

**RAS AL KHAIMAH
POULTRY & Feeding CO.**



شركة رأس الخيمة
للدواجن والعلف

**Ras Al Khaimah Poultry and Feeding
Company
Public Share holding company
Ras Al Khaimah - United Arab Emirates**



Governance report for 2019



• 1. Governance Practices in the company:

As a public shareholding company listed on Abu Dhabi Securities Market, the company is guided by the Chairman of Authority's Board of Directors' Decision No. (7 C.A) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies and its amendments, and it is committed to applying the best practices of governance derived from the company's values in recognition of its responsibilities towards The shareholders of the company with effective management capable of providing what the shareholders need - in the short and long term, in a framework of supervision and transparency

In order to achieve this, the company's board of directors has taken several steps that enhance these principles including the followings:

- The policy of organizing conflicts of interest has been updated and approved for members of the Board of Directors, managers and employees.
- The committee responsible for managing, monitoring and supervising insiders' dealings and properties has been reconstituted.
- A new Investor Relationships Officer was appointed in lieu of the previous officer.
- A new Director of Internal Control and a rapporteur of the Board of Directors has been appointed in lieu of the previous Director and rapporteur of the Board of Directors.
- The new appointed Director of Internal Control has been assigned to fulfill the duties of Compliance Officer.
- The company's risk management policy has been developed and approved.
- The company's website and the page of investor relationships have been updated and the required data has been added to the page in accordance with governance requirements



2. Ownership and transactions of Board of Directors members and their spouses, their children in the company securities during 2019.

Ser.	Name	Position / Kinship	Owned shares as on 31/12/2019	Total sale	Total purchase
1	HE Ahmed Omer Salem Alkarbi	Member of the Board of Directors	9,259.899	-	-
2	HE Abdulla Khalfan Mohammed Alshuraiqi	Member of the Board of Directors	857,492	-	-
3	HE Eng. Mohammed Hassan Alshamsi	Member of the Board of Directors	58,000	-	-
4	HE Majid Ahmed Omer Salem Alkarbi	Son of Ahmed Omar Al-Karbi	6,865,359	-	-
5	HE Mohamed Ahmed Omar Salem Al-Karbi	Son of Ahmed Omar Al-Karbi	460,084	-	-
6	HE Ammar Abdulla Khalfan Alshuraiqi	Son of Abdullah Khalfan Alshuraiqi	14,904	-	14,904



3- Board Formation

Se r	Name	Category (executive, non- executive, and independent)	Experiences and qualifications	The period he spent as a Board member from the date of his first election	Their membership and positions at any other joint- stock companies	Their positions in any other important regulatory, government or commercial positions.
1	Sheikh / Mohammed bin Humaid bin Abdullah bin Mohammed Al Qasimi	The chairman- independent	13 years - Bachelor's degree in Finance - American University	The chairman of the Board of Directors since 2018	Vice Chairman of the Arab Company for Animal Production	Managing Director of Ras Al Khaimah Free Zones. Member of the Board of Directors of the Ras Al Khaimah International Center.
2	HE Mubarak Ali Mubarak Al Shamsi	Vice Chairman - Independent	28 years - agricultural diploma	Member of the Board of Directors since 1997	-	Former mayor of Ras Al Khaimah and former member of the National Council
3	HE Abdullah Khalfan Mohammed Alshuraiqi Almehrezi	Board Member – Independent	29 years – higher agricultural diploma	Member of the Board of Directors since 1982	-	Former Director General of the Northern Region, Ministry of Agriculture and Fisheries, former member of the National Council, member of the Board of Directors of Majan Printing and Packaging Company LLC and member of the Board of Directors of Ras Al Khaimah Packaging Company LLC
4	HE Ahmed Omer Salem Alkarbi	Board Member - not independent	37 years - Bachelor of Business Administration and Accounting - Emirates University	Member of the Board of Directors since 2012	1- Member of the Board of Directors of Ras Al Khaimah White Cement Company PJSC 2- Member of the Board of Directors of Umm Al Quwain Cement Industries Company PSC	Chairman of the Board of Directors of the Cooperative Association for Housing and Development in Dubai
5	HE Eng. Mohammed Hassan Mohammed Al- Shamsi Al- Awadhi	Board Member - Independent	37 years - Bachelor of Agriculture (majoring in animal production and food industries) - University of Riyadh	Member of the Board of Directors since 2018	Member of the Board of Directors of Gulf Investment Company PSC	Former Director of the Western Agricultural Zone - Former Director of Livestock Development - Former Director of the Agriculture and Gardens Department of the Ras Al Khaimah Department of Works.



Statement of the percentage of female representation in the Board for 2019:

There is no representation for the female candidate in the Board of Directors for the year 2019

Statement of the reasons for the absence of any female candidate for the Board membership:

The company gave the full opportunity for female to enter the membership of the Board of Directors in the elections of the Council that took place in April of the year 2018, where one of the distinguished women applied for candidacy and did not succeed in obtaining a sufficient percentage of votes that would qualify her to enter the membership of the Board.

Rewards and allowances for attending Board of Directors committee sessions:

1. The total remuneration of the members of the Board of Directors for the year 2018 amounted to (zero) dirhams.
2. Board of Directors ' remuneration proposal for the year 2019 (No Remuneration).
3. Allowances for attending sessions of the committees emanating from the Board of Directors, which were received by the members of the Board of Directors for the fiscal year 2019, according to the following schedule:

Ser.	Name	Allowances for attending sessions of the committees emanating from the Board		
		Committee name	Allowance value DHS	Meetings Nos
1	Sheikh / Mohammed bin Humaid bin Abdullah bin Mohammed Al Qasimi	Nomination and Remuneration Committee	-	-
		Audit Committee	-	-
		Technical Committee	75,000	5
2	HE Mubarak Ali Mubarak Al Shamsi	Nomination and Remuneration Committee	15,000	1
		Audit Committee	-	-
		Technical Committee	50,000	5
3	HE Abdullah Khalfan Mohammed Alshuraiqi Almhrezi	Nomination and Remuneration Committee	10,000	1
		Audit Committee	40,000	4
		Technical Committee	50,000	5
4	HE Ahmed Omer Salem Alkarbi	Nomination and Remuneration Committee	10,000	1
		Audit Committee	40,000	4
		Technical Committee	-	-
5	HE Eng. Mohammed Hassan Mohammed Al-Shamsi Al-Awadhi	Nomination and Remuneration Committee	-	-
		Audit Committee	60,000	4
		Technical Committee	50,000	5



No additional allowances, salaries or fees received by members of the Board of Directors other than the allowances for attending the above-mentioned committee sessions.

Board of Directors meetings held during the year 2019:

S	Date of meeting	Number of attendees	Number of attendees by proxy	Names of absent members
1	17-03-2019	5	Non	-
2	12-05-2019	5	Non	-
3	22-07-2019	5	Non	-
4	03-11-2019	4	Non	HE Mubarak Ali Alshamsi

There are no Board of Directors resolutions issued by passing during the fiscal year 2019.

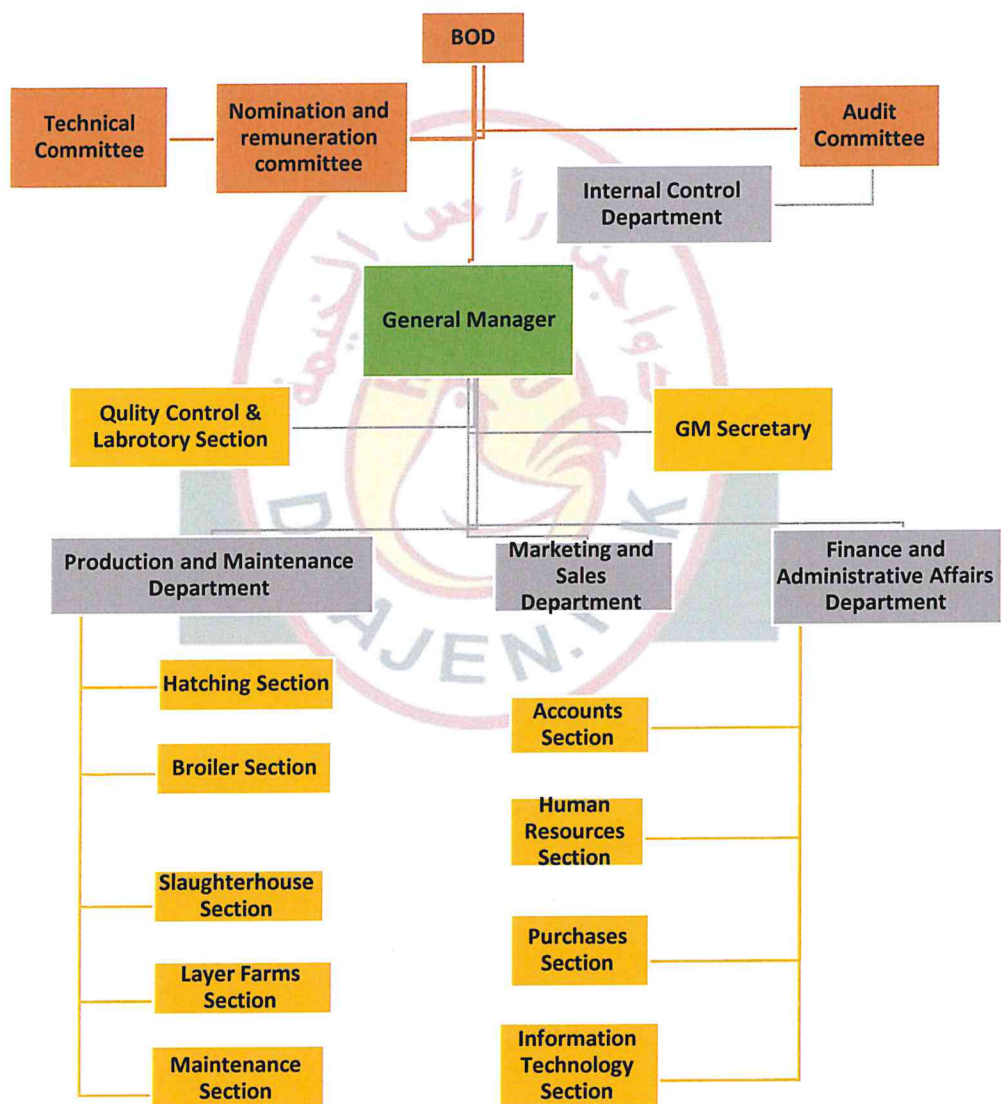
No duties and powers exercised by Board member during 2019 based on an authorization from the Board.

Dealings with related parties during 2019

Ser.	Statement of related parties	Clarifying the nature of relationship	Type of transaction	Value of transaction DHS
1	Ras Al Khaimah Packaging Co. LLC	Associate Company	Purchases	618,367
			Loan Settlement	2,000,000
			Loan Interest	412,166
3	Al Bustan Foodstuff Import & Distribution LLC	Member of the Board of Directors HE Abdullah Khalfan Mohammed Alshuraiqi Almehezezi, a partner in it with 51% of the company's capital	Sales	1,747,131



The company's organizational structure





A sealed copy of the company's organizational structure is attached.

Senior executives in the first and second grade

Ser.	Position	Appointment date	Total salaries and allowances paid for 2019 (AED)	Total bonuses paid for 2019 (AED)	Any other cash / in-kind bonuses for 2019 or due in the future
1	General Manager	2018	360,000	None	None
2	Marketing and Sales Department				
3	Quality and Laboratory Section				
4	Director of Production and Maintenance Department	2018	153,000	None	None
5	Hatching section	-	-		
6	Broiler section	-	-		
7	Head of the slaughterhouse Section	1982	105,912	None	None
8	Head of the Layer Farms Section	2002	69,196	None	None
9	Maintenance Section	-	-		
10	Director of Finance and Administrative Affairs	2018	116,400	None	None
11	Accounts Section	-	-		
12	Head of the Human Resources Section	2005	162,000	None	None
13	Head of the purchases Section	1986	77,460	None	None
14	Head of Information Technology Section	Feb 2019	55,000	None	None
15	Director of Internal Control	July 2019	119,355	None	None

• Note: There are some departments and sections directly managed from the higher job level.



4 - The company's External Auditor:

Crowe Mak - UAE is an audit firm member of Crowe International which has been rated as one of the best global accounting networks and has more than 750 offices with 42,000 partners and professionals. Crow Mak UAE has been ranked sixth among the accounting firms operating in the United Arab Emirates.

Fees and costs for the audit and other services provided by the external auditor:

Name of the Audit Office	Crowe Mak
Name of the Audit Partner	Zayd Maniar
Number of years spent as the company's external auditor	One year
Total audit fees for 2019	100,000 Dirhams
Total fees and costs of other private services other than the audit fees for 2019.	10,000 dirhams
Details of other services provided	A report on all profits not received from its beneficiaries from the date of incorporation until the date 01/03/2015 AD at the request of the Authority.
Details and nature of other services provided by an external auditor other than the company's external auditor during the year 2019.	None
	None

External Auditor Qualified Opinion

Ser	Qualified opinion for the interim financial statements for the year 2019	Qualified opinion for the annual financial statements for the year 2019
1	Unavailability of information to assess the listed value of the investment in RAK AMA Hotel FZC LLC, with an investment value of 75 million dirhams.	No Qualified opinion
2	As a result of the non-implementation of International Accounting Standard No. 36 - Decrease in the value of assets by re-evaluating the assets of the poultry sector because of the possibility of declining value as a result of losses achieved in the sector.	
3	The external auditor did not approve the report of the independent evaluator of the company's buildings, at a value of 34.4 million dirhams.	

5 - The Audit Committee:

"I Mohammed Hassan Mohammed Alshamsi Alawadhi, Chairman of the Audit Committee, acknowledge my responsibility for the committee system in the Company, review its work mechanism and ensure its effectiveness."

Names of the audit committee members:

❖ HE Mohammed Hassan Al Shamsi	(Independent)	Chairman
❖ HE Abdullah Khalfan Al Shuraiki	(Independent)	Member
❖ HE Ahmed Omar Al-Karbi	(Non-independent)	Member



The functions and tasks of the Audit Committee are as follows:

- Reviewing the company's financial and accounting policies and procedures.
- Monitor the integrity of the financial statements of the company, its quarterly and annual reports, and changes in accounting policies, compliance with accounting standards, listing and disclosure rules, and assumption of company continuity.
- To submit a recommendation to the Board of Directors regarding the selection, resignation or removal of the auditor.
- Establishing policies for contracting with the auditor.
- Meeting with the auditor without the presence of any of the persons of the senior executive management or his representative at least once a year, and discussing it about
- The nature and scope of the audit process and its effectiveness in accordance with the approved auditing standards.
- Reviewing and evaluating the company's internal control and risk management systems and ensuring its effectiveness.
- Discussing the internal control systems with the Board of Directors, making sure of their effectiveness and performance of their role, and considering the results of the main investigations in the matters of internal control assigned to it by the Board of Directors or carried out at the initiative of the Committee and the approval of the Board of Directors.
- Review the auditor's evaluation of the internal control procedures and ensure that there is coordination between the internal auditor and the external auditor.
- Study the internal control reports and follow up on the implementation of the corrective actions of the observations contained therein.
- Establishing controls that enable company employees to report any violations in secret.
- Monitor the company's compliance with the rules of professional conduct.
- Review the related parties' dealings with the company, ensure that there are no conflicts of interest, and recommend to the Board of Directors before concluding those transactions.
- Consider any other topics determined by the Board of Directors.



Audit Committee meetings for the year 2019:

Ser.	Date of meeting	Number of attendees	Absence
1	17/03/2019	3	None
2	12/05/2019	3	None
3	22/07/2019	3	None

6 - Nomination and Remuneration Committee:

I Mubarak Ali Mubarak Alshamsi, Chairman of the Nomination and Remuneration Committee, acknowledge my responsibility for the committee system in the Company, review its work mechanism and ensure its effectiveness.

Names of the committee members:

❖ HE Mubarak Ali Alshamsi	(Independent)	Chairman
❖ HE Abdullah Khalfan Alshuraiqi	(Independent)	Member
❖ HE Ahmed Omar Salim Alkarbi	(Non-independent)	Member



The functions and tasks of the Nominations and Remuneration Committee are as follows:

- Setting a special policy for candidacy for membership in the Board of Directors and the Executive Management that aims to take into account gender diversification and encourage women through incentive and training benefits and programs.
- Organize and follow-up procedures for running for membership in the Board of Directors in accordance with the laws in force and the provisions of this decision. Ensuring the independence of the independent members on an ongoing basis.
- Preparing the policy for granting rewards, benefits, incentives and salaries to the members of the company's board of directors and employees, and reviewing them annually, and the committee must verify that the rewards and benefits granted to the senior executive management are reasonable and commensurate with the company's performance.
- Reviewing the annual requirements for the appropriate skills for membership in the Board of Directors and preparing a description of the capabilities and qualifications required for membership of the Board of Directors.
- Determining the company's needs for competencies at the level of senior executive management and employees and the basis for their selection.
- Prepare the policy on human resources and training in the company, monitor its application, and review it annually.
- Any other topics specified by the Board of Directors.

7 - The Supervision and Follow-up Committee of insiders' transactions.

I Dr. Mohamed Elsiddig Elimam, Chairman of the Supervision and Follow-up Committee of insiders' transactions, acknowledge my responsibility for the committee system in the Company, review its work mechanism and ensure its effectiveness.

Names of the committee members:

1	Dr. Mohamed Elsiddig Elimam	Chairman	General Manger
2	Mr. Awad Abdalla Hassan	Member	Internal Control Manager
3	Mr. Samir Awad Mohamed	Member	Finance Manager

The functions and tasks Committee :

- **Supervising insiders' dealings and properties.**
- **Maintaining their record and submitting periodic statements and reports to the market.**

Summary of the Committee's work report during 2019:

During the year 2019 CE, the committee updated the record of knowledgeable people and circulated the rules for the transactions of the people familiar with it and put it in the common file for all the employees of the company. To take legal responsibility if it is leaked.

8 - Other Committees of the Board of Directors:

Technical Committee

I Sheikh Mohammed Bin Humaid Bin Abdulla Bin Mohammed Al Qasemi, Chairman of the Technical Committee, acknowledge my responsibility for the committee system in the Company, review its work mechanism and ensure its effectiveness.

Names of the Committee members:

Sheikh Mohammed bin Humaid Al Qasimi	Committee Chairman
• HE Mr. Mubarak Ali Al Shamsi	Member
• HE Abdullah Khalfan Al Shuraiqi	Member
• HE Mohamed Hassan Al Shamsi	Member

The functions and tasks of the committee:

The tasks of the technical committee are to follow-up and supervise production processes, approve expansions and purchases of production primary materials that are made through tenders, management of the company's investments as well as buying, selling and leasing lands and real estate and linking and liquidating deposits.

Technical Committee meetings for the year 2019:

Ser.	Date of meeting	No. of attendees
1	14/03/2019	4
2	05/05/2019	4
3	27/06/2019	4
4	30/10/2019	4
5	08/12/2019	4

The Internal Control System:

The Board of Directors recognizes its responsibility for the company's internal control system and for its review of its work mechanism and for ensuring its effectiveness.



9 -The Internal Control System:

The Board of Directors recognizes its responsibility for the company's internal control system and for its review of its work mechanism and for ensuring its effectiveness.

Director of the Internal Control Department and his experiences:

Awad Abdalla Hassan - Bachelor's degree in commercial studies with a specialization in Accounting (1993) from Sudan University of Science and Technology and post graduate diploma (1996) & Pre-Masters in Public Administration (1997) from Omdurman Islamic University and has experience of more than 26 years in the field of auditing and accounting, of which 21 years in UAE.

Compliance officer:

The Director of the Internal Control Department was appointed as Compliance Officer in 2019



The major problems faced by the company during 2018

The big competition in the market from the products imported from outside the country, which forced the company to reduce its production operations in the poultry sector and balance it with sales volume by terminating the service of an estimated number of workers and some employees in order to reduce the cost of production in exchange for weak sales as a result of competition and some other factors. The internal control department indicated in its report to the Audit Committee and the Board of Directors the importance of reducing the cost of the product and activating marketing and sales movement.

The number of reports issued by the Internal Control Department to the company's board of directors is two reports.

10. No violations were committed during the year 2019.

11. The company's cash and in-kind contributions made during the year 2019 in developing the local community and preserving the environment: -

As a result of the losses that the company has been achieving, especially in the poultry sector during previous years up to the end of this year 2019, the company did not make any tangible contributions to the local community during the year 2019.

However, the company celebrated the forty-eight national day of the United Arab Emirates by raising the state's flag on the company's building and distributing gifts to workers on this happy occasion, in gratitude for their appreciation towards society and increasing interconnection.

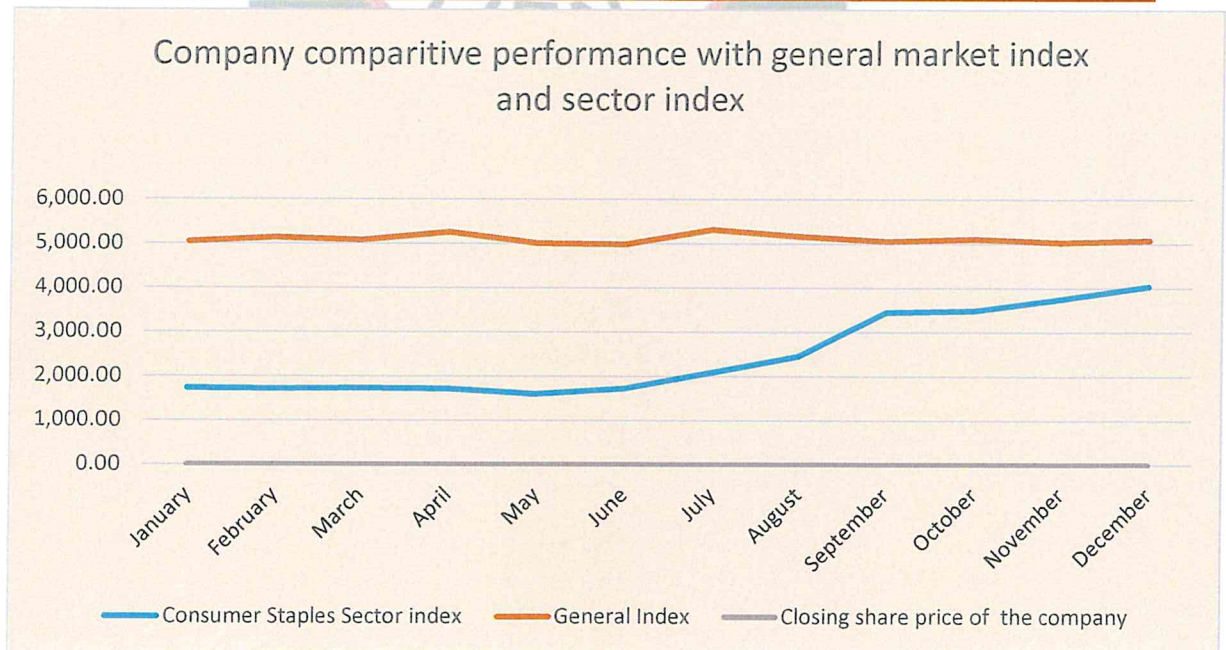


12. General Information:

A. Statement of the company share price in the market at the end of each month during the fiscal year 2019.			
Month	Close price	Highest price	Lowest price
January	1.90	1.90	1.89
February	1.90	1.90	1.89
March	1.75	1.75	1.75
April	1.75	1.75	1.75
May	1.75	1.75	1.75
June	1.30	1.30	1.30
July	1.49	1.49	1.48
August	1.49	1.49	1.48
September	1.49	1.49	1.48
October	1.49	1.49	1.48
November	1.49	1.49	1.48
December	1.49	1.49	1.48

B- Statement of the Company comparative performance with the general market index and sector index to which the Company belongs during 2019.

End of the month	Consumer Staples Sector index	General Index	Closing share price of the company
January	1,732.690	5,044.850	1.90
February	1,717.990	5,137.810	1.90
March	1,732.410	5,074.650	1.75
April	1,712.890	5,258.040	1.75
May	1,601.780	5,003.580	1.75
June	1,724.970	4,979.950	1.30
July	2,086.560	5,317.890	1.49
August	2,449.940	5,165.570	1.49
September	3,452.210	5,057.310	1.49
October	3,484.750	5,107.760	1.49
November	3,751.030	5,030.750	1.49
December	4,035.460	5,075.770	1.49



**C- Statement of the shareholders ownership distribution as
on 31/12/2019**

Ser.	Shareholders classification	Percentage of owned shares			
		Individuals	Companies	Government	Total
1	Local	72%	7%	5%	84%
2	Arab	13%	1%	-	14%
3	Foreign	1%	1%	-	2%
	Total	86%	9%	5%	100%

**D- Statement of shareholders owning 5% or more of the Company's capital
as on 31/12/2019:**

Ser	Name	Number of owned shares	Percentage of owned shares of the company's capital
1	His Highness Sheikh / Saud bin Saqr Al Qasimi	25,037,252	28.97%
2	His Excellency / Ahmed Omar Salem Al-Karbi	9,259,899	10.71%
3	Sheikh / Mohammed bin Ahmed bin Saeed Al Qasimi	7,019,611	8.12%
4	His Excellency / Majed Ahmed Omar Salem Al-Karbi	6,865,359	7.94%
5	Ras Al-Khaimah Government	4,697,030	5.43%



E- Statement of how shareholders are distributed according to the volume of property as on 31/12/2019

Ser.	Share (s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of the capital
1	Less than 50,000	1744	7,085,912	8.20%
2	From 50,000 to less than 500,000	67	9,102,567	10.535
3	From 500,000 to less than 5,000,000	12	22,029,400	25.50%
4	More than 5,000,000	4	48,182,121	55.77%

F- Measures taken regarding the controls of investor relationships

The company has appointed an investor relationships officer with competence and long experience and has financial background and administrative knowledge of all procedures and events that have passed through the company.

Name of investor relationships officer	Telephone No.	Mobile No.	Email
Samir Awad Mohamed	07-2462222-209	00971561177996	sameer@rakpoultry.com

link of Investor Relations site :http://rakpoultry.com/investor_relations.php?id=1

The link of investor relationships page on the Company's website

<https://www.rakpoultry.com/?lang=ar>

The company has also updated its website and set aside a space for investor relationships containing all requirements in accordance with the instructions of the Authority and the market, the site is on the following link:

G -There are no special decisions presented in the General assembly held during 2019.

H - Rapporteur of the Board meetings:

The rapporteur of the Board meetings is the Director of the Internal Control Department. The tasks of his work as a rapporteur for the Board of Directors during the year are summarized in the

- Prepare invitations to Board meetings and send them to the members in accordance with the regulations set out in the Authority's Chairman's Board Decision No. (7 / A C) for the year 2016 regarding the standards of institutional discipline
- Prepare and save minutes of meetings of the Board of Directors and its committees in accordance with the established controls.

I - Statement of major events and important disclosures that the Company encountered during 2019.

The Company's General Assembly held in April 2019 issued the following resolutions:

- 1/ Distribution of profits equal to 5% of the paid-up capital to shareholders.
- 2/ It was agreed to appoint Messrs/ Crowe Mak as the company's external auditor for the year 2019, with fees of 100,000 dirhams.

J - Emiratization percentage in the Company:

Year	2019	2018	2017
Emiratization percentage	1%	1%	1%

K - The company did not present any innovative projects or initiatives during the year 2019

Signature of the Board Chairman	Signature of Audit Committee Chairman	Signature of Nomination and Remuneration Committee Chairman	Signature of Internal Control Department Director
Date: 23/03/ 2020	Date: 23/03/ 2020	Date: 24/03/ 2020	Date: 24/03/ 2020

Company Official Seal

