



RAS AL KHAIMAH CEMENT COMPANY

GOVERNANCE REPORT

OF 2019

**Based on the decision of the Chairman of the Board
of Directors No. (7/R.M) for the year 2016 on the
standards of institutional discipline and the
governance of public shareholding companies**

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Governance Report for Ras Al Khaimah Cement Company of 2019

Introduction: -

• About Ras Al Khaimah Cement Company:

The company was founded in 1995 as part of the economic and social development process in line with government policy.

The company is proud of the availability of high quality raw materials in the emirate, as well as the use of high technology in operation, which leads to the provision of a high quality product to customers. One of the advantages of the company is that it is connected to a cargo station inside Saqr port which works to load and pump cement directly to vessels with a capacity of 40,000 tons in record time.

The management of the company and all employees to provide satisfactory services to customers and this is a priority of the company to form a long-term partnership and adapted to all customers.

The cement industry is considered to be environmentally friendly because the safety of the human being is so safe that it does not adversely affect the environment and the surrounding areas at any stage of the operation.

• The Company's website: -

- Khor Khwair Industrial Area – Next to Saqr Port – Ras Al Khaimah.

• Production Types: -

1. Ordinary Portland Cement.
2. Sulfate Resisting Portland Cement.
3. Powercrete Cement.
4. Oil Well Cement.
5. Masonry Cement.



First: Procedures taken to complete the corporate governance system, during 2019:

Ras Al Khaimah Cement Company has initiated towards the implementation of the governance system since 2009 issued its first report, based on the laws and regulations of the Securities and Commodities Authority to implement the decision of the President of the Authority's Board of No. Management (7 / R.m) for the year 2016 on the institutional discipline standards and governance of public shareholding companies, Believing in what will be positively reflected on the nature of its work as a company listed on the UAE market and the interest of the investors in investing its shares, so the company ridiculed every effort and committed everything approved by the Authority of the systems for transparency and disclosure control and follow-up.

The company has prepared a guide to the rules of procedure for the governance of Ras Al Khaimah Cement Company includes all the details and regulations for the implementation of the governance system, and with it contains between: -

- 1. Comprehensive terms in the directory.**
- 2. Board of Directors, committees, rewards.**
- 3. The internal control system.**
- 4. External auditor.**
- 5. Shareholders' equity.**
- 6. The rules of professional conduct.**

The company also amended its statute to harmonize corporate governance requirements.



Second: Statement of ownership and transactions of Board of Directors (Board) members and their spouses, their children in the company securities during 2019, according to the following schedule:

| # | Name | Position / Kinship | Owned shares as on 31/12/2019 | Total sale | Total purchase |
|---|---|--------------------|-------------------------------|------------|----------------|
| 1 | Mr. Ahmed Amer Omar Saleh Omar | Chairman | - | - | - |
| 2 | Mr. Khalifa Yousif Abdullah Al Khouri | Vice Chairman | - | - | - |
| 3 | Prof. Abdullarhman Sultan A. Al Sharhan | Director | - | - | - |
| 4 | Mr. Saeed Saif Hamarain Al Mheiri | Director | - | - | - |
| 5 | Mr. Sam Ani | Director | 2,600,202 | - | - |

Evidence: Attachment of a statement issued by the Abu Dhabi Securities Exchange showing the transactions in the security and the final balance.

❖ Insider Trading / Non-Insiders of the financial statements of the company on the company's shares: -

• Trading Board Members and Insiders:

Insiders on the company's financial statements are the members of the Board of Directors and executive management and staff accounts, have been provided with the Abu Dhabi Authority names and numbers of their investments accounts at the market. This company has notified all members of the board of directors and employees familiar with the Financial Securities and Commodities Authority Law data which came to those detailed transactions in Article No. (14) of the Board of Directors Resolution No. (2) for the year 2001. As well as Circular No. (5/2009) on 14/06/2009 from the Abu Dhabi Securities Market and the goods to which the market will prevent insider trading in the period set by the Commission.



- **A statement of the transactions of the members of the Board of Directors, and spouses and children thereof in the Company' securities during 2019**

No transactions of any of the Board of Directors, their spouses and their sons were made in the securities during the year 2019, based on the e-mail of the Abu Dhabi Securities Market. Application number: 16249 dated **2nd February 2020**.

- **Transactions of the rest of the employees of the company "Non Insiders":**

a. The company's securities may not be dealt with during the following periods:

1. Ten working days before the announcement of any material information that will affect the price of the stock up or down unless the information is the result of sudden and sudden events.
2. Before (15) days from the end of the financial period quarterly and half-year and annual and until the disclosure of its financial statements.
3. The provisions of the law when the persons referred to above to act by himself or through others dealing in the securities of the same company or in the securities of the parent company or affiliated or allied or sister of that company, and is null and void any deal contrary.

b. Except for the above-mentioned periods.

Employees may deal with the shares of the company, provided that the company is notified in writing of the number of shares and the date of the transaction.

c. In the event that the employee violates these laws, this shall be held accountable by the Company and the Securities and Commodities Authority.

d. It was ascertained that no employee (non insider) non-circulate the shares of the company during the year 2019.

Third: Board of Directors Composition:

The election of the current management of the company by meeting the General Assembly on Thursday, 20/04/2017 and in the presence of Mr. Mohamed Ali AlMujaini representatives from the Securities and Commodities Authority for a period of three years ending by the end of the year 2019 voting cumulative, and the Board of Directors' Meeting No. (05/2018) on 13th December 2018 has been re-elected chairman of the board of Directors **Mr. Ahmed Amer Omar Saleh Omar** to become chairman of the board of directors.



A. Statement of the current Board of Directors (BOD) composition.

| S/ N | Name | Category | | Experience | Qualifications | Period served as a BOD member of the Company since his first election date | Their memberships and positions in any other joint-stock companies | Their positions in any other important supervisory, governmental or business entities. |
|---------|--|---------------|-------------|---|--|--|---|--|
| | | Non-executive | Independent | | | | | |
| 1 | Mr. Ahmed Amer Omar Saleh Omar | Non-executive | Independent | Business Man & chairman of the board of directors. | - Bachelor in Engineering – USA. | 2018 | - Member in Al Amry Group. | - |
| 2 | Mr. Khalifa Yousif Abdulla Husain AlKhoori | Non-executive | Independent | Business Man & Vice chairman of the board of directors | - Master in Business Administration – USA | 2009 | <u>Member in:</u> - Al Rayan Investment Co. - Abu Dhabi Aviation Co. - Al Qudra Holding PJSC. - Sawaeed Employment LLC. - Abu Dhabi National Industrial Projects (ADNIP) - Abu Dhabi Holding Co. - Takamul Company - UAE | - |
| 3 | Prof. Abdulrahman Sultan AlSharhan | Non-executive | Independent | - Board Member of the Federal Environment Management. - Assistant Deputy Director for Scientific Affairs, UAE University. - Member of the Board of Directors. | - BS in Geology from the University of Cairo - Egypt. - Master in Geology from the University of South Carolina - USA. - PHD in Geology from the University of South Carolina - USA. | 1995 | - Member of the Higher Committee of the Zayed International Prize for the Environment. - Professor of Geology in UAE University. - Chairman in the International Center for Agriculture salt. | - |
| 4 | Dr. Sam Ani | Non-executive | Independent | Business Man & Member of the board of directors | - PHD in Civil Engineering - USA | 2018 | - Member in AlAmry Group. - Member in Mammut Group. | - |
| 5 | Mr. Saeed Saif Hamarain AIMheiri | Non-executive | Independent | Business Man & Member of the board of directors | - Diploma in Business Administration - UAE | 2018 | - Vice Chairman in Emirates Road Contracting. | - |



(B) & (C) Representation of the female element in the Board of Directors for the year 2019 is (0%) is due not to nominate any female element to the membership of the Board of Directors.

(D) determine the remuneration of the Board of Directors

Based on Article (7) of the rules of governance and subject to the provisions of Article (118) of the Commercial Companies Law No. (8) of 1984, Remuneration of the Chairman and members of the Board of Directors is made up of a percentage of the net profit not exceeding 10% of the fiscal year profits. The Company may also pay expenses, fees, additional bonuses, a monthly salary as decided by the Board of Directors to any of its members if this member works in any committee, makes special efforts, or additional work to serve the Company in addition to his regular duties as a member of the Board of Directors And the distribution of a profit of not less than 5% of the capital to the shareholders, as indicated in the Articles of Association of the company in Article 34 and Article 58, on the remuneration of the Board of Directors. In line with the above, in accordance with the decisions of the Authority in this regard, through a proposal submitted by the Board of Directors of the company, shall be submitted to the annual general meeting of the company for approval.

1. **No** remuneration has been paid to the Board of Directors for the year 2018.
2. **There is no** proposal to pay annual bonuses to members of the Board of Directors for the year ended 31 December 2019.
3. **There are no fees** charged for attending the sessions of committees derived from the BO, which were paid to the BOD members for the fiscal year 2019.

(E) The number and dates of BOD meetings held during the FY 2019 as well as the attendance frequency by all the members; in person and by proxy (the names of the BOD members showing below: -

| # | Date of the meeting | Number of Attendees | Number of attendance by proxy | Names of absent members |
|---|---------------------------------|---------------------|-------------------------------|-------------------------|
| 1 | 7 th March 2019 | 4 | - | - |
| 2 | 9 th May 2019 | 5 | - | - |
| 3 | 24 th June 2019 | 5 | - | - |
| 4 | 10 th September 2019 | 5 | - | - |
| 5 | 18 th November 2019 | 4 | - | - |

Evidence: Attachment of The Company disclosures on the Market website about the Board meetings.



| Name | Designation | Number of Attendance |
|---|---------------|----------------------|
| Mr. Ahmed Amer Omar Saleh Omar | Chairman | 3 |
| Mr. Khalifa Yousif Abdulla Husain Al Khoori | Vice Chairman | 5 |
| Prof. Abdulrahman Sultan Al Sharhan | Member | 5 |
| Dr. Sam Ani | Member | 5 |
| Mr. Saeed Saif Rashed Hamarain Al Mheiri | Member | 5 |

(F) Number of the Board resolutions passed during the 2019 fiscal year, along with its meeting convention dates

| # | No. of resolutions issued by passing. | Date of resolution |
|---|---------------------------------------|-----------------------------|
| 1 | 1 | 5 th August 2019 |

Evidence: Attachment The Company disclosures on the Market website about the Board resolutions issued by passing.

(G) Executive Management: -

Executive Management means the person/persons chosen by the board of directors for the management of the company "**General Manager**".

• **The functions and competencies carried out by the Director General and delegated by the Board of Directors:**

1. Management of the company according to the laws and regulations in force in the State.
2. Identify the competencies needed by the company.
3. Purchase all the company's needs.
4. Selling and marketing the company's products.
5. Signing a letter from the company's management on all internal and external transactions.
6. Make recommendations regarding any proposals he deems necessary, relating to the Company's business.
7. Provide the Board of Directors with any necessary information required for Board meetings and before an appropriate time.
8. Provide the Board with detailed periodic reports on the Company's technical and financial status, in order to keep the Board informed of the overall status of the Company.
9. Management of the company's executive apparatus in line with the company's objectives and strategy set by the Board of Directors.



| # | Name of the authorized person | Delegation authority | Duration of Delegation |
|---|--|--|--|
| 1 | Mr. Ahmed Ali Ahmed Anoon Al Nuaimi | <ul style="list-style-type: none"> - In banks with the Chairman of the Board of Directors of AED 1 million and more. - Jointly with two members of the executive management of amounts less than one million dirhams. - Individually and exclusively for all transactions of the company before the federal ministries and local departments, bodies, institutions, companies and entities operating in the United Arab Emirates. | Five Years from: (01/01/2018) to (31/12/2022) |

(H) A statement of the details of transactions made with the related parties (stakeholders), indicating the nature of relationship and transaction type: -

Based on the decision of the Chairman of the Board of Directors No. (7/R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies and the Company's Articles of Association: -

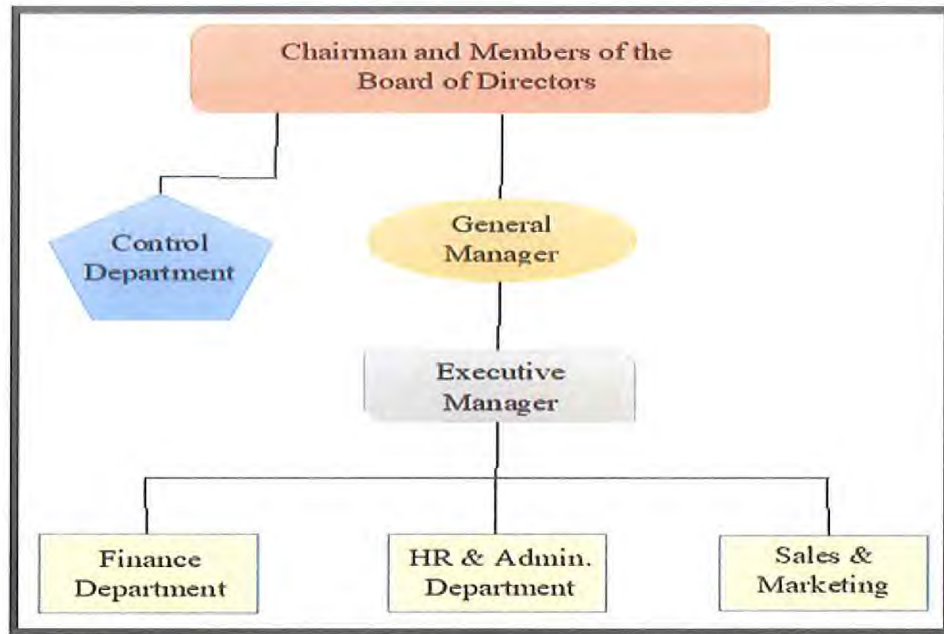
- A Company shall not enter into transactions with Related Parties without the consent of the Board of Directors in cases where the value of the transaction does not exceed (5%) of the Company's capital, and with the approval of the general assembly where such percentage threshold is exceeded.
- A member of the Board of Directors who have a common interest or conflicting in a deal or transaction that displays this transaction data on the Board of Directors for a decision, and that the Council of this and prove its approval in the minutes of the meeting, and may not him participate in the decision issued regarding the voting this process.
- The company is committed to develop a special register conflict of interest situations in which the conflict in detail and explains the actions taken in this regard.

In the ordinary course of business, the Company enters into transactions with other companies that fall within the definition of "related parties" included in Accounting Standard No. 24. These transactions mainly involve the sale of the goods and are carried out in accordance with mutually agreed terms. A related party is a member of the Board of Directors of the Company who owns a share of the value of Reem Ready Mix Company. Significant transactions with related parties are as follows:

- **There are no transactions made with the related parties (stakeholders) during 2019.**



(I) Organizational Structure for the Company



Evidence: Attachment sealed copy of the company's complete organizational structure

(J) A detailed statement of the senior executive staff in the first and second levels according to the Company's organizational structure

| S/N | Position | Date of Appointment | Total Salaries and Allowances paid in 2019 (AED) | Total Bonuses paid in 2019 (AED) | Any other Cash/in-kind benefits for 2019 or payable in the future |
|-----|---------------------|-------------------------------|--|----------------------------------|---|
| 1 | General Manager | 15 th May 1999 | 851,100 | - | - |
| 2 | Operation Manager | 16 th October 2019 | 100,645 | - | - |
| 3 | HR & Admin. Manager | 14 th June 1999 | 425,280 | - | - |
| 4 | Legal Manager | 1 st November 2019 | 44,000 | - | - |
| 5 | Finance Manager | 01 st March 2018 | 324,000 | - | - |
| 6 | Control Department | 28 th October 2019 | 21,290 | - | - |



Fourth: External Auditor

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

The brand name **PricewaterhouseCoopers (PwC)** is a multinational professional services network based in London, UK. PricewaterhouseCoopers is the second largest professional services company in the world behind Deloitte and is one of the four major auditors along with Deloitte, Ernst & Young and KPMG. Accounting Vault 50 PricewaterhouseCoopers has been ranked as the world's leading accounting company for seven consecutive years as well as the best company operating in North America for three consecutive years.



PricewaterhouseCoopers is a network of companies in 158 countries and 743 locations with more than 236,000 people. As of 2015 22% of the workforce worked in Asia, 26% in North America and the Caribbean and 32% in Western Europe. The company's global revenue swelled to \$37.7 billion in fiscal year 2017, of which \$16 billion was obtained through its guarantee practice, \$9.46 billion through its tax practice and \$12.25 billion through its advisory practice. PricewaterhouseCoopers serves 422 of the 500 Fortune 500 companies.

The company was founded in 1998 through a merger between Coopers, Lebrand and PricewaterhouseCoopers. Both companies had a history dating back to the 19th century. PwC's brand name was reduced in September 2010 as part of a brand change effort.

As of 2017, PricewaterhouseCoopers is the fifth largest privately owned company in the United States.

The most important thing that the auditor does is: -

1. Presentation of opinion in the financial statements based on International Standards on Auditing.
2. Adhere to the ethical requirements of the audit in order to obtain reasonable assurance as to whether the financial statements are free of material misstatement.
3. Taking into account the internal control related to the preparation and fair presentation of the Company's financial statements.
4. A general assessment of the presentation and validation of the financial statements.
5. Ensuring that the Company maintains regular accounts and that the inventory is carried out in accordance with the applicable regulations. And that the data contained in the Board of Directors' Report are consistent with what is stated in the Company's books.



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

| | |
|--|---|
| Name of the audit office and partner auditor | (PricewaterhouseCooper) Mr. Rami Afshal |
| Number of years he served as the company external auditor | One Year (2020 – 2019) |
| Total audit fees for 2019 in (AED) | AED. 220,000/- |
| Fees and costs of other private services other than auditing the financial statements for 2019 (AED), if any, and in case of absence of any other fees, this shall be expressly stated. | AED. 22,000/- • Fees for issuing shareholders Dividend Report ----- AED. 28,000/- • Additional fees for Auditing the third quarter 2019 |
| Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly. | NIL |
| Statement of other services that <u>an external auditor</u> other than the company accounts auditor provided during 2019 (if any). In the absence of another external auditor, this matter is explicitly stated. | Auditor name: Details of provided services: NIL |

C. There is no reservation made by the Company's auditor in the interim and annual financial statements for the year 2019.

Fifth: Audit Committee:

A. " (Dr. Sam Ani), Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness."

The appointment / election of the new Board of Directors (2017-2019) was taken into account in accordance with the requirements of governance. Accordingly, at the Board meeting held on 12 November 2018, the Audit Committees and the Nominations and Remuneration Committee were formed.



B. Names of the Audit Committee members

| # | N A M E | Position |
|---|---|---------------------|
| 1 | Dr. Sam Ani | Committee president |
| 2 | Mr. Khalifa Yousif Abdulla Husain Al Khoori | Member |
| 3 | Mr. Saeed Saif Rashed Hamarain Al Mheiri | Member |

The functions and functions of this committee are detailed in Article (49) of the Securities and Commodities Authority (SCA) Law on Governance Controls.

• **The Audit Committee shall undertake the following duties and duties:**

A- Develop and implement the contracting policy with the external auditor, and submit a report to the Board of Directors specifying the issues that it considers important to take action and recommending the steps to be taken.

B- To monitor and monitor the auditor's independence and objectivity, and discuss the nature and scope of the audit and its effectiveness in accordance with the approved auditing standards.

C- To monitor the integrity of the financial statements of the company and its reports (annual, semi-annual and quarterly) and review them as part of its normal work during the year and after the closing of the accounts in any quarter, and to focus in particular on the following:

1. **Any changes in accounting policies and practices.**

2. **To highlight the areas subject to the management report.**

3. **Significant amendments resulting from the audit.**

4. **Assuming continuity of business.**

5. **Compliance with the accounting standards determined by the Commission.**

6. **Adhere to the rules of listing, disclosure and other legal requirements related to the preparation of financial reports.**

D- Coordinate with the Board of Directors of the Company, the Executive Management and the Financial Manager or the Manager, who shall perform the same duties in the Company in the performance of its duties. The Committee shall meet with the Company's external auditors at least once a year.

E- To consider any important and unusual items that are or should be included in such reports and accounts and shall give due consideration to any matters raised by the CFO of the company, the incumbent manager, the Compliance Officer or the external auditors.

F- Reviewing the financial control, internal control and risk management systems of the Company.

G- Discuss the internal control system with the Administration and ensure that it fulfills its duty to establish an effective internal control system.

H- Consider the results of the main investigations in internal control matters assigned to it by the Board of Directors or on the initiative of the Committee and the approval of the Administration.

I- Ensure that there is coordination between the internal auditor of the company and the external auditor and ensure that the necessary resources are available of the internal audit and review and control the effectiveness of that device.

J- Review the financial and accounting policies and procedures of the company.

K- Reviewing the external auditor's letter of business, its work plan and any material inquiries by the auditor on the executive management in respect of accounting records, financial accounts or control systems and their response and approval.

L- To ensure that the Board of Directors responds in a timely manner to the clarifications and material issues raised in an audited letter external accounts.



M- Establish controls that enable Company staff to report any potential violations of financial reporting or internal control other confidential matters and steps to ensure independent and fair investigations of such irregularities.

N- To monitor the extent to which the company complies with the rules of professional conduct.

O - Ensure the application of the rules of work for the functions and powers entrusted to it by the Board of Directors.

P- Report to the Governing Council on the issues mentioned in this item.

Q- Consideration of any other matters determined by the Governing.

C. The number and dates of the meetings held by the audit committee during the year 2019:

| # | Meeting | Date of Meeting | Attendance Names |
|---|---------|---------------------------------|---|
| 1 | First | 7 th March 2019 | 1. Dr. Sam Ani 2. Mr. Khalifa Yousif Abdulla Husain Al Khoori 3. Mr. Saeed Saif Hamarain Al Mheiri. |
| 2 | Second | 9 th May 2019 | 1. Dr. Sam Ani 2. Mr. Khalifa Yousif Abdulla Husain Al Khoori 3. Mr. Saeed Saif Hamarain Al Mheiri. |
| 3 | Third | 10 th September 2019 | 1. Dr. Sam Ani 2. Mr. Khalifa Yousif Abdulla Husain Al Khoo 3. Mr. Saeed Saif Hamarain Al Mheiri. |
| 4 | Fourth | 18 th November 2019 | 1. Dr. Sam Ani 2. Mr. Khalifa Yousif Abdulla Husain Al Khoori 3. Mr. Saeed Saif Hamarain Al Mheiri. |

• **A statement of the attendance frequency in person by the committee's members:**

| Name | Designation | No. of Times |
|---|---------------------|--------------|
| Dr. Sam Ani | Committee president | 4 |
| Mr. Khalifa Yousif Abdulla Husain Al Khoori | Member | 4 |
| Mr. Saeed Saif Rashed Hamarain Al Mheiri. | Member | 4 |

Sixth: Nomination and Remuneration Committee:

A. " (Mr. Khalifa Yousif Abdulla Husain Al Khoori), Nomination and Remuneration Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness."



B. Names of the Nomination and Remuneration Committee.

| # | N A M E | Position |
|---|--|---------------------|
| 1 | Mr. Khalifa Yousef Abdullah Husain Al Khoori | Committee president |
| 2 | Prof. Abdulrahman Sultan A. Al Sharhan | Member |
| 3 | Mr. Saeed Saif Rashed Hamarain Al Mheiri. | Member |

The functions and functions of this committee are detailed in Article (47) of the Securities and Commodities Authority (SCA) Law on Governance Controls.

(1) **Ensure independent independence of members.**

Ensure that the independent members are independent on a continuous basis. If the Nominating Committee finds that a member has lost the conditions of independence, it must submit the matter to the Board of Directors. The Board of Directors shall notify the member of a registered letter at the company's fixed address. Management within fifteen days from the date of its notification.

The Board of Directors shall issue a decision declaring the member independent or non-independent at the first meeting following the member's reply or the exclusion of the period referred to in the preceding

If the loss of such a membership would not result in a breach of the minimum number of independent members of the Governing Council, this should be taken into account in the composition of the committees.

Without prejudice to the provisions of Article (102) of the Commercial Companies Law, if the decision of the Board to eliminate the reasons or reasons for the independence of the member affect the minimum percentage of independent members within the board, the board of directors of the company appoints an independent member to replace that member, to be presented to the first General Assembly of the company to consider the adoption of the decision of the Governing Council.

- (2) **To prepare the policy for the granting of bonuses, benefits, incentives and salaries in the company and review annually.**
- (3) **Identify the company's needs of competencies at the level of senior executive management and staff and the basis of their selection.**
- (4) **Preparing the human resource and training policy in the company and monitoring its application and review annually.**
- (5) **Organize and follow up the procedures for nomination to the Board of Directors in accordance with the laws and regulations in force and the provisions of this resolution.**

C. A statement of the number and dates of the meetings held by the committee during the year 2019:

| # | Meeting | Date of Meeting | Attendance Names |
|---|---------|---------------------------------|---|
| 1 | First | 7 th March 2019 | 1. Mr. Khalifa Yousif Abdulla Husain Al Khoori 2. Mr. Prof. Abdulrahman Sultan A. Al Sharhan 3. Mr. Saeed Saif Hamarain Al Mheiri |
| 2 | Second | 9 th May 2019 | 1. Mr. Khalifa Yousif Abdulla Husain Al Khoori 2. Mr. Prof. Abdulrahman Sultan A. Al Sharhan 3. Mr. Saeed Saif Hamarain Al Mheiri |
| 3 | Third | 10 th September 2019 | 1. Mr. Khalifa Yousif Abdulla Husain Al Khoori 2. Mr. Prof. Abdulrahman Sultan A. Al Sharhan 3. Mr. Saeed Saif Hamarain Al Mheiri |
| 4 | Fourth | 18 th November 2019 | 1. Mr. Khalifa Yousif Abdulla Husain Al Khoori 2. Mr. Prof. Abdulrahman Sultan A. Al Sharhan 3. Mr. Saeed Saif Hamarain Al Mheiri |



A stating the frequency of attendance in person by all the members of the committee:

| Name | Designation | No. of Times |
|--|---------------------|--------------|
| Mr. Khalifa Yousif Abdulla Husain AlKhoori | Committee president | 4 |
| Prof. Abdulrahman Sultan AlSharhan | Member | 4 |
| Mr. Saeed Saif Rashed Hamarain | Member | 4 |

Seventh: Insiders' Trading Follow-Up and Supervision Committee:

A. " (Mr. Ahmed Ali Ahmed Anoon Al Nuaimi), acknowledges his responsibility for the follow-up and supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.

B. In accordance with the requirements of governance and directives of the Securities and Commodities Authority, in accordance with the decision of the Chairman of the Board of Directors No. (7/ R.M) Article (12) of 2016 on the standards of institutional discipline and corporate governance of public shareholding companies, the Board of Directors approved the formation of this committee at the meeting of the Board of Directors on 12th May 2018.

C. Names of members of the Supervision and Follow-up Committee of insiders' transactions:

| # | N A M E | Position |
|---|-------------------------------------|---------------------|
| 1 | Mr. Ahmed Ali Ahmed Anoon Al Nuaimi | Committee president |
| 2 | Mr. Amr Mohammed EIDessouky | Member |
| 3 | Mrs. Shamma Saleh Ahmed Saleh | Member |

• **A statement of its functions and the duties assigned thereto: -**

1. Follow-up of the administration responsible for issuing notifications of the embargo period.
2. Identification of permanent persons with the company.

D. A summary of the Committee's activities in 2019: -

1. The insider's record has been reviewed to ensure that there are no transactions in the company's shares for the members of the company's board of directors and its employees and all persons' familiar with the company in securities during the year 2018 and to confirm this through the official statements received from the Abu Dhabi Securities Exchange.
2. The Board of Directors' report that the securities were not traded on the Company's shares during the year 2019 was reviewed.
3. The Investor Relations Department has been updated to update the list of insiders on the Abu Dhabi Securities Exchange website.



4. The parties were notified of the bans, where it was ascertained to address the Chairman and the Board of Directors regarding the prohibition of trading on securities issued by the Abu Dhabi Securities Exchange and until disclosure of the company's financial statements.

Eighth: Investment Committee: -

- A. " (Prof. Abdulrahman Sultan Al Sharhan), Investment Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness."

The committee was formed recently and accordingly no meetings were held for this committee during the year 2018. The Committee mainly reviews, inter alia, the overall performance of the Company's investments and the consideration of new investments and studies.

The Committee reappointed on (10.09.2019).

B. Names of Investment Committee: -

| # | N A M E | Position |
|---|---|---------------------|
| 1 | Prof. Abdulrahman Sultan AlSharhan | Committee president |
| 2 | Dr. Sam Ani | Member |
| 3 | Mr. Saeed Saif Rashed Hamarain AlMheiri | Member |

Ninth: Internal Control System:

- A. "(The Board of Directors of Ras Al Khaimah Cement Company), acknowledges his responsibility for the Internal Control Department system in the Company, review of its work mechanism and ensuring its effectiveness."

❖ Pursuant to Article (50) of the Securities and Commodities Authority governance decision, the Board of Directors of the Company has accordingly:

1. The Board of Directors of the Company, at its third meeting of 2009, held on 30 August, established the Internal Control Department, which is directly affiliated to the Board of Directors and enjoys full independence. It has the authority to contact all the Company's departments.
2. At its meeting in August 2009, the Board of Directors appointed an officer responsible for this department and reports directly to the Board of Directors.
3. At its meetings, the Board of Directors approved compliance with all the provisions of the Governance Decision. The Board also adopted the functions and powers of the Internal Control Department and ordered its commencement.



B. Statement of experience and qualifications (Internal Oversight Department, Compliance Officer and Director of Administration) Head of Department:

Mr. Jain Poulouse - Indian Nationality was appointed on 28th October 2019 as Chairman of the Internal Control Department and Compliance Officer of Ras Al Khaimah Cement Company and having a Bachelor's degree in Commerce in 1996 from India, Certified Corporate Management Accountant from American Institute of Business & Management and Certificate for Financial Management from Knowledge Development Authority Dubai and His experiences are as follows: -

1. One-year as Senior Executive-Finance in Meydan Sobha Construction LLC FZ U A E.
 2. Fourteen years as Senior Accountant in Habtoor Leighton Group U A E.
 3. One and half years as Accounts In Charge in YMS Engineering LLC U A E.
 4. Two years as Branch Accountant in Air Borne Express in India.
- D. Ras Al Khaimah Cement Company has not faced any problems related to Internal Control Department during 2019.
- E. Number of reports issued by the Internal Control Department to the Company's Board of Directors.
There is no.

The internal control mechanism of Ras Al Khaimah Cement Company: -

Ras Al Khaimah Cement Company strives to achieve high standards of governance in order to protect the interests of both customers and shareholders. In line with this philosophy and through the application of best practices in the field of governance and internal auditing, the principle of transparency is achieved in all transactions.

Freedom of Employment:

The internal auditor is free to enter, request and inquire about the information that is believed to be useful in the field of (internal control), which he may need to complete the internal audit process, ie, that information (administrative, financial, technical) within the framework and limits that I have created for him or allowed by the Council Administration.

Nature of Work:

The main role of the Internal Control Department is to provide information support and assistance to the Board and its committees by providing them with a clear picture of everything that is going on in the company and the extent of compliance with the laws and regulations set by the Department, which is as follows:

1. Objective assessment of existing risks of internal control.
2. Methodology of analyzing operations that govern business and the associated ones.
3. Review assets and value of assets.
4. Provide them with information on fraud and other waste.
5. Review dangerous and other relevant levels including unacceptable levels of risk.
6. Review operational performance and financial results.
7. Recommendations for increasing the effectiveness and efficiency of resource use.
8. Evaluate the achievement achieved through mutual cooperation and the objectives of the company to comply with the rules and rules of public behavior.
9. Assisting the Board in its self-evaluation and best practices in the Internal Audit Committee and its applicability to the Codex.



10. Review the Audit Committee's system to assist the Legal Counsel.
11. Activate the governance system by bringing best practices and ideas on internal controls and risk management to support the Audit Committee.
12. Check tasks as much as responsibilities.
13. Conduct annual audits and report results to the Audit Committee - (Board of Directors)

❖ **Summary for the year 2019:**

For the year 2019 seen by the Committee on Internal Control within the "powers given by the Board of Directors" on the nature of the work of all departments, which expressed its cooperation with the Commission, by overcoming all the ways to get information and to facilitate the task of verification of systems and all that hidden them in order to convey the image of clear progress and the extent of the company's commitment to the policy established by the Council.

Tenth: Violations

The company has not recorded any violation during the year 2019.

Eleventh: The company's contribution during the 2019.

❖ **In Environmental policy: -**

The company is still continuing its environmental policy to preserve the environment by following the specifications and the application of environmental conditions and continuous cooperation and coordination with the Ministry of Environment and Water and with the Environmental Protection Authority in the emirate.

The company completed all the Ministerial Decree No. requirements (137) for the year 2012 concerning the guidelines for the organization working in the field of cement manufacturing facilities activities, including the impact of the report of the Environmental (EIA) of the plant by using a specialist environmental consultant office (Global Environmental Consulting), has also been installed measuring device ambient air quality, and a continuous monitoring of emissions from the main chimney.

❖ **In Social policy: -**

1. Community contributions:

a. **Contributions in kind:**

The Company donates quantities of cement to low-income residents living in the vicinity of the factory with a total of **AED. 82,530/-**

b. **Cash contributions:**

The company contributes to the support of institutions such as clubs, schools and public benefit organizations, as well as participating financially in other social events with a total amount of **AED. 146,000 /-**

- The company participated happiness day, which falls on **20th March**.

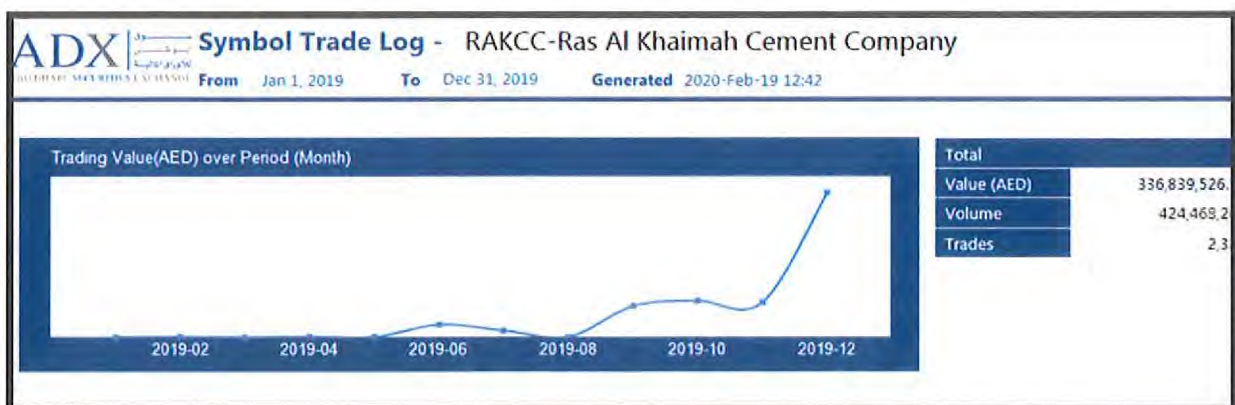


Twelves: General Information

- A. A statement of the Company share price in the Market (closing price, highest price, lowest price) in the end of each month during year 2019.

| Regular Trades | | | | | | | | | | |
|----------------|-------|------------|-------------|------------|-----------|----------------|-------------|--------|---------|----------|
| Year | Month | OPEN (AED) | CLOSE (AED) | HIGH (AED) | LOW (AED) | Value (AED) | VOLUME | TRADES | Change | % Change |
| 2019 | 01 | 0.630 | 0.610 | 0.669 | 0.585 | 163,494.70 | 255,052 | 10 | (0.040) | (6.15) |
| 2019 | 02 | 0.668 | 0.790 | 0.790 | 0.605 | 617,923.95 | 866,730 | 35 | 0.180 | 29.51 |
| 2019 | 03 | 0.720 | 0.700 | 0.730 | 0.630 | 102,981.58 | 145,278 | 8 | (0.090) | (11.39) |
| 2019 | 04 | 0.699 | 0.669 | 0.700 | 0.630 | 755,354.86 | 1,143,884 | 46 | (0.031) | (4.43) |
| 2019 | 05 | 0.635 | 0.629 | 0.650 | 0.591 | 636,368.77 | 1,035,779 | 37 | (0.040) | (5.98) |
| 2019 | 06 | 0.628 | 0.582 | 0.699 | 0.560 | 4,491,929.16 | 7,189,167 | 128 | (0.047) | (7.47) |
| 2019 | 07 | 0.583 | 0.650 | 0.654 | 0.560 | 8,540,909.80 | 13,872,015 | 241 | 0.068 | 11.68 |
| 2019 | 08 | 0.653 | 0.630 | 0.653 | 0.615 | 515,363.35 | 809,939 | 23 | (0.020) | (3.08) |
| 2019 | 09 | 0.635 | 0.805 | 0.884 | 0.630 | 39,393,042.92 | 50,314,571 | 658 | 0.175 | 27.78 |
| 2019 | 10 | 0.800 | 0.890 | 0.939 | 0.780 | 45,601,903.51 | 52,651,462 | 604 | 0.085 | 10.56 |
| 2019 | 11 | 0.885 | 0.800 | 0.947 | 0.800 | 43,910,512.23 | 48,209,924 | 424 | (0.090) | (10.11) |
| 2019 | 12 | 0.800 | 0.705 | 0.838 | 0.705 | 58,357,981.79 | 76,138,818 | 164 | (0.095) | (11.88) |
| | | | | | | 203,087,766.62 | 252,632,619 | 2,378 | | |

- C. A statement of the comparative performance of the company's shares with the market index and the sector index to which the company belongs during year 2019.





C. A statement of shareholding distribution as of 31/12/2019 (individuals, companies, governments) classified as follows: local, GCC, Arab, foreign using the table below:

| S/N | Shareholder Category | Percentage of Shares Held | | | |
|-----|----------------------|---------------------------|-----------|------------|---------|
| | | Individual | Companies | Government | Total |
| 1 | Local | %62.41 | %26.00 | %0.06 | %88.47 |
| 2 | GCC | %5.03 | %2.73 | %0 | %7.76 |
| 3 | Arab | %2.86 | %0.07 | %0 | %2.93 |
| 4 | Foreign | %1.03 | %0 | %0 | %1.03 |
| | Total | %71.33 | %28.80 | %0.06 | %100.00 |

D. A statement of the shareholders who hold 5% or more of the Company's capital as of 31/12/2019 using the table below:

| S/N | Name | Number of Shares Held | % of the Shares Held of the Company's Capital |
|-----|---------------------------------------|-----------------------|---|
| 1 | Mohammed Abdul Azizi Al Muhairi | 68,454,033 | %13.61 |
| 2 | A & K International Investment L.L.C. | 50,310,500 | %10.00 |
| 3 | Noura Mohammed Aqeel Al Khouri | 50,310,500 | %10.00 |
| 4 | Siham El-Tayeby Abdel Salam Najjar | 50,310,500 | %10.00 |
| 5 | Daman Investments P.S.C | 37,654,044 | %7.48 |

E. A statement of shareholders' distribution by the size of equity as of 31/12/2019 using the table below:

| # | Share(s) Owned | Number of Shareholders | Number of Share Held | % of the Shares Held of the Capital |
|---|-------------------------------------|------------------------|----------------------|-------------------------------------|
| 1 | Less than 50,000 | 1727 | 13,091,873 | % 2.60 |
| 2 | From 50,000 to less than 500,000 | 246 | 33,819,347 | % 6.72 |
| 3 | From 500,000 to less than 5,000,000 | 74 | 96,908,366 | % 19.26 |
| 4 | More than 5,000,000 | 12 | 359,298,414 | %71.41 |



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

- The company has appointed an official responsible for all tasks related to managing investor relations, and his contact details are as follows:

| Name | E-Mail | Tel. Ext. | Mobile | Position |
|-------------------------------|--|---------------------------|--------------|---|
| Mr. Amr Mohammed EIDessouky | amr.mohamed@rakcc.ae | 07/ 2660111 Ext. (520) | 050/ 1997281 | Finance & Investor Relations Manager |
| Mrs. Shamma Saleh Ahmed Saleh | shamma@rakcc.ae | 07/ 2660111 Ext. (302) | 050/ 3833834 | Training & Investor Relations Coordinator |

- The link of the Investor Relations webpage on the website of the Company.

www.rakcc.ae/ar/finance.htm

G. A statement of the special decisions presented to the General Assembly held in 2019 and the procedures taken with respect thereto.

- There is no.

H. Rapporteur of the Board meetings.

| Name of the rapporteur | Date of appointment | Qualifications & experiences | Statement of his duties during the year |
|------------------------------------|---------------------|---|---|
| Mr. Mahmoud Hanafy Mahmoud Bayoumy | 18/11/2019 | <ol style="list-style-type: none"> 1. Bachelor's degree in law, May 1988 from Cairo University - Beni Suef. 2. The lawyer in the Egyptian Court of Cassation. 3. Legal advisor in the United Arab Emirates since 2010. | The company's legal advisor |



I. A statement of the significant events that took place in the Company in 2019:

- The most important events during the year 2019 :
 - 1) The company got shields from different points in appreciation for their efforts.

J. A statement of the Emiratisation percentage in the Company at the end of 2017, 2018, 2019:

| Year | 2017 | 2018 | 2019 |
|------|---------|---------|------|
| % | % 18.00 | % 16.67 | % 16 |

K. A statement of the innovative projects and initiatives implemented by the Company or which were under development during 2019:

- There is no.



| Signature of the Board Chairman | Signature of Audit Committee Chairman | Signature of Nomination and Remuneration Committee Chairman | Signature of Internal Control Department Director |
|---------------------------------|---------------------------------------|---|---|
| | | | |
| Date: 01.../03.../ 2020 | Date: 01.../03.../ 2020 | Date: 01.../03.../ 2020 | Date: 03.../03.../ 2020 |