



شركة أسمنت الخليج
Gulf Cement Company P.S.C



Governance Report

2 0 2 1



Gulf Cement Company established as a public shareholding company on 31 May 1977, The Company's authorized and paid-up capital is AED 410,548,410. The company's plant is located in the Emirate of Ras Al Khaimah. It has a close proximity to the main raw materials quarries and is close to Saqr port, facilitating the importation of equipment and materials, exportation of Clinker, Cement and GGBS. Gulf Cement is one of the largest cement producers in the United Arab Emirates.

Committed to Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Company issues a corporate governance report signed by the Chairman, including all data and information in accordance with the form prepared by the Securities and Commodities Authority, which reflects the company's keenness on the proper application of the rules of governance.

The Company applies IFRS in the preparation of financial statements in accordance with the requirements of applicable laws in the United Arab Emirates. Also, study the effects of applying these standards on the accounting treatment of future transactions.

(1) Procedures taken to complete the corporate governance

Gulf Cement Company adopts a set of rules, controls and charters that achieve institutional discipline in the company's relations and management in accordance with international standards and methods by defining the responsibilities and duties of the board of directors and senior executive management of the company and taking into consideration the protection of shareholders 'and stakeholders' rights. The company is keen to communicate with the related authorities and public in order to maintain its position locally, regionally and globally. The company is committed to implement the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and believes in the importance of applying it to establish the rules of transparency, fairness and accountability based on the best models, practices and standards in force worldwide.

As part of Board of Directors' keenness to establish a distinguished model of compliance with the resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Company has committed to apply best practices as follows:

Corporate Governance

1. Implementation of policies, procedures and resolutions issued by the SCA on the standards of institutional discipline and corporate governance of public shareholding companies. In addition, commit to applying best practices in relation to the Board of Directors and its committees and dealing transparently with the external auditor and implementing the resolutions of the General Assembly.
2. Formulation of business rules regarding the transactions of the company's Board of Directors, employees and insiders, in addition, formation of a committee reporting to Board of Directors working to follow up and supervise all transactions of insiders in the company's shares.
3. Board of Directors has taken all necessary measures to maintain the complete confidentiality of the company's data and information which has a significant impact in a precise manner to ensure that it is not exploited and to put in place effective contractual arrangements whereby the other parties are aware of company's internal data, information about its customers to maintain the confidentiality of such data and information and not to misuse, direct or indirect transfer of such information to any third parties.
4. All insider's parties to sign on an official declaration that confirm their knowledge that they acquire internal data and information related to the company and its customers and bear all the legal effects in case of leaking this information or data or giving advice on the basis of the information in possession and to notify the company of any transactions on its shares before and after such transactions.
5. Commitment of any Board of Directors member, who has joint or conflicting interest in a transaction to inform the Board of Directors to take a decision thereof and to be recorded in the minutes of the meeting and the related member shall not vote on that decision.



6. The company's keenness to carry out its business transparently and to adopt the disclosure and transparency policy of the company in accordance with the requirements of regulatory authorities and legislations in force.
 - Disclosure of periodic reports, material information, the ownership of insiders and their relatives, transactions of related parties with the Company, and the advantages to the members of the Board of Directors and the senior executive management.
 - Provide information to shareholders and investors accurately and clearly and at the specified times.
7. All the shares issued by the Company within the same class of shares are equal in rights and obligations and proven to the shareholder all the rights related to the shares in accordance with the provisions of the Companies Law. The Article of Association of the Company and its internal regulations include the procedures to ensure all rights of shareholders.
8. The Board of Directors formed permanent committees affiliated to it directly and work in accordance with the standards of corporate discipline and governance of public shareholding companies to carry out their responsibility according to the authority granted to them.
9. Adopting written detailed rules and regulations for internal audit that define the duties and responsibilities in accordance with the policy approved by the Board of Directors and the general requirements and objectives in order to follow up the compliance with the provisions of the laws, regulations and resolutions in force and the requirements of the regulatory authorities.
10. All members of the Board of Directors, its employees and its auditor shall have committed to the rules of code of conduct, policies and internal regulations, and abide by the applicable laws and regulations.
11. Continuous updating the website of the company, which includes all the information related to the company www.gulfcement.ae to enhance disclosure and transparency, and to present any new or material decisions, and is a means to reach the shareholder to see all events directly.
12. Continuous updating of the “Investor Relations Portal” [https://gulfcement.ae/investor-relations-ar /](https://gulfcement.ae/investor-relations-ar/) through which the company seeks to enable investors to have direct access to the latest information.

The Company is applying all the provisions of the laws, regulations and decisions in force and the requirements of the supervisory authorities in an optimal manner. These provisions and rules shall apply to the members of the Board of Directors of the Company and the executive management and its employees in the performance of their duties.

(2) Ownership and transactions of the members of the Board of Directors, spouses and children thereof in the Company's securities during the year 2021

A. The rules of the transactions of the board of directors and employees of the company

The Board of Directors of the Company has adopted written rules regarding the transactions of the Board of Directors of the Company and its employees and insiders in its shares. The members of the Board of Directors of the Company are among the persons familiar with the Company's financial data and internal information. The Board of Directors is keen to raise the level of transparency in disclosure and full compliance with the laws and regulations of authorities and markets, the following has been done:

- The committee is responsible for the management, follow-up, and supervision of insiders' trading and their ownerships, and keep their record.
- Prepare a special and integrated register for all insiders, including persons who may be considered as persons with temporary insiders and who are entitled or have access to the company's internal information prior to publication. This record includes the prior and subsequent disclosures of the insiders.

The rules of trading of the members of the Board of Directors of the Company, its employees and insiders in its shares expressly stated the prohibited trading periods provided for in Article No. (14) of Resolution No. (2) for the year 2001 issued by the Board of Directors of SCA regarding the system for trading and clearing, which stipulates that the chairman and members of the board of directors of the listed company are prohibited from trading their securities and their general manager or any of the employees who are aware of the material information of the company trading with himself or for his account by third parties or in any other capacity for the account of others. The parent company, affiliate, sister or associate of that company if any of these companies are listed on the market during the following periods:

- Before ten (10) working days from the announcement of any material information, unless the information is the result of sudden events.
- Before fifteen (15) days from the end of the quarter, semi-annual or annual financial period until disclosure of the financial statements.

B. The table below shows the shares owned by the Board of Directors and transactions as of 31 December 2021 as follows:

S/N	Name	Position /Relationship	Shares Held as at 31/12/2021	Total Sale Transactions	Total Purchase Transactions
1	Sheikh Kayed Omar Saqer Mohamed Alqassimi Represented by (Government Of Ras Al Khaimah)	CHAIRMAN	-- 29,819,631	-- --	-- --
2	Mr. Hamad Ahmed Hamad Alameeri Represented by (National Investments Company)	VICE CHAIRMAN	3,306 1,000,000	-- --	-- --
3	Sheikh Omar Saqr Khaled Alqassimi	MEMBER	--	--	--
4	Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	MEMBER	5,000	--	2,500
5	Mr. Hammed Fahad Hamad Alwnais	MEMBER	53,850	--	53,850
6	Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.)	MEMBER	-- 5,000	-- --	-- 2,500
7	Ms. Dalya Mohammed Al Shehhi	MEMBER	5,000	--	5,000

Based on the above table and controls:

- There is no trading during 2021 on the shares of the company by relatives of the Board of Directors members (Spouses & their children).
- All members of the board of directors of the company and the insiders are committed to the rules of trading, laws, regulations and resolutions issued related to trading in the securities of the company, either during periods of prohibition of trading or during other periods.

B. Women's representation in the Board of Directors for 2021

As per Article (19) of the Article of Association of Gulf Cement Company, the company is managed by a Board of Directors consisting of seven members, as follows:

Description	Number	%
Male	6	85%
Female	1	15%

C. Directors' Remuneration

The remuneration of the members of the Board of Directors shall be determined according to the provisions of Article (169) of Federal Law No. 2 of 2015 of Commercial Companies and the provisions of Article (29) of the SCA Chairman's Resolution No. (3/Chairman) of 2020 and Article (58) of the Article of Association of the Company.

Remuneration of the Chairman and members of the Board of Directors is made up of a percentage of the net profit not exceeding 10% of the fiscal year profits. The Company may also pay expenses, fees, additional bonuses; a monthly salary as decided by the Board of Directors to any of its members if this member works in any committee, makes special efforts, or additional work to serve the Company in addition to his regular duties as a member of the Board of Directors. Attendance allowance may not be paid to the Chairman or a Board member for attending the Board meetings.

The fines imposed on the Company due to contraventions by the Board of Directors of the Companies Law or the Articles of Association of the Company during the ending financial year shall be deducted from the remuneration of the Board of Directors. The general assembly may not deduct such fines if it finds that such fines are not due to omission or error by the Board of Directors.

1. Total remuneration of Board members paid for the year 2020

There are no remuneration paid to the members of the Board of Directors for the financial year ended December 31, 2020.

2. Total remuneration of Board members proposed for 2021

The remuneration of the members of the board of directors is determined by a proposal from the board of directors to be submitted to the general assembly. However, it should not exceed 10% of the net profit for the fiscal year ending on December 31, 2021, after deduction of all the depreciation and reserves. Since the company has not attained profits for the year 2021 No remuneration proposal will be presented to the members of the Board of Directors.



3. Allowances for attending the sessions of the committees emanating from the Board of Directors for the year 2021

There are no allowances paid to members of the BOD for attending the meetings of the committees for the year 2021.

4. Additional allowances, salaries or fees received by a board member other than the allowances for attending the committees for the year 2021

There are no additional allowances, salaries or fees paid to members of the BOD for the year 2021.

D. Board of Directors' meetings during the financial year ended 31 December 2021

In accordance with the provisions of Article (23) of the resolution of SCA no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and in accordance with the provisions of Article (28) of the Article of Association of the Company, that the Board of Directors shall conduct its meetings at least four times a year and the meeting shall be based on a written invitation from the Chairman of the Board, or upon the written request of at least two members of the Board. The invitation shall be sent not less than one week prior to the specified date together with the agenda. Each member has the right to add to the agenda any matter he deems necessary for discussion in the meeting.

In accordance with the above controls, the Board of Directors of the Company held 5 meetings during the financial year ended 31 December 2021, in the presence of all its members, as shown in the following table:

Number of meeting	Date of the meeting	Number of Attendees	Number of attendance by proxy	Names of absent members
1	10/02/2021	7	-	-
2	11/04/2021	5	-	2
3	05/05/2021	7	-	-
4	11/08/2021	7	-	-
5	10/11/2021	6	-	1

E. Resolutions of the Board of Directors issued by passing during the year 2021

There are no resolutions issued by passing during the fiscal year 2021

F. Board of Directors' tasks and functions, which were performed by the Executive Management during the year 2021

In accordance with the provisions of Article (27) of the resolution of SCA no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, and the provisions of Article (25) of the Company's Articles of Association:

- The Board of Directors may delegate its Chairman or one of its members or Executive Management in some of the administrative issues in which the Board has the power to make decisions. In this case, the delegation shall be in writing and detailing the delegated powers, especially with regard to cases in which the Senior Executive Management needs to obtain prior approval from the Board of Directors before making any decisions or entering into any commitments on behalf of the Company. A list of tasks and functions which the Board of Directors performs shall be written, as well as those delegated to Senior Executive Management, and those tasks and functions shall be reviewed periodically.
- Each delegation shall be specific with regard to its subject, delegated persons, and the limits of their powers and in the duration, and that includes the date of presenting its results to the Board of Directors.
- The Chairman of the Board of Directors, Vice chairman deputy or any other member authorized by the Board shall have the right to sign separately on behalf of the company.

In accordance with the above controls, the executive management of the Company shall conduct the day-to-day operations in accordance with the best practices of governance and the provisions of the Article of association.

G. Details of transactions with related parties (stakeholders) during the year 2021

According to Federal Law No. 2 of 2015 for Commercial Companies and SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and Company's Articles of Association:

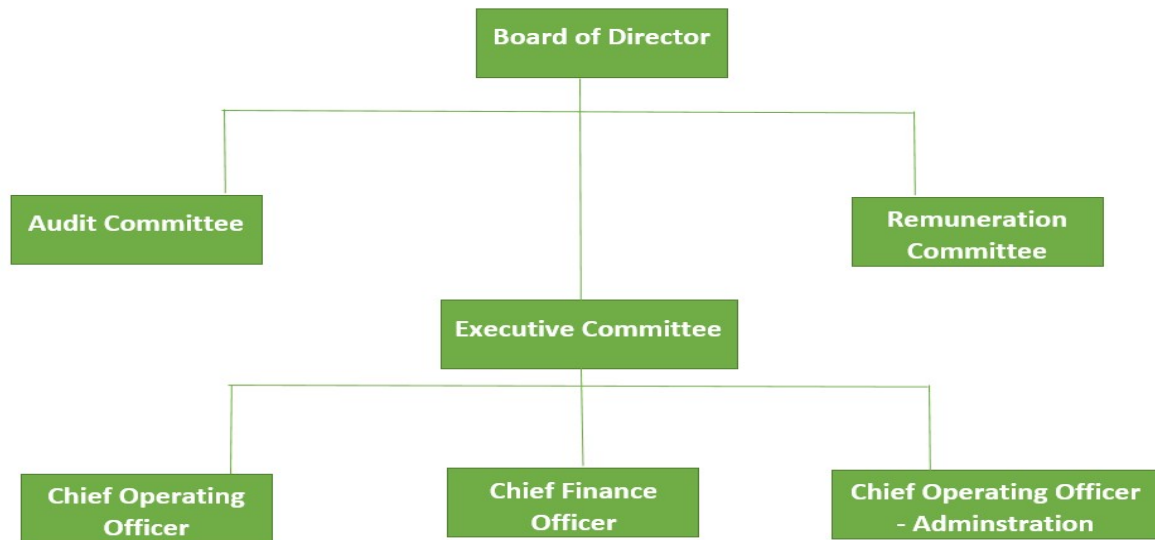
- The Company shall not enter into transactions with Related Parties without the consent of the Board of Directors in cases where the value of the transaction does not exceed (5%) of the Company's capital, and with the approval of the general assembly where such percentage threshold is exceeded.
- A member of the board of directors of the company who has a common or conflicting interest in a transaction or deal to be submitted to the board of directors to take a decision thereon and shall inform the board of this and record it in the minutes of the meeting. He shall not participate in voting on the decision issued in respect of this transaction.
- The Company shall maintain a register for Related Parties where the names of such parties shall be recorded with their transactions, in details, and actions taken in relation thereto.

In accordance with the above controls, no transactions with related parties (stakeholders) were made during the fiscal year ended 31 December 2021, and this was ascertained through the disclosure form of transactions of related parties (stakeholders) and through the Company's records.



H. The organizational structure of the company

Gulf Cement Company has been developing and implementing an efficient and effective organizational structure at the level of the company's departments and sections to ensure a high level of coordination and management interaction. The chart below shows the company's organizational structure approved by the Board of the company as follows:



I. Statement of the company's senior executives

The table below shows the dates of appointment of the executive management members and their current positions according to the organizational structure of the company and the salaries and bonuses granted for 2021.

Position	Appointment date	Total Salaries and Allowances paid for 2021 (AED)	Total Bonuses paid for 2021 (AED)	Any other Cash/in-kind bounses for 2021 or due in the future
Cheif Operating Officer	2013	652,113	-	-
Cheif Operating Officer - Administration	1995	575,183	-	-
Cheif Financial Officer	2016	417,936	-	-

(4) External Auditor

First : Policy of contracting with the external auditor:

In accordance with the SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and the Company's Article of Association, the Board of Directors of the Company is committed to the policy of selecting the external auditor through nomination to the General Assembly in order to organize the appointment process which sets out the framework, scope, powers and obligations of the External Auditor, the Board of Directors is keen to facilitate the External Auditor's duties according to the requirements and standards.

The Executive Management as per request of the Audit Committee to provide it with offers from the audit companies. The Committee shall study them and meet and discuss with the external auditors, and nominate based on the efficiency, reputation and experience. Appointment of external auditor and determination of fees shall be determined by a resolution of the General Assembly.

If the Board of Directors does not approve the Audit Committee's nomination, appointment or resignation, or the dismissal of the External Auditor, the Board of Directors shall make a statement in the Governance Report explaining the recommendations of the Audit Committee and the reasons for not taking them.

Second:

A. External auditor of the company

Ernst and Young were appointed as the company's external auditor for the year 2021 through the company's general assembly, which is a company headquartered in London. E&Y was established in 1989 and each of its member companies has an independent legal personality of its own, providing auditing services, taxes, management consulting and advice Finance to clients from the public and private sectors in a wide range of economic fields through an interconnected global network of member companies in more than 140 countries worldwide.

Furthermore, It has a group of consultants with distinguished competencies to provide high-quality services to clients through effective solutions to meet the challenges facing their operations, Ernst and Young are considered one of the leading professional companies that perform auditing and tax services, management consulting and financial advice and one of the largest professional services companies In the world and one of the big four accounting firms.



B. Fees of the External Auditor during the year 2021

Name of Auditing Firm	Ernst & Young
Partner Name	Ashraf Waheed Abu Sharkh
Number of years served as an external auditor for the Company	3 Year's
Number of years served as an the partner auditor for the Company	3 Year's
Total audit fees for 2021 (in AED)	AED 237,000
Fees and costs of other private services other than auditing the financial statements for 2021 (in AED)	AED 38,363
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly	<ul style="list-style-type: none">• In implementation of the Securities and Commodities Authority's circular regarding the cash dividends not received.• Audit services for the purpose of obtaining the In-Country Value (ICV) certificate.
Statement of other services that an external auditor other than the Company accounts auditor provided during 2021	There are no other services performed by another external auditor

C. Reservations that the company auditor included in the interim and annual financial statements for 2021

There are no reservations that the company's auditor included in the interim and annual financial statements for 2021.

Committees of the Board of Directors

According to the Chairman of the Authority's Board of Directors Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Board of Directors has formed permanent committees that follow it directly in order to contribute to the implementation of its tasks, and these committees play a fundamental role in supporting the Board in carrying out the tasks and duties entrusted with them in the management of the company, and each committee operates within the scope of its competence approved by the Board.

The Board has established procedures that specify the mission of the Committee, the duration of its work, the powers granted to it, the manner in which the Board of Directors supervises it, and the tasks assigned to it. The Committee presents a written report of the procedures, results and recommendations with absolute transparency.

(5) Audit Committee

A. Acknowledgement of the Audit Committee's Chairman regarding his responsibility for the committee's system

In accordance with the requirements of Article (61) of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide. **Mr. Abdullah Muhammad Hassan Muhammad Al Hosani - Chairman** of the Committee - acknowledges his responsibility for the committee's system in the company and for examination of the mechanism of its work and ensure its effectiveness for the year 2021.

B. Names of members of the audit committee, and a statement of its functions and the duties assigned there to:

The Board of Directors elected by the General Assembly held on April 11, 2021 has formed the Audit Committee to support the Board of Directors in many areas and in accordance with the requirements of Article (58) of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide. The Audit Committee consists of three non-executive members, two of them are independent members. The Committee is chaired by one of them. All members of the Committee have knowledge and experts in financial and accounting matters with previous work experience in the financial field and they have a financial certificate and the names of members as follows:

Name	Position	Category
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	HEAD	Independent
Mr. Husam Mohammed El-Sayed Hussein Represented by (Al-Khair National For Stocks & Real Estate Co.)	Member	Non - Independent
Mr. Hammed Fahad Hamad Alwnais	Member	Independent

➤ **Duties of the Audit Committee**

The Audit Committee is undertaking its duties as per the requirements of SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, as follows:

1. Review the Company's financial and accounting policies and procedures.
2. Monitoring the integrity of the Company's financial statements and reports (annual, semi-annual, and quarterly) and review thereof as part of its normal work during the year, and the committee shall particularly focus on the following:
 - ✓ Any changes in accounting policies and practices;
 - ✓ Highlighting the aspects that are subject to the management's discretion;
 - ✓ Substantial amendments resulting from auditing;
 - ✓ Supposing continuity of the Company's business;
 - ✓ Commitment to the accounting standards approved by the Authority;
 - ✓ Commitment to the listing and disclosure rules and any other legal requirements related to preparation of financial reports.
3. Coordinating with the Company's Board of Directors, Senior Executive Management, and the financial manager or the manager doing such role in the Company, for the purpose of performing its duties.
4. Considering important and unusual clauses that are or shall be mentioned in such reports and accounts, the committee shall also pay the required attention to any issues brought up by the financial manager, the manager doing such role, compliance officer, or the auditor.
5. Submitting a recommendation to the Board of Directors respecting selection, resignation, or discharge of the auditor, and in case the Board of Directors rejects the recommendation of the Audit Committee in this regard, the Board of Directors shall include in the Governance Report a statement clarifying the Audit Committee recommendations and the reasons for the Board of Directors' rejection thereof.
6. Setting and implementing the policy of contracting with the auditor, submitting a report to the Board of Directors, specifying the issues the committee deems necessary to take procedures in relation to, and submitting the committee's recommendations concerning the steps required to be taken;
7. Ensuring the auditor's fulfillment of the terms stipulated in the applicable laws, regulations, and resolutions and the Company's Articles of Association, and following up and monitoring his/her independence.
8. Meeting with the Company's auditor without attendance of any of the personnel of the Senior Executive Management or representative thereof, at least once annually, and discussing with the auditor the nature and scope of the auditing process and its effectiveness according to the approved auditing standards.
9. Studying all that is related to the auditor's job, work plan, correspondence with the Company, comments, proposals, concerns, and any substantial inquiries posed by the auditor to the Senior Executive Management concerning accounting books, financial accounts, or control systems, and following up the Company's board of Directors response thereto and provision of the facilities required for performing the auditor's job.
10. Ensuring timely response of the Board of Directors to inquiries for illustration and substantial matters mentioned in the auditor's letter.

11. Review and assessment of internal audit and risk management systems in the Company.
12. Discussing the internal audit system with the Board of Directors and ensuring the latter's establishment of an effective system for internal audit;
13. Considering the results of primary investigations in internal audit issues as assigned to the committee by the Board of Directors or based on an initiative on the part of the committee and the Board of director's approval of such initiative.
14. Review of the auditor's assessment of internal audit procedures and ensuring coordination between the internal and external auditors.
15. Ensuring availability of the resources required for the internal audit department, and reviewing and monitoring the effectiveness of such department.
16. Studying internal audit reports and following up the implementation of corrective measures for the comments arising from such reports.
17. Setting the rules that enable the Company's staff to confidentially report any potential violations in financial reports, internal audit, or any other issues and the procedures sufficient for conducting independent and fair investigations concerning such violations.
18. Monitoring the extent to which the Company complies with the code of conduct;
19. Review of Related Party transactions with the Company, managing conflict of interests, and submitting recommendations concerning such transactions to the Board of Directors before concluding the contracts.
20. Ensuring implementation of code of conduct related to the committee's duties and powers assigned to it by the Board of Directors.
21. Submitting reports and recommendations to the Board of Directors concerning the above mentioned issues.
22. Considering any other issues determined by the Board of Directors.

C. Audit Committee meetings during 2021

As per Article (62) of SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Audit Committee shall conduct its meeting once every three months at least or whenever the need arises. Audit Committee has conducted four meetings during the fiscal year ended 31 December 2021 in the presence of all its members in person. The meetings of the Committee were as follows:

Number of meeting	Date of the meeting	Number of Attendees	Names of absent members
1	10/02/2021	3	-
2	05/05/2021	3	-
3	11/08/2021	3	-
4	10/11/2021	3	-

(6) Nominations and Remuneration Committee

A. Acknowledgement of the Nomination and Remuneration Committee's Chairman regarding his responsibility for the committee's system

In accordance with the requirements of Article (59) of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide. **Sheikh / Omar Saqr Khaled Alqassimi - Chairman** of the Committee - acknowledges his responsibility for the committee's system in the company and for examination of the mechanism of its work and ensure its effectiveness for the year 2021.

B. Names of members of the Nomination and Remuneration committee, and a statement of its functions and the duties assigned there to:

The Board of Directors elected by the General Assembly held on April 11, 2021 has formed the Nomination and Remuneration Committee to support the Board of Directors in many areas and in accordance with the requirements of Article (58) of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide. The Nomination and Remuneration Committee consists of three non-executive members, two of them are independent members. The Committee is chaired by one of them and the names as follows:

Name	Position	Category
Sheikh Omar Saqr Khaled Alqassimi	HEAD	Independent
Mr. Hamad Ahmed Hamad Alameeri Represented by (National Investments Company)	Member	Non - Independent
Mr. Hammed Fahad Hamad Alwnais	Member	Independent

➤ **Tasks of the Nominations and Remuneration Committee**

The Nomination and Remuneration Committee is undertaking its duties as per the requirements of SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, as follows:

1. Setting a policy for nomination of the Board and executive management membership with the aim of varying between the two genders in the Board and encouraging female nominees through offering privileges and training and motivational programs, and submitting a copy of such policy to the Authority.
2. Regulating and following up the procedures of nomination for Board membership in accordance with the applicable laws and regulations, as well as the provisions of this Decision.
3. Verify that the membership conditions for the members of the Board of Directors are still met.
4. Constantly verifying independence of independent Board members.
5. Setting the policy for granting bonuses, privileges, incentives, and salaries to the Company's Board members and staff, reviewing such policy annually, and ensuring that the bonuses and privileges offered to the Senior Executive Management are reasonable and in line with the Company's performance.
6. Annual review of the skills required for Board membership and preparation of the required capabilities and qualifications for Board membership including the time a member shall need to allocate to do his/her duties as a Board member.
7. Review the requirements of suitable skills for the membership of the Board of Directors.
8. Review the Board of Directors structure and submitting recommendations regarding the changes that may be made.
9. Determining the Company's needs of qualifications at the Senior Executive Management and the staff levels and the criteria for selection thereof.
10. Setting the Company's human resources and training policy, monitoring implementation of such policy, and reviewing thereof on annual basis.
11. Any other matters determined by the Board of Directors.

A. Nomination and Remuneration Committee meetings during 2021

As per Article (59) of SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, the Nomination and Remuneration Committee shall conduct its meetings at least once annually or as required. Nominations and Remuneration conducted 2 meetings during the fiscal year ended 31 December 2021 were attended by all its members, as the following table:

Number of meeting	Date of the meeting	Number of Attendees	Names of absent members
1	09/02/2021	3	-
2	07/11/2021	3	-

(7) Insiders' Trading Follow-Up and Supervision Committee

In accordance with SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide. The Board of Directors aware of its obligations regarding the requirements for disclosure of trading on the company's shares and the importance of identifying the insiders in the company.

The BOD formed a committee specialized in the affairs of insiders concerned with follow-up and supervision of all trading of insiders and their ownership and reporting to the concern authorities, and identify the members of the Committee and the functions and tasks assigned to it.

A. Acknowledgment of the insiders' Trading Follow-Up and Supervision Committee's Chairman

In accordance with the requirements of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and the decision of the Board of Directors regarding the formation of a committee specializing in insiders affairs, **Mrs. Dalya Mohammad Al-Shehhi - Chairman of the committee** - acknowledges her responsibility for the committee system in the company and for examination of the mechanism of its work and ensure its effectiveness for the year 2021.

B. Committee Members:

1. Ms. Dalya Mohammed Al-shehhi	HEAD
2. Ms. Badreyya Mohammed	Member
3. Mr. Majid Abdullah Naser	Member

C. Functions and the duties assigned to it:

1. Manage, monitor and supervise the transactions of insiders and their ownership and keep their register.
2. Prepare a special register for all persons who are permanent and temporary insiders and who are entitled or have access to the company's internal information.
3. Keeping the record of past and subsequent disclosures of the insiders.
4. Keep official declarations of persons who are aware and temporarily aware of the company's internal information.
5. To ensure continuous updating of the Company's list of insiders on ADX website and to update this list immediately when required.
6. Monthly follow-up of insiders balances.
7. Issuing periodic reports on insider transactions to SCA & ADX upon their request.
8. Inform all insiders about the required controls, by signing official declarations.
9. Continue to notify insiders of prohibition periods of trading
10. Review and monitor the trading policy of insiders in accordance with the rules of disclosure, transparency and take necessary action.
11. Continuous monitoring of the regulations and decisions issued by the SCA in this regard and the mechanism for their implementation.

(C) A summary of the Committee's activities during the year 2021

The Committee was keen to implement everything related to governance controls through the powers and tasks entrusted to it, as it made an important and effective role in managing insiders' and communicating the goals, policies and controls that they are subject to, in addition to making sure that they are notified in advance of the periods of prohibition imposed by the Securities and Commodities Authority rules and regulations. And the Abu Dhabi Stock Exchange, and the need not to directly or indirectly exploit any internal or material information to achieve an interest or benefit and the responsibility that falls on them, and the Committee has made sure of the following:

1. The existence of transactions on the company's shares for some members of the board of directors in the company's securities other than the prohibition periods, and this was confirmed through (reviewing the company's main stock register, reviewing a statement from the Abu Dhabi Securities Exchange and the Kuwait Clearing Company, and a disclosure form for the shares owned by board members).
2. The spouses and children of the members of the Board of Directors have no dealings on the company's shares, and this was confirmed through the disclosure form submitted by the members of the Board.
3. Updating the list of permanent insiders immediately on the website of the Abu Dhabi Stock Exchange and the SCA.
4. Confirm the monthly balances of insider's through the company's main register at the end of each month.
5. Acquire official declarations from the permanent insiders about company's information when a change has occurred continuously in order to preserve its confidentiality and not to misuse it or transfer it or cause it to be transferred directly or indirectly to other parties. Also, bear everyone legal responsibility in the case of a violation of what was stated in the declarations and keep a record of those declarations.
6. Obtaining official declarations from temporary insiders of the company's information during the year 2021, in order to maintain its confidentiality and not to misuse or transfer it or cause it to be transferred directly or indirectly to other parties, and everyone bears legal responsibility in the event of a breach of what is stated in the declaration Ensure that a special record of such declarations is kept.
7. Notify the insiders of the prohibition periods, as it was confirmed to address the chairman, members of the board of directors and all the insiders regarding the prohibition periods for trading in the company's shares until the financial statements are disclosed, as the prohibition periods began (on March 17, June 16, September 16 and December 17) from Year 2021.

(8) Executive Committee

According to decision of the Board of Directors the Executive Committee was formed in accordance with the law and regulations of the Company's governance and articles of association "Article No. 37". The Committee shall be composed of members of the BOD who determined its functions, duration of work and powers granted to it, and shall submit its results and recommendations to the Board of Directors.

A. Acknowledgment of the Executive Committee's Chairman

According to the tasks and the authority gave to it by the board. **Sheikh / Kayed Omar Saqr Mohammad Al Qasimi - Chairman of the Committee** - acknowledges his responsibility for the committee's system in the company and for examination of the mechanism of its work and ensure its effectiveness for the year 2021 as follows:

B. Committee members

Name	Position
Sheikh Kayed Omar Saqr Mohamed Alqassimi	HEAD
Mr. Abdulla Mohammed Hassan Mohammed Al Hosani	Member
Mr. Husam Mohammed El-Sayed Hussein	Member
Ms. Dalya Mohammed Ali Al Shehhi	Member

➤ Statement of its functions and the duties

1. Draw the strategic objectives, plans and policies of the company and submit them to the Board for discussion and approval.
2. Discussing and approving the annual budgets estimated by the executive management of the company before submitting them to the Board of Directors through the Audit Committee for discussion and approval.
3. Review the organizational structure of the company and make the necessary adjustments before submit to the Board of Directors through the Nominations and Remuneration Committee for discussion and approval.



4. Continuous evaluation of the performance of key managerial positions of the company to ensure their effectiveness and ability to achieve the strategic objectives entrusted to them and replace them with others when required.
5. Continuous review of implementation of policies, procedures and controls related to sales, procurement and operation issued by the Board, establishing the detailed regulations necessary to manage them in a tight manner and determining the scope and ceiling of authorizations available to the Executive Management by the Committee, as per BOD governance.
6. Approve the implementation mechanism for all contracts to which the company is a party, whether related to procurement, sales or services in accordance with stability of operations. Establish regulatory procedures that will ensure that the proper governing procedures.
7. Study and approval of new capital projects before submission to the Board of Directors for discussion and approval.

C. Executive committee meetings during 2021

Number of meeting	Date of the meeting	Number of Attendees	Names of absent members
1	11/01/2021	4	-
2	31/03/2021	4	-
3	30/06/2021	4	-
4	29/09/2021	3	1
5	08/12/2021	4	-



(9) Internal audit System

Internal audit Department is fully independent and directly affiliated to the Board of Directors, it implements audit and control policies, which aim to assess the Company's risk management procedures, contribute to the proper application of the Company's governance rules and verify the compliance of the Company and its employees with the provisions of laws and regulations. Reviewing financial statements, and reviewing accounting policies and practices.

Internal audit Department has the full authority to access all documents and records of the company and its employees' data and transactions. The Internal audit Department is committed to ensure the strict implementation of the decisions issued by the Board of Directors or its Chairman and its committees to the Executive Management. All departments and employees shall cooperate with the Internal audit Department to solve issues and events facing the company. In case of non-cooperation of any employee, the ICD shall be obliged to submit a report to the Board.

BOD defines the most important objectives and tasks of IAD as follows:

- Ensure the validity and integrity of work procedures in all departments of the company.
- Determining the extent to which the company complies with the requirements of governance and codes of ethics.
- Ensure the commitment of any party dealing with the company and the employees of the company to apply the rules of governance and institutional discipline and code of ethics.
- Preventing, detecting and correcting errors.
- Ensure compliance of employees with the laws, regulations and policies of the company.
- Review the integrity of assets and verify the actual presence of it.
- Conduct regular and periodic reviews of various activities and report on findings and recommendations.
- Cooperation with the external auditor to implement the resolutions of the General Assembly.
- Cooperation with the executive management to achieve the objectives of the Board of Directors.
- Ensuring the accuracy of accounting records and their integration so they can be reliable for taking higher decisions.

Based on the above, the Board of Directors is responsible for the Company's internal audit system, which has sufficient authority to apply the rules of governance throughout the Company and to achieve transparency and fairness.



B. The name, qualifications, and date of appointment of the Internal audit Manager

Ms. Badreyya Mohamed Ali Hassoon Al-Shehhi appointed as Manager of the Internal Audit Department and performs the duties of Compliance Officer on 01.01.2020, as she has an MBA Finance and Bachelor's degree in Business Administration, and has accounting experience.

C. How the Internal Audit Department handle any significant issues in the company, or issues disclosed in the annual reports and accounts:

Internal audit Department has evaluated the risk management, procedures of the company, reviewed the internal policies and the implementation of the company's governance rules, verified the company's compliance with the laws and resolutions, and submitted periodic reports to the Board of Directors and Audit Committee.

The Internal audit department deals with any challenges in the company independently and objectively by informing the Audit Committee and informing the senior executive management of the problem and potential risks and proposing the necessary steps to address the problem and ensure that it is not repeated and follow up with senior management to ensure of the procedures and decisions has been taken.

D. Number of reports issued by the internal audit department to the company's board of directors

The Internal Audit Department submitted 4 periodic reports to the Board of Directors during the year 2021.

(10) Violations during the year 2021

The company was keen to comply with federal and local laws and ministerial decisions and governance of the Board of Directors, and achieved justice with all Stakeholders, which is in line with the good reputation of the company. During the year 2021, the company did not commit any violations and did not face any penalties either by governmental or private parties.

(11) Company contributions toward the local community development and environmental conservation

First: Contributions:

The UAE society has a well-established specificity and a lofty goal in the company's strategies, and it is a national responsibility that establishes basic foundations for the tasks entrusted to everyone, and the company is an integral part of the surrounding community and works with all sincerity and belonging to consolidate effective community partnerships, the Gulf Cement Company continues to support social activity of all kinds with a package of contributions Voluntary work, according to the laws and regulations followed in the country, and works to ensure that all its employees are an active and influential part of society, and in implementation of Federal Law No. (2) of 2015 regarding commercial companies and its amendments, and Article No. (65) of the company's articles of association regarding voluntary contributions, which authorized Companies pay voluntary contributions, and the law obligates that voluntary contributions do not exceed (2%) of the average net profit of the company during the two fiscal years preceding the year in which those voluntary contributions are made, and since the company did not make profits in the two fiscal years (2019 & 2020), it did not Cash contributions are to be made during the year 2021, but the company was keen to continue providing its in-kind and service contributions by providing building materials. Various and its services to help citizens with limited income from the local community and public utilities.

Second: Environmental conservation:

The company is keen to adhere to the implementation of the laws and decisions issued by the Ministry of Climate Change and Environment and the Environmental Protection Authority in Ras Al Khaimah, and to implement the policy of the Board of Directors that the company is a pioneer in its field of work by applying the relevant best practices under the slogan of a sustainable environment and a green product. The Gulf environment and its sustainability are of the utmost importance and believe that it is one of the main goals that require attention and focus. This is represented in its efforts in environmental sustainability projects that contribute to preserving natural resources and reducing carbon emissions resulting from production processes in furnaces, which confirms its excellence in environmental leadership, and the company is also working on Supporting the country's orientations towards a green economy through continuous environmental projects with the best and latest international technology that is commensurate with the prestigious position of the United Arab Emirates.

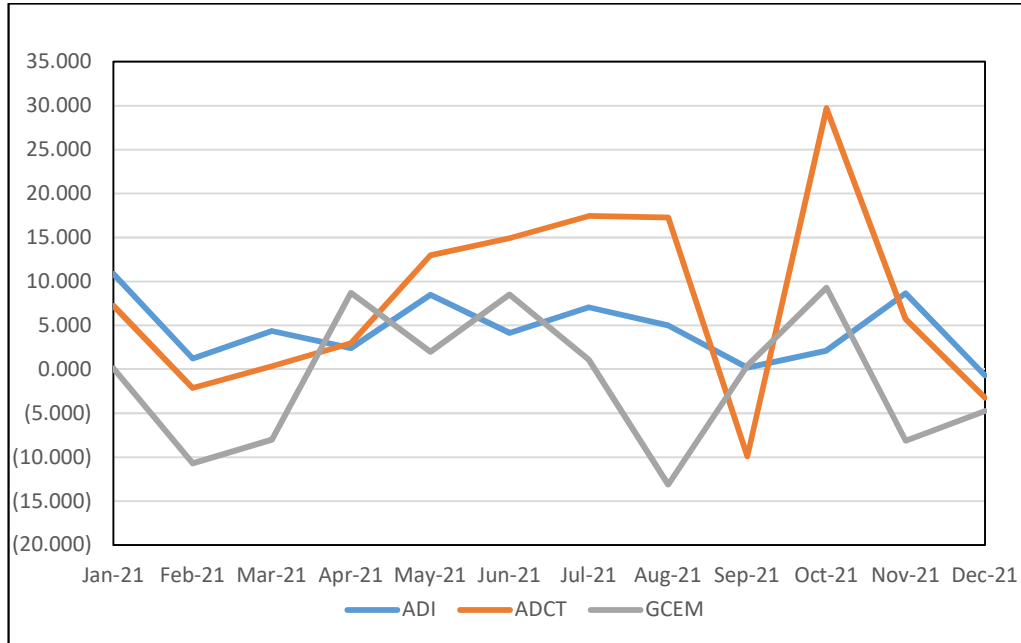


(12) General information

A. The Company share price in the Market (closing price, highest price, lowest price) in the end of each month during fiscal year 2021

Date	Highest price (AED)	Lowest price (AED)	Closing price (AED)	Quantity (Shares)	Value (AED)
January	0.840	0.724	0.840	845,742	657,784
February	0.830	0.684	0.750	355,868	278,829
March	0.766	0.675	0.690	91,537	62,409
April	0.872	0.632	0.750	120,588	91,833
May	0.870	0.676	0.765	1,160,319	901,599
June	0.998	0.726	0.830	2,797,984	2,293,988
July	0.890	0.731	0.839	1,722,755	1,417,473
August	0.808	0.729	0.729	315,882	236,029
September	0.829	0.670	0.732	922,146	716,801
October	0.984	0.682	0.800	69,249,301	59,815,202
November	0.799	0.653	0.735	22,810,479	16,721,052
December	0.790	0.665	0.700	18,639,318	13,842,022

B. The comparative performance of the company's shares with the general market index and the industrial index during year 2021



C. Distribution of shareholding of the Company as at 31 December 2021

According to the company's article of association, "All shares are nominal and the contribution of UAE and GCC nationals whether natural persons or legal person(s) wholly owned by UAE nationals and GCC nationals at any time throughout must not be less than (51%) of the capital. The percentage of non-UAE nationals and GCC nationals should not exceed (49%)."

Shareholder	Individual		Companies		Government		Total	
	Count	%	Count	%	Count	%	Count	%
Local	71,488,184	17.41%	29,694,248	7.23%	29,819,631	7.26%	131,002,063	31.91%
GCC	58,494,841	14.25%	209,610,125	51.06%	-	-	268,104,966	65.30%
Arab	6,483,830	1.58%	285,000	0.07%	-	-	6,768,830	1.65%
Others	4,324,346	1.05%	348,205	0.08%	-	-	4,672,551	1.14%
Total	140,791,201	34.29%	239,937,578	58.44%	29,819,631	7.26%	410,548,410	%100



D. Shareholders who own (5%) or more of the Company's capital as at 31 December 2021

S/N	Name	Number of Shares Held	%
1	National Investment Co. – Clients	154,215,626	% 37.56
2	Salem Abdulla Salem Al Hosani	29,873,691	% 7.28
3	Government of Rak Al Khaimah	29,819,631	% 7.26
4	Al Salem Limited Company	25,096,794	% 6.11

E. Shareholders Distribution according to the volume of ownership as at 31 December 2021

S/N	Share(s) Ownership	Number of Shareholders	Number of owned Shares	percentage of the owned Shares of the Capital
1	Less than 50,000	1,474	10,019,733	%2.44
2	From 50,000 to less than 500,000	297	45,642,426	%11.12
3	From 500,000 to less than 5,000,000	55	71,722,233	%17.47
4	More than 5,000,000	10	283,164,018	%68.97
Total		1,836	410,548,410	%100

F. Actions taken on investor relations controls

In accordance with SCA resolution no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and the decisions and circulars issued by the authority related to the controls of investor relations, and based on the keenness of the Gulf Cement Company to build an industrial edifice that is a partner in development Sustainable to achieve ambitious aspirations for the future and keep pace with the highest international quality standards, and the optimal application of the rules and regulations in force in this regard, the company has strengthened the role of investor relations management and defining its tasks and activating the best ways to communicate with the company, It has also developed and updated its website in a complete and accurate manner to be known as "Investors' Relation Portal" in which the company through it seeks to enable investors and those interested in direct access to the latest information, especially those related to the financial statements, annual reports, dividends and stock prices and other disclosures.

The "Investor Relations Portal" aims at enhancing channels of communication and encouraging information exchange to enable investors and financial analysts to reach clear visions in accordance with the highest standards of transparency and reliability and to provide the latest information that confirms the extent of compliance with transparency and the application of the standards of institutional discipline.

Manager of the Investor Relations Department: Ms. Dalya Mohammed Al Shehhi

Phone: + 971 2027377,+ 971 7 2027378

Fax: +971 7 2027280

E-Mail: shares@gulfcement.ae

Investors Relation Portal: <http://www.gulfcement.ae/investor-relations-ar/>

G. Special resolutions presented to the General Assembly held in 2021

The General Assembly, in its meeting "45" held on April 11, 2021, approved the following:

Approval of the amendment of Articles (1,21,34,37,40,41,44,46,47,50,51,57,63,64) of the company's articles of association to comply with the amendments and provisions of Federal Law No. (2) of 2015 regarding Commercial companies and obtaining the approval of the competent authorities.

H. Name of the rapporteur of the board meetings and the date of his appointment:

Name	Date Of Appointment	Qualifications & Experiences
Mr. Yasser Ahmed Mohamed Abdullah	2020	Bachelor of Commerce



I. Major events during 2021

There are no significant or Major events during the year 2021.

J. The deals that the company made during the year 2021 that are equal to 5% or more of the company's capital.

Based on the Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide, it defined the deal as an event affecting the assets of the public joint-stock company listed on the stock market, its obligations, or its net value from transactions, contracts or agreements concluded by the company and any other dealings determined by the Authority from time to time by decisions, instructions or circulars it issues.

Based on what was stated in the above decision, there are no deals or transactions concluded by the company during the year 2021 that affected its assets, liabilities or net worth.

K. Emiratization percentage in the company

The company takes Emiratization as one of its major importance and considers it one of its responsibilities. The table below shows the Emiratization percentage as follows:

Year	Emiratization
2021	8.8%
2020	8.8%
2019	9%

L. Innovative projects and initiatives implemented by the company or which were under development during 2021.

There are no innovative projects and initiatives undertaken by the company or under development during 2021.

.....
Sheikh Kayed Omar ALQasimi
Chairman

.....
Mr. Abdulla Mohammed Al Housani
Head of Audit Committee

.....
Sheikh Omar Saqr Khaled ALQasimi
Head of Nomination and Remuneration Committee



.....
Ms. Badreyya Mohamed Ali Al-Shehhi
Internal audit Manager