



## Corporate Governance Report 2018

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**1- The Statement of the procedures taken to complete the Corporate Governance system during the year 2018**

Ras Al Khaimah Ceramics PJSC ("RAK Ceramics" or the "Company") considers sound corporate governance to be one of the pillars of running a responsible, profitable and sustainable business that creates value. An organizational commitment to corporate governance drives enhanced management accountability, creation of value for shareholders and protecting 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 practices and is in accordance with all relevant UAE legislation including Resolution No. 7 of 2016 of Securities and Commodities Authority (SCA) concerning Corporate Governance Rules and Corporate Discipline Standards. This assures that utmost vigil is exerted by the Board of Directors (the "Board"), executive management and employees of RAK Ceramics.

**During 2018, the Company has applied the following procedures in regards with Corporate Governance System:**

**1- Meetings of the Board of Directors and its Committees:**

During 2018, the Board held four Meetings, the Audit Committee held four Meetings, the Nomination & Remuneration Committee held one meeting and Insider Trading Committee held one meeting

**2- Annual General Meeting: (AGM)**

In accordance with Federal Law No. 2 of 2015 concerning the Commercial Companies and Resolution No. 7 of 2016 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards, the company held its AGM of shareholders on 27 February 2018.

**3- Value Creation Plan:**

The company continued implementing the value creation plan to enhance the shareholder value.

**5- Disclosures and Transparency:**

The company is committed to regulations and legislation on disclosure. During 2018, the company made disclosures on important events, Board of Directors' reports, Financial Statements (Quarterly & Yearly), Corporate Governance Report for 2017, Board of Directors' Meetings and its results, Annual General Meeting and its results.

Thus, by exercising best corporate governance practices, the Company ensures that the interests of the stakeholders are protected along with Company meeting all its statutory and regulatory obligations.

This annual corporate governance report aims to ensure a transparent disclosure of the governance practices applied by the Company. These practices include monitoring of:

- the capital structure,
- internal control processes and systems,
- shareholders' rights,
- the charters of the Board of Directors and its committees,
- related party transactions,
- Auditor's independence, rotation, and the periodic review of the principles of professional conduct.

**2- Transactions of the Board, their relatives of first degree and Key management in the Company Securities during the year 2018.**

**a- Transaction Law**

The Company has adopted rules regarding dealing in the Company's securities by the members of the Board, their first degree relatives and the key management personnel. These rules are based on Articles (38) and (39) of the Federal Law No. (4) Of 2000 concerning Securities and Commodities Authority, and Article (14) of Resolution No. (2) of 2001 concerning the regulations as to trading, clearing, settlement, transfer of ownership and custody of securities, and Article (36) of Decision No (3) of 2000 concerning the regulation on transparency and disclosure and Article (3.14) of Resolution No. 7 of 2016 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards. The above mentioned rules were approved and endorsed by the Board and approved by the SCA. The rules specifically require directors and key management personnel not to engage, without prior approval of the Board, in any trade of the Company's shares held by them for less than three years.

**b- Transactions in Securities**

The following information shows the dealings of the members of the Board, their first degree relatives and key management persons, in the Company securities during the year 2017:

Sr.	Name	Position/Relative Degree	Owned Shares as on 31 Dec 18	Number of Shares	
				Total Sale Transaction	Total Buy Transaction
4	Pramod Kumar Chand	Group Chief Financial Officer	274,348	6000	0

**3- The Board of Directors (the "Board")**

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.

**A- Composition of the Board of Directors**

The current Board consists of seven members:

- the Chairman (Non-Executive, Independent),
- the Vice Chairman (Executive, Non Independent),
- Four Non-Executive & Independent Directors, and
- One Executive & Non Independent Director.

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 27 February 2018 for a period of 3 years. The term of the Board members will expire on 26 February 2021.

The following Table describes the composition of the Board of Directors as on 31 December 18:

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Sr	Name	Category	Experiences and Qualifications*	Period as Board Member	Other Current Position in any PJSCs	Positions at any Governments Dept.
1	Sheikh Khalid Bin Saud Al Qasimi	Chairman (Non-Executive, Independent)	BBA from New York University, Abu Dhabi	July 2015; 3 year & 7 months	N/A	Positions on Boards of Al Marjan Islands, UAE and Investment & Development Office and Government of RAK, UAE
2	Mr. Shirish Saraf	Vice Chairman (Executive, Non-Independent)	*BSc (Economics) from London School of Economics and Political Science *Charterhouse School	June 2014; 4 Year & 8 Months	N/A	N/A
3	Sheikh Ahmed Bin Humaid Al Qasimi	Member (Non-Executive, Independent)	Bachelor's degree from Military college in Egypt.	January 1996; 23 Years		N/A
4	Mr. Khalid Ali Saif Al Yahmadi	Member (Non-Executive, Independent)	*Bachelor of science in Finance from Sultan Qaboos Univresity - Oman *Master of Science in Accountancy and Finance from University of Illinois – USA; *CPA – USA *CIFP – Malaysia	July 2014; 4 Year & 7 Months	N/A	N/A
5	Mr. Khaled Abdulla	Member	Bachelor's degree in Business Management majoring in Management	May 2012;	N/A	N/A

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	Yousef Abdulla AlAbdulla	(Non- Executive , Independent)	Information System, from University of Arkansas, USA	6 years & 9 Months		
6	Mr. Fawaz Sulaiman Al Rajhi	Member (Non- Executive, Independent)	* Master in Business Administration from Stanford University-USA  * Bachelors in MIS and Accounting from KFUPM- KSA	April 2015; 3 Year & 10 months	N/A	N/A
7	Mr. Wassim Moukahhal	Member (Executive, Non- Independent)	MBA from the Wharton School, University of Pennsylvania and Bachelor in Economics & Finance from McGill University	February 2016; 3 Years	N/A	N/A

\* For their Experience, please refer to their profiles mentioned below.

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

**Profile of the members of the Board:**

**SHEIKH KHALID BIN SAUD AL QASIMI**

**CHAIRMAN**

**NON-EXECUTIVE, INDEPENDENT**

Board Member since 2015, reappointed in 2018 AGM for a term of three years till 26 February 2021. Sheikh Khalid holds business management qualification from New York University, Abu Dhabi Campus. Sheikh Khalid Bin Saud Al Qasimi is the Chairman of RAK Ceramics PJSC and is also 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.

**SHIRISH SARAF**

**VICE CHAIRMAN**

**EXECUTIVE, NON-INDEPENDENT.**

Board member since 2014; reappointed in 2018 AGM for a three year term till 26 February 2021. Founder & Vice Chairman of Samena Capital. In June 2014 he led the acquisition of a significant stake in RAK Ceramics PJSC. Prior to founding Samena Capital, he was a Co-Founder and Managing Director of Abraaj Capital, which grew to become one of the largest global private equity firms managing in excess of US\$6 billion. In 1998, he founded Oriel Investment Company, which emerged as one of the leading regional corporate finance firms. He has previously held numerous directorships including Aramex Holdings, Abraaj Capital, Commercial Bank of Oman SAOG, EFG Hermes and Amwal Capital (Qatar). In September 2013, he was listed as one of Asia's 25 most

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influential people in Private Equity by Asian Investors. Mr. Saraf was educated at Charterhouse (England) and holds a BSc (Economics) from the London School of Economics and Political Science.

**SHEIKH AHMED BIN HUMEID AL QASIMI****BOARD MEMBER****NON-EXECUTIVE, INDEPENDENT**

Board member since 1996; reappointed in 2018 AGM for a three year term till 26 February 2021. Sheikh Ahmed bin Humaid Al Qasimi is also chairman of RAK Porcelain LLC (a RAK Ceramics Group Company). Sheikh Ahmed holds a Bachelor's Degree from the Military College in Egypt.

**KHALED ABDULLA YOUSEF ABDULLA ALABDULLA****BOARD MEMBER****NON-EXECUTIVE, INDEPENDENT**

Board member since 2012; reappointed in 2018 AGM for a three year term till 26 February 2021. Mr. Khaled has over 24 years' experience providing fiscal, strategic and operations leadership with expertise in finance, budgeting, cost management, public relations media, strategic planning, sales, marketing, profitability analysis, cost analysis, policy and procedures development. Executive member of the Board for RAKIA, RAKFTZ, and RAK Chamber of Commerce is the founder of KAY Invest, a UAE based Investment Company with a diverse portfolio including finance, properties and trading. Currently, he is also the CEO and Member of the Board of Directors of Majan Printing and Packaging Co, one of the largest printing and packaging companies in the Middle East. Mr. Khaled holds a Bachelor's Degree in Business Management from the University of Arkansas, USA.

**KHALID ALI SAIF AL YAHMADI****NON-EXECUTIVE, INDEPENDENT**

Board member since 2014; reappointed in 2018 AGM for a three year term till 26 February 2021. Mr. Al Yahmadi is an Investment Director of Oman Investment Fund, leading the resources, manufacturing, and logistics team. Previously Chief Investment Officer at Almadina Investment. He has more than 14 years' experience in investment banking, corporate finance, and private equity investments. Lectured in Economics and Finance at Sultan Qaboos University, Oman. Studied at the University of Illinois, USA. Lectured in Economics and Finance at Sultan Qaboos University, Oman. Studied at the University of Illinois, USA

**FAWAZ SULAIMAN ALRAJHI****NON-EXECUTIVE, INDEPENDENT**

Board member since 2015, reappointed in 2018 AGM for a three year term till 26 February 2021. Mr. Fawaz is 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. Prior to this position, he had served as Head of Private Equity Placement as well as Director of Sales and Distribution at Al Rajhi Capital. Mr. Fawaz he has also worked with Proctor & Gamble as system analyst at their Arabian Peninsula headquarters, in building IT solution for Business Development Fund. Mr. Fawaz holds Master in Business Administration from Stanford University, USA and Bachelors in MIS and Accounting from KFUPM, KSA.

**WASSIM MOUKAHHAL****EXECUTIVE, NON-INDEPENDENT.**

Board member since 2016. Re-appointed in 2018 AGM for a three year term till 26 February 2021. Mr Moukahhal has more than 12 years of experience in private equity investments and is currently serving as Managing Director- private equity of Samena Capital Investments Limited in Dubai, focusing on investments within the MENA region. Mr Moukahhal is also a Member of the Board of Directors of Anghami and a member of the Investment Committee of the Samena Special Situations Funds. Mr Moukahhal holds a MBA from the Wharton School at the University of Pennsylvania and a Bachelor's degree in Economics & Finance from McGill University

**B- Female representation in Board in 2018:**

No Representative.

**C- Reasons for non-nomination of any woman in the membership of the Board of Directors.**

No women were nominated for the membership of the Board of Directors.

**D- Remuneration of the members of the Board**

Remuneration for members of the Board is proposed by the Nomination & Remuneration Committee and approved by the shareholders of the Company in General Assembly Meeting. Their remuneration is governed by the requirements of Article (21) of Resolution No. 7 of 2016 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards, and Article (169) of Federal Law No. 2 of 2015 concerning the Commercial Companies.

1- Board remuneration for the year 2017 was AED **3,700,000**.

2- For 2018, **to be determined in AGM which will be held on 11 March 2019**.

3- On 11 September 2014, The Board decided to discontinue the sitting fees.

4- On 11 September 2014, The Board decided to discontinue the sitting fees of the Committee of the Board (Audit Committee and Numeration & Remuneration Committee)

The members of the Executive Committee who are also members of the Board, decided to waive the monthly salary from February 2017.

**E- Meetings of the Board of Directors**

Meetings of the Board of Directors are held regularly, or when requested by the Chairman, or when demanded by at least two third of members of the Board. Notice of a meeting is communicated to all Directors at least one week prior to the meeting. In this regard, any member can add a subject to the meeting agenda. The Company's Articles of Association also provide detailed information on the attendance, quorum, voting and meeting requirements.

In 2018, the Board held **Four (4)** meetings as follows:



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Date of the meeting	Number of Attendance	Number of Attendance by proxy	Names of absent members
06 February 2018	7 Members	N/A	N/A
09 May 2018	7 Members	N/A	N/A
01 August 2018	7 Members	N/A	N/A
01 November 2018	7 Members	N/A	N/A

The attendance of members of the Board at these meetings and the General Assembly Meetings is as follows:

Date	06 February 2018	09 May 2018	01 August 2018	01 November 2018	27 February 2018 (AGM)
Sh. Khalid Bin Saud Al Qassimi	P	P	P	P	P
Shirish Saraf	P	P	P	P	P
Sh. Ahmed Bin Humaid Al Qassimi	P	P	P	P	P
Khalid Ali Saif Al Yahmadi	P	P	P	P	P
Khaled Abdulla Yousef Aal Abdulla	P	P	P	P	P
Fawaz Sulaiman Al Rajhi	P	P	P	P	P
Wassim Moukahhal	P	P	P	P	P

*P: Participated,*

**F- Delegation to Executive Management:**

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 Chief Executive Officer (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 CEO of the Company.

The CEO is appointed by the Board of Directors. The primary role of the CEO is to define and execute the business vision, mission, and strategy and manage the organization. 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 to the CEO and further updated it in February 2018. The following tables shows the delegations performed by the Executive Management pursuant to an authorization by the BOD:

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Sr	Name of the authorized person	Delegation authority	Duration of Delegation
1	CEO	Financial	Valid till 2021
2	CEO	Operational	Valid till 2021
3	CEO	Capital Investment	Valid till 2021
4	CEO	Legal and Regulation	Valid till 2021
5	CEO	Administrative	Valid till 2021
6	CEO	General Powers	Valid till 2021

The Delegation is effective till the term of the present Board of Directors term or it is revoked by the Board. During the year 2018, the Board had reviewed the powers of delegation.

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 organization by strict adherence to Company's policies and procedures.

**G- Dealing with the Related Parties:**

The related parties represent some of the members of the Board of directors, major shareholders and key management. The details of the transactions which occurred in 2018 are as follows:

**Transactions with Major Shareholders:**

(Other than Payment of Dividend)

<u>Description</u>	<u>31 December 2018 (AED'000)</u>	<u>Related Party</u>
Sale	-	-
Purchases	-	-

**Transaction with members and their association with other company:**

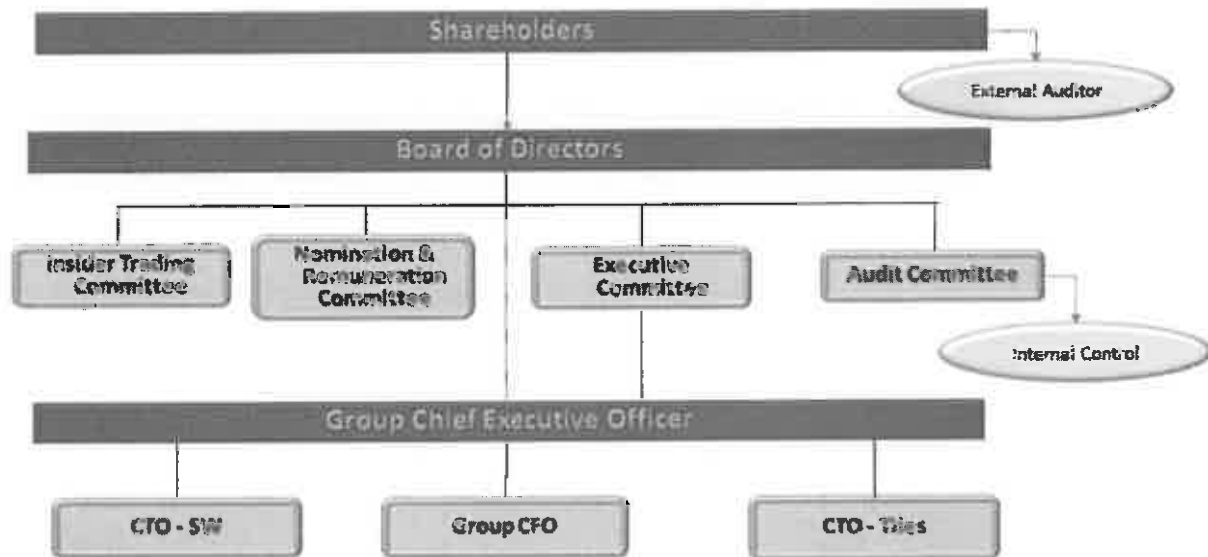
<u>Description</u>	<u>31 December 2018 (AED'000)</u>	<u>Related Party</u>
Sales of Tiles & SW	75	KAY Group – Khalid Abdullah Yousef – Board Member
Sales of Tiles & SW	308	Sheikh Ahmed Bin Humaid Al Qasimi – Board Member
Purchases	-	-

**Transactions with Key Management:**

(Other than Payment of Salary)

<u>Description</u>	<u>31 December 2018 (AED'000)</u>	<u>Related Party</u>
Sales	-	-
Purchases	-	-

**H- Organisation Structure:**



I- Names, positions, date of appointment and remuneration of Senior Executive Management as on 31 Dec 2018 in AED thousands:

Sr	Position	Appointed Date	Total Salaries including Allowances for the year 2018	Total Bonus paid for 2017	Any Cash Incentives / In-kind in 2018 Or will be due in Future for 2019
1	Group CEO#	02 Jun 2004	2,204,100	734,700	-
2	Group CFO	17 Jul 2012	1,171,524	454,309	-
4	CTO - Tiles	20 Aug 2013	684,000	307,200	-
5	CTO - SW	08 Apr 2014	593,400	266,240	-

# The Group CEO is also paid company performance & profitability based incentive.

**4- External Auditor**

According to the Commercial Companies Law No.2 of 2015, and corporate governance code, the AGM appoints an independent external auditor for the fiscal year based on recommendations made by the Board. The AGM also approves the remuneration of the external auditors. The AGM held on 27 February 2018 appointed KPMG Lower Gulf Limited, Dubai (KPMG) as external auditors of the Company for the year ending on 31 December 2018. The external auditors are invited to the Audit Committee meetings and they also attend the AGM to present their report and answer shareholders' questions.

The external auditors conduct quarterly reviews and the annual audit of the financial statements in accordance with relevant international standards. The external auditors present their report to the Audit Committee of the Board and the AGM in compliance with the Laws of the United Arab Emirates.

In 2014, the Company instituted a non-audit services policy in relation to work that may be performed by the independent auditor to provide additional assurance that their independence is not impaired in accordance with the guidance provided of the Resolution No. 7of 2016 of SCA Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies

**a- Overview of the External Auditor:**

KPMG is one of the largest professional services networks in the world, and one of the "big four" audit firms. KPMG is the auditor of many of the group's consolidated entities around the globe and where they are not, they undertake appropriate review procedures as part of their work to meet their obligation to report on the overall group financial statements.

**b- External Auditors' Remuneration:**

<b>Audit Office Name</b>	<b>KPMG Lower Gulf Ltd.</b>
Number of Years spent as an external auditor of the company	8 years
Total fees for auditing the financial statements for the year 2017	AED 498,500 plus out of pocket outlays up to 5% of audit fees excluding VAT
Total fees for other services other than auditing the financial statement for the year 2018.	N/A
Nature of other provided services.	N/A
Description of the other Services provided by Other external Auditor rather than the Company Auditor for the year 2018	N/A

**c- A statement of the qualified opinions made by the external auditor in the interim and annual financial statement for 2018:**

No qualified opinion.

**Board Committees**

The Board is assisted by four Committees: Audit Committee, Nomination & Remuneration Committee, Executive Committee and Insider trading Committee

**5- Audit Committee:****a- Names of the Audit Committee Members as on 31 December 2018 and their Tasks:**

- Fawaz Sulaiman Al Rajhi (**Chairman**),
- Sheikh Ahmed bin Humaid Al Qasimi (**Member**), and
- Khalid Ali Saif Al Yahmadi (**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 Company, either directly or indirectly, to any governmental body or the public;
- The Company's systems of internal controls 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. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting processes and internal control systems.
- Review and appraise the Company's external auditors and 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, in-house legal 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. His brief profile is presented below:

**PHILIP GORE-RANDALL****AUDIT COMMITTEE EXPERT**

Philip Gore-Randall has many years of extensive experience at a senior level in large private and publicly held international organisations and has a portfolio of advisory and Board roles. He is currently Chairman of several international companies, Chairman of two Audit Committees of other businesses (including Samena Capital) and

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an adviser to several others. He spent most of his executive career at Andersen where he was an audit partner for 25 years; and where he ran the Firm's UK practice and subsequently became the Global COO. He is a UK Chartered Accountant and holds an MA from University College, Oxford.

**b- Audit Committee Meetings**

The Committee is required to meet once every quarter. The Committee held four meetings during the year 2018, as detailed below:

Meeting Date	Mr. Fawaz Sulaiman Al Rajhi	Shk. Ahmed Bin Humaid Al Qassimi	Mr. Khalid Ali Saif Al Yahmadi
06 February 2018	P	P	P
09 May 2018	P	A	P
01 August 2018	P	P	A
01 November 2018	P	A	P

*P: Participated*

*A: Absents*

*The Audit Committee Expert attended all four meetings.*

**6- Nomination and Remuneration Committee**

**a- Names of the Nomination and Remuneration Committee Members as on 31 December 2018 and their task:**

- Sheikh Ahmed bin Humaid Al Qasimi (**Chairman**),
- Fawaz Sulaiman Al Rajhi (**Member**), and
- Khalid Ali 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:
  - executive remuneration and incentive policies;
  - remuneration packages of senior management;
  - recruitment, retention and termination policies for senior management;
  - incentive schemes;
  - superannuation arrangements; and
  - remuneration framework for directors.

**b- Nomination and Remuneration Committee Meeting**

The committee is required to meet once annually. The Committee held one (1) meeting during 2018, as detailed below:

Meeting Date	Shk. Ahmed Bin Humaid Al Qassimi	Fawaz Sulaiman Al Rajhi	Khalid Ali Saif Al Yahmadi
06 February 2018	P	P	P

*P: Participated*

**7- Executive Committee:**

**a- Names of the Executive Committee Members as on 31 December 2018 and their Tasks:**

- Shirish Saraf (**Chairman**),
- Wassim Moukahhal (**Member**), and
- Abdallah Massaad (**Member & Group CEO**)

**Executive Committee Tasks:**

The Executive Committee's primary functions are to:-

- Follow up the implementation of the policies and regulations of the financial, administrative & Control for the group and for each subsidiary separately and develop & propose appropriate amendments to the Board of Directors.
- Follow up on the Company Strategic Plan for the Long, Mid & 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 the new investment of company and to take the necessary decisions.
- Selecting and assigning the consultants and experts and make a studies, development of the system and procedures in order to achieve modernization and automated processes to suit the development of the ceramics industry and methods of its work.
- Any other task delegated by the Board.

**Executive Committee Meeting:**

Meeting Date	Shirish Saraf	Wassim Moukahhal	Abdallah Massaad
29 January 2018	P	P	P
21 March 2018	P	P	P
27 October 2018	P	P	P

**8- Insider Trading Committee:**

In accordance with Article No. (12-C) of Resolution No. 7 of 2016 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards, an Insider Trading Committee has been established. The Board in its meeting held on 14 February 2017 has constituted the Insider Trading Committee,:

**a- Names of the Insider Trading Committee Members as on 31 December 2018 and their Tasks:**

- Vibhuti Bhushan, Chief Compliance Officer & Global Head – Internal Control (**Chairman**)
- George Rabahie, Chief Legal Counsel & Board Secretary (**Member**)
- Pramod Kumar Chand, Group Chief Finance Officer (**Member**)

**Insider Trading Committee Tasks:**

The Insider Trading Committee's primary functions are:-

- Updation & Maintaining the insider list of the Company.

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- Supervision of Insiders' Trading and their ownership.
- Conservation of official acknowledgment from the Company Insiders about the company internal information.
- Inform all the insiders about the regulations and legal responsibility through signing the official acknowledgement.
- Inform the insiders about the prohibited period.

**Insider Trading Committee meetings:**

Meeting Date	Vibhuti Bhushan	George Rabahie	Pramod Kumar Chand
08 October 2018	P	P	P

*P: Participate*

**b- A summary of Committee Activities in 2018:**

- The Members had reviewed the registered insider list, and recommended to updated the list in case if any employees or authorized person have access to any financial and materials matters.
- The Committee informed the insiders through official means of any materiality matters immediately upon their occurrence or at their knowledge, and on the dates of the prohibition period.
- The Committee reviews the monthly and periodically trading on the Company share, in order to ensure that the Insider are not trading on Company share during the prohibition period, or during the period of the materiality events.

**9- Internal Controls**

**a- Board Responsibility**

The Board assumes overall responsibility for internal controls 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, and adhering to, efficient internal control systems in the Company rests with each employee.

**b- Head of Internal Control Department and Compliance Officer, Qualifications and the appointment date:**

According to corporate governance requirements and the directions of the Securities and Commodities Authority, 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.

The Internal Control Department is headed by Mr. Vibhuti Bhushan, a CFA and MBA with 30 years international working experience in the fields of internal audit, risk management, corporate governance and finance. Mr Bhushan also serves as Compliance Officer. **Mr. Bhushan was appointed on 14<sup>th</sup> April 2014.**



**c- 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 and Board each quarter. The review process is in accordance with applicable international standards and Resolution No. 7 of 2016 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards.

**In 2018, the company did not face any problems with its internal controls.**

**10- Violations Committed**

During 2018, there were no instances of imposition of any fine for any violation by the Company.

**11- Company's contributions in developing the community and protection the environment during 2018:****Sponsorships:**

- Sponsorship for NMC Walkathon 2018 (Cash – AED 10,000)
- UMRAH DONATION (Cash – AED 5,000)
- Terry Fox Run Donation (Cash – AED 6,000)
- PD DONATION TO DIRECTORATE OF CIVIL DEFENSE (Cash – AED 25,000)
- Voluntary contributions for kerala Flood (Cash – AED 94,002)

**Corporate Social Responsibility**

- Participation in Terry Fox Run, RAK (In-Kind)
- Participation in Earth Hour (In-Kind)
- Participation in 'Beach Clean Up' campaign (In-Kind)
- Donations to charity & sports clubs (In-Kind)
- Participation in RAK Waste Management Recycling Programme (In-Kind)

**Awards**

- BKU Awards – for Best Tile Brand
- EPDA Award for Collaboration
- Emirates Environmental Group (EEG) Award – UAE Top 10 in Aluminium Can Collection
- Rebrand 100 Award

**Exhibitions**

- Participation in KBB 2018 - Kitchen and Bathrooms

- **Cersaie, Italy:** We showcased most innovative and stylish tiles and sanitaryware collections including the 'M-Project' and the 'RAK Cloud' series

#### Visits to corporate facilities

- Consul General of Singapore
- Traders from India
- Business Delegation from Pakistan

#### 12- General Information

The Company reports financial results and other material information on the relevant webpage of Abu Dhabi Stock Exchange (ADX) at [www.adx.ae](http://www.adx.ae). The Company also publishes invitations to General Assembly Meetings and other material information in English and Arabic newspapers.

The annual audited accounts and report of the Board are circulated to the shareholders at the General Assembly Meeting. The report of the Board is provided in the annual report, and includes Management Discussion and Analysis of periodic performance.

The quarterly financial statements of the Company are not sent to the individual shareholders of the Company, but are uploaded on the designated web page of Abu Dhabi Stock Exchange under Company symbol "RAKCEC" and also at the Company webpage [www.rakceramics.com](http://www.rakceramics.com)

#### *a- Stock Market data for the period from 1st January to 31 December 2018 & Statement of the Performance of the Company's Share*

Month	High	Low	Number of Shared Traded	Closing
January	2.85	2.61	1,822,541	2.80
February	3.25	2.80	9,455,346	3.00
March	3.03	2.40	4,511,514	2.50
April	2.60	2.43	7,125,804	2.50
May	2.50	2.36	2,602,488	2.38
June	2.45	2.30	7,413,976	2.43
July	2.48	2.30	2,209,636	2.44
August	2.45	2.35	1,198,630	2.35
September	2.39	2.16	2,390,732	2.33
October	2.39	2.11	12,432,105	2.11
November	2.20	1.96	5,770,537	2.17
December	1.96	1.75	2,944,185	1.96
<b>Total</b>			<b>59,877,494</b>	

**b- Statement of the comparative performance of the company's share with the general market index and sector index.**

Index & Price	High	Low	Range
General Index	5,079.96	4,378.32	519.04
Industrial Sector Index	2,193.29	1,578.92	36.42
RAKCEC Share	3.25	1.75	0.88

**c- Distribution of Share Capital Ownership as on 31 December 2018:**

Sr.	Category	Percentage of shareholding (%)			
		Individuals	Companies	Government	Total
1	Local	19.83	22.85	10.28	52.96
2	Arab	4.73	5.92	-	10.65
3	Foreigner	0.76	35.76	-	36.39
4	Total	25.32	64.40	10.28	100

**d- Ownership of Major Shareholders as on 31 December 2018:**

Sr	Shareholders	Number of Shares	% of Holding
1	Samena Limestone Co. *	171,749,562	19.06
2	Limestone L.L.C.*	57,771,000	6.41
3	FAB Investment L.L.C.	53,230,641	5.91
4	General Pension and Social Security Authority	47,698,603	5.29
5	Government of RAK	44806700	4.97
6	Emirates Rocks & Marbles	24832500	2.76
7	Al Nahla Contracting and Trading*	23139270	2.57
8	Samena Limestone Holdings*	22965166	2.55
9	Falcon Investment Co. LLC	22732500	2.52
10	Samena Special Situations Fund II L.P.*	282743	0.03
11	Others	432,110,098	47.93
	<b>Total</b>	<b>901,318,783</b>	<b>100</b>

\* Total shares held by Samena Capital (30.62%)

**e- Shareholders distribution as on 31 December 2018:**

<b>Sr</b>	<b>Shares Ownership</b>	<b>Number of Shareholders</b>	<b>Number of Shares Owned</b>	<b>% of Shareholding</b>
1	Less than 50,000	427	5,473,400	0.61
2	From 50,000 to Less than 500,000	202	28,594,909	3.17
3	From 500,000 to Less than 5,000,000	66	104,400,621	11.58
4	More Than 5,000,000	29	762,849,853	84.64
	<b>Total</b>	<b>724</b>	<b>901,318,783</b>	<b>100</b>

**f- Regulations of Investors Relation:**

In 2015, the Company has established an Investors Relations Department and appointed a Head of Investor Relations. A separate section called Investor Center was also added to the Company's website (<http://www.rakceramics.com/investors-center.php>).

**Head of Investor Relation Department and his Contact Details:**

Mr. Pramod Kumar Chand, Group Chief Finance Officer, also as Insider Trading Committee member

Investor Relations can be contacted on the following email addresses:

[ir@rakceramics.com](mailto:ir@rakceramics.com)

The Link of the Investor Relations webpage on the website of the Company.

<http://www.rakceramics.com/investors-center.php>

**g- Special Resolutions:**

***No special resolution has been issued in 2018.***

**h- The Name of the Board Secretary and the date of his appointment:**

Mr. Geroge Rabahie – Chief Legal Counsel and Company Secretary, had been appointed on 15 March 2015

**i- Materiality Events during 2018:**

There were no materiality events encountered the company during 2018.

**j- Statement of the percentage of Emiratisation at the company by the end of 2018:**

**0.40%**

**k- Statement of innovative projects and initiatives undertaken by the company or under development in 2018:**

RAK Ceramics believes in continuous innovation and supplying products using latest technology and designs to its customers. There is dedicated team of professionals as well as outsourced technicians who are engaged in developing these designs. In tiles section, new models like maximus, RAK Slim, antimicrobial, wood series, trendy fits for kids have been launched. In sanitary ware, RAK Morning & RAK Sensation were launched recently. Similarly, in bathroom furnishing, RAK Joy, RAK Feeling and RAK Ecofix were introduced. In the tableware division, Karbon, Aurea, Neo Fusion Mellow, Wood Art and Metal Fusion are some of the new series launched. Two series of cutlery, Baguette and Contour have also been launched.

**13- Conclusion**

RAK Ceramics is committed to respecting the rights of all its stakeholders through the adoption of the highest standards of governance resulting in transparency and integrity in all its dealings and disclosures.

The Board reinforces the concept of equal opportunity by the adoption of a remuneration and compensation policy that motivates all employees to continuously improve their performance in line with the strategic objectives of the Company. As a responsible corporate citizen, the Company actively promotes CSR initiatives and various other activities focused on giving back to and improving its communities. The Company continues to develop trustworthy relationships with its customers and all other stakeholders by establishing appropriate channels for receiving complaints and their resolution, enhancing its corporate governance, and managing the business with wisdom.

For RAK Ceramics PJSC,



**Sheikh Khalid Bin Saud Al Qasimi**  
Chairman of the Board of Directors



Date: