



## Corporate Governance Report 2023

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## Corporate Governance Report - 2023

### **1- The Statement of the procedures taken to complete the Corporate Governance system during the year 2023**

R.A.K Ceramics PJSC (“RAK Ceramics” or the “Holding 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. 3 of 2020 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.

The company periodically monitors the procedures that have been implemented for the governance framework, including:

- a- Requirements for the composition of the Board of Directors.
- b- Requirements for the composition of the Board Committees.
- c- Internal Control System.
- d- Insider Trading.
- e- Update the Code of Conduct if necessary
- f- Update the Governance Manual if necessary
- g- Amending the Article of Association if necessary.
- h- Issuing of the Corporate Governance Report.
- i- Issuing of the ESG Report.

**During 2023, the Company has applied the following procedures in regards with Corporate Governance System:**

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

During 2023, the Board held Four (4) Meetings, the Audit & Risk Committee held Four (4) Meetings, the Nomination & Remuneration Committee held one (1) meeting, Insider Trading Committee held one (1) meeting and Disclosure Committee held Four (4) meetings.

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

In accordance with Federal Law No. 32 of 2021 concerning the Commercial Companies and Resolution No. 3/R.M of 2020 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards, the company held one AGM of shareholders on 10 March 2023.

#### **3- Disclosures and Transparency:**

The company is committed to regulations and legislation on disclosure. During 2023, the company made disclosures on important events, Board of Directors’ reports, Financial Statements (Quarterly & Yearly),



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Corporate Governance Report for 2022, Board of Directors' Meetings and its results, Sustainability Report 2022 and Annual General Meetings and its results.

### 5- Insiders Trading:

The company periodically updates its insiders list, and informs the insiders of the start and end of the prohibition periods.

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- Statement of Ownership and transactions of the Board and their spouses, their children in the Company Securities during the year 2023.**

#### 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 (33) of Resolution No. 3/R.M of 2020 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 and key management persons, in the Company securities during the year 2023:

Sr.	Name	Position/Relative Degree	Owned Shares as on 31 Dec 2023	Number of Shares	
				Total Sale Transaction	Total Buy Transaction
1	Sheikh Saqr Bin Saud Bin Saqr Al Qasimi	Chairman	-	-	-
2	Fawaz Bin Sulaiman A Al Rajhi	Vice Chairman	-	-	-
3	Sheikh Khalid Bin Saud Bin Saqr Al Qasimi	Board Member	-	-	-
4	Shaikh Saqr Bin Omer Bin Saqr Al Qasimi	Board Member	-	-	-
5	Wassim Zuhair Moukahhal	Board Member	-	-	-
6	Farah Abdulla Mohamed Al Mazrui	Board Member	-	-	-
7	Abdallah Rashed Jasem Al Abdouli	Board Member	-	-	-
8	Abdallah Massaad	Group Chief Executive Officer	3,000,000	-	-

\* The above table is related to any transactions executed in their personal capacity



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**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 (Non Executive, Independent),
- Four Non-Executive & Independent Directors, and One Executive Director.

The majority of the Directors meet the requirement of being non-executive and independent. Therefore, the Board composition satisfies the requirements of Article (9/5) of Resolution No. 3 R.M of 2020 of SCA concerning Corporate Governance Guide. The Members were elected at the AGM held on 30 March 2021 for a period of 3 years. The term of the Board members will expire on 29 March 2024.

The following Table describes the composition of the Board of Directors as on 31 December 2023:

Sr.	Name	Category	Experience & Qualification	Period as Board Member	Other Current Positions in any PJSC's	Positions at any Government Department.
1	Sheikh Saqr Bin Saud Bin Saqr Al Qasimi	Chairman (Non Executive – Independent)	Bachelor of Science degree in Banking and International Finance from CASS Business School, City University of London.	August 2021: 2 years and 5 Months	-	Positions on Boards of Al Marjan Islands, UAE ;and the Vice Chairman of the Investment & Development Office, Government of RAK, UAE
2	Fawaz Bin Sulaiman A Al Rajhi	Vice Chairman (Non-Executive, Independent)	* Master in Business Administration from Stanford University-USA * Bachelors in MIS and Accounting from KFUPM-KSA	April 2015; 8 Years & 9 months	N/A	N/A
3	Sheikh Khalid Bin Saud Bin Saqr Al Qasimi	Member (Non-Executive, Independent)	Extensive experience in Finance and Investment Management. Holding Business Management Degree from New York University, Abu Dhabi	July 2015; 8 years & 6 months	N/A	Positions on Boards of Al Marjan Islands, UAE and the Vice Chairman of the Investment & Development Office and Government of RAK, UAE
4	Sheikh Saqr Bin Omar Bin Saqr Al Qasimi	Member (Non-Executive, Independent)	*Bachelor’s degree in Law from the University of Sharjah, *Master’s in International Law, Public	March 2021: 2 years & 9 Months	-	-



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Sr.	Name	Category	Experience & Qualification	Period as Board Member	Other Current Positions in any PJSC's	Positions at any Government Department.
			Relations and Diplomacy from the Paris-Sorbonne University Abu Dhabi, * Master's degree in Business Administration from the American University of Sharjah			
5	Wassim Zuhair Moukahhal	Member (Executive, Non-Independent)	*MBA from the Wharton School, University of Pennsylvania and, *Bachelor in Economics & Finance from McGill University	February 2016; 7 Years & 11 Months	N/A	N/A
6	Farah Abdulla Mohamed Al Mazrui	Member (Non-Executive, Independent)	*BSc Hons - Economics from Queen Mary, University of London and * MSc - Risk Management and Financial Engineering from Tanaka Business School, Imperial College	June 2021: 2 years & 7 Months	* Board Member of Emirates Steel Arkan PJSC *Board Member of National Bank of Umm Al Quwain. *Board Member of Etihad Aviation Group	N/A
7	Abdulla Rashed Jasem Alabdouli	Member (Non-Executive, Independent)	* Masters in Regional & Urban Planning from Paris Sorbonne University in Abu Dhabi and; *Certificate in Real Estate Investment Strategies from Harvard University.	November 2022: 1 Year & 2 Months	Board Member of RAK Properties PSC	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 SAQR BIN SAUD BIN SAQR AL QASIMI**

**CHAIRMAN**

**NON-EXECUTIVE, INDEPENDENT**

Board Member and Chairman since August 2021. Sheikh Saqr brings financial expertise to the Board of RAK Ceramics having worked in multiple relevant roles both 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



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### **FAWAZ BIN SULIAMAN A ALRAJHI**

#### **VICE CHAIRMAN**

#### **NON-EXECUTIVE, INDEPENDENT**

Board member since April 2015, reappointed in 30 March 2021 AGM for a three year term till 29 March 2024. 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 and he is also the Chairman of RAK Porcelain LLC. Mr. Fawaz holds Master in Business Administration from Stanford University, USA and Bachelors in MIS and Accounting from KFUPM, KSA.

### **SHEIKH KHALID BIN SAUD BIN SAQR AL QASIMI**

#### **BOARD MEMBER**

#### **NON-EXECUTIVE, INDEPENDENT**

Board Member since July 2015, reappointed in 30 March 2021 AGM for a term of three years till 29 March 2024. Sheikh Khalid holds business management qualification from New York University, Abu Dhabi Campus. Sheikh Khalid Bin Saud Al Qasimi 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.

### **SHEIKH SAQR BIN OMAR BIN SAQR AL QASIMI**

#### **BOARD MEMBER**

#### **NON-EXECUTIVE, INDEPENDENT**

Appointed in 30 March 2021 AGM for a term of three years till 29 March 2024. He Holds a Bachelor's degree in Law from the University of Sharjah, Master's in International Law, Public Relations and Diplomacy from the Paris-Sorbonne University Abu Dhabi, as well as a Master's degree in Business Administration from the American University of Sharjah. Currently, he is the General Manager of RAK Real Estate and a Board Member of RAK Porcelain LLC.

### **WASSIM ZUHAIR MOUKAHHAL**

#### **BOARD MEMBER**

#### **EXECUTIVE, NON-INDEPENDENT.**

Board member since February 2016. Re-appointed in 30 March 2021 AGM for a three year term till 29 March 2024. Mr Moukahhal has more than 14 years of experience in private equity investments and is currently serving as Board Member of RAK Porcelain, RAK Ceramics India and RAK Ceramics Bangladesh. . 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.

### **FARAH ABDULLA MOHAMED AL MAZRUI**

#### **BOARD MEMBER**

#### **NON-EXECUTIVE, INDEPENDENT**

Board Member since June 2021. Mrs. Farah Al Mazrui has more than 14 years of experience in financial advisory, strategy, investment as well as wealth management solutions to large Corporates, Families, Individuals and Governments. She holds BSc Hons -Economics from Queen Mary, University of London and MSc -Risk Management and Financial Engineering from Tanaka Business School, Imperial College. She was Associate Director – Global Advisory in Rothschild & Co., a Leading independent financial advisory group providing M&A, strategy, and financing advice, as well as investment and wealth management solutions to large Corporates, Families, Individuals, and Governments globally. She also serves as a Board Member of Emirates Steel ARKAN Building Materials PJSC, National Bank of Umm Al Quwain and Etihad Aviation Group



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### ABDALLAH RASHED JASEM ALABDOULI

#### BOARD MEMBER

#### NON-EXECUTIVE, INDEPENDENT

Mr. Al Abdouli was appointed as a member of the board in November 2022 and rectified by the AGM held on 10<sup>th</sup> March 2023, to replace Mr. Khalid Al Eisri and to complete his term until 29 March 2024. Mr. al Abdouli is the Chief Executive Officer of Marjan, a leading developer for freehold land in Ras Al Khaimah and a Board Member in RAK Properties PSC. Prior to this position, he had served as Director of Town Planning and Survey Administration and Director of Project Management Office at RAK Municipality. He also had held previously Board Member positions for several RAK-based governmental entities including RAK International Airport Authority and RAK Sewerage Authority. Mr. Al Abdouli holds a Masters in Regional & Urban Planning from Paris Sorbonne University in Abu Dhabi and has most recently earned a certificate in Real Estate Investment Strategies from Harvard University.

#### B- Female representation in Board in 2023:

Farah Abdulla Mohamed 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.

#### C- 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 (29) of Resolution No. 3 of 2020 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards, and Article (169) of Federal Law No. 26 of 2020 concerning the Commercial Companies.

1- Board remuneration for the year 2022 was AED **3,700,000**.

2- The proposed Board remuneration for the year 2023 is AED **3,700,000** which will be presented before the Assembly General Meeting which will be held on 26<sup>th</sup> March 2024 for their approval.

3- No attendance fees are paid to the members of the committees of the Board.

#### D- 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 2023, the Board held **Four (4)** meetings as follows:

Date of the meeting	Number of Attendance	Number of Attendance by proxy	Names of absent members
08 February 2023	7 Members	N/A	N/A
11 May 2023	6 Members	N/A	Farah Abdulla Mohamed Al Mazrui
03 August 2023	7 Members	N/A	N/A
02 November 2023	6 Members	N/A	Fawaz Bin Suliaman A Al Rajhi

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

Date	08 February 2023	11 May 2023	03 august 2023	02 November 2023	AGM- 10 March 2023
Sh. Saqr Bin Saud Bin Saqr Al Qassimi	P	P	P	P	P
Sh. Khalid Bin Saud Bin Saqr Al Qasimi	P	P	P	P	P
Fawaz Bin Suliman A Al Rajhi	P	P	P	A	P
Sh. Saqr Bin Omar Bin Saqr Al Qasim	P	P	P	P	P
Wassim Zuhair Moukahhal	P	P	P	P	P
Farah Abdulla Mohamed Al Mazrui	P	A	P	P	P
Abdulla Rashid Jasem Al Abdouli	P	P	P	P	P

\*: All Board Meetings / AGM had been *participated in person or through conference call*.

P: Present                      A: Absent

#### E- Number of the Circular Board resolutions passed during the year 2023:

N/A

#### 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 2020. The following tables shows the delegations performed by the Executive Management pursuant to an authorization by the BOD:

Sr	Name of the authorized person	Delegation authority	Duration of Delegation
1	CEO	Financial	Valid till 2024
2	CEO	Operational	Valid till 2024
3	CEO	Capital Investment	Valid till 2024
4	CEO	Legal and Regulation	Valid till 2024
5	CEO	Administrative	Valid till 2024
6	CEO	General Powers	Valid till 2024



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The Delegation is effective till the term of the present Board of Directors or is revoked by the Board.

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

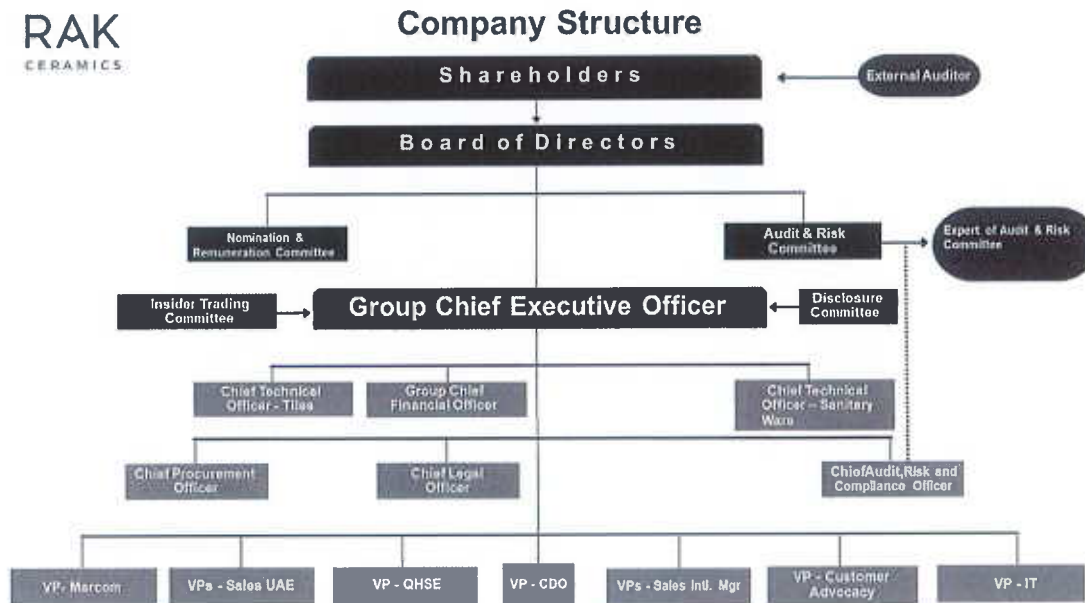
### G- Dealing with the Related Parties:

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 2023 are as follows:

Related Parties: The Chairman and members of the Company Board, members of the Senior Executive Management of the Company, employees of the Company, and the companies in which any of such persons holds 30% or more of its capital, as well as subsidiaries or sister companies or affiliate companies.

Sr.	Related Parties	the Nature of relation	Type of transaction	Value of transaction
1	Wassim Zuhair Moukahhal	Board Member	Sell - Supply of Goods	66,602
2	Wassim Zuhair Moukahhal	Board Member	Buy - Supply of Services	1,020,000
3	Abdallah Massaad	Chief Executive Officer	Sell - Supply of Goods	60,437
4	Fawaz Suliman A Al Rajhi	Vice Chairman	Sell - Supply of Goods	139,062.93
5	Massa Imports Pty Ltd, Australia	Affiliate Company	Sell - Supply of Goods	8,201,196.68
6	Naranjee Hirjee Hotel Supplies, Oman	Affiliate Company	Sell - Supply of Goods	1,506,614.94
7	Naranjee Hirjee Hotel Supplies, Oman	Affiliate Company	Royalty Income	419,245.26

### H-Organisation Structure





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I- Names, positions, date of appointment and remuneration of Senior Executive Management as on 31 Dec 2023 in AED thousands:

Sr	Position	Appointed Date	Total Salaries including Allowances for the year 2023	Total Bonus paid for 2023	Any Cash Incentives / In-kind in 2023 Or will be due in Future for 2023
1	Group CEO	02 Jun 2004	3,188,800	-	-
2	Group CFO	17 Jul 2012	1,171,524	-	-
3	CTO – Tiles	24 July 2016	761,400	-	-
4	CTO – SW	14 Mar 2022	708,000	-	-

The key management personnel are also paid company performance & profitability based incentive.

#### 4- External Auditor

According to the Commercial Companies Law No.26 of 2020, 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 10 March 2023 appointed Deloitte & Touch (ME) as external auditors of the Company for the year ending on 31 December 2023. The external auditors are invited to the Audit & Risk Committee meetings and they also attend the AGM to present their report and answer shareholders' questions.

The external auditors conduct quarterly reviews of consolidated financial information and the annual audit of the consolidated financial statements in accordance with relevant international standards. The external auditors present their report to the Audit & Risk 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. 3 of 2020 of SCA Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

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

Deloitte & Touche is one of the largest professional services networks in the world, and one of the "big four" audit firms. Deloitte & Touche (ME) is a member of the Deloitte & Touche Tohmatsu Group Ltd, a leading professional company in auditing, taxation, and financial consultation with more than 5,900 partners, directors and staff working in 26 offices in 15 Countries in Middle East and Cyprus (5 Offices within UAE) with a global network of connected companies in more than 150 countries. Deloitte & Touche provides high-quality services to its client in the public and private sectors in a wide range of economic fields by proposing effective solutions to the challenges facing their business.

##### b- External Auditors' Remuneration:

Audit Office Name & Partner Name	Deloitte & Touch (ME)/ Mr. Malcom Coates
Number of Years spent as an external auditor of the company	5 Years
Number of Years the partner spent in auditing the Company	2 Years
Total fees for auditing the Interim and Yearly financial statements for the year 2023	AED 940,000
Total fees for other services other than auditing the financial statement for the year 2023.	AED 1,350,164



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Nature of other provided services.	Consulting on Transfer Pricing, ICFR gap assessment and Certification of unclaimed dividend till March 2015.
Description of the other Services provided by Other external Auditor rather than the Company Auditor for the year 2023	BDO International KSA for refund of customs duty.

**c- A statement of the qualified opinions made by the external auditor in the interim and annual financial statement for 2023:**

No qualified opinion on the interim or yearly financial statement

**Board Committees**

The Board is assisted by two permanent committees of the Board: Audit & Risk Committee (ARC), Nomination & Remuneration Committee (NRC). In addition, there are two internal committees assisting the Board: Insider Trading Committee and Disclosure Committee.

**5- Audit & Risk Committee (ARC):**

**a- Acknowledgement:**

Farah Abdulla Mohamed Al Mazrui, Audit & Risk Committee Chairperson acknowledges her responsibility for the Activities of the Committee in the Company, review of its work mechanism and ensuring its effectiveness.

**b- Names of the Audit Committee Members as on 31 December 2023 and their Tasks:**

- Farah Abdulla Mohamed Al Mazrui (**Chairperson**)
- Sh, Saqr Bin Omar Bin Saqr Al Qasimi (**Member**), and
- Abdallah Rashid Jasem Al Abdouli (**Member**)
  
- ✓ Philip Gore Randall (**Audit & Risk Committee Expert**)

**Audit & Risk Committee Tasks:**

The Committee shall perform the following tasks and duties:

1. Review the company financial and accounting policies and procedures.
2. Monitor and review the integrity of the Company financial statements and reports (annual, semi-annual and quarterly) and its control regulation as part of its normal operation during the year. It shall concentrate in particular on the following: a. Any changes in accounting policies and practices. b. Highlighting of the aspects subject to the management discretion. c. Ensure that the Company annually updates its policies, procedures and control systems. d. Substantive amendments resulting from the audit. e. Assumption of business continuity. f. Compliance with the accounting standards established by the Authority. g. Compliance with listing and disclosure rules and other legal requirements related to financial reporting.
3. Coordinate with the Company Board, senior executive administration, the financial manager or the manager delegated with the same duties in the Company, in order to perform its duties.
4. Consider any significant and unusual terms contained or to be contained in such reports and accounts, and shall give due consideration to any matters raised by the Group Chief Financial Officer, the manger delegated with the same duties, the compliance officer or the auditor.
5. Raise recommendations to the Board regarding the selection, resignation or dismissal of the auditor. In case the Board does not approve the ARC recommendations in this regard, the Board shall attach to the governance report a statement explaining the ARC recommendations and the reasons why the Board has not followed them.



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6. Develop and implement the policy of contracting with the auditor, and submit a report to the Board, outlining the issues that it deems necessary to be taken, along with providing recommendations for steps to be taken.
7. Ensure that the auditor meets the conditions stated in the applicable laws, regulations and decisions and in the company articles of association, along with following up and monitoring its independence.
8. Meet the auditor of the company without presence of any of the senior executive management personnel or its representatives, and discuss the same with regard to the nature and scope of the audit process and its effectiveness in accordance with the audited standards.
9. Approve any additional works made by an external auditor for the company and the fees received in consideration for that works.
10. Examine all matters related to the auditor work, his work plan, correspondence with the company, his observations, suggestions and reservations, and any substantial queries raised by the auditor to the senior executive management regarding the accounting records, financial accounts or control systems, in addition to following up the response of the company management and provision of the necessary facilities to do his work.
11. Ensure that the Board responds in a timely manner to the clarifications and substantive issues raised in the auditor letter.
12. Review and evaluate the company internal auditing and risk management systems.
13. Discuss the internal auditing system with the Board, and make sure it performs its duty with regard to establishing an effective internal control system.
14. Consider the results of the main investigations regarding the internal auditing matters assigned to it by the Board or at the initiative of the Committee and the approval of the Board.
15. Review the auditor evaluation of the internal control procedures and ensure that there is coordination between the internal and external auditors.
16. Ensure of the availability of necessary resources for the internal auditing department, review and monitor the effectiveness of such department.
17. Examine internal auditing reports and follow up implementation of corrective actions of the observations contained therein.
18. Establish controls that enable the Company employees to report confidentially on any potential violations in the financial reports, internal auditing or other matters, and the steps to ensure making an independent and fair investigation of such violations.
19. Monitor the company compliance with the rules of professional conduct.
20. Review related party transactions with the Company, ensure that there are no conflicts of interest and raise recommendations about them to the Board before concluding them.
21. Ensure the application of the business rules of its functions and the powers entrusted to it by the Board.
22. Develop a comprehensive risk management strategy and policies that are consistent with the nature and volume of the Company activities, monitor its implementation, review and update it, based on the company internal and external changing factors.
23. Identify and maintain an acceptable level of risks that the Company may face, and ensure that the Company does not exceed such level.
24. Supervise the risk management framework of the company and evaluate the effectiveness of the framework and mechanisms of identifying and monitoring the risks that threaten the company, in order to identify areas of inadequacy and adequacy.
25. Provide guidance to management, as needed, to assist them in improving their risk management practices and / or mitigating certain risks, including the presence of qualified management personnel to carry out risk management activities effectively.
26. Obtain assurance from the executive management and internal audit that the risk processes and systems operate effectively with appropriate controls, in addition to compliance with approved policies.
27. Prepare detailed reports on the level of exposure to risks and recommended procedures for managing such risks, along with submitting them to the Board.
28. Make recommendations to the Board on matters relating to risk management.



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29. Ensure of the availability of adequate resources and systems for risk management.
30. Report regularly to the Board on the Company risk profile and promptly inform the Board of any significant changes in the volume of the risk.
31. Verify that the risk management personnel are apart from the activities that may expose the Company to risks.
32. Submit reports and recommendations to the Board on the above matters mentioned.
33. Appointment and removal of Chief Audit, Risk & Compliance Officer and determining his responsibilities and compensation.
34. Consider any other matters determined by the Board.

To strengthen Corporate Governance, Internal Controls and for ensuring adherence to best practices, RAK Ceramics Board has engaged an Audit & Risk Committee Expert to provide the necessary advice and assistance to the Audit Committee. Mr. Philip Gore-Randall is the designated Audit & Risk Committee Expert. His brief profile is presented below:

### PHILIP GORE-RANDALL

#### AUDIT & RISK 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 an adviser to several others. He spent most of his executive career at Andersen where he was an audit partner for 26 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.

#### c- Audit & Risk Committee Meetings

The Committee is required to meet once every quarter. The Committee held 4 meetings during the year 2023, as detailed below:

Meeting Date	Farah Abdulla Mohamed Al Mzrui	Sh. Saqr Bin Omar Bin Saqr Al Qasimi	Abdulla Rashid Jasem Al Abdouli
08 February 2023	P	P	P
11 May 2023	P	P	P
03 August 2023	P	P	P
02 November 2023	P	P	P

### 6- Nomination and Remuneration Committee (NRC)

#### a- Acknowledgment:

Fawaz Suliaman A AlRajhi, Nomination & Remuneration Committee Chairman acknowledges his responsibility for the activities of the committee in the Company, review of its work mechanism and ensuring its effectiveness.



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### b- Names of the Nomination and Remuneration Committee Members as on 31 December 2023 and their task:

- Fawaz Suliaman A Al Rajhi (**Chairman**),
- Sh. Saqr Bin Omar Bin Saqr Al Qasimi (**Member**), and
- Abdulla Rashid Jasem Al Abdouli (**Member**)

\* Mr. Abdulla Rashid Jasem Al Abdouli had been appointed in NRC in the Board of Directors meeting held on 11/05/2023

### Nomination and Remuneration Committee (NRC) Tasks:

The Nomination and Remuneration Committee's primary functions are to:-

1. Develop a policy to apply for membership of the Board and Executive administration, taking into account gender diversity within the formation and encouraging women through incentive and training programs and benefits.
2. Organize and follow up the procedures for applying for membership of the Board in accordance with the applicable laws and regulations and the provisions of this resolution.
3. Ensure the independence of independent members on an ongoing basis.
4. Ensure availability of continuity of the membership conditions in the Board members annually.
5. Prepare and review the policy on granting rewards, benefits, incentives and salaries to the Board members and the staff therein, on an annual basis.
6. Ensure linking the remunerations and bonuses, including the other deferred options and remunerations and benefits offered to senior executive management in the performance of the company in the medium and long term
7. Annually review the required needs of the suitable skills for Board membership and prepare a description of the abilities and qualifications required for Board membership, including determining the time that the member should set for the Board work.
8. Review the structure of the Board and make recommendations regarding possible changes.
9. Identify the company needs of competencies at the level of senior executive management and staff and the basis of selecting them.
10. Prepare the policy related to human resources and training in the company and monitor its implementation, along with reviewing it annually.
11. Any other matters determined by the Board.

### c- Nomination and Remuneration Committee Meeting

The Committee is required to meet once annually. The Committee held one (1) meeting during 2023, as detailed below:

Meeting Date	Fawaz Sulaiman A Al Rajhi	Sh. Saqr Bin Omar Bin Saqr Al Qasimi	Abdulla Rashid Jasem Al Abdouli
8 February 2023	P	P	P

P\*: Participated through Conference call

### 7- Insider Trading Committee:

#### a- Acknowledgment:

Vibhuti Bhushan, Insider Trading Committee Chairman acknowledges his responsibility for the activities of the committee in the Company, review of its work mechanism and ensuring its effectiveness.



## Corporate Governance Report - 2023

### b- Names of the Insider Trading Committee Members as on 31 December 2023 and their Tasks:

- Vibhuti Bhushan, Group Chief Audit, Risk & Compliance Officer (**Chairman**)
- George Rabahie, Group Chief Legal Officer (**Member**)
- Pramod Kumar Chand, Group Chief Financial Officer (**Member**)

### Insider Trading Committee Tasks:

The Insider Trading Committee's primary functions are:-

- Prepare a special and complete register for all Insiders
- 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.
- Notify SCA and the market of an update list of insiders.
- Submit a copy of the insiders register to the authority upon request.
- Comply with any other requirements specified by the authority.

### Insider Trading Committee meetings:

The committee is required to meet once annually. The Committee held one (1) meeting during 2023, as detailed below:

Meeting Date	Vibhuti Bhushan	George Rabahie	Pramod Kumar Chand
18 May 2023	P	P	P

P: Participate

### b- A Summary of Committee Activities in 2023:

- The Members had reviewed the registered insider list, and recommended to update the list for any addition or deletion of 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.
- Submit a copy of the insiders register to the authority upon request.
- Update the Insider details on ADX website -- RAK Ceramics PJSC portal.

### 8- Disclosure Committee:

#### a- Acknowledgment:

George Rabahie, Disclosure Committee Chairman acknowledges his responsibility for the activities of the committee in the Company, review of its work mechanism and ensuring its effectiveness.



## Corporate Governance Report - 2023

### b- Names of the Insider Trading Committee Members as on 31 December 2023 and their Tasks:

- George Rabahie, Group Chief Legal Officer & Board Secretary **(Chairman)**
- Vibhuti Bhushan, Group Chief Audit, Risk & Compliance Officer **(Member)**
- Pramod Kumar Chand, Group Chief Financial Officer **(Member)**

### Disclosure Committee Tasks:

The Disclosure Committee's primary functions are:-

- i. Ensure the accuracy, completeness and timeliness of the Disclosure of financial and non-financial information, ensuring that such information is properly communicated internally to allow timely decisions regarding required disclosure.
- ii. Review and approve prior to public disclosure, the company's;
  - a. Annual Report and quarterly reports and any other information filed with the stock exchange/regulators.
  - b. Press releases containing financial information, earnings guidance, forward-looking statements, information about material transactions, or other information material to the Corporation's security holders.
  - c. Correspondence broadly disseminated to shareholders.
  - d. Other relevant communications or presentations (collectively, the "Disclosure Statements").
- iii. In the case of b-d above, assess whether information concerning the Company should be disclosed to the market or not and also determine the substance of the market disclosure and when the disclosure must be made.
- iv. Submit to the Board as soon as practicable (recognizing that disclosure issues are often time sensitive) the Committee's recommendations and, where appropriate, proposed disclosures to enable the Board to authorize such disclosures (modified as it may determine) or, if such is the case, to confirm that no disclosure is necessary or appropriate.
- v. Review and advice on the scope and content of disclosure (including any selective disclosure permitted under applicable law).
- vi. Determine on a timely basis the disclosure treatment of material information, overseeing the preparation of regulatory filings and assisting in the design, implementation and periodic evaluation of the adequacy and effectiveness of disclosure controls and procedures.
- vii. Identify inside information for the purpose of maintaining the Company's insider list. viii. Determine whether to request in particular circumstances a trading halt or voluntary suspension of trading.
- ix. Respond to any requirement from the stock exchange or regulators to disclose market sensitive information to correct or prevent a false market.
- x. Resolve questions about the materiality and treatment of information.
- xi. Evaluate and mandate website disclosure practices and other communication policies particularly with respect to financial or other market sensitive information.
- xii. Ensure that a record is maintained of the Company's public disclosures.
- xiii. Maintain a record of matters considered for disclosure but not disclosed.
- xiv. Assess relevant and substantive market rumors or speculation concerning the Group and make recommendations as to what response, if any, should be made.
- xv. Recommend appropriate employee training in respect of the handling of inside information and the Group's Disclosure Policy.





## Corporate Governance Report - 2023

**Disclosure Committee meetings:**

The Committee held four (4) meetings during 2023, as detailed below:

Meeting Date	George Rabahie	Vibhuti Bhushan	Pramod Kumar Chand
07 February 2023	P	P	P
09 May 2023	P	P	P
31 July 2023	P	P	P
30 October 2023	P	P	P

*P: Participate*

**8- 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 Audit 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 Audit Department has been established with sufficient independence and appropriate staffing to meet its obligations. The department reports to the Audit & Risk Committee of the Board.

The Internal Audit Department is headed by Mr. Vibhuti Bhushan, a CFA and MBA with more than 31 years of 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 & Risk 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 & Risk Committee

Internal Audit Department conducts reviews of internal control systems in the Company and submits its assessment and recommendations to the Audit & Risk Committee and Board each quarter. The review process is in accordance with applicable international standards and Resolution No. 3 of 2020 of SCA concerning Corporate Governance Rules and Corporate Discipline Standards.

**In 2023, the company did not face any problems with its internal controls.**



## Corporate Governance Report - 2023

**d- Number of Report issued by Internal Control Department to Board of Directors:**

4 Reports.

**10- Violations Committed**

During 2023, 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 2023:**

S. No	Sponsorship & Social activity	Amount in AED
1	Donation & Social Contributions	1,278,343
2	Medical assistance	717,739
3	Staff welfare activity for Eid Al Adha	22,025
4	CSR Activity on UAE Day	11,343
5	Sponsorship of sports tournament	10,581
6	Terry Fox Run donation & T-shirts	10,000
7	Sponsorship for RAK Municipality Magazine	4,000
8	Women's day & Christmas celebration	1,088
<b>Total</b>		<b>2,055,118</b>

**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 2023 & Statement of the Performance of the Company's Share**

Month	High	Low	Number of Shared Traded	Closing
January	2.92	2.76	10,274,393	2.79
February	3.00	2.76	13,069,370	2.90
March	2.90	2.65	11,762,274	2.69

## Corporate Governance Report - 2023

Month	High	Low	Number of Shared Traded	Closing
April	2.71	2.50	11,766,065	2.62
May	2.69	2.56	19,472,987	2.60
June	2.77	2.60	13,309,291	2.68
July	2.72	2.66	12,092,108	2.69
August	2.76	2.51	29,658,548	2.53
September	2.65	2.50	14,877,847	2.60
October	2.62	2.37	8,771,498	2.43
November	2.54	2.42	9,644,301	2.46
December	2.68	2.45	10,477,422	2.67
<b>Total</b>			<b>165,176,204</b>	

**b- Statement of the comparative performance of the company's share with the general market index and sector index during 2023**

Index & Price	Open	Close	Difference
General Index	10,211.09	9,577.85	(623.24)
Industrial Sector Index	4028.64	3,271.41	(757.23)
RAKCEC Share	2.81	2.67	(0.16)

**c- Distribution of Share Capital Ownership as on 31 December 2023:**

Sr.	Category	Percentage of shareholding (%)			
		Individuals	Companies	Government	Total
1	Local	25.62	48.29	5.02	78.93
2	Arab	5.53	7.22	0.00	12.75
3	Foreigner	0.83	7.49	0.00	8.32
4	Total	31.98	63.00	5.02	100

**d- Statement of shareholders owning 5% or more of the Company's capital as on 31 December 2023:**

Sr	Shareholders	Number of Shares	% of Holding
1	Falcon Investment LLC.	205,182,167	20.65
2	Al Rajhi Partners LLC	75,110,169	7.56
3	Government of RAK	49,899,386	5.02
5	Other	663,512,236	66.77
	<b>Total</b>	<b>993,703,958</b>	<b>100</b>

**e- Shareholders distribution as on 31 December 2023:**

Sr	Shares Ownership	Number of Shareholders	Number of Shares Owned	% of Shareholding
1	Less than 50,000	883	7,570,231	0.77
2	From 50,000 to Less than 500,000	324	47,737,639	4.80



## Corporate Governance Report - 2023

3	From 500,000 to Less than 5,000,000	83	131,169,620	13.20
4	More Than 5,000,000	32	807,226,468	81.23
	<b>Total</b>	<b>1,322</b>	<b>993,703,958</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:**

Investor Relations can be contacted on the following email addresses:

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

Phone: [+971 7 246 7297](tel:+97172467297)

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

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

**g- Special Resolutions:**

N/A

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

In the Board of Directors Meeting held on 3<sup>rd</sup> August 2021, the Board appointed M/s BSA Ahmed Bin Hazem & Co as Board Secretary.

**i- Materiality Events during 2023:**

a) On 2<sup>nd</sup> August 2023, the Board of Directors approved a distribution of a semi-annual cash dividend of 10% per share for the period ended on 30<sup>th</sup> June 2023.

**j- A statement of the transactions that the company has made with related parties during the year 2023 that are equal to 5% or more of the company's capital.**

No Transactions

**K- Statement of the percentage of Emiratisation at the company by the end of 2021, 2022 & 2023 (Percentage of Admin employees):**

Year	%
2021	5%
2022	11.00%
2023	9.3%



Corporate Governance Report - 2023

L- Statement of innovative projects and initiatives undertaken by the company or under development in 2023:

In 2023, RAK Ceramics PJSC had Introduced innotech products :-

- Silky Matt Glazed Surface (soft matt surface finish with a nice smooth feel of touch like soft leather).
- Dry Granules Polishing for Glazed Products (a premium highly polished surface with high level of scratch hardness and stain resistance).
- Barefoot Soft (surface finish extremely pleasant to the touch and with an excellent anti-slip performance).
- Porcelain Tile Re-Use (100% Pre-Consumer Recycled Sustainable Porcelain Product).

We have been able to introduce also pressed extra large format tiles during the year :

- Pressed Extra Large Format Porcelain Tiles (Sizes : 120x120cm & 90x180cm)

Besides the use of innovative technology & special materials another area of achievement is, we are giving greater focus to our product designs taking it to the next higher level and thus we have been awarded Archiproducts Best Design International Awards during the year 2021 & 2022 & 2023 consistently for three years in a row by a jury of leading international figures in Architecture & Design, which is in recognition of design excellence.

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 Saqr Bin Saud Al Qasimi  
Chairman of the Board of Directors

Farah Abdulla Mohamed Al Mazrui  
Chairperson of the Audit & Risk  
Committee

Fawaz Sulaiman A Al Rajhi  
Chairman of the Nomination and  
Remuneration Committee

Vibhuti Bhushan  
Chief Audit, Risk and  
Compliance Officer Director

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