

## Sustainability Report 2020

Ras Al Khaimah Cement Company (RAKCC)

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## About this report

This report represents a new chapter for Ras Al Khaimah Cement Company, as we commit to enhance stakeholder awareness of our priority on Environmental, Social, and Governance (ESG) topics. We disclose how our performance on non-financial metrics contributes to long-term value creation and a sustainable, responsible, and customer-centric business model. Our first Sustainability Report outlines our environmental, social, and governance performance for 2020.

This report has been prepared following the Global Reporting Initiative (GRI) Standards "Core" option, with further references to the Abu Dhabi Stock Exchanges 31 Key Performance Indicators. In addition, we are now committed to reporting on sustainability measures every year, alongside our Governance Report, which provides a thorough overview of our financial, governance, and risk performance.

Accordingly, we have structured the report into three main themes, Environmental, Social, and Governance, to discuss our most material ESG issues.

## Message from our Chairman of the Board

I am delighted to present to you Ras Al Khaimah Cement Company's (RAKCC) first annual Environmental, Social, and Governance (ESG) report, covering the fiscal year of 2020. Since the establishment of RAKCC in 1995, we have been proudly committed to providing high-quality manufacturing solutions. This report communicates our sustainability journey and demonstrates our commitment to national and international sustainable development goals.

Sustainability is integral to our business, and we strive to ensure that we operate safely and sustainably for both our employees and our community. We strive to ensure that our operations have minimal impact on the surrounding communities in which we operate. We adopt stringent measures through our Environmental Policy, which mandates dust and gas emissions restrictions to prevent air pollution. As of 2020, we have also successfully reduced our electricity consumption by generating 22,032 MW of renewable energy from our newly implemented waste heat recovery system.

We have spent the past decades building and cultivating resilience in our operations and our staff, as well as in the communities where we operate. COVID-19 put all our efforts to the test, as it did those of every government, community, and Company worldwide. In these trying times, we have seen the best in our people. They worked collaboratively to ensure uninterrupted operations and continued to support the community as it faced the crisis. We faced the challenges of the COVID-19 pandemic by proactively implementing preventive measures such as stopping nonessential travel, shifting to remote working for our office-based colleagues, and enhancing the infection control protocols across our manufacturing sites and public spaces. These measures helped us ensure the safety of our workforce and the smooth continuation of our operations and production.

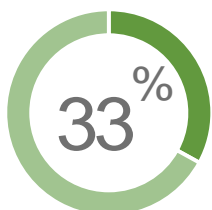
This report highlights our environmental, social, and governance performance for 2020 and highlights the beginning of our journey on sustainability reporting.

Thank you,

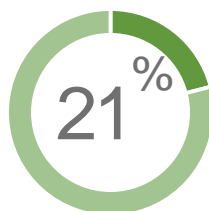
Mr. Ahmed Amer Omar Saleh Omar

Chairman of the Board, RAKCC

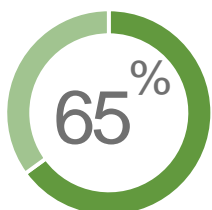
## Key highlights of our 2020 performance



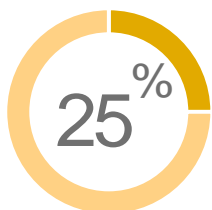
decrease in our water consumption



of our electricity consumption was produced from renewable energy



reduction in our hazardous waste generation



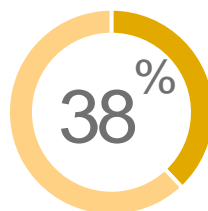
reduction in near miss accidents



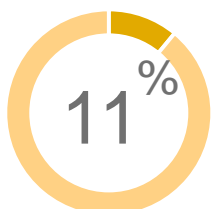
**AED 72,000** allocated to training for employees



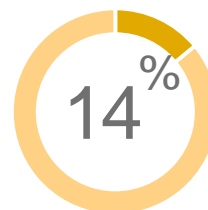
**Zero** Lost-time injuries for employees and contractors



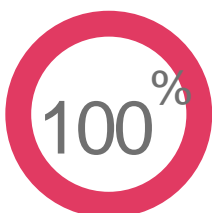
of our new hires in 2020 were under 30 years old



of department managers were female



of employees in 2020 were serving over 20 years with RAKCC



of Board Directors are independent



**5** corporate governance reports issued to date

## About Us

### Our Organizational Profile

At Ras Al Khaimah Cement Company (RAKCC), we are committed to being a local cement manufacturing leader. RAKCC was established in Ras Al Khaimah in 1995 as manufacturers of building materials, and we have been contributing to the development of the UAE for 26 years.

We aim to produce high-quality cement through our advanced technologies to maintain our reputation as reliable and reputable cement producers in the Emirates. In addition, our management and staff are dedicated to ensuring customer satisfaction. This objective is a priority and aligns with our long-term goal of building a solid partnership with all cement users.

*"RAKCC believes that for its customers, product quality is not a privilege, but a right and this belief is the guiding principle of action for all RAKCC employees."*

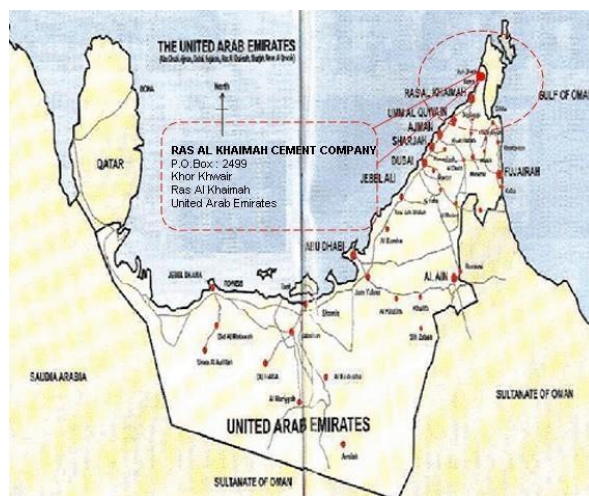
Our impact on the environment is a core consideration of our actions. We have ensured that we minimize our environmental impact to protect our surrounding community through our business activities. We achieve this by complying with stringent dust and gas standards within our facilities.

*"Our commitment from the first truck of the cement shipped is to deliver a consistent quality product to our valued customers. The advanced technology utilized by Ras Al Khaimah Cement Company aims at providing our customers with the best service. "*



## Where we Operate

Our Company is located in Khor Khwair, Ras Al Khaimah, within 1 km of Saqer port. This strategic locality enables us to connect our plant to the cargo station and load prepacked cement or pump bulk cement directly onto vessels.



## Our Operations

Our plant can produce 1,000,000 tons of clinker and 1,100,000 tons of cement per year while complying with BS, ASTM, and API Standards. In addition, we have equipped our plant with advanced production equipment, which ensures efficient electricity and natural gas use while guaranteeing product quality.





We strive to produce high-quality products through advanced technologies to maintain our reputation as reliable and reputable cement producers in the Emirates.

We produce various types of clinker, including:

1. OPC Clinker
2. SRC Clinker
3. OWC Clinker

We produce various types of cement, including:

1. Ordinary Portland Cement
2. Sulfate Resisting Portland Cement
3. Masonry Cement
4. Oil Well Cement

#### Our Value Chain



##### Raw materials:

- Receiving

##### Production:

- Cement
- Clinker

##### Customers:

- Public sector projects
- Commercial projects
- Private customers

## Our Corporate Governance

Our fundamental objective is to maintain a culture where the willingness to do the right thing and comply with applicable laws and organizational policies is fully embedded across our organization. Our ethical standards support our business objectives while ensuring compliance and promoting ethical business values in our daily activities.

We confirm our commitment to transparency and objectivity and periodically review the Company's policies to ensure they align with our governance system and the approved Governance Manual.

## Shareholder Structure

Shareholders who hold 5% or more of the Company's capital as of 31/12/2020 are shown in the figure below:



## Responding to COVID-19

Our values have guided our response to COVID-19: protecting the health and safety of our colleagues, ensuring our operations continued safely, doing our part to reduce transmission, and supporting the communities where our colleagues live and work.

We aggressively confronted the pandemic across all operations to ensure that our employees were safe from the disease outbreak. These measures included remote working for vulnerable and high-risk staff; rotation of duties for staff that works on-site; social distancing in office seating in line with guidelines by the World Health Organization (WHO) and disease control agencies in the UAE. Where possible, we have also replaced physical meetings with virtual meetings and introduced staggered shifts. In addition, we instituted enhanced infection control protocols across our manufacturing sites and public spaces to ensure that colleagues who need to be on-site could continue to do so safely.

COVID-19 awareness training was conducted to empower both employees and contractors with adequate information to manage the pandemic and protect themselves, their families, our colleagues, and our stakeholders from the virus.

We will continue to build on the proactive approach and comprehensive measures that we adopted in combatting the virus in 2020 to ensure that our valued employees remain safe and protected during the pandemic at all times.

### *Our actions:*

1. Placing signboards across our facilities with social distancing instructions;
2. Handing out guidelines with instructions to prevent the spread of the infection;
3. Educational seminars regarding the prevention of COVID-19;
4. IR - Thermometer provided to check all entering employees & visitors;
5. Health sign boards developed;
6. Sanitizing stations in all departments;
7. Regular company sanitization drives;
8. Change of the punching system from fingerprint to face recognition to minimize touchpoints on machines;
9. Safety induction training about COVID-19 for both RAKCC employees & contractors;
10. Adherence to Ministry of Health protocols;
11. Facilitated vaccination for our staff (as applicable).

## **Our Approach to Sustainability**

### **What Sustainability Means to Us**

We want to build a better tomorrow, creating value for society and our Company. Our efforts in sustainability go beyond meeting our annual and longer-term targets. As part of our ambition to be the preferred supplier of cement products in the Emirates, we recognize that this goal complements sustainability. We must continually evolve our mindset and our practices to meet changing times. It is both a responsibility and a business opportunity.

Our Quality Policy outlines four areas for continuous improvement, which include our:

1. Value to customers and the local community;
2. Manufacturing processes by adhering to relevant standards and product specifications;
3. Employee skills and development;
4. Impact on the environment.

### **Our Performance and the UN Sustainable Development Goals**

Recognizing the strategic importance of the United Nations Sustainable Development Goals (SDGs) in our business and across the planet, we have aligned our actions to these goals. Using the SDGs, we can assess, moderate and showcase how we contribute to sustainability as a business.

Below are the SDGs in which we currently align to<sup>1</sup>:



### Materiality Assessment

We conducted a detailed materiality assessment exercise to define the measures that matter most to our sustainability efforts. We wanted to improve our understanding of which non-financial issues are strategically crucial to our Company and stakeholders to guide our decision-making. This assessment identified the ESG issues that matter most to RAKCC and our stakeholders and represents where we have the most extraordinary capacity for impact and action. Our most recent sustainability materiality assessment was conducted in 2020. In collaboration with an independent consultancy, this assessment identified 13 material focus areas that maximize our opportunity for impact.

### Topic Identification

Our process began with identifying a long list of topics relevant to our operations, which were categorized into three key issue areas:

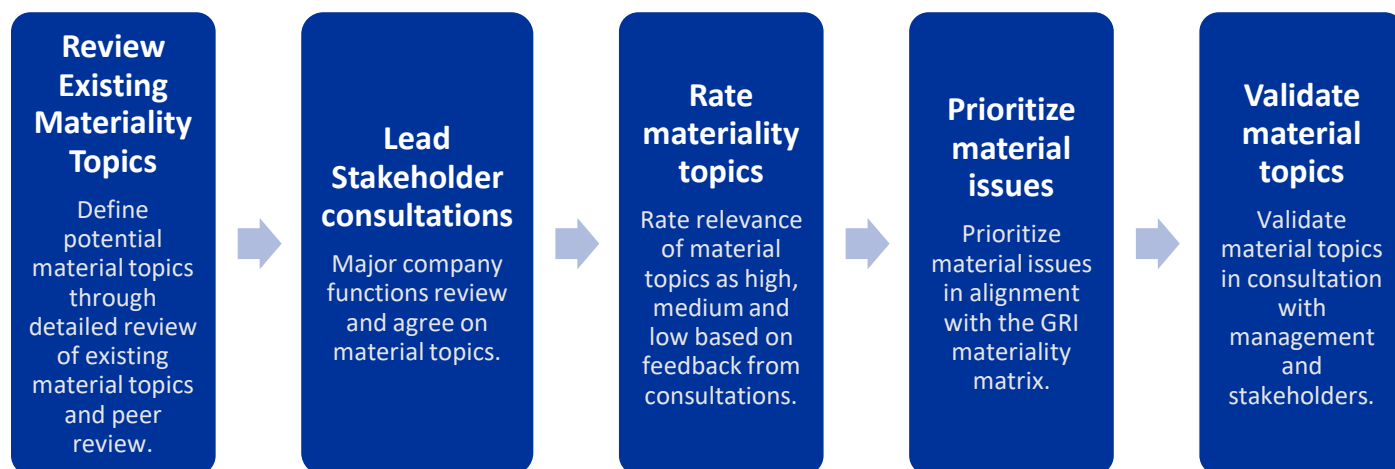
- Environment — Practices to minimize our environmental impact and to conserve natural resources.
- Social — Impact of our products and operations on employees, customers, and communities.
- Governance — Systems, structures, and attitudes that affect how we oversee and manage our operations.

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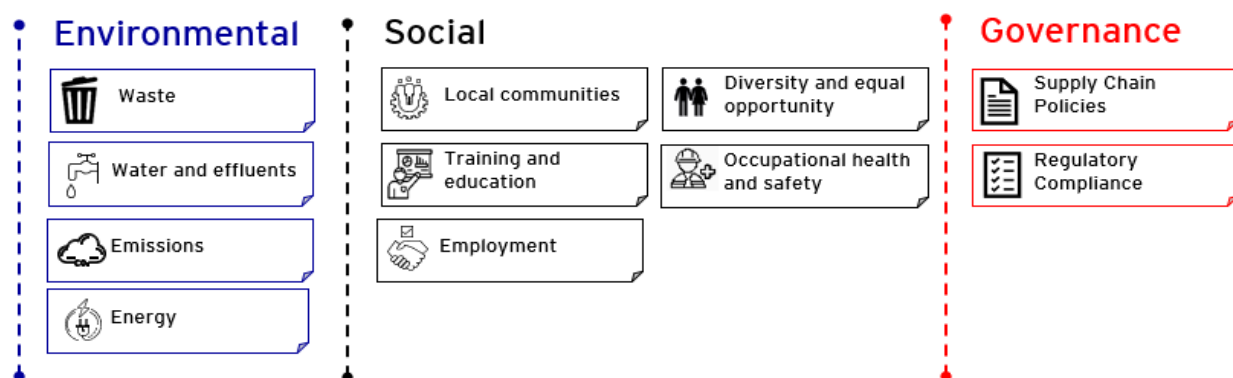
<sup>1</sup> United Nations, (2021). The 17 Sustainable Development Goals.

## Identifying our material topics

### Materiality Assessment Process



The analysis identified our most material issues as follows:



### Prioritization

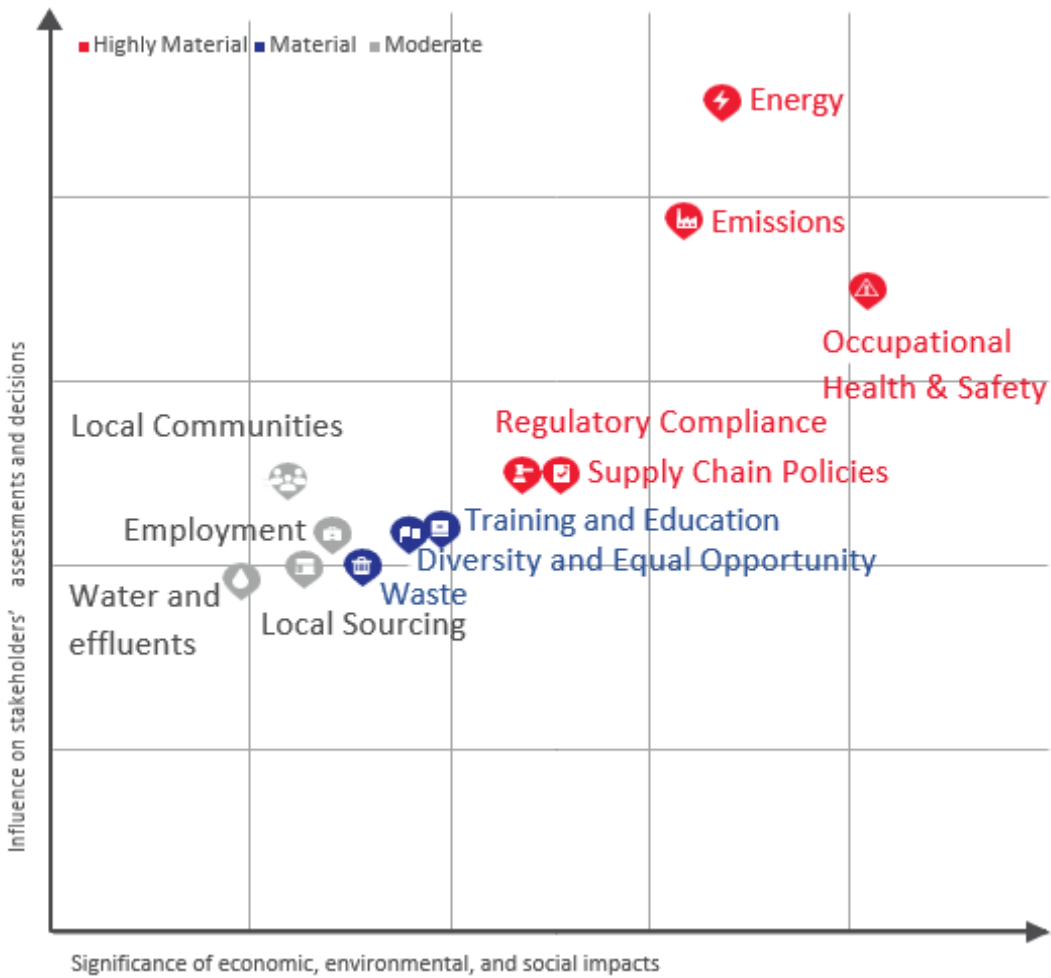
The topics were then prioritized based on the level of importance to our stakeholders and our business. The process, designed to include a balance of both current and forward-looking perspectives, included:

- Analysis of our existing practices, peer disclosures, emerging global megatrends, and sector-relevant frameworks such as GRI, UN SDG Industry Matrix, and Task Force on Climate-related Financial Disclosures (TCFD).
- Discussions with our key stakeholders.

### Validation

Finally, these results were categorized into Social, Environmental, and Governance issues that align with our values and purpose. We then organized the material topics according to their respective relevance or impact on our business and their importance to our stakeholders, as identified in our stakeholder engagements. Embedding material topics into our overall business operations ensures that we allocate resources and make choices in a way that helps us play our part in meeting significant global challenges.

### Materiality matrix



## Our Environmental Performance

At RAKCC, environmental protection guides how we operate our business activities. To us, protecting the environment applies not only to our plant operations but also to our wider community. Our commitment to the environment is demonstrated through our Company's Environmental Policy, ensuring that our operations are conducted efficiently with minimal risks to the environment. In addition, we have been very conscious about reducing our environmental footprint within our facilities and enabling compliance with environmental regulatory requirements.

Our commitment to the UN Sustainable Development Goals (UNSDGs)<sup>2</sup>:



We are committed to reducing our water footprint through recycling and reuse.



We promote responsible energy consumption across our operations.

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<sup>2</sup> United Nations, (2021). The 17 Sustainable Development Goals.



## **Managing our Operational Impacts**

We aim to identify, measure, and mitigate actual and potential negative environmental footprints in all our operations through our environmental policy. We seek to improve our operational efficiencies and minimize our impact on the natural environment while also benefitting from cost reductions. We leverage improved business practices and processes that support community protection, preserve air and water quality, and enhance efficiency in utilizing energy and natural resources. We strive to adhere to sustainability principles that drive continual improvement in addressing global and local environmental challenges and mitigating climate change's negative impacts. While there are negative environmental fallouts from our business operations, including dust pollution, CO<sub>2</sub> emissions, and so on, we remain committed to continually improving our environmental stewardship.

## **Environmental Management and Compliance**

We are committed to maintaining sound environmental management standards and strict compliance with all relevant environmental regulations where we operate. This commitment is in line with our principle of continuous improvement and protecting the environment for our collective good, particularly at and around our operation sites. We strive to minimize our energy consumption and natural resources and the negative environmental impacts our operations create.

We continuously monitor both international and national environmental requirements to align our environmental performance. At RAKCC, we comply with all regulations and laws by the Ministry of Climate Change, including Decree 137 and regulations from the Local Authority (EPDA) in Ras Al Khaimah. We also coordinate with the Ministry of Environment and Water and the Environmental Protection Authority in Ras Al Khaimah to ensure our environmental performance is aligned with local requirements. Additionally, our plant has been designed to meet the most stringent European standards for environmental protection.

## **Our Water Consumption**

Although our operations do not require large quantities of water compared to other sectors, we are committed to reducing the amount of water utilized in our operations. We strive to manage our water efficiently, and any water not utilized on-site is recycled, used for gardening, or used to control dust emissions by water spraying the ground.

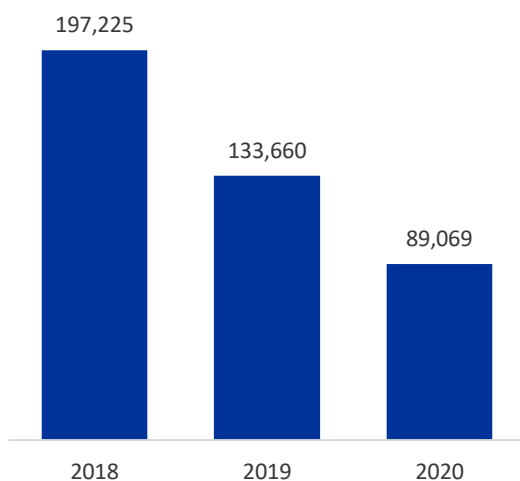
Our efforts and focus on water management have substantially reduced our total water consumption in 2020. As a result, our total water consumption for all operations was 89,069 cubic meters (m<sup>3</sup>) in 2020, 33% lower than the total water consumption of 133,660 in 2019 and 55% lower than the total water consumption 197,225 cubic meters (m<sup>3</sup>) in 2018. Similarly, we have seen a reduction in our total water

withdrawal. These reductions in water consumption are a testament to our management's efforts to optimize our operations while reducing our environmental impact.

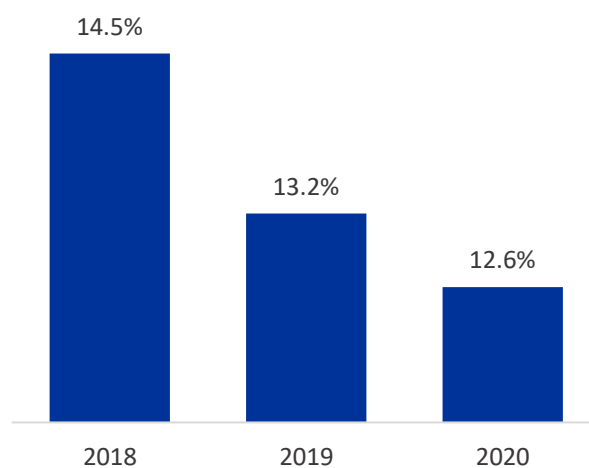
# 33%

reduction in our water consumption from 2019 to 2020 and a **55%** reduction from 2018 to 2020

**Total Water Consumption (m<sup>3</sup>)**



**Total Water Withdrawal by Source (%)**



## Our Waste Management

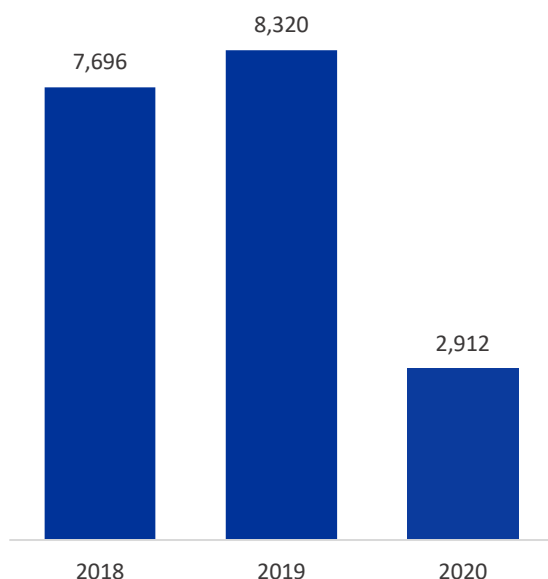
At RAKCC, managing our waste is very important to us. All our waste disposal activities are aligned with the Ras Al Khaimah Municipality rules and regulations. We consider it our duty to ensure waste is disposed of safely without causing any harm to the environment or the ecosystem. Our manufacturing plants generate various types of hazardous and non-hazardous waste. After collection, our waste is sold to third parties.

We are committed to reducing our hazardous waste. Our efforts have resulted in a 65% reduction in the amount of hazardous waste we generated in 2020 compared to 2019. This reduction is a testament to our management's efforts to reduce our waste across our operations. Similarly, these efforts are reflected in reducing our non-hazardous waste, with a 51% reduction in the number of TRIPs in 2020 compared to 2019.

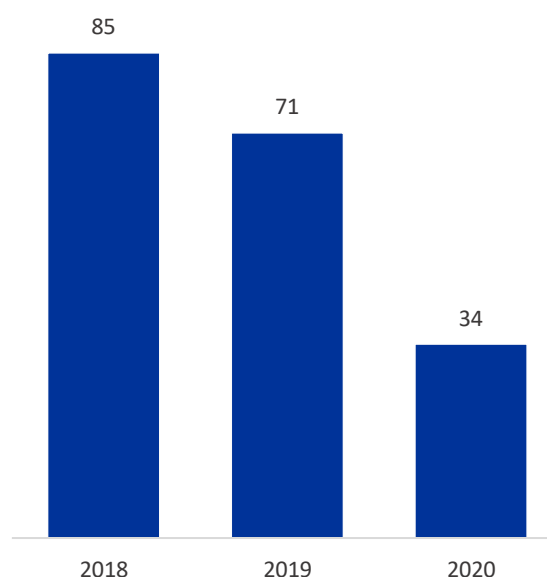
# 65%

reduction in our  
generated hazardous  
waste from 2019 to 2020

**Hazardous Waste Generated (in LTRs)**



**Non-hazardous Waste (In Number of TRIPs)\***



\*Reported in TRIPs as per the RAK Municipality regulations

### Managing our Energy and Emissions

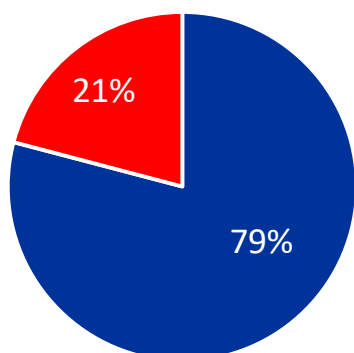
At RAKCC, we acknowledge that cement production requires a lot of energy; therefore, we must continually improve our energy efficiency. Accordingly, we have conducted several operational control measures across the various stages of our production process and across our plants to ensure energy savings.

### Our Energy Consumption

Energy constitutes to a significant amount of the total cost of cement production, which has a significant economic impact on our business. Although some of our operations still rely on high carbon fuel sources such as coal, we have increased our focus on reducing our footprint by committing to the use of alternative fuel sources in our energy mix.

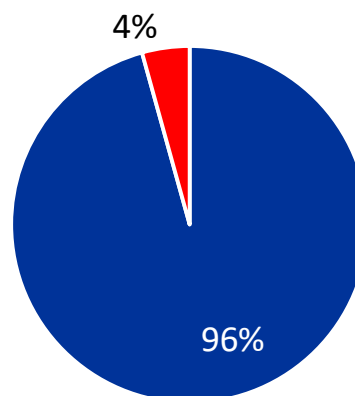
We started exploring the feasibility of significantly increasing the use of alternative energy in our cement production. With high input costs and the growing emphasis from stakeholders on adopting eco-friendly manufacturing processes, we identified the waste heat recovery system as an opportunity to reduce our energy. In 2019, we installed a new Waste Heat Recovery System which has allowed us to reduce our energy consumption by reusing the heat produced during our manufacturing process. In 2020, 21% of our power generation came from our Heat Waste Recovery System. We have also diversified our energy mix by using carbon dust as an alternative fuel. In 2020, carbon dust equated to 4% of our overall fuel consumption. These changes are a testament to our management's efforts to improve our environmental performance. In 2020, we produced 21% of our electricity from renewable sources. Our efforts to integrate renewable energy into our operations have reduced our dependency on non-renewable sources, and we hope to continue to utilize renewables in the future.

**Waste Heat Recovery System**



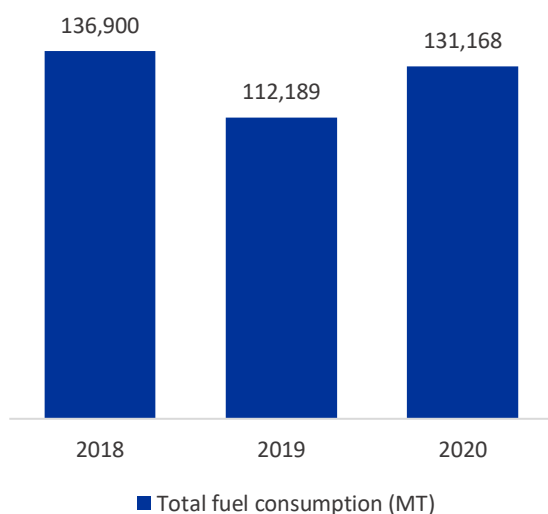
- Power consumed from Fewa
- WHR Power Generation & consumption

**Alternative Fuel Consumption**



- Coal
- Alternative fuel (Carbon Dust)

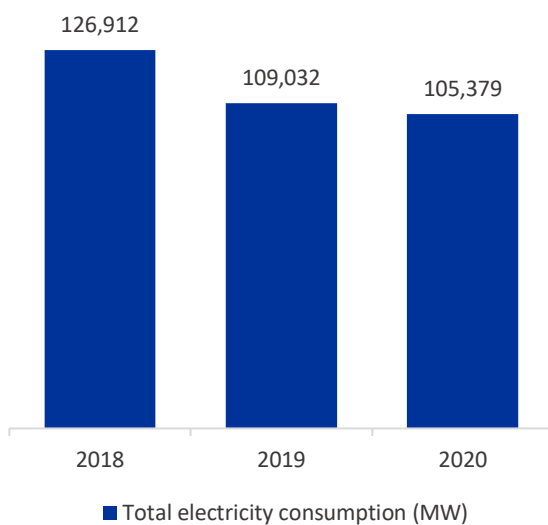
### Our total fuel consumption since 2018



# 21%

of our electricity consumption in 2020 was produced from renewable energy

### Our total electricity consumption since 2018



# 3%

decrease in our electricity consumption from 2019 to 2020

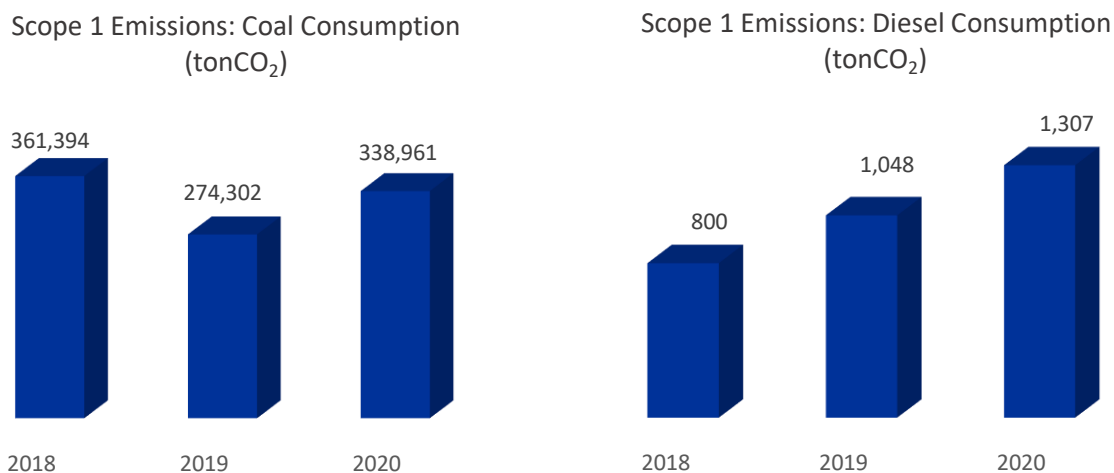
In 2020, we additionally saw a 3% decrease in our electricity consumption from 2019 to 2020 and a 16% from 2018 to 2020. This year-on-year decrease in electricity consumption results from our management's efforts to improve our electricity consumption and optimize our operations where possible.

## Managing our emissions

By conducting business in a safe and environmental-friendly manner, we limit our carbon footprint on the environment and climate. But, unfortunately, cement production by its nature also leads to a high level of CO<sub>2</sub> emissions. At RAKCC, we recognize our global responsibility, and we are dedicated to developing an understanding of how best to reduce our carbon footprint. To do this, we continuously monitor our stack gases for dust emissions, CO<sub>2</sub>, SO<sub>x</sub>, and NO<sub>x</sub> gases at our production plant.

We have calculated our Scope 1 emissions for our coal, diesel, and clinker consumption. We used the IPCC<sup>3</sup> diesel emission factor of 74,100 kg per TJ and the IPCC<sup>4</sup> coal emission factor of 94,6000 kg per TJ. To calculate our clinker production emissions, we used the World Business Council for Sustainable Development<sup>5</sup> guidelines on process emissions, equating to 540 kg CO<sub>2</sub> per tonne of clinker.

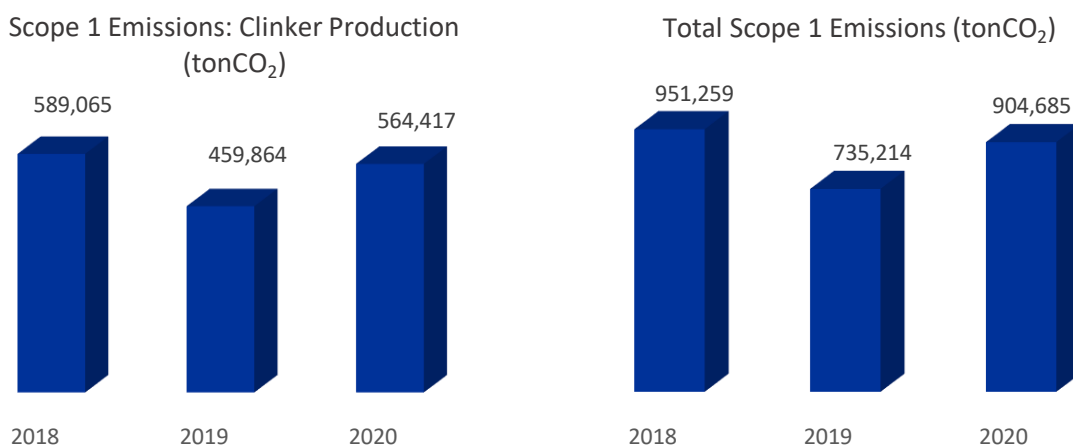
As a cement manufacturer, our production process is heavily reliant on diesel, coal, and clinker. Our Scope 1 emissions have increased between 2019 and 2020 due to an increase in our operations. In 2021, we hope to explore opportunities to reduce our Scope 1 emissions.



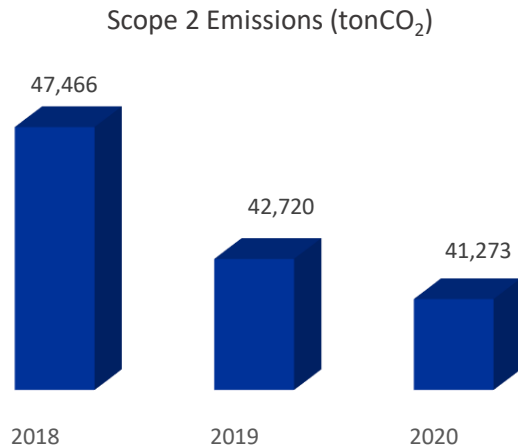
<sup>3</sup> IPCC, (2006). IPCC Guidelines for National Greenhouse Gas Inventories.

<sup>4</sup> IPCC, (2006). IPCC Guidelines for National Greenhouse Gas Inventories.

<sup>5</sup> World Business Council for Sustainable Development, (2009). The Cement Sustainability Initiative.



We have calculated our Scope 2 emissions for 2018 to 2020 using the grid emission factors as published by the authorities. Due to our management efforts and focus on optimizing our electricity usage, our Scope 2 emissions have decreased year on year from 2018 to 2020. From 2018 and 2020, we recorded a 13% reduction in Scope 2 emissions, and from 2019 to 2020, we recorded a 4% reduction. This decrease in Scope 2 emissions results from our continued efforts to optimize our operations while minimizing our impact on the environment.



We also manage other contributors to air pollution and strive to identify environmental improvement opportunities in all areas of our manufacturing processes. We use four primary raw materials in our manufacturing process and adhere to environmental guidelines when storing our raw materials. For example, limestone, silica, and other additives are stored in covered stockpiles or storage sheds to prevent pollution.

Dust emission at cement plants is one of the biggest challenges faced during the cement production cycle. It is because dust emanates from across the production value chain. To minimize our dust emissions, we comply with both legal requirements and international standards. Our dust emissions reduction strategy

is combined with our water recycling measures, where water not used on site is partially used to control dust emissions by water spraying the ground. In addition, we have 38 dust collectors and six process bag filters placed at strategic locations throughout the production process to ensure a dust-free facility. This dust collected can also be reused in the process.

We also operate and maintain around  $20\text{mg}/\text{nm}^3$  particulate emission standards. When we reach  $50\text{mg}/\text{nm}^3$ , our plant is shut down for maintenance on our pollution control equipment. In addition, during planned annual maintenance, we maintain our bag filters as a proactive measure to ensure the minimum particulate emission.



## Our Social Performance

At RAKCC, we recognize our responsibility to empower our workforce and our local community. Therefore, we provide our workforce with various training and development initiatives ranging from Competency-Based Development of UAE National employees to a comprehensive Performance Management Program that focuses on continuous learning and development. We also seek to drive local economic development and contribute to our local community through nationalization targets and local procurement efforts.

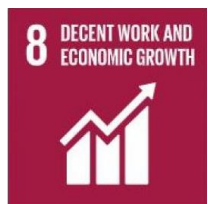
Our commitment to the UN Sustainable Development Goals (UNSDGs)<sup>6</sup>:



We work to ensure the safety of our employees and all individuals on our production sites.



We promote lifelong learning among our employees and provide them with quality training opportunities for professional growth.



We are committed to creating job opportunities for local talent.



We aim to use local suppliers to promote the development of the countries in which we operate.

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<sup>6</sup> United Nations, (2021). The 17 Sustainable Development Goals.

## Protecting our Workforce Health and Safety

### Our Priority on Safety

Our employee's health and safety are fundamental to our business and long-term success. Accordingly, our commitment to safeguarding the health and safety of our internal and external stakeholders is firm and unwavering. This year was particularly challenging due to the pandemic; however, we were proactive in our response and ensured that all possible measures were taken to instill safe and continued operations.

Looking after our people's safety begins with prevention. We continuously endeavor to identify all threats to health, safety, and wellbeing in our operations and commit the necessary human and material resources for implementing corrective actions and continuous improvement. At RAKCC, we adhere to strict safety standards and anticipate and work to prevent risks before they materialize.

Our ultimate goal is to attain zero accidents and fatalities in our business operations and across our entire value chain. To achieve our 100% safety objective, we have developed a comprehensive Health and Safety Policy. Our Health and Safety Policy demands that safety is taken into consideration at the initial stage of all Planning, Maintenance, and Production work. Ensuring safety is our management's responsibility, and we take great care to ensure that management has the authority, skills, and resources to exercise this responsibility. All managers and employees are required to consider safety and ensure that it is adequately monitored. In addition, we regularly monitor and evaluate the effectiveness of our Health and Safety Policy.

In 2020, we recorded zero LTIs and saw a 25% reduction in near-miss accidents 2020 compared to 2019. This improvement is a testament to our staff's adherence to our health and safety standards and our management's continued efforts to address safety challenges as they arise and continually improve our health and safety protocols.

# Zero

Lost Time Injury (LTI)  
recorded in 2020

# 25%

Reduction in near miss  
accidents from 2019 to  
2020.

## Safety Training

We provide our workforce with various technical and safety training such as operating heavy machinery, hazard preparedness, and first aid training. In addition, all new employees and contractors are required to undergo safety induction training. In 2020, 145 hours were dedicated to health and safety training.

In response to the COVID-19 pandemic, we conducted several training sessions during 2020 to build employee awareness and their capacity to manage the disease outbreak. In 2020, COVID-19 training accounted for 32 hours of training.

# 145

Hours of employee health and safety training.

## Our Commitment to Our People

We have grown and thrived through our people, who have always gone above and beyond the call of duty. We regard our employees as our greatest asset, from those ensuring our operations continue reliably to those ensuring our health and safety and those managing our logistics. Their loyalty to our Company was on show throughout the COVID-19 pandemic, when employees altered their work habits to adhere to COVID-19 regulations and worked collaboratively to ensure uninterrupted operations. We invest in them to help them lead and grow as employees and as people.

Maintaining opportunities for continuous learning and development across all facets of our business remains a key priority. Recruiting the best talent is at the cornerstone of our recruitment philosophy. RAKCC selects its staff based on competence and invests in the training and development of its people through training sessions and seminars. Both in-house training programs and external training opportunities are provided to all our employees. We are proud of the professionalism and qualities of our people and continuously explore opportunities to enrich our team with new talents.

## Our Workforce Diversity

Attracting, developing, and retaining a talented workforce is essential to delivering sustainable long-term growth. Our people are vital for our continued sustainable growth. We are committed to building a diverse and inclusive workforce where all employees enjoy equal opportunities. We pride ourselves on creating a work environment that values and utilizes our employee's contributions and experiences from a range of very diverse backgrounds. We strive to ensure that all individuals are treated fairly, with respect, and have equal access to opportunities and resources. Our success depends on an inclusive environment where all colleagues are welcomed, empowered, and inspired to use their unique voices and talents.

# 14

Countries represented in our workforce in 2020

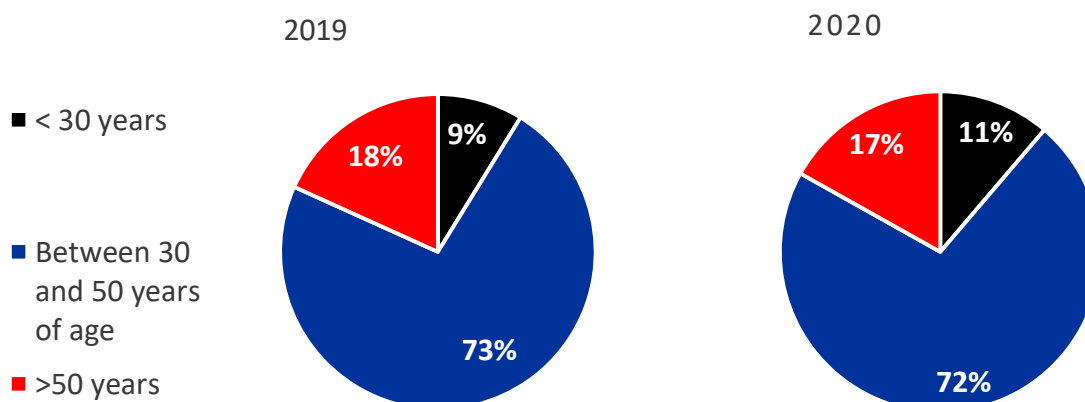
We strive to ensure that our mission and values resonate with all employees to build meaningful careers in line with their aspirations. In 2020, 14% of our employees had served with RAKCC for over 20 years. Employee loyalty is a testament to our healthy work environment that promotes continuous learning and development.

### Fostering Loyalty

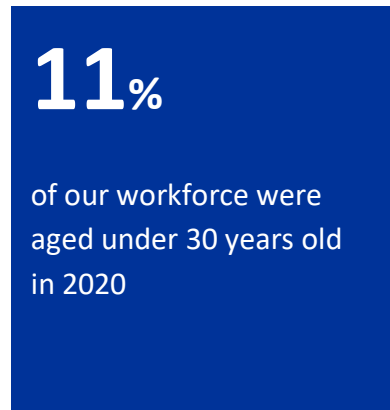


Our workforce consists of employees of diverse age groups, ethnicity, gender, and nationality. In 2020, 14 nationalities were represented in our workforce. We celebrate this unity in diversity and work together with the sole aim of advancing organizational goals and objectives. Our diversity is also reflected in the experience of our workforce. In 2020, our employees below 30 years represented 11% of our total workforce. Our more experienced employees between 30 and 50 years accounted for 72%, and over 50 years represented 17% of our workforce. This diversity in age equips us with a workforce of varying knowledge, experience, and intellectual diversity. In addition, RAKCC is committed to empowering the younger generation. From 2019 to 2020, our workforce under 30 increased 2%, and in 2020, 38% of our new hires were under 30 years old. This focus on youth employment drives local development and enhances career opportunities for the younger generation.

### By Age Group



**Empowering the Youth**

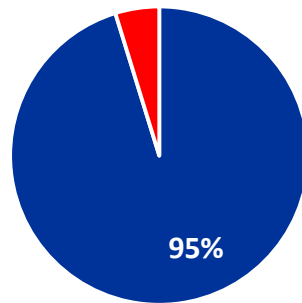


**By Gender**

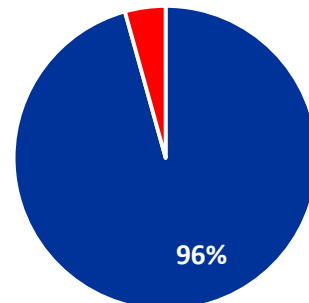
Although our workforce is predominantly male, we empower our female employees. For example, in 2020, 11% of our department managers were female. We continue to encourage more female representation in our workforce to align with our efforts of inclusion and empowerment.

■ < 30 years

2019



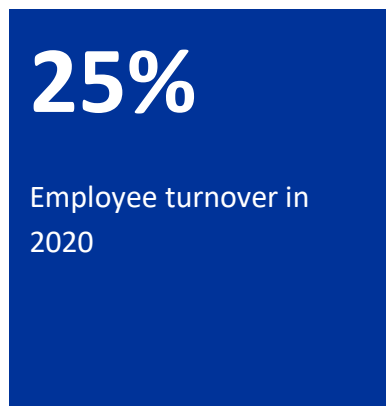
2020



**Empowering women**



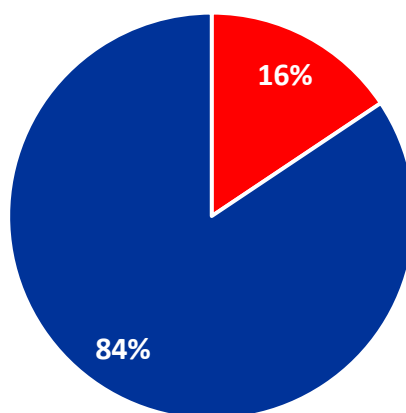
**Employee Turnover**



## Emiratization

Emiratization is an essential part of our plan to support local development. Through our focus on Emiratization, we can make a meaningful and lasting contribution to the future of the UAE. We continue to focus our efforts on employing local talent to align with the UAE's vision of Emiratization. In 2020, 16% of our workforce were Emirati nationals, and 22% of department managers were Emirati.

- Emirati Employees
- Expat Employees



## Our Emirati Workforce

**100%**

of our female workforce  
were Emirati Nationals in  
2020

**22%**

of our senior  
management were  
Emirati Nationals in 2020

## Investing in our people

### *Promoting learning and development*

We aim to nurture a company culture focused on developing and consistently improving our workforce's skills, competencies, and capacity. We consider it essential to offer our employees the resources and opportunities to help them advance in their professional and personal development. Our learning and development offerings cover vast focus areas and are provided via on-the-job, classroom, and online learning platforms. RAKCC recognizes the need to continuously update the technical knowledge, professional skills, and performance-enhancing abilities of all employees to maintain global competitiveness in the Cement industry. At RAKCC, we strive to increase every employee's level of competency through the development of technical and management skills. As a result, training and development are core elements in our Human Resource strategy.

We aim to empower our teams to think strategically, make decisions quickly, and tackle challenges as they arise. These skills were critical in delivering uninterrupted cement supplies during the COVID-19 pandemic when our teams tackled complex challenges, including lockdowns, curfews, and quarantines.

We conduct various training and development initiatives ranging from Competency-Based Development of UAE National employees to a comprehensive Performance Management Program that focuses on continuous learning and improvement.

During 2020 our employee training efforts reinforced the drive for continuous learning and growth by enabling all employees to build new skills and capabilities. We allocated AED 72,000 to employee training and recorded a total of 149 training hours in 2020. As a result of the COVID-19 pandemic, we adapted to offer online training to our employees.

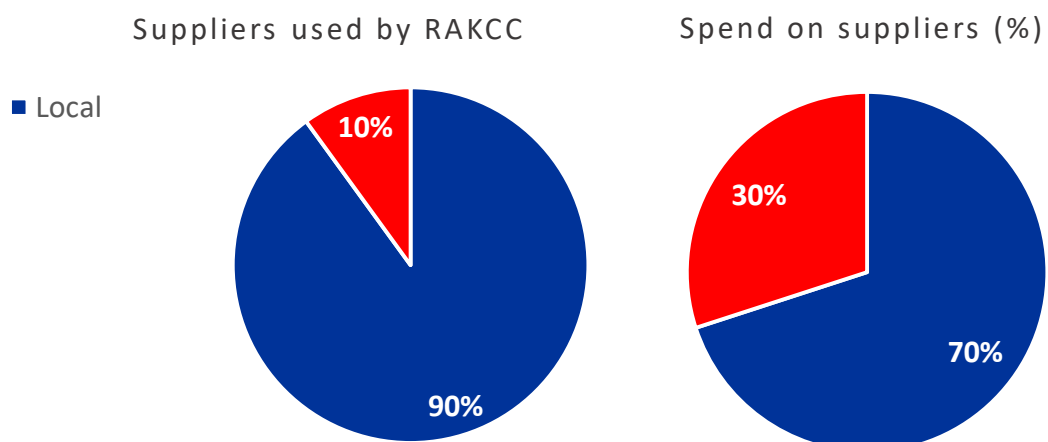


## Investing in our community

### *Encouraging local procurement*

Our value chain activities and spending boost local industries and create multiplier effects that support jobs and improve livelihoods. Building mutually beneficial relationships with our stakeholders and enabling economic prosperity in our local communities is essential to economic sustainability.

Our procurement practices consider the societal impact, environmental protection, and quality control while meeting our business needs. At RAKCC, we prioritize and award procurement contracts to local suppliers. Our priority is to support local suppliers, build local capabilities and foster efficient procurement practices in all our business activities. In 2020, 90% of our suppliers were local, and 70% of our supplier spending was on local suppliers. This focus on localization sustains local development as well as results in lower fuel consumption. Our prioritization of local suppliers does not compromise on quality. We only work with local suppliers who adhere to our stringent quality parameters.





## Our Governance Performance

At RAKCC, we are committed to acting ethically, thoughtfully, and responsibly and continually prioritizing safety and transparency in all that we do. We endeavor to maintain high standards of professionalism and excellence, guided by policies and standards-aligned with global best practices. We foster accountability and transparency in all our business interactions. We also endeavor to provide our employees with the resources required to comply with regulatory obligations and proactive risk management.

Our commitment to the UN Sustainable Development Goals (UNSDGs)<sup>7</sup>:



We endeavor to act ethically by practicing our business ethics and complying with our internal controls.

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<sup>7</sup> United Nations, (2021). The 17 Sustainable Development Goals.

### Promoting good governance and business ethics

As we work to meet the needs of those who use our products, we are committed to acting ethically and responsibly and continually prioritizing safety and transparency. We advocate for proactive, compliant governance built around effective risk management. All of our Directors, Executive Management teams, employees, and contractors are expected to comply with our guidelines on business ethics.

At RAKCC, we annually publish our Corporate Governance Report, which contains detailed information about our corporate governance framework, business objectives, and company structure.

### Board of Directors

Our Board of Directors drives our governance system. They are responsible for ensuring that we continually manage our risk management systems and are compliant with our Corporate Governance Guidelines and all applicable laws and regulations that govern our operations. In addition, our Board of Directors reviews and approves our corporate strategies, business plans, projects, annual budgets, and capital expenditure.

Our Board of Directors is critical to our governance structure as they represent our shareholders' interests and seek to enhance long-term shareholder value. At RAKCC, our governance is guided by the decision of the Chairman of the Securities and Commodities Authority No. (7/RM) of 2016 on the standards of corporate discipline and governance of public joint-stock companies.

The details of our Board of Directors are as follows:

<p>Mr. Ahmed Amer Omar Saleh Omar</p> <p>Chairman of the Board</p> <p>(Non-Executive, Independent)</p>	<p>Mr. Khalifa Yousif Abdulla Husain AlKhoori</p> <p>Vice Chairman of the Board</p> <p>(Non-Executive, Independent)</p>	<p>Prof. Abdulrahman Sultan AlSharhan</p> <p>Board Member</p> <p>(Non-Executive, Independent)</p>
<p>Dr. Sam Ani</p> <p>Board Member</p> <p>(Non-Executive, Independent)</p>	<p>Mr. Saeed Saif Hamarain AlMheiri</p> <p>Board Member</p> <p>(Non-Executive, Independent)</p>	

## **Board Members**

Our Board comprises five non-executive directors. In 2020, no female executive was nominated to the Board of Directors, and therefore RAKCC currently has no female representation on our Board of Directors. Nomination to the Board of Directors follows set procedures, and the responsibility for ensuring these procedures are followed lies with the Nomination and Remuneration Committee.

## **Board Committees**

The Board Committees, headed by committee chairs, ensure excellence through continuous supervision, rigorous review, and implementation of policies and procedures. While considering the interests of our various stakeholders, the Board delegates specific responsibilities to several committees. The Board has four standing committees: The Audit Committee, Nomination & Remuneration Committee, Insiders' Trading Follow-Up & Supervision Committee, and the Investment Committee. These committees work to strengthen the Board's oversight of our business activities. The details of various Board Committees are given below:

## Audit Committee

### Members

- Dr. Sam Ani - Committee President
- Mr. Khalifa Yousif Abdulla Husain Al Khoori - Memembr
- Mr. Saeed Saif Rashed Hamarain Al Mheiri - Member

### Tasks

- Develop and implement the contracting policy with the external auditor.
- Monitor the auditor's independence and objectivity.
- Monitor the integrity of our financial statements.
- Coordinate all audit related activities with top management.

## Nomination and Remuneration Committee

### Members

- Mr. Khalifa Yousef Abdullah Husain Al Khoori - Committee President
- Prof. Abdulrahman Sultan A. Al Sharhan - Member
- Mr. Saeed Saif Rashed Hamarain Al Mheiri - Member

### Tasks

- Ensure independence of all Board members.
- Prepare our compnay policy on Company bonuses, benefits, incentives and salaries.
- Identify competency requirements of new staff.
- Prepare the human resource and training policy and monitor its application.
- Organize the procedures for nominations to the Board of Directors in accordance with applicable laws and regulations.

## Insiders' Trading Follow-Up and Supervision Committee

### Members

- Mr. Ahmed Ali Ahmed Anoon Al Nuaimi - Committee President
- Mr. Amr Mohammed El Dessouky - Member
- Mrs. Shamma Saleh Ahmed Saleh - Member

### Tasks

- Follow-up on the administration responsible for issuing notifications for the embargo period.
- Identify permanent employees within the company.

## Investment Committee

### Members

- Prof. Abdulrahman Sultan AlSharhan - Committee President
- Dr. Sam Ani - Member
- Mr. Saeed Saif Rashed Hamarain Al Mheiri - Member

### Tasks

- Review the overall performance of our investments
- Review potential new investments.

## Remuneration of the Board of Directors

Our corporate governance report outlines the guidelines we follow for the remuneration of our Board of Directors, which include Article (118) of the Commercial Companies Law No. (8) of 1984 and Articles 34 and 58 mentioned in the Articles of Association of our Company. Accordingly, the CEO's compensation must be submitted to the annual general meeting for approval, in line with the above guidelines.

## Our Business Ethics

All of our business operations adhere to our rules of professional conduct. These rules are communicated to all our staff, as well as our internal and external stakeholders. Our Insiders' Trading Follow-Up and Supervision Committee are responsible for preventing insider trading and maintaining a corruption-free business environment. Our 2020 Governance Report highlights our policies and procedures for all business transactions.

## Regulatory Compliance

Our internal control system outlines all duties and responsibilities required to comply with our business policies, requirements, and objectives. In addition, we monitor our external compliance to all applicable laws, regulations, resolutions, requirements of regulatory bodies, and our internal compliance to company policies, rules, and procedures set by the Board. It ensures we comply and conform to all applicable standards and regulations.

At RAKCC, we strive to comply with all environmental standards to ensure we minimize our environmental impact. We continually update and enhance our environmental policy to comply and conform to the regulations and recommendations of the Ministry of Environment and Water and the Environmental Protection Authority. We also abide by all Ministerial Decree No.137 requirements, which provide guidelines on operating cement manufacturing facilities. In addition, we conducted an Environmental Impact Assessment to ensure our compliance with regulations and minimize our environmental impact where possible.

## Quality Control

At RAKCC, we aim to ensure that all our products are of consistently high quality. To meet customer expectations, we adhere to various international quality control standards. Our Quality Control Department is responsible for ensuring our compliance with quality control standards, and these requirements are documented in our Quality Control Policy. At RAKCC, our activities and operations are ISO 9001:2015 compliant. Our products are also manufactured and marketed as per applicable European cement standards (EN197-1: 2011), ASTM standards, and other standards such as UKAS and API standards and accreditation. In addition, our strict quality control management system guides all stages of our manufacturing process.

Objectives of our Quality Control Policy include:

1. Consistency of product quality;
2. Continuous development and improvement of quality systems;
3. Continuous improvement of our technology systems;
4. Continuous improvement of worker health and safety conditions;
5. Continuous improvement of environmental conditions.

We have a dedicated Quality Control Laboratory to analyze raw materials, in-process materials, and finished products to determine and ensure their quality, as per our quality inspection plan. Testing and inspection are conducted at three stages:

1. During the input of raw materials
2. During the production stage
3. At the final stages of manufacture and dispatch

The Quality Control Department is entirely independent to ensure reliable and transparent quality control verification.

### **Our Supply Chain**

We support sustainable practices across our value chain, recognizing that a dependable and sustainable supply chain can create a positive environmental, social and economic impact. We are committed to following the highest ethical standards and align with all applicable laws, regulations, and company guidelines. At RAKCC, we routinely engage and interact with various Third Parties, and these business relationships must be maintained with the utmost integrity.

We have a well-established supplier onboarding process that involves screening all new suppliers' adherence to social and environmental aspects. In addition, RAKCC follows both the ISO 9001:2015 and API Spec Q1 standards for procurement.

### **Internal and External Audit**

Our internal audit team carries out internal audits to assess our conformance to requirements outlined in our Quality Management System. In addition, the audit team follows an annual audit plan and prepares reports for our management.

In 2020 we conducted an internal audit to verify conformity to ISO 9001: 2015, API IOA, and API Spec. Q1 for the following processes:

1. Maintenance
2. Production
3. Quality Assurance & Quality Control
4. Management representatives
5. HR and Admin
6. Purchase
7. Storage
8. Marketing
9. Top Management

At RAKCC, we undergo four external audits annually to verify the following:

1. ISO 9001:2015 for QMS
2. API 10A and API Spec Q1 for Well Cement
3. Dubai Central Lab Conformity for Cement products
4. Abu Dhabi Quality and Conformity Council for Cement products



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