



RAK

CERAMICS

SUSTAINABILITY REPORT
2019



**His Highness Sheikh Khalifa Bin Zayed
Al Nahyan**
President of the United Arab Emirates
and Ruler of Abu Dhabi



**His Highness Sheikh Mohammed
Bin Rashid Al Maktoum**
Vice President and Prime Minister
of the United Arab Emirates
and Ruler of Dubai



**His Highness Sheikh Saud Bin Saqr
Al Qasimi**
Supreme Council Member and
Ruler of Ras Al Khaimah



**His Highness Sheikh Mohammed
Bin Saud Bin Saqr Al Qasimi**
Crown Prince of
Ras Al Khaimah

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ABOUT THIS REPORT

This report outlines RAK Ceramics PJSC's sustainability commitments, progress and future aspirations and covers our operations within the United Arab Emirates, representing the majority of our business.

In some parts, where specified we refer to the "Group" which covers our operations in United Arab Emirates, Bangladesh and India or our wholly owned subsidiaries RAK Porcelain LLC and Elegance Ceramics LLC.

The aim of this report is to provide a detailed and balanced overview of our sustainability performance from 1 January 2019 to 31 December 2019, focused on material topics determined by the cross-departmental sustainability-working group, in conjunction with senior managers, key stakeholders and our Audit Committee.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards "Core" option, with further references to the Abu Dhabi Stock Exchanges 31 Key Performance Indicators. We have reported on sustainability on an ad-hoc basis in the past and we are now committed to reporting on sustainability measures on a yearly basis, alongside our Annual Report, and Governance Report, which provide a thorough overview of our financial, governance and risk positions.

We do not currently subscribe to any economic, environmental and social charters or initiatives. We will continue to review and report openly and honestly about our sustainability journey to ensure transparency. We look forward to sharing our progress with you.

FURTHER INFORMATION

If you have any questions regarding this Report or its contents, please email the Chief Legal Counsel on:
LegalDepartment@RAKCeramics.com







In 2019, we had many successes in terms of sustainability, including improved energy efficiency and a reduction of emissions across our operations.

Group CEO's Message

Dear Reader

We are delighted to present to you our 2019 Sustainability Report, highlighting our progress in the sustainability sphere over the past year. In 2019, we formed a sustainability-working group, which worked on defining our material sustainability issues. We are proud to report on 12 topics we consider material for RAK Ceramics and our stakeholders and our achievements and goals for 2020.

In 2019, we had many successes in terms of sustainability, including improved energy efficiency, a reduction of emissions across our operations, an increase in Emiratis working within the Company and we participated in a number of community events.

We understand that sustainability needs to be a key part of our long-term decision-making, so we are looking at implementing

sustainability measures into our business unit reporting for 2020. In 2020, the sustainability-working group will continue to work on implementing sustainability initiatives and developing our sustainability policy and targets, which will be complemented by more detailed reporting in the future.

This Report has been prepared in accordance with the Global Reporting Initiative 2016 principles for the first time and we look forward to reporting in line with these principles going forward and sharing our sustainability journey with you.



ABDALLAH MASSAAD
Group CEO





Business Overview

RAK Ceramics is one of the largest ceramics' brands in the world. Specialising in ceramic and gres porcelain wall and floor tiles, tableware, sanitaryware and faucets

OUR HISTORY

From a single factory in Ras Al Khaimah, RAK Ceramics has grown to become one of the largest ceramics' brands in the world with distribution networks all over the world.

Founded in 1989 and headquartered in the United Arab Emirates, RAK Ceramics serves clients in more than 150 countries through its network of operational hubs in Europe, Middle East and North Africa, Asia, North and South America and Australia.

RAK Ceramics is a publically listed company on the Abu Dhabi Securities Exchange in the United Arab Emirates and as a group has an annual turnover of approximately US\$1 billion.

PRODUCTION

The company has the capacity to produce 123 million square metres of tiles, 5 million pieces of sanitaryware, 24 million pieces of porcelain tableware and 1 million pieces of faucets per year at its 22 state-of-the-art plants across the United Arab Emirates, India, Bangladesh and China.

SUSTAINABILITY

We are committed to use our products and expertise to build a sustainable society and we focus on initiatives that provide water and shelter to underprivileged communities; support active and healthy lifestyles; promote creativity and innovation; create a diverse and inclusive work environment; and enhance the economic development of the communities where we operate.

A SOURCE OF SUCCESS

RAK Ceramics selects only the finest raw materials to manufacture its tiles and sources its clay, limestone and silica from the mountains of Ras Al Khaimah. Other materials used in the manufacturing process such as feldspar and kaolin are imported from around the world including from Europe, India, Indonesia, Thailand and Malaysia.

Founded in 1989 and headquartered in the United Arab Emirates, RAK Ceramics serves clients in more than 150 countries.

22

The number of plants worldwide.

150

The number of countries RAK
Ceramics exports to.

US\$1 BILLION

Approximate Group annual
turnover

Our annual production capacity
of tableware in pieces

What Makes us Different?

As an organisation, RAK Ceramics is unique. Over the last 30 years we have helped to create icons and build marvel's all over the world. But what makes us truly different?

EXPERIENCE

We provide integrated ceramics solutions with attention to every detail, no matter how large or small.

From the Burj Al Arab, Atlantis on The Palm and Ferrari World, to Wembley Stadium, The O2 Arena, and projects of all sizes in between, RAK Ceramics' products feature in some of the most iconic buildings in the world.

WIDE RANGE

We are known for our wide product range and our ability to produce bespoke ranges for both small and large scale projects, enabling our clients to bring their ideas to life.

INNOVATION

Innovation is at the heart of our philosophy and we have continuously led the way in terms of product development, using a wide range of technologies at our state-of-the-art manufacturing plants.

QUALITY

We are able to consistently manufacture high quality products with an impeccable finish. Our quality, combined with passion and expertise, enables us to provide a wide range of integrated ceramics solutions.

6,284


Employees In Our
UAE Operations



22.3MILLION

Tableware items
produced in 2019 (Approx.)

We provide integrated ceramics solutions
with attention to every detail, no matter
how large or small.



49.2MILLION

Square meters of tiles
produced in 2019 (Approx.)



2.7MILLION

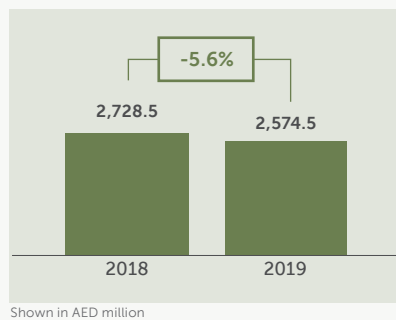
Pieces of sanitaryware
produced in 2019 (Approx.)

Our annual production capacity
of tableware in pieces

Sustainability Highlights

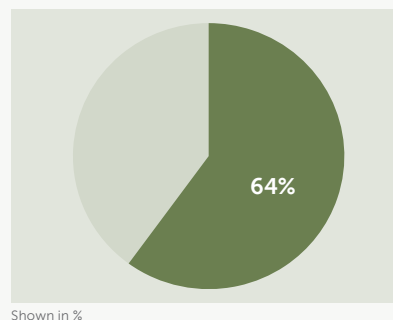
In 2019, we had many successes in terms of sustainability, including improved energy efficiency, a reduction of emissions across our operations, an increase in Emiratis working within the Company and we participated in a number of community events.

TOTAL REVENUES



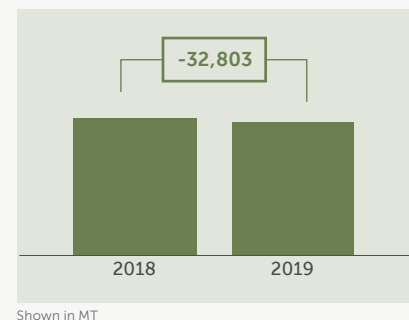
Total revenue in 2019 decreased by -5.6% compared to 2018. However, on a constant currency of 2018, the total revenue decrease is -2.8%.

LOCAL PROCUREMENT



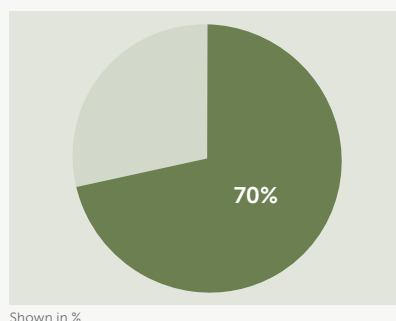
Our total percentage of procurement was from local businesses, supporting local economic development.

CO2 EMISSIONS (MT)



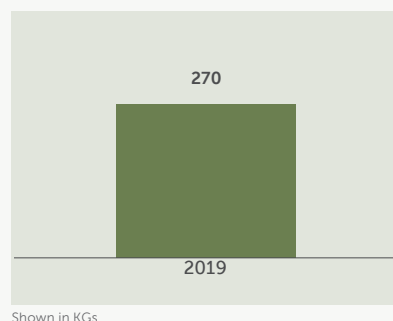
We successfully reduced our CO2 Emissions by 32,803 (MT) in 2019.

RECYCLED CORRUGATED BOXES



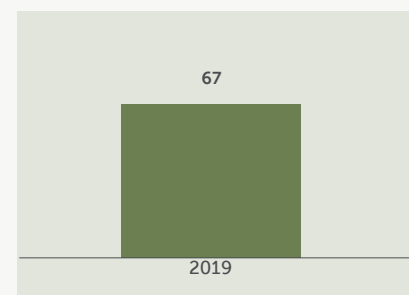
70% of corrugated boxes recovered and recycled by a third party.

RECYCLED PAPER, PLASTIC AND CARDBOARD



In 2019, 270kgs of Paper, Plastic and Cardboard was recycled.

TOOLBOX TALKS



We ran 67 Toolbox Talks to promoting safe work practices.

Materiality Topics

In 2019, we refreshed our materiality assessment and our report focusses on 12 material sustainability topics.

MATERIALITY TOPICS

WHAT IS IMPORTANT?

In 2019, we refreshed our materiality assessment and our report focusses on 12 material sustainability topics. A cross-departmental sustainability-working group, in conjunction with senior managers prioritized the materiality of each topic, taking into consideration informal feedback received from our stakeholders throughout the year, global trends in sustainability for the ceramics industry and the regional and local context of our business operations. The findings of our materiality analysis are outlined below, with each topic looked at in depth within the Report.

1. Anti – Corruption
2. Corporate Governance and Compliance
3. Sustainable Production & Innovation – (reuse water, renewable energy and other energy we use)
4. Environmental Impact of our Operations (e.g emissions, waste and effluents, energy used)
5. Financial Performance
6. Workforce Wellbeing (including health & safety)
7. Emiratization
8. Responsible & Sustainable Procurement Practices
9. Investment in our Employees
10. Diversity and Inclusion
11. Customer Privacy
12. Community Investment







Anti-Corruption and Managing Risk

OUR APPROACH

At RAK Ceramics, we have a zero tolerance attitude towards corruption, explicitly outlined in various Company policies including the Code of Conduct, Conflict of Interest Policy, Whistleblower Policy, and Human Resources Handbook (Anti-corruption Policies).

The Internal Control and Compliance function at RAK Ceramics manages risk in accordance with its risk framework that provides for classification of business areas and functions into high, medium and low risk. Proactive management and mitigation is undertaken by business areas and functions depending on the classification of a risk.

The Internal Control department conducts regular reviews of the Anti-corruption Policies to ensure they are still 'fit for purpose' and presents quarterly and annual updates to the Audit Committee and Board of Directors on such policies. We are pleased to report we had no material incidents of corruption or non-compliance with Laws and Regulations in 2019.

Day to Day – Conducting Business

The Board and Executive Management are the custodians of Organisational governance and compliance. The Audit Committee on behalf of the Board engages with Executive Management regularly to ensure compliance with all Laws and Regulations.

In turn, Legal, Finance and Internal Control are primarily responsible to ensure compliance with all Laws and Regulations related to anti-corruption, money laundering, sanctions and other relevant socio-economic Regulations. All sensitive transactions require Legal, Finance and Internal Control approvals.

Acting Ethically and Responsibly

All employees in the Company are aware of the Anti-corruption Policies and must adhere to the guidelines noted in the Anti-corruption Policies during their employment at RAK Ceramics.

In particular, the Company Code of Conduct outlines the minimum standards of business and ethical conduct that we expect our employees to adhere to, in order to maintain our vision of zero corruption. The Code of Conduct does not cover all possible situations that may occur, but provides guidance on day-to-day activities, so that employees can 'do the right thing'. Any employee who fails to comply with the Anti-corruption Policies will be subject to disciplinary measures, including but not limited to termination of employment.

To emphasise the importance of the Anti-corruption Policies, management routinely communicates the key details from the Anti-corruption Policies, through emails, memos and in Company meetings, although no formal training is currently provided to employees, in relation to Anti-corruption policies. Our Anti-corruption policies are communicated to persons outside the business, on an 'as and when required' basis.

Corporate Governance and Compliance

OUR APPROACH

We believe high standards of corporate governance with robust frameworks, policies and processes in place, ensures value creation for our stakeholders and the community.

As a publically listed Company on the Abu Dhabi Securities Exchange (ADX), the Board regularly reviews RAK Ceramics' corporate governance policies and practices to ensure compliance with the laws of United Arab Emirates and the Securities and Commodities Authority's Corporate Discipline and Governance Standard of Public Joint Stock Companies.

RAK Ceramics does not currently evaluate the Board's governance performance on specific sustainability issues, but may look to do so in the future.

The Board follows a clear policy of segregation of duties between the responsibility of the Chairman of the Board, the Board members and the CEO of the Company. All our Board members are non-executive, with four members also being independent.

The Board assumes overall responsibility for the strategic direction of the Company and the Executive Management team, led by our CEO Abdallah Massaad, undertakes the day-to-day affairs of the Company. The CEO is appointed by the Board and is responsible for the overall operations, profitability and achievement of objectives set out by the Board. The Board has set specific delegations to the CEO in relation to financial, operational, capital and investment, legal, administrative and general powers.

The delegation of authority is effective until the Board revokes it. An experienced Executive Management team assists the CEO to ensure strict adherence to the Company's policies and procedures.

CEO Compensation

The CEO's compensation is outlined in our 2019 Corporate Governance Report, with the ratio of the CEO's compensation to median full time equivalent employee's compensation being 70:1. It is prudent to note that RAK Ceramics operates in a labour-intensive industry and therefore the median compensation of full time equivalent employees relates to professional employees and above only and we have excluded unskilled and semi-skilled workers compensation.



ABDALLAH MASSAAD
Group Chief Executive Officer

Abdallah Massaad is Group CEO of RAK Ceramics. He has more than 22 years experience in ceramics manufacturing, sales management, product marketing and business leadership. Prior to RAK Ceramics, Abdallah Massaad was GM of ICC SARL, Lebanon. Abdallah Massaad holds post graduate qualifications in Management (DEA in Business Administration) and an undergraduate degree (Maitrise in Business Administration - Marketing) from Université Saint-Esprit de Kaslik, Lebanon.



We believe high standards of corporate governance with robust frameworks, policies and processes in place, ensures value creation for our stakeholders and the community.

GOVERNANCE REPORT

Our 2019 Governance Report can be found at www.corporate.rakceramics.com/investors/reports

Board of Directors



**SHEIKH KHALID
BIN SAUD AL QASIMI**

Chairman of the Board
(Non-Executive,
Independent)

Board Member since 2015, reappointed in 2018 AGM for a term of three years till 26 February 2021. Sheikh Khalid holds business management qualification from New York University, Abu Dhabi Campus. Sheikh Khalid Bin Saud Al Qasimi is the Chairman of RAK Ceramics PJSC and is also Chairman of Al Marjan Island, Ras Al Khaimah and Vice Chairman of the Investment and Development Office, Government of Ras Al Khaimah. Sheikh Khalid Bin Saud Al Qasimi has extensive experience in finance and investment management.



SHIRISH SARAF

Vice Chairman
of the Board
(Non-Executive,
Non-Independent)

Board member since 2014. Shirish Saraf is the Founder and Vice Chairman of Samena Capital and in June 2014, he led the acquisition of a significant stake in RAK Ceramics PJSC. Previously he was co-founder at Abraaj Capital, Dubai UAE; Vice President-Direct Investments and Syndication for TAIB Bank, Bahrain and Vice President of AMZ Merchant Bank. In September 2013, he was listed as one of Asia's 25 most influential people in Private Equity by Asian Investors. Mr Saraf was educated at Charterhouse (England) and holds a BSc (Economics) from the London School of Economics and Political Science.



**SHEIKH AHMED BIN
HUMAIID AL QASIMI**

Board Member
(Non-Executive,
Independent)

Board member since 1996. Sheikh Ahmed Bin Humaid Al Qasimi is also Chairman of RAK White Cement and RAK Porcelain (a RAK Ceramics Group Company). Sheikh Ahmed holds a Bachelor's Degree from the Military College in Egypt.



**KHALED ABDULLA
YUSEF**

Board Member
(Non-Executive,
Non-Independent)

Board member since 2012. Khaled Abdulla Yousef is also an Executive Member of the Board for RAKEZ, and RAK Chamber of Commerce. Mr Yousef has over 23 years' experience providing fiscal, strategic, and operations leadership with expertise in finance, budgeting and cost management, public relations and media, strategic planning, sales and marketing, profitability and cost analysis and policy and procedures development. Mr Yousef is the founder of KAY Invest, a UAE based Investment Company with a diverse portfolio including finance, properties and trading, he is also the CEO and Member of the Board of Directors at Majan Printing and Packaging Co one of the largest printing and packaging companies in the Middle East. Mr Yousef holds a Bachelor's Degree in Business Management from the University of Arkansas, USA.



**KHALID ALI SAIF
AL YAHMADI**
Board Member
(Non-Executive,
Independent)

Board member since 2014. Khalid Ali Saif Al Yahmadi is also Investment Director of Oman Investment Fund, leading the resources, manufacturing, and logistics team. Mr Al Yahmadi has more than 13 years' experience in investment banking, corporate finance, and private equity investments and was previously Chief Investment Officer at Almadina Investments. Mr Al Yahmadi studied at the University of Illinois, USA and has lectured in Economics and Finance at Sultan Qaboos University, Oman.



FAWAZ ALRAJHI
Board Member
(Non-Executive,
Independent)

Board member since 2015. Fawaz AlRajhi is also Chairman of the Board, CEO and Head of Investment Committee for Al Rajhi United, a family-owned investment company with offices in Riyadh, Jeddah, New York and Dubai, focusing on public equity, private equity and real estate. Prior to this, he served as Head of Private Equity Placement as well as Director of Sales and Distribution at Al Rajhi Capital. Mr AlRajhi has also worked with Proctor & Gamble as a systems analyst at their Arabian Peninsula headquarters. Mr AlRajhi holds a Master's in Business Administration from Stanford University, USA and Bachelors in MIS and Accounting from KFUPM, KSA.



WASSIM MOUKAHHAL
Board Member
(Non-Executive,
Non-Independent)

Board member since 2016. Mr Moukahhal has more than 12 years of experience in private equity investments and is currently serving as Managing Director of Samena Capital Investments Limited in Dubai, focusing on investments within the MENA region. Mr Moukahhal holds an MBA from the Wharton School at the University of Pennsylvania and a Bachelor's degree in Economics and Finance from McGill University.

Board of Directors (Continued)

COMPOSITION OF BOARD

The Board currently comprises of seven directors: Sheikh Khalid Bin Saud Al Qasimi, Mr. Shirish Saraf, Sheikh Ahmed Bin Humaid Al Qasimi, Mr Khalid Ali Saif Al Yahmadi, Mr Khaled Abdulla Yousef Abdulla Aal Abdulla, Mr Fawaz Sulaiman Al Rajhi, Mr Wassim Moukahhal.

As a collective, the Board of Directors has the skills, experience and knowledge to fulfil its purpose and responsibilities. All our Board Members are non-executive, with four board members being independent and three board members being non-independent, satisfying the requirements of Article (40/2) of Resolution No.7 of 2016 of Securities and Commodities Authority's Corporate Discipline and Governance Standard of Public Joint Stock Companies.

The term of the current Board Members will expire on 26 February 2021. Currently all members of our Governance Bodies are male and we are looking at ways to increase the participation of women on our Governance Bodies going forward.

Demographics of our Governance Bodies

Age Group	Gender
Under 30 years old:	One Male
30 – 50 years old:	Four Male
Over 50 years old:	Two Male

Independence and Conflicts

The role of the Board Chairman and the CEO are distinct and separate and there is a clear division of responsibilities. The Chairman leads the Board and ensures the effective engagement and contribution of all Directors. The Group Chief Executive has responsibility for all Group subsidiaries and their strategy, policy and operational management.

COMMITTEES

The Board has three standing committees: the Audit Committee, Nomination and Remuneration Committee and the Insider Trading Committee and together they strengthen the Board's oversight of RAK Ceramics.

AUDIT COMMITTEE

Members

Fawaz Sulaiman Al Rajhi (Chairman)

Wassim Moukahhal (Member)

Khalid Ali Saif Al Yahmadi (Member)

Philip Gore-Randall (Expert)

Tasks

Overseeing, reviewing and advising the Board on:

- Risk management policies and procedures
- Financial reports, financial information and financial policies
- Internal control mechanisms and internal and external audit functions
- Compliance with policies and processes

NOMINATION AND REMUNERATION COMMITTEE

Members

Fawaz Sulaiman Al Rajhi (Chairman)

Wassim Moukahhal (Member)

Khalid Ali Saif Al Yahmadi (Member)

Tasks

The Committee's primary functions are to:

- Assess the competencies of Board Members and verify their independence
- Implement Board succession plans
- Make recommendations to the Board on senior management and director remuneration, incentive policies, and superannuation arrangements

COMMITTEES (CONTINUED)

INSIDER TRADING COMMITTEE

Members

Vibhuti Bushan, Group Chief Compliance Officer and Global Head – Internal Control (Chairman)

George Rabahie, Group Chief Legal Counsel and Board Secretary, (Member)

Pramod Kumar Chand, Group Chief Finance Officer (Member)

Tasks

The Committee's primary functions are to:

- Update and maintain the insider trading list of the Company
- Supervision of insiders' trading and their ownership
- Inform all insiders about the regulations and legal responsibilities about trading shares with inside information
- Inform insiders about any prohibition periods
"Insider" means those persons in the Company deemed to be in positions that have knowledge of financial or any other material information relating to a material transaction.

MEMBERSHIPS

Emirates Green Building Council

RAK Ceramics is a long-standing corporate member of the Emirates Green Building Council, supporting the development of sustainable buildings in United Arab Emirates.

Environment Protection and Development Authority

We are a corporate member of the Environment Protection and Development Authority, whose mission is to protect the environment and sustain its resources in Ras Al Khaimah, United Arab Emirates. We regularly partake in initiatives by the Authority including the annual beach cleanup. We also submit an environmental report to the Authority each quarter outlining our progress with environmental initiatives.

Emirates Environmental Group

We are a corporate member of the Emirates Environmental Group which is a professional working group devoted to protecting the environment through education, action programmes and community involvement. In 2019, we participated in the "Clean-up UAE 2019" and "For Emirates We Plant" programmes.



Stakeholders

OUR STAKEHOLDERS

Below is a snapshot of our stakeholders being the people and Organisations that we interact with and influence our value chain both directly and indirectly. We understand that the views and relationships we have with our stakeholders are critical to the long-term success of RAK Ceramics, and we look forward to building on our stakeholder relationships going forward.

INVESTORS

We engage with our investors on a regular basis through formal reporting, updates, quarterly meetings and our annual general board meeting.

Topics of Importance:

- Financial performance
- Climate change and energy use
- Sustainable products

Outcome of Engagement:

- Regular updates regarding our strategy and future developments

EMPLOYEES

We engage with our employees on an ongoing basis through our everyday interactions, engagement surveys, newsletters, and annual performance appraisals.

Topics of Importance:

- Rewards and benefits
- Career development
- Health and safety
- Community involvement

Outcome of Engagement:

- Annual engagement survey
- Employee goal setting
- New starter – employee induction program

CUSTOMERS

We engage with our customers on an ongoing basis through key account managers, trade exhibitions, social media platforms and newsletters.

Topics of Importance:

- Product quality and cost
- Climate change and mitigation
- Product innovation
- Partnerships

Outcome of Engagement:

- Cost optimization
- Environmental initiatives
- Investment in product innovation

SUPPLIERS

We engage with our suppliers through the procurement process, meetings, and workshops.

Topics of Importance:

- Reputation
- Building partnerships
- Timely payments

Outcome of Engagement:

- Fostering long standing partnerships
- Quality control and quality of service

GOVERNMENT & REGULATORY BODIES

We engage with the Government and Regulatory bodies in many ways including meetings, conferences and collaborations.

Topics of Importance:

- UAE Vision 2021

Outcome of Engagement:

- Ensuring our business strategy aligns with the UAE Vision.

COMMUNITY

We engage with the Community through partnerships, sponsorships and volunteering.

Topics of Importance:

- Building partnerships

Outcome of Engagement:

- Sponsorship of and participation in events within the communities we operate in
- Volunteering in the community

We understand that the views and relationships we have with our stakeholders are critical to the long-term success of RAK Ceramics.



Financial Performance

RAK Ceramics demonstrated resilience in 2019, as the business was able to deliver record gross profit margins and reported a net profit of AED205.2 million in light of challenging market conditions.

CORPORATE UPDATE

2019 was a challenging year for many businesses in the region. A weak economic outlook coupled with increasing competition continues to create a challenging business environment which impacted our sales volumes and placed increasing pressure on prices.

As a result, total revenue decreased by 5.6% to AED2.57 billion, however, when compared to 2018 on constant currency basis it represents a decline of 2.8%, a strong performance considering the market slowdown.

Despite the decrease in revenue, the business has been able to deliver a reported net profit of AED205.2 million and achieve a record total gross profit margin of 33.2%, an increase of 120 basis points compared to 2018. This, along with the results of our ongoing efficiency program, means RAK Ceramics' remains one of the most profitable ceramic brands in the world.

In 2019, RAK Ceramics continued to focus on achieving its vision of becoming the world's leading ceramics lifestyle brands by further differentiating itself from competitors through sustained investment in branding, product differentiation and the implementation of operational and production efficiencies across key markets.

In Saudi Arabia, RAK Ceramics is now positioned as a premium product supplier with differentiated products compared to local manufacturers. Last year we opened two flagship showrooms in Riyadh with plans to open a further six in 2020.

Revenue in Saudi Arabia increased by 9.1% in 2019 to AED272 million, supported by growth in the wholesale business. We are optimistic for further growth in Saudi Arabia due to increasing construction activities.

In the United Arab Emirates, we have upgraded our production lines to produce larger sized ceramic tiles. We have continued to improve the technology in our plants to reduce energy consumption and increase efficiency.

In India, our exports revenues increased from AED15 million in 2018 to AED67 million in 2019. We are pleased to report that we have achieved our strategy to position our India operation as an export hub.

In Europe, the operational performance continued to improve in 2019 with an increased gross profit margin. In the United Kingdom, where we have a growing market share in sanitaryware sales, we opened a flagship showroom. Our European sanitaryware sales grew by 13.8%

Our tableware business continued to show strong growth in 2019, driven by higher sales in the US, Middle East and Asian markets. Sales in the US increased by +25.1%, and we anticipate further growth. In Luxembourg, our warehouse has started operations successfully.

Our priorities for 2020 are to maintain our market share in the United Arab Emirates, Bangladesh and India, to grow our market in Saudi Arabia further and strengthen the overall performance of distribution entities in Europe.

We will continue to invest our branding and product differentiation, and we plan to increase our retail footprint by opening new showrooms in core markets.

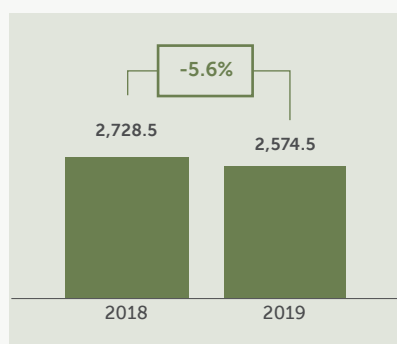


AED 2.57BN
TOTAL REVENUE

33.2%
TOTAL GROSS PROFIT MARGIN

FINANCIAL HIGHLIGHTS

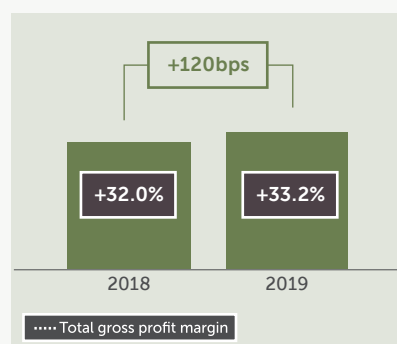
Total Revenue



Shown in AED million

Total revenue in 2019 decreased by -5.6% compared to 2018. However, on a constant currency of 2018, the total revenue decrease is -2.8%.

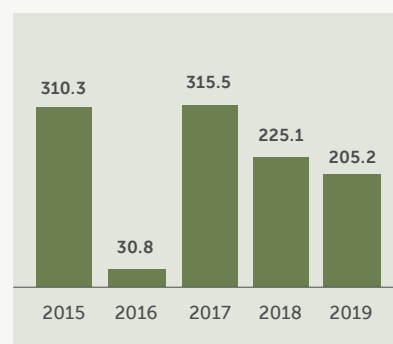
Total Gross Profit Margin



Shown in %

Total gross profit margin increased by +120bps in 2019 to 33.2%, driven by an increase in tiles gross margins of +240bps to 29.6%.

Reported Net Profit



Shown in AED million

Reported net profit in 2019 decreased by -8.8% to AED205.2 million compared to 2018, due to a revenue decrease which impacted the bottom line by approximately AED23.1 million. Net profit in 2018 benefited from gains on the sale of contracting assets while 2019 net profit was positively affected by improved margins due to efficiencies.

ANNUAL REPORT

Our 2019 Annual Report can be found at
www.corporate.rakceramics.com/investors/reports

OPERATIONAL HIGHLIGHTS

Amounts in AED millions	UAE	India	Bangladesh	Others	Total
Direct economic value generated: Revenue	1,197.8	272.3	282.4	822.0	2,574.5
Economic value distributed: Operating Cost (Cost of Sales)	814.9	285.1	182.7	436.2	1,719.0
Employee wages and benefit	101.7	28.2	11.6	99.2	240.7
Payment to providers of capital (Dividend)	135.2	-	-	-	135.2
Payment to government (Taxes)	1.3	6.9	12.7	5.8	26.7
Community Investment	0.2	-	-	-	0.2





Impact from our Operations

OUR APPROACH

RAK Ceramics is committed to continuously improving its environmental stewardship throughout its value chain, sourcing of raw materials and operating its manufacturing processes efficiently, with less environmental impact.

We have a comprehensive Environmental Policy in place and are ISO 14001:2015 certified. Our manufacturing processes use a significant amount of natural resources (minerals, energy and water) and therefore we work hard at ensuring our operations run in a responsible and sustainable manner. We aim to conserve natural resources through progressively reducing emissions, discharges and wastes each year.

Our Environmental Team undertakes regular environmental impact assessments, to ensure appropriate steps are in place to minimize and mitigate such environmental impacts (where possible).

We have adopted a waste segregation scheme and recycling programme to minimize the disposal of waste materials. We are proud to recycle and reuse all water, industrial wastewater and effluents through our onsite desalination plant, three effluent treatment plants and sewage treatment plant (Plants). We also have monitoring equipment installed within our premises, which monitors air quality in our plants, on a daily basis.

Annually, an environmental management review is completed with set targets and goals outlined for the preceding year. In 2020, we aim to continue our conservation efforts by procuring equipment, which requires less consumption of water, ensure all our packaging is made from recycled materials and reduce our waste disposed.

MATERIALS & RECYCLING

1,483,253 Tons of raw materials (nonrenewable) was used in the production process in 2019, producing 1,257,549 Tons of product (we currently do not use any renewable raw materials).

Percentage of Recycled Input Materials

Effluent Treatment Sludge	25-30%
Fired Tiles	45-50%
Polishing Sludge	15%
Squaring Waste Material	30-35%

70% of corrugated boxes recovered and recycled by a third party.

51,388 damaged wooden pallets were refurbished and reused.

767.94 Tons of waste cartons were collected and sent to a third party for recycling

A third party recycled approximately 270kg of paper, cardboard and plastic bottles from our premises.

Blue Bins are located in our corporate office to recycle plastic bottles.

Green Bins are located in our corporate office to recycle paper waste.

*Calculations are approximate only and based on our central store records and data provided by RAK Waste Management Authority

WATER, EFFLUENTS & WASTE

In 2019, all water and effluent discharge from our factories, employee's accommodation and corporate office was treated, recycled and reused.

We withdraw all our water from the sea and any water not consumed by our operations; we discharge back into the sea (see Desalination Plant Flow Diagram).

No water is withdrawn from water stress areas and our water is treated in accordance with the World Health Organisation Standards.

Water withdrawn from the sea	2,280ML
Water supplied by third party	657ML
Total amount of water withdrawn	2,937ML

1,623ML of water is discharged back into the sea. Through our desalination process, we are able to desalinize 30% of the water that is withdrawn, with the remaining brine/rejected water discharged back to sea. There is no treatment of the water going back into the sea, as it is still in its withdrawn state.

Total water consumption	1,314ML
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WASTE

2,480kg of hazardous waste. RAK Waste Management Authority transported the waste to a special domestic landfill. No waste was shipped internationally.

147,230 Tonnes of non-hazardous waste was taken to landfill by RAK Waste Management Authority.

Note: Calculations are approximate only and based on our central store records and data provided by RAK Waste Management Authority

70%

Total corrugated boxes recovered and recycled by a third party

In 2019, all water and effluent discharge from our factories, employee's accommodation and corporate office was treated, recycled and reused.



Emissions and Efficiency

OUR APPROACH

RAK Ceramics' manufacturing processes use a significant amount of energy and therefore we recognize the importance of running our operations in a responsible and sustainable manner.

We strive to replace old equipment and machineries with new technology that ensures our methods of production are energy efficient.

In 2019, we installed a new Kiln Waste Heat Recovery System that allowed us to reuse heat in the production process, that would otherwise not be used again.

In 2019, we did not have a specific target set for reduction of energy; however, we are pleased to report that our energy consumption did reduce compared with the consumption in 2018.

In 2020, our target is to reduce our energy consumption by 5%. We undertake regular energy and emission assessments to enable us to put appropriate steps in place to minimize and mitigate our impacts. We do not currently monitor the emissions from our transport fleet and we are looking into implementing some form of monitoring for this in the coming years.

ENERGY

1,840,205MWH Total Fuel Consumption (Non Renewable): 775,235 Gallons of Diesel & 6,190,669 MMBTU of Natural Gas

4,526KWH Total Fuel Consumption (Renewable): through Solar Panels on Lamp Posts

270,676,718 KWH Electricity Consumption

We currently do not collect data for our heating, cooling and steam consumption and we do not sell any electricity, heating, cooling or steam.

211,087MWH Total energy consumption

Energy Intensity Ratio per M2 of Tiles Produced

3.644KWhr of electricity used per M²

0.0615MMBTU of natural gas used per M²

1.739 Gallons of Diesel used per M²

Energy Reductions (Scope 1)

27,821,100 KWhr reduction in electricity consumption for tile manufacturing

1,142,055 MMBTU reduction in natural gas consumption for tile manufacturing

23,812,001 Gallon reduction in water usage compared with 2018 for tile manufacturing

Waste heat reused 255,000Nm³ per month (waste heat from Kiln reused in dryers) – see in the spotlight for further details

87,125 KW per month reduction in electricity usage across the Organisation (replacement of all halogen lights to LED lighting)

Note: All data has been obtained from our various invoices from the Federal Electricity and Water Authority and monitoring equipment on our premises and converted into KWH or MWH to provide transparency.

We have not reported on the energy intensity ratio for sanitary ware as production is measured on a per piece basis, rather than M2, however we are looking at ways to report on this in future, with different conversions used. Where reductions are reported, we have used 2018 figures to provide a comparison.

EMISSIONS

Our main source of emissions comes from our smoke stack, spray driers and kilns. In 2019, we planted approximately 4000 trees within the perimeter of our premises to offset our emissions and installed feeder rubber curtains on our raw material boxes to reduce dust emission during transfer and loading of raw materials.

144,262 CO₂e Tons Gross Direct (Scope 1) GHG Emissions

(Calculation includes CO₂, HFCs, NOX and TSP)

10,490 CO₂e Tons Energy Indirect (Scope 2) GHG Emissions (Calculation includes CO₂ from flights, and transportation)

Notes: Third party emission are tests used to calculate emission figures, as well as our own monitoring equipment, which we review on a monthly basis. Consolidation approach for emissions = operational control. We do not have any Biogenic CO₂ emissions and we do not currently calculate GWP, although we may look to do so in the future. 2018 is used as a comparison year for any reductions in emissions noted.

GHG EMISSIONS INTENSITY

3.09 CO₂e kg per m² Total GHG emissions (scope 1) per production (m²) of Ceramic Tiles Manufacturing

18.050 CO₂e kg per piece Total GHG emissions (Scope 1) per piece of Sanitary ware

Gross Direct (Scope 1) GHG Emission Reduction: 32,803MT of CO₂ compared with 2018 figures.

AIR EMISSIONS

NOX	75mg/Nm ³ per stack (on average)
POP	0mg
VOC	0 mg
SOX	5-10mg/Nm ³ per stack (on average)
PM/TSP	0.25kg/hr per stack (on average)
CO	10-20mg/Nm ³ per stack (on average)

USPA Standard Parameters are used to calculate the above figures based on site-specific data.

We undertake regular energy and emission assessments to enable us to put appropriate steps in place to minimize and mitigate our impacts.



In the Spotlight

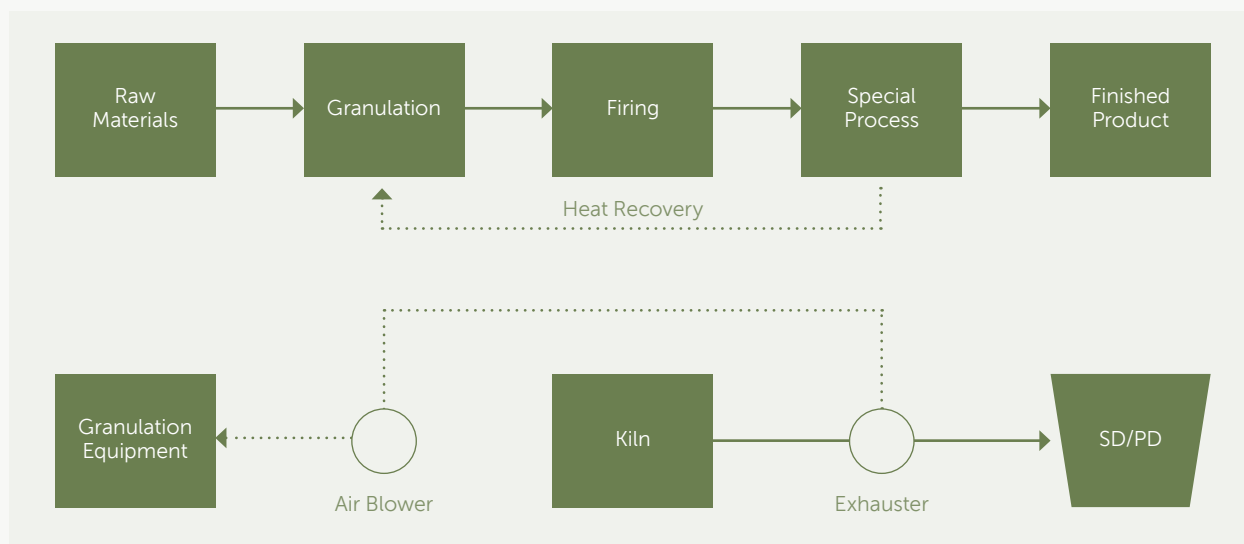
Kiln Waste Heat Recovery System

OUR APPROACH

The objective of this initiative was to recover waste heat from our kilns and use it as a heat source for granulation equipment, which would lead to a reduction in the consumption of energy and reduction of heat emissions. Prior to the introduction of the Waste Heat Recovery System (System), the heating in the granulation

equipment was carried out by heating external air, but with the introduction of the System, the recovered heat is now the main heat source for the granulation equipment. This System has been applied to 18 Kilns.

DETAILED PROCESS OF THE HEAT RECOVERY SYSTEM



DATA AS PER CENTRALISE GAS CONSUMPTION MONITORING SYSTEM

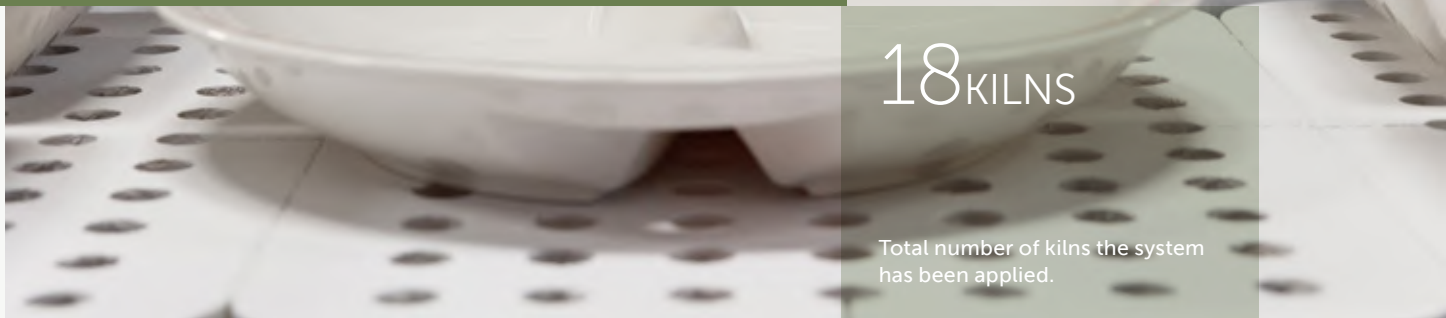
Factory	Source of Waste Heat (Kilns)	Fuel Used in Kilns	Ave. Natural Gas Consumption	Recovered Kiln Waste Gas°C/Day	Recovered Waste Heat Recipient	Reduction of Natural Gas Consumption
MC-3	2	NG	680	120	Press Drier & Kiln	5%
MC-4	2	NG	700	120	Press Drier & Kiln	5%
MC-5	2	NG	600	150~160	Press Drier, Kiln & Spray Drier	5%
MC-7	3	NG	1290	165~175	Press Drier	5%
MC-8	3	NG	1500	145~155	Press Drier & Kiln	5%
MC-9	3	NG	1700	145~155	Press Drier, Kiln & Spray Drier	5%
SWD-1 & 2	3	NG	1580	130~155	Press Drier	5%
Total	18		8,050*	120~155		5%

*MMBTU/Day

Approximate Average Natural Gas Reduction Monthly = 241500 – 95% into 24hrs/day multiply to 30 days = 12,075 MMBTU/Month



The objective of this initiative was to recover waste heat from our kilns and use it as a heat source for granulation equipment.



18 KILNS

Total number of kilns the system has been applied.

12,075
MMBTU

Approximate Average Natural Gas
Reduction per month.



Sustainable Production and Innovation

OUR APPROACH

We are dedicated to 'being better' than yesterday and going forward we are committed to designing innovative environmentally friendly products.

Our customers are also demanding more recyclability in regards to the packaging of their goods and we are looking at implementing packaging that is made with 100% recycled material in the future.

We currently have a handful of innovative solutions available in our ceramic and sanitary ware ranges that use less raw materials to manufacture, as well as a range of products produced using sustainably sourced raw materials.

When developing new products our product development team ensures that the products are made from durable and long lasting raw materials. The technical team then also ensures that our methods of production for a particular product are energy efficient and less wasteful in terms of water usage.

PRODUCTS

RAK Slim is ceramic tile product that has the same finishes as our standard tiles but uses 50% less raw materials to make.

RAK Antimicrobial a ceramic tile that reduces microbial contamination, contributing to a healthier environment particularly in schools and healthcare facilities.

RAK Joy a wooden furniture collection that respects the environment and the life of the furniture itself. All particleboard and MDF used in the construction of this striking furniture collection come from responsible FSC certified sources, respecting the forests, the people and wildlife who call them home.

FURTHER INFORMATION

For more information regarding the FSC certification visit www.fsc.org.

AWARDS & ACCREDITATIONS

We hold a number of accreditations and certificates in relation to our products and manufacturing processes including:

FloorScore is an independent certification program that test and certifies hard surface flooring and the materials they are made with, to ensure they are in compliance with stringent indoor air quality emissions.

ISO 9001:2015 by internationally recognized UK certification body Ceramic Research Institute Certification Scheme for ceramic tiles and sanitary ware. This certification verifies that we have a quality management system in place that is compliance with the requirements of the standard, which covering design, development, production and supply of ceramics and sanitary ware.

ISO 13006, EN 1441 and ANSI A137.1 we manufacture ceramic tiles in accordance with these standard specifications from the UK, Europe and USA.

Our testing laboratory operates in accordance with ISO/ IEC 17025 accredited by the National Association of Testing Authorities, Australia.

We also hold numerous compliance certificates for countries around the world, ensuring that our tiles meet specific country standards.

We have won numerous awards in 2019 including Acquisition International 2019 Global Excellence Awards (World Leader in Ceramics Production 2019) and BKU (Bathroom and Kitchen Update (Best Tiling Brand 2019).



We are dedicated to 'being better' than yesterday and going forward we are committed to designing innovative environmentally friendly products.







Workforce Well-being

OUR APPROACH

We have 5,136 employees working in our factories at our headquarters in Ras Al Khamiah, United Arab Emirates and their health and safety is fundamental to our business and long-term success. All employees, visitors and contractors undertake safety induction training before entering our factories.

Our Safety Committee made up of representatives from various departments meets weekly to discuss current safety issues at our premises and factories and discusses controls that may need to be implemented. In 2019, we had a particular focus on promoting safe work practices, which was a key theme of our numerous Toolbox Talks.

RAK Ceramics works hard to ensure that its employees are safe and healthy, with free medical insurance provided to all employees, and various health-care initiatives run throughout the year.

HEALTH AND SAFETY

Our Health and Safety Policy follows the United Arab Emirates Regulations, including ISO-45001 and OSHAD Code of Practice and International Best Practice Standard. The Policy covers all employees, contractors and visitors to all our production units, office buildings, workers accommodation and workshops, with our goal being to prevent all accidents, injuries and occupational illnesses.

The Environment, Health and Safety department (EHS) and facility management team is responsible for the day-to-day management of our health and safety systems and EHS is continually looking at ways to improve our systems. We also display safety bulletins and safety hazard posters in strategic areas around our factories to emphasize the importance of health and safety.

5,136

Total number of factory employees.

HAZARD IDENTIFICATION

Process

1. Identify hazards for each activity, process or area
2. Determine who may be harmed and how
3. Assess risk and determine likelihood and consequences
4. Determine if there are any existing control measures in place and if not, develop control measures (hierarchy of control)
5. Record all findings
6. Re-evaluate and re-assess the risks
7. Review if necessary

Our Nebosh certified safety officers and our technical team members, undertake daily monitoring, semiannual internal audits and routine inspections to ensure that all hazards are eliminated or controlled and whether or not there is room for improvement on current processes. We ensure that all machinery-moving parts are guarded.

Our EHS team has a 24-hour hotline to report any unsafe conditions, accidents or incidents. If an incident is reported, the EHS team will then conduct an internal investigation and control measures will be put in place (if necessary) to ensure any re-occurrence is prevented.

No fatalities for work related injuries or ill health occurred in 2019 and our factory employees worked approximately 15,578,200 hours. However, the main types of work-related injuries were in relation to the severance of employee's fingers working in the factories. We are working hard to eliminate these injuries by providing adequate hand protection equipment and educating employees on proper use of the equipment to avoid such injuries.

In respect of work related ill-health, dust, noise and silica are all contributors to ill health of our employees at our factories. We undertake risk assessments, plant inspections and monitoring to ensure these risks are minimized. We also supply our employees with dust masks and earplugs to reduce the effects of the dust, noise and silica they are exposed to. We do not currently have data relating to work-related ill health of our employees.

WORK RELATED INJURIES

2019 Work related Injuries

High Consequence Work-related Injuries	80
High Consequence Work-related Injuries rate	1.02
Minor Work-related Injuries	128
Minor Work-related Injuries rate	1.64
Total Recordable Work-related Injuries	208
Total Recordable Work-related Injuries rate	2.67

Note: Rates are calculated based on 200,000 hours worked. No workers have been excluded from this number and we do not control the workplace of any other workers. Total Recordable Work-related Injuries have reduced by 41% compared to 2018.

EMPLOYEE PARTICIPATION

Employees are given the chance to test all the personal protective equipment (PPE) and procurement of any new PPE is based on the employee assessment of the products. Suggestion boxes are strategically placed around the Company premises and checked on a monthly basis.

We regularly undertake tool box trainings for our employees with 67 trainings provided in 2019 covering topics such as "Common Safety Mistakes that Make a Big Difference", "Hierarchy Control", "What is a Hazard", and "Working with Conveyors".

We also provide a number of work based trainings to employees during work hours including mechanical and electrical safety trainings, summer hazard trainings, firefighting trainings, first aid training, respiratory hazard training, noise training and environmental training.

Our EHS team has a 24 hour hotline to report any unsafe conditions, accidents or incidents.



Investing In Our Employees

OUR APPROACH

At RAK Ceramics, we have a competency and values framework that forms the basis for all people development programs. Currently all training initiatives are dependent on the needs of the individual employees and business requirements. In FY20, we expect to undertake over 30,000 man-hours in education across our factories and the corporate office and implement a formal career development program.

New Starters

The Human Resources team leads a general induction program for new starters, followed up by a departmental specific training organized by individual departments. For factory employees, the induction training also covers detailed guidelines from the EHS department regarding health and safety at work. New starters are also provided with a copy of the Employee Handbook during induction training.

Training and Education

In 2019, over 20,000 man-hours were spent undertaking employee education for all factory employees. The largest initiative was Manufacturing Excellence, which included the principles of Six Sigma and Total Productive Maintenance cutting across various management levels. In our corporate office, in-house seminars, external expert facilitated trainings and industry seminars were widely attended by employees.

We also have ongoing development programs including LEAP and MEAP (Leadership and Management advancement and effectiveness programs), skill and development programs for sanitary ware casters, sprayers and inspectors, and the Kangaroo program (a sequenced career development program) for operators and technicians.

We have three employees enrolled in postgraduate programs with prestigious institutions, and 10 employees enrolled in MBA courses as part of the "Fresh Blood Program". Depending on employee performance, monetary assistance is provided to employees to take up higher education programs.

Performance Reviews

All employees receive regular performance and career development reviews. At the start of any year, employees along with their managers set out specific key performance indicators that the employee will work towards throughout the year and employees are reviewed based on these metrics. Furthermore, all new employees receive a performance review upon completion of their probation period.



20,000+

Total number of training hours in 2019.

Full Time Employee Benefits

Life Insurance

All employees are covered under the Company's Group Life Insurance Policy, which covers disabilities due to work accidents or a work-related demise.

Medical Insurance

All employees are provided with medical insurance covering all work related and non-work related ill health or injuries and free health check-ups.

Workman Compensation Insurance

All employees are covered under the Company's Group Workman Compensation Insurance, which covers loss of salary due to a work related accident/injury.

Annual Health Screening

We partner with RAK Medical Center to provide annual health screening and eye examinations for those employees who work in hazardous conditions inside the factories. Any individuals who are identified as "high risk" are provided with one on one counselling and briefed on how to improve their health and lifestyle.*

Monthly Wellness Campaigns

We organize monthly awareness campaigns on a variety of topics including how to avoid heatstroke, and the common signs of Hepatitis A and C.

Employee Welfare Fund

A fund to support our employees who are in need of monetary assistance for situations that are not covered by the medical or life insurance policies or any other source. A committee manages the funds and determines the amount of financial assistance that is given to each individual.

Transportation and Accommodation

Employees are provided with accommodation in accordance with the Accommodation Policy. If no accommodation is provided, employees are provided with an accommodation allowance determined by their respective pay grades. Free transportation is provided to all employees residing in Ras Al Khaimah, United Arab Emirates.

Other Leave

All female employees are eligible for 90 days of maternity leave in accordance with UAE Laws (45 days paid and 45 days unpaid). We also provide special leave for Haji/Umrah and on a case by case basis.

End of Service Benefits

Employees are provided end of service compensation in accordance with UAE Laws.

Travel Allowance

All employees are granted leave travel allowance, graded according to their Company designation, paid at prevalent market rates.

Sports Activities

We provide recreational facilities including a gym, basketball, volleyball, badminton courts and a football field and organize regular sports tournaments.

*Note: Employees may share their health information with us if they wish to do so, but we respect their privacy and due to patient confidentiality reasons, we do not have any access to health information shared with their medical professional. If health information is supplied, a member of the Human Resources team will work with the service provider to ensure an employee is in good health before returning to work.

We provide facilities including a gym, basketball, volleyball, badminton courts and a football field and organize regular sports tournaments.



Diversity and Inclusion

OUR APPROACH

At RAK Ceramics, we strive to provide a workplace where individuals have an equal opportunity to work and contribute to the Company's growth.

RAK Ceramics offers equal employment and advancement opportunity to all individuals without discrimination based on age, colour, race, religion, gender or disability. All employees are remunerated equally depending on their role and performance, with no discrimination based on age, colour, race, religion, gender or disability.

RAK Ceramics has a strict zero tolerance approach to employment of child labour and we do not hire employees below the age of 18 as prescribed in the UAE Labour Laws. We also enforce a strict no child labour policy from our Suppliers. We do not have a formal Human Rights Policy in place, but we operate in accordance with all UAE Laws governing human rights.

The United Arab Emirates is home to approximately 9.68 million people, with expatriates making up approximately 87% of the United Arab Emirates population*. Therefore, it is no surprise that our workforce at RAK Ceramics is widely diverse and multi-cultural with employees from various countries and cultures.

*Source: <https://www.themedialab.me/uae-population-statistics-2019>
16 February 2020.

Emiratization

We continue to focus our efforts on employing national talent to align with the UAE's 2021 vision of Emiratization. Our Human Resources team works closely with the Ministry of Human Resources and Emiratization and HH Sheikh Khalid to increase the number of Emiratis in our workforce.

In 2019, we are pleased to report that we increased the percentage of Emiratis in our administrative functions by 1.6%, taking our total to 4.1%. In FY20, we are aiming to increase the number of Emiratis in our administrative functions by a further 2%.

OUR PEOPLE

6284 Total Employees

Gender & Age Diversity

(Admin Employees and Plant Employees)

Gender	Percentage
Admin	18.27%
Female	15.59%
Male	84.41%
Plant	81.73%
Female	1.19%
Male	98.81%
Grand Total	100.00%

Age Groups	Female	Male	Total
Admin	15.59%	84.41%	100.00%
<30	26.50%	73.50%	100.00%
30-39	14.62%	85.38%	100.00%
40-49	14.42%	85.58%	100.00%
50-59	4.46%	95.54%	100.00%
60-69	9.09%	90.91%	100.00%
Plant	1.19%	98.81%	100.00%
<30	1.72%	98.28%	100.00%
30-39	0.90%	99.10%	100.00%
40-49	1.00%	99.00%	100.00%
50-59	1.54%	98.46%	100.00%
60-69	0.00%	100.00%	100.00%
Grand Total	3.82%	96.18%	100.00%

Entry and Mid-level Positions held by gender: 15.59% Women, 84.41% Men

Senior and Executive Level Positions held: 100% Men, 0% Women

Parental Leave: 248 female employees were entitled to parental leave. 4 female employees took parental leave and also returned to work following their leave.

Note: We did not have any temporary employees in 2019 and consultants and

contractors make up under 1% of our total enterprise head count.

NEW EMPLOYEES

In 2019, RAK Ceramics employed 577 new staff members.

By Gender

Male	547
Female	30
Total	577

By Age Group

< 30	399
30-50	176
< 50	2
Total	577

By Region

Africa	264
Asia	296
Europe	2
Middle East	15
North America	0
Total	577

LEAVING EMPLOYEES

902 employees left RAK Ceramics during 2019,*

By Gender

Male	871
Female	31
Total	902

By Age Group

< 30	256
30-50	565
< 50	81
Total	902

By Region

Africa	30
Asia	855
Europe	4
Middle East	11
North America	2
Total	902

* Employees were largely factory employees, and made up 14% of our total workforce.

SALARY & REMUNERATION RATIO

Ratio of Basic Salary - Women to Men

Band 1 (para professionals)	1:5
Band 2 (professionals)	1:2
Band 3 (middle management)	1:2

Ratio of Remuneration Women to Men

Band 1 (para professionals)	1:8
Band 2 (professionals)	1:6
Band 3 (middle management)	1:3

*Note: All figures in this section include RAK Ceramics PJSC and its UAE subsidiaries RAK Elegance LLC and RAK Porcelain LLC.

Responsible and Sustainable Procurement

OUR APPROACH

Working with our Suppliers

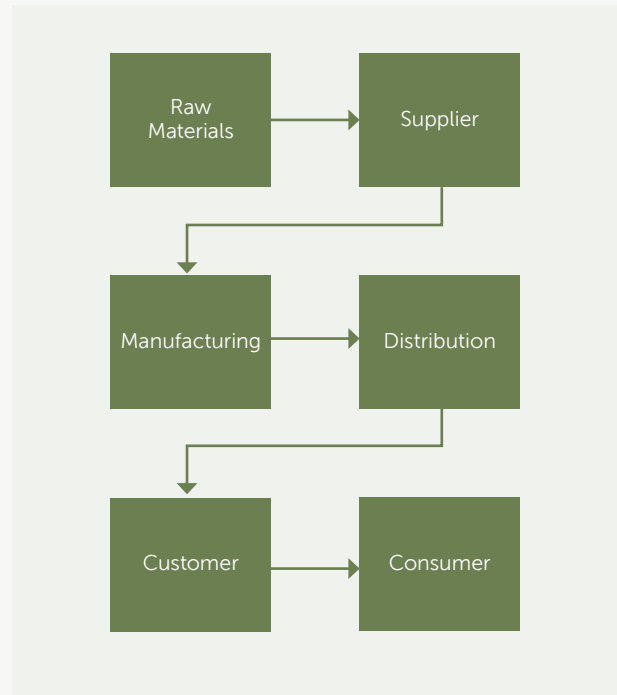
RAK Ceramics places a high importance on dealing with suppliers who conduct ethical business practices and our focus is ensuring that at a minimum our suppliers have adequate health and safety stands in place and do not partake in child labour.

Prior to becoming a supplier for RAK Ceramics, it is mandatory for all key suppliers to complete a supplier assessment questionnaire, which outlines the minimum requirements for quality, environmental practices, health and safety and ethical standards. Going forward, we wish to implement a more sustainable procurement process that includes several sustainability markers that we will use to assess all future Suppliers.

In FY20, we are looking at implementing Supplier Guiding Principles for all key suppliers, which will focus on additional sustainability requirements that we expect the Suppliers to meet. We will continue to work on our supply chain strategy, so it continues to meet the demands of the business and is in line with our stakeholder values.

RAK Ceramics is committed to using local suppliers, where possible in order to support the local community. In 2019, we spent approximately 678 million AED with 1143 direct suppliers (with 64% of those being local suppliers in the UAE)*.

Supply Chain Process



RAK Ceramics places a high importance on dealing with suppliers who conduct ethical business practices.



*Figures include RAK Ceramics, Elegance Ceramics and RAK Porcelain vendors

Privacy

OUR APPROACH

RAK Ceramics considers it important to ensure that any personal information received from customers, is secure and available upon request, as we believe our continued success depends on trust from our customer base, so protecting their personal information from disclosure is paramount. Given our global operations, RAK Ceramics implemented a General Data Protection Policy (GDPR) in early 2019. We are pleased to have rolled this Policy out across our European operations and we believe this Policy provides the best level of protection to our customers.

At a glance, the Policy sets out our commitments to our customers when it comes to handling their personal information, and includes principles relating to the transfer of personal data, rights of individuals, record processing and how we deal with any violations of the Policy.

Despite the GDPR not being applicable in the UAE, we ensure that the collection of data in the UAE also follows the principles outlined in the Policy.

In 2019, there was no recorded customer data breaches, loss of data, or substantiated complaints, and therefore we consider the various privacy policies to be effective.

FURTHER INFORMATION

Personal information we collect from individuals using our website in the UAE, our App or our Visitor Management System, can be viewed at www.rakceramics.com/uae/en/privacy-policy

Community Engagement

OUR APPROACH

RAK Ceramics is committed to supporting the local community in Ras Al Khaimah, United Arab Emirates as well as the wider community of the UAE, through financial, material and human resources. In 2019,

RAK Ceramics participated in a number of community initiatives and provided approximately 200,000AED in financial support to the local community.

Giving back to the community is also important to our employees and we encourage volunteering and participation in a number of community initiatives throughout the year.

In 2020, we are committed to understanding the expectations and needs of our Community in more detail to ensure our sponsorship and other initiatives are in alignment with these. We are also committed to increasing the amounts we invest into the local community in 2020 and starting a formal employee-volunteering programme.

SPONSORSHIPS

Sports & Leisure

RAK Terry Fox Run

RAK Ceramics was a sponsor of the 2019 RAK Terry Fox Run, an annual charity event to raise money for cancer research projects around the world. Ninety employees from RAK Ceramics participated in the fun run.

Education

Education Tours & Internships

We offer internship-training programmes for talented students from local and international universities and host educational tours for students with visits to our showroom and manufacturing plants. This initiative inspires the next generation, who may wish to work in the ceramics industry in the future

Environmental.

For Our Emirates We Plant

Participated in the "For Our Emirates We Plant" tree planting initiative organized by Emirates Environmental Group and we now have 10 trees named after us.

Clean-up UAE 2019 and EDPA Beach Clean-up.

Employees participated in a clean-up day in Ras Al Khaimah, United Arab Emirates where they collected numerous bags of rubbish in a camping area near Shaikh Khalifa Hospital. Our employees also participated in a beach clean-up to remove any rubbish and plastic bottles from the beaches at Ras Al Khaimah, United Arab Emirates.

Other Sponsorships

Civil Defence Day, MSB Carnival, Cycling event, Mizra Equal Cup Challenge

RAK Ceramics is committed to supporting the local all the communities where it operates.







GRI Sustainability Dashboard

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
GRI 101 Foundation 2016				
General Disclosures				
GRI 102. General Disclosures 2016	102-1 Name of Organisation	2	Inside Organisation	G7. Sustainability Reporting G8. Disclosure Practice E8. Environmental Oversight
	102-2 Activities, brands, products and services	8	Inside Organisation	
	102-3 Location of Headquarters	8	Inside Organisation	
	102-4 Location of operations	8	Inside Organisation	
	102-5 Ownership and legal form	8	Inside Organisation	
	102-6 Markets served	8	Outside the Organisation	
	102-7 Scale of Organisation	8, 24-25,42	Inside Organisation	
	102-8 Information on employees and other workers	42-43	Inside Organisation	S4. Gender Diversity S5. Temporary Worker Ratio
	102-9 Supply chain	44	Outside the Organisation	G4. Supplier Code of Conduct
	102-10 Significant changes to the Organisation and its supply chain.	No significant changes during the reporting period.	Inside the Organisation	
	102-11 Precautionary principle or approach	28,34	Inside and outside the Organisation	
	102-12 External Initiatives	2	Outside the Organisation	
	102-13 Memberships of associations	21	Outside the Organisation	
	102-14 Statement from senior decision-maker	5	Inside and outside the Organisation	E8. Environmental Oversight

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
	102-16 Values, principles, standards and norms of behavior	16	Inside the Organisation	G5. Ethics & Prevention of Corruption
	102-18 Governance structure	17-21	Inside the Organisation	S1. CEO Pay Ratio G2. Board Independence G3. Incentivized Pay E9. Environmental Oversight
	102-40 List of stakeholder groups	16	Inside and outside the Organisation	
	102-41 Collective bargaining agreements	Collective bargaining is prohibited under the laws of the United Arab Emirates.	Inside the Organisation	
	102-42 Identifying and selecting stakeholders	22	Inside and outside the Organisation	
	102-43 Approach to stakeholder engagement	22	Inside and outside the Organisation	
	102-44 Key topics and concerns raised	22	Inside and outside the Organisation	
	102-45 Entities included in the consolidated financial statements	22-24	Inside the Organisation	
	102-46 Defining report content and topic boundaries	2,22	Inside and Outside the Organisation	
	102-47 List of material topics	13	Inside and outside the Organisation	
	102-48 Restatement of information	There have been no restatements of information.		

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GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
	102-49 Changes in reporting	13 – we have updated our material topics.		
	102-50 Reporting period	2		
	102-51 Date of most recent report	2016		
	102-52 Reporting cycle	2		
	102-53 Contact point for questions regarding the report	2	Inside the Organisation	
	102-54 Claims of reporting in accordance with the GRI Standards	2		
	102-55 GRI content index	50-58		
	102-56 External assurance	RAK Ceramics does not seek external assurance for its sustainability report.		G9. External Assurance

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
GRI 200 Economic Standard Series				
Economic Performance				
GRI 103. Management Approach 2016		24	Inside the Organisation	
GRI 201. Economic Performance 2016	201-1 Direct economic value generated and distributed	24-25	Inside the Organisation	
Procurement Practices				
GRI 103. Management Approach 2016		44	Inside the Organisation	
GRI 204. Procurement Practices	204-1 Proportion of spending on local suppliers	44	Inside the Organisation	S9. Child & Forced Labour
Anti-corruption				
GRI 103. Management Approach 2016		16		
GRI 205. Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	16	Inside the Organisation	G5. Ethics and Prevention of Corruption
	205-2 Communication and training about anti-corruption policies and procedures	16	Inside the Organisation	G5. Ethics and Prevention of Corruption
	205-3 Confirmed incidents of corruption and actions taken	16	Inside the Organisation	G5. Ethics and Prevention of Corruption

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GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
GRI 300 Environmental Standards Series				
Materials				
GRI 103. Management Approach 2016		28	Inside the Organisation	E7. Environmental Operations E8. Environmental Oversight E10. Climate Risk Mitigation – we invested in a new waste heat recovery system in 2019, however we do not currently calculate the amount invested in climate related infrastructure, resilience and product development.
GRI 301. Materials 2016	301-1 Materials used by weight or volume	28	Inside the Organisation	
Energy				
GRI 103. Management Approach 2016		30	Inside and Outside the Organisation	E7. Environmental Operations
GRI 302. Energy 2016	302-1 Energy consumption within the Organisation	30	Inside the Organisation	E5. Energy Mix
	302-3 Energy intensity	30-31	Inside the Organisation	E4. Energy Intensity
	302-4 Reduction of energy consumption	30-31	Inside the Organisation	
Water and Effluents				
GRI 103. Management Approach 2016		29	Inside and Outside the Organisation	
GRI 303. Water and Effluents 2018	303-1 Interactions with water as a shared resource	29	Inside and Outside the Organisation	
	303-3 Water withdrawal	29	Inside and Outside the Organisation	E6. Water Usage

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
	303-4 Water discharge	29	Inside and Outside the Organisation	E6. Water Usage
	303-5 Water Consumption	29	Inside and Outside the Organisation	E6. Water Usage
Emissions				
GRI 103. Management Approach 2016		30	Inside and Outside the Organisation	
GRI 305. Emissions 2016	305-1 Direct (Scope 1) GHG emissions	31	Inside and Outside the Organisation	E1. GHG Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	31	Inside and Outside the Organisation	E1. GHG Emissions
	305-4 GHG emissions intensity	31	Inside and Outside the Organisation	E1. Emissions Intensity
	305-5 Reduction of GHG emissions	31	Inside and Outside the Organisation	
	305-7 Nitrogen oxides (NOx), sulfur oxides (Sox), and other significant air emissions	31	Inside and Outside the Organisation	
Effluents and Waste				
GRI 103. Management Approach 2016		28	Inside and Outside the Organisation	
GRI. 306 Effluents and Waste 2016	306-2 Waste by type and disposal method	29	Inside and Outside the Organisation	
	306-4 Transport of hazardous waste	29	Inside and Outside the Organisation	
Environmental Compliance				
GRI 103. Management Approach 2016		28	Inside and Outside the Organisation	
GRI 307. Environmental Compliance 206	307 – Non-compliance with environmental laws and regulations	There was no reported compliance issues concerning environmental laws and regulations in 2019.	Inside and Outside the Organisation	

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GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
GRI 400 Social Standards Series				
Employment				
GRI 103. Management Approach 2016		42	Inside the Organisation	
GRI 401. Employment 2016	401-1 New employee hires and employee turnover	42, 43	Inside the Organisation	S2. Gender Pay Ratio S3. Employee Turnover S4. Gender Diversity S5. Temporary Worker Ratio
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	41	Inside the Organisation	
	401-3 Parental leave	42	Inside the Organisation	
Occupational Health and Safety				
GRI 103. Management Approach 2016		38	Inside the Organisation	S8. Global Health and Safety
GRI 403. Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management system	38	Inside the Organisation	S8. Global Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	38	Inside the Organisation	
	403-3 Occupational health services	38-39, 41	Inside and Outside the Organisation	
	403-4 Worker participation, consultation, and communication on occupational health and safety	38-39	Inside the Organisation	
	403-5 Worker training on occupational health and safety	38-39	Inside the Organisation	

GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
	403-6 Promotion of worker health	41	Inside and Outside the Organisation	
	403-8 Workers covered by an occupational health and safety management system	38	Inside and Outside the Organisation	
	403-9 Work-related injuries	39	Inside the Organisation	S7. Injury Rate
Training and Education				
GRI 103. Management Approach 2016		40		
GRI 404. Training and Education 2016	404-1 Average hours of training per year per employee	40	Inside the Organisation	
	404-2 Programs for upgrading employee skills and transition assistance programs	40	Inside the Organisation	
	404-3 Percentage of employees receiving regular performance and career development reviews	40	Inside the Organisation	
Diversity and Equal Opportunity				
GRI 103. Management Approach 2016		20, 42	Inside the Organisation	
GRI 405. Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	20	Inside the Organisation	G1. Board Diversity
	405-2 Ratio of basic salary and remuneration of women to men	43	Inside the Organisation	
Non-Discrimination				
GRI 103. Management Approach 2016		42	Inside the Organisation	
GRI 406. Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no reported incidents of discrimination in 2019.	Inside the Organisation	S6. Non-Discrimination S9. Child & Forced Labour S10. Human Rights

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GRI STANDARD	DISCLOSURE	PAGE NO.	BOUNDARY	ADX KPI STANDARDS
Local Communities				
GRI 103. Management Approach 2016		46	Outside the Organisation	
GRI 413. Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	46	Outside the Organisation	S12. Community Investment
Customer Privacy				
GRI 103. Management Approach 2016		45	Inside and Outside the Organisation	
GRI 418. Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	45	Inside and Outside the Organisation	G6. Data Privacy
Emiratization				
GRI 103. Management Approach 2016		42		S11. Nationalization

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