This Report

REPORT SCOPE AND BOUNDARIES
This report measures RAK Ceramics’ performance in managing its operations and corporate social responsibility issues in a sustainable manner and covers RAK Ceramics’ performance at its headquarters in the United Arab Emirates. Financial statements included in the report refer to RAK Ceramics PJSC. The impact of any activities undertaken by our shareholders or our overseas plants do not form part of this report.

When identifying the material aspects for inclusion in this report we have considered the company’s key sustainability issues under the headings of Economic, Social and Environmental Sustainability as well as the issues that would substantively influence the assessments and decisions made by the company’s stakeholders. We have also taken into account global trends in sustainability for the ceramics industry and the regional and local context of our business operations. The report also highlights the company’s achievements, contributions and strategies for the future.

MATERIAL ASPECTS
The cross departmental sustainability working group, in conjunction with input from senior managers and our key stakeholders identified and prioritised the material aspects using a materiality matrix (G4-19-20).

Using the matrix the most material aspects were identified as follows:

- **ECONOMIC** – Economic Performance and Procurement Practices
- **ENVIRONMENTAL** – Energy, Water, Emissions, Effluents and Waste and Products and Services
- **LABOUR PRACTICES** – Labour/Management Relations and Occupational Health and Safety
- **HUMAN RIGHTS** – Treatment of Labourers and Human Rights Grievance Mechanisms
- **SOCIETY** – Contribution to Local Communities
- **PRODUCT RESPONSIBILITY** – Customer Health and Safety and Marketing Communications

The content of the report is guided by GRI-G4 principles. For its 2015/2016 Sustainability Report, RAK Ceramics has created a sustainability framework capturing the company’s key sustainability issues under the headings of Economic, Social and Environmental Sustainability as well as the issues that would substantively influence the assessments and decisions made by the company’s stakeholders.
Stakeholder Engagement

The report targets a range of stakeholders with varying levels of awareness of sustainability. We have identified and considered our key stakeholders and outlined in the report how the company engages with them, identifies their priorities and responds to their needs [G4-24-27].

Report Profile

The reporting period is from 1st January 2015 to 31st December 2016.

Transparency and accountability are fundamental to our business and our approach to sustainability and this report offers insight into our sustainability strategy, performance and progress against the targets and goals we shared in our 2014 report.

Rak Ceramics produces its Sustainability Report bi-annually. An electronic version of the report can be found on the company’s website. Rak Ceramics’ previous Sustainability Report was produced in the year 2015 (for the sustainability performance of the year 2014).

If you have any questions or concerns relating to this Sustainability Report or its content, please email info@rakceramics.com

The report is prepared based on the requirements for ‘Core Reporting’.

Our self-assessment against the G4 guidelines is indexed at the back of this report. Where any external assurance has been taken, this is indicated in the index [G4-29-33].

Stakeholder Mapping Diagram

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Channels of Engagement</th>
<th>Frequency of Engagement</th>
<th>Outcome of the Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>Social Investment programmes including partnerships or sponsorships with corporations, governments and NGO’s</td>
<td>Throughout the year in a variety of ways</td>
<td>Support for the community and local causes, Sponsorship and job-creation, Environmental impact, Reputation, Social responsibility</td>
</tr>
<tr>
<td>Customers</td>
<td>Sales and Support Services, Participation in key trade exhibitions, Website, Social Media and Direct Marketing Campaigns, Newsletters, Corporate Profile and Press Releases</td>
<td>Throughout the year in a variety of ways</td>
<td>Product innovation, Cost optimisations, Business continuity, Quality management, Building partnerships, Reputation</td>
</tr>
<tr>
<td>Employees</td>
<td>Informally through team meetings and internal communications, Employee satisfaction surveys and suggestion scheme, Training and development programmes, seminars and workshops, New employee induction programmes, Annual performance appraisals, Regular communication from senior management on performance and business updates, Newsletters, Social activities for employees and their families</td>
<td>Throughout the year in a variety of ways</td>
<td>Employee rewards and benefits, Career growth, Employee development/retention, Talent acquisition, Health and safety</td>
</tr>
<tr>
<td>Government and Regulatory Bodies</td>
<td>Meetings, conferences and collaborations, Reports, Corporate affairs, Committees</td>
<td>Quarterly and as required</td>
<td>Aligning activities with the UAE vision towards excellence, equality and sustainability</td>
</tr>
<tr>
<td>Investors and Analysts</td>
<td>Quarterly meeting, Investors meet, Annual general board meetings, Publication of annual report and sustainability report, Business updates</td>
<td>Quarterly and as required, Annually</td>
<td>Keeping investors and analysts informed of Rak Ceramics’ plans and future developments</td>
</tr>
<tr>
<td>Suppliers and Contractors</td>
<td>Procurement process, Efficiency review, Technical evaluations and audits, Clarification meetings, Awareness sessions/inductions, Workshops and meetings</td>
<td>Throughout the year in a variety of ways</td>
<td>Quality of service and quality control, Local development, Reputation, Build partnerships, Compliance</td>
</tr>
</tbody>
</table>
“RAK Ceramics has always firmly believed in its corporate Social Responsibility and 2015/2016 was no exception as we continued with an active programme”

Group CEO’s Message

Dear Colleagues

Welcome to our 2015/2016 Sustainability Report. Following on from our 2014 report, we have again completed our report based on the Global Reporting Initiative’s G4 Guidelines, measuring our sustainability performance under the headings of Economic, Social and Environmental Sustainability.

Under the vision of vision and leadership of Sheikh Khalid Bin Saud Al Qasimi, Chairman of RAK Ceramics, we have continued to prosper as both a leading global manufacturer of complete ceramics’ solutions and a responsible corporate member of the community in which we are based.

Based on the targets set for ourselves in 2014, we are delighted to have achieved some of our targets and made significant progress with others. We have achieved a significant reduction in work related accidents and ill health as a result of increased training and awareness in health and safety and the continued implementation of our employee wellness and health education programme. We have also worked hard to improve the overall food quality in our workplace canteens.

We have implemented our road rehabilitation programme to reduce dust and debris in particular around our raw materials storage areas and across our manufacturing plant as a whole. Our tree planting programme has continued and we have plans in place to increase the number of females in our workforce, in particular our board membership.

We have continued to work across our operations, to improve energy efficiency, reduce pollution, enhance biodiversity and improve quality of life for the people in our surrounding communities.

In 2015, we constructed a series of raw materials wind breakers in order to reduce dust emissions during loading, unloading and operation at our raw materials storage area. We also constructed a special access road to our raw materials storage area in order reduce dust emission during the transportation of raw materials.

We are still yet to develop our Group Sustainability Policy and are also still working on establishing more efficient and effective reporting mechanisms for sustainability issues throughout the year.

RAK Ceramics has always firmly believed in its Corporate Social Responsibility and 2015/2016 was no exception as we continued with an active programme designed to support employees and the local community.

Looking forward, RAK Ceramics will continue its commitment to becoming a long-term sustainable organisation that achieves its business objectives whilst ensuring that it uses resources efficiently, protects the local environment, looks after its employees, and cares for the community it operates in. I am proud of the achievements that are detailed in this report, and I hope that this report provides you with a clear understanding of RAK Ceramics’ achievements over the past two years.

Abdallah Massaad
GROUP CEO RAK CERAMICS
Our Company

RAK Ceramics is a global hi-tech manufacturer of premium ceramics’ lifestyle solutions. Specialising in high-quality ceramic and gres porcelain wall and floor tiles, sanitaryware, tableware and faucets, RAK Ceramics is a complete solutions provider for walls, floors, bathrooms and kitchens. [G4-3].

Our History

RAK Ceramics was established in Ras Al Khaimah in 1989 by H.H. Sheikh Saud Bin Saqr Al Qasimi, member of the Supreme Council and Ruler of Ras Al Khaimah, who aspired to have the best machinery, latest technology, and to produce the best products possible for sale in the world.

Today RAK Ceramics is one of the largest ceramics manufacturers in the world and has sold over 1 billion square metres of tiles. Under the vision and leadership of Sheikh Khalid Bin Saud Al Qasimi, Chairman of RAK Ceramics, the company has enjoyed rapid growth becoming an industry leader in just 25 years.

With our global headquarters based in Ras Al Khaimah, UAE, RAK Ceramics has ten state-of-the-art tile plants, two sanitaryware, one tableware and one faucets in the UAE, as well as overseas plants in India, Bangladesh and Iran. In addition to our manufacturing plants, RAK Ceramics has ten company owned showrooms and 40 trade partner showrooms.

In June 2014, SAMENA Capital bought a 30.6% stake of the business. A value creation plan was implemented and RAK Ceramics now has a very clear strategy focusing on its four core sectors: tiles, bathware, porcelain tableware and faucets.

The company’s core markets are the UAE, Saudi and the wider GCC, India, Bangladesh, UK, Germany, Italy and the Levant. RAK Ceramics holds the highest market share for both tiles and sanitaryware in the UAE and Bangladesh and has the highest production capacity in the GCC.
Our Divisions

PROVIDING COMPLETE CERAMICS’ SOLUTIONS
At RAK Ceramics we can offer true customisation in every sense of the word. We are one of the largest ceramics’ manufacturing plants in the world, with the latest technologies all under one roof. With the technology we have at our fingertips there are no limits, and we have evolved from being a ceramics’ manufacturer, to becoming an inspirational lifestyle ceramics brand. We are able to consistently produce high quality tiles, sanitaryware, tableware and faucets with an impeccable finish. Our quality, combined with our passion and expertise, enables us to provide a wide range of integrated ceramics solutions which allow our customers the freedom to be creative.

THE MOST INNOVATIVE AND WIDEST RANGE AVAILABLE
In tiles RAK Ceramics offers one of the largest collections of high-quality ceramic wall and floor tiles, gres porcelain and super-sized slabs in the industry. Offering more than 6,000 production models, we have the widest range offered in the ceramics field.

STYLE WITHOUT COMPROMISE
The RAK Ceramics sanitaryware range includes a wide range of products designed to suit all budgets and tastes. With a strong focus on water-saving technology, RAK Ceramics was the first manufacturer in the region to introduce a 2.5 litre half flush and 4 litre full flush for our water closets in 2009 and in 2014 we launched Eco Fresh - an advanced urinal sanitation system. Eco Fresh uses unique ‘odour trap’ technology and requires absolutely no water to flush. In addition to our sanitaryware products, we also offer a range of complementary accessories and bathroom furniture.

TABLEWARE TO SUIT EVERY TASTE
RAK Porcelain offers a wide selection of high-quality porcelain tableware. Designed by leading tableware designers from around the world, the range is especially suitable for the hotel, restaurant and hospitality segment. RAK Porcelain has a passion for excellence and our products are now supplied to over 20,000 five-star hotels across the world including from Europe, India, Indonesia, Thailand and Malaysia.

KEY FACTS
- 150,000 sqm - The amount of internal and external tiles supplied to Atlantis, The Palm.
- 1 villa every minute - 250 sqm of tiles are manufactured every minute, the tiling equivalent of one large residential villa.
- 1 billion sqm - Total tiles sales which is the equivalent to 22,222 of Wembley Stadium’s.
- 4.1 sqm - The area of our largest 135x305cm, the widest range offered in the ceramics field.

KEY FACTS
- 500 per hour - The number of pieces of sanitaryware produced every hour globally.
- Zero leaks - Every single RAK Ceramics water closet is individually leak tested on site.
- 100 days - The time it takes for us to produce complete sanitaryware suites from initial design to a finished model.
- 12,000 - The number of sanitaryware pieces produced per day globally.

DESIGN ORIENTATED, TECHNICAL PERFECTION
Kludi – RAK manufactures exquisite eco-friendly faucets and bathroom fittings with a strong focus on water-saving technology, offering up to 60 per cent saving on water consumption. Kludi – RAK is a synergetic combination of two leaders in the field and our Kludi – RAK faucets are a beautiful combination of technical perfection, high functionality and stunning design.

KEY FACTS
- 10 years - All our taps and faucets are sold with a 10-year warranty.
- 100% - The number of projects using Kludi RAK products and the list continues to grow.
- 3 steps to perfection - Each faucet goes through a three stage grinding process to ensure a smooth fine surface finish.
- 1.5 million - The number of faucets which can be manufactured at Kludi RAK annually.

A SOURCE OF SUCCESS
RAK Ceramics selects only the finest raw materials to manufacture its tiles and sources its clay, limestone and silica from the mountains of Ras Al Khaimah. Other materials used in the manufacturing process such as feldspar and kaolin are imported from around the world including from Europe, India, Indonesia, Thailand and Malaysia.

KEY FACTS
- 100% Tested - All raw materials are quality tested in our laboratory before production.
- 100% Quality - 20% of our raw materials are sourced locally and 80% are sourced from around the world from countries including Italy, Spain, Germany, Thailand, Malaysia, China and India.

KEY FACTS
- 1.5 million - The number of faucets which can be manufactured at Kludi RAK annually.

MANUFACTURING CERAMIC INNOVATION
Technology and innovation are at the heart of RAK Ceramics’ philosophy and we have continuously led the way in terms of product innovation. Our manufacturing plants are equipped with state-of-the-art SACMI technology allowing us to produce high quality pieces with a consistently impeccable finish.

OUR WORKFORCE
RAK Ceramics is a truly global company with fantastic opportunities for all. A comprehensive employee benefits package is offered along with excellent progression opportunities, regular training and development and a supportive working environment.

With a workforce of over 13,000 people from all around the world, we offer a diverse and interesting working environment. We pride ourselves on having higher than average employee retention rates and believe in fostering a culture of learning and development to encourage excellence.

KEY FACTS
- 48 - Is the number of nationalities we employ from all over the world.
- 65 - Is the age of our oldest employee and 18 is the age of our youngest employee.
- 26 - The number of years our longest serving employee has worked for us.
- 6.5 years - The average length of time an employee works for us at RAK Ceramics.

LOCALy MADE, GLOBALLY Delivered
RAK Ceramics sells its products to over 150 countries around the world. Our products are mostly sold through distributors and typically we sell through one distributor per country for export markets. In the UAE, we also sell through ten retail showrooms across the country and 40 trade partner showrooms, supplying mostly retail and small contractors. In India, we operate 13 display showrooms and distribute to over 1,000 dealers nationwide and in Bangladesh, we operate four display showrooms and distribute to 98 dealers nationwide.

KEY FACTS
- 40% European - 40% of our overall sanitaryware sales are sold in Europe.
- 80% Exported - Our export share is 80%.
TOTAL NUMBER OF EMPLOYEES AT RAK CERAMICS HEADQUARTERS AS OF 31ST DECEMBER 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employees</td>
<td>6573</td>
</tr>
<tr>
<td>Female</td>
<td>211</td>
</tr>
<tr>
<td>Male</td>
<td>6362</td>
</tr>
<tr>
<td>New starters</td>
<td>927</td>
</tr>
<tr>
<td>Staff resigned/left</td>
<td>1310</td>
</tr>
<tr>
<td>Under age</td>
<td>301998</td>
</tr>
<tr>
<td>Aged 30-50</td>
<td>4198</td>
</tr>
<tr>
<td>Over age 50</td>
<td>319</td>
</tr>
</tbody>
</table>

COLLECTIVE BARGAINING AGREEMENTS
Collective Bargaining Agreements or Trade Unions are not recognised under UAE Labour Law and therefore no RAK Ceramics employees are covered under such agreements. However, it is our company policy to provide a transparent and supportive working environment for all employees and we have systems in place which allow employees to raise their concerns at all levels.

PRECAUTIONARY APPROACH
Being a responsible steward to the environment in which it operates, RAK Ceramics applies the Precautionary Principle approach to assess and address potential environmental impacts.

MEMBERSHIPS OF ASSOCIATIONS
RAK Ceramics is a founding member of Emirates Green Building Council, which supports the development of sustainable buildings in the UAE. The UAE Ministry of Environment and Water (MoEW) awarded the company with the Environmental Performance Certificate (EPC) in recognition of its successful efforts to comply with environmental protection standards and regulations. RAK Ceramics was also honoured by the Emirates Securities and Commodities Authority (SCA) for complying with good governance and transparency according to international best practices.

RAK Ceramics works closely with Environment Protection and Development Authority (EPDA-RAK), the local government body tasked with protecting and preserving the environment and biological diversity in its natural environment. The partnership includes joint research and making recommendations to conserve the environment within which we operate. EPDA and RAK Ceramics also deliver joint training programmes on environmental and health and safety issues.

RAK Ceramics is associated with Emirates Environmental Group (EEG) which is a professional working group devoted to protecting the environment through the means of education, action programmes and community involvement. RAK Ceramics actively participates in various CSR programmes concerned with environmental protection and responsible waste management, organised by EEG in order to contribute positively to the advancement of sustainable development in the UAE.

RAK Ceramics produced its last GRI-G4 compliant Sustainability Report in 2015 for the calendar year 2014, following the Global Reporting Initiative (GRI) framework covering transparency, corporate governance and CSR initiatives that play a significant role in contributing to the economy, society and environment. This report, published in 2017, covers the calendar years 2015 and 2016.

RAK Ceramics is an ISO 9001:2008 and ISO 14001:2004 certified organisation ensuring the highest quality is maintained across all product lines at all times. RAK Ceramics’ production process is in compliance with ISO 13006:2012 (G4-15, G4-16).

OUR HISTORY
RAK Ceramics was established in Ras Al Khaimah in 1989 by H.H. Sheikh Saud Bin Saqr Al Qasimi, member of the Supreme Council and Ruler of Ras Al Khaimah, who aspired to have the best machinery, latest technology, and to produce the best products possible for sale in the world. Today RAK Ceramics is one of the largest ceramics manufacturers in the world and has sold over 1 billion square metres of tiles.

RAK Ceramics serves clients in more than 150 countries through its network of operational hubs in Europe, the Middle East and North Africa, Asia, North and South America and Australia. Across its global operations RAK Ceramics employs approximately 15,000 staff from more than 40 nationalities. RAK Ceramics’ products are mostly sold through distributors and typically the company sells through one distributor per country for its export markets. Now under the vision and leadership of Sheikh Khalid Bin Saud Al Qasimi, Chairman of RAK Ceramics, the company has enjoyed rapid growth becoming an industry leader in just 25 years.
Birth of RAK Ceramics
RAK Ceramics was established in Ras Al Khaimah by H.H. Sheikh Saud Bin Saqr Al Qasimi, member of the Supreme Council and Ruler of Ras Al Khaimah.

Exquisite Designer Faucets
Kludi RaK was established, a synergetic combination of two leaders in the field of design and manufacturing, producing exquisite designer faucets with a particular focus on water saving technology.

Value Creation Plan
RAK Ceramics’ vision is to be the world’s leading ceramics solutions provider. A Value Creation plan was designed and implemented to streamline operations and unlock value across every aspect of the business.

Production Milestones

First Tile Plant
Our first tile plant in Ras Al Khaimah began operating with an annual output of 1,825,000 square metres of tiles.

First Sanitaryware Plant
Our first sanitaryware plant in Ras Al Khaimah began operating with an annual output of 350,000 pieces of sanitaryware.

First Overseas Plant
The opening of our plant in Bangladesh with an annual output of 3,650,000 square metres of tiles and our second sanitaryware plant in Ras Al Khaimah with an annual output of 2 million pieces of sanitaryware.

World’s Number 1
Producing 115 million square metres of tiles per year globally, we became the world’s largest ceramics manufacturer.

Indian Operations
Began in Ras Al Khamiah we opened our 10th tile plant with an annual output of 16,425,000 square metres of tiles. In India we started operations with an annual output of 7,300,000 square metres of tiles and 300,000 pieces of sanitaryware.

1 Billion Square Metres
By 2012, we had supplied 1 billion square metres of tiles to projects around the world since the company began and our sanitaryware production capacity had reached 4.5 million pieces per year globally.

Business Milestones

Complete Ceramics’ Solutions
RAK Ceramics takes the first steps towards becoming a complete ceramics solutions provider with the opening of our first sanitaryware plant in Ras Al Khaimah.

Brand of Choice
RAK Ceramics becomes the world’s largest ceramics manufacturer and the brand of choice for integrated ceramics solutions.

Room for Imagination
We celebrated a milestone in 2016 with the launch of our new global corporate brand identity, which better reflects our aspirations to become the leading ceramics lifestyle solutions provider in the world.


1.5 Million Faucets
Kludi RaK is now offering 13 different series of its designer faucets and manufacturing 1,500 pieces per day with an annual production capacity of 1.5 million pieces.
Innovation Milestones

Illuminating Tiles
RAK Luminous – These tiles are finished with a special glaze which absorbs energy from natural and artificial light making them glow in the dark.

Technological Innovation
High pressure casting and robotic glazing technology is introduced in our sanitaryware plants.

State-of-the-Art
Our manufacturing plants are equipped with the latest state-of-the-art HDD (High Definition Digital) and DDD (Digital Define Definition) printers.

RAK Rimless
RAK Ceramics Rimless is the ultimate in rimless technology for your bathroom. Rimless WCs, as the name suggests, have no rims to harbour germs, making them extremely hygienic and easy to clean.

Uniquely RAK Slim
RAK Slim, a unique green building product with a thickness of just 4.5mm is introduced. Less energy and raw materials are used to produce RAK Slim leading to a reduction in emissions.

Water Saving Technology
In sanitaryware, we became the first manufacturer in the region to introduce a 2.5 litre half flush and 4 litre full flush for our water closets.

Maximus Mega Slab
With the introduction of Continua+ technology and the launch of Maximus Mega Slab, RAK Ceramics is the first manufacturer in the GCC region with the capabilities to produce super-sized slabs.

In 2015 RAK Ceramics achieved Superband status for the seventh consecutive year. RAK Ceramics has also won a number of International Business Stevie® Awards in 2015, winning a silver award for “Most Innovative Company” and two bronze Awards; one for “Health, Safety and Environment Programme of the Year in the Middle East and North Africa” and one for CEO Abdallah Massaad who won “Executive of the Year (Manufacturing)” The efforts of Abdallah Massaad as a visionary CEO were also further recognised when he was awarded “Industry CEO of the Year” at the CEO Middle East Annual Awards 2015 and was also Highly Commended as a Construction Executive of the Year at the Construction Week Awards 2015. RAK Ceramics was also awarded ‘Brand of the Year’ at the CEO Middle East Annual Awards 2015 and was also Highly Commended as a Construction Executive of the Year at the Construction Week Awards 2015.

Awards

2016
RAK Ceramics won a number of industry awards throughout 2016 including, Winner of the “Editor’s Choice Award” at the InsiderOut Awards; second place as a “Champion of Change” at the MENA HR Excellence Awards, a Bronze Stevie Award for “Best Internal Recognition/Motivational Event” – Best as One – Motivational Strategy Event; a Bronze Award at the Best in Biz Awards 2016 in the Event of the Year category – Best as One. Our Group CEO Mr Abdallah Massaad was also shortlisted as a Top 100 CEO as part of Mediaquest’s Top CEO Awards in the GCC.

2015
In 2015 RAK Ceramics achieved Superband status for the seventh consecutive year – Superbands Council UAE; Gold Award Winners in Large Enterprise Category, SAP Quality Awards; Best in Managing Employee Health at Work, Asian HR Leadership Awards; Customer Engagement Award (Excellence in Digital Marketing Innovation) for Smart Design Application, Asian Customer Engagement Awards; Best Tableware, Pro Chef Middle East Awards; Finalist at the Damman Corporate Health Awards in the ‘Improved Corporate Health and Wellness Performance’ category; H.H. Sheikh Saud corporate Wellness Awards for 2014 including ‘Best Workplace Health Programme’ (2nd place); ‘Healthiest Lady Employees’ (12th place) 100% attendance at a range of Inter-Corporate Sports Tournaments and an award for ‘Health Promoter of the Year’ (Mr Dory Angel, HSSE Manager, 2nd place).

2014
Achieved Superbrand status for the sixth consecutive year – Superbrands Council UAE; Gold Award Winners in Large Enterprise Category, SAP Quality Awards; Best in Managing Employee Health at Work, Asian HR Leadership Awards; Customer Engagement Award (Excellence in Digital Marketing Innovation) for Smart Design Application, Asian Customer Engagement Awards; Best Tableware, Pro Chef Middle East Awards; Finalist at the Damman Corporate Health Awards in the ‘Improved Corporate Health and Wellness Performance’ category; H.H. Sheikh Saud corporate Wellness Awards for 2014 including ‘Best Workplace Health Programme’ (2nd place); ‘Healthiest Lady Employees’ (12th place) 100% attendance at a range of Inter-Corporate Sports Tournaments and an award for ‘Health Promoter of the Year’ (Mr Dory Angel, HSSE Manager, 2nd place).

2013
Brand Excellence Award – CMO Asia Awards; Asia’s Most Promising Brand Award – Asia’s Most Promising Brand and Leaders’ Summit; Market Leadership Award – Asian Leadership Awards

2012
Asia’s Best Employer Award; Best Innovative Company – Asian Quality Leadership Awards

2011
Asia’s Best Brand Award; CSR Company Award – Middle East Business Leaders’ Summit

Company of the Year – Arabian Business Awards; MRM Business Award for Manufacturing

2004
Achieved Superbrand status for the sixth consecutive year – Superbrands Council UAE; Gold Award Winners in Large Enterprise Category, SAP Quality Awards; Best in Managing Employee Health at Work, Asian HR Leadership Awards; Customer Engagement Award (Excellence in Digital Marketing Innovation) for Smart Design Application, Asian Customer Engagement Awards; Best Tableware, Pro Chef Middle East Awards; Finalist at the Damman Corporate Health Awards in the ‘Improved Corporate Health and Wellness Performance’ category; H.H. Sheikh Saud corporate Wellness Awards for 2014 including ‘Best Workplace Health Programme’ (2nd place); ‘Healthiest Lady Employees’ (12th place) 100% attendance at a range of Inter-Corporate Sports Tournaments and an award for ‘Health Promoter of the Year’ (Mr Dory Angel, HSSE Manager, 2nd place).

2007
Achieved Superbrand status for the sixth consecutive year – Superbands Council UAE; Gold Award Winners in Large Enterprise Category, SAP Quality Awards; Best in Managing Employee Health at Work, Asian HR Leadership Awards; Customer Engagement Award (Excellence in Digital Marketing Innovation) for Smart Design Application, Asian Customer Engagement Awards; Best Tableware, Pro Chef Middle East Awards; Finalist at the Damman Corporate Health Awards in the ‘Improved Corporate Health and Wellness Performance’ category; H.H. Sheikh Saud corporate Wellness Awards for 2014 including ‘Best Workplace Health Programme’ (2nd place); ‘Healthiest Lady Employees’ (12th place) 100% attendance at a range of Inter-Corporate Sports Tournaments and an award for ‘Health Promoter of the Year’ (Mr Dory Angel, HSSE Manager, 2nd place).

2004
Achieved Superbrand status for the sixth consecutive year – Superbands Council UAE; Gold Award Winners in Large Enterprise Category, SAP Quality Awards; Best in Managing Employee Health at Work, Asian HR Leadership Awards; Customer Engagement Award (Excellence in Digital Marketing Innovation) for Smart Design Application, Asian Customer Engagement Awards; Best Tableware, Pro Chef Middle East Awards; Finalist at the Damman Corporate Health Awards in the ‘Improved Corporate Health and Wellness Performance’ category; H.H. Sheikh Saud corporate Wellness Awards for 2014 including ‘Best Workplace Health Programme’ (2nd place); ‘Healthiest Lady Employees’ (12th place) 100% attendance at a range of Inter-Corporate Sports Tournaments and an award for ‘Health Promoter of the Year’ (Mr Dory Angel, HSSE Manager, 2nd place).
RAK Ceramics Sustainability Strategy

We are committed to building a sustainable society and focus on initiatives that provide water and shelter to underprivileged communities; support active and healthy lifestyles; promote creativity and innovation; create a diverse and inclusive work environment; and enhance the economic development of the communities where we operate.

SUPPORTING HUMANITY
At RAK Ceramics, we regularly contribute to a wide range of humanitarian projects. RAK Ceramics partners with local organisations to donate tiles and other product ranges to support underprivileged communities, our staff regularly support disaster relief funds and we also support health awareness initiatives.

EMPOWERING EDUCATION
RAK Ceramics has always been an active corporate supporter of schools and education. We offer internship training programmes for talented students from local and international universities, sponsor educational festivals and host educational tours for students with visits to our showroom and manufacturing plants.

KEY FACT
- Founding Member - RAK Ceramics is a founding member of the Emirates Green Building Council.

INSPIRING CREATIVITY
RAK Ceramics seeks to promote creativity and innovation. Creativity and innovation are at the heart of RAK Ceramics’ philosophy. Through our creative partnerships with schools and other local community groups we encourage people to create and innovate on a variety of projects.

KEY FACT
- Most Innovative Company - Silver Award winner at the International Business Stevie® Awards for our approach to innovation and creativity.

CELEBRATING EXCELLENCE
As an industry expert, we believe in nurturing, supporting and celebrating talent. We support industry events and conferences, celebrate talent by sponsoring industry awards both for individuals or organisations and we partner with like-minded people to encourage and inspire the next generation.

KEY FACT
- 28th May 2016 - Gregory Gaultier from France and Laura Massaro from England won their respective finals at the 2016 PSA World Series Finals.
Supply Chain Management

SUPPLY CHAIN MANAGEMENT

RAK Ceramics recognises its responsibility to drive a culture of sustainability within the company as well as externally with our suppliers. RAK Ceramics is committed where possible to using local suppliers and distributors to procure consumable items in order to support the surrounding community. For our manufacturing processes, 80% of materials are imported from around the world from countries including: Italy, Spain, Germany, Thailand, Malaysia, China and India (G4-12, SO-9, SO-10).

INVESTMENT AND PROCUREMENT PRACTICES – SUPPLIER ASSESSMENT QUESTIONNAIRE

At RAK Ceramics, through our corporate governance framework, we operate using ethical business practices and transparency and integrity when dealing with our suppliers. Prior to becoming a supplier for RAK Ceramics, it is mandatory for all supplier(s) to provide a declaration/confirmation of ethical conduct for goods and services provided to the company. RAK Ceramics analyses and audits all suppliers before dealing or signing any agreement with them. Before every purchase a supplier evaluation is conducted to ensure the supplier is capable of supplying raw materials or providing services which meet our requirements. This helps us to screen new suppliers and evaluate existing suppliers on their performance. The evaluation is carried out in the form of a “Supplier Assessment Questionnaire”.

Through the supplier assessment questionnaire, the supplier must demonstrate it meets our minimum requirements for:

- Quality assurance
- Environmental practices
- Health and safety
- Ethical practices

Upon receipt of the completed supplier assessment questionnaire, we carry out audits to verify the information provided. Following the audit, a supplier approval form is issued stating whether or not the supplier has been approved or denied.

In order to enter into purchasing agreements with RAK Ceramics, each supplier/contractor must adhere to the minimum requirements below:

- The supplier must comply with all relevant local and national laws and regulations with regard to employment practices, benefits, health and safety, and anti-discrimination.
- The supplier must not use child, forced or involuntary labour in any form.
- The supplier must comply with all relevant local and national laws and regulations with regard to occupational health and safety, and the provision of health-related benefits to employees.
- The supplier must comply with all relevant local and national laws and regulations with regard to land and water management, waste and recycling, the handling and disposal of toxic substances, discharges and emissions, noise, transportation of products, and waste.
- The supplier must strictly comply with all laws and regulations on bribery, corruption and prohibited business practices.

In 2015, 25% of RAK Ceramics’ new suppliers completed a supplier assessment questionnaire. In 2016 this figure rose to 32% [G4 – EN 32, G4 – LA14, G4 – HR10, G4 – SO9].

SUPPLY CHAIN PROCESS

STEP 1 - RAW MATERIAL FROM SUPPLIER
- Receipt of purchase requisito
- Dispatching enquiries and review of quotations.
- Placing of purchase order
- Shipping agent
- Facilitation of custom clearance and delivery to store
- Raw material quality check
- Issue certificate of analysis to supplier

STEP 2 - MANUFACTURING PROCESS
- Storage of raw material
- Batching of raw material
- Slip preparation
- Dry colour preparation
- Press operation
- Drying
- Glaze line operation
- Kiln operation
- Polishing and sorting
- Packaging

STEP 3 - TRANSPORTATION & DISTRIBUTION
- Transportation by sea, air and road
- Distribution to RAK ceramics showrooms distributors and retailers worldwide

STEP 4 - PACKAGING & WAREHOUSING
- Finished products are arranged on pallets and wrapped with stretch film or plastic cover
- The palletised boxes are transported to warehouse

Receipt of purchase requisition
Distribution to RAK ceramics showrooms distributors and retailers worldwide

Corporate Governance

RAK Ceramics is a public shareholding company domiciled in the UAE and listed on the Abu Dhabi Stock Market (ADX) since 1998. The Company follows the guidelines, laws and regulations of the UAE and those of the Securities and Commodities Authority (SCA) as applied to listed companies.

APPLICATION OF CORPORATE GOVERNANCE PRINCIPLES

Ras Al Khaimah Ceramics (the "Company") considers sound corporate governance to be one of the pillars for running a responsible, profitable and sustainable business that creates value. An organisational commitment to corporate governance drives enhanced management accountability, creates value for shareholders and protects the interests of all stakeholders and the community.

RAK Ceramics has adopted a comprehensive set of corporate governance policies and procedures that draws upon global best practice and is in accordance with all relevant UAE legislation including Ministerial Resolution No. 518 of 2009 concerning corporate governance rules and corporate discipline standards. This ensures that the utmost vigilance is exerted by the Board of Directors, Executive Management and Employees of RAK Ceramics.

A number of initiatives were undertaken in 2016 to further strengthen the Group’s Corporate Governance framework, the significant ones being:

- Amendment to the Articles of Association.
- Value Creation Plan: The company continued implementing the Value Creation Plan to enhance shareholder value.
- The Board approved and implemented a comprehensive Delegation of Authority (DOA) framework.
- A whistle blower policy has been introduced, further enhancing the governance.

In accordance with the corporate governance code issued by the SCA, the Board has adopted a clear policy on segregation of duties between the responsibility of the Chairman of the Board and the responsibility of the CEO of the Company, whereby the Board assumes overall supervision for the strategic growth of the Company and provides direction through the approval of strategic initiatives, policies and objectives, while the day to day affairs of the Company are carried out by the executive management led by the Chief Executive Officer (CEO) of the Company.

The CEO is appointed by the Board. The primary role of the CEO is to define and execute the business vision, mission, and strategy and manage the organisation. He is responsible for the overall operations, profitability, and achievement of objectives set by the Board.

In line with this policy, the day-to-day operations of the Company are managed by Mr. Abdallah Massaad, CEO of the Company since June 2012. At the time of his appointment, the Board of Directors set the Delegation of Authority for the CEO and further updated it in February 2016. The delegation of authority includes the following categories:

- Financial
- Operational
- Capital and Investment
- Legal and Regulation
- Administrative, and
- General Powers

The Delegation of Authority is effective until it is revoked by the Board.

The CEO is assisted in his duties by an experienced and qualified executive management team. Executive management of the Company is committed to strengthening governance framework in the organisation by strict adherence to Company’s policies and procedures.

An Executive Committee was formed in 2014 to assist the Board in its strategic and monitoring responsibilities.

The Committee, comprising two executive directors and the CEO, meets every fortnight to review strategic matters including progress made on the value creation plan and provide guidance to the executive management. It operates under the direction of the Board and provides periodic updates to the Board.

Thus, by exercising best corporate governance practices, the Company ensures that the interests of the stakeholders are protected and the company meets all its statutory and regulatory obligations (G4 – 34).
Board of Directors

COMPOSITION OF THE BOARD OF DIRECTORS
The Board is responsible to the Company’s shareholders for creating and delivering sustainable value through prudent management of its business and associated risks. In particular, the Board is responsible for strategic direction, supervision of management and adequate controls to drive the success and long-term value creation. The Board plays a central role in the corporate governance framework by ensuring that the Company complies with obligations arising from its legal and regulatory requirements; its memorandum and articles of association and duties towards the shareholders.

The current Board consists of seven members:
- The Chairman (Non-Executive, Independent)
- Three Non-executive and Independent Directors, and
- Three Executive Directors

The majority of the directors meet the requirement of being non-executive and independent. Therefore, the Board composition satisfies the requirements of Article (40/2) of Resolution No. 7 of 2016 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards. The members were elected at the AGM held on 26 April 2015 for a period of 3 years. The term of the Board members will expire on 25 April 2018.

The following table describes the composition of the Board of Directors as on 31 December 2016:

<table>
<thead>
<tr>
<th>SR</th>
<th>NAME</th>
<th>CATEGORY</th>
<th>QUALIFICATIONS</th>
<th>PERIOD AS BOARD MEMBER</th>
<th>OTHER CURRENT POSITION IN ANY P.J.S.C</th>
<th>POSITIONS AT ANY GOVERNMENTS DEPT.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sheikh Khalid Bin Saud Al Qasimi</td>
<td>Chairman (Non-Executive, Independent)</td>
<td>BBA from New York University, Abu Dhabi</td>
<td>July 2015 1 year and 6 months</td>
<td>N/A</td>
<td>Positions on the Board of Al Marjan Islands, UAE and Investment and Development Office, Government of RAK, UAE</td>
</tr>
<tr>
<td>2</td>
<td>Mr. Shirish Saraf</td>
<td>Vice Chairman (Executive, Non-Independent)</td>
<td>*BSc (Economics) from London School of Economics and Political Science *Charterhouse School</td>
<td>June 2014 2 years and 7 months</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>3</td>
<td>Sheikh Ahmed Bin Humaid Al Qasimi</td>
<td>Member (Non-Executive, Independent)</td>
<td>Bachelor’s degree from military college in Egypt.</td>
<td>January 1996 21 years</td>
<td>Chairman of RAK White Cement PJS C</td>
<td>N/A</td>
</tr>
<tr>
<td>4</td>
<td>Mr. Khalid Ali Saif Al Yahmadi</td>
<td>Member (Non-Executive, Independent)</td>
<td>*Bachelor of Science in Finance from Sultan Qaboos University - Oman *Master of Science in Accountancy and Finance from University of Bilbao – USA *CPA – USA *CFP – Malaysia</td>
<td>July 2014 2 years and 6 months</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>5</td>
<td>Mr. Khaled Abdulla Youssef Abdulla Al godt</td>
<td>Member (Executive, Non-Independent)</td>
<td>Bachelor’s degree in Business Management majoring in Management Information Systems, from University of Arkansas, USA</td>
<td>May 2012 4 years and 8 months</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>6</td>
<td>Mr. Fawaz Sulaiman Al Rajhi</td>
<td>Member (Non-Executive, Independent)</td>
<td>Masters in Business Administration from Stanford University-USA and Bachelors in ME and Accounting from KFUPM- KSA</td>
<td>April 2015 1 year and 9 months</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>7</td>
<td>Mr. Wassim Moukahhal</td>
<td>Member (Executive, Non-Independent)</td>
<td>MBA from the Wharton School. University of Pennsylvania and Bachelor in Economics and Finance from McGill University</td>
<td>February 2016 11 months</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Members of the Board have the requisite expertise and management skills to perform their duties in furthering the best interests of the Company. Members of the Board are selected through a cumulative voting process as per the guidelines issued by the SCA.
Board Committees

The Board is assisted by 3 Committees:
• Audit Committee,
• Nomination and Remuneration Committee and
• Executive Committee

AUDIT COMMITTEE MEMBERS AS OF 31ST DECEMBER 2016
• Fawaz Sulaiman Al Rajhi (Chairman),
• Sheikh Ahmed bin Humaid Al Qasimi (Member), and
• Khalid Al Saif Al Yehmadi (Member)

AUDIT COMMITTEE TASKS
The primary function of the Audit Committee is to provide advice with respect to the Company’s financial matters and to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing:
• The financial reports and other financial information provided by the Company, either directly or indirectly, to any governmental body or the public;
• The Company’s systems of internal control regarding finance, accounting, legal compliance and ethics that management and the Board have established; and
• The Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee encourages continuous improvement of, and fosters adherence to, the Company’s policies and procedures at all levels.

Consistent with this function, the Audit Committee encourages continuous improvement of, and fosters adherence to, the Company’s policies and procedures at all levels. The Committee’s primary duties and responsibilities are to:
• Serve as an independent and objective body to monitor theCompany’s financial reporting process and internal control system.
• Review and appraise the Company’s external auditors and its internal control department.
• Review and evaluate the Company’s quarterly and annual financial statements as well as its compliance with laws and regulations.
• Oversee the establishment and enforcement of financial policies and business practices.
• Provide an open avenue of communication between the external auditors, financial and senior management, counsel, the internal control department, and the Board of Directors.

To strengthen corporate governance internal controls and for ensuring adherence to best practices, RAK Ceramics Board has engaged an Audit Committee Expert to provide the necessary advice and assistance to the Audit Committee. Mr. Philip Gore-Randall is the designated Audit Committee Expert.

NOMINATION AND REMUNERATION COMMITTEE
MEMBERS AS OF 31ST DECEMBER 2016
• Sheikh Ahmed bin Humaid Al Qasimi (Chairman),
• Fawaz Sulaiman Al Rajhi (Member), and
• Khalid Al Saif Al Yehmadi (Member)

NOMINATION AND REMUNERATION COMMITTEE TASKS
The Nomination and Remuneration Committee’s primary functions are to:
• Assess necessary and desirable competencies of Board members
• Verify the independence of Board members
• Review Board succession plans
• Evaluate the Board’s performance
• Make recommendations to the Board on:
  o executive remuneration and incentive policies
  o remuneration packages for senior management
  o recruitment, retention and termination policies for senior management
  o incentive schemes
  o superannuation arrangements; and
  o remuneration framework for directors.

EXECUTIVE COMMITTEE TASKS
The Executive Committee’s primary functions are to:
• Follow up the implementation of the policies and regulations of the financial, administrative and control for the group, and for each subsidiary separately and develop and propose appropriate amendments to the Board of Directors.
• Follow up on the Company Strategic Plan for the long, mid and short term, update and review it from time to time.
• Follow up the implementation of the plans, budgets and follow up the actual performance and make recommendations thereon.
• Conduct the necessary studies for new company investments and take the necessary decisions.
• Selecting and assigning consultants and experts and undertaking studies, development of systems and procedures in order to achieve modernisation and automated processes to suit the development of the ceramics industry and methods of its work.
• Any other tasks delegated by the Board.
Board Responsibility

The Board assumes overall responsibility for the internal control mechanism in the Company including mandating the requirements, where appropriate, for policies, guidelines and controls (including authority levels and segregation of duties).

The executive management is responsible for the implementation of internal controls in co-ordination with the Heads of Functions, General Managers, Divisional Managers and domestic and overseas Branch Managers. The responsibility for implementing efficient internal control systems in the Company rests with each employee.

INTERNAL CONTROL DEPARTMENT
According to corporate governance requirements and the directions of the SCA, an Internal Control Department has been established with sufficient independence and appropriate staffing to meet its obligations. The department reports to the Audit Committee of the Board [G4 - 56].

WORK MECHANISM OF INTERNAL CONTROL AND DEALING WITH PROBLEMS
The Board believes that the Group’s internal control system provides reasonable assurance on the completeness, integrity, accuracy and presentation of financial information/ statements, safeguarding and preservation of assets, detection of fraud and compliance with applicable laws and regulations.

The Audit Committee, on behalf of the Board, reviews the system of internal control and assesses the framework by evaluating the work carried out by the internal control department and the external auditors.

The Board confirms the adequacy of the existence of effective internal controls in the Group based on the recommendations and advice presented by the Audit Committee.

The internal control department conducts reviews of internal control systems in the Company and submits its assessment and recommendations to the Audit Committee.

The review process is done as per applicable international standards including ministerial resolution no. 518 of 2009.

The department presents quarterly and annual updates on internal controls to the Audit Committee and to the Board.

ETHICS AND INTEGRITY
RAK Ceramics’ Code of Conduct summarises the FSCC standards of business conduct and ethics. It outlines key issues and ethical standards to which the company subscribes and expects its employees to adhere to in order to meet the shared vision and objectives. The Code specifies and assists in the continued implementation of the Corporate Business and Governance Principles by establishing certain non-negotiable minimum standards of behaviour in key areas. The nature of this code is not meant to cover all possible situations that may occur. It is designed to provide a frame of reference against which to measure any activities.

Employees should seek guidance when they are in doubt about the proper course of action in a given situation, as it is the ultimate responsibility of each employee to “do the right thing”, a responsibility that cannot be delegated.

Violation of any of the Code’s provisions could result in disciplinary action, including termination. No individual is expected to be discriminated against or suffer other reprisals for reporting in good faith violations or suspected violations, of this Code or any other law or statute. In situations involving high level employees, the Chief Executive Officer or the Chairperson of the Audit Committee of the Board of Directors may be contacted directly, as appropriate [G4-56].

GUIDING PRINCIPLES
As a responsible corporate citizen RAK Ceramics’ business practices have been to foster integrity, honesty, fair dealing, respect for cultural diversity and compliance with applicable laws and regulations in its chosen spheres of operations with optimal efficiency and effectiveness to create sustainable value for its stakeholders. RAK Ceramics’ employees worldwide uphold and demonstrate this commitment in their everyday responsibilities. Employees are guided by the following basic principles: Responsibility, Accountability, Integrity, Efficiency, Impartiality and Discretion.

At RAK Ceramics, employees conduct themselves to conform to the highest standards of corporate behaviour, accept responsibilities, adhere to accepted business and professional principles, exhibit a high degree of personal and professional integrity and adhere to the code of conduct of the company.

This responsibility not only involves sincere respect for the rights and feelings of internal and external stakeholders, but also demands that both in professional and in personal life, employees refrain from any behaviour that might be disparaging or harmful to the professional image of our company, customers or offend the sensitivities of public at large [G4-56].
ECONOMIC PERFORMANCE 2015
RAK Ceramics’ 2015 economic objective was to achieve growth consistent with its shareholder expectations and to achieve this growth in an environmentally and socially responsible manner. RAK Ceramics recognises its responsibility to foster growth in the national economy and share its wealth with the community by promoting jobs and business opportunities.

2015 net profit recorded AED 310.3 million, an increase of 10.2%, primarily driven by continued delivery of the Value Creation Plan and led by major enhancements in core businesses as a result of following a diligent investment plan in core, in addition to a successful turnaround of non-core business activities.

Overall gross margin increased by 230 basis points to 28.2%, a healthy improvement despite an increasingly competitive environment. Gross margin from core businesses rose to 29.3% from 28.4% in 2014 driven by an increase in tile margins by 20 basis points from 2014 due to a wider range of offered products. This was coupled with greater contribution from the high margin saniteware ‘core business’ and tableware.

The Board of Directors approved a cash dividend of 30% pay out to its shareholders. The board also approved a stock dividend of 5% confirming the board’s commitment to sharing more profit with shareholders via a sustainable dividend policy (G4-EC1).

KEY HIGHLIGHTS FOR THE PERIOD
- Net profit increased by 10.2% to AED 310.3 million driven by divestment of non-core businesses and turnaround in profitability of remaining non-core businesses
- Overall revenue in 2015 decreased by 1.5% to AED 3.1 billion. ‘Core’ revenues dropped 2.9% to AED 2.59 billion and non-core revenues increased by 6.9% to AED 493 million
- Tiles revenues decreased by 8.4% to AED 2.0 billion and saniteware revenues fell by 1% to AED 444 million
- Consolidated gross margin was 28.2% for 2015, up 230 basis points year-on-year.
- Core capex increased by 85% to AED 257 million
- EBITDA increased by 1.7% to AED 594 million; EBITDA margin at 19.3%
- Net debt to EBITDA ratio increased to 2.71 times but was in line with historical range

ECONOMIC PERFORMANCE 2016
RAK Ceramics reported total revenue of AED2.8 billion for 2016, decreasing by 9.3% YoY. Core revenues fell 6.1% YoY to AED2.4 billion while non-core revenues fell 26.1% YoY.

Lower core revenues principally resulted from decreased sales in Saudi Arabia and India which were 41.0% and 26.6% lower YoY respectively. The decrease in Saudi reflects the significant decline in government project spending and business sentiment. Lower sales in India reflect the company’s early stages in the process of rebuilding its senior leadership team and the impact of demonetisation on the economy in the fourth quarter of 2016. Lower non-core revenues reflect the sale of RAK Logistics and reduced construction activity in the UAE.

Offsetting these factors was continued growth in the UAE, the company’s largest market, where tiles and saniteware sales rose by 1.5% YoY despite weakness seen in Q3/2016. Sales in Bangladesh grew 10.5% YoY as the company benefited from increased tile capacity which came online mid-year. The tableware business had a robust performance with revenues increasing by 20.1% YoY to AED175 million on new product introductions including a successful line of cutlery (G4-EC1).

LIKE FOR LIKE NET PROFIT DECLINES 37.1% YoY
Despite challenging global market and trade conditions, overall profitability improved with the consolidated gross profit margin increasing to 30.3% from 28.2% YoY; core margins rose 120bps to 30.5% while non-core margins rose 770bps YoY. Higher profitability however could not offset the decline in sales. On a like for like basis, i.e. excluding provisions and write offs, net profit for the year was AED 216 million a 37.1% decline versus 2015 levels.

EXTRAORDINARY PROVISIONS IN 2016
During 2016, the company recorded total provisions of AED 185 million at both a local and international level. About 48% or AED 88.7 million of the total provisions reflects the impact of lower market prices for ceramic tiles sold in the GCC, as a result of the build-up of excess inventory at the local producer levels. The remaining 52% relates to the provisions for trade and other receivables and related expenses in international markets and other miscellaneous items. These provisions are non-cash and do not impact the company’s ability to finance itself or pay dividends to its shareholders. In 2016, the board approved the distribution of 15 fils cash dividend per share, representing a pay-out ratio of 15%.

KEY HIGHLIGHTS FOR THE YEAR ENDING 31 DECEMBER 2016

- Overall revenue decreased by 9.3% YoY to AED 2.8BN
- Core revenue decreased 6.1% YoY to 2.43BN impacted by lower sales in Saudi and India and in Europe as a result of logistics issues in Q3/16
- Non-core revenue decreased by 26.1% to AED 492.4BN. Revenues in 2015 included AED 55.5MN contribution from Rak Logistics
- Core gross margin increased to 30.5% from 29.3% noncore gross margin increased to 26.6% YoY
- Total provisions of AED 185MN were incurred in 2016 as against AED 52MN in 2015
- EBITDA margin decreased to 17.4% from 19.3%
RAK CERAMICS CONTRIBUTION TO THE LOCAL ECONOMY

**DIRECT ECONOMIC VALUE**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>AED Mio</td>
<td>AED Mio</td>
<td>AED Mio</td>
</tr>
<tr>
<td>Operating Cost</td>
<td>3,124.5</td>
<td>3,078.6</td>
<td>2,793.1</td>
</tr>
<tr>
<td>Equity</td>
<td>AED Mio</td>
<td>AED Mio</td>
<td>AED Mio</td>
</tr>
<tr>
<td>Long Term Debt</td>
<td>AED Mio</td>
<td>AED Mio</td>
<td>AED Mio</td>
</tr>
<tr>
<td>Net Profit</td>
<td>AED Mio</td>
<td>AED Mio</td>
<td>AED Mio</td>
</tr>
<tr>
<td>Net Profit as % of Turnover</td>
<td>%</td>
<td>9.0%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Government Tax Expenditure</td>
<td>AED Mio</td>
<td>23.4</td>
<td>22.4</td>
</tr>
<tr>
<td>Value of Stock/ Cash Dividend</td>
<td>AED Mio</td>
<td>185.8</td>
<td>286.1</td>
</tr>
<tr>
<td>Social Cost &amp; Donations</td>
<td>AED Mio</td>
<td>32.9</td>
<td>21.4</td>
</tr>
<tr>
<td>Social Cost &amp; Donations as % of Retained Earnings</td>
<td>%</td>
<td>4.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>No. of Employees Worldwide</td>
<td>Number</td>
<td>14,818</td>
<td>13,902</td>
</tr>
<tr>
<td>Employee Related Expenses</td>
<td>AED Mio</td>
<td>433.7</td>
<td>432.1</td>
</tr>
<tr>
<td>Turnover Per Head</td>
<td>AED Thousand</td>
<td>210.9</td>
<td>221.4</td>
</tr>
<tr>
<td>Employee Cost as % of Turnover</td>
<td>%</td>
<td>13.9%</td>
<td>14.0%</td>
</tr>
<tr>
<td>Average Employee Cost Per Month</td>
<td>AED</td>
<td>2,439.3</td>
<td>2,590.0</td>
</tr>
<tr>
<td>End of service benefits</td>
<td>AED Mio</td>
<td>80.3</td>
<td>78.3</td>
</tr>
</tbody>
</table>

* Net Profit for the year 2016 is before Impairment provisions and write offs of AED 185.0 million

**BENEFIT PLAN**

RAK Ceramics is subject to the provisions of UAE Labour Law and payment of end of service benefits under the gratuity scheme. The company recognises its obligations towards defined benefits and accumulates these on a monthly basis. RAK Ceramics also provides Employees' with a Group Medical Policy which includes worldwide coverage.

The following table shows the accrued end of service benefits (including medical insurance) for the past two years:

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued End of Service Benefits (AED Million)</td>
<td>77.9</td>
<td>80.3</td>
<td>78.3</td>
<td>83.8</td>
</tr>
</tbody>
</table>

**FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT**

RAK Ceramics was formed by way of an Emiri decree in 1989 and was listed on the Abu Dhabi Stock Exchange in 2003 (www.adx.ae Ticker: RAKEC: Abu Dhabi). The Government of Ras al Khaimah is a shareholder with a 4.97% stake in the business. No direct financial assistance is received, however the government of Ras al Khaimah donated 4 million square metres of land when the company was established. Since 2010, RAK Ceramics has also been listed on Dhaka Stock Exchange and Chittagong Stock Exchange in Bangladesh (G4-EC6).

**PROCUREMENT PRACTICES**

RAK Ceramics strives to invest in and support local suppliers where possible. For consumable goods, around 80% are purchased from suppliers in the UAE.

For our manufacturing processes, 20% of our raw materials is sourced locally and the remaining 80% is now sourced from around the world coming from countries such as Italy, Spain, Germany, Thailand, Malaysia, China and India (G4-EC6).

**MARKET PRESENCE**

There are no minimum wage laws in the UAE, however there is a system in operation called the Wages Protection System (WPS), which RAK Ceramics complies with. The system was introduced in 2009 to reduce exploitation and ensure that all workers in the private sector are paid their agreed salary in a timely manner (G4-EC5).

**PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATIONS**

Three out of the seven board members of RAK Ceramics are local Emiratis while two others come from other GCC countries and the company is committed to recruiting and developing local talent within the areas in which it operates. Emiratisation in the private sector is high on the government agenda in the UAE. However, this is a challenge for many private sector companies where working hours are longer, salaries are lower and there are fewer national holidays when compared to government jobs (G4-EC6).

**PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATIONS**

RAK Ceramics strives to invest in and support local suppliers where possible. For consumable goods, around 80% are purchased from suppliers in the UAE.

For our manufacturing processes, 20% of our raw materials is sourced locally and the remaining 80% is now sourced from around the world coming from countries such as Italy, Spain, Germany, Thailand, Malaysia, China and India (G4-EC6).

85% EXPORT HELPS BALANCE OVERALL GDP OF UAE
HIRE AND GROOM BUDDING LOCAL TALENT
EMPLOYMENT TO OVER 7,000 PEOPLE LOCALLY
SPONSORSHIP OF DIFFERENT ACTIVITIES THAT AIM TO DEVELOP LOCAL COMMUNITY AT VARIOUS LEVELS
COMPANY'S GROWTH HAS LED TO MULTIPLE ANCILLARY PRODUCT & SERVICES SUPPLIERS SETTING UP BASE IN RAS AL KHAIMAH CONTRIBUTING TO LOCAL BUSINESS
RAK Ceramics is committed to continuously improving its environmental stewardship throughout its value chain, including designing environmentally friendly products, sourcing of raw materials and operating its manufacturing processes efficiently. RAK Ceramics’ manufacturing processes use a significant amount of natural resources (minerals, energy, water) and therefore the company recognizes the importance of running its operations in a responsible and sustainable manner.

Regular environmental impact assessments are carried out at RAK Ceramics’ headquarters to enable the company to put the appropriate steps in place to minimise and mitigate its impacts. RAK Ceramics continues to take steps towards minimising environmental impacts and conserving resources through progressively reducing emissions, discharges, and wastes.

**MATERIAL USED BY WEIGHT OR VOLUME**

<table>
<thead>
<tr>
<th></th>
<th>Non-renewable</th>
<th>Renewable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average tonnes/yr</td>
<td>1,250,000</td>
<td>0</td>
</tr>
</tbody>
</table>

(M4 – EN 1)

**MINERALS / RAW MATERIALS**

RAK Ceramics’ manufacturing base was strategically set up in Ras Al Khaimah because of the availability of good quality local clay and minerals best suited to manufacturing ceramic products. In order to minimise the impact on the local environment, RAK Ceramics now sources its raw materials from around the world and combines 5 to 9 different types of natural minerals to create the required body slip.

The materials used in its manufacturing process are a mix of natural substances such as limestone, soda feldspar and red clay. An average tile size of 60x60cm weighs 9kg and after the tile clay is fired the composition in the tile cannot be renewed. There is 2% defect in production and all defected ceramic products before firing are re-cycled and re-used leading to minimal wastage.

**ENERGY CONSUMPTION WITHIN THE ORGANISATION**

<table>
<thead>
<tr>
<th>FUEL (Gallons)</th>
<th>2015</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petrol</td>
<td>210,000</td>
<td>574,854</td>
</tr>
<tr>
<td>Diesel</td>
<td>1,326,119</td>
<td>1,053,135</td>
</tr>
</tbody>
</table>

**ELECTRICITY (kwh)**

<table>
<thead>
<tr>
<th>Factories and Accommodation</th>
<th>2015</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>334,129,122</td>
<td>123,829,153</td>
</tr>
</tbody>
</table>

(M4 – EN 3, EN 5)

**ENERGY CONSUMPTION OUTSIDE THE ORGANISATION – NILL**

OVERALL TOTAL ENERGY CONSUMPTION IS

<table>
<thead>
<tr>
<th>2015</th>
<th>1,202,864,839,200 Joules</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>9,222,993,656,128 Joules</td>
</tr>
</tbody>
</table>

(M4 – EN 1)

**ENERGY CONSERVATION TECHNIQUE**

<table>
<thead>
<tr>
<th>RECOVERED/ REUSED ENERGY</th>
<th>DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Heat Recovery</td>
<td>212,300 Nm³/Hr</td>
</tr>
<tr>
<td>Water Treatment Plant</td>
<td>1,496,500 M³</td>
</tr>
<tr>
<td>Refrigerant Recovery</td>
<td>165 Kgs.</td>
</tr>
<tr>
<td>LED Lamp</td>
<td>6,225,782 Kilowatts</td>
</tr>
<tr>
<td>Reverse Osmosis</td>
<td>146,000 M³/Annually</td>
</tr>
<tr>
<td>Reverse Osmosis</td>
<td>600 M³/Daily</td>
</tr>
</tbody>
</table>
**WATER**

Being based in the desert, water scarcity is a real issue, therefore water consumption at RAK Ceramics is measured regularly. Preventative maintenance checks are carried out to ensure there are no leaks which could lead to water wastage. Data is recorded and consumption patterns noted helping the company to analyse trends and respond quickly to detect major leaks and repair any damage as soon as possible. Employees are given training in order to spread awareness on water conservation and tips on how to reduce unnecessary wastage of water.

**WATER FILTER PROCESS DIAGRAM**

**RE-CYCLE AND RE-USE OF IN-PROCESS AND DOMESTIC WASTE WATER**

RAK Ceramics operates several Effluent Treatment Plants (ETPs) to re-cycle and reuse waste water generated from the manufacturing plants as well as domestic sources. A third party authorised by the local government conducts water extraction.

RAK Ceramics has its own water desalination unit converting seawater to drinkable water. It also has a water re-cycling unit which takes waste water from production, cleans it and makes it reusable for production - 60% of water is re-cycled and re-used.

**BIO-DIVERSITY**

RAK Ceramics has signed a partnership agreement with Environment Protection and Development Authority (EPDA-RAK). The agreement outlines ways in which RAK Ceramics and EPDA-RAK can work together to protect and preserve the environment and contribute to biological diversity by conducting research and making recommendations to conserve the environment in which it operates. EPDA and RAK Ceramics are involved in joint training programmes on environmental and health and safety issues.

One of the initiatives taken by EPDA and RAK Ceramics is the regular cleaning of a section of local desert polluted with waste plastic bags to ensure that these plastic bags are not consumed by camels or other animals. In 2016, RAK Ceramics received a certification of appreciation from EPDA-RAK for its continued outstanding performance in complying with environmental regulations and requirements [G4-EN11, EN13-14; G4-SO2].

**EMISSIONS**

As part of its environmental policy, RAK Ceramics is committed to using the best available environmental technology and practices in order to progressively reduce emissions, discharge and waste, improve the efficient use of energy, and conserve natural resources. The company regularly monitors, assesses, and tracks its emissions, effluent, and waste using impact assessments and strive for continuous improvement in all of these areas. All emissions are monitored by the UAE government and tested annually by a third party using dispersion model, isokinetic measurement [G4 – EN 15, 16, 17, 19 AND 21].

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Green House Emissions [G4 – EN 15]</td>
<td>CO, SO2, NOX TSP</td>
<td>85,000 Nm3/hr</td>
<td>Spray driers, kilns, horizontal and vertical driers, stand by generators – Tiles Factory average</td>
</tr>
<tr>
<td>Other Indirect Green House Emissions [G4 – EN 17]</td>
<td>CO2</td>
<td>243,214 tonnes/yr</td>
<td>Third party power grid/power plant</td>
</tr>
</tbody>
</table>

**WATER**

**TOTAL VOLUME OF WATER WITHDRAWN BY SOURCE (approx figs)**

<table>
<thead>
<tr>
<th>Source</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total volume of water withdrawn (Desalination Plant)</td>
<td>2,000 cubic metres per day</td>
</tr>
<tr>
<td>Third party utilities</td>
<td>5,000 cubic metres per day</td>
</tr>
</tbody>
</table>

**PERCENTAGE OF TOTAL VOLUME OF WATER RECYCLED AND REUSED**

<table>
<thead>
<tr>
<th>Source</th>
<th>Volume</th>
<th>Recycled and reused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total volume of water recycled and reused</td>
<td>4,100 cubic metres per day</td>
<td>65% recycled and reused daily</td>
</tr>
</tbody>
</table>
REDUCTION OF GHG EMISSION

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of GHG Emission</td>
<td>212,300 Nm³/hr</td>
</tr>
<tr>
<td>(kiln waste heat recovery)</td>
<td></td>
</tr>
<tr>
<td>Spray Drier Wet Scrubber System</td>
<td>35,000 Nm³/hr (Average per Spray Drier)</td>
</tr>
</tbody>
</table>

CO, NOX, SO₂ AND OTHER SIGNIFICANT AIR EMISSIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of significant air pollution</td>
<td></td>
</tr>
<tr>
<td>Spray Driers</td>
<td>55,000 Nm³/hr</td>
</tr>
<tr>
<td>Kilns</td>
<td>15,000 Nm³/hr</td>
</tr>
</tbody>
</table>

EFFLUENTS AND WASTE

Initiatives to avoid Soil and Ground Water Contamination

RAK Ceramics’ diesel and oil tank storage is protected with a bunding wall to prevent direct spillages of diesel or oil into the soil. All empty or expired chemical containers are taken by an accredited third party for treatment and recycling. Flammable or hazardous volumes of chemicals are stored in a central chemical store which is equipped with the latest firefighting facilities and spill containment tanks.

CO2, NOX, SO2 AND OTHER SIGNIFICANT AIR EMISSIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of significant air pollution</td>
<td></td>
</tr>
<tr>
<td>Spray Driers</td>
<td>55,000 Nm³/hr</td>
</tr>
<tr>
<td>Kilns</td>
<td>15,000 Nm³/hr</td>
</tr>
</tbody>
</table>

TOTAL WATER DISCHARGED BY QUALITY OF DESTINATION

Volume of planned and unplanned water discharge – None

[S4 – EN 22]

SOLID WASTE MANAGEMENT METHOD

RAK Ceramics has implemented programmes to minimise the disposal of waste materials into the environment by adopting a waste segregation scheme and recycling programme which includes:

- Segregating hazardous and non-hazardous waste
- Controlling litters and odours
- Conducting routine inspections of waste storage areas
- Ensuring that all kinds of waste is identified and segregated with the use of garbage bins that are classified as:
  - Green Garbage Bins – Provided for residual waste, leftover food, paper, cartons, floor sweepings and other waste with no commercial value
  - Blue Bins – Provided for metals, machine parts and accessories or other waste that can be sent to scrap dealers for recycling
  - Black Bins – Provided for contaminated items, expired chemicals and infectious waste.
  - Central Waste Bins – Provided for adequate segregation for Baladia Waste collection (S4-EN23).

RE-CYCLE AND RE-USE OF IN-PROCESS SOLID WASTE

Sustainable consumption and production

RAK Ceramics encourages all its employees to reuse and re-cycle and has installed re-cycling facilities for carton packing, defected products, used products, and water from production processes.

RAK Ceramics has established a new re-cycling centre to reduce the amount of landfill waste dumped. Initiatives include a system to re-cycle and re-use the waste clay powder generated from the spray driers, silos and presses. All rejected fired ceramic tiles (broken pieces, defective tiles, nonconforming products) which are generated from the production of ceramic tiles are collected, re-processed and re-used in the dry-milling operation for clay powder preparation leading to 0% wastage.

RAK Ceramics encourages its employees to practice “recycle, reuse and reduce” on a daily basis by educating and encouraging them to participate in various waste recycling activities such as can collection days, waste paper recycling, and e-waste recycling initiatives. All employees are encouraged to reduce paper consumption by using electronic mail and the company email signature includes an environmental statement ‘Save a tree, please don’t print this email unless you really need to’. Where printing is required, employees are encouraged to make double side copies and dispose of used paper in paper waste recycling bins which are available in every office. The average paper waste sent for recycling for the years 2015/2016 was 2,725kg, a reduction from 2014 due to a decrease in paper consumption and a shift towards using electronic communication (S4-EN23).

TOTAL WEIGHT OF WASTE BY TYPE

<table>
<thead>
<tr>
<th>TYPE OF WASTE</th>
<th>AVERAGE ANNUALLY ACROSS 2015/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous Waste</td>
<td>7,500 kg empty chemical containers</td>
</tr>
<tr>
<td>Non Hazardous Waste</td>
<td>245,250 metric tonnes</td>
</tr>
<tr>
<td>Re-use</td>
<td>76,000 wooden pallets</td>
</tr>
<tr>
<td>Recycling</td>
<td>58,000 metric tonnes of tiles crushed and 50 metric tonnes scrap metal sent to third party</td>
</tr>
<tr>
<td>Recovery</td>
<td>212,300 Nm³/hr. of kiln waste heat recovery</td>
</tr>
<tr>
<td>Landfill</td>
<td>215,000 metric tonnes</td>
</tr>
<tr>
<td>On Site Storage hazardous chemicals</td>
<td>85 metric tonnes</td>
</tr>
<tr>
<td>Deep well</td>
<td>None</td>
</tr>
<tr>
<td>Composting</td>
<td>None</td>
</tr>
</tbody>
</table>

[ S4 – EN 23]

RECYCLING FIGS

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycled Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>275KG</td>
</tr>
<tr>
<td>2015</td>
<td>282KG</td>
</tr>
<tr>
<td>2016</td>
<td>286KG</td>
</tr>
</tbody>
</table>

PAPER RECYCLING (Administration Offices) FIGS

<table>
<thead>
<tr>
<th>Year</th>
<th>Recycled Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3,500KG</td>
</tr>
<tr>
<td>2015</td>
<td>2,600KG</td>
</tr>
<tr>
<td>2016</td>
<td>2,850KG</td>
</tr>
</tbody>
</table>

TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS

None

[ S4 – EN 24]

HABITAT SIGNIFICANTLY AFFECTED BY WATER DISCHARGE

None

[ S4 – EN 26]
Case Studies

INDOOR AIR QUALITY
RAK Ceramics promotes building interiors which contribute towards providing a healthier indoor environment and a reduction in negative impact on the environment. Ventilated façades have been developed to reduce the amount of heat and sound that buildings absorb, making them the perfect solution for the hot weather conditions in the UAE and the rest of the Middle East.

CONSTRUCTION OF RAW MATERIAL STORAGE WIND BREAKERS (2013)
RAK Ceramics constructed Raw Materials Wind Breakers in order to reduce dust emission during loading, unloading and operation at its raw materials storage area.

CONSTRUCTION OF RAW MATERIAL CONCRETE ROAD (2013)
RAK Ceramics constructed a special access road to its raw materials storage area in order reduce dust emission during the transportation of raw materials.

PURCHASE OF INDUSTRIAL SWEEPING TRUCK (2015)
RAK Ceramics purchased an Industrial Sweeping Truck so that its raw materials road and service roads could be cleaned on a daily basis, in order to reduce the impact of dust emissions across the manufacturing plant area and on the local environment.

CAN COLLECTION DAY (27TH FEBRUARY 2016)
RAK Ceramics participated in a ‘Can Collection Day’, organised by Emirates Environmental Group. RAK Ceramics employees collected tin aluminium cans from within the company premises which were then sent for recycling.

EARTH HOUR (19TH MARCH 2016)
RAK Ceramics observed the annual Earth Hour, a global initiative to raise awareness of climate change and reduce energy consumption. The Company switched off the lights in its production facilities, employee accommodation buildings and offices for one hour in order to spread awareness amongst its employees on environmental sustainability.

WORLD ENVIRONMENT DAY (APRIL 2ND 2016)
RAK Ceramics organised a tree planting ceremony to commemorate the annual World Environment Day by planting an additional 500 trees around the vicinity of its manufacturing plants. This brings the total trees planted to date to 8,000 (restated figure).

PROVIDING COMPLETE CERAMICS’ SOLUTIONS
At RAK Ceramics, we can offer true customisation in every sense of the word. We are one of the largest ceramics’ manufacturing plants in the world, with the latest technologies all under one roof. With the technology we have at our fingertips there are no limits, and we have evolved from being a ceramics’ manufacturer, to becoming an inspirational lifestyle ceramics brand. We are able to consistently produce high quality tiles, sanitaryware, tableware and faucets with an impeccable finish. Our quality, combined with our passion and expertise, enables us to provide a wide range of integrated ceramics solutions which allow our customers the freedom to be creative.

RAK CERAMICS ECO-FRIENDLY PRODUCT RANGE
As a founding member of the Emirates Green Building Council, which supports and promotes sustainable building in the UAE, RAK Ceramics continues to support green building initiatives, resulting in the development and introduction of a wide range of innovative and environmentally friendly products. Some of RAK Ceramics’ eco-friendly product range includes the following:

- **KLIMA**, a new generation of ceramics which are created using special materials and are suitable for both indoor and outdoor applications, for flooring or external walls. Klima provides maximum comfort with minimum energy impact.
- **MAXIMUS SOLID SURFACE**, is the new generation of mega-slab applications by RAK Ceramics. Create counter-tops, kitchen tops, vanity units or stairs from a single piece of porcelain, as an alternative to natural granite or marble.
- **RAK SLIM**, a unique green building product and environmentally friendly tile, which has the same finish and features of a standard tile but consumes 50% less raw materials.
- **RAK ANTIMICROBIAL**, a hygienic easy to clean tile especially suited for use in schools, healthcare facilities or the hospitality industry. Antimicrobial is the world’s first ceramic tile that reduces microbial contamination and contributes to a healthy environment.
- **RAK LUMINOUS** is a wonder tile that glows in the dark. The tile is energized by surrounding light and once charged RAK Luminous will glow for several hours, helping to conserve electricity usage. These tiles are suitable for use on the exteriors of high-value buildings and also interiors in places such as clubs, bars and restaurants.

STONE ART TILES COLLECTION is inspired by natural stone. Using advanced digital printing technology, the Stone Art Tiles Collection is created by using droplets of colour deposited directly onto the tile surface. The high definition print technology allows variations in colour to be used throughout the printing process, giving the tiles a natural stone like finish. The collection offers customers a similar product at an affordable price whilst at the same time conserving the natural environment.

RAK BATHWARE has converted all its water closets from nine-litre flushing capacity to six-litre full flush and three-litre half flush, translating into water savings of as much as 33% compared to older models. Every sanitaryware piece before firing is fully recyclable and therefore considered to be environmentally friendly.

KLUDI RAK manufactures faucets and bathroom fittings that are equipped with new water-saving systems allowing customers to reduce water consumption by up to 60%.

RAK PORCELAIN manufactures high-end tableware with a 100% eco-friendly manufacturing process that involves complete recycling of ‘green’ and ‘fired’ ceramic breakages during manufacturing and not allowing any wastage to pollute the surrounding atmosphere (G4 – EN27).

Products And Services

**ART TILES** is an international brand name offering unique products made in Spain.

**FABRIS** is a stylish product that joins the RAK Ceramics brand.

**K-LOVE** is a new generation of ceramics which are created using special materials and are suitable for both indoor and outdoor applications, for flooring or external walls. Klima provides maximum comfort with minimum energy impact.

**MAXIMUS SOLID SURFACE**, is the new generation of mega-slab applications by RAK Ceramics. Create counter-tops, kitchen tops, vanity units or stairs from a single piece of porcelain, as an alternative to natural granite or marble.

**RAK SLIM**, a unique green building product and environmentally friendly tile, which has the same finish and features of a standard tile but consumes 50% less raw materials.

**RAK ANTIMICROBIAL**, a hygienic easy to clean tile especially suited for use in schools, healthcare facilities or the hospitality industry. Antimicrobial is the world’s first ceramic tile that reduces microbial contamination and contributes to a healthy environment.

**RAK LUMINOUS** is a wonder tile that glows in the dark. The tile is energized by surrounding light and once charged RAK Luminous will glow for several hours, helping to conserve electricity usage. These tiles are suitable for use on the exteriors of high-value buildings and also interiors in places such as clubs, bars and restaurants.

**STONE ART TILES COLLECTION** is inspired by natural stone. Using advanced digital printing technology, the Stone Art Tiles Collection is created by using droplets of colour deposited directly onto the tile surface. The high definition print technology allows variations in colour to be used throughout the printing process, giving the tiles a natural stone like finish. The collection offers customers a similar product at an affordable price whilst at the same time conserving the natural environment.

**RAK BATHWARE** has converted all its water closets from nine-litre flushing capacity to six-litre full flush and three-litre half flush, translating into water savings of as much as 33% compared to older models. Every sanitaryware piece before firing is fully recyclable and therefore considered to be environmentally friendly.

**KLUDI RAK** manufactures faucets and bathroom fittings that are equipped with new water-saving systems allowing customers to reduce water consumption by up to 60%.

**RAK PORCELAIN** manufactures high-end tableware with a 100% eco-friendly manufacturing process that involves complete recycling of ‘green’ and ‘fired’ ceramic breakages during manufacturing and not allowing any wastage to pollute the surrounding atmosphere (G4 – EN27).
**Section 4**

Setting of press parameters and temperature parameters suitable for desired tiles specifications (SPHPR01-03.doc, PMHPR03.doc)

Pressing of powder and drying of green tiles

Checking the pressing pressure thickness of tiles and visible defects (PMHPR01-03.doc)

---

**A BODY SLIP PREPARATION**

- Inspection and testing of incoming raw materials (SPLtLA01, DOC, PMLtLA30, DOC, PMtLA01, DOC)
- Store in bins & identify with name boards
- Batching and weighing in electronic weighing Box Feeder (PMHBo02, DOC, PMHBo03, DOC, PMLtLA31-34.doc)
- Ball mill loading and milling
- Test density, viscosity, residue and compare with standard parameters (PMHBo05, DOC, PMHBo06-08.doc)
- Slip discharging

**B BODY GRANULE PREPARATION**

- Spray drying of body slip
- Test body granule moisture content and compare with standard specifications (PMHBo02, DOC, PMHBo03, DOC, PMLtLA35.doc)
- Powder feeding to silo and dosing

**C TILE FORMING**

- Setting of press parameters and temperature parameters suitable for desired tiles specifications (PMHPR01-03, DOC, PMHPR03, DOC)
- Pressing of powder and drying of green tiles
- Check the pressing pressure thickness of tiles and visible defects (PMHPR01-03, DOC)

**D GLAZE PREPARATION**

- Inspection and testing of incoming raw materials (SPLtLA01, DOC, PMLtLA30, DOC, PMtLA01, DOC)
- Store in godowns & identify with name boards
- Preparation of body pigments, batching and weighing (SPeGL01-03, DOC)
- Milling to the desired particle size
- Test density, viscosity, residue and compare with standard parameters (PMLtLA05-06, DOC, PMHtLAS1, DOC)
- Sieving and transfer to glazing line

**E APPLICATION OF ENGobe & GLAZE**

- Dried green tiles sample preparation, porcelain and glazed green tiles and application of water (SPHPr04-07, DOC, PMHPr09, DOC)
- Check the water pick weight of tile and the density, viscosity, residue of glaze and engobe (PMLtLAS2-28, DOC, PMHtLA39/doc)
- Application of engobe and glaze (PMHPr05-06, DOC, PMHtLA31, DOC)
- Screen printing (if required). Check printing paste physical properties (PMHPr05-06, DOC, PMLtLA35, DOC)
- Other required applications

**F FIRING OF TILES**

- Determination of the type of body and size of tiles for production (SPHPr03, DOC)
- Setting of the required loading and unloading machine parameters (PMHPr03, DOC)
- Setting of kiln parameters according firing formula, cycle and roller speed (PMHPr04-05, DOC)
- Checking of fired tile thickness and planarity (PMHPr05-08, DOC, PMLAS1, DOC)

**G BODY SLIP PREPARATION**

- Receiving of fired tiles from kiln
- Start semi-polishing, squaring and chamfering units (PMHPl01, DOC)
- Check the uniformity of squaring and evenness of chamfering and compare with standard specifications (PMLtLA05-06, DOC, PMHPl05-06, DOC)
- Sorting and packing of polished tiles according to grade (PMLtLA01, DOC)

**H SORTING AND PACKING**

- Sorting and making of fired tiles
- Visual checking of tiles for visible defects size for caliber (PMHSo05, DOC)
- Automatic sorting and packing of tiles according to grade (PMHSo15-16, DOC)
- Quality checks by random sampling (PMLtLA38, DOC)

**I WAREHOUSING AND SHIPPING**

- Receiving of paled tiles in godowns (SPLwt01, DOC)
- Wrapping and strapping of paled tiles (SPLwt01, DOC)
- Storage of finished products and encoding the details for traceability (PMLwt01-04, DOC)
- Final inspection (SPLwt01, DOC)
- Delivery to customers (PMLwt01, DOC)

---

**Note:**

1. Preventive maintenance checks of all equipment used for every production process are performed by trained maintenance personnel according to schedule.
2. All equipment used for monitoring and measuring the quality of products are calibrated either internally by qualified personnel or externally through approved calibration agency.
Section 4

Transport

Blunging for dissolution

Testing of Raw Materials as per documented procedures & specifications

Batching & weighing in electronic weighing Box Feeder

Milling of Silica Sand & Feldspar to the desired particle size

Test Density & % Residue and compare with standard parameters

Screening on 40 mesh sieve

Slip Blunging (Milled Silica Sand & Feldspar with Ball Clay & Kaolin)

Test Density, Viscosity, Thixotropy, Casting Rate & % Residue

Screening on 40 mesh sieve

Slip Storage Tanks (Homogenization of Scarp & Fresh Slips)

Final screening on 120 mesh sieve

Supply Tanks (Ageing process & adjustment of slip properties as per standard parameters)

Test Density, Viscosity, Thixotropy, Casting Rate, % Residue, Temperature & Physical Properties & compare with standard parameters

Supply to Casting Department

GLAZE PREPARATION

Incoming Raw Materials (Quartz, Feldspar, Quartzite, Zirconium Silicate, Kaolin, ZnO, BaCO3, Talc)

Store in godowns & identify with name boards

Testing of Raw Materials as per documented procedures & specifications

Batching & weighing on electronic weighing scale

Milling to the desired particle size

Test Density & % Residue and compare with standard parameters

Screening on 100 mesh sieve & sample making for color matching and glazed surface quality evaluation

Store in tanks

Screening on 100 mesh sieve

Mixing with Binder by using the glaze stirrer

Adjust Density & Viscosity as per standard parameters

Screening on 100 mesh sieve

Store in buckets (120 liters capacity)

Test Density & Viscosity & compare with standard parameters

Supply to Glaising Department

SCARP SLIP PREPARATION

Incoming Raw Materials (Silica Sand, Feldspar, Ball Clay, Kaolin)

Store in bins & identify with name boards

Testing of Raw Materials as per documented procedures & specifications

Screening on 40 mesh sieve

Milling of Silica Sand & Feldspar to the desired particle size

Test Density & % Residue and compare with standard parameters

Screening on 100 mesh sieve

Slip Storage Tanks

Final screening on 120 mesh sieve

Supply to Casting Department

CASTING

Incoming Raw Materials

Store in godowns & identify with name board

Testing of Plaster of Paris as per documented procedure specifications

Design Development

Block & Case Making

Trial Production

Plaster Mould Production

Mould Drying

RECLAIM

Incoming Raw Materials

Store in godowns & identify with name board

Testing of Plaster of Paris as per documented procedure specifications

Design Development

Block & Case Making

Trial Production

Plaster Mould Production

Mould Drying

PILOT PLASTER MOULDS MAKING

Rejected

Pre-Drying of Claywares

Greenwares Finishing

Rejected

Transport by trolleys

CLAYWARES DRYING (SPSK101.DOC) (Tunnel & Roller Driers)

INSPECTION & FINISHING of dried wares (SPSK01.DOC) - Rejects

E SCRAP

Pre-Drying of Claywares

Greenwares Finishing

Rejects

Transport by trolleys

CLAYWARES DRYING (SPSK101.DOC) (Tunnel & Roller Driers)

INSPECTION & FINISHING of dried wares (SPSK01.DOC) - Rejects

T E RECLAIM

A E RECLAIM

B E RECLAIM

C E RECLAIM

D E RECLAIM
Section 4: Environment

**Production Process Flowchart – Tiles & Sanitaryware**

**Packaging**

The packaging materials used by RAK Ceramics such as plastic cartons or wooden pallets are fully recyclable. Our purchasing policy is not to buy any products which are not recyclable or made from recycled materials. In 2015, 66,340 wooden pallets were repaired and re-used; in 2016 50,202 wooden pallets were repaired and re-used (G4 – EN28).

**Compliance**

In 2016 RAK Ceramics was awarded a Certificate of Appreciation by the Environmental Protection Development Authority (EPDA-RAK) for its successful efforts to implement environmental best practices throughout 2015/2016. During 2015/2016, no fines or non-monetary sanctions were taken against RAK Ceramics for non-compliance with environmental laws and regulations (G4 – EN29).

**Transport**

Transport for RAK Ceramics’ onshore and offshore freight is provided by RAK Logistics, an international freight forwarder that manages the movement of cargo via air, land and sea to and from any destination worldwide. Where possible, aggregated shipping is used to reduce the number of shipments overall.

For employees, RAK Ceramics offers buses to transport large numbers of employees from home to work and back on a daily basis. Car-pooling is also encouraged when small groups of employees travel on company business [G4 – EN32].

**Environmental Expenditure 2015/2016**

<table>
<thead>
<tr>
<th>Project Details</th>
<th>Project Cost in AED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement of industrial sweeping truck</td>
<td>640,000.00</td>
</tr>
<tr>
<td>Construction of open raw materials wind breakers</td>
<td>2,500,000.00</td>
</tr>
<tr>
<td>Construction of concrete raw materials roads</td>
<td>600,000.00</td>
</tr>
<tr>
<td>Installation of led lights and replacement of halogen lights</td>
<td>300,000.00</td>
</tr>
<tr>
<td>Installation of sanitary wares environmental dust collection booth</td>
<td>300,000.00</td>
</tr>
<tr>
<td>Crusher plants shed and enclosure</td>
<td>100,000.00</td>
</tr>
<tr>
<td>Installation of stockyards solar lamps</td>
<td>300,000.00</td>
</tr>
<tr>
<td>Installation of sun dome lights</td>
<td>150,000.00</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>4,590,000.00</td>
</tr>
</tbody>
</table>

**Supplier Environmental Assessment**

New suppliers or contractors are evaluated and selected based on their capabilities to supply the required materials for production of ceramic tiles and sanitaryware which can be determined after at least three satisfactory deliveries or based on performance of providing the required services.

For the raw materials used in production, an initial survey is made requesting product specifications. Subject to a positive response, a sample is procured for testing in our in-house laboratory, after which a trial production is undertaken. If the result of the trial is satisfactory, the supplier is notified and the material is purchased. Post purchase the new supplier is added to the company’s approved suppliers and subcontractors list for future purchases.

In addition to the quality testing measures for raw materials, all new suppliers are expected to complete a supplier assessment questionnaire in line with our purchasing policy. The supplier assessment questionnaire includes questions on environmental performance and policy.

In 2015, 25% of RAK Ceramics’ new suppliers completed a supplier assessment questionnaire. In 2016 this figure rose to 32% (G4 – EN33).
LABOUR PRACTICES AND DECENT WORK

RAK Ceramics manages approximately 13,000 employees globally of which 50% work at our corporate headquarters in Ras Al Khaimah (see table below). Of the total number employed at our RAK Headquarters, approximately 2,026 are white collar employees and 4,687 are blue collar employees. The company employs staff from all over the world including the UAE, Lebanon, India, Bangladesh, Philippines, China, Sudan, Egypt, Morocco, Armenia, Syria, Italy, Switzerland, Holland, Germany, UK, and other countries at our headquarters in Ras Al Khaimah, besides local employees in many locations where we have our offices in Europe and Asia.

WORK FORCE TABLE (BY GENDER AND AGE GROUP)

<table>
<thead>
<tr>
<th>WORK FORCE</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Employees</td>
<td>7,137</td>
<td>7,306</td>
<td>7,060</td>
<td>6,573</td>
</tr>
<tr>
<td>Males</td>
<td>6,882</td>
<td>7,107</td>
<td>6,865</td>
<td>6,362</td>
</tr>
<tr>
<td>Females</td>
<td>207</td>
<td>199</td>
<td>195</td>
<td>211</td>
</tr>
<tr>
<td>Employees &lt;30</td>
<td>3,111</td>
<td>2,592</td>
<td>2,497</td>
<td>1,998</td>
</tr>
<tr>
<td>Employees b/w 30 and 50</td>
<td>3,760</td>
<td>4,423</td>
<td>4,282</td>
<td>4,198</td>
</tr>
<tr>
<td>Employees &gt;50</td>
<td>265</td>
<td>291</td>
<td>281</td>
<td>319</td>
</tr>
<tr>
<td>Employees Joined</td>
<td>1,110</td>
<td>1,098</td>
<td>979</td>
<td>927</td>
</tr>
</tbody>
</table>

LABOUR/MANAGEMENT RELATIONSHIPS

At RAK Ceramics, the employer-employee relationship is governed by UAE labour law along with individual employment contracts and company policies and procedures. The key legislations in this context are the UAE labour laws of 1984, UAE immigration and residency laws and various circulars, notifications and regulations from local and federal authorities. Employees are encouraged to familiarise themselves with local legislation and rules as well as RAK Ceramics’ HR policy which is included in the Employee Handbook.

The Public Relations and Personnel department is responsible for liaising with external stakeholders in this context and updates the management of any changes in legislation which may have an impact on our internal policies and procedures. Therefore, RAK Ceramics’ policies and procedures may be subject to change or be modified if necessary in between revisions of the Employee Handbook [G4-LA4].

EMPLOYEE BENEFITS

RAK Ceramics provides a wide variety of benefits to all of our employees. We review our salary structure annually to ensure we are competitive and aligned with market conditions in order to attract and retain high caliber talent. The benefit plans are not only designed to comply with the UAE’s labour law requirements but also to recognise our employees’ educational qualifications, professional experience, and skills. We offer competitive levels of annual leave entitlement, maternity leave, and after service benefits taking into consideration the number of years-service consideration the number of years-service [G4-LA2].

BENEFIT TYPE | DESCRIPTION
--- | ---
Bonus, Incentives and Rewards | Annual bonuses are related to performance and all employees are eligible to receive an annual bonus determined at their annual performance review. The amount paid is usually a percentage of the employee’s salary. Additional incentives and rewards are paid to employees at the discretion of senior management upon completion of special projects or in the event of extraordinary contribution to the company.
Accommodation | Employees are provided with accommodation with or without furnishing as agreed between the employee and the company in the letter of employment and subject to the accommodation policy of RAK Ceramics. If no accommodation is provided, the employee will be eligible for allowances for their respective grades as per the allowances policy of the company.
Transportation | RAK Ceramics provides free transport for all employees that reside in the Emirate of Ras Al Khaimah. This is governed by the company transportation policy which lays down the eligibilities and entitlements as per the grade of the employee.
Canteen and Nourishment | Administration staff are provided with a daily lunch in the canteen at a subsidised rate while food is free for labourers. Tea, coffee and water is also provided in the small pantries located near work locations.
Group Life Insurance | All employees are covered under the company’s group life insurance policy which covers personal injuries, permanent and/or partial disability, natural or work-related demise of an employee while in employment of the company.
Group Medical Insurance | All employees are covered under the group medical insurance policy which covers costs of personal illness or treatments for an employee and/or allowed dependents which are covered through the insurance within limits.
Workman Compensation Insurance | All the employees are covered under a workman compensation policy which covers work related accidents/injuries and loss of salary due to work related accidents while an employee is in employment of the company.
Leave (Annual, Maternity, Hajj/Umroh, Accident, Sick, Official) | RAK Ceramics offers employees the opportunity to take leave for many reasons including medical, holiday, and maternity. In 2015/2016, 12 and 6 employees respectively took maternity leave. Seven employees chose not to return to work following their scheduled leave period [G4-LA3].
Leave Travel Allowance | All employees get a leave travel allowance graded appropriately to their designation at prevalent market rates.
End of Service Benefits | End of service benefits are provided for all departing employees as per the gratuity provisions under UAE Labour Law, unless the employee is terminated without terminal benefits as per Article 120 of the law. The gratuity is calculated and paid to the leaving employee taking into consideration the length of service and the last drawn salary.
Employee Welfare Fund | An employee welfare fund has been established to help and support our employees in dire need of monetary help due to accidents, medical emergencies for self or immediate family members and other approved expenses to the extent not covered by insurance or any other source. The welfare fund is managed by a committee formed for this purpose who shall be the authority for sanctioning of financial help for those in need.
OCCUPATIONAL HEALTH AND SAFETY
RAK Ceramics is fully committed to the prevention of all accidents, injuries, and occupational illnesses to its employees. RAK Ceramics EHS policy provides clear guidance that is upheld at all levels of management, supervision and employees accountable for EHS performance (G4 – LA5).

RAK CERAMICS HSSE OBJECTIVES:
• Promote Environmental Health and Safety (EHS) practices across all operational areas.
• Integrate HSSE across the organisation and treat it with the same level of importance as any other critical business activity.
• Have a strong and sound EHS Management System, in which competencies, communication channels and responsibilities are clearly defined throughout the organisation.
• Provide a safe and healthy working environment for all RAK Ceramics employees, visitors, clients and contractors with adequate facilities and appropriate protective equipment.
• Be prepared at all times for a quick and efficient response to emergency situations to minimise the potential impact of accidents, should they occur.
• Assist with the design, building and maintenance of facilities and utilise services in a manner to avoid risks to people and the environment.
• Set targets and benchmark performance to achieve continuous improvement and ensure compliance with all applicable UAE regulations, including best practice international standards.

RAK CERAMICS MEDICAL CENTRE
RAK Ceramics Medical Centre is responsible for the treatment of all minor injuries and ill-health at the workplace. With a full team of doctors and nurses available along with all necessary emergency medical equipment, the centre is located directly behind RAK Ceramics. Any employee who visits the medical centre as a patient suffering from ill-health or any kind of minor injury is only discharged from the clinic after thorough examination and if necessary will be prescribed any medicines required.

MONTHLY TALLY NO. OF INJURIES & ILL HEALTH

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>59</td>
<td>68</td>
<td>26</td>
<td>3</td>
</tr>
<tr>
<td>February</td>
<td>30</td>
<td>55</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>March</td>
<td>33</td>
<td>43</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>April</td>
<td>41</td>
<td>58</td>
<td>9</td>
<td>–</td>
</tr>
<tr>
<td>May</td>
<td>21</td>
<td>81</td>
<td>4</td>
<td>–</td>
</tr>
<tr>
<td>June</td>
<td>48</td>
<td>80</td>
<td>9</td>
<td>–</td>
</tr>
<tr>
<td>July</td>
<td>110</td>
<td>65</td>
<td>14</td>
<td>–</td>
</tr>
<tr>
<td>August</td>
<td>48</td>
<td>118</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>September</td>
<td>42</td>
<td>62</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>October</td>
<td>28</td>
<td>41</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>November</td>
<td>35</td>
<td>64</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>December</td>
<td>30</td>
<td>54</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>525*</td>
<td>789</td>
<td>69</td>
<td>40</td>
</tr>
</tbody>
</table>

*Restated figure

RAK CERAMICS INCIDENT/ACCIDENT REPORTING SYSTEM
RECORDING PROCEDURE
• Accident/Incident is reported
• Investigation is carried out
• Obtain names of any witnesses and take statements
• Take photographs if possible
• Complete an accident investigation report using form F-02 - Accident/Incident Investigation Report and submit to EHS DGM for review and approval before publishing
• Enter details in the accident/incident - record file
• Ensure staff and workers are advised of the change to the Job Safety Procedure or SEA via toolbox talks, training, one-to-one meetings to prevent reoccurrence if appropriate.

ACCIDENT PROCEDURE DIAGRAM

HIGH RISK IDENTIFICATION

<table>
<thead>
<tr>
<th>TYPE OF WORK</th>
<th>CAUSE</th>
<th>DISEASE</th>
<th>MEASURES TAKEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press, Box feeder, SWD</td>
<td>Inhalation of dust</td>
<td>Risk of respiratory / lung diseases (chronic effect)</td>
<td>- Air quality testing in dusty areas</td>
</tr>
<tr>
<td>manual casting, DMP and</td>
<td></td>
<td></td>
<td>- Installation of Dust Collector Systems</td>
</tr>
<tr>
<td>crusher department</td>
<td></td>
<td></td>
<td>- PPE’s for respiratory protection are provided</td>
</tr>
<tr>
<td>Polishing, squaring and ball</td>
<td>High level of Noise</td>
<td>Risk of hearing problems (chronic effect)</td>
<td>- Installation of silencers for noise reduction</td>
</tr>
<tr>
<td>mill department</td>
<td></td>
<td></td>
<td>- PPE’s for ear are provided</td>
</tr>
<tr>
<td>Sorting and packing, manual</td>
<td>Manual handling of loads</td>
<td>Risk of back injuries (chronic and acute effect)</td>
<td>- Tool box talks regarding the risk on every activity and how to reduce/ prevent the risks</td>
</tr>
<tr>
<td>casting and SWD</td>
<td></td>
<td></td>
<td>- Safety Signage is posted in every plant</td>
</tr>
<tr>
<td>Silk screen, décor and</td>
<td>Exposure to chemicals</td>
<td>Risk of respiratory / lung diseases (chronic effect)</td>
<td>- Workers who work with high risk level are given a free medical check-up annually</td>
</tr>
<tr>
<td>screen printing department</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(G4 – LA7)
PREVENTING THE NEXT INCIDENT
RAK Ceramics has worked hard to achieve high standards of health and safety with its workforce. To create a dynamic learning process, a reference point was required to ensure that the company can learn from any incidents which occur. Each time a new incident occurs, the learning is captured in work plans to create awareness and reinforce critical safe behavior. Effective communication of ‘lessons learned’ has been adopted by RAK Ceramics EHS Team as one of the operational performance indicators.

AWARENESS TRAINING PROGRAMMES

SAFETY INDUCTION TRAINING
Safety induction training is given to all new employees and refresher training is carried out annually. RAK Ceramics EHS Department launched a ‘NO Induction—NO Work’ campaign to ensure that every employee that sets foot inside the plant is properly briefed and educated regarding the hazards and risks inside the workplace. As part of the training, required PPE’s are issued to help minimise the risks to health and reduce the chances of personal injury or accident.

NEBOSH CERTIFICATION
RAK Ceramics’ EHS department employees hold the UK based National Examination Board in Occupational Safety and Health (NEBOSH) International Certificate which is a globally recognised qualification that is held by more than 100,000 people in the UK and worldwide.

TOOL BOX TALKS
RAK Ceramics EHS team has developed ‘Tool Box Talks’ for communicating hazard information and instruction. This is an informal but important training programme designed to reduce accident and injury rates and improve the knowledge of workers. The topics discussed vary depending on recent events and situations inside the workplace.

FIRE EMERGENCY TRAINING
As part of RAK Ceramics commitment to Health Safety Security and Environmental (EHS) in compliance with ISO 14001:2015 Environmental Management System, OHSAS 18001:2007 and UAE Federal Law, annual Fire Emergency Drill training is conducted in all our plants, workshops and administration offices. Drills are also carried out in the living quarters with a strong focus on workers families including housewives, elderly people and children.

SAFETY SIGNAGE
RAK Ceramics recognises the value of providing clear, simple, and consistent communication regarding risks in the workplace and the proper use of barriers and safeguards to protect our workforce. RAK Ceramics is re-enforcing its safety signage and emphasizing that breaking the rules displayed on safety signage could result in serious injury or death, followed with negative impact on the families involved and company reputation.

HEALTH SCREENING AND COUNSELING PROGRAMME
The health screening programme, in partnership with Arabian Wellness and RAK Hospital, has continued throughout 2015/2016. Designed especially for our factory employees who work under extreme conditions such as excessive noise, dust and chemical exposure, fifty employees per plant per day are taken to the medical centre for screening and offered follow up examinations if needed as well as provided with information and awareness leaflets for health prevention (G4-LA9).

SAFETY INDUCTION TRAINING
Safety induction training is given to all new employees and refresher training is carried out annually. RAK Ceramics EHS Department launched a ‘NO Induction—NO Work’ campaign to ensure that every employee that sets foot inside the plant is properly briefed and educated regarding the hazards and risks inside the workplace. As part of the training, required PPE’s are issued to help minimise the risks to health and reduce the chances of personal injury or accident.

NEBOSH CERTIFICATION
RAK Ceramics’ EHS department employees hold the UK based National Examination Board in Occupational Safety and Health (NEBOSH) International Certificate which is a globally recognised qualification that is held by more than 100,000 people in the UK and worldwide.

TOOL BOX TALKS
RAK Ceramics EHS team has developed ‘Tool Box Talks’ for communicating hazard information and instruction. This is an informal but important training programme designed to reduce accident and injury rates and improve the knowledge of workers. The topics discussed vary depending on recent events and situations inside the workplace.

SUMMARY OF HSSE TOOLBOX TALK AND OTHER TRAININGS

<table>
<thead>
<tr>
<th>TOPICS DISCUSSED</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heat illness awareness</td>
<td>1032</td>
<td>2473</td>
<td>1544</td>
<td>2654</td>
</tr>
<tr>
<td>Material safety data sheet (MSDS)</td>
<td>59</td>
<td>49</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Safety forklift operation guidelines</td>
<td>315</td>
<td>259</td>
<td>–</td>
<td>15</td>
</tr>
<tr>
<td>Hearing/ear protection</td>
<td>234</td>
<td>66</td>
<td>63</td>
<td>–</td>
</tr>
<tr>
<td>Housekeeping and no smoking in workplace</td>
<td>67</td>
<td>58</td>
<td>831</td>
<td>–</td>
</tr>
<tr>
<td>Foot injury and machineries safety</td>
<td>25</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Safety ladder awareness</td>
<td>112</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Miss/minor foot injury</td>
<td>23</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Safety operation of gantry crane for lifting</td>
<td>8</td>
<td>–</td>
<td>189</td>
<td>23</td>
</tr>
<tr>
<td>Hand, arm and ladder safety awareness</td>
<td>887</td>
<td>–</td>
<td>–</td>
<td>51</td>
</tr>
<tr>
<td>Waste management spillage</td>
<td>256*</td>
<td>414</td>
<td>291</td>
<td>–</td>
</tr>
<tr>
<td>Spillage control procedure</td>
<td>591</td>
<td>118</td>
<td>370</td>
<td>–</td>
</tr>
<tr>
<td>E-03 noise pollution</td>
<td>108</td>
<td>227</td>
<td>339</td>
<td>–</td>
</tr>
<tr>
<td>Dust emission and odours pollution</td>
<td>151</td>
<td>437</td>
<td>355</td>
<td>–</td>
</tr>
<tr>
<td>Water pollution</td>
<td>154</td>
<td>307</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Energy conservation</td>
<td>313</td>
<td>467</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Bicycle safety</td>
<td>609</td>
<td>1028</td>
<td>–</td>
<td>898</td>
</tr>
<tr>
<td>Work at heights awareness training</td>
<td>37</td>
<td>28</td>
<td>46</td>
<td>111</td>
</tr>
<tr>
<td>Machine safety operating</td>
<td>48</td>
<td>19</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Machine guarding</td>
<td>199</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Hazards of silica dust</td>
<td>283</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Fire prevention awareness</td>
<td>10</td>
<td>1554</td>
<td>894</td>
<td>15</td>
</tr>
<tr>
<td>Requirements for safeguards</td>
<td>5</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Safe working procedure</td>
<td>6</td>
<td>185</td>
<td>–</td>
<td>418</td>
</tr>
<tr>
<td>Sheen safety awareness</td>
<td>30</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Forklift safety</td>
<td>207</td>
<td>259</td>
<td>–</td>
<td>9</td>
</tr>
<tr>
<td>Loading ramp</td>
<td>–</td>
<td>16</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>TOPICS DISCUSSED</td>
<td>2013</td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Accident and incident</td>
<td>-</td>
<td>12</td>
<td>1176</td>
<td>8</td>
</tr>
<tr>
<td>Crush injuries</td>
<td>-</td>
<td>29</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Work permit system/awareness</td>
<td>-</td>
<td>154</td>
<td>301</td>
<td>396</td>
</tr>
<tr>
<td>Facial/nose protection</td>
<td>-</td>
<td>18</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proper use/responsibility of PPE's</td>
<td>-</td>
<td>27</td>
<td>349</td>
<td>897</td>
</tr>
<tr>
<td>Respiratory</td>
<td>-</td>
<td>18</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shovel bucket overflow</td>
<td>-</td>
<td>29</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Confined spaces</td>
<td>-</td>
<td>11</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Electrical safety</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Manual casting</td>
<td>-</td>
<td>351</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>General duties of employees</td>
<td>-</td>
<td>391</td>
<td>254</td>
<td>609</td>
</tr>
<tr>
<td>Silicosis</td>
<td>-</td>
<td>25</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Road accidents</td>
<td>-</td>
<td>104</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Chemical spillages</td>
<td>-</td>
<td>97</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Slip/Unloading techniques</td>
<td>-</td>
<td>9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Falling objects</td>
<td>-</td>
<td>406</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>LPG/natural gas guidelines</td>
<td>-</td>
<td>54</td>
<td>60</td>
<td>-</td>
</tr>
<tr>
<td>Fire safety</td>
<td>-</td>
<td>163</td>
<td>638</td>
<td>66</td>
</tr>
<tr>
<td>In house training for HSSE personnel</td>
<td>284</td>
<td>225</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Health counseling programme</td>
<td>1037</td>
<td>1463</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Safe system work</td>
<td>-</td>
<td>-</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>Switch off when not in use/power savings</td>
<td>-</td>
<td>-</td>
<td>22</td>
<td>-</td>
</tr>
<tr>
<td>Waste energy</td>
<td>-</td>
<td>-</td>
<td>22</td>
<td>-</td>
</tr>
<tr>
<td>Height work permit procedure</td>
<td>-</td>
<td>-</td>
<td>25</td>
<td>-</td>
</tr>
<tr>
<td>About the accident happen in glaze line</td>
<td>-</td>
<td>-</td>
<td>405</td>
<td>41</td>
</tr>
<tr>
<td>Hot work permit procedure</td>
<td>-</td>
<td>-</td>
<td>24</td>
<td>46</td>
</tr>
<tr>
<td>Safety first</td>
<td>-</td>
<td>-</td>
<td>68</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOPICS DISCUSSED</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>New hazard</td>
<td>-</td>
<td>-</td>
<td>348</td>
<td>-</td>
</tr>
<tr>
<td>Hierarchy control</td>
<td>-</td>
<td>-</td>
<td>390</td>
<td>-</td>
</tr>
<tr>
<td>What is permit?</td>
<td>-</td>
<td>-</td>
<td>363</td>
<td>-</td>
</tr>
<tr>
<td>Chain and sling safety</td>
<td>-</td>
<td>-</td>
<td>24</td>
<td>234</td>
</tr>
<tr>
<td>What is waste?</td>
<td>-</td>
<td>-</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td>Hot work, work at heights &amp; confined space</td>
<td>-</td>
<td>-</td>
<td>11</td>
<td>74</td>
</tr>
<tr>
<td>WAH, PFAS, PPE</td>
<td>-</td>
<td>-</td>
<td>84</td>
<td>-</td>
</tr>
<tr>
<td>Why do EHS stop the work</td>
<td>-</td>
<td>-</td>
<td>556</td>
<td>-</td>
</tr>
<tr>
<td>Finger and hand injury</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>254</td>
</tr>
<tr>
<td>Why do accident happen</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td>Safety equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>44</td>
</tr>
<tr>
<td>Heat stroke</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td>Lock-out/tag-out</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13</td>
</tr>
<tr>
<td>Preventive measure of incident</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>How do erection work for safety</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>Bad weather condition</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>Safe working system</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>390</td>
</tr>
<tr>
<td>Work accident related</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40</td>
</tr>
<tr>
<td>Scaffolding</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Limit speed for forklift</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>High exposure noise level</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>39</td>
</tr>
<tr>
<td>Eye injury ref. no. 443</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40</td>
</tr>
<tr>
<td>Shoulder injury ref. no. 453</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Mouth injury</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>Left arm injury</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>112</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,090*</td>
<td>11,558</td>
<td>9539</td>
<td>7480</td>
</tr>
</tbody>
</table>
Human Rights

NON-DISCRIMINATION
RAK Ceramics has a widely diverse and multi-cultural workforce with employees from different religions, countries and backgrounds. The company practices a ‘one team’ approach and operates a zero-tolerance policy towards discrimination of any kind. In 2015 and 2016 there was no reported incident of racism or discrimination (G4-HR3).

FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING
Although employee labour associations and collective bargaining agreements are not permitted in the UAE under Federal Law, RAK Ceramics encourages its staff to apply whistleblower procedures wherever there is an incident of mistreatment or violation to the local department or the specialised authorities – a formal policy for whistleblowing policy is already in place (G4-HR4).

CHILD LABOUR
RAK Ceramics has adopted a strict ‘No Child Labour Policy’ as per the relevant UAE Labour Law, which does not allow anybody below 18 years to be employed by RAK Ceramics in the UAE. RAK Ceramics does not hire anyone under the legal working age of 18. In 2015 and 2016, no RAK Ceramics operations were identified as having any risk for incidents of child, forced or compulsory labour. In addition to this, the supplier assessment form includes a non-negotiable clause regarding child labour which all new suppliers must comply (G4-HR5).

FORCED COMPULSORY LABOUR
Forced or compulsory labour is strictly forbidden under UAE law and RAK Ceramics takes a firm stance on ensuring no violations of this kind take place amongst its workforce (G4-HR6).

SECURITY PRACTICES
RAK Ceramics has an internal security department that is responsible for securing the premises, organising vehicle movement within the premises and training newly joined workers. This ensures safety of employees and assets within RAK Ceramics’ premises. RAK Ceramics has a security team of 150 people out of which 50% belong to an in-house team and 50% are outsourced from an external security agency as per the applicable laws. All security personnel are given training or regular basis to enhance their skills (G4-HR7).

INDIGENOUS RIGHTS
There has been no incident or violation involving the rights of indigenous people in any part of RAK Ceramics’ operations to date (G4-HR8).

SUPPLIER HUMAN RIGHTS ASSESSMENT
RAK Ceramics’ HR department has been tasked with overseeing the labour conditions of suppliers, contractors and workers employed by contractors working on the company’s projects. The HR dept refers to the UAE labour laws, international best practice, and RAK Ceramics’ Global Code of Conduct as a reference to define violations of human rights. These principles are clearly defined in RAK Ceramics’ contractual agreements and their practice is evaluated prior to the decision-making process of whether or not to proceed with an investment.

All new suppliers must complete a ‘Supplier Assessment Questionnaire’ which includes the following questions:

• Are all employees provided with the written contract employment?
• Are there formal and fair disciplinary and grievance procedures in place?
• Are federal age restrictions for employees adhered to?
• Are working hours of the employees including overtime)
• Is the federal minimum age paid in all circumstances?
• Are basic wages protected from disciplinary action?
• Do all employees have free and unrestricted access to their own personal documents?
• Are there adequate, hygiene facilities for the workplace and access to clean drinking water?
• If provided, is accommodation of an acceptable standard, well maintained and clearly segregated from the production area?

SOCIETY
Social responsibility is a significant part of RAK Ceramics’ culture and the company is committed to supporting the communities where it operates by contributing to welfare, health and disaster relief. RAK Ceramics supports communities with financial, material and human resources to help build a better world. In 2015/2016, RAK Ceramics invested 1.1% and 1.8% respectively of its overall profits earned during the period to support social initiatives, support underprivileged communities, our staff regularly support disaster relief funds and we also support health awareness initiatives (G4-S01).

SUPPORTING HUMANITY
At RAK Ceramics, we regularly contribute to a wide range of humanitarian projects. RAK Ceramics partners with local organisations to donate tiles and other product ranges to support underprivileged communities, our staff regularly support disaster relief funds and we also support health awareness initiatives.

TRAINING AND EDUCATION
RAK Ceramics believes ongoing training and development is an important part of developing employee capabilities and continuous professional development opportunities are provided based on the needs of the business and individual job requirements. Prior to starting work, the HR department ensures a smooth induction for each employee at its headquarters in Ras Al Khabem. New suppliers are required to complete a ‘Supplier Assessment Questionnaire’ which includes questions in relation to labour practices. Questions included in the questionnaire are detailed below:

• Is there a communicated and measurable Health and Safety policy in place?
• Are Health and Safety risk assessments conducted and reviewed on a regular basis?
• Is employee health monitoring undertaken for those exposed to potential harmful work?
• Are material safety data sheets available for all products?
• Are all accidents reported and records kept?
• Are all visitors and sub-contractors made aware of site rules and evacuation procedure and offered appropriate personal protection equipments (PPE’s)?
• Are employees wearing appropriate PPE’s and is site management enforcing its use?
• Does all on-site machinery operate in a safe and responsible manner?
• Are machine and equipment fitted with adequate guards and emergency stop buttons?
• Are first aid/medical facilities available on site?
• Are fire extinguishers serviced and readily available and have workers been trained in their use?
• Are fire drills conducted and recorded?
• Are all fire exits and equipment clearly marked and unblocked?
• Are there adequate cable control, noise management and trip hazard precautions in place?

LABOUR PRACTICES GRIEVANCE MECHANISMS
RAK Ceramics operates an open-door policy whereby any of its employees can approach senior managers or someone of a higher authority for grievance redressal. RAK Ceramics grievance redressal process is outline below:

• Escalate the matter to the immediate supervisor
• If there is no satisfactory resolution of the complaint, the employee can approach the department head/section head
• In case the grievance still persists, the employee can approach the division head or technical managers along with the Human Resources Department.
• If however, there is no resolution of the matter, the HR department or the employee may escalate the matter to Senior Management.
• The management may consider the matter for resolution considering any independent and fair investigation of facts by the HR Manager or any other officer of the company.

There were no grievances recorded or raised for years 2015/2016 (G4-LA16, HR12).

SUPPLIER ASSESSMENT FOR LABOUR PRACTICES
RAK Ceramics has a substantial number of subcontracted and subcontracted labour force of approximately 5,500 personnel at its headquarters in Ras Al Khabem. New suppliers are required to complete a ‘Supplier Assessment Questionnaire’ which includes questions in relation to labour practices. Questions included in the questionnaire are detailed below:

• Is there a communicated and measurable Health and Safety policy in place?
• Are Health and Safety risk assessments conducted and reviewed on a regular basis?
• Is employee health monitoring undertaken for those exposed to potential harmful work?
• Are material safety data sheets available for all products?
• Are all accidents reported and records kept?
• Are all visitors and sub-contractors made aware of site rules and evacuation procedure and offered appropriate personal protection equipments (PPE’s)?
• Are employees wearing appropriate PPE’s and is site management enforcing its use?
• Does all on-site machinery operate in a safe and responsible manner?
• Are machine and equipment fitted with adequate guards and emergency stop buttons?
• Are fire extinguishers serviced and readily available and have workers been trained in their use?
• Are fire drills conducted and recorded?
• Are all fire exits and equipment clearly marked and unblocked?
• Are there adequate cable control, noise management and trip hazard precautions in place?

PERFORMANCE MANAGEMENT AND APPRAISAL PROCESS
All RAK Ceramics employees are entitled to an annual performance review which takes place in January and covers the previous year’s employment. In 2015/2016, 100% of employees received a performance review (G4-LA1).

DIVERSITY AND EQUAL OPPORTUNITY
Subject to overriding provisions or requirements under applicable UAE laws in relation to Emiratisation, RAK Ceramics strives to provide a workplace where all individuals have an equal opportunity to work and contribute to the company’s growth. To be successful in the global market place and to ensure that it has access to the best skilled resources possible, the company fosters a work environment that is inclusive of organisational, personal and cultural differences in all aspects of its business.

RAK Ceramics offers equal employment and advancement opportunity to all qualified individuals without distinction or discrimination on the grounds of age, colour, nationality, race, religion, gender or disability. This principle applies to all employees and applicants for employment and all aspects of the employee-employer relationship (G4 – LA12).

EQUAL REMUNERATION FOR WOMEN AND MEN
RAK Ceramics has established a competitive compensation and employee benefits package for all employees regardless of gender. In addition to this, the annual bonus plan for employees closely relates to employee performance without distinction or discrimination and it based on responsibilities undertaken in relation to key performance indicators. RAK Ceramics’ management reviews the compensation scheme annually to ensure that the scheme is balanced in terms of competitiveness and costs (G4 – LA13).

SUPPLIER HUMAN RIGHTS ASSESSMENT
RAK Ceramics’ HR department has been tasked with overseeing the labour conditions of suppliers, contractors and workers employed by contractors working on the company’s projects. The HR dept refers to the UAE labour laws, international best practice, and RAK Ceramics’ Global Code of Conduct as a reference to define violations of human rights. These principles are clearly defined in RAK Ceramics’ contractual agreements and their practice is evaluated prior to the decision-making process of whether or not to proceed with an investment.

All new suppliers must complete a ‘Supplier Assessment Questionnaire’ which includes the following questions:

• Are all employees provided with the written contract employment?
• Are there formal and fair disciplinary and grievance procedures in place?
• Are federal age restrictions for employees adhered to?
• Are working hours of the employees including overtime)
• Is the federal minimum age paid in all circumstances?
• Are basic wages protected from disciplinary action?
• Do all employees have free and unrestricted access to their own personal documents?
• Are there adequate, hygiene facilities for the workplace and access to clean drinking water?
• If provided, is accommodation of an acceptable standard, well maintained and clearly segregated from the production area?

SOCIETY
Social responsibility is a significant part of RAK Ceramics’ culture and the company is committed to supporting the communities where it operates by contributing to welfare, health and disaster relief. RAK Ceramics supports communities with financial, material and human resources to help build a better world. In 2015/2016, RAK Ceramics invested 1.1% and 1.8% respectively of its overall profits earned during the period to support social initiatives, support underprivileged communities, our staff regularly support disaster relief funds and we also support health awareness initiatives (G4-S01).

SUPPORTING HUMANITY
At RAK Ceramics, we regularly contribute to a wide range of humanitarian projects. RAK Ceramics partners with local organisations to donate tiles and other product ranges to support underprivileged communities, our staff regularly support disaster relief funds and we also support health awareness initiatives.
Case Studies

CASE STUDY
RAK Ceramics was one of the sponsors of both the 2015/2016 annual RAK Terry Fox Run. Terry Fox – accredited by the International Union against Cancer in Geneva – is the annual international non-competitive charity event that helps raise money for cancer research projects around the world. In the UAE, the money raised goes towards project research at University Hospital Al Ain. Approximately 100 employees from RAK Ceramics participated in the annual event. RAK Ceramics seeks to promote creativity and innovation. Creativity and innovation are at the heart of RAK Ceramics’ philosophy. Through our creative partnerships with schools and other local community groups we encourage people to create and innovate on a variety of projects.

CASE STUDY
Our educational tours include visits to our showroom and manufacturing plants allowing students to gain first-hand knowledge about the organisational structure and manufacturing processes in the ceramics industry, bridging the gap between classroom theory and the real world. Visits for a variety of local universities and schools have taken place throughout 2015/2016 including SP Jain Dubai Campus, Higher College of Technology RAK, Dibba Fujairah School, Swiss Business School; The Al Berty Mitwahid Association and RAK Academy.

CASE STUDY
Recent sponsorships include sponsoring the ‘Interior Design’ category at the Africa & Arabia Property Awards 2015, sponsoring the award for ‘Interior Design of the Year – Retail’ at the Commercial Interior Design Awards 2015 and sponsoring the 2016 Professional Squash Association (PSA) World Series Finals which were recently held in Dubai. RAK Porcelain also sponsored a number of industry awards programmes including the Time Out Dubai Best Restaurants Awards 2015/2016, Time Out Abu Dhabi Best Restaurants Awards 2015/2016 and the BBC Good Food Middle East Awards 2015.

INSPIRING CREATIVITY
RAK Ceramics seeks to promote creativity and innovation. Creativity and innovation are at the heart of RAK Ceramics’ philosophy. Through our creative partnerships with schools and other local community groups we encourage people to create and innovate on a variety of projects.

EMPowering EDUCATION
RAK Ceramics has always been an active corporate supporter of schools and education. We offer internship training programmes for talented students from local and international universities, sponsor educational festivals and host educational tours for students with visits to our showroom and manufacturing plants.

CELEBRATING EXCELLENCE
As an industry expert, we believe in nurturing, supporting and celebrating talent. We support industry events and conferences, celebrate talent by sponsoring industry awards both for individuals or organisations and we partner with like-minded people to encourage and inspire the next generation.

ANTI-CORRUPTION
RAK Ceramics has a publicly declared code of conduct, available on our website which all employees must abide by. The code of conduct includes sections on conflict of interest, insider trading and how to manage relationships with suppliers, sub-contractors and business associates in an ethical manner. RAK Ceramics has a zero tolerance approach to corruption and swift action is taken against any employee found to be engaging in corrupt behaviour. Whistleblowing is encouraged and a comprehensive Whistleblowing Policy has been developed and implemented. The company conducts training programmes for senior management on a regular basis to help them identify potential causes of corruption and provide a suitable way to deal with them before they grow to cause serious problems.

The code of conduct is also published in the Employee Handbook which is issued to all employees upon joining the company. RAK Ceramics takes any complaint or allegation concerning any member of its staff extremely seriously and works continuously on developing and improving anti-corruption strategies. If any allegations are verified the guilty parties are terminated permanently without notification and reported to the appropriate governmental authorities (G4-S03-5).

SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY
RAK Ceramics, through its corporate governance framework, operates using ethical business practices and transparency and integrity when dealing with its suppliers. Prior to becoming a supplier for RAK Ceramics, it is mandatory for all suppliers to provide a declaration/confirmation of ethical conduct for goods and services provided to the company. RAK Ceramics analyses and audits all suppliers before dealing or signing any agreement with them. Before every purchase a supplier evaluation is conducted to ensure the supplier is capable of supplying raw materials or providing services which meet RAK Ceramics’ requirements. This helps us to screen new suppliers and evaluate existing suppliers on their performance. The evaluation is carried out in the form of a “Supplier Assessment Questionnaire”.

Through the supplier assessment questionnaire, the supplier must demonstrate it meets RAK Ceramics’ minimum requirements for:
• Quality assurance
• Environmental practices
• Health and safety
• Ethical practices

In 2015, 25% of RAK Ceramics’ new suppliers completed a supplier assessment questionnaire. In 2016 this figure rose to 32% (G4-S09; G4-EN 32, G4-LA14, G4-HR10, G4-S09).

PRODUCT RESPONSIBILITY
Customer satisfaction is a key pillar of RAK Ceramics’ business practice and the company understands that business sustainability depends on high levels of customer satisfaction.

SECTION 5

ANTI-COMPETITIVE BEHAVIOR
RAK Ceramics is proud to maintain a clean record in terms of corruption or anti-competitive behavior, which is a result of a rigorous internal compliance system that ensures adherence to national and international standards of ethical practices. No legal actions for anti-competitive behavior were reported in 2015/2016 (G4-S07).

COMPLIANCE
RAK Ceramics use the services of internal and external auditors on a regular basis to ensure that operations and activities are in compliance with local and international laws and standards. As a result, no legal actions for monopoly practices, anti-trust and noncompliance with laws and international standards were reported in the year 2015/2016 (G4-S03-5).

SuPPliER ASSESSMENT FoR iMPAcTS oN SociETy
RAK Ceramics, through its corporate governance framework, operates using ethical business practices and transparency and integrity when dealing with its suppliers. Prior to becoming a supplier for RAK Ceramics, it is mandatory for all suppliers to provide a declaration/confirmation of ethical conduct for goods and services provided to the company. RAK Ceramics analyses and audits all suppliers before dealing or signing any agreement with them. Before every purchase a supplier evaluation is conducted to ensure the supplier is capable of supplying raw materials or providing services which meet RAK Ceramics’ requirements. This helps us to screen new suppliers and evaluate existing suppliers on their performance. The evaluation is carried out in the form of a “Supplier Assessment Questionnaire”.

Through the supplier assessment questionnaire, the supplier must demonstrate it meets RAK Ceramics’ minimum requirements for:
• Quality assurance
• Environmental practices
• Health and safety
• Ethical practices

In 2015, 25% of RAK Ceramics’ new suppliers completed a supplier assessment questionnaire. In 2016 this figure rose to 32% (G4-S09; G4-EN 32, G4-LA14, G4-HR10, G4-S09).

PRODUCT RESPONSIBILITY
Customer satisfaction is a key pillar of RAK Ceramics’ business practice and the company understands that business sustainability depends on high levels of customer satisfaction.
The company encourages customers to provide feedback and recommendations or complaints at RAK Ceramics’ outlets. Customers can also contact us electronically via email, our website or via a range of social media channels. All customer complaints are taken seriously and responded to as soon as possible with appropriate solutions [G4-PR1].

CUSTOMER PRIVACY

Although there are no formal data protection or data management laws in place in the UAE, RAK Ceramics believes that an organisation’s continued success depends on the use of its confidential information and its nondisclosure to third parties, and therefore applies international best practice principles.

Confidential information in this instance is defined as any information that does not belong to RAK Ceramics (such as customer/supplier data) or any information that is not yet public information like trade secrets, business, marketing and service plans, consumer insights, engineering and manufacturing ideas, product recipes, designs, databases, records, salary information and any non-published financial or other data.

Unless required by law or authorised by RAK Ceramics, employees are not entitled to disclose confidential information or allow others to make such disclosures. This obligation continues beyond the termination of employment. Furthermore, employees use best practice to avoid unintentional disclosure by applying special care when storing or transmitting confidential information.

RAK Ceramics does not tolerate any leniency regarding customer privacy and therefore, no incidents of loss of customer data or breaches were reported in 2015/2016 [G4-PR8].

MARKETING COMMUNICATIONS AND COMPLIANCE

RAK Ceramics has a longstanding commitment to engage in open and transparent communication with its customers and stakeholders about its products and about itself. The marketing and corporate communications department adheres to all relevant laws, standards, and voluntary codes related to marketing communications including advertising, promotion and sponsorship.

With constantly changing technological trends, RAK Ceramics has quickly adapted to the concept of digital marketing and is slowly moving away from printed marketing materials to digital marketing across all of its communication or promotional campaigns. The use of social media, email campaigns and digital apps help us to deliver marketing messages to our customers quickly, efficiently and in an environmentally friendly manner.

This increased use of new technology has resulted in a reduction of carbon emissions that arise while printing promotional material as well as a reduction in paper consumption. Additionally, our customers enjoy having all of our product-related information available at their fingertips. RAK Ceramics did not encounter any incident of non-compliance during 2015/2016 [G4-PR7].

RAK Ceramics’ products undergo a rigorous testing process to ensure that they are safe right through from production, distribution, purchase and installation. RAK Ceramics’ production process is in compliance with ISO 13006:2012.

RAK Ceramics strictly conducts its sales and marketing activities as per UAE laws and local government regulations concerning the provision and use of products and services.

The company is accredited by many well-respected organisations in the ceramics manufacturing field and did not encounter any incident of non-compliance with regulations. Nor was it required to pay any significant fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2015/2016 [G4-PR9].