



3

Corporate Governance

In this section

Corporate Governance Report 2019	46
Board of Directors	48
Executive Committee	54
Directors' Report	62

Corporate Governance Report for 2019

Agthia Group believes that good corporate governance is the foundation for strong and efficient corporate performance

The importance of this belief is further reflected in Agthia's commitment to ensure that our business operations are undertaken with the highest standards of integrity, ethics and transparency.

Our Corporate Governance principles aim to continuously improve Agthia's ethical and transparent culture, while achieving sustainable growth and protecting the interests and creating value for our shareholders and stakeholders. Our Board of Directors (the Board) and management recognize the importance of corporate governance practices that help foster an environment of effective oversight and strong accountability.

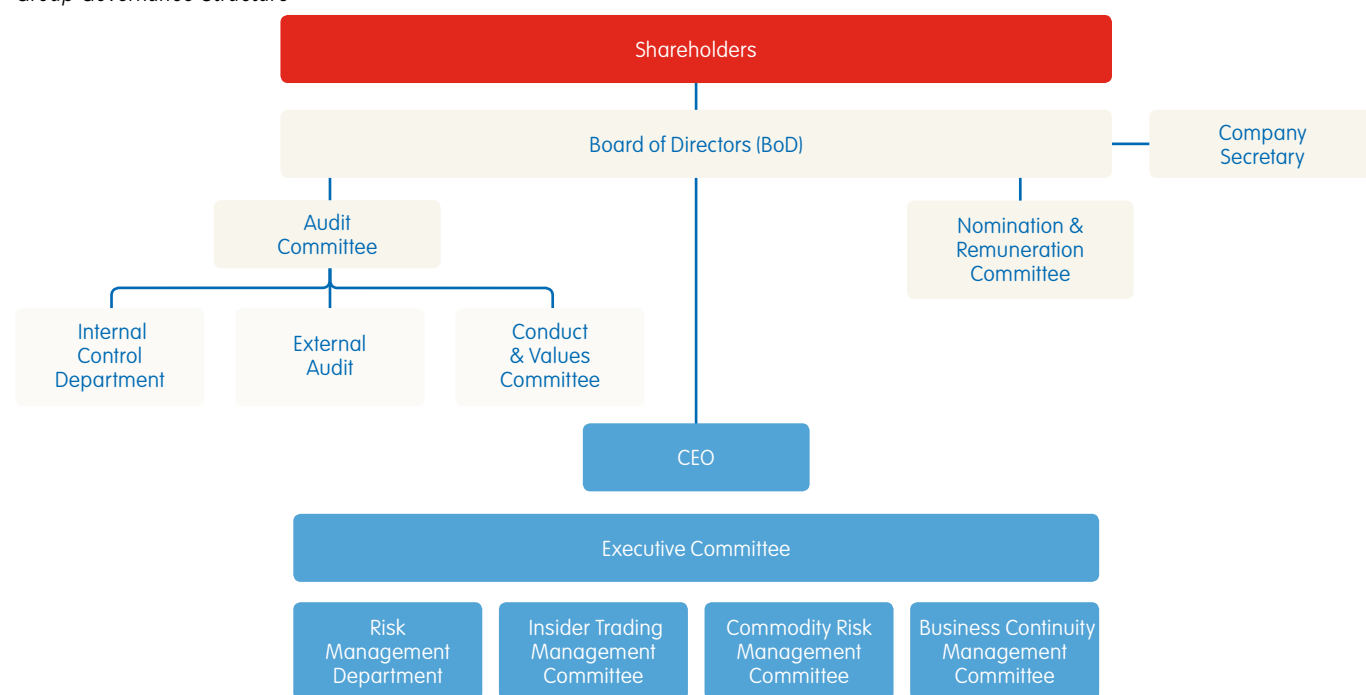
Agthia Group (the Group) complies with the requirements of the 'Chairman of Authority's Board of Directors' Resolution No. 7 of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies' (Resolution 7).

This report gives an overview of the Group's corporate governance systems and procedures as of December 31, 2019 and has been filed with Securities and Commodities Authority (SCA), and posted on the Abu Dhabi Exchange (ADX) website and the Group's website.

The Board is fully committed to consistently protecting the interests of all shareholders through the application of high standards of corporate governance.

Implementation of Corporate Governance Principles
Effectively applied corporate governance guidelines are the foundation of business integrity and supports management's commitment to deliver value to shareholders through sustainable business results. The Group maintains high levels of transparency and accountability which includes adopting and monitoring appropriate corporate strategies, objectives, and procedures that comply with its legal and ethical responsibilities.

Group Governance Structure



The Group's Corporate Governance Manual is approved by the Board to reflect the requirements of Resolution 7, determines the structures and processes by which the Group is controlled through its Board and the guiding governance principles followed by the Group. The manual clarifies the roles and responsibilities of all stakeholders involved in governance processes including the General Assembly of Shareholders, the Board of Directors including the Chairman of the Board and Board Committees, the Chief Executive Officer, the Executive Management, relevant Management Committees, Internal Audit, External Audit, Company Secretary and other stakeholders.

The Board has established and approved several Group policies and guidelines for achieving robust corporate governance standards. Following are the pertinent policies in this regard:

- Code of Business Conduct to guide the conduct of Directors and Employees and prevent any influence on the employees' independence and objectivity addressing matters such as conflict of interest and integrity, gifts and confidentiality.
- An appropriate delegation of authority to ensure efficient and effective decision making which balances empowerment against controls.
- Investors Relations Policy to inform Shareholders and Stakeholders of how the Group intends to keep them aware

of material developments as well as to provide a framework of processes upon which Agthia can successfully implement its Investors Relations Program.

- Trading in Group Shares Policy to ensure that Directors and Employees do not make improper use of price sensitive information, gained through their positions in the Group.
- Dividend Distribution Policy to define the Group's position on appropriation of profit and declaration/ distribution of dividend.
- Risk Management Policy to promote adequate and consistent risk management practices as well as a structured process for identifying, assessing, prioritizing, managing and reporting material risks across the Group.
- Business Continuity Management Policy to implement a Business Continuity Management System, compliant with international and local standards, to improve the overall business resilience of the Group.
- Information Security Policy to underscore Agthia's commitment and support towards the management of information security at Agthia.
- Whistleblowing Policy to provide Employees a mechanism to confidentially report any violations of the Code of Business Conduct, internal policies and procedures, or applicable laws and regulations.

Dealing in Company Securities

None of the Board Members have traded in the Company's shares during 2019.

Board Member Name	Position	Owned shares as on 31/12/2019	Total Sale	Total Purchase
HE Eng. Dhafer Ayed Al Ahbabi	Board Chairman	Nil	Nil	Nil
HE Rashed Hamad Al Dhaheri	Board Vice-Chairman	Nil	Nil	Nil
HE Mohamed Saif Al Suwaidi	Board Member	Nil	Nil	Nil
HE Khamis Mohamed Buharoon Al Shamsi	Board Member	Nil	Nil	Nil
HE Salem Sultan Al Dhaheri	Board Member	Nil	Nil	Nil
HE Ali Murshed Al Marar	Board Member	4045	Nil	Nil
HE Musallam Obaid Al Ameri	Board Member	Nil	Nil	Nil

Additionally, none of the Board Members' direct family members have traded in the Company's shares during 2019.

The Board of Directors

The Board of Directors' role is to represent the shareholders and be accountable to them for creating and delivering sustainable value through the effective governance of the business. It is the Board's responsibility to ensure that effective management is in place to implement the Group's strategy.

in business and believes that diversity contributes to the quality and effectiveness of governance. For the last election of the Board, the Group invited nominations from both male and female candidates; however, no nominations of female representatives were received. Hence, we do not have any female representation in our current Board.








The Board is the primary decision-making body for all matters that are considered to be material to the Group. The Board has a rolling agenda to ensure that the key areas remain in focus throughout the year.

The Board ensures, on an ongoing basis, that Directors possess the required skills, knowledge and experience necessary to fulfill their obligations. Composition of the current Board of Directors is on the following spread.

Board Structure and Composition

The present Board of Directors was elected at the Annual General Meeting held on April 26, 2017 for a term of three years. The Board currently has seven members, comprising an Independent Non-Executive Chairman and six Independent Non-Executive Directors. The Group supports the inclusion and participation of women

Board of Directors

							
	HE Eng Dhafer Ayed Al Ahababi	HE Rashed Hamad Al Dhaheri	HE Mohamed Saif Al Suwaidi	HE Khamis Mohamed Buharoon Al Shamsi	HE Salem Sultan Al Dhaheri	HE Ali Murshed Al Marar	HE Musallam Obaid Al Ameri
	Chairman	Vice Chairman	Member	Member	Member	Member	Member
Independent	Non-Executive, Independent	Non-Executive, Independent	Non-Executive, Independent	Non-Executive, Independent	Non-Executive, Independent	Non-Executive, Independent	Non-Executive, Independent
Term of Office	Director since: April 2014	Director since: April 2014	Director since: April 2014	Director since: April 2014	Director since: June 2015	Director since: April 2017	Director since: April 2017 <i>Resigned and replaced by Mr. Rashed Abdul Kareem Al Blooshi in February 2020</i>
Qualifications	Bachelor of Science in Chemical and Petroleum Engineering	Bachelor of Arts (Economics) (USA)	Bachelor of Science in Business Administration (USA)	Bachelor of Arts in Accounting and Business Administration	Certified Public Accountant	Bachelor of Science in Accounting	Master of Business Administration Bachelor of Applied Management (USA)
External Appointments	Advisor, Senaat General Holding Corporation Chairman, Al Foah Chairman, Industrialist Union Society, UAE Member of the Board of Trustees, Zayed Bin Sultan Al Nahyan Charitable and Humanitarian Foundation Member of the Board of Trustees, Institute of Applied Technology	Deputy Director, Indexed Funds Department, Abu Dhabi Investment Authority	Director General, Abu Dhabi Fund for Development Chairman, Al Ain Farms for Livestock Production Vice Chairman, Arab Bank for Investment and Foreign Trade Board Member, First Abu Dhabi Bank PJSC Board Member, Raysut Cement Company SAOG Board Member, DP World Board Member, Emirates Red Crescent Board Member, Food Security Center, Abu Dhabi Board Member, Al Jazira Sports and Cultural Club	Vice Chairman, Abu Dhabi Islamic Bank Chairman, Abu Dhabi National Takaful Co. PSC Chairman, Abu Dhabi Security LLC	Deputy Director – Internal Audit, Abu Dhabi Investment Authority Board Member, Abu Dhabi National Energy Company PJSC (TAQA) Board Member, Senaat General Holding Corporation Board Member, Al Etihad Credit Bureau Board Member, Emirates Steel	Senior Vice President of Human Capital and Support Services, ADNOC Offshore Board Member, Federal Tax Authority Board Member, Senaat General Holding Corporation Board Member, Emirates Steel	CEO, Al Foah Company LLC Board Member, Palm Tree Friends Society
Committee Membership		Audit Committee Chairman	Nomination & Remuneration Committee – Chairman	Nomination & Remuneration Committee	Audit Committee	Audit Committee	Nomination & Remuneration Committee

Corporate Governance Report for 2019 continued

Directors' Fees and Remuneration

Remuneration of the Group's Board of Directors is determined in accordance with the provisions of the Group's Articles of Association. The Directors' fees is a fixed fee and is not linked to meeting attendance. Directors' fees of AED 1.663 million relating to 2018, was approved in the General Assembly held in 2019, and thereafter paid in 2019.

Total Director's fees of AED 1.4 million relating to 2019, towards Board of Directors', Audit, and Nomination & Remuneration Committee Members' fees, are to be paid in 2020, subject to shareholder approval. No additional allowances, salaries or fees was received by the Board members for the year 2019.

Board/Board Committee Member	Board Committee Membership	Board Director's fees in AED	Number of Board meetings attended	Committee Members' fees in AED	Number of Committee meetings attended
HE Eng Dhafer Ayed Al Ahbabi – Chairman	–	150,000	4	–	–
HE Rashed Hamad Al Dhaheri – Vice-Chairman	Audit Committee	150,000	4	50,000	4
HE Mohamed Saif Al Suwaidi	Nomination & Remuneration Committee	150,000	4	50,000	2
HE Khamis Mohamed Buharoon Al Shamsi	Nomination & Remuneration Committee	150,000	4	50,000	2
HE Salem Sultan Al Dhaheri	Audit Committee	150,000	4	50,000	4
HE Ali Murshed Al Marar	Nomination & Remuneration Committee	150,000	4	50,000	1
HE Musallam Obaid Al Ameri	Audit Committee	150,000	4	50,000	4
Mr. Osama Al Sheleh ¹	Audit Committee	0	–	50,000	4

¹ Mr. Osama Al Sheleh is a consultant on the Audit Committee with relevant financial and accounting expertise and not a Board member.

Board Meetings

During 2019, four Board of Directors meetings were held.

Board Member	28-Feb	30-Apr	31-Oct	12-Dec
HE Eng Dhafer Ayed Al Ahbabi – Chairman	●	●	●	●
HE Rashed Hamad Al Dhaheri – Vice-Chairman	●	●	●	●
HE Mohamed Saif Al Suwaidi	●	●	●	●
HE Khamis Mohamed Buharoon Al Shamsi	●	●	●	●
HE Salem Sultan Al Dhaheri	●	●	●	●
HE Ali Murshed Al Marar	●	●	●	●
HE Musallam Obaid Al Ameri	●	●	●	●
Number of Board resolutions passed	3	1	1	1

● Attended ● Attended by Proxy ○ Apologies sent/leave of absence was granted to members not attending the meeting(s).

Board Effectiveness Evaluation

An evaluation to assess the performance of the Board as a whole, its committees, and that of the individual directors is conducted annually, with the aim of improving the effectiveness of the Board, its members and committees, and the performance of the Group. Our Board Performance Evaluation set outs requirement for every principal component of the effective Governance including but not limited to skills, training, accountability, effective communication, quality discussions, and succession planning. Based on the individual evaluation performed by the Board members, the Board believes that it is functioning effectively to discharge its' duties towards the shareholders.

Board Induction and Development

The Chairman, with the support of the Company Secretary, is responsible for the induction of new directors and the continuing development of directors. All directors receive a tailored induction upon joining the Board, covering their duties and responsibilities as directors. Directors also receive a full briefing on all key areas of the Group's business, and they may request further training as they consider necessary.

Company Secretary

The Company Secretary is the focal point for communication with the Board of Directors and senior management, and plays a key role in the administration of important corporate governance matters. Our Company Secretary, Mr. Namir El Aridi was appointed by the Board on, 28 October 2014 and reports to the Board in relation to secretarial responsibilities. The Company Secretary has the following key responsibilities:

- To organize director's meetings in accordance with procedures to be agreed upon from time to time by the Board Chair and the Board.
- Prepare notices, agendas of meetings, and supporting reports and documentation in a timely manner.
- to attend Board meetings and undertake secretarial responsibilities, including organizing minute-taking responsibility at each meeting.
- In conjunction with the CEO and other senior management, carry out instructions of the Board and give practical effect to the Board's decisions.
- to report to the Board with respect to all corporate secretarial responsibilities.
- Arrange/organize shareholders' meetings

He is also the Group's Vice President, Legal Affairs and has the following qualifications:

Qualifications:

Bachelor of Laws (LLB)
Certificate in Board Secretarial Practice

Board Committees

The Board has established two Board Committees to assist the Board in discharging its responsibilities. The Committees operate in line with their respective charters approved by the Board. The charters set out their roles, responsibilities, scope of authority, composition, and procedures for reporting to the Board.

Audit Committee

The Audit Committee, appointed by the Board of Directors, consisted of three members. Three members were Independent Non-Executive Directors, and the Committee has additionally appointed a consultant included a fourth member with relevant financial and accounting expertise.

During 2019, four Audit Committee meetings were held:

Audit Committee Member	25-Feb	30-Apr	01-Aug	27-Oct
AHE Rashed Hamad Al Dhaheri – Chairman	●	●	●	●
HE Salem Sultan Obaid Al Dhaheri	●	●	●	●
HE Musallam Obaid Al Ameri	●	●	●	●
Mr. Osama Al Sheleh	●	●	●	●

● Attended ● Attended by Proxy ○ Apologies sent/leave of absence was granted to members not attending the meeting(s).

Total fee for the year 2019 is AED 0.20 million (2018: AED 0.20 million).

Roles and Responsibilities

The Audit Committee maintains free and open communication between the external auditors, internal auditors, and senior management. The responsibilities of the Audit Committee include:

- Monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance, as well as reviewing significant financial reporting judgments that they contain.
- Reviewing the Group's internal controls, risk management, and compliance with the relevant regulations.
- Establishing, monitoring and reviewing the effectiveness of the Group's Internal Control department, systems and processes.
- Making recommendations to the Board in relation to the appointment, reappointment, resignation, discharge and remuneration of the external auditor and ensuring a timely response by the Board on the matters contained in the external auditor's letter.
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.
- Developing and implementing guidelines on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.
- Reporting to the Board on matters that in the Committee's opinion require action or improvement, and providing recommendations on the necessary steps required to achieve such improvement.
- Reviewing the whistle-blower system whereby employees can anonymously notify their doubts on potential abnormalities in the financial report or internal controls or any other matter, and ensuring proper arrangements for independent and fair investigations of such matters.
- Reviewing any related party transactions and reviewing compliance with such rules for the conduct and approval of such transactions.
- Determining the appointment, compensation, benefits, performance appraisal, discipline, replacement, reassignment, or dismissal of the Head of Internal Control and Compliance as well as the Internal Control Department.

The Chairman of the Audit Committee, HE Rashed Hamad Al Dhaheri, acknowledges responsibility for discharging the Audit Committee's mandate across the Group including review of its work mechanism and ensuring its effectiveness in line with the approved charter of the Audit Committee.

Corporate Governance Report for 2019 continued

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for the review of the Group's HR framework and compensation programs. The Committee makes recommendations to the Board on the remuneration, allowances, and terms of service of the Group's senior executives to ensure they are fairly rewarded for their individual contribution to the Group. All the three Committee members are Independent Non-Executive Directors of the Board.

Roles and Responsibilities

The key objective of the Nomination and Remuneration Committee is to assist the Board in fulfilling its responsibilities regarding the following:

- Organizing and follow-up of the nomination procedure related to the Board of Directors' election and membership.
- Ensuring that Independent Non-Executive Directors remain independent on a continuous basis and at all times.
- Reviewing the potential for conflicts of interest and judgment, and that there are appropriate safeguards against such conflicts.
- Formulation and annual review of remuneration, benefits, incentives of the CEO and senior executives, and that the remuneration and benefits given to senior management are reasonable and in line with the Group's performance.
- Consideration and putting forward for Board approval proposals on remuneration adjustments, performance bonus, long-term incentives etc.

- Driving the performance-based remuneration culture within the Group through annual performance review of the Group's senior executives and succession planning.
- Determination of the Group's needs for qualified staff at the level of senior executives and the basis of selection.
- Reviewing the remuneration policy and training policy to encourage development and growth of female employees in the Group.
- Reporting to the Board on matters that in the Committee's opinion require action or improvement, and providing recommendations.
- While it is the Committee's responsibility to exercise independent judgment, it does request advice from management and third-party independent sources as appropriate, to ensure that its decisions are fully informed given the internal and external environment.

The Chairman of the Nomination and Remuneration Committee, HE Mohamed Saif Al Suwaidi, acknowledges responsibility for discharging the Nomination and Remuneration Committee's mandate across the Group, review of its work mechanism and ensuring its effectiveness in line with the approved charter of the Nomination and Remuneration Committee.

During the year, two Nomination and Remuneration Committee meetings were held:

Audit Committee Member	26-Feb	11-Dec
HE Mohamed Saif Al Suwaidi – Chairman	●	●
HE Khamis Mohamed Buharoon Al Shamsi	●	●
HE Ali Murshed Al Marar	●	○

● Attended ● Attended by Proxy ○ Apologies sent/leave of absence was granted to members not attending the meeting(s).

Total fee for the year 2019 is AED 0.15 million (2018: AED 0.15 million).

Conduct and Values Committee

The Conduct and Values Committee is appointed as a sub-committee of the Audit Committee by the Board of Directors to assist the Audit Committee to review arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties including fraud, and to ensure that a process is in place for the independent investigation of such matters and for appropriate follow-up action. The Committee is entrusted by the Audit Committee with responsibilities for receiving, reviewing, assessing credibility of allegations, and investigating allegations. The Committee through its established mechanism has reviewed all such cases or allegations reported in 2019 and reported the conclusion of the proceedings to the Audit Committee.

The Committee members are:

- Head of Internal Control and Compliance (Chairman)
- Chief – Human Capital & CS Officer; and
- Vice-President – Legal Affairs;

Related Party Transactions

Note 12 of Financial Statements provides details of related party transactions.

General Holding Corporation (Senaat) (holds 51% of Agthia Group PJSC Shares)

SENAAT	2019 AED'000	2018 AED'000
Other expenses	(15)	(17)
Local sales	1,167	–

Al Foah (fully owned subsidiary of Senaat)

Al Foah	2019 AED'000	2018 AED'000
Local purchase	21,768	13,659

Emirates Iron & Steel Factory (fully owned subsidiary of Senaat)

Emirates Iron & Steel Factory (Emirates Steel)	2019 AED'000	2018 AED'000
Local sales	653	568

Dubai Cable Manufacturing Company (joint venture with Senaat owning 50%)

Dubai Cable Manufacturing Company (Ducab)	2019 AED'000	2018 AED'000
Local sales	197	187

Delegation of Authority

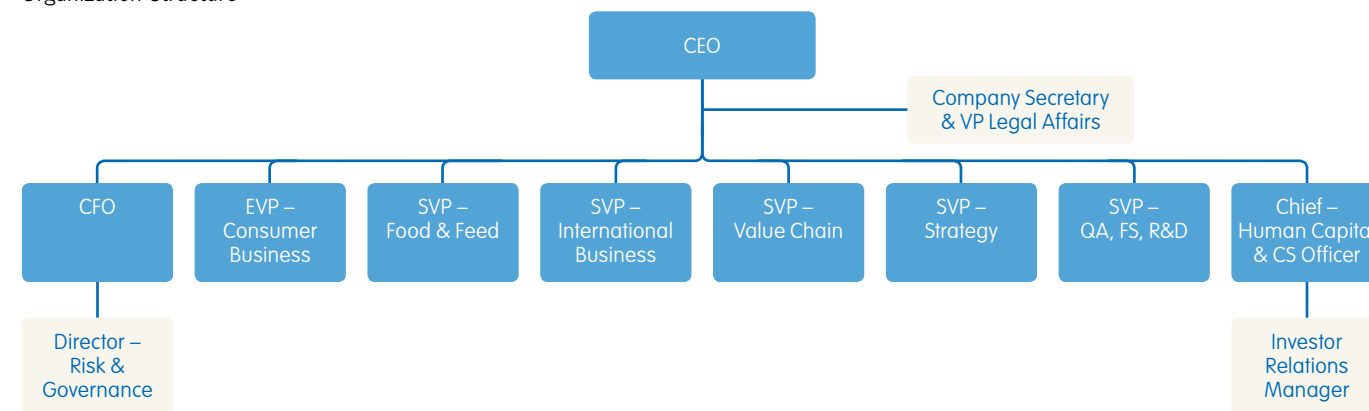
The Board is and shall remain responsible for the overall governance of the Group and for those matters that are reserved for the Board. The Board through a resolution provided the Chairman, powers and authorities on behalf of the Board with the right of delegation. The Chairman under Special Power of Attorney, delegated key authorities to the Vice Chairman – HE Rashed Hamad Al Dhaheeri, the CEO – Tariq Ahmed Saeed Al Wahedi and the CFO – Fatih Yeldan to be exercised jointly by any two of them, which is valid for three years until April 26, 2020.

Some of the key authorities delegated by the Board are as follows:

- To jointly manage the Company and its subsidiaries' operations;
- To represent and jointly manage the Company and its subsidiaries in all transactions and documents before the Government;
- To sign jointly all contracts and agreements on behalf of the Company inside and outside of the United Arab Emirates;
- To represent the Company jointly in any manufacturing and/or distribution deals;
- To represent the Company jointly before the banks for opening and closing accounts, applying for loans and financial facilities, and signing LCs, bank guarantees, and other bank documents;
- To incorporate companies and branches the United Arab Emirates or abroad and sign their articles of association jointly.










In pursuance of the special powers and authorities delegated to the Vice Chairman, CEO and CFO, the Vice Chairman, the CEO and the CFO have delegated some of their decision making and approval authorities to the management as specified in the Authority Matrix approved by Board. The Delegation of Authority framework and policy is established to define the limits of authority designated to specified positions of responsibility within the Group. The Authority Matrix ensures efficient and effective decision making which balances empowerment against controls.

Organization Structure



● Executive Committee Members

Executive Committee

									
Current post	Tariq Ahmed Al Wahedi Chief Executive Officer	Fatih Yeldan Chief Financial Officer	Mubarak Almansoori Chief Human Capital and Corporate Services Officer	Thorbjorn Thorbjornsen Senior Vice President Strategy	Rabih Kamleh (PhD) Senior Vice President Research and Development, Quality Assurance	Ramy Hamed Merdan Senior Vice President Value Chain	Declan Bennett Senior Vice President Food & Feed	Mohsen Selim Senior Vice President International Business	Mohamed Shawky Executive Vice President Consumer Business
Previous posts include	Emirati, Joined Agthia Group PJSC in September 2015. Senior Vice President & Business Development and Projects, Senaat, UAE Senior Vice President & Petrochemicals at Abu Dhabi Basic Industries Corporation, UAE	Turkish, Joined Agthia Group PJSC in November 2008. Financial Director, P&G, Blades and Razors Manufacturing & Packaging Operations, Poland Regional Financial Director, The Gillette Company, Turkey & Mediterranean Markets	Emirati, Joined Agthia Group PJSC in December 2016. Vice President Human Capital and Services, Emirates Steel UAE Chief Human Resources and Admin Officer at Emirates advanced investment Group, UAE	Norwegian, Joined Agthia Group PJSC in January 2016. Co-Founder & Managing Director, Boston Analytics, US Business Unit Head, Keithley Instruments, US	Canadian, joined Agthia Group PJSC in 2013. Group Director Food Technology Safety and Quality Assurance – Agthia Group PJSC Assistant Professor Food Sciences – American University of Beirut (AUB)	Egyptian, Joined Agthia Group PJSC in November 2017. Managing Director – KSA & Chief Operating Officer with Gandour Group Operation Director – Danone Dairy Egypt Supply Chain Director – Unilever Egypt	Ireland, Joined Agthia Group PJSC in April 2017. VP for Food – Agthia Group PJSC Managing Director for MENA, Turkey, Pakistan & Indian Ocean – Kraft Heinz Company General Manager for MEA – Kellogg Company	Egyptian, Joined Agthia Group PJSC in August 2018. CEO Advisor – Agthia Group PJSC General Manger – Abudawood Group Arabian Peninsula Marketing Strategy & Planning Manager for Fabric and Home Care – Procter and Gamble	Egyptian, Joined Agthia Group PJSC in August 2019. Vice President – Sales (India, Middle East and Africa), Procter and Gamble Company Country Manager – Global Development Markets, Procter and Gamble Company

Corporate Governance Report for 2019 continued

Chief Executive Officer

The Chief Executive Officer (CEO) is appointed by the Board. The CEO is responsible to delivery sustained growth, and must direct the Group towards the achievement of its business objectives, as defined by the Board. The primary role of the CEO is to define and execute the business vision, mission, and strategy of the Group and to ensure that all operations are managed efficiently in terms of allocating resources appropriately and profitably.

Tariq Al Wahedi was appointed as CEO of the Group on July 26, 2017. Prior to his appointment, Tariq had been the Group's Acting CEO, Chief Operating Officer and leading the feed and flour business. Prior to joining Agthia, Tariq had previously held the positions of Senior Vice President at Senaat and Abu Dhabi Basic Industries Corporation.

Below are the details of all the Senior Executives, illustrating their appointment dates, remuneration, and bonus for 2019.

Position	Appointment Date	Remuneration and Allowances paid in 2019 AED'000	Bonus for 2019 (estimate) ¹ AED'000	Remuneration accrued in future (estimate) ² AED'000
Chief Executive Officer	July 26, 2017	3,009	710	To be determined
Chief Finance Officer	July 4, 2016	1,364	242	To be determined
Chief Human Capital & CS Officer	June 1, 2017	2,070	244	To be determined
Senior Vice-President – Strategy	Jan 6, 2016	1,323	123	To be determined
Senior Vice-President – QA, FS, R&D	May 10, 2017	1,126	123	To be determined
Senior Vice-President – Value Chain	May 6, 2018	1,511	136	To be determined
Senior Vice-President – Food & Feed	April 1, 2019	1,044	434	To be determined
Senior Vice-President – International Business	April 1, 2019	831	–	To be determined
Executive Vice-President – Consumer Business	Aug 1, 2019	692	69	To be determined

¹ Estimated 2019 bonus amount is subject to board's approval and shareholders' approval of the audited financial statements.

² The total vested value of Long-Term Incentive Plan (LTI) accrued in 2019 is AED 3.88 million. The LTI benefits for the senior executives subject to board's approval and are linked to long term business performance achievement over a period of three years.

Executive Committee

The Executive Committee is composed of senior executives of the Group responsible for the management of the business, and meets on a regular basis. The committee members report to the CEO. The prime role of the Executive Committee is to review business performance, and organizational and operational matters; set strategies/initiatives and monitor their successful execution; and review key business KPIs, progress on key projects etc.

Insider Trading Management Committee

The Insider Trading Management Committee is appointed by the Board as a Management Committee to oversee and follow-up on insiders' trading and their holdings. The Committee is entrusted by the Board with the following responsibilities:

- Ensuring that the reputation of the Group is not adversely impacted by perceptions of trading in the Group's securities at inappropriate times or in an inappropriate manner by employees of the company.

Tariq Ahmed Saeed Al Wahedi

Chief Executive Officer
Date of joining: September 13, 2015

Qualifications:

Bachelor of Science in Petroleum Engineering (USA)
Executive Master of Business Administration
(Kellogg School of Management, USA)

The adjacent activities were adequately discharged in 2019 by the Committee members and no exceptions were noted.

The Chairman of the Insider Trading Management Committee, Mr. Saeed Akram – Group Vice President Corporate Finance, acknowledges responsibility for the follow-up and supervision system on transactions of the insiders in the Company through discharging the Insider Trading Management Committee's mandate across the Group, review of its work mechanism and ensuring its effectiveness in line with the approved charter.

The Committee members are:

Position	Name
Vice President, Corporate Finance (Chairman)	Saeed Akram
Vice President, Legal Affairs	Namir El Aridi
Director Risk and Governance	Wasif Syed Muhammad
Senior HR Director Overseas, C&B and Policy	Aby Varghese

Risk Management

Risk management is integral to Agthia's strategy and to the achievement of our long-term goals. The Board has established a risk and control structure designed to manage the achievement of strategic business objectives. In doing so, we take an embedded approach that places risk management at the core of the leadership team agenda, which is where we believe it should be.

The Board provides oversight of the Group's risk management strategy and has the overall responsibility for setting the Group's risk appetite. Risk appetite guides the Group in determining the nature and extent of risk it would ordinarily accept, while executing the business model for creating sustainable shareholder value.

The Group accepts and applies a moderate risk appetite as it seeks a balanced management of opportunities for sustained business growth along with focused identification and exploitation of opportunities generated through its business. It is not the Group's strategy to seek accelerated growth by embracing choices with significant uncertainties.

The Audit Committee oversees compliance with risk management processes and the adequacy of risk management activities related to the Group's operations.

In addition, the Risk Management Committee, reviews the risk appetite and overall risk strategy, and makes recommendations to the Board through the Audit Committee and actions required to ensure adequate controls/mitigating actions are in place against key identified risks.

The Group applies a structured and robust Enterprise Risk Management approach whereby the risk management process is implemented in defined steps – Identify, Assess, Prioritize, Mitigate, Monitor and Report.

The Group has established a Risk and Governance Function separate from line management that enables and facilitate the risk management process across the Group. Wasif Syed Muhammad is the Director, Risk and Governance for the Group and has the following qualifications:

Qualifications:

Fellow Member, Institute of Chartered Accountants of Pakistan
Fellow Member, Association of Chartered Certified Accountants,
UK Member, Institute of Internal Auditors (IIA), USA
Executive Master of Business Administration, France

External Auditors

The Board nominates the Group's external auditors based on the recommendation of the Audit Committee. The appointment and remuneration of the external auditors is approved by the General Assembly of Shareholders.

At the General Assembly Meeting held on March 28, 2019, the shareholders appointed Deloitte, one of the leading international audit firms, as the external auditors for the year 2019. Deloitte is a multinational professional services firm headquartered in the United Kingdom. It is one of the Big Four audit firms.

Deloitte & Touche (M.E.) had been the only external auditor of the Company for two year, since their appointment at the General Assembly Meeting held on April 26, 2018. Mr. Obada Alkowitzly is the Deloitte partner issuing the Independent Auditors' Report for two years.

Audit and non-audit related fees and costs of the services provided by the external auditors during 2019 were AED 1,578,722.

Deloitte	AED
Total audit fees for 2019	937,000
Other Non-Audit services (ADAA Resolution 1 of 2017 reporting, VAT Returns review, Subsidy review)	641,722
Total	1,578,722

No other services of the external auditors were utilized during 2019.

There have been no qualified opinions reported by our external auditors on Agthia Group's interim and annual consolidated financial statements as at 31 December 2019. Please refer the Independent Auditors' Report in the Financial Statements for further details.

Corporate Governance Report for 2019 continued

Internal Control

The Group's system of internal control aims to ensure that the Board and management are able to fulfill the Group's business objectives. An effective internal control framework contributes to safeguarding the shareholders' investment and the Group's assets.

The objective of the Group's internal control framework is to ensure that internal controls are established; that policies and procedures are properly documented, maintained, and adhered to, and are incorporated by the Group within its normal management and governance processes.

In accordance with the requirements set out in Abu Dhabi Accountability Authority (ADAA) Resolution No (1) of 2017. Management performs an ongoing process of identifying, evaluating, and managing the risks faced by the Group and establishes and maintains effective controls for the risks identified including those over financial reporting.

The Group carries out the review of its internal controls over financial reporting on an annual basis with respect to all material financial balances whereby the Management assesses the adequacy of design and operating effectiveness of such internal controls over financial reporting. This management assessment is reviewed by the Group's independent auditors.

Management has adopted the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), 2013 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements.

Management has assessed the adequacy of design and the operating effectiveness of the Company's internal controls over financial reporting as of 31 December 2019. Based on the assessment, Management has concluded that the internal controls over financial reporting are adequately designed and operating effectively with no material weaknesses been identified.

The Group's operating policies and procedures are considered to be adequate and effective, while recognizing that such a system is designed to mitigate rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable but not absolute assurance against material misstatement or loss. The Board of Directors acknowledges its responsibility for the Group's internal control framework. The Board has delegated responsibility for oversight of the Internal Control Department (ICD) to the Audit Committee. The Head of Internal Control and Compliance is appointed by the Audit Committee. The Audit Committee reviews the effectiveness of ICD function.

The objective of the ICD function is to provide independent assurance and consulting services using a disciplined systematic approach to improve the effectiveness of risk management, internal control, compliance and governance process, and the integrity of the Group's operations. The function is also responsible for monitoring the compliance of the Group and its employees with the law, regulations, and resolutions, as well as internal policies and procedures. A Charter sets out the purpose, authority, and responsibility of the function.

24 reports prepared by ICD are submitted to the Audit Committee and copied to the senior management of the Group for action. During the year, no significant operational internal control failures were identified. However, process level improvements were identified by ICD and accepted by management for implementation towards the continuous improvement of internal controls of the Group. On an ongoing basis, the Audit Committee monitors the progress that management has made with respect to remedial actions taken on issues and findings raised by ICD.

On 14 May 2017, Amarjit Singh was appointed as the Head of Internal Control and Compliance. He is also the Compliance Officer for SCA Resolution 7 of 2016 and has the following qualifications:

Qualifications:

Master of Business Administration, UK
Fellow Member, Association of Chartered Certified Accountants, UK

Violations

During the year 2019, the Group was not subject to any material fines or penalties imposed by SCA or any statutory authority on any matter related to capital markets. Additionally, there have been no cases of material non-compliance with any applicable rules and regulations. No major incidents occurred in 2019.

Corporate Social Responsibility (CSR)

The Group's approach to Corporate Social Responsibility centres on the idea of creating shared value for all of its stakeholders through economic, environmental and social actions. Accordingly, the Group's CSR program has four pillars: Community, Workplace, Nutrition & Well-being, and Environment & Sustainability. The Group believes that in the heart of the shared value concept rests the ability of a company to create private value and to transform this into public value for society.

The total amount spent in 2019 on CSR initiatives was AED 1.07 million. The key initiatives or sponsorships related to community support include Sheikh Khalifa Foundation stores where all UAE nationals are offered a similar portfolio of products at discounted prices. The Group also promotes an active lifestyle, by encouraging health and wellness in the various communities we serve.

The Group is also a stout believer of national talent development. Of over 50 different nationalities in Agthia, UAE nationals constitute the third largest and the top one in senior management. As a testament to its attention to not only quantity but quality too, the Group launched an Agthia TATWEER leadership development program that aims to accelerate the career of high-performing nationals to make them ready to assume bigger responsibilities. This program has already graduated 29 of Agthia's best Emirati performers. Agthia Group's Emiratization percentage as at December 31, 2019 is 19.2% (excluding blue collar and contracted workers) in United Arab Emirates (2017: Emiratization % for December 20.1%; 2018: Emiratization % for December 20.2%).

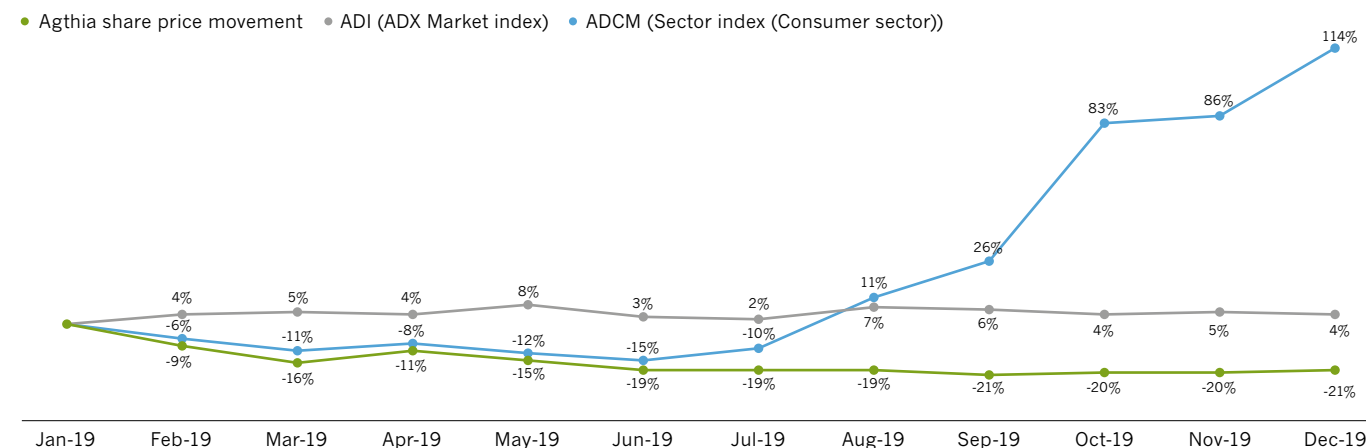
Share performance 2019

Month end share price (AED)

Month	Open	High	Low	Close
Jan-19	3.80	3.90	3.80	3.90
Feb-19	3.85	3.85	3.83	3.83
Mar-19	3.71	3.92	3.71	3.92
Apr-19	3.70	3.91	3.70	3.91
May-19	3.41	3.60	3.41	3.60
Jun-19	3.60	3.70	3.59	3.70
Jul-19	3.50	3.60	3.49	3.60
Aug-19	3.50	3.50	3.50	3.50
Sep-19	3.65	3.65	3.60	3.60
Oct-19	3.69	3.69	3.69	3.69
Nov-19	3.51	3.51	3.50	3.50
Dec-19	3.58	3.60	3.40	3.60

Share movement versus ADI and ADCM Index 2019

Base: January 1, 2019



Corporate Governance Report for 2019 continued

Shareholder category (number of shares in thousands)

As of December 31, 2019

Category	Government	Individuals	Institutional	Total	Percentage
UAE	341,144	86,997	107,106	535,247	89.2%
GCC	–	22,815	34	22,849	3.8%
Arabs	–	189	1,115	1,304	0.2%
Foreign	–	37,565	3,035	40,600	6.8%
Total	341,144	147,566	111,290	600,000	100.0%
Percentage	56.9%	24.6%	18.5%	100.0%	

Shareholders owning 5% or more

As of December 31, 2019

Shareholders	No. of shares	Percentage
General Holding Company	306,000,000	51%
Emirates International Investment Company L.L.C	30,018,746	5%
Abu Dhabi Retirement Pensions and Benefits Fund	30,000,000	5%

Distribution of shareholders according to the size of ownership

As of December 31, 2019

Share ownership	No. of shareholders	No. of shares owned	Percentage
Less than 50,000	69,151	96,079,222	16%
From 50,000 to less than 500,000	124	17,434,899	3%
From 500,000 to less than 5,000,000	33	47,263,406	8%
5,000,000 and more	9	439,222,473	73%
Total	69,317	600,000,000	100%

Investor Relations

The Board is committed to effective communication between the Group and its shareholders. The Group regularly announces its results to SCA, ADX and shareholders by way of interim management statements, quarterly results, and the annual report and annual financial statements. Significant matters relating to share trading or business development are disclosed to SCA, ADX and general public by way of market disclosures and announcements in accordance with the related provisions of applicable laws and regulations, in addition to press releases and postings on the Group's website. The annual investor relations program of the Group includes:

- Quarterly conference calls on financial results with investment community;
- Responding to enquiries from shareholders through the Group's investor relations function;
- Meetings between investors, analysts, and senior management;
- Regular investor roadshows and conferences organized by investment community; and
- A section dedicated to investors on the Group's website, which comprises of annual reports, quarterly results, corporate governance report, analyst coverage, investor presentations, share price and dividend information (<http://www.agthia.com/en-us/Investor-home>)
- Our mobile application 'Agthia IR' is available for download on Apple Store or Google Play

Sahar Srour is the Investor Relations Manager for the Group and has the following qualifications:

Qualifications

Chartered Financial Analyst
Bachelor of Business Administration

Shareholders and investors can utilize the following channels to reach Agthia's investors relations team:

Phone: +971 2 596 0672
Email: ir@agthia.com

Resolutions passed in General Assembly

The Company's annual General Assembly was held on March 28, 2019. The below resolutions were passed at the General Assembly, following which all the resolutions were implemented.

- Approved Board of Director's Report on the Company's activities and financial position for 2018
- Approved Auditor's Report on the financial position for 2018
- Approved Balance Sheet and Profit and Loss account for 2018
- Approved Board of Director's proposal for a cash dividend of 15%
- Discharged Directors from liability for 2018
- Discharged Auditors from liability for 2018
- Approved Directors' remuneration for 2018 of AED 1.663 million
- Appointed Auditors for 2019 and fixed their remuneration

Significant Events in 2019

Agthia Group opens packaging technology centre in UAE Agthia Group has opened a packaging technology centre for the development of sustainable packaging technologies in Al Ain, UAE. The new facility aims to develop more sustainable packaging technologies to make a positive impact on the food and beverages industry and reinforce Agthia's commitment to sustainability and innovation. The packaging technology centre will enable our scientists and engineers to develop packaging solutions and technologies that are safe for our consumers and our environment.

New Projects undertaken or under-development in 2019
New Product Developments

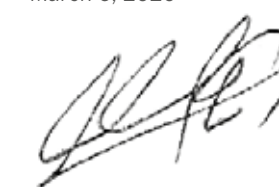
At Agthia, we understand the evolving needs of consumers and always strive to meet these through innovative product offerings. Al Ain Zero Bromate is a bromate-free drinking water where an advanced technology has been implemented to reach Zero Bromate in bottled water. The product is suitable for people with pre-existing kidney conditions and it is one of the best waters to consume during pregnancy. Grand Mills Vitamin D Flour is a multipurpose fortified flour that contains 100% of the Total Daily Requirement of vitamin D to help address the UAE's sunshine vitamin deficiency. The Group has also launched other new products in the market in 2019, such as Alpin Alkaline, a mineral water rich in alkalizing compounds, Yoplait Lactose Free, a lactose-free fruit yogurt, and Al Ain Water Bag-in-Box (BiB), the first of its kind in the region. We plan to further expand our portfolio through new product development of innovative ideas.

Implementation of new ERP system

As part of Agthia's continuous improvement initiatives, to reach our aggressive targets, be ahead of competition, Agthia has replaced the existing ERP system with the latest SAP S/4 HANA system. SAP has been successfully implemented in all Agthia UAE sites, to reduce all bottle necks in our operations and to better serve our internal and external customers.



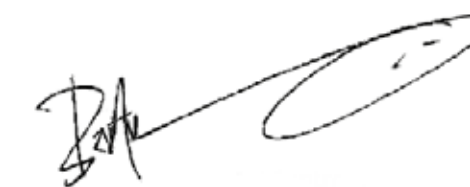
Eng Dhafer Ayed Al Ahbabi
Board Chairman
March 5, 2020



Rashed Hamad Al Dhaheer
Audit Committee Chairman
March 5, 2020



Mohamed Saif Al Suwaidi
Nomination and Remuneration Committee Chairman
March 5, 2020



Amarjit Singh
Head of Internal Control and Compliance
March 5, 2020