



# Governance Report 2021

Gulf Pharmaceutical Industries

Email: [info@julphar.net](mailto:info@julphar.net)

Website: [www.julphar.net](http://www.julphar.net)

Tel: +971 7 2461 461

Ras Al Khaimah, UAE

**Julphar**  
الخليج للصناعات الدوائية  
Gulf Pharmaceutical Industries

## **1) Actions taken by the Company to complete and apply the corporate governance system during 2021**

Gulf Pharmaceutical Industries (Julphar), one of the leading pharmaceutical Companies in the Middle East and Africa, is always keen to draw inspiration from best international models, practices, and standards. It seeks to be part of the UAE's vision to build a strong and coherent economy.

In 2020, Julphar celebrated its 40<sup>th</sup> anniversary since its establishment in 1980 under the directives of the late Sheikh Saqr Bin Mohammed Al Qasimi. Over four decades, Julphar has provided effective solutions to improve and protect the health of people in the Gulf region and globally.

The Company has implemented the standards of corporate discipline and governance based on the Resolution of the Chairman of the Board of Directors of the Securities and Commodities Authority No. 03/2020 on the Corporate Governance Guide for Joint Stock Companies. As part of this process, the Company reformed its Board Committees in line with the aforementioned Resolution, and, in 2021, it amended its Articles of Association to reflect the updated legislation and laws.

The Company has also complied with the Authority's Board of Directors Chairman's Resolution No. (08/CB) of 2020 regarding the representation of women in the Board of Directors, stipulating that the representation of women shall not be less than one member in the formation of the Board of Directors. In the process of its compliance with the aforementioned Resolution, the Company appointed Ms. Olfa Gam as a member of the Company's Board of Directors.

Julphar released its first Sustainability Report in 2021, which represents a new chapter in enhancing stakeholders' awareness of the Company's environmental, social and governance (ESG) aspects, and revealing how the same is applied in non-financial terms. This report has been prepared in accordance with International Reporting Standards (GRI) and included 31 KPIs. Julphar is also committed to issuing the Sustainability Report on an annual basis together with the Corporate Governance Report, which provides a comprehensive overview of financial performance, governance, and risks.

Julphar has also developed a corporate governance system that covers the Company's management, shareholders, employees, and clients, in addition to associate companies. We confirm our commitment to transparency and to objectivity, and we periodically review the Company's policies to ensure that they are in line with the governance system and the approved Governance Guide.

The Board of Directors works closely, through the Audit Committee, with external Auditors to issue transparent and reliable reports by adhering to International Financial Reporting Standards (IFRS). In addition, the Board of Directors, through its subcommittees, is also responsible for the internal control system and risk management, as well as the internal Audit structure to ensure full compliance with laws, regulations and Julphar policies.

## 2) Statement of the transactions of the Board members and their spouses and children in the Company's securities during 2021

No.	Name	Position	Shares held as on 31/12/2021	Total sale	Total purchase
1	Sheikh Sager Bin Humaid Al Qassimi	Chairman of the Board of Directors	0	0	0
2	Mr. Rabih Khouri	Vice Chairman of the Board of Directors	0	0	0
3	Mr. Abdulaziz Abdullah Al Zaabi	Board member	0	0	0
4	Mr. Adel Karim Kak Ahmed	Board member	0	0	0
5	Mr. Jamal Salem Al Nuaimi	Board member	523,248	0	120,907
6	Mr. Raman Garg	Board member	0	0	0
7	Ms. Olfa Gam	Board member	0	0	0
8	Mr. Abboud Bejjani	Board member	0	0	0
9	Dr. Medhat Abu Al-Asrar Al-Jamal	Board member	0	0	0

During 2021, the company's securities were not traded by any of the spouses or children of the members of the Board of Directors, and they hold no securities in the Company.

**At Julphar, our mission is clear and simple: to provide a better quality of life for the entire family by delivering best in class solutions and real value**

## 3) Formation of the Board of Directors

### a. Statement of the formation of the current Board of Directors:

The Company is managed by a Board of Directors consisting of nine (9) members elected by the General Assembly of shareholders by a cumulative secret vote.

In the General Assembly held on April 18, 2021, the meeting approved an amendment to Item (B) of Article (19) of the Company's articles of association to become as follows: "In the formation of the Board of Directors, the Company shall comply with the provisions of the Commercial Companies Law, as amended, and the resolutions implementing thereof."

The members of the Board of Directors were elected in the General Assembly Meeting held on April 09, 2020. During the years 2020 and 2021, a number of members resigned, and the representative of the Arab Company for Drug Industries and Medical Appliances (ACDIMA) was replaced, and accordingly, new members were appointed to complete the term of his predecessor.

In the General Assembly Meeting held on April 18, 2021, the appointment of Mr. Abboud Bejjani as a member of the Board of Directors was approved, and the Company will present the appointment of the new members for approval by the Company's next General Assembly, which is scheduled to be held in 2022

**The table below shows the changes in the formation of the Board of Directors from 2020 to 2021**

No.	Title	Name	Date of last election	New Member	Date of Appointment
1	Chairman of the Board of Directors	Sheikh Saqer Bin Humaid Al Qasimi	09.04.2020	-	-
2	Vice Chairman of the Board of Directors	Mr. Yousef Ali Mohammed	09.04.2020	Mr. Rabih Khouri	11.08.2021
3	Board member	Mr. Abdulaziz Abdullah Al Zaabi	09.04.2020	-	-
4	Board member	Mr. Jamal Salem Al Nuaimi	09.04.2020	-	-
5	Board member	Mr. Khaled Abdullah Yousef Al Abdullah	09.04.2020	Mrs. Olfa Gam	11.08.2021
6	Board member	Mr. Razi Adel Ahmed Dolani	09.04.2020	Mr. Abboud Bejjani	11.08.2020
7	Board member	Dr. Ali Hussein Ali Al-Zawawi	09.04.2020	Mr. Adel Karim Kak Ahmed	20.04.2021
8	Board member	Dr. Medhat Abu Al-Asrar Al-Jamal	09.04.2020	-	-
9	Board member	Mr. Raman Garg	09.04.2020	-	-

**The table below shows the current Board members:**

Name	Category (executive, non-executive and independent)	Experience and qualifications	Period served as a Board member from the date of his first election	Memberships and positions in any other joint stock companies	Positions in any other important regulatory, governmental or commercial entities
<b>Sheikh Saqer Bin Humaid Al Qassim</b>	Non-executive and non-independent	Bachelor of Finance Experience in financial markets Military experience	Since 2005	None	None
<b>Mr. Rabih Khouri</b>	Non-executive and independent	Masters degree in Engineering from Ecole Centrale Paris, MBA from Cambridge University and French CPA degree.  Mr. Rabih is an investment professional with more than 23 years of experience. Between 1995 and 2007 Rabih worked in Europe in transaction service and audit with Arthur Andersen (acquired by E&Y), with Mckinsey as part of the corporate finance and strategy practice as well as with Nord Est, a family diversified holding in the strategy and M&A department	Since 2021	Board member of Ras Al Khaimah Gas, RAKEZ	Chief Investment Officer at Investment and Development Office of the Government of Ras Al Khaimah (IDO)
<b>Mr. Abdulaziz Abdullah Al Zaabi</b>	Non-executive and independent	Bachelor's degree in International Business Administration from San Jose University, United States of America. More than 30 years of experience in business management in the real estate and banking sectors, real estate investments and banking. Experience in the affairs of the Federal National Council.	Since 2017	Chairman of the Board of Directors of Ras Al Khaimah Real Estate Company Chairman of the Board of Directors of Gulf Investment Company	Former second vice president of the Federal National Council Chairman of the Board of Directors of Ras Al Khaimah Charitable Foundation.

<b>Mr. Adil Karim Kak Ahmed</b>	Non-executive and independent	Mr. Adel Karim brings together 30 years of experience in the field of industry through the development of the industrial sector and overseeing the construction and rehabilitation of dozens of industrial projects in various fields, including in the field of pharmaceutical industries.  Mr. Adel Karim holds a Bachelor's degree in Machinery and Equipment Engineering, University of Technology.	Since 2021	None	Arab Company for Drug Industries & Medical Appliances Chairman of Tassili Arab Pharmaceutical Company Taphco. Board member of Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO). Undersecretary of the Ministry of Industry and Minerals-Iraq.
<b>Mr. Jamal Salem Al Nuaimi</b>	Non-executive and independent	Jamal holds a Bachelor's degree in Business Administration from the Beirut Arab University. Has more than 20 years' experience in the banking sector in the UAE and..	Since 2014	None	None
<b>Mr. Raman Garg</b>	Non-executive and independent	Certified Public Accountant by CA, India 30 years of experience in global and private investment funds and multinational companies such as Sequoia Capital, Max New York Life Insurance, Coca-Cola, Pisco, Aczo Nobel and others. Certified Cost Accountant from Institute of Cost Accountants of India. Certified Corporate Secretary from Institute of Corporate Secretaries of India.	Since 2020	None	Chief Financial Officer of Al Hamra Group
<b>Ms. Olfa Gam</b>	Non-executive and independent	24 years of experience in the pharmaceutical and biotechnology industry (especially in Europe) in the field of operation Industrial Engineer Master of Business Administration black belt certification	Since 2021	None	
<b>Mr. Abboud Bejjani</b>	Non-executive and independent	Advanced management Harvard Business School, Boston. MA in Finance Saint Joseph University in Beirut, Lebanon. Managing Partner of Informed, Health and Life Sciences Consulting Division. Member of the Board of Directors Ultra Group (Saudi Arabia). Certified Principal Consultant for multinational healthcare consulting firms	Since 2020	None	
<b>Mr. Medhat Abu Al-Asrar Al-Jamal</b>	Non-executive and non-independent	Bachelor's degree in Pharmaceutical Sciences 43 years of experience in the field of selling, distributing and managing various departments in pharmaceutical and medical products companies	Since 2020	None	

b) A statement of the percentage of women's representation in the Board of Directors for the year 2021.

At the Board of Directors meeting held on August 11, 2021, the resignation of Board Member Mr. Khaled Abdullah Yousef Al Abdullah was approved by the Board of Directors and his seat was filled by Ms. Olfa Gam, as a non-executive and independent Board Member. Thus, the Company fulfilled the requirement for female representation in the Board of Directors.

Ms. Olfa Gam, a Belgian national, holds a BA in Industrial Engineering from the National School of Engineers in Tunis and an MBA from the Fleerec Business School in Belgium.

Ms. Olfa Gam has 24 years of experience in the Pharmaceutical and Biotechnology industries and has a proven track record of pioneering industrial transformation, operational excellence, and strategic and executive planning.

c) A statement of the reasons for the non-nomination of any female component of the Board of Directors

The candidacy for membership of the Board of Directors was opened in the Board session in 2020; however, no female members were nominated in the composition of the Board, however the Company has met the requirement for female representation in the Board of Directors by appointing Mrs. Olfa Gam on August 11, 2021.

Statement of the following:

1. Statement of the total remunerations of the members of the Board of Directors paid for the year 2020.

At the Company's Annual General Meeting held on April 18, 2021, the Board of Director's proposal not to distribute the remuneration of the members of the Board of Directors for the fiscal year ended on December 31, 2020, was unanimously approved.

2. Statement of the total remunerations of the members of Board of Directors proposed for the year 2021, which will be presented at the annual general meeting for approval.

The Board's remunerations will be presented and discussed as part of the agenda of the General Assembly for voting at its proposed meeting during the year 2022, Where it has not yet been determined.

Statement detailing the allowances for attending the meetings of the Committees emanating from the Board that the members of the Board of Directors received for the fiscal year 2021.

No allowances were paid to any member for attending the meetings of the Board or Board Committees emanating from the Board during the year 2021.



**3. Details of the allowances, salaries, or additional fees that a member of the Board of Directors received other than the allowances for attending the sessions of Committees, and the reasons for paying the same.**

The Board member, Mr. Raman Garg, and the former Board member, Dr. Ali Al-Zawawi, each received an amount of AED 300,000 for tasks completed for the Company during the year 2021.

Whereas Planet Pharmacies LLC was owned 40% by Julphar, in the year 2021, the remaining 60% shares in Planet were acquired by the Company which in turn lead to the sole ownership of Planet by Julphar with effect from the second quarter of 2021.

In the year 2021, Sheikh Saqer bin Humaid Al Qasimi, received fees in the amount of AED 300,000 pursuant to his representation of Planet Pharmacies LLC and its subsidiaries, before the Commercial and Medical Authorities for the purpose of fulfilling these Authorities obligations and requirements for legal representation in accordance with applicable laws and regulations of the UAE and Oman.

Moreover, Sheikh Saqer bin Humaid Al Qasimi has been one of the representatives of Planet Pharmacies LLC and its subsidiaries, in his personal legal capacity from the year 2016 and has received financial consideration which has been determined by the Board of Planet after notifying the Julphar Board of Directors.

**At Julphar, we produce a wide range of medicines, vaccines and consumer healthcare products for different conditions ranging from headaches to heart disease**

**d) Number of Board meetings held during fiscal year 2021**

Board meetings are held in the presence of the majority of members. During the year 2021, five Board meetings were held. Below are the dates of the Board of Directors' meetings and the number of times of personal attendance for all Board members:

No.	Meeting date	Number of attendees	Attendance by proxy	Names of absent members
1	11.02.2021	9	-	-
2	17.03.2021	9	-	-
3	09.05.2021	9	-	-
4	11.08.2021	7	-	Mr. Khalid Abdullah Yousef and Mr. Adel Karim
5	10.11.2021	8	-	Mr. Adel Karim

e) The number and dates of Board resolutions issued by passing during Fiscal year 2021.

During 2021, the Board of Directors adopted 17 resolutions by passing, and the table below shows the date of the subsequent Board meeting:

No.	Number of resolutions adopted by passing	Date
1	2	11.02.2021
2	1	17.03.2021
3	4	09.05.2021
4	5	11.08.2021
5	5	10.11.2021

f) Statement of the duties and powers of the Board of Directors carried out by one of the Board members or the Executive Management during 2021 based on a mandate from the Board

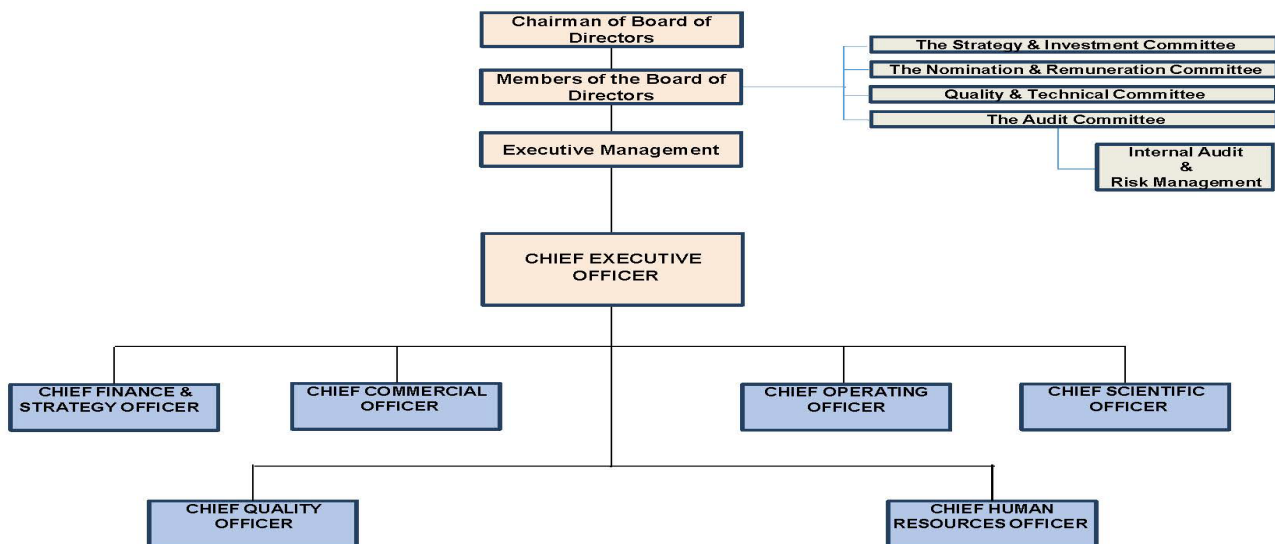
No.	Name of authorized Board member	Powers	Term of delegation
1	Raman Garg and Yousef Ali	Signing the documents related to the divestment of Alpha Pharma LLC.	Until the transaction is completed
2	Raman Garg and Yousef Ali	Signing the documents related to the acquisition of Planet Pharmacies LLC.	Until the transaction is completed
3	Raman Garg	Signing the documents related to a loan facility in connection with Planet Pharmacies LLC acquisition	Until the transaction is completed
4	Raman Garg and Yousef Ali	Signing the documents related to the divestment of Gulf Inject LLC	Until the transaction is completed
5	Raman Garg	Signing the documents related to the divestment of Julphar Ethiopia	Until the transaction is completed

g) A statement of the details of the transactions made with the related parties (stakeholders) during 2021:

No.	Related party	Nature of the relationship	Dealing type	Value
1	Planet Pharmacies – UAE LLC	Subsidiary & Associate	Sales of medicines	86,079,396
2	Planet Pharmacies – UAE LLC	Subsidiary & Associate	Marketing expenses	(7,299,992)
3	Planet Pharmacies – UAE LLC	Subsidiary & Associate	Commission	(8,607,940)
4	Planet Pharmacies - Oman	Subsidiary & Associate	Sales of medicines	20,519,667
5	Planet Pharmacies - Oman	Subsidiary & Associate	Marketing expenses	(2,276,758)
6	Planet Pharmacies - Oman	Subsidiary & Associate	Commissions	(2,051,967)
7	Julphar Egypt LLC	Subsidiary	Sales of medicines	54,372,561
8	Julphar Egypt LLC	Subsidiary	Marketing expenses	(4,975,934)
9	Julphar Ethiopia	Subsidiary	Sale of materials and equipment	1,532,185
10	Majan printing and packaging	Investment	Purchase of packaging materials	(13,042,212)
11	Julphar Egypt LLC	Subsidiary	Purchase of packaging materials	(685,646)



h) Current organizational structure of the company:



i) Statement of the senior Executives in the first and second grade according to the organizational structure of the Company, their jobs and dates of their appointment, along with a statement of the total salaries and bonuses paid to them:

Julphar's Executive Management oversee the day-to-day affairs of the Company in accordance with the responsibilities, tasks and powers delegated to them by the Company's Board of Directors within the framework and governance guidelines as well as the provisions of the Articles of Association, they carry out their tasks and duties in accordance with the mechanisms set to achieve the planned goals of the Company.

The CEO is responsible for the operational and administrative operations of the Company, as well as contributing and directing periodically and effectively to develop and improve the performance of the Company. He is responsible, along with the Executive management for implementing the approved strategies and policies to achieve the Company's goals.

The CEO is responsible towards the Board of Directors for the implementation of the effective internal control systems and for the implementation of all recommendations related to it by Auditors and external oversight bodies, as well as by the Board and the Committees emanating from it.

Senior Executives in the first and second grade, their jobs, and dates of their appointment, along with a statement of the total salaries and bonuses paid to them as of 2021:

No.	Position	Date of appointment	Total salaries and allowances paid for the year 2021 (AED)	Total bonuses paid in 2021 (AED)	Any other cash / in-kind bonuses for the year 2021 or due in the future)	Date of resignation
1	Chief Executive Officer	05.04.2020	3,489,881	1,625,000	-	-
2	Chief financial and strategic officer	01.10.2019	1,421,000	153,000	-	-
3	Chief Commercial Officer	03.08.2020	1,067,500	-	-	-
4	Chief Scientific Officer	15.04.2020	960,000	-	-	-
5	Chief Quality Officer	28.04.2019	852,000	127,000	-	-
6	Chief Human Resources Officer	03.05.2020	604,800	60,480	-	-
7	Chief Operating Officer	19.04.2021	688,800	-	-	-
8	General Counsel and Compliance Officer	01.09.2020	744,632	-	-	15.09.2021

#### 4) External Auditor

##### a) About the Company's Auditor:

At the General Assembly meeting held on 18 April 2021, M/s Ernst and Young were re-appointed as the Company's Auditor for the year 2021, against a fee of AED 490,000.

Ernst and Young is one of the largest professional services companies and one of the big four Audit firms in the world. It has presence in more than 140 countries around the world and is a leading Company in the field of providing Audit services, professional and tax consulting. It has been operating in the UAE since 1966.

##### b) Statement of fees and costs for the Audit or services provided by the external Auditor:

Name of the Audit office and the partner Auditor:	Ernst & Young, responsible partner Mr. Nabil Ghodhbane.
Number of years spent as an external Auditor for the company:	3
Number of years the partner Auditor has spent Auditing the company's accounts:	3
Total Audit fees for 2021 (AED):	490,000/- AED.
Fees and costs of other special services other than Auditing the financial statements for the year 2021 (AED)	95,420/- Accounting consulting regarding interest rate.
Details and nature of other services provided (if any):	Preparing the sustainability report for 2020 through 2021
Statement of other services provided by another external Auditor during 2021	
Name of Auditor:	Details of services provided
Grant Thornton	Determining the purchase price for a subsidiary.
Moore Stephens	Inventory.
PricewaterhouseCoopers	Tax consulting services.
Nimai Rama	Submission of the quarterly VAT return, adding Planet to the VAT group.
KGRN Accounting Associates	Assistance with VAT refund.

- c) Reservations made by the Company's External Auditor in the interim and Annual Financial Statements for the year 2021

No reservations were made by the Auditor in the Company's preliminary financial statements for the year 2021; and the annual financial statements for 2021 are still under review and preparation at the time of issuing this report.

## 5) Audit Committee

- a) Acknowledgment by the Chairman of the Audit Committee of their responsibility for the Committee's system in the Company and for their review of its work, mechanisms and verification of its effectiveness.

Mr. Raman Garg, Chairman of the Audit Committee, acknowledges his responsibility for the Committee's system in the Company and for his review of its work, mechanisms and ensuring its effectiveness.

- b) Names of members of the Audit Committee and clarifying its terms of reference and tasks assigned to it.

The Audit Committee carries out its activities in accordance with what is stipulated in Article No. (61) of Resolution No. (3/B.C) of 2020 regarding the Approval of the Governance Guide for Public Joint Stock Companies. The main tasks, responsibilities and powers of the Audit Committee are to monitor and review the Financial Statements as well as the Internal Control and Risk Management systems of the Company and make the necessary recommendations for the Board of Directors regarding the Internal Control systems of the Company. The Committee also deals with the Company's External and Internal Auditors, as well as its main role in ensuring the Company's commitment to implementing all approved operational and financial policies and procedures.

The Committee was re-formed in Board of Directors Meeting No. (4) of 2021, held on August 11, 2021, and accordingly the Audit Committee is composed of the following members:

- Mr. Raman Garg, Chairman of the Committee
- Ms. Olfa Gam, Committee Member
- Mr. Abdulaziz Abdullah Al Zaabi, Committee Member
- Mr. Razi Adel Ahmed Dolani, Committee Member external to the Board of Directors

a. Number of Audit Committee meetings held in 2021

No.	Date	Member present	Absentees (who apologize)	Meeting purpose
1	28.01.2021	4	-	Other issues
2	10.02.2021	3	Mr. Abdulaziz Al Zaabi	Other issues
3	28.02.2021	3	Mr. Abdulaziz Al Zaabi	Audit of financial statements
4	25.03.2021	4	-	Other issues
5	28.04.2021	4	-	Other issues
6	06.05.2021	4	-	Audit of financial statements
8	15.07.2021	4	-	Other issues
9	04.08.2021	3	Mr. Razi Dolani	Audit of financial statements
10	08.08.2021	4	-	Audit of financial statements
11	03.11.2021	4	-	Audit of financial statements
12	07.11.2021	4	-	Audit of financial statements
13	25.11.2021	4	-	Other issues

## 6) Nomination and Remuneration Committee

a. Acknowledgment by the Chairman of the Nominations and Remunerations Committee of his/her responsibility for the Committee's system in the Company and for his review of its work mechanism and verification of its effectiveness

Mr. Abboud Bejjani, Chairman of the Nomination and Remuneration Committee, acknowledges his responsibility for the Committee's system in the Company and for his review of its work, mechanisms and ensuring its effectiveness.

b. Names of members of the Nominations and Remunerations Committee, and a description of its responsibilities and tasks assigned to it.

The Nomination and Remuneration Committee assumes its duties according to the provisions of Article (59) of the Authority Board's Resolution No. (3 / RM) of 2020 regarding the Approval of the Governance Guide for Public Joint Stock Companies. The Committee's tasks, responsibilities and powers are mainly represented in determining the package of individual and total remunerations for the members of the Board of Directors, in accordance with the approved procedures. It is also responsible for developing the remuneration policy for the executive management related to the performance of the Company. The Committee is also responsible for preparing and reviewing human resources policies in accordance with the relevant laws and regulations, and the Committee supervises the procedures for nominating members of the Board of Directors, the basis and the conditions for their selection. The Nominations and Remunerations Committee was re-formed at the Board Meeting No. (4) of 2020, which was held on Tuesday, August 11, 2021.

The Nominations and Remunerations Committee consists of the following members:

- Mr. Abboud Bejjani, Chairman of the Committee.
- Mr. Jamal Salem Bin Darwish Al Nuaimi, Committee Member.
- Mr. Rabih Khouri, Committee Member.

c. Number of meetings held by the Nomination and Remuneration Committee during 2021

No.	Date	Attendees	Absentees (who apologize)
1	21.01.2021	3	-
2	22.03.2021	2	Mr. Khalid Abdulla Yousef
3	16.06.2021	3	-
4	03.11.2021	2	Mr. Jamal Salem Bin Darwish Al Nuaimi
5	14.11.2021	2	Mr. Jamal Salem Bin Darwish Al Nuaimi
6	09.12.2021	3	-

## 7. The Supervision and Follow-up Committee of Insider Transactions

- a. Acknowledgement by the Chairman of the Committee or the person authorized to be responsible for the system of the Committee in the Company and for reviewing its work mechanism and ensuring its effectiveness

The former Committee Chairman, Mr. Mohamed Odeh, resigned from his position in the Company in January 2022, and the Committee will be re-formed in 2022.

- b. Names of the members of the Supervision and Follow-up Committee of Insider Transactions, and a description of its responsibilities and tasks assigned to it.

The Supervision and Follow-up Committee for Insider Transactions was formed by the Board of Directors and performs its tasks and powers in accordance with the corporate governance systems. The Committee consisted of the following during the year 2021:

- Mohamed Ahmed Odeh, the former Chairman of the Committee.
- Hessa Ali Al Shehhi, Committee Member.

The duties of the Supervision and Follow-up Committee on Insider Transactions are:

- Ensure compliance with the decisions of the Securities and Commodities Authority and the Abu Dhabi Securities Exchange (ADX), as amended.
- Supervising insider transactions and ownership of shares, act as custodian of the insider register, and submitting periodic reports to the ADX.
- Updating the list of insiders in the event of a change therein and inform the concerned authorities thereof.

c. Summary of the report of the Committee's proceedings during 2021.

The Committee periodically updates the list of Company insiders and provides it to the Abu Dhabi Securities Exchange (ADX). The Committee adheres to the decisions of the Securities and Commodities Authority and the Abu Dhabi Securities Exchange (ADX), as amended.

## **8) Any Committees approved by the Board of Directors**

In the Board of Directors Meeting No. (4) of 2021, held on August 11, 2021, the Board re-formed the other Committees besides the Permanent Committees, namely the Strategy and Investment Committee and the Quality and Technology Committee.

### **1. Strategy and Investment Committee**

a. Acknowledgement by the chairman of the Strategy and Investment Committee of his/her responsibility for the system of the Committee in the Company and for reviewing its work mechanism and ensuring its effectiveness

Mr. Rabih Khouri, Chairman of the Strategy and Investment Committee, acknowledges his responsibility for the Committee's system in the Company and for his review of its work, mechanisms and ensuring its effectiveness.

b. The name of the Committee and the names of its members

The Strategy and Investment Committee is a Committee emanating from the Julphar Board of Directors and was re-formed at the Board of Directors Meeting No. (4) held on August 11, 2021. It consists of the following members:

- Mr. Rabih Khouri, Chairman of the Committee.
- Ms. Olfa Gam, Committee Member
- Mr. Abboud Bejjani, Committee Member
- Mr. Jean Diab, Committee Member external to the Board of Directors

c. The main tasks and duties of the Strategy and Investment Committee:

The Strategy and Investment Committee serves as a link between the Company's Management and the Board of Directors, by adopting executive decisions on issues referred to the Committee within the scope of its competencies. The Committee's competencies include, but not limited to, the following:

- Review and approve the Company's strategies by the Board of Directors. Develop and monitor compliance with relevant legislation and regulations; and oversee the initiatives that are likely to have a material impact from an organizational or competitive perspective or on the Company's reputation.
- Review, approve and recommend the Company's Annual Business Plan and budget for approval by the Board of Directors. Supervise and evaluate the Company's performance against the Business Plan and submit recommendations to the Board of Directors.

- The Committee is also responsible for reviewing and approving contracts related to important strategies and other material matters related to accounting and finance, within the limits set out in the Committee's charter.
- Other responsibilities including reviewing reports and economic feasibility studies, assessing investment risks and approving or rejecting them before submitting them to the Board of Directors for approval, monitoring important strategic projects and transformation initiatives, and discussing and approving studies and management recommendations regarding participation or making direct or indirect investments, as permitted by the Articles of Association of the Company.
- Perform any other tasks assigned to it by the Company's Board of Directors.

d. A statement on the number and dates of meetings held by the Committee during 2021, together with the number of personal attendances of all members of the Committee:

No.	Date	Attendees	Absentee
1	19.01.2021	2	0
2	17.05.2021	2	0
3	08.09.2021	4	0
4	15.09.2021	4	0
5	05.10.2021	4	0
6	26.10.2021	4	0
7	03.11.2021	4	0
8	23. 11.2021	4	0
9	19.12.2021	4	0

2. Quality and Technology Committee:

a. Acknowledgement by the Chairman of the Quality and Technology Committee of her responsibility for the Committee's system and for reviewing its mechanism of work and ensuring its effectiveness.

Ms. Olfa Gam, Chairman of the Committee acknowledges her responsibility for the Committee's system and for reviewing the mechanism of its work and ensuring its effectiveness.

b. The name of the Committee and its members, along with a statement of its functions and the tasks assigned to it

The Quality and Technology Committee is a Committee emanating from the Julphar Board of Directors, and was formed in the Board of Directors Meeting No. (4), held on August,11 2020. It consists of the following members:

- Ms. Olfa Gam, Chairman of the Committee.
- Dr. Medhat Abu Al-Asrar, Committee Member.
- Mr. Abboud Bejjani, Committee Member.



c. Statement of tasks and main functions of the Quality and Technology Committee:

The Quality and Technology Committee emanating from the Board of Directors contributes to fulfilling the Board supervisory responsibilities regarding quality, compliance issues, and scientific and technical orientation.

The Committee's duties include, but not limited to, the following:

- Periodic review of reports on significant compliance matters to those involved on the quality and compliance functions of the Company.
- The Committee is entrusted with the primary oversight of all areas of quality and compliance issues (non-financial compliance).
- Supervising the Company's innovations and product-line strategies, as well as assessing the competitive position of the Company's portfolio and potential new treatments, following up the Company's approach to developing new markets and the Company's effectiveness in the scope of research, development and intellectual property.
- Reviewing the development and implementation of key business policies by the Management, including security and safety policies, quality assurance and control policies, corporate social responsibility policies, regulatory affairs policies, production policies, and credit policies.
- Performing the tasks and duties assigned to it by the Board of Directors from time to time.

d. A statement on the number and dates of meetings held by the Committee during 2021, together with the number of personal attendances of all members of the Committee:

No.	Date	Attendees	Absentee
1	09.01.2021	3	-
2	27.01.2021	3	-

## 9. Internal Control and Audit

a. Acknowledgment by the Board of its responsibility for the Company's Internal Control System and for reviewing its work mechanisms and ensuring its effectiveness:

The Board of Directors is responsible for the Company's internal control system, its annual review and ensuring its efficiency. In order to ensure the optimal application for the internal control and audit requirements, Julphar has adopted the internationally recognized "three lines of defence" model. Thus, the system of internal control and audit in Julphar consists of the following three elements:

- FRONTLINE BUSINESS FUNCTIONS (First line of defense) - governed by policies, procedures, code of business ethics and delegated mandates as approved by the Board of Directors.
- THE INTERNAL CONTROL FUNCTION (Second line of defense) - includes the Enterprise Risk Management (ERM) and Compliance responsibilities. The Internal Control function is responsible for the oversight and monitoring of risks as well as the oversight of overall corporate compliance requirements.

- THE INTERNAL AUDIT FUNCTION (Third line of defense) - which provides overall independent assurance.
- The Internal Control and Internal Audit functions are run by the Internal Audit Department, which is completely independent from the Executive Management, reporting functionally to Julphar Audit Committee

b. Name of the Manager of the Internal Audit Department, his qualifications and the date of his appointment.

The Company's Internal Audit Department is headed by Mr. Yasser Fouad, who was appointed on May 16, 2021. Mr. Fouad is a Certified Internal Auditor (CIA) USA and Associated Chartered Accountant (ACCA), Association of Chartered Certified Accountants, UK, and Certified Management Accountant (CMA), USA, and holds a Bachelor of Commerce, Arab Republic of Egypt.

c. Name of the Compliance Officer, his qualifications and date of appointment.

The former Compliance Officer, Mr. Adel Khalaf, resigned from his position in the Company in September 2021, and the Board of Directors will appoint a successor in 2022.

d. How the Internal Audit Department deals with any major issues in the Company or those that are disclosed in the Annual Reports and Accounts.

No Major issues have been detected in the year 2021.

e. Number of reports issued by the Internal Audit Department to the Board of Directors of the Company

The Internal Audit Department issued four reports to the Company's Board of Directors during the year 2021.

**10. Details of the violations committed during 2021, the reasons for them and how to address and avoid recurrence thereof in the future.**

The Company committed no violations during 2021 with regard to the disclosure of interim and Annual Financial Reports, as well as other required disclosures.

**11. A statement of the cash and in-kind contributions made by the Company during 2021 towards the development of the local community and the preservation of the environment.**

During 2021, the Company made no cash contributions to the development of the local community and the preservation of the environment, however, an in-kind contribution was made by donating medicines and other materials to several parties.

Out of its belief of the importance of the environment and its preservation, Julphar has undertaken several endeavors during 2021, including, but not limited to:

- Periodic training for service employees on how to preserve the environment and quickly get rid of environment harmful causes.

- Under the directives of the concerned authorities, the Company contracted with licensed companies to transport and destroy invalid medicines and raw materials, according to the requirements of the competent authorities.
- A contract has been signed with a specialized Company to dispose of medical wastes resulting from manufacturing medicines on a weekly basis in ways that ensure the preservation of the environment.
- Cooperation has been made with an entity to establish special dumpsites for the daily disposal of consumable materials such as food waste, oils and cardboard waste.
- A contract has been signed with a specialized Company to sterilize all the Company's buildings and departments against the new Covid-19 on a weekly basis.
- The Company has supported the government program (Hassantuk) to enhance safety standards and protection system for the UAE to become one of the safest countries in the world.
- The Company entered into agreements to collect all recyclable materials such as cardboard, plastic, etc.

## 12. General information

- a. A statement of the Company's shares price in the Abu Dhabi Securities Exchange during 2021

Month	Highest price	Lowest price	Closing price
1	1.65	1.65	1.65
2	1.50	1.50	1.50
3	1.77	1.55	1.62
4	1.59	1.56	1.59
5	1.48	1.44	1.46
6	1.73	1.55	1.63
7	1.81	1.75	1.81
8	2.32	2.09	2.22
9	1.82	1.80	1.81
10	2.03	1.98	2.03
11	1.80	1.76	1.77
12	1.91	1.78	1.84

- b. A statement of the comparative performance of the shares of the Company with the general market index and the sector index of the Company during 2021

Month	Company share price	General indicator Abu Dhabi Securities Exchange (ADX)	Industrial Sector Index
1	1.65	5,593.48	1,716.83
2	1.50	5,663.62	1,683.20
3	1.62	5,912.56	1,689.03
4	1.59	6,046.80	1,739.07
5	1.46	6,558.71	1,968.13
6	1.63	6,835.43	2,260.36
7	1.81	7,318.18	2,654.98
8	2.22	7,684.61	3,120.42
9	1.81	7,698.81	2,809.10
10	2.03	7,865.11	3,638.45
11	1.77	8,546.52	3,847.16
12	1.84	8,488.36	3,721.38

- c. A statement on the distribution of shareholders' equity as of 31/12/2021 (individuals, companies, governments), categorized as follows: local, GCC, Arab and foreign:

No.	Category	Shareholding %			
		Individuals	Companies	Government	Total
1	Local	24.65%	37.08%	12.24%	73.97%
2	GCC	12.41%	0.42%	0%	12.83%
3	Arabic	1.26%	11.32%	0%	12.58%
4	Foreign	0.59%	0.03%	0%	0.62%
	Total	38.91%	48.85%	12.24%	100%

d. A statement of shareholders holding 5% or more of the Company's capital as of 31/12/2021

No.	Name	Number of shares held	Shareholding %
1	Middle East Pharma Investments	277,779,700	24.045%
2	The government of Ras Al-Khaimah	141,400,221	12.24%
3	Arab Company for Drug Industry and Medical Appliances (ACDIMA)	105,713,772	9.15%
4	Yasser bin Youssef bin Mohammed Naghi	103,970,503	9.00%
5	Mohammed Abdulaziz Rabie Shaheen Al-Muhairi	87,552,538	7.58%
6	Sheikh Faisal bin Saqer bin Mohamed Al Qasimi	82,919,262	7.18%
Total		799,335,996	69.19%

e. A statement on shareholders distribution according to their shareholding as of 31/12/2021

No.	Shares	Number of shareholders	Number of shares held	Shareholding %
1	Less than 50,000	1,410	8,601,057	0.75%
2	From 50,000 to less than 500,000	254	40,803,941	3.53%
3	From 500,000 to less than 5,000,000	81	103,772,985	8.98%
4	More than 5,000,000	17	1,002,049,828	86.74%
Total		1,762	1,155,227,811	100%

f. Statement of the actions taken regarding investor relations regulations:

The Company has a dedicated section for investors' relationships in order to provide all the facilities, services and information required by the investors. The page of investor relations has been updated to enable easy access to the data of the Company and all related information for the Investor Relations Department as below:

- Name of the Investor Relations Officer: Hessa AlShehhi
- Phone No. 0097172045273
- Email: [investors@julphar.net](mailto:investors@julphar.net)
- The link for the Investor Relations page: <http://www.julphar.net/en/investors>

g. Special resolutions presented at the General Assembly in 2021 and the actions taken in their regard

After discussing the items included in the agenda of the Company's General Assembly held on April 18, 2021, the below special resolution was deliberated:

- Approval of the amendment of Articles No. 7, 17, 19, 22, 27, 29, 33, 41, 47, 50, 51 and 52 of the Articles of Association, in accordance with the amendments to Federal Law No. (2) of 2015 regarding Commercial Companies, and pursuant to Federal Decree-Law No. (26) of 2020.

All items of the Articles as amended have been presented to the General Assembly and the amendments were approved by majority.

h. The Rapporteur of the Board of Directors meetings.

Ms. Rayan Omar was appointed as the Board Secretary with effect from 15<sup>th</sup> February 2021. She is a legal professional with specializations particularly in International Corporate Governance and Corporate Law.

The Board Secretary ensures the connection between the Board and Management through overseeing the Boardroom governance as well as relaying Board actions and decisions. In line with the Governance Guide, applicable laws, and regulations and in accordance with the Company's Articles of Association the Board Secretary advises the Board on corporate governance matters as required.

i. A detailed statement of the material events and important disclosures during 2021

Date	Events/ Disclosures
March 29, 2021	Julphar disclosed that it has entered into a manufacturing contract with G42 Medications Trading LLC to produce Sinopharm's COVID-19 vaccines, with commercial production to commence in April 2021.
10 April 2021	Julphar showcased its products at the Dubai International Pharmaceutical and Technology Conference and Exhibition " DUPHAT" 2021, the three-day international event at the Dubai World Trade Centre.
28 April 2021	Julphar disclosed that enters into AED 1.01 bn syndicated loan facility with Arab Bank, RAK Bank and DIB
10 June 201	Julphar disclosed that it has entered into a sale and purchase agreement with Pharma SPV Limited to acquire its 60% stake in Planet Pharmaceuticals LLC, and the transaction is expected to be closed in July 2021.
June 16, 2021	Julphar disclosed that it has sold 51% of the shares of Alpha Pharma LLC.
July 12, 2021	The CEO of Julphar, Director General of the Food and Drug Corporation, received the Chairman of the Pharmaceutical Manufacturing Committee in the Hashemite Kingdom of Jordan and his accompanying delegation.
July 13, 2021	Julphar announced the signing of an agreement to fully acquire Planet Pharmacies LLC, one of the leading regional distributors for medicines in the UAE, Saudi Arabia, and the Sultanate of Oman.
September 05, 2021	Julphar announced the signing of an agreement to sell Gulf Inject, a wholly owned subsidiary, to Global One Healthcare, a subsidiary of Yas Holding Group, Abu Dhabi.
October 24, 2021	Julphar participated in Expo 2020 Dubai, the world's largest event, which will be held from October 1, 2021, to March 31, 2022 under the theme "Connecting Minds, Creating the Future", within the "Fazaa" pavilion as a strategic partner.
October 28, 2021	Julphar received an official delegation from the Czechoslovak Federation. The visit of the Czechoslovak Federation and members of the EWIC group aims to develop and strengthen economic and social relations between the Czech Republic and the United Arab Emirates.
November 22, 2021	A delegation from Julphar participated in the activities of the Emirati-Mongolian Business Forum, which was held at the Media Center of Expo 2020 Dubai.
06 December ,2021	Julphar announced the signing of an exclusive licensing and manufacturing agreement with Quantum Genomics, a French company, to manufacture and market "Firibastat" in the Middle East, Africa, CIS countries and Turkey.



- j. A statement of the transactions made by the Company with the related parties during 2021, which are equal to 5% or more of the Company's capital.

The Company has not made any transactions equivalent to 5% or more of the Company's capital with related parties during 2021.

- k. A statement of the percentage of Emiratization in the Company by the end of 2019, 2020 and 2021.

No.	Year	Number of UAE national employees	Percentage
1	2019	161	6.55%
2	2020	148	6.21%
3	2021	163	%6.63

- l. A statement of innovative projects and initiatives that the Company has undertaken or is developing during 2021.

Julphar has continued its efforts to develop first-to-market and value-added generics to the GCC and MENA countries despite the challenges faced during the COVID-19 pandemic.

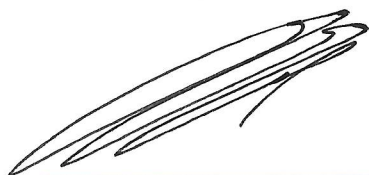
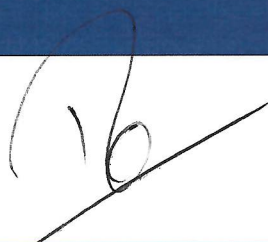
In 2021, Julphar supported the UAE Government's initiative in the fight against the pandemic through the production of the Covid 19 vaccine.

Chairman of the Board of Directors

Chairman of the Audit Committee

Chairman of the Nomination and Remuneration Committee

Director of Internal Control Department



Date:.././.....

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