

ARKAN BUILDING MATERIALS CO. (ARKAN) P.J.S.C

**TOGETHER FOR A
SUSTAINABLE FUTURE**

ESG REPORT 2021



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About this Report

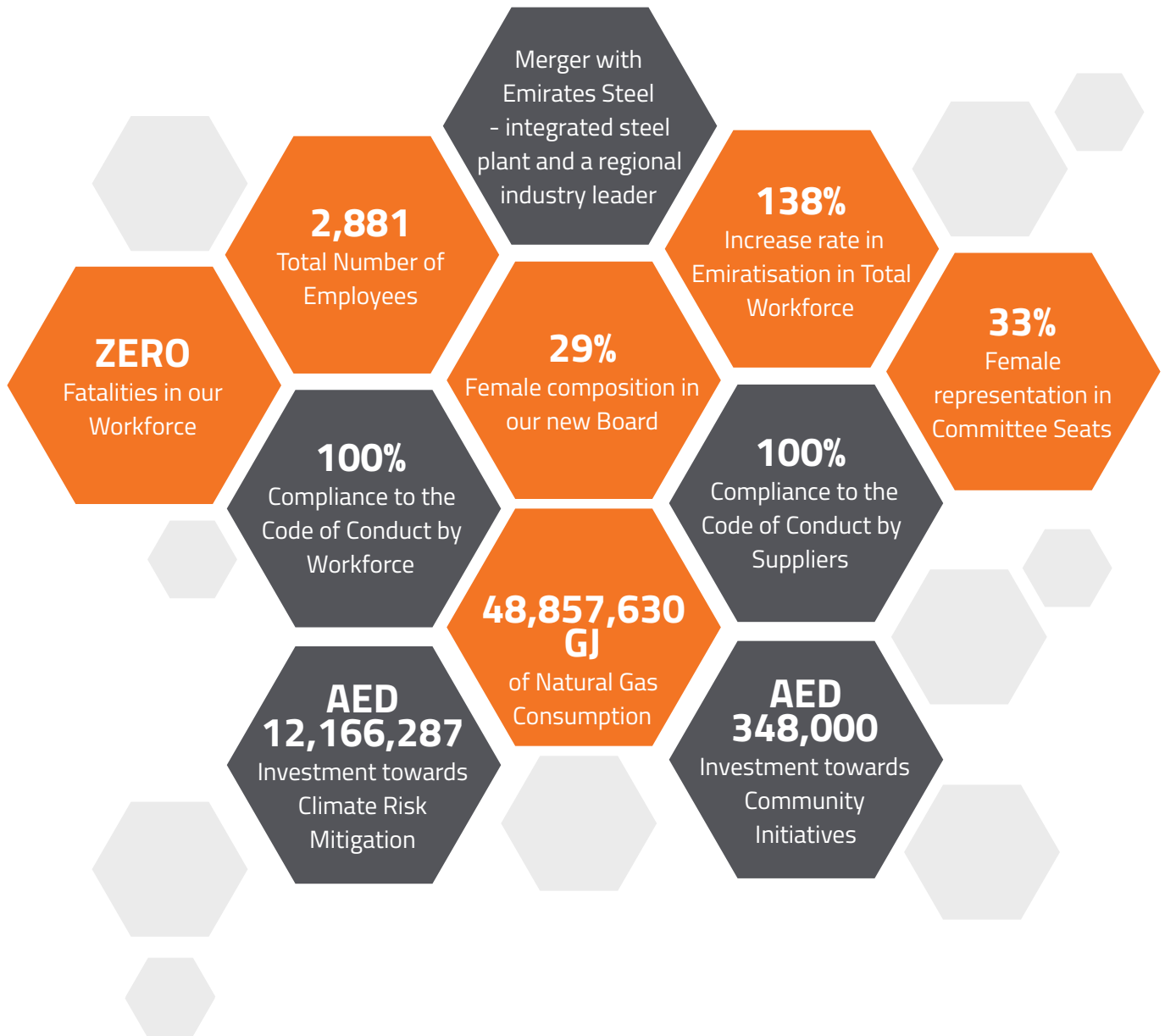
Arkan is proud to publish its ESG Report 2021 with an emphasis on our performance in the key areas of environment, social and governance. Integrity, honesty and transparency are the core pillars in the creation of this report, as we aim at providing real insights on all our business operations and processes.

This report is in accordance with the ESG Disclosure Guidelines of Abu Dhabi Securities Exchange (ADX), complying with the 31 ESG indicators that align with the recommendations of the Sustainable Stock Exchanges (SSE) initiative and the World Federation of Exchange (WFE). The indicators are also mapped against the GRI standards and the UN Sustainable Development Goals (SDGs). Wherever applicable, we have given reference to other frameworks that streamline our business practices. These cover global and national frameworks such as the United Nations Global Compact (UNGC) Principles, Abu Dhabi Economic Vision 2030 and the UAE National Vision 2021.

Scope of the Report

Year	The report covers our environmental, social and governance (ESG) performance for the year 2021.
Entities	All entities mentioned in the report refer to Arkan-owned subsidiaries, which include Emirates Steel, Al Ain Cement Factory (ACF), Emirates Blocks Factory (EBF) and Anabeeb (PVC, GRP & Bags).
Countries	The report covers our operations in the UAE only, unless otherwise indicated.
Monetary Values	All monetary values in this report are in Arab Emirates Dirhams (AED), unless otherwise indicated.
Comparable Data	With the merger of Emirates Steel in 2021, we have provided their data for quantitative disclosures for 2021 only. All 2020 quantitative data excludes Emirates Steel. Therefore, these disclosures are not indicative of any comparison. However, we have included key initiatives of Emirates Steel, wherever applicable.
External Assurance	We chose NOT to appoint an external party to audit the ESG Report 2021. However, we conducted an internal assurance process to adapt the content of this report and revise the materiality matrix in-line with our merger with Emirates Steel.
Contact Point	For any enquiries about this report and sustainability at Arkan, please contact: Mr. Hamada Ismail Financial Manager (FMIS) h.ismail@arkan.ae

Report Highlights 2021



Message from Group CEO

I am delighted to be presenting this year's ESG report for Arkan. This comes as a celebration of the historic merger between Arkan and Emirates Steel to create the UAE's largest steel and building materials company with a compelling strategic proposition and strong potential for growth in the UAE and internationally.

The last couple of years have been tough for all of us, but at the same time, it has also been an interesting phase where we are observing redefined targets and goals towards one common vision of building a resilient world. Our holistic approach towards sustainability, risk management and business continuity have been the source of our unwavering success even during the pandemic. Strengthening our existing processes will only help us reach greater heights in providing quality products, services and solutions to our customers and in addressing any emerging crisis.

In this report, we have disclosed our performance on the 31 ESG metrics as per the ADX's reporting guidelines under SCA regulation. With the transparency and accuracy of our data, we hope to communicate with all our readers what we stand for and what we are aiming for in the near future.

We are yet again proud to continue our business excellence with zero fatalities in our production facilities in 2021 and 100% compliance to our Code of Conduct by our workforce and suppliers in our value chain. On the environmental front, we have been increasing the consumption of natural gas to aid in decarbonisation and we are committed to expanding this transition across the Group.

At Arkan, we believe in building a strong foundation with our people. While we excel at providing our products for better infrastructure development and economic growth, we are equally dedicated towards ethical business behaviour and responsible corporate impacts. Therefore, as we review our accomplishments, we continually look at the gaps that we can fill to reward our people with the best that we can. The safety of our workforce is of prime importance to Arkan and we are committed to evolve and support everyone with high standards of health and safety measures.

Meeting and going beyond regulatory compliance, underpins our progress. We have rolled out strict and relevant policies around human rights, environmental laws and operational management within the Arkan and our supply chain. We also conduct annual risk management assessments to identify the focus areas and thereby, prioritise our investments and efforts to the issues that matter the most. Our various committees continued to do their due diligence and with effective follow-ups to the action plans, we are focused on our stewardship and compliance in those areas.

"I am looking forward to this new journey of broadening our sustainability commitments and exploring far greater opportunities to make a resilient and better tomorrow. We are in the decade of action and indeed, we are fully geared to continue delivering our strategic plans to execute impact-driven actions."

H.E Eng. Saeed Ghumran Al-Remeithi
Group CEO of Arkan and CEO of Emirates Steel



About Arkan

Arkan was established in 2005 with a vision to take a key role in Abu Dhabi Government diversification drive to deliver the 2030 vision. We are thrilled that today we are a leading and large-scale integrated company, delivering excellence in the manufacture of building and construction materials to local and regional construction players. We do this by striving to achieve maximum value for our customers and clients through unmatched product quality and reliability.

Since our inception, we have become an expansive public joint stock company listed on Abu Dhabi Securities Exchange (ADX) delivering products and services through Greenfield development and strategic partnership with leading global manufacturers. We are owned, overseen and operated by the Abu Dhabi Development Holding Company (ADQ) through Senaat.

In October 2021, we announced the legal completion of the transaction and receipt of all regulatory approvals for our merger with Emirates Steel. Emirates Steel is also a part of ADQ through Senaat, and supplies the domestic and international markets with finished products including wire rods, rebars, heavy sections and sheet piles.

This transaction provides significant revenue diversification for Arkan and marks the first time that investors have access to a steel producer on a UAE public market. The Group is well placed to scale and grow, create new business opportunities and ensure that homegrown manufacturers are at the forefront of driving a sustainable, diversified national economy.

The wide range of concrete building blocks and dry mortar, production of PVC pipes and GRP pipes and bags, as well as quarrying of cement and steel support the development of awe-inspiring ventures in the construction, infrastructure and transportation industry that we cater to in the UAE, Philippines and Central Africa. We ensure quality, reliability and technical supremacy to our clients as part of our focus on core business ethics.

With steady growth and demand for sustainable solutions in the global construction industry, we at Arkan are consistent in striving to be adept in delivering innovative processes and technologies, while complying with the relevant regulations. Our ethos of innovation across product development and manufacturing play a key role in contributing to national, regional and global goals.

The credibility of our success and growth is our incredible workforce, who come with diverse skills and offer their best in support of our vision. We strongly believe in empowering our people through fair compensation and a work culture that enables them to grow professionally through an array of training activities, seminars, and conferences. The safety of our people is of the utmost importance; as a result of which we have significantly reduced lost time injuries over the years. We create flexible work engagements for our people to actively participate in waste management and recycling initiatives within our operations and facilities.

Arkan specialises in the manufacturing of building and construction products in the UAE and with the recent merger achieved in 2021, our portfolio companies have a new addition of Emirates Steel to our existing subsidiaries namely, Al Ain Cement Factory, Emirates Blocks Factory and Anabeeb.

One of the major outcomes with our merger with Emirates Steel is the convergence of our vision, mission & strategic and corporate objectives to collectively drive our sustainability path.



VISION

To be a world-class steel manufacturer providing the highest quality products, services and solutions to our customers and maximising returns to our shareholders, and the leading building materials company in the UAE and GCC.



MISSION

- Develop high-quality and profitable steel and building material products in the construction, manufacturing and industrial sectors.
- Maintain safe and environmentally-friendly work practises across our operations.
- Create employment opportunities for the community and inspire our workforce to excel based on social responsibility and human resource capability.
- Contribute to the industrialisation and diversification of the UAE economy in line with Abu Dhabi Economic Vision 2030.



Strategic drivers

Honesty, Integrity, Passion, Creativity, Quality, Innovation and Working Together

Strategic and Corporate Objectives



Continuously explore ways to improve cost optimisation and efficiency of our operations.
 Improve market perception and price realisation by ensuring best cash flow in a financially accountable and transparent manner.
 Improve market share and profit margin.



Optimise our products' value through quality and reliability.
 Focus on customer satisfaction and retention.



Maximise the use of our resources and assets to implement our mission to improve our business process efficiency.
 Achieve excellence in maintenance and increase our assets reliability by exploring internal and external growth opportunities.
 We fully support the Emiratisation process by recruiting and providing high quality training to develop UAE candidates for responsible leadership positions.
 Improved sales and operations planning.
 Maximise the support of operational and financial performance.



We strive to attract, develop and retain competent people within a motivating, high performance work environment.
 Applying corporate governance to maintain the highest ethical standards in our operations.
 Workforce capabilities and competency development to enhance productivity.
 Applying best industry practises across our operations to leverage competitiveness through innovation and knowledge.
 Increase our contribution to the UAE economy and society.
 Optimise our brand positioning.



Minimising the impact of our environmental footprint by providing quality sustainable products and processes.
 Commitment to health and safety
 Reduced carbon footprint

Our Subsidiaries

Emirates Steel

Established in 1998, Emirates Steel is the UAE's first and only integrated steel plant and a regional industry leader. We incorporate the latest innovative technologies in manufacturing, efficiency and sustainability, to deliver high quality products, services and solutions. We strive to be a world-class steel manufacturer and are committed to the highest standards of safety and of product, and a fast-paced approach to innovation. Our steel has been used in some of the UAE's most iconic construction projects, including the Burj Khalifa, Etihad Towers, Yas Island and more.

Al Ain Cement Factory

We are the only integrated plant in the Emirate of Abu Dhabi sourcing raw materials from Arkan-owned quarries in Al Ain and commercial quarries in Oman. Our technical expertise combined with state-of-the-art equipment and high-grade limestone results in quality clinker and cement products, often modified according to customer or project-based specifications. Each year, the production capacity of our Al Ain Cement Factory is around 3.1 million tons of clinker and around 4.6 million tons of cement. Our Al Ain Cement Factory is certified for ISO 14001, OHSAS 18001, ISO 9001 and ISO 50001.

Emirates Blocks Factory

The Emirates Block Factory (EBF) manufactures a wide range of concrete building blocks and dry mortar to support the UAE construction industry. Since its inception in 1979 as part of Arkan's mother company SENAAT, the factory has consistently delivered high-quality products that meet relevant international specifications. EBF operates four facilities located in Abu Dhabi and Al Ain. Our concrete block factories in both municipalities have a total capacity of 235,000 blocks per day, while our dry mortar facility is strategically located at Al Mafraq to serve both the city of Abu Dhabi and Al Ain. Our large format architectural pavers are manufactured in Al Ain.

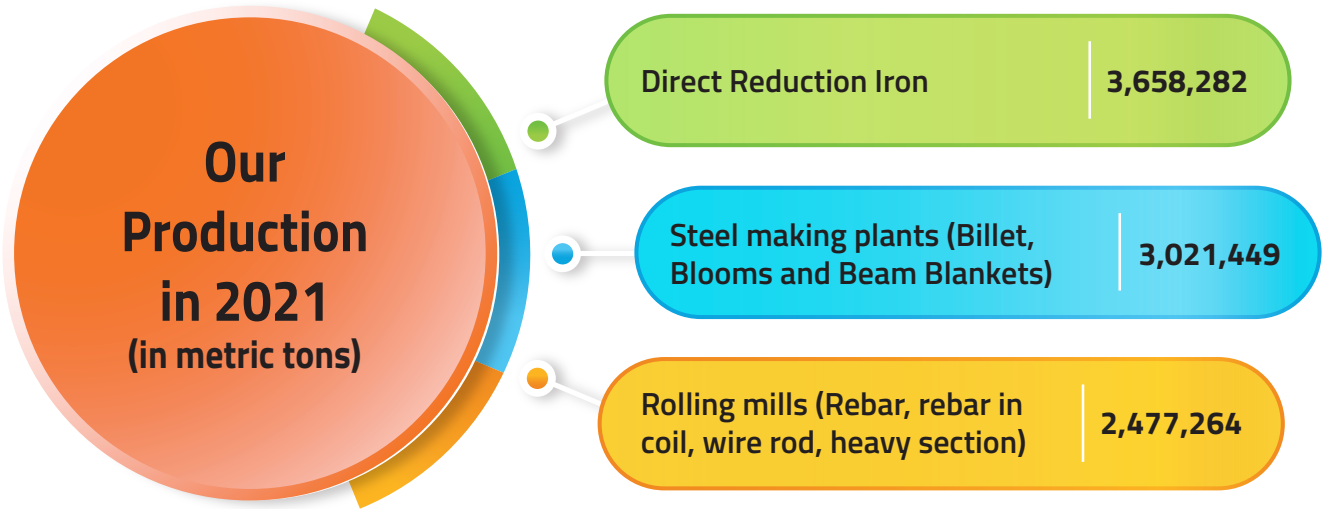
Anabeeb

Since 1974 Anabeeb has been supplying the UAE with PVC pipes for applications such as sewerage, irrigation, drainage and fittings for manholes. In 1996 the portfolio was expanded to cover the manufacturing of Glass fibre Reinforced Pipes (GRP) with up to two metres diameter as well as structural, lightweight GRP manholes and inspection chambers which offer ease of installation, longevity and minimum maintenance. All our pipe production facilities are located in Abu Dhabi's industrial areas. Anabeeb also includes Arkan Bags, which fabricates paper and plastic bags for industrial use in the Gulf and East African markets. Our Anabeeb subsidiary is ISO 9001-2015 certified as well as ISO 14001, OHSAS 18001.

What We Do

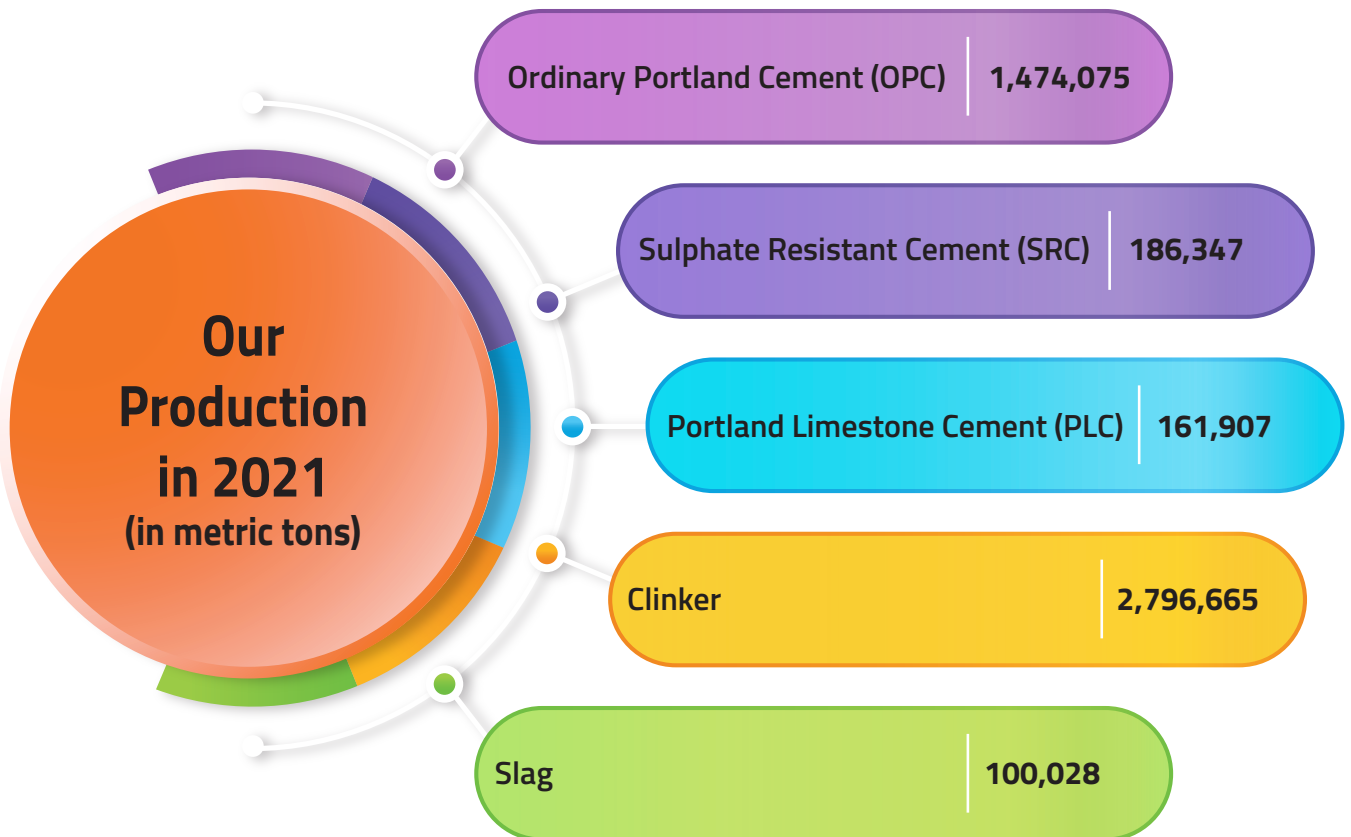
Steel

Our expertise in steel products comprise the manufacture of rebar, wire rod, heavy sections, sheet piles, steel billets and rebar in coils. Equipped with the latest technology, we produce a wide range of heavy sections, wire rods, rebar and sheet piles of the highest quality. Our customers span a range of sectors including energy, construction and transportation, and we export to more than 40 markets across the Middle East, Africa, Europe, North America, Asia and Australia.



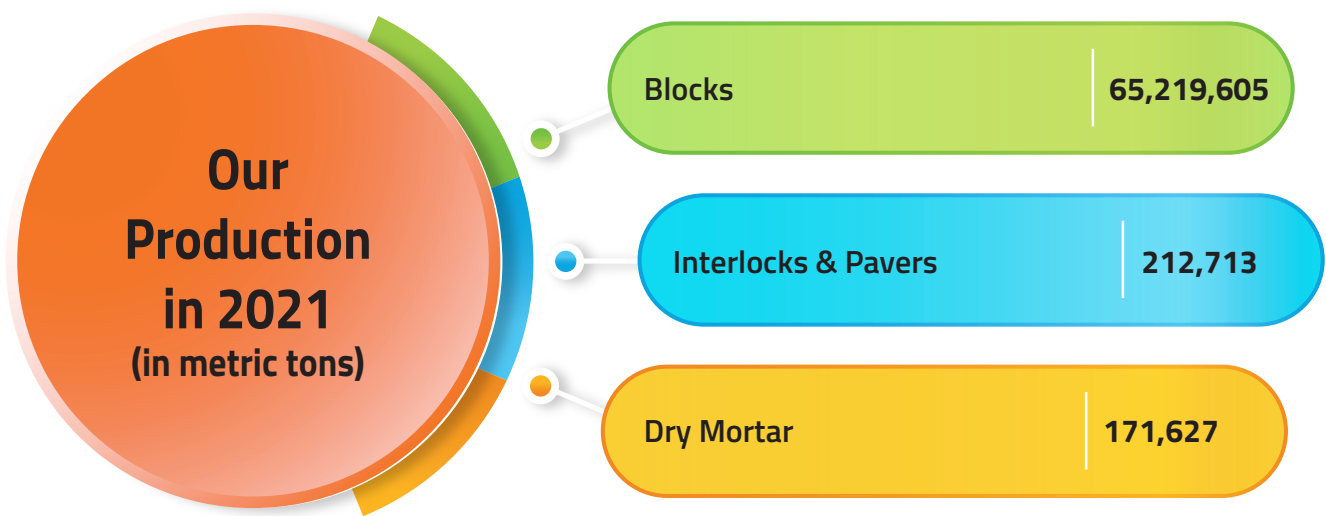
Cement

Our high-quality cement comes in four main types to cater to diverse customer demands. Besides ordinary cement suitable for most building purposes and finishing applications, we also specialise in cement suitable for use in direct contact with soil that has high salt or sulphate content, as well as seawater. In addition, we produce clinker as well as slag that can also be tailored to individual project requirements, particularly to increase strength, reduce permeability, improve workability in warm weather applications and enhance the aesthetics of concrete.



Blocks & Dry Mortar Products

Our portfolio of concrete products ranges from regular blocks used for the construction of villas, buildings and retaining walls, to high end architectural pavers for landscaping with varied finishes of colours and shapes. Our dry mortar mixes complement our product range with more than 120 textures and colours to satisfy varied demands. In addition, EBF manufactures an extensive range of concrete pavers with various textures and colours for residential, commercial and heavy-duty applications.

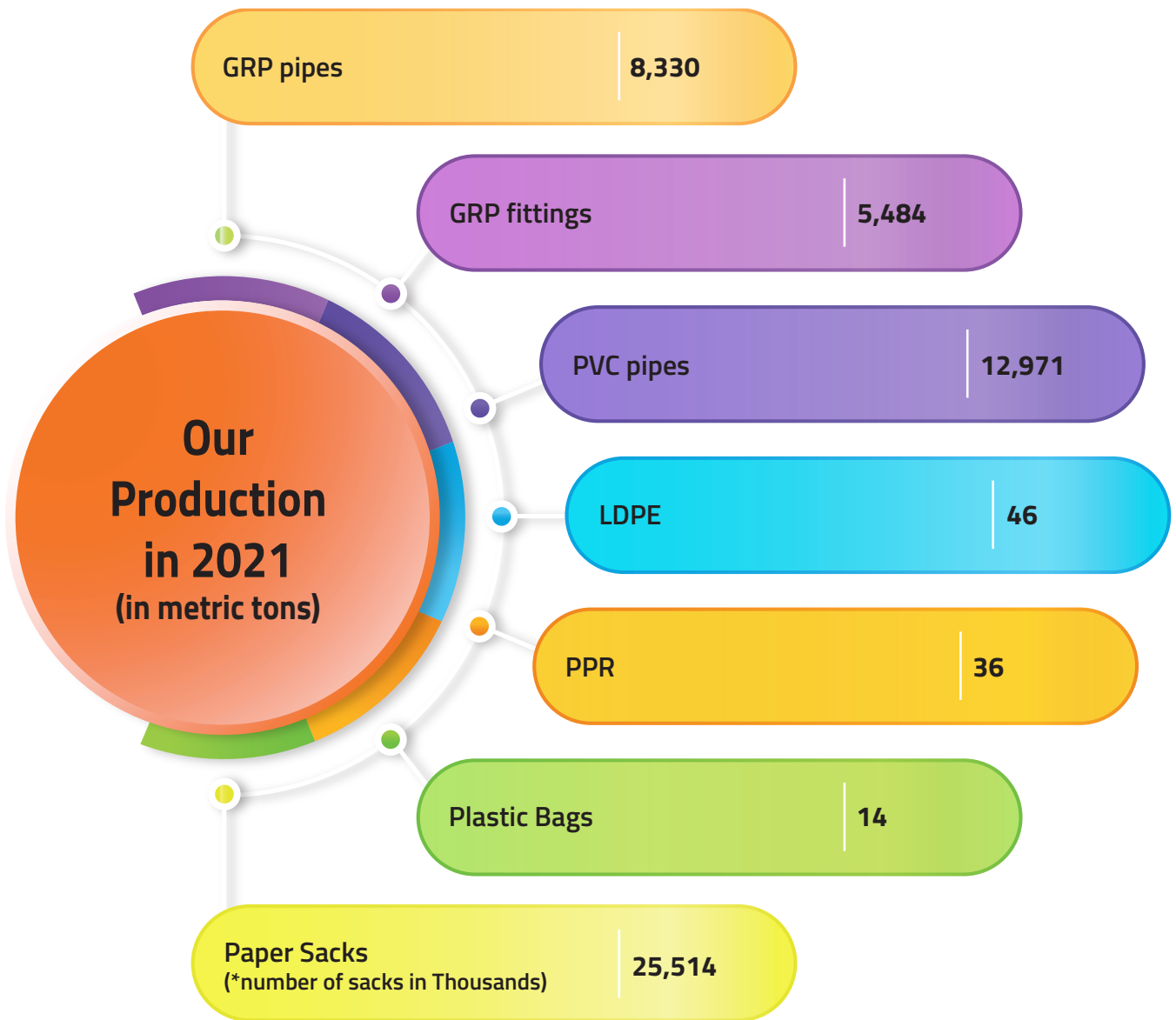


Pipes

Our Anabeeb facilities manufacture Centrifugally Cast (CC) Glass fibre Reinforced Polyester (GRP) pipes which are ideally suited for nearly all corrosive piping applications such as water supply, sea water intake, sewerage, drainage, transportation of slurries and industrial effluent due to their high strength combined with flexibility and corrosion resistance. We also manufacture GRP structural manholes and chambers as well as holding tanks according to customer requirements. Our PVC pipes are suitable for pressure pipeline systems for cold water services, sewage mains, fire ring mains, non-pressure applications, telecommunications ducts and cable conduits.

Bags

We specialise in multiwall Kraft paper and plastic bags, which are mostly used for storing building materials such as cement and gypsum, dry mortar, fertilisers and dry chemicals.



Sustainability at Arkan

The projections by the United Nations shows that the increasing world population could add another 2.5 billion people to urban areas by 2050, which means that 68% of the global population is expected to live in the urban areas. This poses a huge challenge to the various elements that are linked to the development of cities.

Growing demand in urban areas to alleviate the infrastructure systems to support the population needs and maintain balance with nature requires a strong ESG strategy. Arkan strongly believes that the construction and building materials manufacturing companies are the vanguards in these developmental challenges. Therefore, we are dedicated to embed sustainability across our business and supply chains. We also encourage adoption of innovative technologies in our operations and transformative shifts in our processes to advance our efforts to achieve inclusive, diverse and sustainable development in Abu Dhabi and eventually, on global targets.

Putting Sustainability into Context

At Arkan, we believe in complementing our sustainability journey in-line with the recommendations that are stark priorities for a resilient world. We therefore, align our activities with key national and global frameworks. Additionally, the elements of these frameworks are also mapped to our material topics to set our short, medium and long term sustainability targets.

The UN Sustainable Development Goals (UN SDGs)

The SDGs, also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action. The 17 SDGs are integrated and recognise that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability. As a building and construction materials company, Arkan is specifically committed to the ninth SDG that aims at building resilient infrastructure and promoting inclusive and sustainable industrialisation and fostering innovation.



The United Nations Global Compact (UNGC)

The UNGC is a call to companies to align strategies and operations with universal principles on human rights, labour, environment and anti-corruption, and take actions that advance societal goals. In a new era of action and impact, UNGC is driving change across all aspects of corporate sustainability and mobilising a global movement of sustainable companies and stakeholders to create the world we want.



The Global Reporting Initiative (GRI)

As a provider of the global best practice for impact reporting, GRI's mission is to deliver the highest level of transparency for organisational impacts on the economy, the environment, and people. GRI envisions a sustainable future enabled by transparency and open dialogue about impacts. Being the world's most widely used sustainability disclosure standards, GRI is a catalyst for that change.



UAE National Vision 2021

Under the UAE Vision 2021 which aimed to make the UAE one of the best countries in the world by the Golden Jubilee of the Union, the government has deployed extensive efforts towards driving sustainability forward in the country in alignment with the SDGs. The vision consists of six key pillars aimed at ensuring a sustainable environment and infrastructure.



Abu Dhabi Economic Vision 2030

The Abu Dhabi Economic Vision 2030 aims to achieve effective economic transformation of the Emirate's economic base and bring about global integration and enduring benefits to all. Abu Dhabi has a core commitment to build a sustainable and diversified, high value-added economy by 2030. The vision determines the seven immediate economic priorities for the government of Abu Dhabi.



The Securities and Commodities Authority (SCA) Master Plan for Sustainable Markets

The SCA in the UAE has set a master plan for sustainable markets to contribute to a more stable and resilient financial system. The master plan aims to create awareness of the

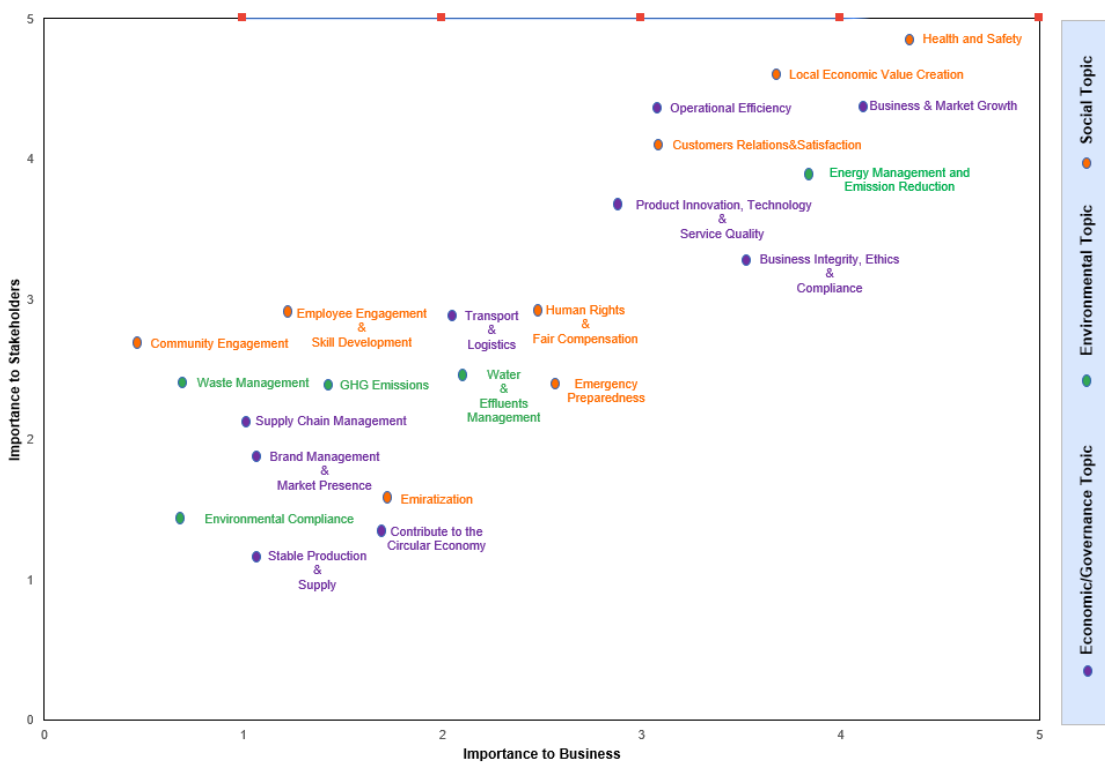


importance of sustainability and market stakeholders' roles in supporting sustainability and shifting towards effective sustainable practices.

Stakeholder Engagement & Materiality Matrix

Arkan has a strong reliance on relationships with our stakeholders to ensure that we embed their needs and expectations in our core business values. Our emphasis on maximising shared value creation instils us towards engaging actively with our stakeholders that include employees, customers, shareholders, suppliers, local community, authorities/government agencies and regulators, and media. This year we analysed the co-existing materiality matrix of Arkan and Emirates Steel to extrapolate our holistic and converging approach towards our material topics.

The four-step approach of Emirates Steel to determine the material topics including 'Identify, Engage, Validate and Analyse', aligns with the three main stages of Arkan of conducting the materiality assessment, which are Research and Benchmarking, Impact Mapping and Management Ratification and Alignment. This analysis enabled us to draw out our combined approach and the material topics in the matrix as shown below:



Management Systems Policy

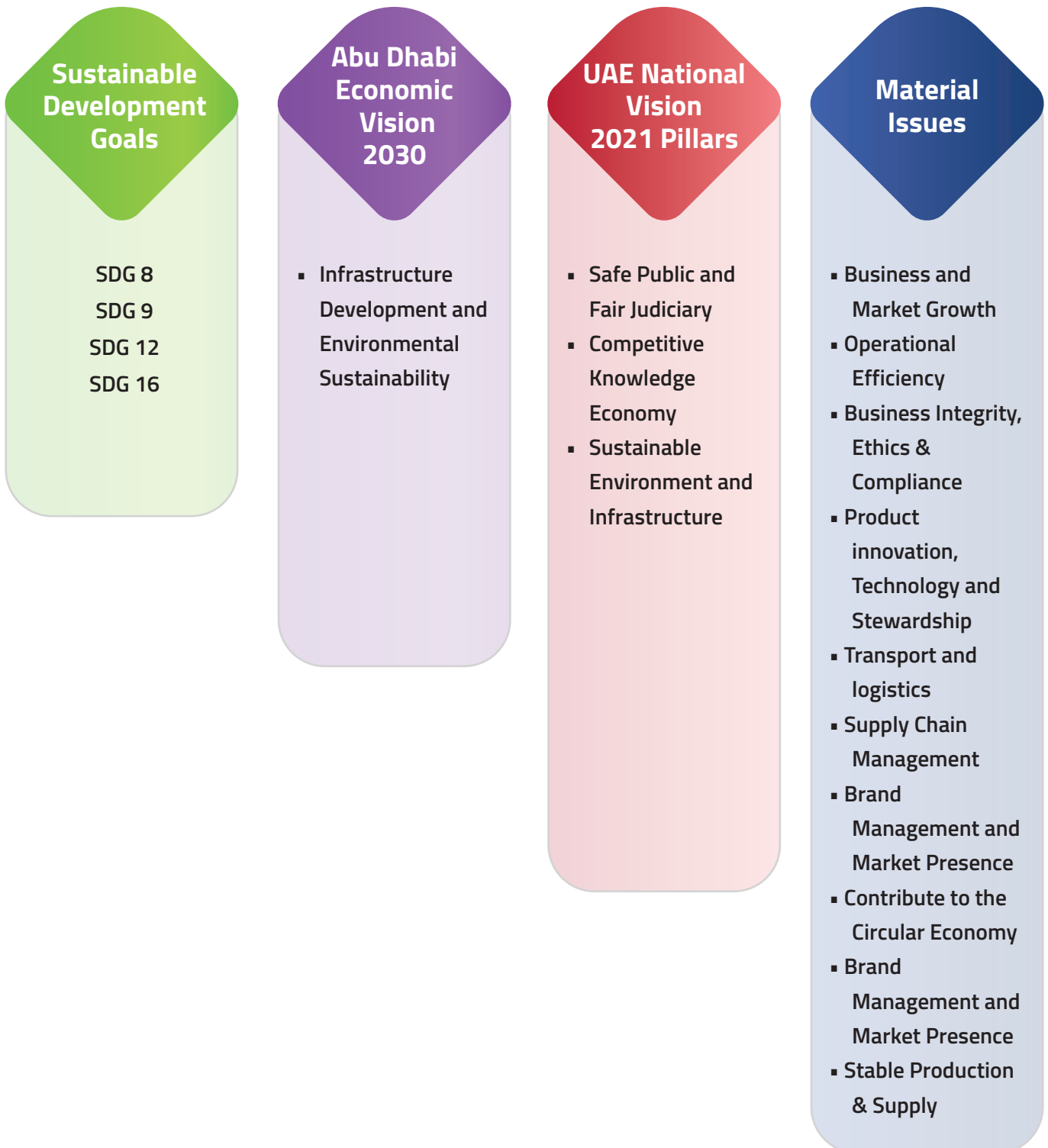
Arkan as a whole welcomes Emirates Steel's Management Systems Policy, which encompasses the inclusive but not exhaustive list of commitments to manage a resilient business today. The commitments are built around quality, environment, health, safety, sustainability, innovation and knowledge management. With the periodic review of this policy, it ensures support to the strategic direction in meeting the Company's vision. This policy comprehensively reflects our materiality issues and therefore, is an integral element to our business activities.

Arkan encourages channelling this approach on a Group level to collectively gauge the following policy commitments:

1. Comply with applicable legal, standards and other requirements to which we subscribe
2. Meet customer requirements and enhance customer satisfaction
3. Identify and manage risks to environment, health and safety, human rights, social and economic aspects and recognise the interaction between them
4. Prevent injury or illness to people, and damage to environment and properties
5. Minimise the impact of our activities, products and services through effective emission treatment and control, energy and resource conservation, and responsible sourcing in the supply chain
6. Promote best practice for incident prevention, pollution prevention, sustainability, ethical business and corporate governance
7. Provide appropriate resources and ensure employees have the necessary knowledge, skills and competencies
8. Engage stakeholders and understand their requirements, risks and opportunities
9. Contribute to social and economic development of our community
10. Promote creativity across the business, built on ethical and sustainable innovation management principles
11. Set an expectation as to the use of the knowledge management system and cultivation of a culture that values knowledge, ensuring balance between knowledge sharing and knowledge protection
12. Establish, monitor and review our objectives, and continually improve our Management Systems to enhance performance
13. Communicate this policy within the organisation and make it available to interested parties.

These commitments and values in our management approach aims to strengthen our business excellence and push us forward in delivering our products and services in an ethical and sustainable manner across all our stakeholders.

Responsible, Ethical and Profitable Operations



Good Corporate Governance

Over the recent years, Arkan has made significant achievements in establishing a governance system that not only meets the regulatory requirements, but also the ambitions of our shareholders. We have a strong culture of ethics and responsibility, wherein Arkan's leadership is coupled with a strong standard of corporate governance, corporate responsibilities and fiduciary duty.

Arkan's Board of Directors oversee this governance system by implementing and applying the practices in line with the requirements set by the Securities and Commodities Authority (SCA) and other global guidelines such as UNGC principles and SDGs. The most important aspects of corporate governance in Arkan are the accountability, equity, transparency and responsibility towards all shareholders and stakeholders.

Our Board of Directors

The Board of Directors and Management play an essential role in identifying and prioritising sustainability across all aspects of our business. We believe that the diverse and reputed experience of our Board of Directors brings immense confidence in our vision to ensure the growth and prosperity of the business.

Our board members are elected at the General Assembly Meeting for a term of three years. With our strategic merger with Emirates Steel in 2021, Arkan appointed a new Board of Directors that are composed of six independent, non-executive members. We are also committed towards building gender diversity and inclusivity in our board composition to unlock new business opportunities and expand our footprint in the region and globally.

Total Number of Board Members	2020	2021
	7	7
Gender Diversity in the Board	2020	2021
Male composition in the Board	86%	71%
Female composition in the Board	14%	29%

Arkan's new Board of Directors was appointed at the General Assembly Meeting in 2021, as part of merger between Arkan and Emirates Steel:

1. HE Mr. Hamad Abdulla Mohamed AlShorafa Alhammadi - Chairman
2. HE Eng. Jamal Salem Obaid Salem Al Dhaheri - Vice Chairman
3. HE Eng. Saaed Ghumran Saeed Salem Alremeithi - Group CEO
4. HE Mr. Abdulaziz Abdulla Ismail Mohamed Alhajri - Member
5. HE Mrs. Fatima Abdulla Mohamed Sharif Abdulla Alfahim - Member
6. HE Mrs. Farah Abdulla Mohamed Ali Almazrui - Member
7. HE Mr. Nabeel Qadir - Member

Independence in Board Members (%)	2020	2021
Independent Members	100%	86%
Non-independent Members	0%	14%

At Arkan, the CEO of the company oversees all business operations and management and represents the Board. With the merger of Emirates Steel that came into effect in late 2021, the CEO Pay Ratio (compared to the median, full time equivalent employee) was 18.7:1.

Gender Diversity in Committee Seats (%)	2021
Male composition (%)	67%
Female composition (%)	33%

Our Code of Business Conduct

At Arkan, we believe in empowering our people to create interconnectedness with the mission and vision of our company. Our Code of Business Conduct is therefore a central driver and an institutional guide that intertwines the crucial requirements for professional behaviour and business integrity. All employees are mandated to sign and submit the 'Compliance and Acknowledgement Form' confirming their agreement to abide by this Code of Business Conduct. This Code also transcends effectively across our entire value chain, which includes our temporary and outsourced employees, contractors, sub-contractors, vendors and service providers.

Our approach towards our people is to provide them with an empathetic workplace, wherein they are encouraged to voice out their concerns and expect unbiased support from the management. We comply with applicable standards and regulations that include the local labour laws, with an aim to combat bribery, fraud and any form of corruption that exploits the ethical behaviour in our workplace.

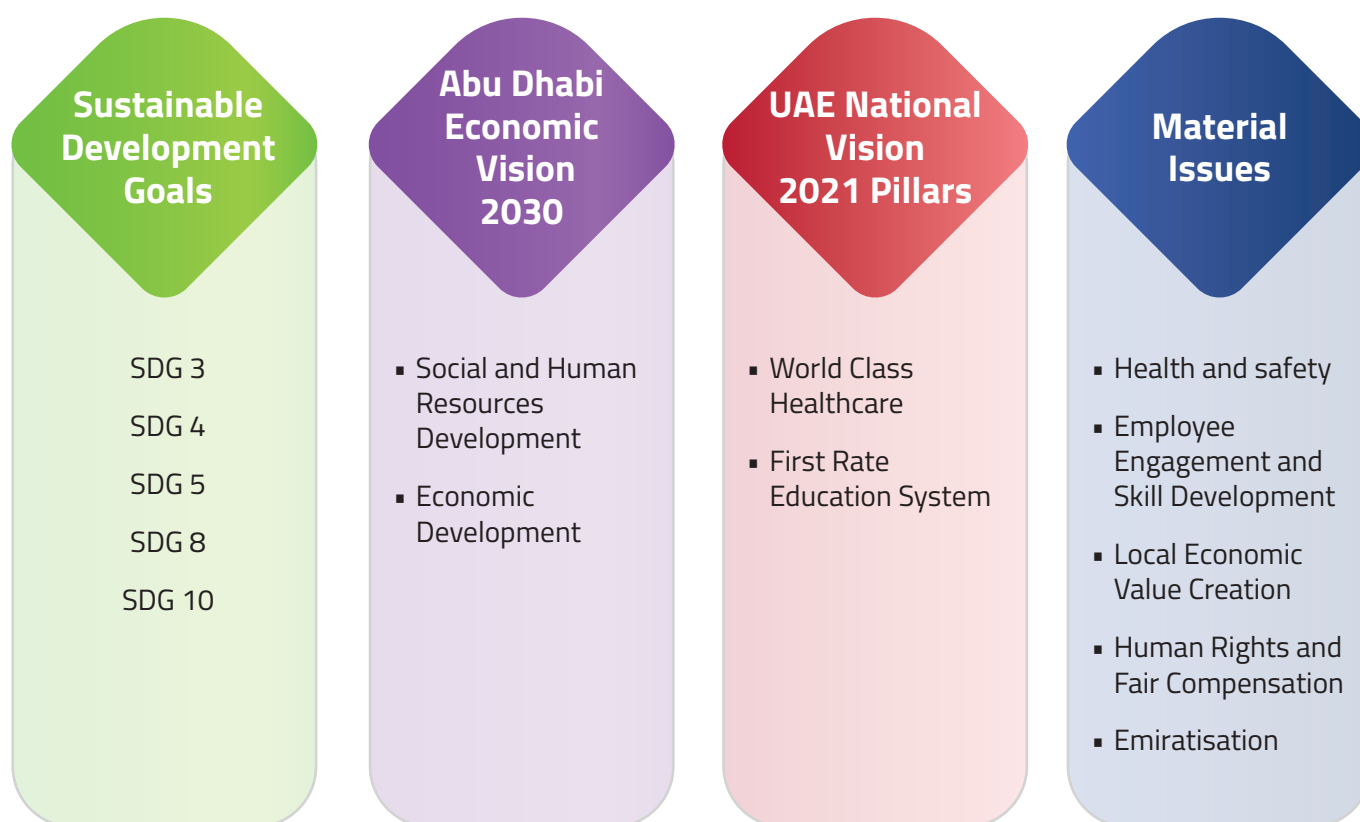
In lieu of our effort towards business integrity and ethics, we at Arkan make sure that our workforce as well as stakeholders across all our business units have a clear understanding of our compliance and procedural protocols such as,

- IMS QEHSS Company Policy
- Code of Conduct
- Supplier Code of Conduct
- HR Manual including our policy and procedures
- Code of Ethics Policy
- Fraud Control Policy
- Whistleblowing Policy
- Employee Handbook
- Procedures on employees contracts and payslips

- Policies on attendance and access control
- Provision of Employee Services and Recreation
- Grievance reporting mechanism
- Confidentiality and information security
- Compliance with laws, rules and regulations
- Media engagement and public relations
- Conflict of interest and commitment
- Handling of business gifts and hospitality
- Protection of company assets
- Usage of e-mail, internet, postal address, and telephone
- Anti-harassment
- Responsibilities of stakeholders
- Reporting of violations of the Code

100% of our workforce and suppliers have formally certified their compliance with the Code of Conduct and Supplier Code of Conduct, respectively in 2021.

Health, Safety and Well-being of Our People



A respectful workplace is par for the course with Arkan. We are a strong advocate of equipping our people to work without any insecurities and inhibitions. Human rights is not just a checkpoint for us but it is the most central component that fulfils the foundation of our relationship with our employees.

We value dignity, fairness and equality as the basis of our commitment to forge human rights at work. We understand the significant impact that we can make as a company and our Code of Ethics therefore, is a cornerstone for us to ensure that we are keeping to our commitments in channelling dignity and equality for all. Our whistleblowing framework plays a vital role here to support our employees in reporting violations to the code via all available communication channels.

We strictly comply with the UAE Labour Law and the policies laid out by the Federal Authority of Human Resources, and keep abreast with any revisions that occur in these regulations. All our subcontract security personnel are approved by the Ministry of Interior and we additionally conduct HSE induction training for all new security personnel. We are also dedicated to ensuring human rights policies are adopted across our supply chain including our suppliers, partners and communities. All our contractual agreements complement the Code of Ethics to ensure our suppliers adhere to the provision of human rights practices. This enables us to create due diligence in their business and thus, allows us to make bigger impacts in our value chain.

Our Human Capital

Arkan is committed to attracting, developing and retaining the best talent possible. Therefore, we strive to achieve excellence and create opportunities for recruitment, development and retention of our people. We aim at maintaining and building an engaged and diverse workforce to promote new ideas and innovation, reflecting the

communities where we operate. We maintain an inclusive environment where our people feel respected, valued and encouraged to deliver their fullest contribution and thereby, act as the catalyst to help Arkan contribute to national and global goals.

Our full-time employees are entitled to the key benefits of comprehensive medical insurance and life & disability coverage. Arkan also recognises the need to retain certain exceptional, highly skilled and productive staff beyond the normal age of retirement. We also have zero tolerance for discrimination, sexual harassment or any other unlawful harassment based on age, race, colour, national origin, religion, gender, disability or any other legally protected category under the UAE law. These elements are recorded across various clauses in our Code of Conduct that strives to offer a secure and positive work environment to our employees.

The below data on our workforce presents our performance in human capital management. We continue to keep track of our progress and challenges in order to provide equal opportunities and fair compensation to all our employees. The 2021 data is consolidated for our four subsidiaries, Emirates Steel, ACF, EBF and Anabeeb, whereas the 2020 data includes only the latter three subsidiaries. Therefore, this data does not allow for a comparison across the two years.

Workforce Highlights	2020	2021
Total Workforce	954	2,881
Temporary Worker	2020	2021
Part time employees	0%	0%
Contractors/Consultants	1.06%	20%
Employee Turnover	2020	2021
Full time employees	6%	8.27%
Part time employees	0%	0%
Contractors/Consultants	0%	1.53%

Diversity and Inclusion

At Arkan, we rely on our diverse and inclusive workforce from various backgrounds, cultures and religions. Specifically focussed at SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities), we aim at fostering a workplace of belonging and growth. Therefore, our HR management and strategy are consistently evolving to make our female employees feel confident and empowered to grow and excel with unbiased treatment of any kind. Furthermore, our Talent Acquisitions Procedure promotes the establishment of guidelines and a framework for the talent acquisition in a fair, systematic, consistent and cost-effective manner to ensure timely fulfilment of our manpower needs. The Procedure clearly defines the minimum age limit for employment as 18 years to prevent child labour. We are also committed to ensure our suppliers comply with International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at work, stipulated in our Suppliers' Code in terms of child labour.

Our subsidiary, Emirates Steel has its very own "Women Empowerment Committee" under the purview of the Corporate Manager for Happiness and Well-being. The committee provides support to female employees and ensures that they have the same opportunities as their male counterparts.

Gender Diversity (%)		2020	2021
Full employees	Male	96%	96%
	Female	4%	4%
Entry level	Male	94%	96%
	Female	6%	4%
Mid level	Male	84%	93%
	Female	16%	7%
Senior level	Male	100%	93%
	Female	0%	7%
Executive level	Male	84%	100%
	Female	16%	0%
Gender Pay Ratio		2020	2021
Median male compensation to median female compensation		1:4	1:2.6

Occupational Safety

We understand that as a building materials company, our workforce, especially the blue-collar employees are prone to health and safety hazards. We therefore conduct regular environmental monitoring to evaluate air quality, noise levels, dust (Particulate Matter-10) and occupational hygiene with parameters such as Total Inhalable Nuisance Dust. Moreover, Arkan's commitment to 'cause no harm' throughout all operations has enabled us to build proactive and stringent measures to ensure hazard identification and risk management.

We are compliant with ISO 9001, ISO14001 and OHSAS 18001 through our Health, Safety & Environment (HSE) Policy as well as the Integrated Management Systems Policy to conduct adequate training and create awareness to avoid risk of injuries, accidents and occupational illnesses. Our various health and safety committees of management, supervisors, staff and labour employees ensure that everyone's concerns, suggestions and opinions on workplace health and safety are well addressed and represented.

The timely assessments and critical reviews of our commitments under Abu Dhabi Occupational Safety and Health Management System (OSHMS) has enabled us to determine gaps and track our progress that furthers the recommendations of Occupational Safety and Health in the Emirate of Abu Dhabi (OSHAD) Industrial Development Bureau.

**In 2021,
we had ZERO fatalities,
indicating robust compliance
and safety procedures at Arkan.**

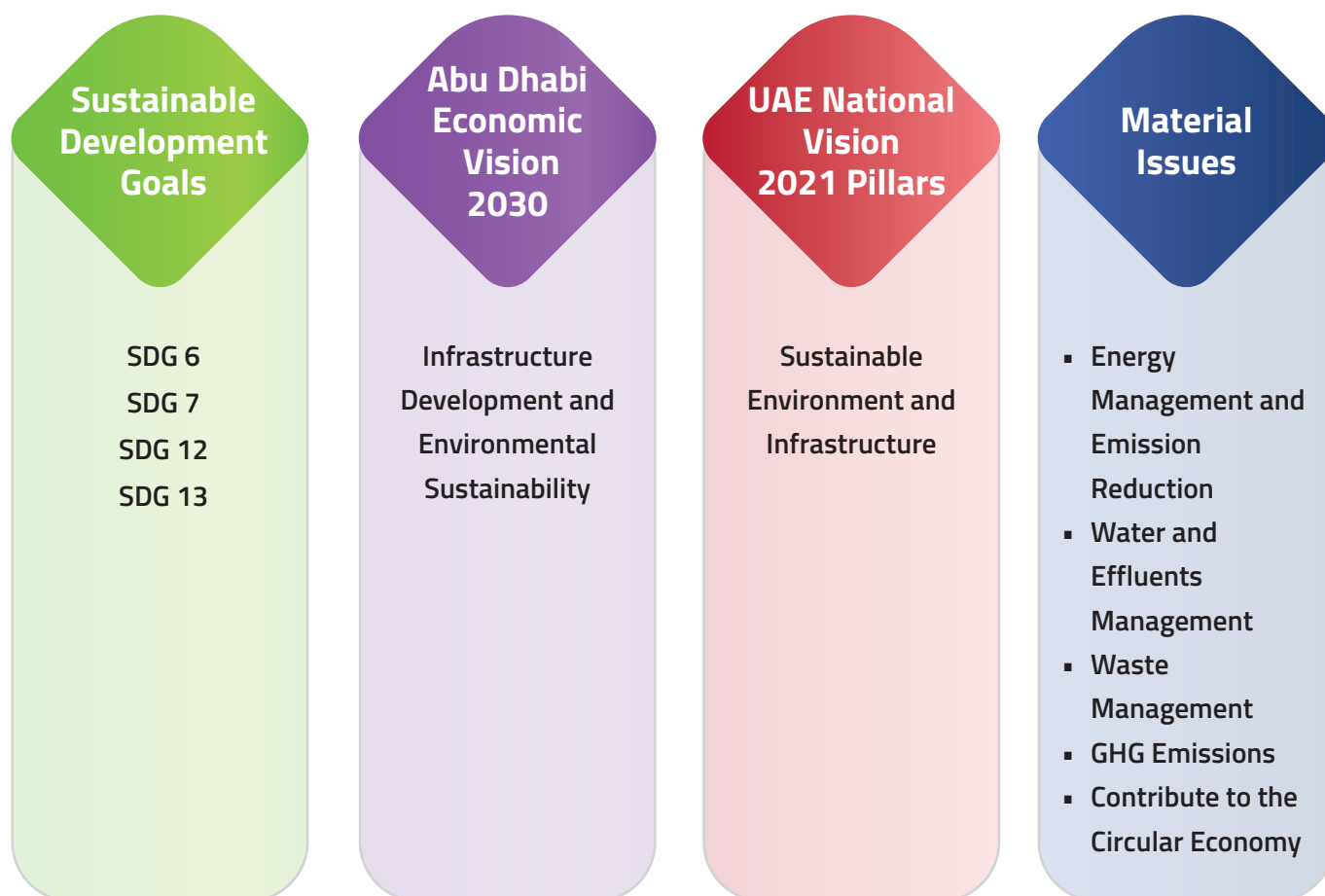
Health & Safety Metrics

	2020	2021
Lost Time Injury Frequency Rate (LTIFR) per 1,000,000 worked hours	0.35	0.83

The seven HSE Principles of Emirates Steel listed below, is an inspiration for building an efficient management system and mandatory employee safety training programs:

1. Working in a healthy, safe and environmentally responsible way is a condition for continued employment
2. All injuries, illnesses and HSE incidents can and must be prevented
3. Line management is responsible and accountable for HSE performance
4. Safety excellence is at the heart of business success
5. Involvement and training of all employees is essential to achieving HSE excellence
6. HSE risks must be reviewed and corrected periodically
7. Off-site health and safety is an important part of the HSE effort

Environmental Stewardship



As an energy intensive company with a wider risk of posing environmental challenges, Arkan is working hard to reduce its GHG emissions with strategic changes in operations and across the supply chain. As a leading manufacturer in building materials mainly steel, cement and PVCs, we are actively involved in exploring areas of improvement for our industrial activities and production efficiency through best practices and innovative technologies. Responsibility and stewardship are at the heart of our business, hence we are equally committed to preserve our biodiversity, consume natural resources sensibly, and implement waste reduction and water management activities rigorously.

Our due diligence and adherence to the HSE Policy, HSE Management System, Manual for Standard Operating Procedures, QEHSS Policy and Integrated Management Systems Policy enable us to minimise our environmental footprint. Additionally, the Operation Environment Management Plan (OEMP) of Emirates Steel details the initial review of the company's significant environmental and sustainability aspects to mitigate the impacts and carry out monitoring requirements. With our rigid process of monitoring, data analysis and changing work habits, we have maintained ZERO monetary fines for non-compliance cases related to the violation of any environmental laws and regulations. This is backed by our compliance to Environmental Management Systems under ISO 14001:2004 & ISO50001 and Industrial Facility Licences from the Environmental Agency of Abu Dhabi (EAD).

All our environmental metrics for the year 2021 are disclosed for our four subsidiaries representing as Arkan,

- **Emirates Steel:** Cover all steel production
- **Al Ain Cement Factory:** Cover all cement production
- **Emirates Blocks Factory:** Cover all production of blocks, pavers and dry mortar
- **Anabeeb:** Cover all production of PVC Pipes, GRP Pipes and Bags

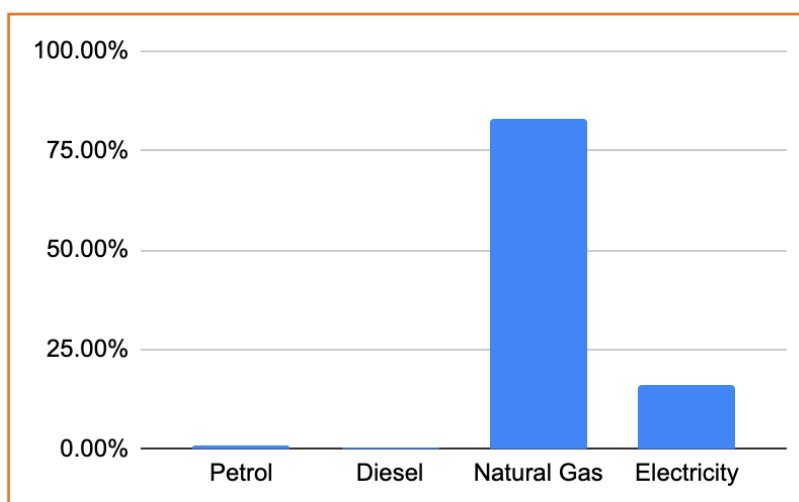
The data for 2020 and 2021 are not comparable, as 2020 data includes only Al Ain Cement factory, Emirates Blocks Factory and Anabeeb.

Energy Consumption

Energy Consumption	2020	2021
Direct Energy Consumption (GJ) - Petrol, Diesel and Natural Gas	10,554,270	49,499,140
Indirect Energy Consumption (GJ) - Purchased electricity	961,024	9,441,554
TOTAL ENERGY	11,515,294	58,940,694.38
	2020	2021
Total Energy Intensity (GJ/Tonne of Production)	5.37	7.89

In 2021, our energy mix included 48,857,630 GJ of natural gas consumption. Natural gas is the best fit for a sustainable renewable energy transition due to its competitiveness towards other fossil fuels. Arkan is fully committed to increasing the reliance on natural gas to integrate renewable energy in our business operations.

Energy Mix	2021
Petrol	0.93%
Diesel	0.16%
Natural Gas	82.89%
Electricity	16.02%



Climate Change

GHG Emissions	2020	2021
Scope 1 Direct GHG Emissions (Tonne of CO ₂ e)	594,328	2,788,729
Scope 2 Indirect GHG Emissions (Tonne of CO ₂ e)	250,734	2,463,343
Total GHG Emissions	845,062	5,252,073

- Scope 1 Emissions are derived from all direct energy consumption, with emission factors calculated based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- Scope 2 Emissions are derived from all purchased energy consumption, with country specific emission factors derived from the International Energy Agency for country/regional electricity database.

	2020	2021
Emissions Intensity (KG of CO2e/Tonne of Production)	806	905.53

Climate risk mitigation is an intrinsic strand of Arkan's sustainability approach. As part of our efforts towards decarbonisation, Emirates Steel applies a framework to monitor energy and emissions related KPIs across its operations and facilities. The contribution to the construction of the Barakah Nuclear Energy Plant, the first peaceful nuclear plant in the Arab World is yet another significant endeavour that we take pride in, especially with the supply of 160,000 tons, equivalent to 60% of the Q-class and S-class rebar material that was used in the construction of the plant. Emirates Steel partnered with the Emirates Nuclear Energy Corporation (ENEC) since the start of the Barakah project, ensuring that the company's quality assurance and production processes are in accordance with the global standards for constructing nuclear power plants.

Dust reduction through the dedusting unit, slag processing to reduce by-product and produce slag aggregate, and Continuous Emission Monitoring System (CEMS) to monitor the emissions from the stacks are some of the flagship activities. We are consistently engaged in research and development to explore and implement climate-friendly approaches. These integration in our business activities and infrastructure are the indirect investments that Arkan is heavily involved in.

During 2020 and 2021, our subsidiary Al Ain Cement Factory made the following key investments towards climate risk mitigation:

	Area of Impact	Objective	Quantity (in Tons)	Amount invested (in AED)
1.	Clinker Shed	Improve air quality by avoiding storage of the clinker in the open yards	-	8,043,559.09
2.	FTP Purchasing	Using the FTP waste as a source of iron ore to reduce natural resource usage	68,285.62	1,365,712.31
3.	Copper Slag Purchasing	Using copper slag instead of iron ore to minimise reliance on natural source	64,116.63	2,757,015.30
Total Investment (AED)				12,166,287

Water Management

Based in a water scarce region and being in a sector that requires a significant amount of water resource, we are dedicated to reducing the consumption rate as much as we can across all our business units and facilities. We aim at minimising our water usage by implementing an efficient management approach and water treatment infrastructure. We are also involved in conducting water consumption awareness and irrigation water conservation initiatives.

Our subsidiary, Emirates Steel whose data is reported for the year 2021 only, is also in compliance with Environmental Permit Application (EPA), Environment Impact Assessment (EIA), Operational Environmental Management Plan (OEMP) and Construction Environmental Management Plan (CEMP) for its assessment methodologies.

Water Management	2020	2021
Municipal water supplies or other public or private water utilities (m3)	393,021	731,438
Volume of water recycled or reused (m3)	30	30

The increase in water consumption in 2021 is due to the addition of our biggest subsidiary, Emirates Steel, as part of the merger. While there is a significant numeric difference, it does not imply the profligate use of water resources in the company. Our discharged water is in line with the Abu Dhabi Sewage Water Services and Centre of Waste Management (TADWEER) directives.

Waste Management

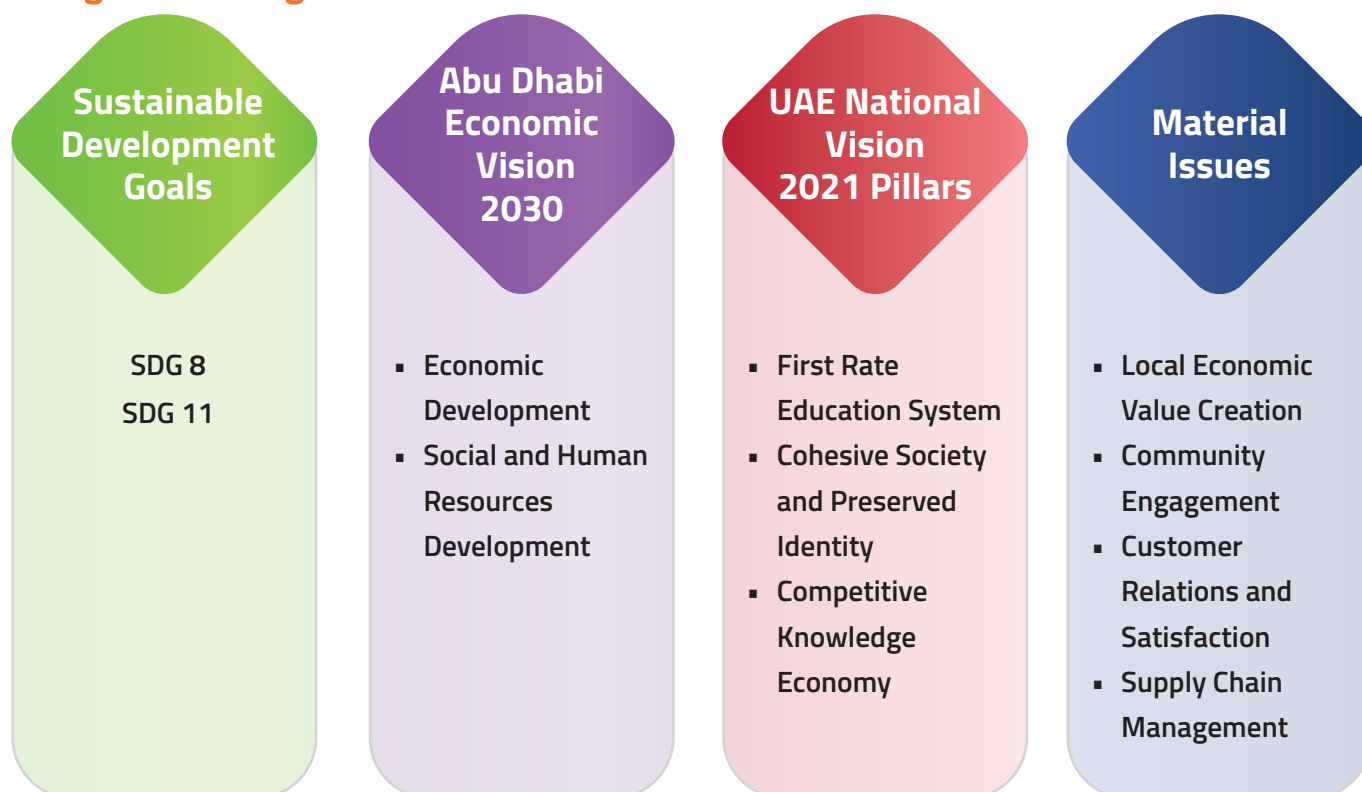
We believe that we play a major role in contributing to the circular economy and therefore, across all our subsidiaries, we are highly focused at managing and reusing waste and by-products. In addition to fulfilling the due diligence towards waste minimisation, we also do rigid oversight of all our hazardous waste in our production.

Some of our important activities in the waste management area are:

- By-product and waste management, and reduction KPIs are monitored through the Emirates Steel Environmental Impact Assessment and Operation Management Plan (Emirates Steel).
- All generated spillages are recycled back into our production process (Al Ain Cement Factory).
- Our concrete waste and damaged blocks are crushed and reused as raw material for block production (Emirates Block Factory). Till date we are successfully recycling 25% of concrete in our process.
- Optimisation of our PVC waste recycling by blending crushed PVC materials in the production process (Anabeeb).

Emirates Steel's Waste Reduction Action Plan (WRAP) for 2021-2022 ensures the best waste reduction practices are adopted to comply with local regulatory requirements in the Emirate of Abu Dhabi. This will further the identification and estimation of waste generated to meet every year's reduction targets. This Plan also includes increasing employees' awareness and participation, providing adequate training on environmental issues as well as encouraging a source reduction philosophy.

Being a Good Neighbour



The welfare of our local community is an essential responsibility that we, at Arkan, are whole-heartedly and proactively ready to lead on. For us, the local community and customers are our valued neighbourhood. While we actively promote Emiratisation in our growing workforce, we are equally supportive of creating values in our community as a whole. We also deliver exceptional and reliable customer service to meet the evolving needs of our customers as a sustainable company in the building materials industry.

Emiratisation

Arkan is dedicated to advancing the UAE Vision 2021 and Abu Dhabi Economic Vision 2030, which holds the prosperity of Emirati nationals as a key area of growth. To address this effectively, we prioritise giving opportunities to UAE nationals and advance our efforts by succession planning and rotation programs that cater to retaining and training our local employees with opportunities to increase their knowledge and skills. We also conduct work placement to train UAE students and fresh graduates in securing employment.

Emiratisation (%)	2020	2021
Percentage of national employees in the total workforce	8%	19%

**138% increase in the Emiratisation
in our combined workforce.**

Emirates Steel's initiative of 'Career Aspiration Program' (CAP) focuses on the core fundamentals required to prepare our Emirati youth to lead the UAE's industrial sector. This is a developmental program, wherein we provide fresh engineering graduates a career start with practical and technical skills-based training.

Community Investment

We aim to serve and cultivate the community in our neighbourhood with the best support that we can provide at any given time. During the ongoing crisis of COVID-19, we continued to extend our support to Maan for 'Together We Are Good', an initiative implemented by the Government of Abu Dhabi to serve the vulnerable groups in society.

We provided support towards healthcare, education, food supplies and basic needs to the people in need.

Emirates Steel has outlined its support across four main pillars under the CSR and Community Engagement Strategic Framework: Education, Environment, Health and Society. We believe in investing in our community beyond our philanthropic efforts and look towards long-lasting impacts that we can make. One of these activities is our collaboration with academic institutions to fill the existing educational gaps. We consistently provide interested engineering youth with training and scholarships, wherever possible to help them scale their education in a professional field with quality technical skills.


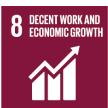
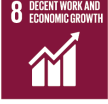
In 2019, we invested AED 160,000 (0.02% of the company's revenue) towards community welfare. In 2020 due to the impacts of the pandemic, we raised our community commitments significantly to AED 567,140 (0.07% of the company's revenue).




In 2021, we invested AED 348,000 towards community development and initiatives. This was the contribution from only Emirates Steel (0.0044% of the company's revenue).

Arkan stays committed to finding synergies in our capabilities to support the priority issues in our community to make greater impacts.

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	E2. Emissions Intensity	GRI 305: Emissions 2016		27
	E3. Energy Usage	GRI 302: Energy 2016		26
	E4. Energy Intensity	GRI 302: Energy 2016		26
	E5. Energy Mix	GRI 302: Energy 2016		26
	E6. Water Usage	GRI 303: Water and Effluents 2018		28
	E7. Environmental Operations	GRI 103: Management Approach 2016		19, 25 (Our Integrated Management Systems Policy, along with our compliance to ISO standards)
	E8. Management Environmental Oversight	GRI 102: General Disclosures 2016		Our policies and standards are reviewed periodically.
	E9. Board Environmental	GRI 102: General Disclosures 2016		
	E10. Climate Risk Mitigation			26, 27

Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page no. or Notes
S O C I A L	S1. CEO Pay Ratio	GRI 102: General Disclosures 2016		19
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	S4. Gender Diversity	GRI 102: General Disclosures 2016 GRI 405: Diversity and Equal Opportunity 2016		23
	S5. Temporary Worker Ratio	GRI 102: General Disclosures 2016		22
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Category	Metric	Corresponding GRI Standards	Corresponding SDG	Page no. or Notes
G O V E R N A N C E	G1. Board Diversity	GRI 405: Diversity and Equal Opportunity 2016		18
	G2. Board Independence			19
	G3. Incentivized Pay			N/A
	G4. Supplier Code of Conduct			19
	G5. Ethics and Prevention of Corruption			19
	G6. Data Privacy			We are not required to comply with GDPR in the UAE. However, we comply with the UAE-NESA standards which consist of 188 security controls.
	G7. Sustainability Reporting			This year we are publishing ESG Report 2021 in-line with ADX disclosures.
	G8. Disclosure Practises			This year our ESG Report is in-line with SCA guidelines and the 31 ESG ADX disclosures, which are mapped against GRI Standards and the SDGs. Our previous sustainability reports were published in accordance with GRI Standards.
	G9. External Assurance	GRI 102: General Disclosures 2016		Our report is not verified by a third-party audit firm, but we have engaged in an internal assurance process.