



Governance Report for the year 2021

1) In regard to the actions taken to complete the governance system during the year 2021:

The Board of Directors of Sharjah Cement and Industrial Development Company (PJSC) is aware of the professional and ethical commitment placed upon it in terms of full compliance with the decisions of the Securities and Commodities Authority "the Authority" in its endeavor to develop the national capital market and the legislative and regulatory frameworks leading to the creation and addition of systems developing the company's supervisory and control system based on the best compatible strategic procedures and the principle of economic growth in the country in a way that enhances a culture of transparency and achieves a better level of corporate governance among stakeholders in the financial market. Especially what the "Authority" recently provided for guidelines or key performance indicators consistent with the international standards and methods, which made it obligatory to adopt the issuance of "sustainability report" that includes environmental, social and governance disclosure guidelines aimed at raising the level of corporate governance, dispelling investors' fears and instilling confidence in companies and the financial markets in the country in general.

As well as the issuance of the Authority's Resolution No. (3/r.m) for the year 2020 regarding the adoption of the governance guide for joint stock companies in the State amended by Resolution No. (8/r.m) for the year 2021, which includes the rules, procedural systems and principles based on accountability, transparency, disclosure, responsibility and the inevitability of female representation in the Board of Directors, in order to achieve the best protection and balance between all stakeholders in the company and equality in dealing with all shareholders, which reassures the investor of the availability of a sound work environment supported by disclosure, transparency and justice.

In order to achieve sustainable results, the Board of Directors confirms its adoption of a periodic review of the governance framework at the various levels of the company and making the necessary amendments accompanied by the following applications:

- The company's compliance with the regulatory controls and directives included in the Securities and Commodities Authority Resolution (No. 3/RM for the year 2020) regarding the adoption of the Corporate Governance Guide for Public Shareholding Companies and its amendments. And its commitment to amend the company's articles of association to comply with the aforementioned decision of the authority and its amendments, and the provisions of Federal Decree-Law No. (32) of 2021 regarding commercial companies.



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- b) The company's commitment to the directives of the Authority's Resolution No. (3/R.M) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding Companies in the formation of the company's board of directors, and its amendment by Resolution No. (8/R.M) for the year 2021 amending Article (9)/item (3)) of the Authority's Decision No. (3/R.M) for the year 2020 regarding the company's obligation that the representation of women should not be less than "one" member in forming the board of directors in any case, whether by the appointment, election, vacancy of a position or increase of members of the board, as a pivotal pillar in activating and achieving the directives of "the Authority's decisions regarding the formation of the company's board of directors.
- c) The Board's observance during the year 2021 of the basic elements of governance at the level of the work of the "Board" that take into account the directives of the regulatory authority regarding the mechanism of holding the meetings of the Board and the permanent committees emanating from it, and the charters of the "Board" which approved the directives regulating the mechanism of work of the committees and following up on the recommendations of the reports submitted by them to the Board during the year in line with the controls governing the requirement for the work of the Internal Control Department in the capacity of the Board as a guarantor of the conformity of the objectives of "the Authority's decisions" and the expectations and aspirations of shareholders, by ensuring the effectiveness of the company's management work in order to achieve value creation by maximizing shareholders' investments and insuring the permanent oversight effort from the "Board" to measure the effectiveness of the application of the governance system in the company.
- d) The keenness and commitment of the Board and the company to the obligations to comply with all applicable regulations and the directives of the regulatory authorities regarding disclosure and to adopt the highest standards of transparency, whether related to the financial statements and other required disclosures within the time periods specified by the decisions of the Authority and/or the financial markets in the country and other regulatory authorities in a manner that secures the Transparency and takes care of the overall investment climate.
- e) The company's guarantor's compliance with the periodic update of regular disclosure in the company's insider's record, which confirms the commitment of the State's supervisory authorities and the revision of the company's professional conduct regulations regarding the confidentiality of information deposited with them by the company or its clients and the prohibition of leaking such essential internal information that affects and distinguishes some without others in dealing in company shares thus enhancing investor confidence.





- f) And the commitment to integrity and rational professional behavior as a policy adopted by the company in communicating with shareholders, employees and other stakeholders in order to ensure the establishment of transparency and justice through the regulatory controls issued from time to time by the authority regarding the proper application of those decisions, which oblige to present information transparently, impartially and in a timely manner.
- g) Continuous instructions to the company to abide by what is decided by the board regarding the execution of all social, environmental and institutional responsibilities required by the legislative systems in the country, and that is by focusing on the rules of accountability in accordance with what is decided in the guide to the rules of professional conduct after creating the optimal work environment for the company's employees as well as optimizing the impact of the operations of The company on the environment and adherence to the established controls. As well as participating in activities and events to build the local community.
- h) The company's compliance with contributing to creating sustainable value for shareholders and creating a lasting positive impact through the development of the local community and sustainability on that by participating in the activities of the social, cultural, charitable and sports institutions in the country and adopting the best environmental practices that take into account the laws and regulations in force in the country, which is another evidence in the company's regularity to the directives of the Authority" regarding the Corporate Governance Guide for Public Shareholding Companies 2020.

2) Transactions of Board members, their spouses and children in the company's securities during the year 2021:

| Name | Position / Relationship | Total Purchase | Total sale | Shares owned on 31/12/2021 |
|---|--------------------------------|----------------|------------|----------------------------|
| Mr. Othman Mohamed Sharif Zaman | Chairman of Board of Directors | None | None | 998,870 shares |
| Dr. Saeed Abdullah Jumah Al-Mutawa | Vice Chairman | None | None | None |
| His Excellency / Abdul Rahman Mohammed Al Owais | Member | None | None | None |
| Mr. Omar Ibrahim Abdullah Al-Mulla | Member | None | None | None |





| | | | | |
|--|--------|------|------|-------------|
| Mr. Rashid Abdullah Muhammad Ali Burehaima | Member | None | None | None |
| Mr. Khaled Mohammed Abdullah Al-Khayyal | Member | None | None | 7,328,187 |
| Mr. Nawaf Abdullah Muhammad Al-Refae | Member | None | None | There is no |
| Mr. Mohamed Ahmed Omar Al-Karbi | Member | None | None | 185.000 |
| Messrs / Al-Salem Company Ltd. "LLC" represented by His Excellency / Ahmed Salem Abdullah Al Hosani | Member | None | None | 32,484,350 |

3) Formation of the Board of Directors:

And pursuant to the measures of Article (9) of the directives of the Authority's Chairman's Decision No. (3/r.m) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding Companies, as amended by Resolution No. (8/r.m) for the year 2021, the current board of directors includes (9) Nine members who were appointed and/or elected from among the company's shareholders (the "2020-2023" cycle) and their qualities were confirmed in accordance with the guidelines of Article "9" mentioned above.

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

| | Name | Position | Category | Experience and qualifications | Membership beginning since |
|----|------------------------------------|--|-----------------------------------|---|----------------------------|
| 1- | Othman Moh. Shareif Zaman | Chairman of Board of Directors " | Independent | * Bachelor of Industrial Engineering * An expert in financial and banking affairs. | 1996 |
| 2- | Dr.Saeed Abd ullah Al Mutawa | Vice President | Non- executive/ Independent | * Member of the National Board (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). | 2020 |





| | | | | | |
|----|-------------------------------------|--------|-------------------------------|--|------|
| | | | | <ul style="list-style-type: none"> * 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 Board 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) | |
| 3- | H.E. Abdul Rahman Mohammed Al Owais | Member | independent | * B.sc in Accounting, UAE University | 2017 |
| 4- | Omar Ibraheim Abd ullah Almula | Member | non-executive/ independent | <ul style="list-style-type: none"> * BA management of Business - Higher Colleges of Technology. * *Master of Science in Banking and Finance - British University - Dubai | 2020 |
| 5- | Rashid Moh. Burehaima | Member | non-executive/ independent | * Bachelor of Business Administration - Portland State University - USA | 2020 |
| 6- | Khalid Moh. Al Khayyal | Member | non-executive | * Bachelor of Accounting - Higher Colleges of Technology | 2020 |
| 7- | Nawaf Abdullah Al Refae | Member | independent | * *Bachelor of Business Administration - Marketing - Kuwait University | 2017 |





| | | | | | |
|----|---|--------|--|---|------|
| 8- | Mohamed Ahmed Omar AL Kurbi | Member | independent | * Bachelor of Science in Civil Engineering "American University - Sharjah". * Master's degree in Business Administration, "UAE University, Abu Dhabi". | 2017 |
| 9- | Ahmed Salim Abdullah Salim Rep. Al Salim Co. Ltd | Member | non-executive / non- independent | * Master of Science in Business Administration, University of Wales * Bachelor of Business Administration, American University Dubai | 2017 |

Names and positions of members of the Board of Directors in other joint stock companies / government / commercial / other important bodies:

| Ser. | 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- | 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 Board 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 Hamriya Independent Energy Company. * CEO, Osool Investment. Sharjah Asset Management Company. * Member of the Sports Marketing and Investment Committee - Sharjah Sports Board. |





| | | |
|----|---|---|
| 5- | Mr. Rashid Abdullah Mohammed Burehaima | * Director of Business and Partnerships - Sharjah Asset Management Company. |
| 6- | Mr. Khaled Mohammed Abdullah Al-Khayyal | * 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 Khayyal Group for Trade and Investment. * Member of the Advisory Board of the Emirate of Sharjah (Previously). * * Member of the Board of the Emirates Insurance Association – (Previously). |
| 7- | Mr. Nawaf Abdullah Al-Refae | * 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 the Board of Directors of the Arab Insurance Group - Bahrain "previously" * Member of the Board of Directors of the Takaful Company "Re" – previously |





| | | |
|----|---|---|
| | | * Member of the Board of Directors of Ras Al Khaimah White Cement Company |
| 9- | M/s. 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. The percentage of female representation in the Board of Directors for the year 2021:

There is no representation of the female component in the current Board session (2020-2023), bearing in mind that all necessary measures have been taken towards compliance with Resolution No. (8/R.M) for the year 2021 amending Resolution No. (3/R.M) for the year 2020 regarding the Governance Guide obligating the public joint stock companies to ensure women representation in the composition of the board of directors.

C. Reasons for the female component not running for membership in the Board:

The absence of a female component in the composition of the current Board of Directors session (2020-2023) is due to the absence of any female component to run for membership of the Board. The company affirms its commitment and adoption of the policy directions of gender diversity in the company's board of directors and working to urge and encourage the female component who meet the legal requirements to run for membership of the board in/or before the next board session, pursuant to the authority's decision No. (8/R.M) for the year 2021.

D. Board members' Remuneration:

Determining the remuneration of the members of the company's board of directors falls under the tasks of the existing Nominations and Remunerations Committee, which is based on the guidelines and controls of Article "29" of the Authority's Resolution No. 3 (R.M.) for the year 2020 regarding the adoption of the Governance Guide for Public Shareholding





Companies, and Article (58) of the Articles of Association For the company, provided that it does not exceed (10)% of the net profit after deducting depreciation and reserves.

a) The total remuneration of the members of the Board of Directors for the year 2020:

No remuneration has been allocated to the company's board of directors for the year 2020.

b) The board of directors will discuss the recommendation to the annual general assembly to be held on 5/4/2022 not to allocate remuneration to board members for the year 2021.

c) Statement of allowances for attending committee sessions for the year 2021:

No allowances were paid for attending committee meetings or allocating additional salaries or fees to any member during the year 2021.

d) Details of allowances or salaries received by member of the Board of Directors, other than allowances for attending committees for the year 2021:

The members of the Board of Directors did not receive any allowances for attending the meetings of the Board and/or its committees during the year 2021, according to the following statement:

| | Name | Name of the committee | Value of the allowance | Number of meetings |
|----|----------------------------------|---|------------------------|--------------------|
| 1- | Dr. Saeed Abdullah Al Mutawa | Audit and Compliance + Investment Committee | NA | "8"meetings |
| 2- | Mr. Omar Ibrahim Al Mulla | Audit and Compliance Committee The Remuneration Nominations Committee and the Investment Committee | NA | "8"meetings |
| 3- | Mr. Rashid Abdullah Burehaima | The Remuneration Nominations Committee and the Investment Committee | NA | "4"meetings |
| 4- | Mr. Khalid Moh. Abdullah Khayyal | Nomination & Remuneration Committee+ Audit and Compliance Committee | NA | "4"meetings |
| 5- | Mr. Moh. Ahmed Omar Kurbi | Audit and Compliance Committee and Nomination | NA | "8"meetings |





| | | and Remuneration Committee | | |
|----|--------------------------|---------------------------------------|----|--|
| 6- | Mr. Ahmed Salim Abdullah | Nomination and Remuneration Committee | NA | The Nomination Committee didn't hold a meeting in 2021 |

E. The number of meetings of the Board of Directors during the fiscal year 2021 , the dates of the meetings and attendance :

The company's board of directors held (4) meetings during the year 2021 as follows:

| Name | 11, March 2021 | 8, May 2021 | 7, Aug. 2021 | 11, Nov. 2021 |
|---------------------------------|----------------|-------------|--------------|---------------|
| Mr. Othman Moh. Shareif Zaman | ✓ | ✓ | ✓ | ✓ |
| Dr. Saeed Abdullah Juma | ✓ | ✓ | ✓ | ✓ |
| HE. Abd Al Rahman Moh. Al Owais | Apology | ✓ | ✓ | ✓ |
| Mr. Omar Ibrahim Al Mulla | ✓ | ✓ | ✓ | ✓ |
| Mr. Rashid Abdullah Burehaima | ✓ | ✓ | ✓ | ✓ |
| Mr. Khalid Moh. Khayyal | ✓ | ✓ | ✓ | Apology |
| Mr. Nawaf Abdullah Al Refae | ✓ | ✓ | Apology | Apology |
| Mr. Moh. Ahmed Omar Kurbi | ✓ | ✓ | ✓ | ✓ |
| Mr. Ahmed Salim Abdullah Hosani | Apology | Apology | ✓ | ✓ |

F. Board resolutions issued by passing during the fiscal year 2021:

Nothing

G. Tasks and powers of the Board of Directors entrusted to the Executive Management during the year 2021:

In its current session "2020-2023", the company's board of directors entrusted the "general manager" and the senior executive management team to carry out the following tasks and responsibilities in accordance with the approved plans that comply with the strategic



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directions of the board and in accordance with the framework of the board's commitments contained in Article 14 of "the authority's decision" No. (3) RM) for the year 2020 regarding the governance guide:

1. The daily management of the company's operations in accordance with the operational plans and the direction of the executive body in accordance with the company's approved strategic goals that were approved by the Board of Directors.
2. Submitting accurate periodic reports detailing the company's technical and financial conditions, its work, the measures taken to manage risks and the company's internal control system in a timely manner, enabling the board to adopt its decisions in the right manner in order to achieve the company's interests, as well as enabling the company's board of directors to implement oversight in terms of the consistency of what the management conduct the executive objectives, plans and policies set by the Board.
3. Managing of the company's executive body in line with the objectives and work strategy approved by the Board to ensure compliance and activation of laws and regulations in order to ensure the implementation of the company's goals within the framework of the approved guidelines of the Authority's Resolution, the Abu Dhabi Securities Exchange and the applicable laws and in line with the shareholders' expectations.
4. Carrying out the implementation of plans and the development of current and future policies and strategies in accordance with the approved strategy frameworks of the Board, which mainly aims to comply with the laws and regulations, the requirements of the supervisory authorities, the internal policy, the regulations and procedures established in a manner that enhances the advancement of the company's business in the practice of its business

H. Transactions that took place with related parties during the year 2021:

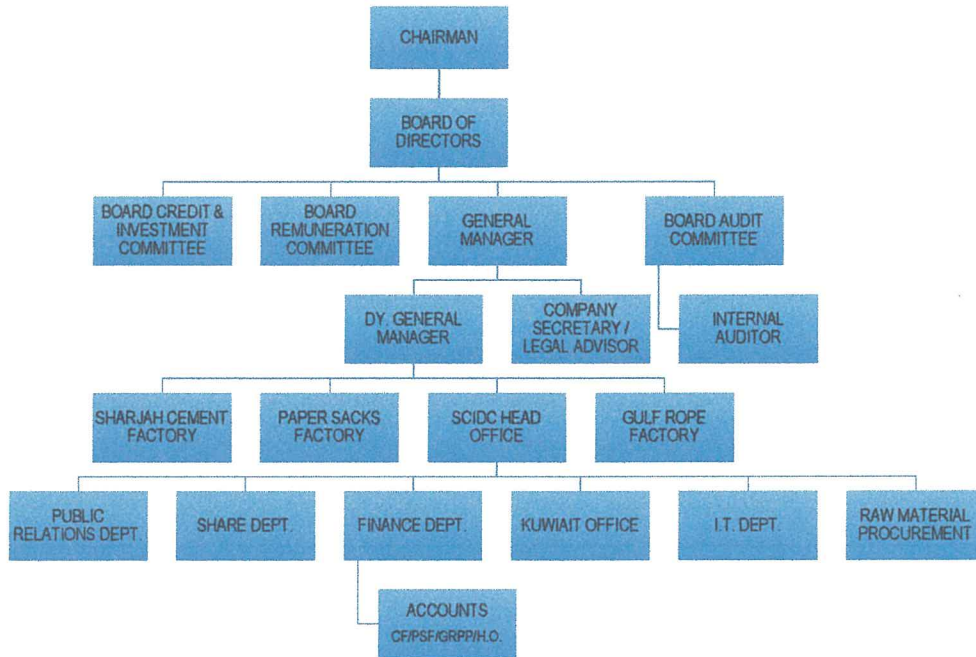
There are no transactions with related parties during the year 2021.





The Company's Organizational Structure:

SHARJAH CEMENT & INDUSTRIAL DEVELOPMENT CO.
ORGANIZATION CHART



I. 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 2021/AED | Total remunerations paid in 2021 | Any other in kind remunerations paid in 2021 or future expected |
|-----------------|---------------|--|----------------------------------|---|
| General Manager | 44 | 1,141,000 | None | None |





| | | | | |
|-----------------------------------|----|---------|-----|------|
| DGM | 5 | 924,000 | N/A | |
| Legal Advisor/Company Secretary | 16 | 559,596 | N/A | |
| Cement Factory works Manager | 13 | 510,000 | N/A | |
| Gulf Rope works Manager | 7 | 346,800 | N/A | |
| Paper sacks Factory Works Manager | 45 | 471,000 | N/A | |

4. External Auditor:

a. About the company's Auditors:

The "Ernst & Young" firm in the United Arab Emirates is one of the largest British "Limited" companies, it is a global leader in the field of insurance, transactions, tax, advisory services, accounting services and auditing. In the UAE, "Ernst & Young" is affiliated with the "global organization of member companies of Ernst & Young International Limited". Its professional services network 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 the Emirate of Sharjah since 1975, through a team of qualified chartered accountants, and the company's office in the UAE is within the integrated "Middle East Office" system of training and methodology and quality control. Ernst & Young provides its specialized professional accounting, auditing and auditing services to Sharjah Cement and Industrial Development Company 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 2021:

In its meeting held on April 30, 2020, the General Assembly approved the appointment of Messrs. "Ernst & Young" as the company's external auditor for the fiscal year 2020 in return for fees of "375,000" dirhams for their performance of the company's external audit until the end of the financial year on 31/12/2021 including, for example:

- Quarterly reviews (first, second and third quarters).
- Auditing the annual financial statements.\
- Attending the meetings of the general assemblies, reading his report and answering the questions posed by the shareholders of the association.
- Evaluate the presentation of the financial statements and ensure their correctness.
- Confirmation that the company maintains regular accounts in accordance with the rules.





- During the year 2021, 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 | 2 years |
| The number of years the partner auditor spent auditing the company's accounts | 2 years |
| Total audit fees for the financial statements for the year 2021 | AED 375,000+ 5 % "Value Added Tax" |
| Fees and costs for special services other than auditing the financial statements for the year 2021 | There is None |
| Details and nature of other services provided | There are None |
| Other services performed by an external auditor other than the company's auditor during 2021 | Auditor name: Baker Tilly "MKM " Certified Public Accountants Services provided: Services Local value certificate |

- c. **The reservations that the company's auditor included in the interim and annual financial statements for the year 2021:**

There are no reservations on the part of the company's auditor with regard to the financial and/or annual statements of the company for the year 2021.

5. Audit and Compliance Committee:

- a. **Acknowledgment by the Head of the Audit Committee of responsibility for the Committee's work in the Company:**
- b. His Excellency / Dr. Saeed Abdullah Al-Mutawa, Head of the Audit and Compliance Committee, is responsible for the committee's work in the company and for review of its work mechanism and to ensure its effectiveness.

- c. **The Audit and Compliance Committee consists of the following Board members:**





The number of meetings held by the committee during the year 2021, their dates and the personal attendance of the members:

| Sr. | Name | Meeting No. "1"/2021 | Meeting No."2"2021 | Meeting No. "3"2021 | Meeting No. "4"2021 |
|-----|--------------------------------------|----------------------|--------------------|---------------------|---------------------|
| 1- | His Ex. Dr. Saeed Abdullah Al-Mutawa | ✓ | ✓ | ✓ | ✓ |
| 2- | Mr. Omar Ibrahim Al-Mulla | ✓ | ✓ | ✓ | ✓ |
| 3- | Mr. Khaled Mohamed Al Khayal | ✓ | ✓ | ✓ | ✓ |
| 4- | Mr. Mohamed Ahmed Al-Karbi | ✓ | ✓ | ✓ | ✓ |

Responsibilities and tasks of the committee in accordance with the guidelines of Article (61) of the Authority's decision regarding the Governance Guide 2020:

Resolution No. (3/R.M) for the year 2020 issued by the Securities and Commodities Authority "regarding the adoption of the Corporate Governance Guide for Public Shareholding" emphasized the role and importance of the Audit Committee when it required all its members to have knowledge and expertise in financial and accounting matters and previous experience of at least one member in the field of accounting or financial matters, as it is considered the most important committee emanating from the board of directors and supporting the board in the responsibilities assigned to it by the company's shareholders, especially those related to the company's financial and accounting policies and procedures.

The resolution stressed 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, and it should focus in particular on the following:
 - a. Any changes in accounting policies and practices.
 - b. Highlight the aspects subject to management's discretion.
 - c. Significant modifications resulting from the audit.
 - d. Assuming the company's business continuity.
 - e. Adherence to the accounting standards set by the Authority.





- f. Comply with the rules of listing, disclosure and other legal requirements related to the preparation of financial reports.
- Coordination with the company's board of directors, the senior executive management and the financial manager or the manager in charge of the same tasks in the company in order to perform its tasks.
 - Looking into any important and unusual items that appear or should be included in those reports and accounts, and they should pay due attention to any issues raised by the company's financial manager, the manager in charge of the same tasks, the compliance officer or the auditor.
 - Submitting a recommendation to the Board of Directors regarding the selection, resignation, or dismissal of the auditor. 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 prompted the Board of Directors not to take them.
 - Develop and implement the policy of contracting with the auditor, and submit a report to the Board of Directors specifying the issues that it deems important to take action on and submitting recommendations for the necessary steps to be taken.
 - Ensure that the auditor fulfills the conditions stipulated in the applicable laws, regulations & decisions, the company's articles of association, and monitors and his independence.
 - Meeting with the company's auditor without the presence of any of the senior executive management persons or their representative, at least once a year, and discussing with him the nature and scope of the audit process and its effectiveness in accordance with the approved auditing standards. Approving the additional work carried out by the external auditor for the benefit of the company and the fees he receives in return for those works.
 - Reviewing and evaluating the company's internal audit and risk management systems.
 - Ensure the availability of the necessary resources for the internal audit function and review and monitor the effectiveness of that department.
 - Any other matters determined by the Board of Directors.





6. Nomination and Remuneration Committee:

- A. His Excellency / Khaled Mohamed Abdullah Al-Khayyal, in his capacity as the Chairman of the Nominations and Remunerations Committee, acknowledges his responsibility for the committee's work in the company and for his review of its work mechanism and to ensure its effectiveness.
- B. The Nominations and Remunerations Committee is composed of the following members of the Board of Directors with a statement of the meetings and attendance:

| | Members | Meetings in 2021 N/A | Attendance |
|----|------------------------------------|----------------------|------------|
| 1- | Mr Khaled Mohammed Al-Khayyal | - | - |
| 2- | Mr .Omar Ibrahim Abdullah Al-Mulla | - | - |
| 3- | Mr .Rashid Abdullah Muhammad Ali | - | - |
| 4- | Mr. Ahmed Salem Abdullah Al Hosani | - | - |

C. No committee meeting held during the year 2021.

In accordance with the directives of Article 59 of the Authority's Resolution No. (3/R.M) for the year 2020 regarding the adoption of the Governance Manual, the tasks of the Nomination and Remuneration Committee are as follows:

- Establishing a policy for candidacy for membership in the Board of Directors and the Executive Management that aims to take into account gender diversity within the Board formation and encourage women through benefits and incentive and training programs, and to provide the Authority with such policies and any amendments thereto.
- Organizing and following up the procedures for nomination for membership of the Board of Directors in accordance with the applicable laws and regulations and the provisions of this resolution.
- Continuously ensuring the independence of independent members. Provided that it monitors the availability of the members' independence conditions and obligating him when he fails to display his independence and present the matter to the Board to address the member and seek explanation or justifications for such lack of independence from the member and urge him to observe the organizational guidelines that must be observed





- Preparing the policy for granting remunerations, benefits, incentives, and salaries for the members of the Board and its employees, and reviewing it on annual basis. The committee must verify that the remunerations and benefits granted to the senior executive management are reasonable and commensurate with the company's performance.
- Conduct annual review of the required needs of appropriate skills for membership of the Board of Directors and preparing a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time that the member must allocate for the work of the Board of Directors.
- Reviewing the structure of the Board of Directors and raising recommendations regarding changes that need to 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 Follow-up and Supervision Committee for Insider Dealings:

- a. **Acknowledgment from the person charged with responsibility for the follow-up and supervision system for insiders' transactions:**

Mr. Alameldin Gaafar Malik, as “the person in charge” and authorized to carry out the follow-up and supervision of insider's transactions, acknowledges his responsibility for the system in force in the company regarding the follow-up and supervision of insider's transactions and for his review of the work mechanism and to ensure its effectiveness.

- b. The assignment of Mr. Alam El Din Jaafar Malik - Legal Counsel and Secretary of the Board of Directors and the Company was approved by the Board of Directors at the meeting No. “2”/2019 held on May 25, 2019. To follow up and supervise the transactions of insiders.

Among the duties and responsibilities of the aforementioned staff in accordance with the measures of Article “33” of the Authority's decision regarding the Governance Guide:





- To establish a special record of the names and data of insiders, including persons who can be considered indirect or temporary insiders and who are entitled or available to view the company's internal information before publishing it, provided that the record includes the previous and subsequent disclosures of insiders.
- To manage, follow-up and supervise the insider's transactions and ownership, and keep their record.
- Presenting periodic reports and updated lists of insiders' names at the beginning of each fiscal year to the supervisory authorities and any amendments that may occur during the fiscal year in accordance with the applicable regulatory guidelines.
- To ensure full compliance with the necessary disclosures on the website of the Abu Dhabi Securities Exchange.
- Continue to remind insiders of the necessity of their obligations during the periods of prohibition of trading in the company's shares in accordance with the announced rules and regulations issued by the supervisory authorities that are required to be followed.
- Ensure continuous review of the policy adopted regarding insiders' trading and making urgent recommendations regarding any amendments to the Board of Directors to work for its adoption in accordance with the rules.
- To undertake the preparation of the official declarations signed by the informed parties and provide them to the regulatory authorities - upon request - and raise the knowledge of the insider that he possesses data and internal information related to the company and its clients and inform him about the legal consequences of leaking of such information or data or giving advice on the basis of the information he possesses.
- Perform any other tasks assigned to him from time to time.

c. Report on the work of the committee during the year 2021:

In compliance with the regulatory directives issued by the Securities and Commodities Authority 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 in-charge person shall provide the Authority and the Abu Dhabi Securities Exchange with a list containing the names of the insiders of the company coupled with a statement if there were transactions for them in their aforementioned capacity and according to the Standard Form, during the year 2021.





8. Investment Committee:

- His Excellency / Dr. Saeed Abdullah Al-Mutawa, Chairman of the Investment Committee**, is responsible for the committee's work in the company and for his review of its work mechanism and to ensure its effectiveness.
- The Investment Committee is composed of the following members of the Board of Directors. The Committee held (4) meetings during the year 2021, in the presence of all its members:

| Sr. | Name | Meeting No. "1" 24/2/2021 | Meeting No. "2" 6/5/2021 | Meeting No. "3" 3/8/2021 | Meeting No. "4" 8/11/2021 |
|-----|------------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|
| 1- | Dr. Saeed Abdullah Al-Mutawa | ✓ | ✓ | ✓ | ✓ |
| 2- | Mr. Omar Ibrahim Al-Mulla | ✓ | ✓ | ✓ | ✓ |
| 3- | Mr. Rashid A. Moh. Burehaima | ✓ | ✓ | ✓ | ✓ |
| 4- | Mr. Mohamed Ahmed Al-Karbi | ✓ | ✓ | ✓ | ✓ |

The committee was entrusted with providing assistance and advice to the Board, reviewing proposals for real estate investments and large stocks, and making recommendations to the Board for approval. Approval of routine capital expenditures in the factories by the Board as part of the annual budget as well as review of management proposals for changes in credit policies.

9. Internal Control System:

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

The Board is responsible for supervising the company's internal control system and for continuously reviewing its effectiveness and efficiency in accordance with the directives of the regulatory authorities. The formation of the audit committee and the management of internal control came as response to the responsibilities included in the Authority's decision regarding the 2020 Governance Guide. The company confirms the establishment of a permanent internal control system that aims to develop an evaluate the risk management means and procedures in the company and to verify and ensure compliance of employees with the application of the rules of governance and the provisions of





applicable laws, regulations and decisions regulating its work and the detailed internal policies and procedures for what the company's internal control system should be.

- b. In accordance with the approved work mechanism for approving the recommendations of the "Nomination Committee", an internal control management team was appointed, consisting of a director and associates of highly qualified and rich experience in this field in January 2017, and the committee appointed:
 - Mr. Kartik Sejpal: Director of the Internal Control Department, a graduate of the Institute of Chartered Accountants in India in 2012. He has professional experience of about 9 years in the field of auditing and financial management.
- c. The Director of Internal Control was also assigned the duties of a compliance officer in terms of the company's and employees' compliance with the directives of systems and regulations, with periodic reporting to the Board of Directors.
- d. And in accordance with the Authority's decision No. 3/R.M for the year 2020 regarding the Governance Guide and pursuant to the guidelines of Articles (66 and 67) of the Governance Guide and following the mechanism regarding the application of regulations and the adoption of appropriate procedures regarding risk management, internal auditing, and periodic verification of the company's compliance with the approved mechanism and follow-up systems. The team ensures application of the regulations regarding the company's internal policies and submitting periodic reports to the Board and the Audit Committee in accordance with the applicable directives regarding the application of the provisions of the above articles.

The company did not face any problems in 2021.

- e. The Internal Control Department issued (4) quarterly/progress reports for the year 2021 on the audit work.

The Internal Audit and Compliance Committee works examine the work mechanisms and then makes recommendations on them to the Board of Directors.

10. Violations committed during the year 2021:

No financial irregularities were detected during the year 2021.

11. The cash and in-kind contributions made by the company during the year 2021 to the development of the local community and the environment:





Sharjah Cement and Industrial Development Company, within the framework of its responsibilities towards society, has maintained the consolidation of the principles approved by the governance controls on its compliance by contributing to the support of the local community of the United Arab Emirates and by taking into account the societal and other environmental aspects in the field of the company's activities in line with the legislative systems of compliance. The company, in its daily operations, takes decisions that always take into account the requirements of the legislation in the country in terms of the company's social responsibility and the environmental one alike.

The company's contributions always come to support the local community of the United Arab Emirates with its various charitable and community institutions, and sponsor many activities of social & sports institutions, schools and associations of public interest alike, which included:

Cash donations / contributions to charitable and social work:

| Name of organization | 2021 / in Dirhams |
|--|-------------------|
| Khorfakan Club for the disabled | 72,500 |
| The city of Sharjah For humanitarian services | 200,000 |
| Emirates Association for the Visually Impaired | 45,000 |
| West Asian Sports Federation for the Disabled | 20,000 |
| Expert Center for Learning Difficulties | 20,000 |
| Philistine Children Fund | 10,000 |
| Rashid Centre | 15,000 |
| Sheikh Moh. Centre | 15,000 |
| ALTariq Autism Centre | 15,000 |
| AL Hadaf Centre | 10,000 |
| Autism Club & Home | 20,000 |
| Sarah Center for Speech and Hearing Rehabilitation | 15,000 |
| Total | 582,500 |

The company also works hard in the matter of the environment and remains fully compliant with its responsibilities towards that by working to preserve the work environment in the company and the surroundings in terms of adopting, following and applying the best environmental specifications and conditions and continuous coordination with the concerned authorities.





12. General Information:

A. Statement of the company's share price in the market (closing price, highest and lowest end price of each month) during the year 2021 :

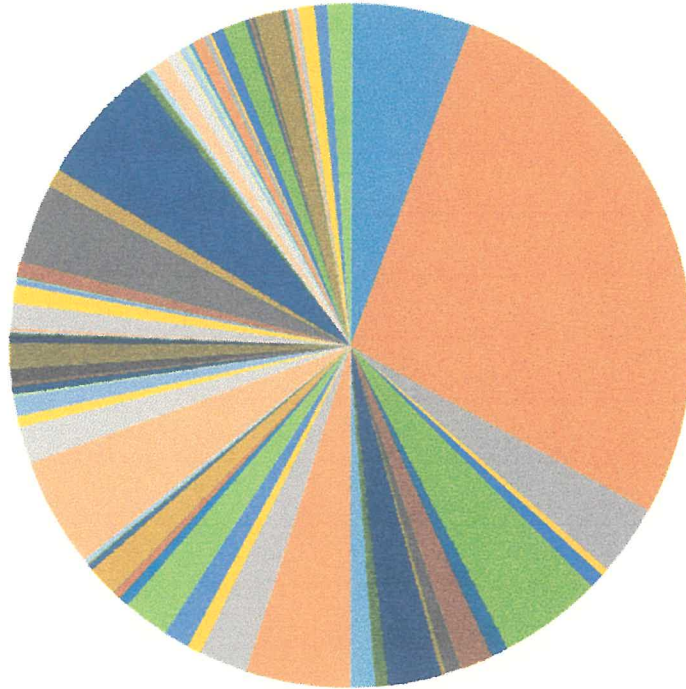
SCIDC TRADES (REGULAR MARKET)

| DATE | OPEN | HIGH | CLOSE | VOLUME | VALUE |
|------------|-------|-------|-------|------------|---------|
| 12/29/2021 | 0.765 | 0.766 | 0.767 | 15.906.13 | 12,200 |
| 11/30/2021 | 0.764 | 0.764 | 0.765 | 13.071.90 | 10,000 |
| 10/28/2021 | 0.762 | 0.762 | 0.764 | 4.384.82 | 3,350 |
| 09/29/2021 | 0.762 | 0.762 | 0.763 | 48.519.01 | 37,020 |
| 08/31/2021 | 0.761 | 0.761 | 0.761 | 150.185.29 | 114,291 |
| 07/27/2021 | 0.759 | 0.759 | 0.759 | 13.175.23 | 10,000 |
| 06/30/2021 | 0.751 | 0.753 | 0.756 | 71.121.70 | 53,768 |
| 05/28/2021 | 0.713 | 0.713 | 0.713 | 21.598.88 | 15,400 |
| 04/28/2021 | 0.688 | 0.689 | 0.689 | 3.628.45 | 2,500 |
| 03/31/2021 | 0.746 | 0.688 | 0.688 | 29.069.77 | 20,000 |
| 02/27/2021 | 0.745 | 0.746 | 0.746 | 72.075.07 | 53,768 |
| 01/30/2021 | 0.742 | 0.742 | 0.744 | 70.482.53 | 52,439 |





B. Comparison of SCIDC' share performance with general market indices and industrial sector in 2021:



- ETISALAT Emirates Telecom. Group Company (Etisalat Group) PJSC
- FAB First Abu Dhabi Bank
- ALDAR Al Dar Properties
- ADNOCDIST Abu Dhabi National Oil Company For Distribution
- ALQUDRA Al Qudra Holding
- ASM Al Seer Marine Supplies & Equipment Company P.J.S.C
- RAKCIC Ras Al Khaimah Cement Investment Company P.S.C.
- NMDC National Marine Dredging Co.
- ADIB Abu Dhabi Islamic Bank
- YAHSAT Al Yah Satellite Communications Company PJSC
- ESHRAQ ESHRAQ INVESTMENTS P.J.S.C
- TAQA Abu Dhabi National Energy Company
- ARKAN Arkan Building Materials Company
- RPM Response Plus Holding PrJSC
- AGTHIA AGTHIA Group
- JULPHAR Gulf Pharmaceutical Industries
- ADSB Abu Dhabi Ship Building Co.
- WAHA Waha Capital Company
- BOS Bank of Sharjah
- CHAESH Chimera S&P UAE Shariah ETF- Share class A- Accumulating
- RAKWCT RAK Co. for White Cement & Construction Materials
- BILDCO Abu Dhabi National Co. for Building Materials
- DRIVE Emirates Driving Company
- REEM REEM INVESTMENTS PrJSC
- FH Finance House
- ARAM Aram Group
- ABNIC Al Buhaira National Insurance Company
- FNF FOODCO NATIONAL FOODSTUFF PrJSC
- NBQ National Bank of Umm Al Qaiwain
- FOODCO FOODCO Holding Company
- WATANIA National Takaful Company (Watania)
- QIC Umm Al Qaiwain General Investment Co. P.S.C
- OEIHC Oman & Emirates Investment Holding Co
- TNI The National Investor PrJSC
- GMPC Gulf Medical Projects Company
- RAKNIC Ras Alkhaima National Insurance Co.
- IHC International Holding Company PJSC
- MULTIPLY Multiply Group PJSC
- ALPHADHABI Alpha Dhabi Holding PJSC
- ADCB Abu Dhabi Commercial Bank
- DANA DANA GAS PJSC
- ADNOCDRILL ADNOC Drilling Company PJSC
- ZS ZEE STORE PrJSC
- FERTIGLB Fertigllobe plc
- PALMS PALMS SPORTS PrJSC
- SIB Sharjah Islamic Bank
- ESG ESG EMIRATES STALLIONS GROUP P.J.S.C
- MANAZEL Manazel PJSC
- EASYLEASE Easy Lease Motorcycle Rental PJSC
- RAKCEC RAK Ceramics PJSC
- SCIDC Sharjah Cement and Industrial Development Co.
- METHAQ Methaq Takaful Insurance Company
- ADNIC Abu Dhabi National Insurance Company
- GCEM Gulf Cement Co.
- RAKPROP RAK Properties
- CHAEIN CHIMERA S&P UAE UCITS ETF - SHARE CLASS D INCOME
- SUDATEL Sudatel Telecommunications Group Company Limited
- ADNH Abu Dhabi National Hotels Co.
- ADAVIATION Abu Dhabi Aviation Co.
- RAPCO Ras Al Khaimah Poultry & Feeding Co.
- RAKBANK The National Bank of Ras Al Khaimah
- FCI Fujairah Cement Industries
- SICO Sharjah Insurance Company
- NCTH National Corporation for Tourism & Hotels
- CBI Commercial Bank International
- TKFL Abu Dhabi National Takaful Co.
- AXAGCIC AXA Green Crescent Insurance Company PJSC
- EIC Emirates Insurance Co.
- UNION Union Insurance Company
- KICO AL KHALEEJ Investment
- ANAN ANAN INVESTMENT HOLDING P.J.S.C
- ORDS OOREDOO





C. Distribution of shareholders' ownership as of December 31, 2021 (individuals, companies, governments) classified as follows: local, Arabs and foreigners.

| Owned Shares | | | | |
|--------------|-------------|-------------|-------------|-------------|
| Category | Individuals | Corporates | Government | Total |
| local | 73,512,880 | 260,114,300 | 145,220,419 | 478,847,599 |
| Arabs | 37,412,096 | 84,681,846 | - | 122,093,942 |
| Foreigner | 2,165,783 | 5,146,783 | - | 7,312,205 |
| Total | 113,090,398 | 349,942,929 | 145,220,419 | 608,253,746 |

D. The shareholders who own 5% or more of the company's capital as of December 31, 2021

| Sr. | Name of the Shareholder | Quantity | Ratio | Nationality |
|-----|------------------------------------|------------|--------|-------------|
| 1- | M/s. Sharjah Asset Management | 98,924,624 | 14.78% | Emirati |
| 2- | Mr. Ahmed Omar Salim Al Kurbi | 62,096,759 | 10,21% | Emirati |
| 3- | M/s. Sharjah Social Security Fund | 55,295,795 | 9,09 % | Emirati |
| 4- | Mr. Salem Abdullah Salem Al Hosani | 33,532,313 | 5.51% | Emirati |
| 5- | M/s. AL Salim Co. Ltd | 32,484,350 | 5.34% | Emirati |

E. Shareholders tabled according to the size of ownership as on December 31, 2021- :

| Sr. | Stock ownership | Number of Shareholders | Quantity of owned shares | Percentage of owned Shares from the capital |
|-----|--|------------------------|--------------------------|---|
| 1- | Less than 50 thousand | 918 | 10,822,589 | 1.76 |
| 2- | More than 50 thousand and less than 500 thousand | 212 | 67,239,786 | 11.06 |
| 73- | More than 500 thousand and less than 5 million | 120 | 130,357,432 | 21.44 |



| | | | | |
|----|---------------------|----|-------------|-------|
| 4- | More than 5 million | 23 | 399,833,940 | 65.74 |
| 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. Mutasim 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 No. | 065695666 |
| Fax No. | 065683171 |
| P.O. Box No. | 2083 , Sharjah |
| Investor Relations Page link | www.sharjahcement.com |
| E-mail: | motasim@sharjahcementfactory.ae |
| Address | The headquarters of The Company "Sharjah Cement and Industrial Development" Al Marija Area - Sharjah – UAE |

G. Statement on the Special Decisions presented to the General Assembly in 2021:

None

H. Board Meeting Rapporteur- :

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





Statement of material events and important disclosures that occurred in the company during the year 2021:

None

I. Deals conducted by the company amounting to more than 5% of the company's capital during 2021

None

J. Statement of the Emiratization percentage in the company at the end of 2019,2020,2021:

Emiratization rate at the end of 2019 : 12,95 %

Emiratization rate at the end of 2020 : 11,75 %

Emiratization rate at the end of 2021 : 11,8 %

K. Innovative projects and initiatives undertaken by the company or under development during 2021_:

None





Approval of the Corporate Governance Report for the year 2021

Signature

Chairman of the Board of Directors

.....
Date: 7/3/2022

Signature

**Chairman of the Audit and
Compliance Committee**

.....
Date: 7/3/2022

Signature

**Chairman of the Nomination &
Remuneration Committee**

.....
Date: 7/3/2022

Signature

Director of the Internal Control Department

.....
Date: 7/3/2022

