



Governance Report for the year 2020

1. Actions taken to complete the governance system during 2020 :

Sharjah Cement and Industrial Development Company - PJSC realizes the steadiness and importance of the efforts made by the Securities and Commodities Authority "Authority", and all the regulatory authorities. It supports them for releasing everything that leads to the creation and addition of control systems for developing the supervisory and regulatory process in regulating the affairs of public joint-stock companies through the decisions governing the work of these companies. And the recent Authority's "Decision No. (3 / R.M) of 2020" regarding the adoption of the Governance Guide for Public Joint Stock Companies "Decision of the Authority" that includes procedural rules and regulations for the public joint-stock companies to abide by and implement those principles which are based on accountability, transparency, disclosure, responsibility and equality through the regulatory procedural directives when correctly applied, so that the best protection and balance between all stakeholders of the company and equality in dealing between all shareholders may be achieved which makes accountability controls necessary and responsibility assumed accordingly, which reassures the investor of the availability of a sound work environment supported by disclosure, transparency and justice.

The company has adopted standard practice in terms of strict application of the rules of conduct and immediate accountability for everyone in regard to the application of the guidelines included in the "SCA Resolution" for the year 2020 to ensure the accuracy in general work procedures in the various departments in pursuit of strong and sustainable results. The company confirms the sustainability of its business according to the following frameworks:

- A. The company fully complies with the regulations and guidelines issued by the Securities and Commodities Authority Resolution (No. 3 / R.M for the year 2020 (regarding the adoption of the Governance Manual and confirms its readiness to amend the company's articles of association in accordance with the aforementioned decision as well as the provisions of the decree issued by federal law No. (26) of 2020 regarding the amendment of Federal Law No. (2) of 2015 in the matter of commercial companies and according to the timeframe set by the Authority's circular issued on 10/1/2021.
- B. And complies with the controls of Article (9) / Paragraph (1-5 (of the Authority's Board Chairman Decision No. (3 / R.M) of 2020 regarding the approval of Governance Manual for the formation of the companies' Board of Directors which is considered the focal point for activating and realizing the guidelines of" SCA Decision."
- C. The Board's compliance with the SCA's directives regarding the mechanism for holding its meetings during the year 2020 and the meetings of its related committees in accordance with those guidelines and regulations approved by the "Board" that organize the work of the committees and follow-up on the recommendations of the reports submitted by them to the Board during the year and in line with the governing controls required for the work of the Supervision Department. The Board is a guarantor to the objectives of the " Authority Resolution" and that they are in line with the expectations and aspirations of the shareholders for ensuring the effectiveness of the company's management work in order to achieve value creation by maximizing shareholders' investments.

- D. The Board's compliance with setting policies and charters that control the company's business and activities at the level of departments and all its divisions, as it is the main joint in the internal control system and the periodic review of their effectiveness.
- E. Full compliance with all applicable regulations regarding disclosure and adopting the highest standards of transparency, whether related to financial statements or other disclosures required in the time periods specified by the decisions of the Securities and Commodities Authority and / or the Abu Dhabi Securities Market and other regulatory authorities in a manner that insures transparency and takes care of the general investment climate.
- F. The company's compliance is the guarantor for the periodic update of the regular disclosure of the record of the insiders of the company, which confirms the commitment with the instructions of the UAE Regulators and the revision of the company's professional conduct of the employees regarding the confidentiality of the information entrusted to them or its clients and the prohibition of the leakage of the essential internal information that affects and distinguishes some of them in dealing with others in the company's shares, in a way that enhances investor confidence.
- G. Compliance of the company towards contributions and creation of a lasting positive impact through local community development and sustainability through participation in the activities of social and cultural institutions, charitable and sports in UAE and to adopt the best environmental practices that take into account the laws and the applicable regulations which represents another proof that the Company abides by the decision of the Authority regarding the Corporate Governance Guide for Public Joint Stock Companies 2020 .

2. Transactions of Board Members, their Spouses and Children in the Company's securities during the year 2020:

Name	Position/ relationship	Total purchase	Total sale	Shares owned on 31/12/2020
Mr. Othman Mohamed Sharif Zaman	Chairman	Nil	Nil	998,870
HE Dr. Saeed Abdullah Jumah Al-Mutawa	Vice Chairman	Nil	Nil	Nil
H.E. Abdul Rahman Mohammed Al Owais	Member	Nil	Nil	Nil
Mr. Omar Ibrahim Abdullah Al-Mulla	Member	Nil	Nil	Nil
Mr. Rashid Abdullah Muhammad Ali Burhaima	Member	Nil	Nil	Nil
Mr. Khalid Mohammed Abdullah Al-Khayal	Member	Nil	Nil	6,116,685
Mr. Nawaf Abdullah Muhammad Al-Rifaie	Member	Nil	Nil	Nil
Mr. Mohamed Ahmed Omar Al-Karbi	Member	Nil	Nil	185,000
Messrs / Al-Salem Company Ltd. "LLC" represented by Mr. Ahmed Salem Abdullah Al Hosani	Member	Nil	Nil	33,208,167



3. Formation of the Board of Directors:

Pursuant to Article (9) of the guidelines for the Authority's Board Chairman Decision No. (3 / R.M) of 2020 regarding the approval of the Governance Manual for Public Joint Stock Companies ". The current board of directors consists of (9) Nine members elected from the shareholders of the Company for the cycle of (2020-2023), their status was emphasized according to the directives of Article" 9 "mentioned above.

1. Statement of the formation of the current Board of Directors:

S No	Name	Membership beginning since	Experience and qualifications	Category	Position
1-	Mr.Othman Mohd. Sharif Zaman	1996	- Bachelor of Indl. Engineering - An expert in financial and banking affairs.	Independent	Chairman
2-	Dr. Saeed Abdullah Al Mutawa	2020	- Member of the National Council (2015-2019). - Member of the International Parliament (2017-2019) - Collaborating lecturer at (University of Sharjah, Center for Continuing Education and Community Service. (2018-2019). - Vice President of the Asian Parliamentary Union. (2016-2018). - Chairman of the Financial Committee of the Asian Parliament (2016-2018). - Member of the Board of Directors of the Emirates Development Bank (2013-2016). - Director General of the Office of His Highness the Crown Prince, Sharjah (2008-2009). - Secretary General of the Executive Council of the Government of Sharjah (1998-2008). - Department of Finance – Government of Sharjah (1990-1998). - Director of Financial Aid Department. (1996-1998). - Head of the Government Accounts Department (1990-1994)	Non-executive/Independent	Vice Chairman

3-	H.E.Abdulrahman Mohd. Alowais	2020	Bachelor of Accounts & Information.UAE. University	Independent	Member
4-	Mr.Omar Ibrahim Abdullah Almulla	2020	- BA management of Business - Higher Colleges of Technology. - Master of Science in Banking and Finance, British University Dubai.	Non-executive	Member
5-	Mr.Rashid Mohd Burehaima	2017	- Bachelor of Business Administration - Portland State University - USA	Non-executive	member
6-	Mr.Khalid Mohd. Alkhayyal	2017	- Bachelor of Accounting - Higher Colleges of Technology	Non-executive	member
7-	Mr. Nawaf Abdullah Al Refaie	2017	Bachelor of Business Administration - Marketing - Kuwait University	Independent	member
8-	Mr.Mohamed Ahmed Omar AlKurbi	2017	-Bachelor of Science in Civil Engineering - American University, Sharjah. -Master's degree in Business Administration, UAE University, Abu Dhabi".	Independent	member
9-	Mr,Ahmed Salim Abdullah Salim Rep. AlSalim Co. Ltd.	2017	-Master of Science in Business Administration University of Wales Bachelor of Business Administration .American University Dubai	Non-executive/ Non-independent	member

Names and positions of Members of the Board of Directors in other Joint Stock Companies / Government / Commercial /other important bodies:

S.No.	Name	Statement of membership in other companies / position in important regulatory / governmental / commercial firms
1-	Mr. Othman Mohamed Sharif Abdullah	Member of the Board of Directors of Sharjah Islamic Bank
2-	H.E. Dr. Saeed Abdullah Al-Mutawa	Member of the Board of Directors of the Sharjah Social Security Fund.
3-	H.E. Abdul Rahman Mohammed Nasser Al Owais	Member of the council of Ministers - Minister of Health, Chairman of the Board of Directors of Sharjah Islamic Bank. Member of the Board of Trustees of the "Sultan Bin Ali Al Owais Cultural Foundation"
4-	Mr. Omar Ibrahim Abdullah Al-Mulla	Chairman of the Board of Directors of the Sharjah Hamriyah Independent Energy Company. Executive Director of the Investment and Business Partnerships Sector - Sharjah Asset Management Company.

		Member of the Sports Marketing and Investment Committee - Sharjah Sports Board.
5-	Mr. Rashid Abdullah Mohammed Burhaima	Director of Business and Partnerships - Sharjah Asset Management Company.
6-	Mr. Khaled Mohammed Abdullah Al-Khayal	Member of the Board of Directors of Sharjah Insurance Company. Chairman of the Board of Trustees of Sharjah Charitable House Foundation Member of the Board of Directors of Al Khayal Group for Trade and Investment. Member of the Advisory Council of the Emirate of Sharjah (previously). Member of the Board of the Emirates Insurance Association – (Previously).
7-	Mr. Nawaf Abdullah Al-Rifaie	Member of the Board of Directors of Ras Al Khaimah White Cement and Building Materials Company Chairman of the Board of Directors of Kamco Investment Company - Dubai. Member of the Board of Directors of Mashaer Holding Company - Kuwait. Chairman and CEO of Al-Nawadi Holding Company - Kuwait Member of the Board of Directors of the Kuwaiti Syrian Holding Company - Kuwait.
8-	Mr. Mohamed Ahmed Omar Al-Karbi	Member of the Board of Directors of the Al Mushrif Cooperative Society - Abu Dhabi- Member of Arab Insurance Group.2014-2017 Member of Takaful RE 2014-2017
9-	Mr. Ahmed Salem Abdullah Al Hosani Representative of Al Salem Company Limited (LLC)	Managing Director of Sharjah Insurance Company Vice Chairman of the Board of Directors of the Gulf Investment Company. Member of the Board of Directors of Umm Al Quwain General Investments Company. Member of the Board of Directors of Al-Salem Company Ltd. Member of the Board of Directors of the Coast Equity Company.

B. Percentage of female representation in the board of directors for the year 2020 :

No female representation in the current Board's session. 2020-2023

C. Reasons for the non-nomination of the female component for membership in the Board:

The lack of female within the Board's current session (2020 – 2023) is due to the fact that no application of any female to run for membership of the Board at its current session .The company affirms its commitment and adoption of the directions of the gender diversity policy in the company's board of directors and work to urge and encourage the female component of those who meet the legal conditions to run for membership in the board at / or before its next session.

D. Remuneration of Board Members:

Determining the remuneration of the members of the company's board of directors falls under the tasks of the existing Nominations & Remuneration Committee based on the guidelines and controls of Article (29) of the Authority's Resolution No. 3 (R.M.) of 2020 regarding the adoption of the Governance Guide for Public Joint Stock Companies, and Article (58) of the company's Articles of Association which stipulates that the remuneration of Directors shall not be more than 10 % of the net profit after deducting the depreciation and reserves:

1. **Total remuneration of the members of the Board of Directors for the year 2019:**
Total bonuses paid to the Board of Directors in 2019, after the ratification by the General Assembly Meeting held in April 2020 has reached the amount of AED 450,000
2. The Board of Directors approved the recommendation to the Annual General Assembly to be held on April 10, 2021, not to reward Board members for the year 2020.
3. **A statement of allowances for meetings' attendance:**
No allowances received for attending the meetings of the committees or allocation of salaries or additional fees to any member during the year 2020
4. **Details of the allowances for attending the sessions of the Board committees that were paid to the members in the year 2020:**
Members of the Board of Directors did not receive any allowances for attending the meetings of the Board and / or the committees during the year 2020 as shown in the following statement:

S.No	Name	Allowances for attending the sessions of the Board's Committees		
		Number of meetings	The value of the allowance	Name of the committee
1-	Dr. Saeed Abdullah Almutawa			
2-	Omar Ibraheim Almulla	No. 4 meeting data" 3 "of the Audit Committee and "one meeting" (1) of the Investment Committee	Nil	Audit and Compliance Committee & the Investment Committee
3-	Rashid Abdullah Burihaima	No. 4 meeting data" 3 "of the Audit Committee and "one meeting" (1) of the Investment Committee	Nil	Audit and Compliance Committee, The Remuneration Nominations Committee & the Investment Committee
4-	Khalid Moh. Abdullah Khayaal	Number of (2) two meetings, "1" of the Investment Committee and the "1" of the Nomination and Remuneration Committee.	Nil	Nomination and Remuneration Committee, & the Investment Committee
5-	Moh. Ahmed Omar AlKurbi	Number (4) meeting data" 3 "of the Audit Committee and "one meeting" (1) of the Investment Committee	Nil	Audit and Compliance Committee, & Nomination and Remuneration Committee

6-	Ahmed Salim Abdullah	Apologized to the Nomination Committee meeting.	Nil	Nomination and Remuneration Committee
7-	Obaid Rahid Al Shamsi	Attending the "one" meeting of the audit committee on March 7, 2020	Nil	Member until 30 April 2020
8-	Jasim Moh. Khayaal	An apology for the audit committee meeting held on March 7, 2020	Nil	Member until 30 April 2020
9-	Salah Ahmed Noman	Meeting (1) "one	Nil	Member until 30 April 2020

Note: Members in numbers: "7, 8 and 9 were members of the Board for the session (2017-2020) until the March 7, 2020 meeting.

C. The number of meetings of the Board of Directors during the fiscal year 2020 ,the dates of the meeting and attendance :

The company's board of directors held (5) meetings during the year 2020 as follows:

Name	Last Board meeting for 2017-2020 session 7, March 2020	16, May 2020	6, June 2020	11, Aug. 2020	12, Nov. 2020
Othman Moh. Sharif Zaman	✓	✓	✓	✓	✓
HE. Abdalrahman Moh. AlOwais	Apology	✓	✓	Apology	Apology
Obaid Rashid Al Shamsi	✓	ex-member	ex-member	ex-member	ex-member
Abdalaziz Ibraheim Faris	Apology	ex-member	ex-member	ex-member	ex-member
Salah Ahmed A. Noman	✓	ex-member	ex-member	ex-member	ex-member
Jasim Moh. Khayaal	Apology	ex-member	ex-member	ex-member	ex-member
Dr. Saeed Abdullah Juma	-	✓	✓	✓	✓
Omar Ibraheim Al mulla	-	✓	✓	✓	✓



Rashid Abd ullah Burihaima	-	✓	✓	✓	✓
Khalid Moh. Khayaal	-	✓	✓	✓	✓
Nawaf Abd ullah AlRifaie	✓	✓	Apology	✓	✓
Moh. Ahmed Omar Kurbi	✓	✓	✓	✓	✓
Ahmrd Salim Abd ullah Hussani	✓	✓	Apology	Apology	✓

Note:

The below members from the previous Board session (2017 to 29 April 2020):

Mr. Obaid Al Shamsi, Mr. Abdul Aziz Al Faris, Mr. Jassem Mohammed Al Khayyal and Mr. Salah Ahmed Al Noman are not part of the Board in its current session of April 30, 2020 -2023.

D- Board Resolutions passed by circulation during 2020:

No resolutions

E. Tasks and duties of the Board of Directors assigned to the Executive Management:

The Board of Directors at its current session "2020-2023 "entrusted "The General Manager "and the executive management senior team to carry out the following tasks and functions in accordance with the approved plans and in compliance with the directives of the Board strategy and Board's obligations set forth in Article "14" of " SCA 's decision" regarding the Governance Guide 2020:

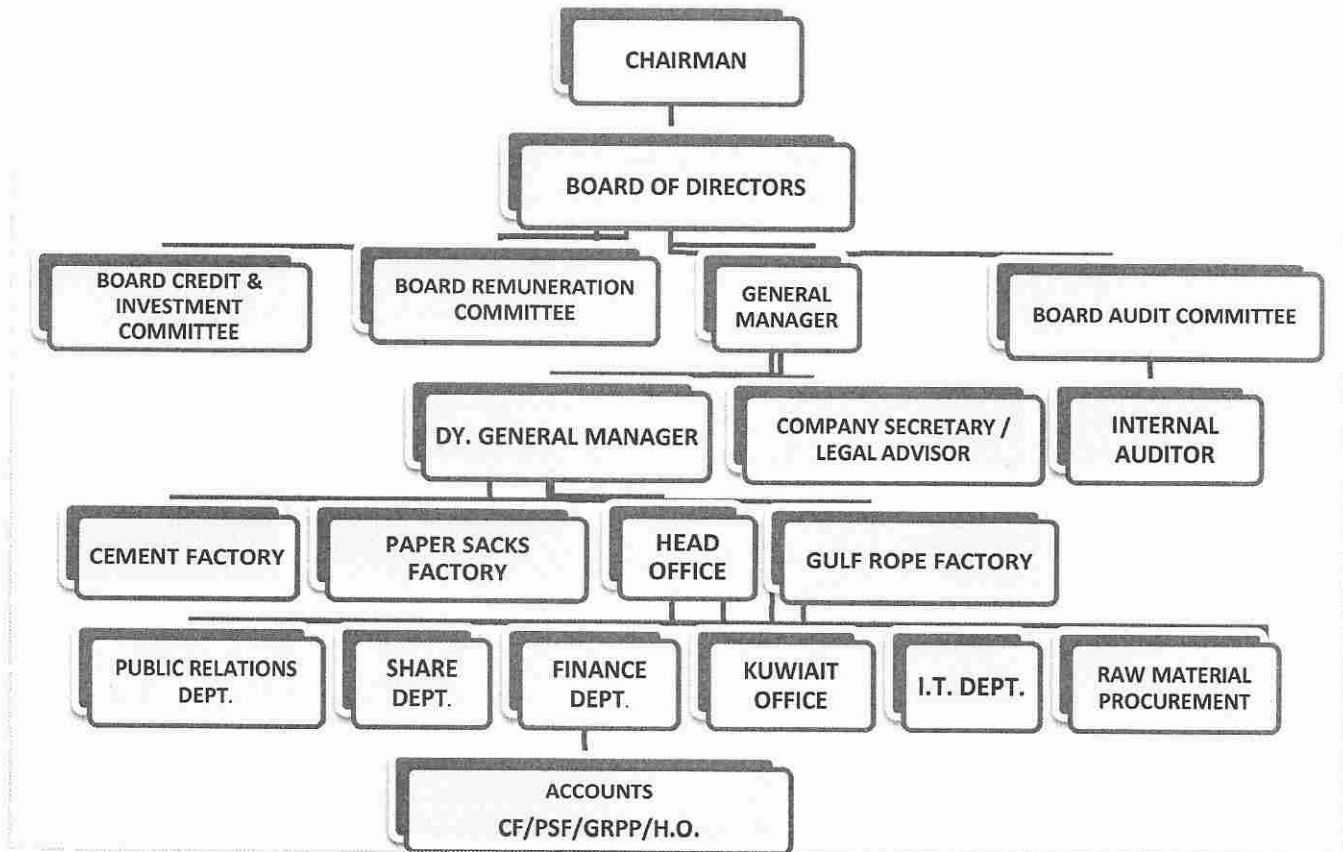
- 1 Daily management of the company 's operations in accordance with the operational plans and guidance of the executive staff in accordance with the company 's strategic goals which were approved by the Board of Directors.
2. Submitting accurate and detailed periodic reports on the company's technical and financial position , its activities and the measures taken to manage risks and the company's internal control system in a timely manner in order to enable the board to properly adopt its decisions in the interests of the company as well as to enable the company's board of directors to implement oversight in terms of consistency of what the management is doing for achieving the goals, plans and policies set by the Board .
- 3 Managing the executive apparatus of the company in line with the objectives and business strategy approved by the Board in a manner that ensures compliance and activation of laws and regulations to secure the company's objectives within the approved framework of the " Authority Resolution, the Abu Dhabi Securities Market guidelines, and the applicable laws in accordance with the shareholders' expectations.
- 4 Undertake the implementation of the plans and create policies and strategies for present and future according to the approved strategy of the Board which are mainly aimed at compliance with the laws and regulations, the requirements of the regulatory body and the internal policy to enhance and upgrade the company's business.

F. Transactions with Related Parties:

There were no transactions with related parties during the year 2020.



SHARJAH CEMENT & INDUSTRIAL DEVELOPMENT CO.
ORGANIZATION CHART



G . Detailed statement of the company's Senior Executives:

The senior management team in the executive management of the company and its branches consists of:

Position	Service years	Total salaries& allowances paid in 2020/AED	Total remunerations paid in 2020	Any other in kind remunerations paid in 2020 or future expected
Gen. Manager	44	1,100,000	N/A
DGM	5	924,000	N/A
Legal Advisor/ Comp. Secretary	15	559,596	N/A
Cement Factory works Manager	13	510,000	N/A
Paper sacks Factory works Manager	45	471,000	N/A
Gulf Rope works Manager	7	346,800	N/A

4. The External Auditor:

A. Summary about the company's auditors: Ernst & Young-UAE is considered as one of the largest British companies "limited" and world leader in the field of insurance, transactions, tax and advisory services, accounting services and audit . "Ernst & Young" in the UAE is affiliated to the "global organization of member companies of Ernst & Young Global Limited ."Its network of professional services extends globally to include all of Europe, the Middle East, India, Africa and Asia. Ernst & Young has been providing its professional services in the Emirate of Dubai since 1967 and in the Emirate of Sharjah since 1975, through a team of qualified legal accountants. The company's office in the UAE is located within the "Middle East Office" integrated system for training, methodology and quality control".Ernst & Young" provides its professional "accounting, review and auditing" services to "Sharjah Cement and Industrial Development" among many of the major public shareholding companies in the country due to its global professional reputation.

B .Statement of fees and costs for auditing or services for the year 2020:

The General Assembly, in its meeting held on April 30 ,2020 ,approved the appointment of Messrs. Ernst &Young as the company's external auditor for the fiscal year 2020 ,in exchange for of 375 thousand dirhams as fees for performing audit work until the end of the fiscal year on 31/12/2020. For example:

- Quarterly reviews (first, second, and third quarters).
- Auditing the annual financial statements.
- Attending general assembly meetings, presenting audit report and answering questions posed by the Company's shareholders.
- Give evaluation of the presentation and verification of the financial statements.
- Ensure that the company maintains regular accounts in accordance with the principles.

- **During the year 2020, another external auditor was hired to perform some other services according to the statement below:**

Ernst & Young Partner Auditor: Mr. Ashraf Abu Sharkh	
The number of years Ernst & Young has spent as the company's external auditor	One year
The number of years the partner auditor spent auditing the company's accounts	One year
Total audit fees for the financial statements for the year 2020	AED 375,000 +5 % VAT
Fees and costs for special services other than auditing the financial statements for the year 2020	AED 25,000 +5 % VAT
Details and nature of other services provided	Nil
Other services performed by an external auditor other than the company's auditor during 2020	Auditor name: Baker Tilly MKM Certified Public Accountants Services provided : Services Local value certificate

C. Reservations made by the company's auditor and included them in the interim and annual financial statements for 2020:

No reservations detected.

5. Audit & Compliance Committee:

A. Acknowledgment by the Chairman of the Audit Committee of responsibility for the committee work in the company:

"Chairman of the Audit & Compliance Committee acknowledges the responsibility for the committee work in the company and review mechanism for its work and ensure its effectiveness.

B. The Audit & Compliance Committee is composed of the following Board members:

Name		Position
Dr. Saeed Abdullah Jumaa Al-Mutawa		Committee chairman
Mr. Ibrahim Omar Abdullah Al - Mulla		member
Mr. Mohamed Ahmed Omar Al-Karbi		member
Mr. Khaled Mohammed Abdullah Al-Khayal		member

Responsibilities and duties of the committee in accordance with the directives of Article 61 of the Authority's decision regarding the 2020 Governance Guide:

Resolution No. (3/r.m) for the year 2020 issued by the Securities and Commodities Securities regarding Governance Guide confirmed the role and the importance of the Audit Committee when it required that all members of the Committee should have the knowledge and know - how in matters of finance and accounting and stressed the previous experience of one of its members, at least in the field of accounting or financial matters, as it is the most important committee formed by the Board of directors and in support of the board with regard to the responsibilities entrusted to it by the shareholders of the company, especially those related to the company's financial and accounting policies and procedures.

The decision emphasized that among the tasks and duties of the committee - for example, but not limited to:

- Monitoring the integrity of the company's financial statements and its "annual, semi-annual and quarterly" reports and reviewing them as part of its normal work during the year. It should focus in particular on the following:
 - A Any changes in accounting policies and practices.
 - B Highlight the areas that are subject to the discretion of management.
 - C Significant adjustments resulting from the audit.
 - D. Assuming the continuity of the company's business.
 - E. Comply with the accounting standards set by the Authority.
 - F. Adherence to the listing and disclosure rules and other legal requirements related to the preparation of financial reports.
- Coordinate with the company's board of directors, the senior executive management, and the financial director or the manager in charge of the same duties in the company in order to perform its duties.
- Consider any important and unusual items that are mentioned or that must be included in those reports and accounts, and it shall give the necessary attention to any issues raised by the company's financial director, the manager in charge of the same duties, the compliance officer or the auditor.
- Submit a recommendation to the Board of Directors regarding the selection, resignation, or dismissal of the auditor, and in the event that the Board of Directors does not agree to the recommendations of the audit committee in this regard, the Board of Directors must include in the governance report a statement explaining the recommendations of the audit committee and the reasons that led the board of directors not to take them into account.
- Establish and implement the policy of contracting with the auditor, and submit a report to the Board of Directors specifying the issues it deems important to take action on, and provides its recommendations for the steps to be taken.
- Ensure that the auditor fulfills the conditions stated in the applicable laws, regulations, and decisions, and the statute of the company, and follow-up and monitor his independence.
- Hold meeting with the company's auditor without the presence of any of the staff of the higher executive management or its representative, at least once a year, and discuss with him the nature and scope of the audit process and its effectiveness in accordance with the approved auditing standards .Approve the additional work that the external auditor carries out for the benefit of the company and the fees that he charges for those works.
- Review and evaluate the company's internal audit and risk management systems.
- Ensure that the necessary resources are available for the internal audit function, and review and monitor the effectiveness of that department.
- Any other matters determined by the Board of Directors.

C . Meetings of the Audit and Compliance Committee during the year 2020:

The committee held (4) meetings during the year 2020 to discuss matters related to the financial statements and other matters as follows:

S.No.	Members of/ previous and current committee	Meeting No. 4 12/11/2020	Meeting No.3 11/8/2020	Meeting No.2 6/6/2020	Meeting No.1 7/3/2020
1-	H.E.Abdulrahman Mohd d Al Owais - Member of the Board Committee 2017-2020 session.	Not member of the current 2020-2023 session.	Not member of the current 2020-2023 session	Not member of the current 2020-2023 session	Apology

2-	Mr.Othman Mohamedsharif	Not member of the 2020-2023 session	Not member of the 2020-2023 session	Not member in 2020-2023 session	✓
3-	Mr. Obaid Rashid Al Shamsi - Member of the Committee for the "Board 2017-2020"session	Not member of the 2020-2023 session	Not member of the 2020-2023 session	Not member in 2020-2023 session	✓
4-	Mr. Salah Ahmed Al-Noman - Member of the Committee for Board (2017-2020)" session	Not-member in 2020-2023 session	Not member of the 2020-2023 session	Not member in 2020-2023 session	✓
1-	Mr. Jassim Mohammed Abdullah	Not member of the 2020-2023 session	Not member of the 2020-2023 session	Not member in 2020-2023 session	Apology
	H.E.Dr. Saeed Abdullah Al-Mutawa	✓	✓	✓	Not member of the 2017-2020 session
2-	Mr. Omar Ibrahim Al-Mulla	✓	✓	✓	Not member of the 2017-2020 session
3-	Mr. Mohamed Ahmed Al-Karbi	✓	✓	✓	✓
4-	Mr. Khaled Mohamed Al Khayal	✓	✓	✓	Not member of the 2017-2020 session

Notice:

The members of the audit committee until April 29, 2020 were: Obaid Al Shamsi, Salah Al Noman and Jasem Al Khayal.

6. Nomination and Remuneration Committee:

A. Acknowledgment by the Chairman of the Nomination and Remuneration Committee of his responsibility for the Nomination and Remuneration System in the Company:

The Chairman of the Nominations and Remuneration Committee, acknowledges his responsibility for the committee's system in the company, review its work mechanism and ensures its effectiveness

b. Nomination & Remuneration Committee comprises the following Board members :

S.No.	Members	Meeting No. (1) 24/9/2020	Absences
1-	Mr Khaled Mohammed Abdullah Al-Khayal	✓	
2-	Mr .Omar Ibrahim Abdullah Al-Mulla	✓	
3-	Mr .Rashid Abdullah Muhammad Ali	✓	
4-	Mr. Ahmed Salem Abdullah Al Hosani		Apology

D .The committee held (one) meeting on 24/9/2020 during the year 2020 in presence of all committee members.

As per the guidelines of Article 59 of the SCA's decision No.3 /Rm) for the year 2020 regarding adoption of Governance Guide , the Nomination and Remuneration Committee functions as follows:

- Setting a policy for candidacy for membership of the Board of Directors and executive management, aiming to take into account the diversification of the sexes within the formation, encouraging women through benefits, incentive, training programs, and acquainting the Authority with those policies and any amendments thereto.
- Organizing and following up the procedures for nomination for membership of the Board of Directors in accordance with the laws and regulations in force and the provisions of this resolution
- Ensure the independence of independent members on an ongoing basis .Provided that it works to monitor the fulfillment of the independence conditions of the members with the obligation that- when the independence of the member is no longer exists - the matter shall be presented to the Board to address the member to explain the justifications for the lack of independence, and the member shall respond to their query in accordance with the organizational directives.
- Preparing and reviewing the policy for granting rewards, benefits, incentives and salaries for board members and employees on an annual basis, and the committee must verify that the rewards and benefits granted to the senior executive management are reasonable and in proportion to the company's performance.
- Conducting annual review of the required needs of appropriate skills for membership of the Board of Directors and preparation of description of the capabilities and qualifications required for membership of the Board of Directors and specifying the time that the member must devote to the work of the Board of Directors.
- Review the structure of the Board of Directors and raising recommendations regarding the changes that can be made.
- Determining the company's needs for competencies at the level of senior executive management and employees and the basis for their selection.
- Preparing the company's human resources and training policy, monitoring its implementation and reviewing it annually.
- In addition to any other issues determined by the Board of Directors.

7. The Committee for Follow-up and Supervision of Insiders' Transactions:

A. Acknowledgment by the person in charge of the committee to follow-up and supervision of insiders' transactions:

The authorized Legal Advisor and Board's Secretary, acknowledges that, he is "in charge" of follow - up and supervision and responsible of transactions of insiders, reviewing of work mechanism and ensuring the effectiveness of it .

B. The Assignment of Mr. Alameldin Gaafar Malik - the Legal Advisor and Board of Directors and Company's Secretary, was approved by the Board of Directors at meeting No .2/2019 held on May 25, 2019, to follow up and supervise the insiders' transactions.

Among the tasks and functions of the aforementioned and on the basis of Article 33 of the SCA's Resolution No. (3 / R.M) of 2020 regarding the Governance Guide, he is entrusted with the following:

- Establish a special register for the names and data of insiders, including persons who can be considered indirectly or temporarily informed and who are entitled or have access to the internal information of the



company before its publication, provided that the record includes the previous and subsequent disclosures of the insiders.

- Manage, following-up and supervise insiders' transactions and their properties, and keeping their record.
- Submit periodic reports and updated lists of insiders at the beginning of each fiscal year to the supervisory authorities and any amendments that occur to them during the fiscal year in accordance with the applicable regulatory directives.
- Also, he should display full compliance with the necessary disclosures on the website of the Abu Dhabi Securities Exchange.
- He should continue to remind the insiders of the necessity of their obligations during the prohibited trading periods in the company's shares, in accordance with the announced rules and regulations issued by the supervisory authorities that are required to be followed.
- He should ensure continuous review of the approved policy regarding insiders' deliberations and making urgent recommendations regarding any amendments to the Board of Directors to work for their duly approval.
- He undertakes to prepare the official declarations signed by the informed parties and provide the supervisory authorities with such declarations ,upon request, give cautions to the insider that he/they possess internal data / information related to the company and its customers, inform him/them about the legal implications they may encounter upon leaking such information / data or give them advice on the basis of what information they possess.
- And performs any other tasks assigned to him from time to time.

C. Report of the committee's work during the year 2020:

- In compliance with the regulatory directives issued by the Securities and Commodities Authority and in accordance with the periodic circulars that require the disclosure of the names of the insiders of the company periodically and at the end of each quarter, the above-mentioned has provided the Authority and the Abu Dhabi Securities Exchange with a list that includes the names of the insiders of the company and a statement of whether they have any dealings in their aforementioned capacity during the year 2020.

8. Investment Committee:

- A. The Chairman of the Investment Committee, acknowledges his responsibility for the committee's system in the company, review its work mechanism according to Investment and Procedures Policy duly approved by the Board and ensures its effectiveness
- B. The Investment Committee consists of the following members. one (1) meeting was held during the year 2020 dated 4/8/2020 and in the presence of all members.

1	.Dr. Saeed Abdulla Al Mutawa	Chairman
2	Mr. Omar Ibrahim Al Mulla	Member
3	Mr. Rashid Abdulla Mohamedali	Member
4	Mr. Mohamed Ahmed Al Karbi	Member

Among the tasks of the committee in general, is to set guidelines for the investment of the company and to supervise, monitor and effectively evaluate the company's investment assets in order to achieve their protection. Establishing a basis for evaluating the company's investment results as well as defining procedures and standards for monitoring, evaluating and comparing performance results on a regular basis and reporting performance to the Board of Directors.

9. Internal Control System:

A. The Board of Directors acknowledges its responsibility for the company's internal control system after reviewing its scope of work and discussing the periodic reports of the work mechanism and ensuring its effectiveness.

The Board is responsible for supervising the internal control system in the company and continuously reviewing its effectiveness and efficiency in accordance with the directives of the supervisory authorities. The formation of a committee to audit and manage the internal control is nothing but a response to the responsibilities included in the authority's decision for application of the directives regarding the Governance Guide 2020 which are properly applied to the Board of Directors of the company, which confirms the establishment of a permanent tightened internal control system aimed at developing an assessing the means and procedures for risk management and verification in the company to ensure employee compliance with the application of governance rules, provisions of laws, regulations, the detailed internal policies and procedures of what should be the company's internal control system.

B. According to the mechanism of action adopted for approval of the recommendations of the "Nomination Committee" by the Board. The department of Internal Control team was appointed in January 2017, which consists of director and assistants with higher education and rich experience in this field. The appointed team is headed by :**Mr. Kartik Sejpal** Manager of Internal Control Department ,graduate of the Institute of Chartered Accountants of India in the year 2012. He has professional experience of about 9 years in the field of auditing and financial management.

C. The Director of Internal Control has also been entrusted with the duties of the Compliance Officer to ensure company's employees' compliance with the systems and regulating directives, while submitting periodic reports to the Board of Directors.

D. According to SCA 's decision number 3 / R.m for the year 2020 regarding the Corporate Governance Guide and pursuant to the directives of articles (66 and 67) of the Governance Guide and following the mechanism established for the application of the regulations and the adoption of appropriate procedures regarding risk management, internal audit and to ensure periodic compliance with the company 's approved mechanism and follow - up systems of the company's internal policies and submitting of periodic reports to both the Board and the Audit Committee in accordance with the established guidelines regarding the application of the provisions of the above articles, and as a result the company did not face any problems in 2020.

h. The Internal Control Department issued 4 interim / quarterly reports for the year 2020 on the internal audit works to the Audit and Compliance Committee and after committee examination, a recommendation was made to the Board of Directors.

10. Violations committed during the year 2020

No financial irregularities were detected during the year 2020.

11. Cash & in kind contributions made by the Company in 2020 to the development of the local community and the environment:

The Company, within the framework of its responsibilities towards consolidating the societal principles approved by the Corporate Governance Manual continued to contribute for supporting the local community in the United Arab Emirates and continued taking care of environmental aspects in the areas of company's activities. And in follow- up of other regulations governing it, the company is obligated to take decisions that always take into account



the requirement of current legislation in its day-to-day operations which enhance the company's societal and the environmental responsibility alike.

The company's contributions always come in support of the local community of the United Arab Emirates across the spectrum of its charitable and community institutions, and sponsoring many activities of social and sports institutions, schools, and public benefit societies, including- :

Company cash donations / contributions to charitable and social work:

Entity Name	2020 / in dirhams
Khorfakkan Club for the disabled	100,000
The city of Sharjah For humanitarian services	250,000.
Emirates Association for the Visually Impaired	40,000
West Asian Sports Federation for the Disabled	14,700
Expert Center for Learning Difficulties	21,450
Total	<u>426,150</u>

The company is also working hard towards improving the environment and remains in full compliance with its responsibilities towards working to preserve the work environment at the company site and its surroundings for adopting and applying of the best environmental conditions and standards and maintains continuous coordination with the concerned authorities.

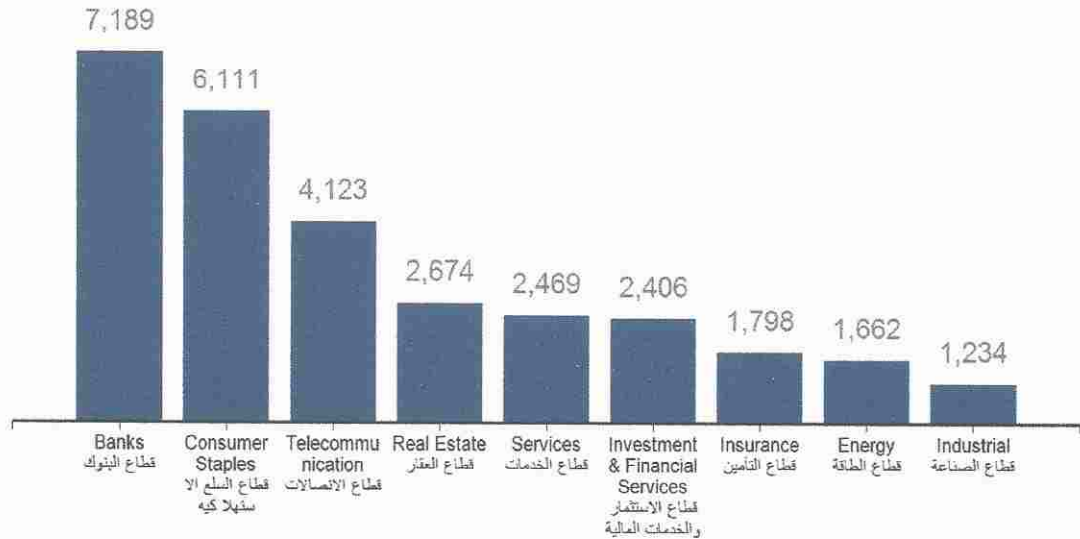
12- General Information:

- A. A statement of the company's share price in the market (closing price, highest and lowest end price of each month) during the year 2020 :

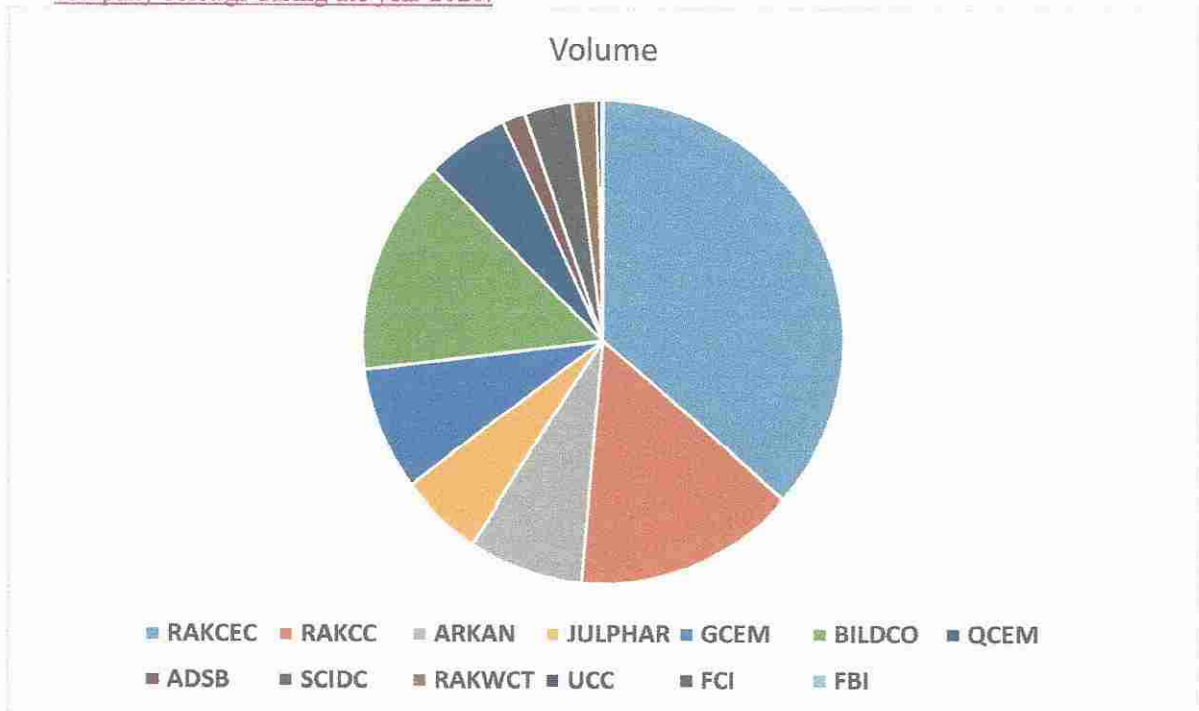
<u>SCIDC TRADES (REGULAR MARKET)</u>							
19/1/2020	0.798	0.798	0.800	0.800	9,735,60	12,200	3
24/2/2020	0.760	0.760	0.760	0.760	7,600.00	10,000	1
26/2/2020	0.730	0.730	0.770	0.770	2,446.00	3,350	2
9/04/2020	0.800	0.800	0.800	0.800	29,616.00	37,020	1
13/5/2020	0.760	0.760	0.760	0.760	86,746.86	114,291	1
11/6/2020	0.759	0.759	0.759	0.759	7,590.00	10,000	1
25/7/2020	0.750	0.750	0.750	0.750	40,326.00	53,768	3
1/08/2020	0.713	0.713	0.713	0.713	10,980.00	15,400	1
2/09/2020	0.680	0.680	0.680	0.680	1,700.00	2,500	1
3/10/2020	0.740	0.740	0.740	0.740	14,800.00	20,000	2
25/11/2020	0.750	0.750	0.750	0.750	40,326.00	53,768	3
30/12/2020	0.740	0.740	0.740	0.740	38,804.00	52,439	2



C. Comparison of SCIDC' share performance with general market indices and industrial sector in 2020:



D. Comparative performance of the company's share with the index of the sector to which the company belongs during the year 2020:



C- Distribution of shareholders' ownership as of December 31, 2020 (individuals, companies, governments) classified as follows: Local, Arabs and Foreigners.

Percentage of Owned Shares				
Category	Individuals	Corporates	Government	Total
local	199,823,894	121,120,810	145,220,419	466,165,123
Arabs	27,164,009	106,812,410	-	133,976,419
Foreigner	5,100,083	3,012,122	-	8,112,205
Total	232,087,986	230,945,342	145,220,419	608,253,747

D. The shareholders who own 5% or more of the company's capital as of December 31, 2020

Sr	Name of the shareholder	Quantity	Ratio	Nationality
1-	Sharjah Asset Management	98,924,624	14.78%	Emirates
2-	Sharjah Social Security Fund	55,295,795	9,09 %	Emirates
3-	Al Khayaal Group for Trade and Investment	40,496,441	6,65 %	Emirates
4-	Ahmed Omar Salem Al-Karbi	40,369,735	6,63 %	Emirates
5-	Salem Abdullah Salem Al Hosani	33,532,313	5.51%	Emirates
6-	AL Salim Co. Ltd	33,208,167	5.45%	Emirates

E . Shareholders distributed according to the size of ownership as on December 31, 2020 - :

	Stock ownership	Number of shareholders	Quantity of owned shares	% of owned Shares from the capital
1-	Less than 50,000	725	162,097,747	26,64
2-	More than 50,000 and less than 500,000	279	52,976,200	8,70%
3-	More than 500,000 and less than 5 Million	95	112,454,200	18,48%
4-	More than 5 Million	21	280,725,600	46,18%
5-	Share Capital		608,253,747	100%

F. Actions that have been taken regarding investor relations controls:

The company's policy and strategy is active in reviewing the investments and conducting periodic checks on the approved policies in light of the economic changes and follow up of the decisions related to the investments and development projects in addition to the adoption of policies and strategies for development projects .Also reviewing several matters, including looking at the new investments of the company, feasibility studies and financing methods related to them, and everything that would achieve the objectives of the management in terms of upgrading the company's policy by providing the necessary clarifications or taking the necessary immediate measures to implement the company's policies and achieve its objectives.



- Mr. Motasim Siddiq Abu Alama - Head of Shares Department has been appointed to oversee the Investor Relations Department, whereby communication with him is through the following:

Phone	065695666
Fax	065683171
P.O.Box	2083 , Sharjah
Investor Relations Page link	www.sharjahcement.com
E-mail	motasim@sharjahcementfactory.ae
Address	The headquarters of the company Sharjah Cement & Industrial Development Co., Al Marija Area - Sharjah - UAE

G .Statement on the Special Decisions presented to the General Assembly in 2020:
None

H .Board meetings Rapporteur- :

- Mr. Alameldin Gafar Malik is the rapporteur of the Board of Directors' meetings.
- He was appointed as secretary of the Board of Directors in 2016.

I .Statement of material events and important disclosures that occurred in the company during the year 2020:

None

J . Deals conducted by the company amounting to more than 5% of the company's capital during 2020:

None

K . Statement of the Emiratization percentage in the company at the end of 2020:

Emiratization rate at the end of 2020 : 12,95 %

L. Innovative projects and initiatives undertaken by the company or under development during 2020 :

None

إعتماد تقرير الحوكمة للعام 2020

توقيع
رئيس لجنة التدقيق والإمتثال



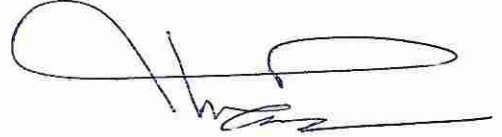
التاريخ: 2021/3/11

توقيع
مدير إدارة الرقابة الداخلية



التاريخ: 2021/3/11

توقيع
رئيس مجلس الإدارة



التاريخ: 2021/3/11

توقيع
رئيس لجنة الترشيحات والمكافآت



التاريخ: 2021/3/11