PILLAR 3:
GOVERNANCE

Corporate Governance

OVERVIEW

We believe that strong corporate governance is fundamental to operating a responsible, profitable, and sustainable business that delivers value. Our commitment to corporate governance enhances management accountability, safeguards the interests of shareholders and stakeholders, and supports our broader community. To uphold these principles, we have implemented a comprehensive set of governance policies and procedures aligned with global best practices and fully compliant with UAE regulations, including Resolution No. 3 of 2020 issued by the Securities and Commodities Authority (SCA) on Corporate Governance Rules and Corporate Discipline Standards. This ensures the highest level of oversight by our Board of Directors, Executive Management, and employees.

BOARD

The Board is accountable 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 ensuring adequate controls to drive success and long-term value creation. The Board plays a central role in the Corporate Governance Framework by ensuring compliance with legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties toward shareholders.

COMPOSITION OF THE BOARD OF DIRECTORS

The current Board consists of seven members:

- The Chairman (Non-Executive, Independent)
- The Vice Chairman (Non-Executive, Non-Independent)
- Two Non-Executive & Non-Independent Directors
- Three Non-Executive & Independent Directors

INDEPENDENCE OF BOARD MEMBERS

The Board comprises four non-executive & independent members and three non-executive & non-independent members, meeting the requirements of Article (9/5) of Resolution No. 3 R.M of 2020 issued by the Securities and Commodities Authority (SCA) concerning Corporate Governance.

Board members are elected every three years. In the event of a vacancy, the Nomination and Remuneration Committee (NRC) recommends candidates for Board selection. The term of the current Board Members expires on 25 March 2027.

BOARD COMMITTEES

The Board has two permanent committees that enhance governance and oversight:

- Audit & Risk Committee (ARC) – Provides oversight of financial reporting, internal controls, and risk management.
- Nomination and Remuneration Committee (NRC) – Handles Board appointments, executive remuneration, and succession planning.

Additionally, the Board oversees the Insider Trading Committee and the Disclosure Committee as part of its governance responsibilities.

BOARD DIVERSITY

Our Board consists of six male members and one female member. The female Board member serves as the Chairperson of the Audit and Risk Committee, reflecting the Company's commitment to diversity and inclusivity at the highest governance level.

BOARD PERFORMANCE

The Board conducts regular self-evaluations to assess performance, identify areas for improvement, and enhance governance effectiveness.

CONFLICT OF INTEREST

The Company has a robust Conflict of Interest Policy applicable at both the Board and workforce levels. Potential conflicts among employees are investigated and reported to the Board as needed.

Board members must disclose any potential conflicts of interest before Board meetings, ensuring transparency and accountability.

SUSTAINABILITY GOVERNANCE

There is a structured two-way communication process for sustainability matters, including impacts and critical concerns. The Executive Management escalates key issues to the Board, while the Board provides strategic direction and guidance to address these matters, delegating responsibilities as necessary. These communication channels operate on a quarterly and annual basis, complementing performance discussions, with additional meetings convened as needed. Continuous monitoring and feedback mechanisms ensure progress aligns with the Board's directives on sustainability. Additionally, the ESG Report is regularly presented to the Board for review and oversight.

REMUNERATION POLICIES

We maintain a comprehensive and transparent Remuneration Framework to determine the compensation of different bands and grades of employees.

Company Structure
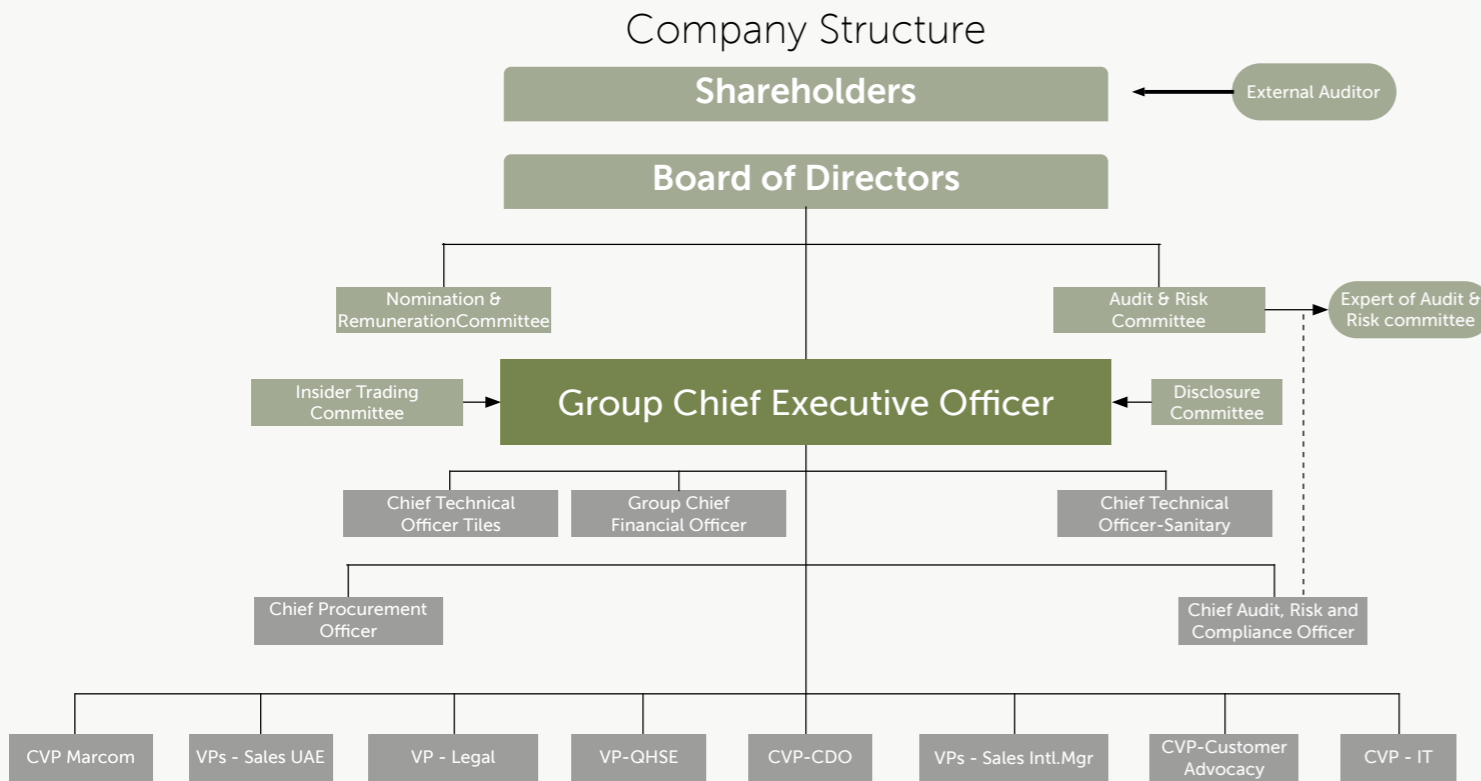
RAK CERAMICS ORGANIZATIONAL CHART

FURTHER INFORMATION ABOUT OUR CORPORATE GOVERNANCE IS DETAILED IN OUR CORPORATE GOVERNANCE REPORT.

Ethics

From a corporate governance perspective, the main focus in 2024 was to ensure continuing compliance with the applicable laws of the United Arab Emirates, regulations governed by the Securities and Commodities Authority (SCA), the Abu Dhabi Securities Exchange (ADX) and the Articles of Association of the Company (AoA). We regularly update our policies, such as the Code of Conduct, Conflict of Interest, Whistleblowing Policies, and Dividend Policy. We are committed to respecting the rights of all stakeholders through the adoption of the highest standards of governance resulting in transparency and integrity in all our dealings and disclosures.

Members of the Board of Directors, executive management and employees ("Our People") in the Company are aware of the Anti-Corruption Policies and must adhere to the guidelines noted in the Anti-Corruption Policies during their employment with our Company. In particular, the Company's Code of Conduct outlines the minimum standards of business and ethical conduct that we expect our people to adhere to, in order to maintain our vision of zero corruption. The Code of Conduct does not cover all possible situations that may occur, but provides guidance on day-to-day activities, so that our people can 'do the right thing'. Any person who fails to comply with the Anti-corruption Policies will be subject to disciplinary measures, including but not limited

to warning, or termination. To emphasize the importance of the Anti-Corruption policies, management routinely communicates the key details from the Anti-Corruption Policies, through emails, memos and in Company meetings.

We maintain a comprehensive grievance reporting mechanism that is accessible to all our employees. We ensure that employees are made aware of this mechanism and the process of utilizing it to report concerns.

List of aspects covered in our Code of Conduct

- Purpose of global code of conduct
- Guiding principles
- Statutory compliance, rules and regulations
- Conflict of interest
- Corporate commitment
- Customer relation
- Dealing with suppliers
- Accounting records maintenance
- Public communications
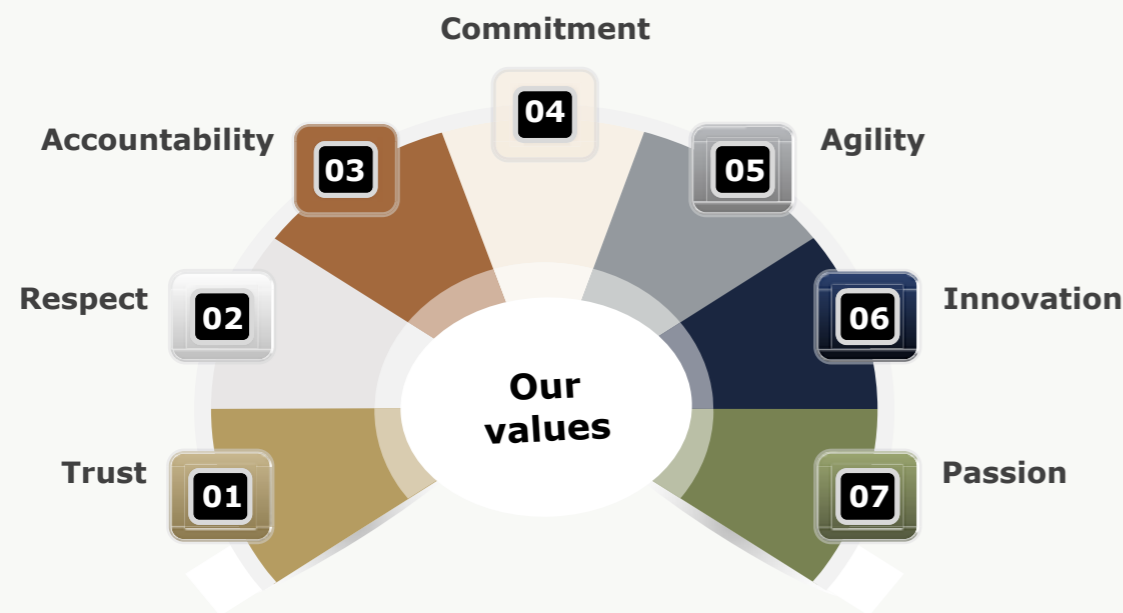
Data Protection

At our company, we are committed to driving sustainable growth through digital transformation across all of our plants. We are enhancing operational efficiency and contributing to our Environmental, Social, and Governance (ESG) goals by leveraging cutting-edge technologies that promote sustainability and transparency. For example, our enhanced GPS pallet tracking system helps optimize warehouse logistics, reducing energy consumption and waste while improving inventory management accuracy. We've also introduced Proof of Delivery (POD) systems and ERP enhancements to streamline operations, ensuring efficient production, timely deliveries, and improved customer satisfaction. In our pursuit of sustainability, we've implemented a barcode system for sanitaryware products, ensuring better traceability, resource management, and improved quality control, all of which reduce waste and promote responsible production practices. Additionally, through innovations like our automated Financial Consolidation process and demand forecasting systems, we are ensuring the efficient use of resources and reducing operational waste across multiple levels of the company.

The focus on sustainability extends beyond our production processes. We've standardized network infrastructure to enhance security and minimize environmental impact, as

well as optimized our printer fleet to reduce print volumes and waste. Our commitment to reducing our carbon footprint is also evident in our investments in renewable technologies and efficient systems, such as the Helpme portal for IT requests and RAKCARE's digital warranty program, which promote transparency and accountability. Moreover, we are empowering our workforce with tools that enable smarter decision-making, like the robotic automation of supplier orders, and improving customer engagement with innovations like RAKSCAN, which provides quick and easy access to product details. Furthermore, we've standardized website technologies and optimized cloud hosting across Kludi, RAK Ceramics, and RAK Porcelain. This alignment of e-commerce platforms and hosting infrastructure not only ensures greater integration and efficiency but also supports a more sustainable digital footprint by improving energy use and minimizing the environmental impact of our online services. By integrating these technologies, we not only improve internal processes but also contribute to long-term environmental and social sustainability. With these efforts, we are continuously evolving to ensure that sustainability is at the core of our business practices, aiming for a greener, more efficient future.

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

Malware Prevention
Anti-malware defenses across the organisation.

User Education & Awareness
Educating users on security policies and create awerness of cyber risk.

Removable media Controls
Controll all access to removable media. Scanall media for malware before importing onto the corporate system.

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

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

Incident management
Incident response and disaster recovery capabilitiey.

Monitoring
Continuously monitoring all systems and networks. Analyze logs for unusual activities.

Home and Mobile Working
Protect data both in transit and at rest.

Risk Management
Risk identification and migration.