



Sharjah Group

ESG Report 2020

About this Report

This is Sharjah Group PJSC (hereinafter SG or Group) first report highlighting our group-wide Environmental, Social and Governance (ESG) performance across all our operations for the year 2020.

This report was prepared in accordance with the Abu Dhabi Securities Exchange (ADX) ESG disclosure guidelines: 31 ESG indicators that are considered essential to report in alignment with the recommendations of the Sustainable Stock Exchanges (SSE) Initiative and the World Federation of Exchanges (WFE).

Table Of Contents

About this Report	2
Table Of Contents.....	2
About Sharjah Group.....	3
Environmental Performance	6
Social Performance.....	10
Governance	13
Appendix 1: ADX - ESG Metrics	20

About Sharjah Group

SG is a public shareholding company, established in 1976 with the aim of actively participating in investments in real estate, financial instruments and the leasing of rental properties.

The Group continues to successfully implement its strategic vision by evaluating the potential of new and emerging markets, investing in prestigious projects, and diversifying its scope of operations while maintaining superior quality, rigid technical standards, and excellence.

At the end of 2020, Sharjah Group actively owned seven (7) assets: buildings, warehouses, and labour accommodations camps.

Our Approach to ESG

As a real estate investments firm, we recognize the importance of addressing ESG factors to ensure sustainable living and working conditions across all our assets. All our facilities are fully compliant with the laws and regulations issued by Sharjah Municipality and the UAE Ministry, and we ensure that all safety policies and procedures are in place and continuously updated with the most recent guidelines.

Our management is fully committed to the reduction of our environmental footprint. Various maintenance operations have been conducted in the past years, with others planned in the near future, to ensure we deliver on this commitment.

At SG, we see the analysis of our ESG performance and this reporting initiative as a risk management tool that would help us identify relevant material risks and opportunities that contribute to making better decisions in regards to both, assets acquisition and business strategy. We recognize that managing ESG risk creates long term value, drives sustainable financial performance, and increases the benefits the shareholders stand to gain.

Successful ESG programs enable real estate portfolios to better identify and manage risks, particularly those posed by climate change, and make more informed investment decisions based on their findings.



Environmental Performance

At Sharjah Group, we understand the importance of reducing our environmental footprint to safeguard natural resources for future generations.

In 2020, as part of our efforts to reduce the footprint of our assets on the environment, we finalized the replacement of the lighting in all the shared spaces with LED lights, consequently achieving both, a decrease in our environmental footprint and a substantial cost reduction related to our monthly electricity consumption.

Owning three (3) buildings that were built before the year 2000 represents a challenge with regards to environmental footprint management in Sharjah Group. The design of these buildings is obsolete, and they all require maintenance to ensure the liveability of the spaces along with working to reduce the overall impact on the environment.

In 2020, we conducted structural maintenance for Al-Majaz Building (1977), as part of which all PVC water pipes were replaced with PPR pipes. PPR pipes are designed as the most hygienic system for the transportation of potable water and have a lifespan of over 50 years even in high temperature and under-pressure situations. Furthermore, all electrical wirings were replaced to reduce the risk of accidents and energy loss. More directly influencing the surrounding environment, all wastewater drainage systems were upgraded and sealed to the outer side of the building.

The abovementioned wastewater systems' upgrade was also carried out on Al-Soor building in 2019. It is important to note that for buildings constructed more than 20 years ago in Sharjah, the old drainage system could pose a risk for the structure of the building itself along with presenting concerns for the surrounding communities.

Energy Consumption and GHG Emissions

The primary source of energy consumption at Sharjah Group is electrical power used across the seven (7) buildings we own as well as the petrol consumed by the vehicles our managers use to carry out their daily tasks. It is important to note that the electricity consumption reported below for the year is not inclusive of the consumption of our tenants.

Energy Source	2020
Petrol Used for On-Road Vehicles Owned or Leased by SG	5,413 Ltr = 5,278 kWh
Electricity Purchased from Sharjah Electricity and Water Authority	483,144 kWh
Total Energy Intensity per sqm	9.32 kWh/sqm

Based on the energy consumption numbers reported above, we have calculated our GHG Emissions.

- GHG emissions for Scope 1 were calculated using the carbon conversion factors published in the 2006 Intergovernmental Panel on Climate Change Guidelines for National Greenhouse Gas Inventories.
- GHG emissions for Scope 2 are reported following the location-based method, which uses grid average emission factors. Conversion factors relevant to UAE come from the electricity/heat emission factors published by the International Energy Agency (IEA 2010).

GHG Emission Factor	2020
Scope 1 – Direct Emissions	13.36 Tons of CO ₂ e
Scope 2 – Indirect Emissions	453.80 Tons of CO ₂ e
Total GHG Emissions Intensity per sqm	0.0089 Tons of CO ₂ e/sqm

6400 Watts of Solar Energy

In 2020, SG began exploring the use of solar energy in some of the facilities under management. The first project involved the installation of 8 solar panels (800 Watts each) to provide 24h energy supply to illuminate the backside of the two (2) warehouses in the Industrial Area-10. This initiative had both an environmental and a safety impact on the area.

Water Consumption

As a real estate investment firm, SG does not have a conspicuous water consumption rate other than that in relation to the water consumed in our facilities' common spaces (i.e. toilets) or by the employees in our offices.

Water Consumption	2020
Utility Water Consumption Purchased from Sharjah Electricity and Water Authority	1,740 m ³

Waste Management

Since 2018, SG has a waste collection and disposal contract with Bee'ah, UAE's leading integrated environmental, recycling and waste management company, for one of our industrial area. Combining the skills of a specialized team with global experiences and local knowledge, Bee'ah is well-equipped to handle the needs of public and private organizations of all sizes and sectors through a personalized, efficient, and environmentally-sound disposal mechanism. Collected waste is processed at the Bee'ah Waste Management Centre at Al Saj'ah and reintegrated into the UAE economy.

For Industrial Area-10, in which waste disposal is under SG management, Bee'ah collects an average of 20 mixed-waste containers per day, each containing nine (9) cubic meters of various materials.

In 2021, SG is planning to extend this partnership to include Industrial Area-13. SG is not directly managing the warehouses and facilities of this area; however, given the nature of some of the businesses that use hazardous materials (such as chemicals for cleaning purposes), SG is currently looking into establishing a partnership with the tenants through which they contribute to the safe disposing of such materials.

Wastewater Management

Four (4) out of the seven (7) facilities included in our portfolio under management do not have a wastewater collection system connected to the municipality system. Therefore, we have contracted with two (2) different companies for the collection and safe disposal of the wastewater.

In 2020, to overcome a problem raised by the municipality regarding the level of water contamination, we installed filters in the manholes of the facilities to ensure that the water collected by third-party companies is free of hazardous substances. We then contracted with a specialized company to clean and sanitize residual wastewater from the buildings' manholes every six (6) months.

Social Performance

At SG, we strictly comply with every aspect of the UAE Labour Law, and we pay utmost attention to respecting human and labour rights in our daily activities, ensuring that all our business operations are conducted in the most ethical manner.

Workforce Overview		2020
Total Full-Time Employees		28
Total Male		24
Total Female		4
Turn-Over Rate		27.6 %
Entry Level	Male	71 %
	Female	50 %
Mid-Level	Male	13 %
	Female	50 %
Senior Level	Male	8 %
	Female	0 %
Executives	Male	8 %
	Female	0 %

HR Policies and Procedures

SG has created HR policy and procedures that provide its employees with guidance as to the minimum standards of conduct that they are expected to adhere to. The HR policy and procedures establish the rules of conduct within the organization, outlining the responsibilities of both employees and employers. The policy and procedures are in place to protect the rights of workers as well as the business interests of employers. Depending on the needs of the organization, various policies and procedures establish rules regarding employee conduct, attendance, dress code, privacy and other areas related to the terms and conditions of employment.

Remuneration and Pay Ratio

With regards to the compensation of our employees, at Sharjah Group, we equally pay women and men that are on the same level of employment. The big gap between the median of male and female salaries in 2020 can be explained by the absence of women in senior level and executive positions. Our management is committed to overcoming this state in the coming years.

Compensation Indicators	2020
Pay Ratio Median Male-Female	6.45:1
Pay Ratio Median Employees-CEO	1:3

Health and Safety

With regards to Health and Safety, we reported zero (0) Lost Time Injury Frequency Rate (LTIFR) across all our operations in 2020. Additionally, no incidents were reported by the contractors working on our sites.

As of 2017, all firefighting systems across our facilities have been updated to comply with the municipality and safety department revised guidelines and new requirements. All smoke detectors within our facilities are now directly connected with the Sharjah Prevention and Safety Authority (SPSA) for a quicker response in case of emergency.

Furthermore, all elevators' emergency systems have been updated as per the latest international safety guidelines, and all our security personnel have been trained on the procedures to follow in case of an emergency.

Community Support

SG is committed to supporting the local communities through in-kind financial contributions extended to local entities concerned with improving the wellbeing and development of the people in the Emirate of Sharjah.

Furthermore, SG particularly strives to boost the wellbeing of the community surrounding its facilities by annually investing in maintenance and cleaning operations.

In 2020, we did not invest in any community initiatives; however, to alleviate the burden on families and businesses directly affected by the Covid-19 pandemic, we offered a rental discount on our assets, hoping to generate a positive impact across the community. The value of this initiative amounted to AED 74,085 in total.

Governance

Sharjah Group's Board of Directors (BoD) is the primary decision-maker in the areas of strategy, planning, auditing, governance, compliance, risk management and internal control. The Board of Directors aims to ensure fair treatment of all shareholders in accordance with regulatory requirements.

The BoD delegates specific tasks to the Audit Committee, the Nomination and Remuneration Committee, and the Supervision and Follow-up Committee of Insiders' Transactions. This delegation allows the directors to deal with complex or specialized issues more effectively and to use their time more efficiently. Committees make recommendations for action to the entire Board, which retains collective responsibility for decision making.

The Sharjah Group Board of Directors (Board) and Committees have 14% and 25% female representation, respectively.

Additionally, 57% of the BoD is represented by independent members who fulfil all provisions stipulated in the corporate governance regulations issued by the Securities and Commodities Authority (SCA), and also have the relevant technical expertise and competencies that match the company's activities.

Board of Directors		
Ziyad Mahmoud Khairallah Al Haji	Chairman	Independent Member
Ebrahim Ahmed Al Mannaei	Vice-Chairman	Independent Member
Humaid Obaid Humaid Al Matrooshi	Board Member	Independent Member
Khalid Abdel Aziz Kahswani	Board Member	Non-Executive Member
Mona Gasim Hussain Gasim	Board Member	Non-Executive Member
Nasr Bakhit Al Muhairi	Board Member	Independent Member
Khalid Mohamed Abdelaziz Ahmed	Board Member	Non-Executive Member

Audit Committee

The purpose of the Audit Committee is to ensure that management has created and maintained an effective control environment in SG. The Committee is responsible for providing and maintaining a channel of communication between the BoD, Internal and External Auditors.

Ebrahim Ahmed Al Manna'ei	Committee Chairman
Khalid Mohamed Abdelaziz Ahmed	Committee Member
Nasr Bakhit Al Muhairi	Committee Member

Nomination and Remuneration Committee

The objectives of the Nomination and Remuneration Committee include monitoring and evaluating the performance of each director individually and of the Board collectively, as well as developing, evaluating and reviewing remuneration practices and policies.

Khalid Abdel Aziz Kahswani	Committee Chairman
Ebrahim Ahmed Al Manna'ei	Committee Member
Nasr Bakhit Al Muhairi	Committee Member

Supervision and Follow-up Committee of Insiders' transactions

The scope of work of the Supervision and Follow-up Committee of Insiders' transactions is to establish and update the insiders' list, to receive trading requests from insiders, and periodically review trading operations to verify the insiders' commitment.

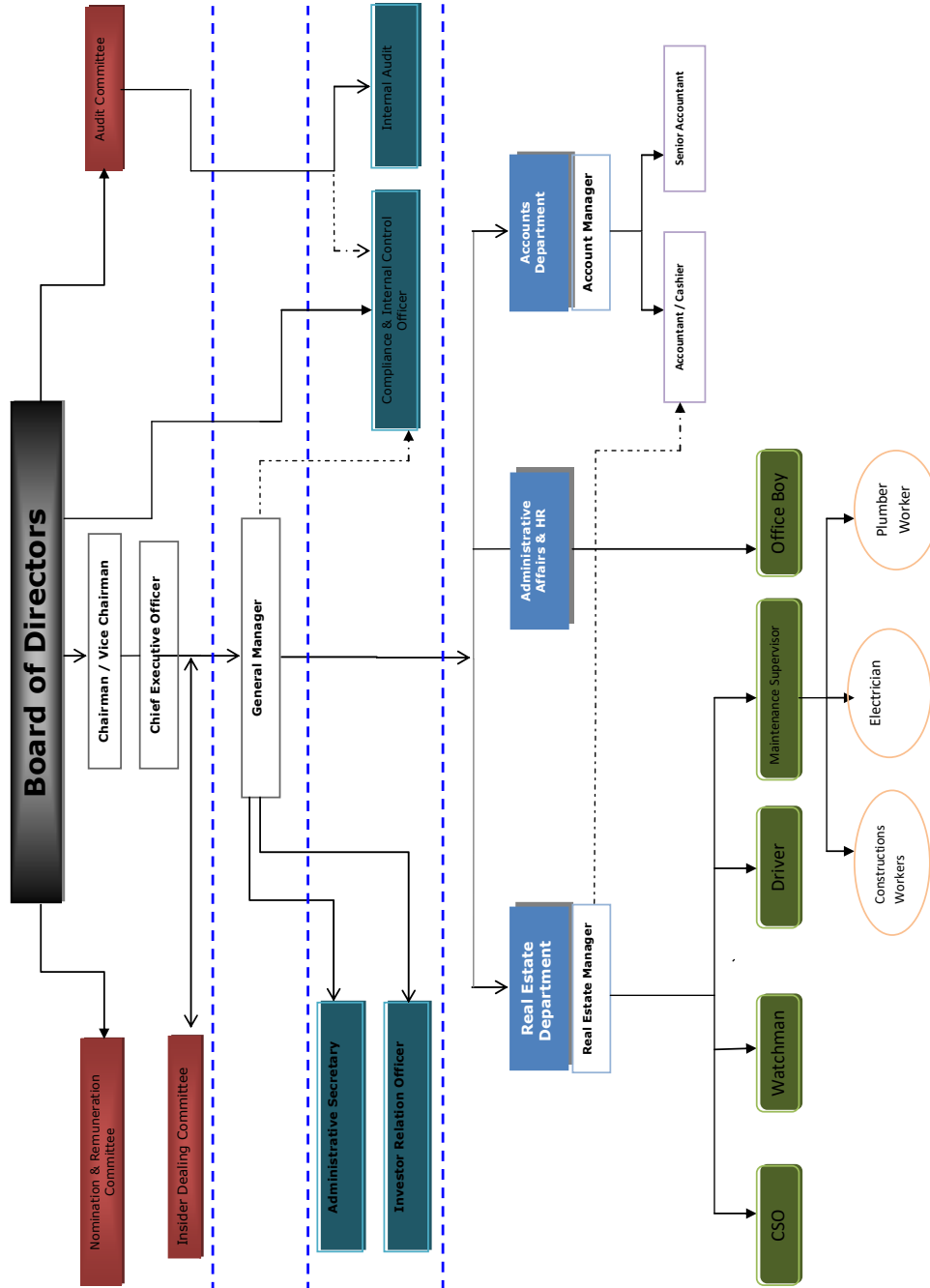
Batoul Assi	Compliance and Internal Control Officer
Najwa Farah	Executive Secretary and Investors Relations Officer

Delegation of Authority and Management

The company's business is managed by its employees and executive management, led by the CEO. The Board of Directors, in coordination with its Nomination and Remuneration Committee, appoints the CEO and cooperates with him and with that committee to appoint other members of the executive management who are delegated to manage the company's business.

The Board of Directors is responsible for supervising the overall activities of the company and ensuring that its interests, as well as those of its shareholders, are served. The Executive Management assumes its responsibilities as delegated to it by the Board of Directors in accordance with the laws and regulations issued by the Abu Dhabi Securities and Commodities Authority.

Organizational Chart



Governance Framework

Sharjah Group's corporate governance framework ensures the implementation of systems and oversight to prevent improper behaviours. The company has formulated various policies which set out guidelines for identifying, reporting, disclosing and/or preventing potential adverse situations.

Confidentiality of Information

SG recognizes that maintaining the integrity of confidential information is of utmost importance. Members of The Board, employees, contractors, consultants and auditors are often entrusted with, or become aware of, trade secrets and proprietary information not generally known to the public. For that reason, the company developed a specific policy to reduce the risk of compromising confidential information and to comply with applicable authority's laws and resolutions governing companies' use and security of data.

Conflict of Interest

A possible conflict of interest arises when a member of the board has a material personal interest, either direct or indirect, in a proposed transaction submitted to the board for a resolution. When a director has an interest related to a transaction being considered by the board, the director must inform the board in writing via the company's secretary by submitting a declaration clarifying the potential conflict. The same will be recorded in the conflict of interest register and minutes of the meeting.

Any board member having a conflict of interest is neither allowed to vote nor to exercise his or her personal influence on the matter and will not be present when the matter is discussed by the board.

Ethics and Prevention of Corruption

As part of our obligatory duty under the Federal Decree-law No. (20) of 2018, and Article 20 (2) of Cabinet Decision No. (10) of 2019, we have procedures in place for reporting suspicious transactions to prevent Anti-Money Laundering ("AML") and Counter Financing of Terrorism ("CFT").

No such cases were identified in 2020.

Additionally, we mandated that all Designated Non-Financial Businesses and Professions ("DNFBP's) should register on a "goAML portal" before 31 March 2021. The goAML portal is an integrated platform used for filing Suspicious Transaction Reports (STRs) and/or Suspicious Activity Reports (SAR).

Whistleblowing

Our whistleblowing policy covers the mechanism of internally reporting any misconduct and verifying suspicious activities. The policy aims to encourage and enable employees to express any concerns by providing an objective, confidential and independent reporting and investigation mechanism so that appropriate corrective actions can be taken.

Policies and procedures related to dealing with unethical or illegal behaviour are shared with all members of the organization and are available in the "Company Policies and Procedures Handbook", which is accessible to all employees.

Data Protection

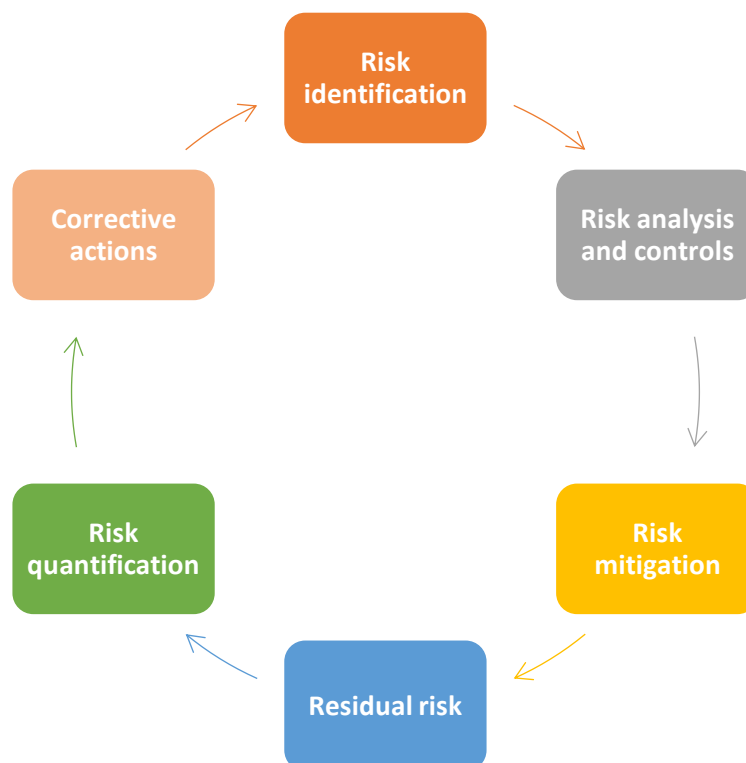
SG did not take steps to comply with the rules of the European General Data Protection Regulation yet. However, The Group is committed to collecting, using, retaining, and not disclosing shareholders' personal data in an unsafe manner in compliance with the applicable regulatory and legal requirements for shareholder data protection.

Enterprise Risk Management








Risk is proactively managed at SG by the Board of Directors and senior managers, as well as its business line heads of departments and employees.

It is important to emphasize that the goal of risk management is not to eliminate risk but rather to ensure that risks are identified and managed so that they remain within a predetermined level of acceptability. Also, risk and reward often go together, therefore expectation of higher rewards may expose the organization to higher risk levels and vice versa. Our risk management approach ensures that risks remain within predefined levels as per policies approved by the Board of Directors.




Risk Management Framework



Appendix 1: ADX - ESG Metrics

Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page and/or Notes
ENVIRONMENT	E1. GHG Emissions	GRI 305: Emissions 2016		7
	E2. Emissions Intensity	GRI 305: Emissions 2016		7
	E3. Energy Usage	GRI 302: Energy 2016		7
	E4. Energy Intensity	GRI 302: Energy 2016		7
	E5. Energy Mix	GRI 302: Energy 2016		6,7
	E6. Water Usage	GRI 303: Water and Effluents 2018		8,9
	E7. Environmental Operations	GRI 103: Management Approach 2016	-	SG does not have an environmental policy.
	E8. Management Environmental Oversight	GRI 102: General Disclosures 2016	-	4
	E9. Board Environmental Oversight	GRI 102: General Disclosures 2016	-	4
	E10. Climate Risk Mitigation	-		8

Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page and/or Notes
SOCIAL	S1. CEO Pay Ratio	GRI 102: General Disclosures 2016		11
	S2. Gender Pay Ratio	GRI 405: Diversity and Equal Opportunity 2016		11
	S3. Employee Turnover	GRI 401: Employment 2016		10
	S4. Gender Diversity	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016		10
	S5. Temporary Worker Ratio	GRI 102: General Disclosures 2016		N/A
	S6. Non-Discrimination	GRI 103: Management Approach 2016		10
	S7. Injury Rate	GRI 403: Occupational Health and Safety 2018		11
	S8. Global Health and Safety	GRI 103: Management Approach 2016		SG does not have a specific Health and Safety policy.
	S9. Child and Forced Labour	GRI 103: Management Approach 2016*		10
	S10. Human Rights	GRI 103: Management Approach 2016		10
	S11. Nationalization	-		0 %
	S12. Community Investment	GRI 413: Local Communities 2016		12

Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page and/or Notes
GOVERNANCE	G1. Board Diversity	GRI 405: Diversity and Equal Opportunity 2016		13
	G2. Board Independence	-	-	13
	G3. Incentivized Pay	-	-	N/A
	G4. Supplier Code of Conduct	-		N/A
	G5. Ethics and Prevention of Corruption	-		19
	G6. Data Privacy	-	-	19
	G7. Sustainability Reporting	-	-	SG ESG Report
	G8. Disclosure Practices	-	-	No
	G9. External Assurance	GRI 102: General Disclosures 2016	-	No