to VLCCs sold in 2014 financed by the VLCC syndicates.
- Memorandum of Understand (MoU) was penned down between "Gulf Navigation Holding Group (GNH)" and "Jordan Academy for Maritime Studies (JAMS)" with the objective to have an effective bilateral and long term relationship in order to enhance the process of maritime academic education, exchange of latest and up-to-date industry knowledge, techniques/innovations and developments, thus overall contributing to advancing progress in the maritime sector. Through this Memorandum, the company primarily aims to enhance the capabilities and competency of its seafarers and meet the growing needs of qualified crew members onboard the vessels
- Al Ramz Capital, a subsidiary of Al-Ramz Corporation Investments and Developments PJSC, was appointed as a Liquidity Provider (LP) for GNH's shares. A Liquidity Provider was appointed with the sole objective of enhancing the liquidity of the underlying shares and increasing the frequency of transactions.
- GNH unveiled the new branding of the group, marking a new phase of our global position, strategic objectives, our vision and future growth/expansion locally, regionally and globally.
- GNH signed a Memorandum of Interest & Cooperation with Ali & Sons Marine Engineering Factory (ASMEF). GNH announced a potential strategic cooperation with ASMEF (in Abu Dhabi) with the intention to establish a joint venture company in rendering services in the Oil & Gas, Offshore, Ship Building/Repairs and Marine Services. This cooperation seeks to expand and develop business and strengthen the national maritime economy.
- GNH PJSC fully acquired two vessels (Gulf Mirdif & Gulf Mishref) which was previously under Stolt JV.
- The Board of Directors approved to increase the issued and paid-up capital within the authorized capital with an amount of AED 448,333,334, to be AED 1,000,000,000.
- All material information/press release/disclosures are also being timely published to the SCA/DFM and company websites, please refer in case of further details.



I. Percentage of Emiratization at the company by the end of 2017

During the year 2017, the company employs following UAE Nationals:

Mr. Khamis Buamim – Board Member, Managing Director & Group CEO

Mr. Saood Al Mutaiwee – Business Development Manager (resigned in October 2017)

Mr. Abdulla Hasan – PRO & Admin Executive (resigned in Feb 2017)

The group recognizes the importance to recruit (and retain) Emirati workforce and accordingly the board/management aims to increase the number of Emiratis in various roles/positions within the organization, in-line with the applicable directives of the UAE government.

J. Statement of the innovative projects undertaken by the company (or under development) during 2017

During the year 2017, following innovate projects were successfully implemented:

- VSAT- communication system onboard the GNH fleets. VSAT is an excellent way to connect and monitor vessels and crew members (usually in remote sites) with internet communications for email, web access, video transmissions, Voice over IP telephone services, or other IP applications for the operations. VSAT expedites the onboard shipping process by integrating the vessel operations with the corporate office and other third-party owners, in cost effective manner.
- Re-branding of the corporate image.
- Upgrading of software/systems for effective data management and operating effectiveness.

As part of the company's strategic objectives, mission/vision and expansion plans, several other innovative projects are also under progress which ultimately aims to increase operational excellence, enhance business performance, costs effectiveness, achieve sustainability, quality; thus, leading to the overall growth of the organization and shareholder value.

Some of the on-going projects are listed below:

- Exhaust gas cleaning system (scrubber) to meet the upcoming regulation of IMO with respect to low sulphur fuel oil requirement.
- Water Ballast Treatment System.
- Cyber security onboard the vessel.



Mr. Abdulla Bin Brook AlHemeiri
Chairman – Gulf Navigation Holding PJSC



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