



RAK

CERAMICS

SUSTAINABILITY REPORT
2021



**His Highness Sheikh Khalifa Bin Zayed
Al Nahyan**
President of the United Arab Emirates
and Ruler of Abu Dhabi



**His Highness Sheikh Mohammed
Bin Rashid Al Maktoum**
Vice President and Prime Minister
of the United Arab Emirates
and Ruler of Dubai



**His Highness Sheikh Saud Bin Saqr
Al Qasimi**
Supreme Council Member and
Ruler of Ras Al Khaimah



**His Highness Sheikh Mohammed
Bin Saud Bin Saqr Al Qasimi**
Crown Prince of
Ras Al Khaimah

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ABOUT THIS REPORT

This report outlines RAK Ceramics PJSC's sustainability commitments, progress and future aspirations and covers our operations within the UAE, representing the major part of our business. In some parts, where specified, we refer to the "Group" which covers our manufacturing operations in the United Arab Emirates, Bangladesh and India, including our wholly owned subsidiaries RAK Porcelain LLC and Elegance Ceramics LLC in the UAE. The aim of this report is to provide a detailed and balanced overview of our sustainability performance from 1 January 2020 to 31 December 2020, focused on material topics determined by the cross-departmental sustainability-working group, in conjunction with senior management, key stakeholders and our Audit & Risk Committee.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards' 'Core' option, with further references to the Abu Dhabi Stock Exchange's 31 Key Performance Indicators (KPIs). Nonetheless, wherever possible, we refer to other frameworks that guide our business practices both at national and international levels. These frameworks include the United Nation's Sustainable Development Goals (UN SDGs) and the UAE National Vision 2021. We had reported on sustainability on an ad-hoc basis in the past and we are now committed to reporting on sustainability measures on a yearly basis, alongside our Annual Report and the Corporate Governance Report, which provide a thorough overview of our financial, governance and risk positions. We currently have membership with Environmental Protection Development Authority (EPDA), Emirates Environmental Group (EEG) and Emirates Green Building Council.

For this sustainability report, we engaged in an internal assurance process, which included the revision of all the contents with management and internal stakeholders. Further, we chose not to appoint an external party to audit our sustainability report; however, it remains an option that we may consider in the future.

We will continue to review and report about our sustainability journey to ensure transparency. We look forward to sharing our progress with the stakeholders.

FURTHER INFORMATION

If you have any questions regarding this Report or its contents, please email the Chief Legal Counsel on:

LegalDepartment@RAKCeramics.com





During 2021, we had many successes in terms of sustainability, including improved energy efficiency and reduction of emissions across our operations.

Group CEO's message

Dear Colleagues

We are delighted to present to you the Sustainability Report for the year 2021, highlighting our progress in the sustainability sphere during the year. We are fully committed to mitigate the social impact of climate change and the environmental burden by proactively addressing the reduction of greenhouse gases generated in the manufacturing process and providing products that contribute to energy as well as water conservation. We strive to make a significant contribution to the society and the environment.

During the year 2021, we had many successes in terms of sustainability, including improved energy efficiency and reduction of emissions across our operations. We are committed to increasing efficiency while reducing our environmental impact and protecting the health and wellbeing of our employees. We will continue to evaluate the ongoing situation

as the potential for new COVID-19 variants remains.

The sustainability targets are set in light of the long-term strategic priorities of the Group, to be achieved by managing the environmental impact of the activities. We will continue to work in harmony with our local communities and challenge ourselves to improve energy efficiency and resource management.

We continue to reduce greenhouse gas (GHG) emissions through improved utilization of our facilities and energy saving initiatives.

Good corporate governance is the foundation of the sustainable development of RAK Ceramics Group. Our Corporate Governance Guidelines are defined to strengthen this purpose and to signify our support for the principles of the Corporate Governance Guide issued by the Securities & Commodities Authority of the UAE.

Year 2022 and beyond, we will continue to embed the principles of sustainability by working safely and ethically, and by making a positive contribution to our environment.



ABDALLAH MASSAAD
Group CEO

Business overview

RAK Ceramics is one of the largest ceramics' brands in the world. Specialising in ceramic and gres porcelain wall and floor tiles, tableware, sanitaryware and faucets

OUR HISTORY

From a single factory in Ras Al Khaimah, RAK Ceramics has grown to become one of the largest ceramics' brands in the world with distribution networks all over the world.

Founded in 1989 and headquartered in the United Arab Emirates, RAK Ceramics serves clients in more than 150 countries through its network of operational hubs in Europe, Middle East and North Africa, Asia, North and South America and Australia.

RAK Ceramics is a publically listed company on the Abu Dhabi Securities Exchange in the United Arab Emirates and as a group has an annual turnover of approximately US\$1 billion.

PRODUCTION

The company has the capacity to produce 118 million square metres of tiles, 5 million pieces of sanitaryware, 24 million pieces of porcelain tableware and 1 million pieces of faucets per year at its 20+ state-of-the-art plants across the United Arab Emirates, India, Bangladesh and China.

SUSTAINABILITY

We are committed to use our products and expertise to build a sustainable society and we 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.

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.

Founded in 1989 and headquartered in the United Arab Emirates, RAK Ceramics serves clients in more than 150 countries.

20+

The number of plants worldwide.

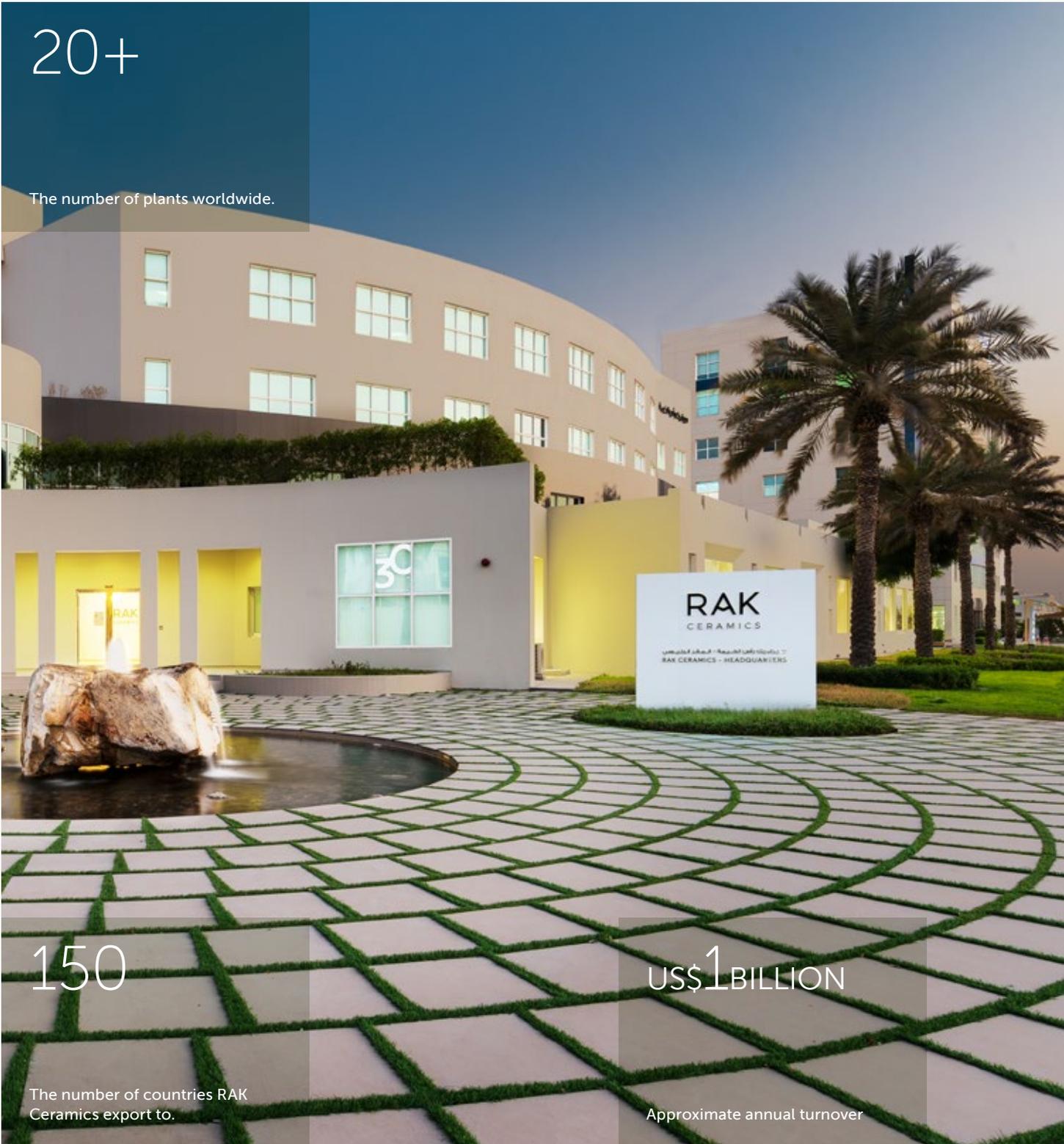
150

The number of countries RAK Ceramics export to.

US\$1BILLION

Approximate annual turnover

Our annual production capacity of tableware in pieces.



Stakeholders

OUR STAKEHOLDERS

Below is a snapshot of our stakeholders being the people and organizations that we interact with and who influence our value chain both directly and indirectly. We understand that the views and relationships we have with our stakeholders are critical to the long-term success of RAK Ceramics, and we look forward to building on our stakeholder relationships going forward.

SHAREHOLDERS & INVESTORS

We engage with our investors on a regular basis through formal reporting, updates, quarterly meetings and our annual general assembly meeting.

Topics of Importance:

- Financial performance
- Climate change and energy use
- Sustainable products

Outcome of Engagement:

- Regular updates regarding our strategy and future developments

EMPLOYEES

We engage with our employees on an ongoing basis through regular interactions, engagement surveys, newsletters, and annual performance appraisals.

Topics of Importance:

- Rewards and benefits
- Career development
- Health and safety
- Community involvement

Outcome of Engagement:

- Employee goal setting
- New starter – employee induction program

CUSTOMERS

We engage with our customers on an ongoing basis through key account managers, trade exhibitions, social media platforms and newsletters.

Topics of Importance:

- Product quality and cost
- Climate change and mitigation
- Product innovation
- Partnerships

Outcome of Engagement:

- Cost optimization
- Environmental initiatives

SUPPLIERS

We engage with our suppliers through the procurement process, meetings, and workshops.

Topics of Importance:

- Reputation
- Building partnerships
- Timely payments

Outcome of Engagement:

- Fostering long standing partnerships
- Quality control and quality of service

GOVERNMENT & REGULATORY BODIES

We engage with the Government and Regulatory bodies in many ways including meetings, conferences and collaborations.

Topics of Importance:

- UAE Vision 2021
- New enactments

Outcome of Engagement:

- Ensuring our business strategy aligns with the UAE Vision.
- Abide by applicable enactments.

COMMUNITY

We engage with the community through partnerships, sponsorships and volunteering.

Topics of Importance:

- Building partnerships

Outcome of Engagement:

- Sponsorship of and participation in events within the communities we operate in
- Volunteering in the community

Materiality topics

In 2021, we refreshed our materiality assessment and our report focusses on 12 material sustainability topics.

MATERIALITY TOPICS

WHAT IS IMPORTANT?

Our report focusses on 12 material sustainability topics as reported last year. A cross-departmental sustainability-working group, in conjunction with senior management prioritized the materiality of each topic, taking into consideration informal feedback received from our stakeholders throughout the year, global trends in sustainability for the ceramics industry and the regional and local context of our business operations. The findings of our materiality analysis are outlined below, with each topic looked at in depth within this report.

1. Anti – Corruption
2. Corporate Governance and Compliance
3. Sustainable Production & Innovation – (reuse water, renewable energy and other energy we use)
4. Environmental Impact of our Operations (e.g emissions, waste and effluents, energy used)
5. Financial & Economic Performance
6. Workforce Wellbeing (including health & safety)
7. Emiratization
8. Responsible & Sustainable Procurement Practices
9. Investment in our Employees
10. Diversity and Inclusion
11. Customer Privacy
12. Community Investment and Environmental impact of our operations (e.g. emissions, waste and effluents, energy used)



Sustainability framework

RAK Ceramics' sustainability framework raises awareness about the impacts our business and make it easier to track progress on how we are addressing them. Our framework consists of four pillars, these being.

1 GOVERNANCE & BEST PRACTICES:

- Anti- corruption
- Corporate governance, compliance and ethics

2 ENVIRONMENTAL IMPACT

- Energy, climate changes & emission
- Water management
- Waste & recycling management

3 OUR PEOPLE AND COMMUNITY

- Workforce wellbeing (including health & safety)
- Emiratization
- Investment in our employees
- Diversity and inclusion
- Community investment

2 RESPONSIBLE BUSINESS, RESPONSIBLE EMPLOYER

- Financial & economic performance
- Sustainable production & innovation
- Responsible & sustainable procurement practices
- Customer privacy

Sustainability highlights

During the year 2021, we had many successes in terms of sustainability, including improved energy efficiency and reduction of emissions across our operations. e.

SOCIAL & COMMUNITY

5,416 employees working in RAK Ceramics Group in the UAE.

37% of Emiratization employees in administration.

4% female employees in RAK Ceramics Group in the UAE.

66% of procurments from local suppliers.

AED 1.2 million community investment spending including combating against Covid 19

ENVIRONMENTAL

3.62% decrease in energy consumption in relation to Tiles Production (M²) and 28.36% decrease in energy consumption in relation to SW (Piece).

2.65% decrease in energy consumption in relation to UAE sales

17.33 CO₂e kt increase in Scope 1 & 2 emissions

0.01 CO₂e t per Million AED increase in Scope 1 & 2 emission intensity

FINANCIAL

AED 2.86 billion group revenue.

283.9 milion reported net profit.

No incidents of non-compliance with laws and regulations

No incidents of non-compliance with the Company's internal policy

The percentage of female representation in the board of directors is 14.28%.





Impact from our operations

OUR APPROACH

RAK Ceramics is committed to continuously improving its environmental stewardship throughout its value chain, sourcing of raw materials and operating its manufacturing processes efficiently, with less environmental impact.

We have a comprehensive Environmental Policy in place and we are ISO 14001:2015 certified. We ensure that the progress in integrating new sites in to our management system and its performance are regulatory reviewed by independent external expert. In 2021, we successfully passed the surveillance audits in accordance with the standards ISO 14001:2015. In the reporting year, 1 site - RAK Ceramics PJSC Head office - have a certificate environmental management.

Our manufacturing processes use a significant amount of natural resources (minerals, energy and water) and therefore we work hard at ensuring our operations run in a responsible and sustainable manner. We aim to conserve natural resources through progressively reducing emissions, discharges and wastes each year.

Our Environmental Team undertakes regular environmental impact assessments, to ensure appropriate steps are in place to minimize and mitigate such environmental impacts (where possible). We have adopted a waste segregation scheme and recycling program to minimize the disposal of waste materials. We are proud to recycle and reuse all water, industrial wastewater and effluents through our onsite desalination plant, three effluent treatment plants and sewage treatment plant (Plants). We also have monitoring equipment installed within our premises, which monitors air quality in our plants, on a daily basis. Annually, an environmental management review is completed with set targets and goals outlined for the preceding year.

UAE VISION

- Sustainable Environment and infrastructure.

SDG

- 6 - Clean water and sanitation
- 7 - Affordable and clean energy
- 12 - Responsible consumption and production
- 13 - Climate action

Our Commitments

Minimizing our impact on the environment: "Reuse our resources to prevent the unnecessary waste of materials and greater recycling Compliance with Environmental Laws and Regulations: "By adopting of sustainable governance practices and embedding environmental management and compliance across our business"

Responsible Consumption and Production: "By adopting sustainable and responsible consumption and production patterns across our value chain"

Combating Climate Changes: "By reducing our carbon footprint and energy consumption"

We will measure our progress against our stated commitments by monitoring and reporting against a number of data-points highlighted by Abu Dhabi Securities Exchange (ADX)

PREVENTION OF POLLUTION

RAK Ceramics PJSC is committed to reduce dust emission and has monitoring equipment installed within its premises to monitor air quality in the plants on a daily basis. The main Source for air emission is coming from use of Natural Gas & Diesel in Ball mining, Mixing, Processing, Glazing, Firing & Surface Quarry.

Air Emissions

2021	
NOX	43.76 µg/m ³ per day
SOX	2.0 µg/m ³ per day
PM10 & PM2.5	817.93 µg/m ³ per day
CO	0.36 µg/m ³ per day

* Reference: Third party dust gas emission testing results. And owned Turnkey Dust and Gas Monitoring Equipment and Owned Dust Monitoring Equipment.

Our main source of emissions comes from our smoke stack, spray driers and kilns, Dust Collectors and Surface Quarry Movement. In 2021, we planted approximately 500 trees within the perimeter of our premises to offset our emissions and installed feeder rubber curtains on our raw material boxes to reduce dust emission during transfer and loading of raw materials.

ENERGY & CLIMATE CHANGE

RAK Ceramics' manufacturing processes use a significant amount of energy and therefore we recognize the importance of running our operations in a responsible and sustainable manner. We strive to replace old equipment and machineries with new technology that ensures our methods of production are energy efficient. RAK Ceramics total energy consumption, normalized to the Sales. In 2021, total energy consumption has increased by 10% as highlighted below:

Energy Consumption & Intensity

2021 Energy Consumption (Petajoules)

Indirect electricity consumption (ADX E3.2)	0.86
Direct diesel consumption (ADX E3.1)	0.29
Direct natural gas consumption (ADX E3.1)	6.05
Direct energy consumption (ADX E3)*	7.21

2020 Energy Consumption (Petajoules)*

Indirect electricity consumption (ADX E3.2)	0.82
Direct diesel consumption (ADX E3.1)	0.13
Direct natural gas consumption (ADX E3.1)	5.60
Direct energy consumption (ADX E3)*	6.55

Note: All data has been obtained from our various invoices from the Etihad Electricity and Water Authority (erstwhile FEWA) and suppliers invoices and our own power plant and monitoring equipment on our premises

* Restated figures: Total Energy Consumption had been converted from KWH to PetaJoules.

Energy Consumption

During the year, the total energy consumption increased by 10% due to increase in production, Increase in demand, less COVID-19 restriction by Government and return back to economic normal life. In the same time, our total energy consumption in relation to sales decreased by 2.65% and Energy Consumption in relation to "Tiles Production (M²)" and "SW (Piece)" has decreased by 3.62% and 28.36% respectively.

Measurement	2020	2021	Change
GJ/Sales (000 AED)*	4.09	3.98	-2.65%
GJ/Tiles Production (000 M ²)**	73.96	71.28	-3.62%
GJ/SW Production (000 Pieces)**	363.31	260.27	-28.36%

* Calculated based on the total energy consumption. ** Calculated based on Electricity & Natural Gas consumed on the production plants only

We have a specific target set for maintain the energy consumption; where we feel it has met. In 2022, our target is to continue reducing our energy consumption by 5%. The Group implemented a number of energy saving measures in its UAE premises. These included, ensuring that the majority of office space is now

illuminated by LED lights, with a phased approach to ensure all lighting is illuminated by LED lights as soon as possible, and setting temperature limits at 24°C with a dead band of three to four degrees between heating and cooling set points in fully air-conditioned areas to avoid conflict between individual control units. Raising awareness of good energy management across the business through internal communication and implementation of Group Environmental Policies.

GHG Emission & Intensity

We undertake regular energy and emission assessments to enable us to put appropriate steps in place to minimize and mitigate our impacts. We do not currently monitor the emissions from our transport fleet and we are looking into implementing some form of monitoring for this in the coming years.

*2021 Total GHG emissions (Scope 1&2) (KT Co2e)

Direct GHG Emission (Scope 1)	81.63
Direct GHG Emission (Scope 2)	54.53

2020 Total GHG emissions (Scope 1&2) (KT Co2e)

Direct GHG Emission (Scope 1)	61.30
Direct GHG Emission (Scope 2)	57.52

* GHG Emission from Energy Consumption.

GHG Emissions Intensity

The intensity is a variable measuring total carbon dioxide equivalent emissions per sales. This is considered to be the best metric to alleviate any skew in the data as a result of the unprecedented impact of COVID-19. Furthermore, if the consumption increases due to an increase in business operation, i.e. generates more emissions and production during subsequent years, this metric allows for a good comparison across the years to determine whether the energy performance and carbon savings of the Group has improved.

GHG Emissions intensity in relations to sales

*2021 (T Co2e / 000 AED)

GHG Emissions Intensity (Scope 1)	0.05
GHG Emissions Intensity (Scope 2)	0.03

*2020 (T Co2e / 000 AED)

GHG Emissions Intensity (Scope 1)	0.04
GHG Emissions Intensity (Scope 2)	0.04

* Restated figures: Measurement by Sales – UAE operation only

** The Emission Intensity in relation to UAE Sales. In 2021 Emission Intensity remain the same at 0.08 t CO₂ E / Per Thousands AED. t Co2)

Emissions and efficiency

WATER MANAGEMENT

In 2021, all water and effluent discharge from our factories, employees' accommodations and corporate office was treated, recycled and reused. We withdraw all our water from the sea and any water not consumed by our operations is discharged back into the sea. No water is withdrawn from water stress areas and our water is treated in accordance with the World Health Organization Standards.

Water withdrawn* (million m³)

2021 Water withdrawn	5,369
2020 Water withdrawn	4,540

Water consumption** (million m³)

2021 Water consumption	2,157
2020 Water consumption	1,886

Water discharge *** (million m³)

2021 Water discharge	3,212
2020 Water discharge	2,654

* 25% of water withdrawn from the sea only treated and recycled and 75% discharge back to sea.

** RAK Ceramics' water consumption use normalized to the UAE sales has decreased by 13% from 1.34 m³ per mil AED to 1.04 m³ per mil AED in 2021.

*** Details of Water Effluents can be found on Waste management part.

WASTE MANAGEMENT

The Group aim to minimize waste going to landfills, recycle and reuse our resources to prevent the unnecessary waste of materials. This year we continued to focus on reducing packaging, wooden, plastics, hazardous and non-hazardous wastes.

We continue to promote recycling and waste disposal throughout the Group through education and audit our Environmental Management System. In addition, we will identify more opportunities to reduce the environmental impact and waste relating to our product packaging, as part of our commitment to be more sustainable and reduce waste.

2021 Waste Management*

Hazardous waste (KG)	5,680
Non-Hazardous waste (Tonnes)	85,128

2020 Waste Management*

Hazardous waste (KG)	1,080
Non-Hazardous waste (Tonnes)	130,019

* RAK Waste Management Authority transported the waste to a special domestic landfill. No waste was shipped internationally. The amount of Non Hazardous waste, normalized to the Number of Employee has decreased by 27% from 21,541 Kg per employee in 2020 to 15,717.87 Kg per employee in 2021. No Hazardous waste were recycled and reuse. For Non Hazardous Waste, please refer to table below.

MATERIALS & RECYCLING

1,215,433 Tons of raw materials (nonrenewable) was used in the production process in 2021. (we currently do not use any renewable raw materials). Our percentage of recycled input materials had increased, as per our Company strategy:

2021 Recycled input materials (%)

Re-use of effluent treatment Plant sludge	90-95
Re-use of fired tiles	75
Re-use of fired sanitarywares	25
Re-use of polishing sludge	25-30
Re-use of unfired sanitaryware	50
Re-use of green tile & sanitarywares	90-100
Re-use of squaring waste powder	80-90

2020 Recycled input materials (%)

Re-use of effluent treatment Plant sludge	50-60
Re-use of fired tiles	25-65
Re-use of fired sanitarywares	-
Re-use of polishing sludge	25-30
Re-use of unfired sanitaryware	-
Re-use of green tile & sanitarywares	75-100
Re-use of squaring waste powder	70-80

2019 Recycled input materials (%)

Re-use of effluent treatment Plant sludge	20-30
Re-use of fired tiles	40-50
Re-use of fired sanitarywares	-
Re-use of polishing sludge	15
Re-use of unfired sanitaryware	-
Re-use of green tile & sanitarywares	-
Re-use of squaring waste powder	30-35

Our Commitments

75% of corrugated boxes recovered and recycled by a third party.

99% of packaging materials are procured locally, promoting productivity in the UAE economy

All vendors of local packaging materials are ESMA certified

50,111 damaged wooden pallets were repaired and were reused.

Blue Bins – are located in our corporate office to recycle empty plastic water bottles.

Green Bins – located in our corporate office to recycle paper waste.

*Calculations are approximate only and based on our EHS records and data provided by RAK Waste Management Authority.

Can recycling	(Kg)
2019	71
2020	115
2021	65

Paper recycling	(Kg)
2019	180
2020	120
2021	175

We undertake regular energy and emission assessments to enable us to put appropriate steps in place to minimize and mitigate our impacts.







Best Practices, Anti-Corruption and Managing Risk

GOVERNANCE AND BEST PRACTICES

We strongly believe that maintaining high corporate governance standards is essential in creating sustainable shareholder value. We will continue to adhere to the highest standards of corporate governance. We assess the compliance with the UAE Corporate Governance Code quarterly.

UAE VISION

- Competitive knowledge economy
- Safe public and fair judiciary.

SDG

- 5 - Gender equality
- 16 Peace, justice and strong institutions
- 12 -Responsible consumption and production

ANTI CORRUPTION

At RAK Ceramics, we have a zero tolerance approach towards corruption, explicitly outlined in various Company policies including the Code of Conduct, Conflict of Interest Policy, Whistleblower Policy, and Human Resources Handbook (Anti-corruption Policies). The Internal Audit and Compliance function at RAK Ceramics manages risk in accordance with its risk framework that provides for classification of business areas and functions into high, medium and low risk. Proactive management and mitigation is undertaken by business areas and functions depending on the classification of a risk. The Internal Audit department conducts regular reviews of the Anti-corruption Policies to ensure they are still 'fit for purpose' and presents quarterly and annual updates to the Audit & Risk Committee and Board of Directors on such policies. We are pleased to report we had no material incidents of corruption or non-compliance with applicable laws and regulations during the year 2021.

ANTI COMPETITIVE PRACTICES

We promote fair competition and are committed to combat anti-competitive practices and behavior in line with applicable legislations and regulations. In 2021, no claims were raised against RAK Ceramics PJSC UAE for anti-competitive behavior, anti-trust, or monopoly practices. In addition to the training and awareness sessions provided to staff as part of our compliance governance framework, we also conduct tailored awareness sessions and knowledge based learning covering competition topics in line with fair competition policies, practices, and procedures.

Conducting the Day to Day Business

The Board of Directors and the executive management are the custodians of organizational governance and compliance. The Audit & Risk Committee on behalf of the Board engages with Executive Management regularly to ensure compliance with all applicable laws, regulations and Company policies. In turn, Legal, Finance and Internal Audit departments are primarily responsible to ensure compliance with all applicable laws, regulations and policies related to anti-corruption, anti-money laundering, sanctions, Anti-competitive Practices and other relevant socio-economic regulations. All sensitive transactions require Legal, Finance and Internal Audit department approvals.

Corporate Governance and Compliance

CORPORATE GOVERNANCE, COMPLIANCE AND ETHICS

We believe high standards of corporate governance, with robust framework, policies and processes in place, ensures value creation for the stakeholders and the community. As a publically listed Company on the Abu Dhabi Securities Exchange (ADX), the Board regularly reviews RAK Ceramics' corporate governance policies and practices to ensure compliance with the laws of the United Arab Emirates and the Securities and Commodities Authority's Corporate Discipline and Governance Standards for Public Joint Stock Companies. A copy of our 2021 Corporate Governance Report can be found here <https://corporate.rakceramics.com/investors/reports/>. RAK Ceramics does not currently evaluate the Board's governance performance on specific sustainability issues, but may look to do so in the future.

The Board follows a clear policy of segregation of duties between the responsibility of the Chairman of the Board, the Board members and the CEO of the Company. The Board consists of 5 non-executive, independent members and one non-independent, executive member.. The Board assumes overall responsibility for the strategic direction of the Company and the executive management team, led by our CEO Abdallah Massaad, undertakes the day-to-day affairs of the Company. The CEO is appointed by the Board of Directors and is responsible for the overall operations, profitability and achievement of objectives set out by the Board. The Board has set specific delegations to the CEO in relation to financial, operational, capital and investment, legal, administrative and general powers. The delegation of authority is effective until the Board revokes it. An experienced executive management team assists the CEO to ensure strict adherence to the Company's policies and procedures.

CEO Compensation

The CEO's compensation is outlined in our 2021 Corporate Governance Report, with the ratio of the CEO's compensation to median full time equivalent employee's compensation being 70:1. It is prudent to note that RAK Ceramics operates in a labor-intensive industry and therefore the median compensation of full time equivalent employees relates to professional employees and above only and we have excluded unskilled and semi-skilled workers' compensation.

GOVERNANCE REPORT

Our 2021 Governance Report can be found at www.corporate.rakceramics.com/investors/reports



ABDALLAH MASSAAD
Group Chief Executive Officer

Abdallah Massaad is Group CEO of RAK Ceramics. He has more than 20 years experience in ceramics manufacturing, sales management, product marketing and business leadership. Prior to RAK Ceramics, Abdallah Massaad was GM of ICC SARL, Lebanon. Abdallah Massaad holds post graduate qualifications in Management (DEA in Business Administration) and an undergraduate degree (Maitrise in Business Administration - Marketing) from Université Saint-Esprit de Kaslik, Lebanon.



We believe high standards of corporate governance with robust frameworks, policies and processes in place, ensures value creation for our stakeholders and the community.

Board of Directors



SHEIKH SAQR BIN SAUD AL QASIMI

Chairman of the Board

Board Member and Chairman since 2021. Sheikh Saqr brings financial expertise to the Board of RAK Ceramics, having worked in multiple relevant roles in the public and private domains. Sheikh Saqr is part of the investment team at the Investment and Development Office, the sovereign investment arm of the Government of Ras Al Khaimah, overseeing a portfolio of strategic assets. Sheikh Saqr holds a Bachelor of Science degree in Banking and International Finance from CASS Business School, City University of London.



FAWAZ ALRAJHI

Vice-Chairman of the Board

Board member since 2015. Mr Fawaz is also the Chairman of the Board, CEO and Head of Investment Committee of Al Rajhi United, a family-owned investment company with offices in Riyadh, Jeddah, New York and Dubai, focusing on public equity, private equity and real estate. He is also the Chairman of RAK Porcelain LLC, a subsidiary of RAK Ceramics PJSC. Mr Fawaz holds a Master in Business Administration from Stanford University, USA and a Bachelors in MIS and Accounting from KFUPM, KSA.



SHEIKH KHALID BIN SAUD AL QASIMI

Board Member

Board Member since 2015. Sheikh Khalid holds a business management qualification from New York University, Abu Dhabi Campus. Sheikh Khalid Bin Saud Al Qasimi is the Chairman of Al Marjan Island, Ras Al Khaimah and Vice Chairman of the Investment and Development Office, Government of Ras Al Khaimah. Sheikh Khalid Bin Saud Al Qasimi has extensive experience in finance and investment management.

* Mrs. Farah Al Mazrui was appointed as a member of the Board of Directors at the meeting of the Board of Directors held on June 24, 2021. Thus, the Board fulfils the requirements of Article (9) paragraph (3) of the Authority's Board Chairman's Decision No. (3/R.M) for the year 2020 regarding the adoption of a governance guide for Public shareholding companies.



WASSIM MOUKAHHAL
Board Member

Board member since 2016. Mr. Wassim Moukahhal is a Director of RAK Ceramics (Bangladesh) Limited and RAK Security and Services (Pvt.) Ltd., which is subsidiary of this Company. He is also a member of the Audit Committee and the Nomination and Remuneration Committee of RAK Ceramics (Bangladesh) Limited. He also serves as a Member of the Board of Directors and the Executive Committee for RAK Ceramics PJSC and as a Member of the Board of Directors of RAK Porcelain and RAK Ceramics India. Mr. Moukahhal holds an MBA from the Wharton School at the University of Pennsylvania and a Bachelor's degree in Economics & Finance from McGill University.



**SHEIKH SAQR BIN OMER
AL QASIMII**
Board Member

Board Member Since March 2021. Sheikh Saqr is currently serving as the RAK Real Estate General Manager. He has a Bachelor's degree in Law from the University of Sharjah, a Master's in International Law, Public Relations and Diplomacy from the Paris-Sorbonne University Abu Dhabi, and a Master's degree in Business Administration from the American University of Sharjah.



FARAH AL MAZRUI
Board Member

Board Member since June 2021. Mrs Farah Al Mazrui has over 13 years of experience in financial advisory, strategy, investment, and wealth management solutions to large corporates, families, individuals, and governments. Mrs Al Mazrui is currently serving as a member of the Board of Directors of ARKAN. She holds a BSc Hons in Economics from Queen Mary, University of London and an MSc in Risk Management and Financial Engineering from Tanaka Business School, Imperial College.

Board of directors (continued)

COMPOSITION OF BOARD

The Board of Directors comprises of Six members: Sheikh Saqr Bin Saud Al Qasimi, Mr. Fawaz AL Rajhi, Sheikh Khalid Bin Saud Al Qasimi, , Sheikh Saqr Bin Omar Al Qasimi, Mr Wassim Moukahhal and Mrs. Farah Al Mazrui. As a collective, the Board of Directors has the skills, experience and knowledge to fulfil its purpose and responsibilities. The Board consists of 5 non-executive, independent members and one non-independent, executive member, satisfying the requirements of Article (9/5) of Resolution No. 3 R.M of 2020 of SCA concerning Corporate Governance Guide. The term of the current Board Members expired on 29 March 2024. The members of our Governance Bodies are 5 male and 1 female.

Demographics of our Governance Bodies

Age Group	Gender
Under 30 years old:	3 Male
30 – 50 years old:	2 Male 1 Female
Over 50 years old:	None

Independence and Conflicts

The roles of the Chairman of the Board of Directors and the CEO are distinct and separate and there is a clear division of responsibilities. The Chairman leads the Board and ensures the effective engagement and contribution of all Directors. The Group Chief Executive Officer has responsibility for all Group subsidiaries and their strategy, policy and operational management.

COMMITTEES

The Board has Four standing committees: The Audit & Risk Committee, Nomination and Remuneration Committee, the Insider Trading Committee, and Disclosure Committee and together they strengthen the Board's oversight of the Group.

Note: All the details of the Board, Board Members, Board Committees and Top Management are available in the Corporate Governance Report 2021, for more in depth review of our Corporate Governance Report for 2021, please visit <https://corporate.rakceramics.com/investors>.

ACTING ETHICALLY AND RESPONSIBLY

Members of the Board of Directors, executive management and employees ("Our People") in the Company are aware of the Anti-corruption Policies and must adhere to the guidelines noted in the Anti-corruption Policies during their employment at RAK Ceramics. In particular, the Company's Code of Conduct outlines the minimum standards of business and ethical conduct that we expect our people to adhere to, in order to maintain our vision of zero corruption.

The Code of Conduct does not cover all possible situations that may occur, but provides guidance on day-to-day activities, so that our people can 'do the right thing'. Any person who fails to comply with the Anti-corruption Policies will be subject to disciplinary measures, including but not limited to warning, or termination. To emphasize the importance of the Anti-corruption policies, management routinely communicates the key details from the Anti-corruption Policies, through emails, memos and in Company meetings, although no formal training is currently provided to employees, in relation to Anti-corruption policies. Our Anti-corruption policies are communicated to persons outside the business, on an 'as and when required' basis.

MEMBERSHIPS

Emirates Green Building Council

RAK Ceramics is a long-standing corporate member of the Emirates Green Building Council, supporting the development of sustainable buildings in United Arab Emirates.

Environment Protection and Development Authority

We are a corporate member of the Environment Protection and Development Authority (EPDA), whose mission is to protect the environment and sustain its resources in Ras Al Khaimah, United Arab Emirates.

We regularly partake in initiatives by the Authority including the annual beach cleanup. We also submit an environmental report to the Authority each quarter outlining our progress with environmental initiatives.

Emirates Environmental Group

We are a corporate member of the Emirates Environmental Group (EEG) which is a professional working group devoted to protecting the environment through education, action programmes and community involvement. In 2020, we participated in the "Clean-up UAE 2020" and "For Emirates, We Plant" programmes.







Workforce well-being

OUR APPROACH

We have 5,416 employees working in our factories at our headquarters and group units in Ras Al Khaimiah, United Arab Emirates and their health and safety is fundamental to our business and long-term success. All employees, visitors and contractors undertake safety induction training before entering our factories. Our Safety Committee made up of representatives from various departments meets weekly to discuss current safety issues at our premises and factories and discusses controls that may need to be implemented. Against the backdrop of the COVID-19 pandemic, this year more than ever, the Group's employee have navigated these challenging times with incredible resilience and agility, hard work and professionalism enabling us as a business to continue to operate smoothly and serve our customers.

We at RAK Ceramics recognize that people are our most valuable assets, therefore we work hard to ensure that our employees are safe and healthy, with free medical insurance provided to all employees, and various health-care initiatives run throughout the year. Doing the right thing by our people ensure that they are happy, healthy and thrive in a working environment. In doing so, our people will help us to achieve our ambition and strategy as a global leaders in providing ceramic lifestyle solutions.

UAE VISION

- World-class healthcare
- Cohesive society and preserved identity
- Safe public and fair judiciary.

SDG

- 5 - Gender equality
- 16 Peace, justice and strong institutions
- 12 -Responsible consumption and production

WORKFORCE WELLBEING

Our Health and Safety Policy follows the United Arab Emirates Regulations, including ISO-45001 and OSHAD Code of Practice and International Best Practice Standard. The Policy covers all employees, contractors and visitors to all our production units, office buildings, workers accommodation and workshops, with our goal being to prevent all accidents, injuries and occupational illnesses. The Environment, Health and Safety department (EHS) and facility management team is responsible for the day-to-day management of our health and safety systems and EHS is continually looking at ways to improve our systems. We also display safety bulletins and safety hazard posters in strategic areas around our factories to emphasis the importance of health and safety.

COVID-19 MEASURES

RAK Ceramics continue to evaluate the ongoing situation as the potential for new COVID-19 variants remains. We was proactive in implementing a raft of measures designed to mitigate the impact of Covid-19 and the corresponding lockdowns across all its markets. A COVID 19 Command Center was formed with the primary objective of assessing the risks and formulating the response strategies after conducting robust scenario planning, which can significantly improve epidemic response mechanism and toolkits. It established the respective scope areas for all members of the Executive Management to ensure no risks remain unnoticed and mitigated.

As one of the first UAE companies to adopt social distancing, and apply working from home model to most of its administrative employees, the company also completely shut down production in India and Bangladesh during the national lockdown at those places and optimized production in the UAE plants. Alternative sales channels have been opened in markets where retail operations were closed, and the website now includes a virtual reality showroom experience.

RAK Ceramics has also taken measures to manage its liquidity, reducing discretionary expenses and placing non-essential capex plans on hold. Prominence was given to the safety of the employees and their families.

HAZARD IDENTIFICATION

Process

1. Identify hazards for each activity, process or area
2. Determine who may be harmed and how
3. Assess risk and determine likelihood and consequences
4. Determine if there are any existing control measures in place and if not, develop control measures (hierarchy of control)
5. Record all findings
6. Re-evaluate and re-assess the risks
7. Review if necessary

Our Nebosh certified safety officers and our technical team members, undertake daily monitoring, semiannual internal audits and routine inspections to ensure that all hazards are eliminated or controlled and whether or not there is room for improvement on current processes. We ensure that all machinery-moving parts are guarded. Our EHS team has a 24-hour hotline to report any unsafe conditions, accidents or incidents. If an incident is reported, the EHS team will then conduct an internal investigation and control measures will be put in place (if necessary) to ensure any re-occurrence is prevented.

No fatalities for work related injuries or ill health occurred in 2021 and our factory employees worked approximately - 1,413,112 mandays. However, the main types of work-related injuries were in relation to the severance of employee's fingers working in the factories. We are working hard to eliminate these injuries by providing adequate hand protection equipment and educating employees on proper use of the equipment to avoid such injuries. In respect of work related ill-health, dust, noise and silica are all contributors to ill health of our employees at our factories. We undertake risk assessments, plant inspections and monitoring to ensure these risks are minimized. We also supply our employees with dust masks and earplugs to reduce the effects of the dust, noise and silica they are exposed to. We do not currently have data relating to work-related ill health of our employees.

WORK RELATED INJURIES

2020 Work related Injuries

Total Recordable Work-related Injuries	231
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Total Recordable Work-related Injuries (Rate)	2.36
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Note: Rates are calculated based on 200,000 hours worked. No workers have been excluded from this number and we do not control the workplace of any other workers. Total Recordable Work-related Injuries have increased by 0.87% compared to year 2020.

EMPLOYEE PARTICIPATION

Employees are given the chance to test all the personal protective equipment (PPE) and procurement of any new PPE is based on the employee assessment of the products. Suggestion boxes are strategically placed around the Company premises and checked on a monthly basis. We regularly undertake tool box trainings for our employees with 68 trainings provided in 2021 covering topics such as "Common Safety Mistakes that Make a Big Difference", "Hierarchy Control", "What is a Hazard", and "Working with Conveyors". We also provide a number of work based trainings to employees during work hours including mechanical and electrical safety trainings, summer hazard trainings, firefighting trainings, first aid training, respiratory hazard training, noise training and environmental training.

EMIRATIZATION

We continue to focus our efforts on employing national talent to align with the UAE's 2021 vision of Emiratization. Our Human Resources team works closely with the Ministry of Human Resources and Emiratization to increase the number of Emiratis in our workforce.

In 2021, the percentage of Emiratis in our administrative functions has increased to reach 37%. (In 2020 = 5%*).

Number of Admin Employees	Emirati	Total	%
2019	8	194	4%
2020	8	156	5%
2021	64	174	37%

Investment in our employees

OUR APPROACH

At RAK Ceramics, we have a competency and values framework that forms the basis for all people development programs. Currently all training initiatives are dependent on the needs of the individual employees and business requirements. In 2021, we expect to undertake further man-hours in education across our factories and the corporate office and implement a formal career development program.

New Starters

The Human Resources team leads a general induction program for new starters, followed up by a departmental specific training organized by individual departments. For factory employees, the induction training also covers detailed guidelines from the EHS department regarding health and safety at work. New starters are also provided with a copy of the Employee Handbook during induction training.

Training and Education

In 2021, over 0.5 man-hours each were spent undertaking Factory employee training, for factory employees -4,812 men and 20 women. The largest initiative was Manufacturing Excellence programme, which included the principles of Six Sigma and Total Productive Maintenance (TPM) cutting across various management levels. In our corporate office, in-house seminars, webinars, external expert facilitated trainings and industry seminars were widely attended by employees.

We also have ongoing development programs including LEAP and MEAP (Leadership and Management advancement and effectiveness programs), skill and development programs for sanitary ware casters, sprayers and inspectors, and the Kangaroo program (a sequenced career development program) for operators and technicians.

Performance Reviews

All employees receive regular performance and career development reviews. At the start of any year, employees along with their managers set out specific key performance indicators that the employee will work towards throughout the year and employees are reviewed based on these metrics. Furthermore, all new employees receive a performance review upon completion of their probation period.



Full Time Employee Benefits

Life Insurance

All employees are covered under the Company's self-insurance policy, which covers disabilities due to work accidents or a work-related demise.

Medical Insurance

All employees are provided with medical insurance covering all work related and non-work related ill health or injuries and free health check-ups.

Workman Compensation Insurance

All employees are covered under the Company's Group Workman Compensation Insurance, which covers loss of salary due to a work related accident/injury.

Annual Health Screening

We partner with RAK Medical Center to provide annual health screening and eye examinations for those employees who work in hazardous conditions inside the factories. Any individuals who are identified as "high risk" are provided with one on one counselling and briefed on how to improve their health and lifestyle.*

Monthly Wellness Campaigns

We organize monthly awareness campaigns on a variety of topics including how to avoid heatstroke, and the common signs of Hepatitis A and C.

Employee Welfare Fund

A fund to support our employees who are in need of monetary assistance for situations that are not covered by the medical or life insurance policies or any other source. A committee manages the funds and determines the amount of financial assistance that is given to each individual.

Transportation and Accommodation

Employees are provided with accommodation in accordance with the Accommodation Policy. If no accommodation is provided, employees are provided with an accommodation allowance determined by their respective pay grades. Free transportation is provided to all employees residing in Ras Al Khaimah, United Arab Emirates.

Other Leave

All female employees are eligible for 90 days of maternity leave in accordance with UAE Laws (45 days paid and 45 days unpaid). We also provide special leave for Haji/Umrah and on a case by case basis.

End of Service Benefits

Employees are provided end of service compensation in accordance with UAE Laws.

Travel Allowance

All employees are granted leave travel allowance, graded according to their Company designation, paid at prevalent market rates.

Sports Activities

We provide recreational facilities including a gym, basketball, volleyball, badminton courts and a football field and organize regular sports tournaments.

*Employees may share their health information with us if they wish to do so, but we respect their privacy and due to patient confidentiality reasons, we do not have any access to health information shared with their medical professional. If health information is supplied, a member of the Human Resources team will work with the service provider to ensure an employee is in good health before returning to work.

We provide facilities including a gym, basketball, volleyball, badminton courts and a football field and organize regular sports tournaments.



Diversity and inclusion

OUR APPROACH

At RAK Ceramics, we strive to provide a workplace where individuals have an equal opportunity to work and contribute to the Company's growth. RAK Ceramics offers equal employment and advancement opportunity to all individuals without discrimination based on age, color, race, religion, gender or disability. All employees are remunerated equally depending on their role and performance, with no discrimination based on age, color, race, religion, gender or disability. RAK Ceramics has a strict zero tolerance approach to employment of child labor and we do not hire employees below the age of 18 as prescribed in the UAE Labor Laws. We also enforce a strict no child labor policy from our Suppliers. We do not have a formal Human Rights Policy in place, but we operate in accordance with all UAE Laws governing human rights.

OUR PEOPLE

2021 Admin and Plant Employees

Total	5,416
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Gender & Age Diversity

(Admin Employees and Plant Employees)

2021

Female	3.79%
Male	96.21%

2020

Female	3.27%
Male	96.73%

2021 Age Groups	Female	Male
<30	1.20%	29.71%
30-39	1.38%	33.29%
40-49	0.98%	24.46%
50-59	0.20%	8.18%
60-69	0.02%	0.57%

2020 Age Groups	Female	Male
<30	1.03%	25.13%
30-39	1.22%	39.57%
40-49	0.86%	24.44%
50-59	0.14%	7.44%
60-69	0.02%	0.15%

* The Share of women in the workforce has increased by 0.52 percentage points from 3.27% in 2020 to 3.79% in 2021.

** Youth employment rate has increased by 4.75 percentage points from 26.16% in 2020 to 30.91% in 2021.

Entry and Mid-level Positions held by gender: 20.00% Women, 80.00% Men

Senior and Executive Level Positions held: 100% Men, 0% Women

Maternity Leave: 205 female employees were entitled to parental leave. 10 female employees took parental leave and also returned to work following their leave.

Note: We did not have any temporary employees in 2021 and consultants and contractors make up under 1% of our total enterprise head count.

NEW EMPLOYEES

1,171 new employees were hired during 2021

By Gender

Male	1,092
Female	79
Total	1,171

By Age Group

< 30	764
30-50	398
< 50	9
Total	1,171

By Region

Africa	353
Asia	741
Europe	4
Middle East	73
North America	0
Total	1,171

LEAVING EMPLOYEES

1,083 employees left RAK Ceramics during 2021, these employees were largely factory employees.

SALARY & REMUNERATION RATIO

Ratio of Basic Salary - Women to Men

Band 1 (para professionals)	1:5
Band 2 (professionals)	1:2
Band 3 (middle management)	1:2

Ratio of Remuneration Women to Men

Band 1 (para professionals)	1:8
Band 2 (professionals)	1:6
Band 3 (middle management)	1:3

*Note: All figures in this section include UAE Operations.

COMMUNITY INVESTMENTS

RAK Ceramics is committed to supporting the local community in Ras Al Khaimah, United Arab Emirates as well as the wider community of the UAE, through financial, material and human resources. In 2021, RAK Ceramics participated in a number of community initiatives and provided approximately AED 1.2 mil in financial support to the local community which include combating against COVID-19 pandemic. Giving back to the community is also important to our employees and we encourage volunteering and participation in a number of community initiatives throughout the year. In 2021, we are committed to understanding the expectations and needs of our community in more detail to ensure our sponsorship and other initiatives are in alignment with these. We are also committed to increasing the amounts we invest into the local community in 2022 and continue the formal employee-volunteering program.

Activities participated during the year 2021:

- Participated on Earth Day Tree Planting on 22 April 2021.
- Participation and Hosting the North Emirates – Emirates Environmental Group – Can Collection Drive on 06 November 2021.
- Participation on the Emirates Environmental Group Clean Up UAE Drive on Dec.16, 2021
- Participation Emirates Environmental Group For Our Emirates We Plant Campaign-Dec.21, 2021 – 10 trees planted name to RAK Ceramics.

Note: All the details of community participation and investment are included in RAK Ceramics PJSC Financial Statements for the year 2021 and the Corporate Governance Report for the year 2021, for a more in-depth review of our financial performance during 2021 and Corporate Governance Report 2021, please visit <https://corporate.rakceramics.com/investors/financial-statements/>.





Financial performance

Being responsible impacts on everything, we do at RAK Ceramics. Our value provide the foundation for our commitment to corporate responsibility, which we refer to with maxim 'Responsible Business, Responsible Employer'.

UAE VISION

- Competitive knowledge economy

SDG

- 8 - Decent work and economic growth
- 9 - Industry, innovation and infrastructure

FINANCIAL & ECONOMIC PERFORMANCE

Despite the challenges, our business saw positive momentum and a gradual return towards normality with economic activities and trade resumption. We reported a significant revenue increase in the first quarter of the year, marking a five-year high in terms of profitability. In addition to this, we reported three consecutive quarters of positive revenue growth, which resulted in a healthy net profit.

Our priority in 2022 is to protect our market share and further strengthen brand perception in our core markets with a sustained investment in brand initiatives such as new showrooms, retail outlet stores and e-commerce platforms. Despite rising input costs and supply chain disruptions we aim to sustain our current operating costs by enhancing our plants in UAE, India and Bangladesh, initiating the greenfield project in Saudi Arabia, and increasing selling prices to offset the increased freight costs in Europe. We are committed to increasing efficiency while reducing our environmental impact and protecting the health and wellbeing of our employees. We will continue to evaluate the ongoing situation as the potential for new COVID-19 variants remains.

Operational review

In the UAE, revenue decreased by 3.1% year on year due to a slowdown in the project segment.

In Saudi Arabia, RAK Ceramics' position as a premium products provider and the strong demand in the Kingdom resulted in a revenue increase of 26.7% for FY 2021.

In Europe, revenue increased by 17% year-on-year but decreased quarter-on-quarter by 16.4%, mainly due to higher shipping freight rates caused by the global shortage in shipping containers. RAK Ceramics' relentless focus on providing world class product management resulted in increased customer base which saw an overall increase of revenue in 2021.

In the Middle East (excluding UAE and KSA), revenue increased by 48% in FY 2021 considering that last year's revenue was substantially impacted due to the pandemic.

In India, RAK Ceramics reported a strong revenue growth of 60.9% for FY 2021 underpinned by positive business sentiments, which reflected in improved profitability, despite significantly higher fuel costs.

Government lockdowns in Bangladesh resulted in temporary suspension of production lines. However, the company demonstrated resilience and reported strong revenue growth of 30% supported by differentiated products.

RAK Ceramics won key bids for flagship projects such as the strategic collaboration with ELIE SAAB to launch a bathroom and surface collection

Financial Highlights

RAK Ceramics delivered a robust financial performance in Q4 and FY 2021 with revenue and profitability surpassing pre-pandemic levels, despite the significant increase in logistics costs due to the global shortage of containers. Total revenue for 2021 increased by 21.8% compared to same period last year to AED 2.86bn, driven by a strong growth trajectory in the core business. Reported net profit stood at AED 283.9 million, outperforming pre-

pandemic levels (AED 205.2 million in 2019). In Q4 2021, revenue increased by 4.5% to AED 752.4 million mainly driven by the company's operations in India, Bangladesh & Middle East markets and the Tableware business.

Like-for-like net profit increased by 102.4% for FY 2021 to reach AED 298.1 million underpinned by higher revenue and GP margins. Total gross profit margin for 2021 reached an all-time high of 36.2%.

In FY 2021, tiles revenue grew by 21.3% year on year at AED 1.95 billion supported by growth in all markets except in United Arab Emirates market. Sanitaryware revenue grew by 17.5% year-on-year driven by all markets except Saudi Arabian market. Tableware revenue improved by 73% year-on-year.

Healthy cash position

The Company's Net Debt level decreased to AED 971.2 million in December 2021 from AED 978.7 million in September 2021 after payment of interim dividend of AED 99.4m. At the end of December 2021, the company's net Debt to EBITDA stood at 1.94x compared to 3.25x in December 2020.

ANNUAL REPORT

Our 2021 Annual Report can be found at www.corporate.rakceramics.com/investors/reports

AED 2.86 BN

TOTAL REVENUE

420 BPS

GROSS PROFIT MARGIN

32.7%

EBITDA

AED 298.1M

NET PROFIT BEFORE IMPAREMENT LOSS

AED 283.9M

REPORTED NET PROFIT

Sustainable production and innovation

OUR APPROACH

We are dedicated to 'being better' than yesterday and going forward we are committed to designing innovative environmentally friendly products. Our customers are also demanding more recyclability in regards to the packaging of their goods and we are looking at implementing packaging that is made with 100% recycled material in the future.

We currently have a handful of innovative solutions available in our ceramic and sanitary ware ranges that use less raw materials to manufacture, as well as a range of products produced using sustainably sourced raw materials. When developing new products our product development team ensures that the products are made from durable and long lasting raw materials, which sees the average lifecycle of our products being around 20 years. The technical team then also ensures that our methods of production for a particular product are energy efficient and less wasteful in terms of water usage.

During the year, the Company participated in KBB exhibition in the UK, Revestir exhibition in Brazil as well as Design Middle East and Design Week exhibitions in UAE and exhibited its latest range of products and innovations.

PRODUCTS

RAK Slim is ceramic tile product that has the same finishes as our standard tiles but uses 50% less raw materials to make.

RAK Antimicrobial a ceramic tile that reduces microbial contamination, contributing to a healthier environment particularly in schools and healthcare facilities.

RAK Joy a wooden furniture collection that respects the environment and the life of the furniture itself. All particleboard and MDF used in the construction of this striking furniture collection come from responsible FSC certified sources, respecting the forests, the people and wildlife who call them home.

LUCE one of RAK Ceramics' distinctive products. What distinguishes the product is that it generates graphics and colors of natural marble with a high aesthetic when it is enhanced with backlight technology.

FURTHER INFORMATION

For more information regarding the FSC certification visit www.fsc.org.

ACCREDITATIONS

- **FloorScore** an independent certification program that test and certifies hard surface flooring and the materials they are made with, to ensure they are in compliance with stringent indoor air quality emissions.
- **ISO 9001:2015** by internationally recognized UK certification body Ceramic Research Institute Certification Scheme for ceramic tiles and sanitary ware. This certification verifies that we have a quality management system in place that is compliance with the requirements of the standard, which covering design, development, production and supply of ceramics and sanitary ware.
- **ISO 13006, EN 1441 and ANSI A137.1** we manufacture ceramic tiles in accordance with these standard specifications from the UK, Europe and USA.
- Our testing laboratory operates in accordance with ISO/IEC 17025 accredited by the National Association of Testing Authorities, Australia.
- **Environmental Product Declarations (EPD) & Life Cycle Analysis (LCA)**: All RAK Ceramics Tiles & Sanitarywares products have Environmental Product Declarations (EPD) following the CEN Norm EN 15804 standard, serves as the core PCR. Independent verification of the declaration according to ISO 14025 and ISO 21930, verified and certified by a third party. The product lifecycle analysis was concluded following ISO 14040:2006, ISO 14044:2016, ISO 21930:2017 in line with the requirements of product category rules (PCR) regarding EN 15804 +A2:2019.
- **Upcyclea** – Product Materials Declaration: RAK Ceramics declarable substances list is regularly reviewed to include applicable regulations and customer requirements and to ensure that our suppliers are in line with our rules regarding the use of chemicals and hazardous substances. It defines RAK Ceramics declarable substances that our suppliers and subcontractors have to report in addition to regulated substances declarations.
- **DT55 ED 100915 (ISO/IEC 17067:2013)** – Porcelain Tiles Produced With Recycled Materials RAK Ceramics technical document for product certification of construction products with specified percentage of recycled materials.

We also hold numerous compliance certificates for countries around the world, ensuring that our tiles meet specific country standards.

AWARDS

The Company has been awarded as 'Best Tiling Brand' by BKU Awards (UK). 'Best Sanitary-ware Brand' by BKU Awards (UK), 'Best Ceramic Bathroom Ware Supplier (UAE)' at MEA Business Awards and 'Best Specialised Manufacturer' at The Design Middle East Awards, 2nd Place in Environmental Sustainability Award in the Industrial Sector organized by Environment Protection and Development Authority (EPDA) of Ras Al Khaimah. Best Innovative Product Award for the "LUCE" product, one of RAK Ceramics' distinctive products. What distinguishes the product is that it generates graphics and colors of natural marble with a high aesthetic when it is enhanced with backlight technology.

We are dedicated to 'being better' than yesterday and going forward we are committed to designing innovative environmentally friendly products.



Responsible and sustainable procurement

OUR APPROACH

Working with our Suppliers

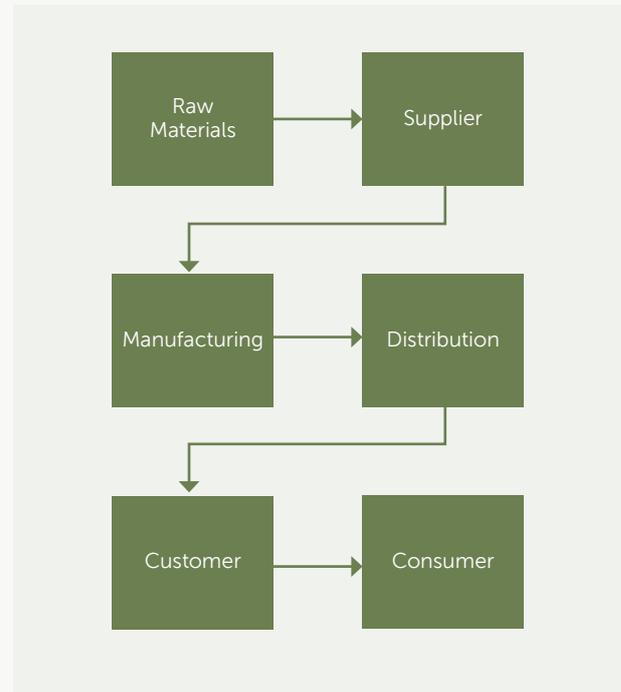
RAK Ceramics places high importance on dealing with suppliers who conduct ethical business practices and our focus is ensuring that at a minimum our suppliers have adequate health and safety stands in place and do not partake in child labor.

Prior to becoming a supplier for RAK Ceramics, it is mandatory for all key suppliers to complete a supplier assessment questionnaire, which outlines the minimum requirements for quality, environmental practices, health and safety and ethical standards.

Going forward, we wish to implement a more sustainable procurement process that includes several sustainability markers that we will use to assess all future Suppliers. In FY22, we are looking at implementing Supplier Guiding Principles for all key suppliers, which will focus on additional sustainability requirements that we expect the Suppliers to meet. We will continue to work on our supply chain strategy, so it continues to meet the demands of the business and is in line with our stakeholder values.

RAK Ceramics is committed to using local suppliers, where possible in order to support the local community. In FY21, our spent had increased by 9.16% reaching approximately AED 810 Million with a increase in direct suppliers by 1% to reach to 1,069 suppliers with 66% those being local suppliers in UAE. (FY20: AED 742 million, 1058 direct suppliers, with 66% of those being local suppliers in the UAE)*.

Supply Chain Process



RAK Ceramics places a high importance on dealing with suppliers who conduct ethical business practices.

*Note: Figures include vendors of UAE Operations.

Privacy

OUR APPROACH

Privacy

RAK Ceramics considers it important to ensure that any personal information received from customers, is secure and available upon request, as we believe our continued success depends on trust from our customer base, so protecting their personal information from disclosure is paramount. Given our global operations, RAK Ceramics implemented a General Data Protection Policy (GDPR) in early 2019. We are pleased to have rolled this Policy out across our European operations and we believe this Policy provides the best level of protection to our customers. At a glance, the Policy sets out our commitments to our customers when it comes to handling their personal information, and includes principles relating to the transfer of personal data, rights of individuals, record processing and how we deal with any violations of the Policy. We ensure that the collection of data in the UAE also follows the principles outlined in the Policy and UAE Laws

Furthermore, we have developed a Privacy Policy for any personal information we collect from individuals using our website in the UAE, our App or our Visitor Management System, which can be viewed at www.rakceramics.com/uae/en/privacy-policy. In 2021, there was no recorded customer data breaches, loss of data, or substantiated complaints, and therefore we consider the various privacy policies to be effective.

FURTHER INFORMATION

Personal information we collect from individuals using our website in the UAE, our App or our Visitor Management System, can be viewed at www.rakceramics.com/uae/en/privacy-policy

Cybersecurity

At RAK Ceramics, we take a comprehensive and multifaceted approach to protect information in our care and assist our employees and customers in safeguarding their digital assets and information. We embed data protection throughout our operations and technology programs with the goal of safeguarding our customer data and digital assets. As a foundation to this approach, RAK Ceramics maintains a comprehensive set of cybersecurity policies and standards, which align with the International Standards Organization (ISO) 27001:2013 standard. The policies are developed in collaboration with a wide range of disciplines, such as, cybersecurity, legal, compliance and business, among others. RAK Ceramics also has been certified as ISO 27001 compliant in February 2022.

Our information security objective is to "To build an agile and cost-effective cyber security program aligned with current threats and adaptable to RAK Ceramics' business objectives. RAK Ceramics has both management and technological measures in place to defend against cyber threats.

Considering the growing sophistication of cyber-attacks, we have adapted a layered defense system by deploying top of the breed defense technologies at each layer.

Network Security

Protect networks from attack, filter out unauthorized access and malicious content.

Solutions: AAA/NAC/Fortigate

User Education & Awareness

Educating users on security policies and create awareness of cyber risk.

Solutions: IT Security Posters/Deck

Malware Prevention

Anti-malware defenses across the organization.

Solutions: Mimecast/CrowdStrike

Removable Media Controls

Control all access to removable media. Scan all media for malware before importing onto the corporate system.

Solutions: CrowdStrike

Patch Management

Keeping software on computers and network devices up to date and capable of resisting low-level cyber-attacks.

Solutions: Heimdal

Managing User Privileges

Limit the number of privileged accounts, user privileges plus monitor and control user activity.

Solutions: ActiveDirectory/RBAC

Incident Management

Incident response and disaster recovery capability.

Solutions: SolMan/DR Runbook

Monitoring

Continuously monitor all systems and networks. Analyze logs for unusual activity.

Solutions: Manage Engine Op Manager

Home and Mobile Working

Protect data both in transit and at rest.

Solutions: Secured VPN / Fortigate

Risk Management

Risk identification and mitigation.

Solutions: Regular Risk Review





GRI Sustainability Dashboard

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
GRI 101 Foundation 2016				
General Disclosures				
GRI 102. General Disclosures 2016	102-1 Name of Organisation	6	Inside Organisation	G7. Sustainability Reporting G8. Disclosure Practice E8. Environmental Oversight
	102-2 Activities, brands, products and services	6	Inside Organisation	
	102-3 Location of Headquarters	6	Inside Organisation	
	102-4 Location of operations	2-6	Inside Organisation	
	102-5 Ownership and legal form	6	Inside Organisation	
	102-6 Markets served	6	Outside the Organisation	
	102-7 Scale of Organisation	6,36,37,32	Inside Organisation	
	102-8 Information on employees and other workers	32-37	Inside Organisation	S4. Gender Diversity S5. Temporary Worker Ratio
	102-9 Supply chain	40	Outside the Organisation	G4. Supplier Code of Conduct
	102-10 Significant changes to the Organisation and its supply chain.	No significant changes during the reporting period.	Inside the Organisation	
	102-11 Precautionary principle or approach	14,38	Inside and outside the Organisation	
	102-12 External Initiatives	25	Outside the Organisation	
	102-13 Memberships of associations	25	Outside the Organisation	
	102-14 Statement from senior decision-maker	5	Inside and outside the Organisation	E8. Environmental Oversight

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
	102-16 Values, principles, standards and norms of behavior	20	Inside the Organisation	G5. Ethics & Prevention of Corruption
	102-18 Governance structure	22-24	Inside the Organisation	S1. CEO Pay Ratio G2. Board Independence G3. Incentivized Pay E9. Environmental Oversight
	102-40 List of stakeholder groups	8	Inside and outside the Organisation	
	102-41 Collective bargaining agreements	Collective bargaining is prohibited under the laws of the United Arab Emirates.	Inside the Organisation	
	102-42 Identifying and selecting stakeholders	8	Inside and outside the Organisation	
	102-43 Approach to stakeholder engagement	8	Inside and outside the Organisation	
	102-44 Key topics and concerns raised	8	Inside and outside the Organisation	
	102-45 Entities included in the consolidated financial statements	36-37	Inside the Organisation	
	102-46 Defining report content and topic boundaries	2,9	Inside and Outside the Organisation	
	102-47 List of material topics	9	Inside and outside the Organisation	
	102-48 Restatement of information	There have been no restatements of information.		

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GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
	102-49 Changes in reporting	9 – we have updated our material topics.		
	102-50 Reporting period	2		
	102-51 Date of most recent report	2019		
	102-52 Reporting cycle	2		
	102-53 Contact point for questions regarding the report	2	Inside the Organisation	
	102-54 Claims of reporting in accordance with the GRI Standards	2		
	102-55 GRI content index	44-52		
	102-56 External assurance	RAK Ceramics does not seek external assurance for its sustainability report.		G9. External Assurance

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
GRI 200 Economic Standard Series				
Economic Performance				
GRI 103. Management Approach 2016		36	Inside the Organisation	
GRI 201. Economic Performance 2016	201-1 Direct economic value generated and distributed	37	Inside the Organisation	
Procurement Practices				
GRI 103. Management Approach 2016		40	Inside the Organisation	
GRI 204. Procurement Practices	204-1 Proportion of spending on local suppliers	40	Inside the Organisation	S9. Child & Forced Labour
Anti-corruption				
GRI 103. Management Approach 2016		20		
GRI 205. Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	20	Inside the Organisation	G5. Ethics and Prevention of Corruption
	205-2 Communication and training about anti-corruption policies and procedures	20	Inside the Organisation	G5. Ethics and Prevention of Corruption
	205-3 Confirmed incidents of corruption and actions taken	20	Inside the Organisation	G5. Ethics and Prevention of Corruption

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GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
GRI 300 Environmental Standards Series				
Materials				
GRI 103. Management Approach 2016		14	Inside the Organisation	E7. Environmental Operations E8. Environmental Oversight E10. Climate Risk Mitigation – we invested in a new waste heat recovery system in 2019, however we do not currently calculate the amount invested in climate related infrastructure, resilience and product development.
GRI 301. Materials 2016	301-1 Materials used by weight or volume	14	Inside the Organisation	
Energy				
GRI 103. Management Approach 2016		15	Inside and Outside the Organisation	E7. Environmental Operations
GRI 302. Energy 2016	302-1 Energy consumption within the Organisation	15	Inside the Organisation	E5. Energy Mix
	302-3 Energy intensity	15	Inside the Organisation	E4. Energy Intensity
	302-4 Reduction of energy consumption	15	Inside the Organisation	
Water and Effluents				
GRI 103. Management Approach 2016		16	Inside and Outside the Organisation	
GRI 303. Water and Effluents 2018	303-1 Interactions with water as a shared resource	16	Inside and Outside the Organisation	
	303-3 Water withdrawal	16	Inside and Outside the Organisation	E6. Water Usage

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
	303-4 Water discharge	16	Inside and Outside the Organisation	E6. Water Usage
	303-5 Water Consumption	16	Inside and Outside the Organisation	E6. Water Usage
Emissions				
GRI 103. Management Approach 2016		15	Inside and Outside the Organisation	
GRI 305. Emissions 2016	305-1 Direct (Scope 1) GHG emissions		Inside and Outside the Organisation	E1. GHG Emissions
	305-2 Energy indirect (Scope 2) GHG emissions		Inside and Outside the Organisation	E1. GHG Emissions
	305-4 GHG emissions intensity	15	Inside and Outside the Organisation	E1. Emissions Intensity
	305-5 Reduction of GHG emissions		Inside and Outside the Organisation	
Effluents and Waste				
GRI 103. Management Approach 2016		15	Inside and Outside the Organisation	
GRI. 306 Effluents and Waste 2016	306-2 Waste by type and disposal method	15	Inside and Outside the Organisation	
	306-4 Transport of hazardous waste	16	Inside and Outside the Organisation	
Environmental Compliance				
GRI 103. Management Approach 2016		14	Inside and Outside the Organisation	
GRI 307. Environmental Compliance 206	307 – Non-compliance with environmental laws and regulations	There was no reported compliance issues concerning environmental laws and regulations in 2019.	Inside and Outside the Organisation	

GRI Sustainability Dashboard

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
GRI 400 Social Standards Series				
Employment				
GRI 103. Management Approach 2016		31-32	Inside the Organisation	
GRI 401. Employment 2016	401-1 New employee hires and employee turnover	32-33	Inside the Organisation	S2. Gender Pay Ratio S3. Employee Turnover S4. Gender Diversity S5. Temporary Worker Ratio
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	31	Inside the Organisation	
	401-3 Parental leave	33	Inside the Organisation	
Occupational Health and Safety				
GRI 103. Management Approach 2016		28	Inside the Organisation	S8. Global Health and Safety
GRI 403. Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management system	28,29	Inside the Organisation	S8. Global Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	29,30	Inside the Organisation	
	403-3 Occupational health services	28,29,31	Inside and Outside the Organisation	
	403-4 Worker participation, consultation, and communication on occupational health and safety	30	Inside the Organisation	
	403-5 Worker training on occupational health and safety	30	Inside the Organisation	

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
	403-6 Promotion of worker health	31	Inside and Outside the Organisation	
	403-8 Workers covered by an occupational health and safety management system	28	Inside and Outside the Organisation	
	403-9 Work-related injuries	29	Inside the Organisation	S7. Injury Rate
Training and Education				
GRI 103. Management Approach 2016		30		
GRI 404. Training and Education 2016	404-1 Average hours of training per year per employee	20	Inside the Organisation	
	404-2 Programs for upgrading employee skills and transition assistance programs	20	Inside the Organisation	
	404-3 Percentage of employees receiving regular performance and career development reviews	20	Inside the Organisation	
Diversity and Equal Opportunity				
GRI 103. Management Approach 2016		24,32,33	Inside the Organisation	
GRI 405. Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	24	Inside the Organisation	G1. Board Diversity
	405-2 Ratio of basic salary and remuneration of women to men	33	Inside the Organisation	
Non-Discrimination				
GRI 103. Management Approach 2016		32	Inside the Organisation	
GRI 406. Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no reported incidents of discrimination in 2019.	Inside the Organisation	S6. Non-Discrimination S9. Child & Forced Labour S10. Human Rights

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GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
Local Communities				
GRI 103. Management Approach 2016		33	Outside the Organisation	
GRI 413. Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	33,11	Outside the Organisation	S12. Community Investment
Customer Privacy				
GRI 103. Management Approach 2016		41	Inside and Outside the Organisation	
GRI 418. Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	41	Inside and Outside the Organisation	G6. Data Privacy
Emiratization				
GRI 103. Management Approach 2016		32		S11. Nationalization

HEAD OFFICE

RAK Ceramics

P.O. Box: 4714, Ras Al Khaimah
United Arab Emirates

Tel. +971 (0) 7 246 7000

Fax. +971 (0) 7 244 5270

Email. info@rakceramics.com

RAKCERAMICS.COM
