Integrated Management System

EMSTEEL Environment, Social and Governance (ESG)

Committee Charter

1. DEFINITIONS / ABBREVIATIONS

Term/Abbreviation	Definition
Audits	The Internal/ External Audits to review the ESG practices of EMSTEEL.
Board or BOD	Board of Directors of the Company.
Board Member	Any member of the Board as elected by the General Assembly from time to time.
Committee or ESG Committee	The Committee established by the Board to assist the Board in fulfilling their oversight responsibilities towards ESG management.
Chair	Chairperson of the Committee.
Charter	A document that includes terms of reference regulating the operations and setting out the roles and responsibilities of the ESG Committee.
Compliance Function	A function established by the Company based on SCA Resolution No. 03 of 2020 (as amended from time to time), to verify Company's and its employees' compliance with applicable laws, regulations and Company's internal policies and procedures.
Conflict of Interest	Any relationship that is, or appears to be, not in the best interests of EMSTEEL. A conflict of interest would prejudice an individual ability to perform his or her duties and responsibilities objectively.
Control Processes	The policies, procedures (both manual and automated), and activities that are part of the control framework, are designed and operated to ensure that risks are contained within the level that EMSTEEL is willing to accept.
Delegation of Authority	The policy on Delegation of Authority as may be amended from time to time.
Employee	An employee of the Company.
ESG	Environment, Social and Governance
EMSTEEL or Company	EMSTEEL Building Materials PJSC
Executives	An Employee directly reporting to the Group Chief Executive Officer and carrying out managerial responsibilities including employees designated

	as an Executive by the Nomination and Rewards Committee. Collectively, as Executives.
Group	Collectively, the Company and each of its wholly owned or controlled subsidiaries.
Independent Board Member	A member that has no relationship with the Company, any of its Senior Executive Management persons or its auditor, parent company*, subsidiary, sister company, or affiliate company in a manner that may lead to financial or moral benefit that may affect its decisions. A member forfeits its independence capacity in the cases stipulated in this Decision.
Non-Executive Board Member	A member that neither holds any position in the Company nor receives a salary therefrom, and the remuneration it receives as Board member shall not be considered as a salary.
SCA	The Securities and Commodities Authority in the UAE.
Secretary	The Vice President of ESG and Sustainability, or any other person appointed by the Chair to act as Secretary of the Committee.

2. PURPOSE

2.1 The purpose of the ESG Committee is to assist the Board to oversee and provide guidance on matters related to ESG, including health and safety, sustainability, and corporate social responsibility (CSR). This includes aligning EMSTEEL ESG activities with EMSTEEL's mission, vision, and values, and ensuring adherence to industry best practices and regulations. The ESG Committee’s activities include:

a. overseeing EMSTEEL’s policies, programs, and practices related to ESG and sustainability;
b. providing input on ESG strategies, including climate change mitigation, resource conservation, and biodiversity;
c. assessing EMSTEEL’s performance on ESG-related metrics, including diversity, equity, inclusion, and responsible sourcing;
d. supporting communication and engagement with stakeholders on ESG matters;
e. reviewing EMSTEEL’s ESG-related disclosures and sustainability reports.

3. MANDATE AND TERM

3.1 The mandate of the ESG Committee covers EMSTEEL and all its subsidiaries.

3.2 The ESG Committee’s term shall commence upon its formation by the Board and shall continue for a period of three (3) years, co-existing with the term of the Board.

4. COMMITTEE ROLES & RESPONSIBILITIES

4.1 The Committee should encourage continuous improvement of, and should foster adherence to, the EMSTEEL's policies, procedures, and practices at all levels. The Committee should also provide for open communication among the external auditor, financial and senior management, the Internal Audit and Compliance Functions, and the Board.

4.2 The Committee shall understand EMSTEEL's structure, controls, and type of transactions in order to adequately assess the significant risks faced by EMSTEEL in the current environment and shall perform the following:

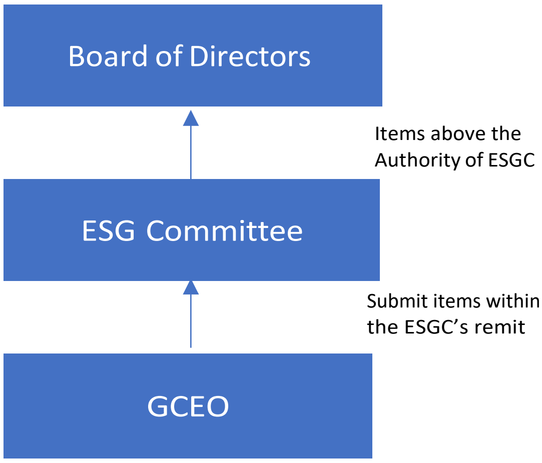
Sr. No.	Area/Function	Responsibilities
1.	Review of Policies, Trends and Strategies	a. Review and make recommendations regarding EMSTEEL's environmental and social policies, programs, and practices which impact EMSTEEL's shareholders, employees, local communities, partners, and other key stakeholders and which impact EMSTEEL's ability to effectively achieve its business goals. b. Identify, evaluate, and monitor key political and regulatory trends related to social practices and environmental priorities, issues, and concerns; analyze how they could impact EMSTEEL's business activities, key stakeholders, and reputation on a global, national, and community level and make recommendations to the Board about additional corporate social responsibility actions as a result thereof and/ or would strategically position EMSTEEL to support its business objectives c. Provide oversight to EMSTEEL regarding the EMSTEEL's general approaches, strategies, initiatives, and programs for addressing ESG and climate-related issues (the "**ESG Strategy**"), which also includes Decarbonization and CSR Strategies, and oversee the implementation. In this regard, this Committee shall: i. Develop, with assistance from management, the ESG Strategy which includes climate change mitigation, and long-term sustainability of the business;

Sr. No.	Area/Function	Responsibilities
		ii. Provide oversight, guidance, and perspective to management regarding EMSTEEL's initiatives, processes, policies, and disclosures pertaining to ESG matters within the ESG Strategy; iii. Monitor EMSTEEL's progress toward achieving approved ESG objectives and targets including climate-related issues; iv. Evaluate any material ESG matter and liaise with Audit and Risk Committee on overseeing and advising the Board on ESG and, climate-related risks and opportunities. v. Discuss material climate-related risks and opportunities that impact business strategy at a full board level and, vi. Periodically review the ESG Strategy based on reports provided to this Committee by management on ESG matters and propose changes and adopt any revisions to the ESG Strategy as it may deem advisable;
2.	Performance Monitoring	a. Monitor and provide oversight for EMSTEEL's environmental, health, and safety performance, including but not limited to: i. Reviewing EMSTEEL's standards, policies, and conduct relating to such matters and advising as to how they could be implemented to meet or exceed applicable legislation, regulation, and influential industry standards. ii. Making recommendations to the Board and management regarding the development of appropriate metrics, procedures, and targets relating to such matters to gauge progress toward achievement of EMSTEEL's environment and climate-related objectives, including decarbonization, and ensuring said metrics, procedures, and targets are communicated and integrated into EMSTEEL's business plans and objectives; iii. Reviewing any significant health, safety or environmental incidents or litigation, or material regulatory compliance

Sr. No.	Area/Function	Responsibilities
		violations or proceedings in which EMSTEEL is, or is reasonably likely to become involved; iv. Reviewing significant changes to legislation or regulations, judicial decisions, protocols, conventions or other agreements, public policies, or other medical or scientific developments involving health, safety, and environmental matters that are reasonably likely to materially affect employee safety and health; and v. Reviewing reports from management regarding the Corporation's activities undertaken to support its field safety practices.
3.	Stakeholder Engagement	Engage with stakeholders, including investors, customers, employees, and communities to address ESG and climate-related issues and concerns.
4.	Recommendations	a. Assist the Board in reviewing, and developing recommendations to the Board regarding trends related to public policy issues related to sustainability, climate change, Responsible sourcing policy, environmental, health, and safety matters; b. Review, and make recommendations, regarding EMSTEEL's strategies, initiatives, and programs with respect to its culture, talent recruitment, development and retention, and employee engagement as they pertain to diversity and inclusion
5.	Decarbonization and CSR Budget	Endorse EMSTEEL's annual decarbonization and CSR budget related to ESG matters before submitting it for Board approval.

5. COMMITTEE GOVERNANCE STRUCTURE

The ESG Committee governance structure is as follows:



6. AUTHORITY AND DELEGATION OF THE BOD

6.1 The Committee has authority from the Board to review, address any matter within the scope of its Charter, endorse the matters within its responsibilities and recommendations to the Board in relation to the outcomes.

6.2 The Committee shall have unrestricted access to any information, records, and other resources necessary to discharge its duties and responsibilities.

6.3 The Committee may also require any employee(s) of the Company to attend its meetings, as appropriate for carrying out its duties, unless otherwise directed by the Board.

6.4 The Committee may seek independent professional advice, at the expense of the Company, when such advice is considered necessary to properly fulfil their roles and responsibilities.

7. COMMITTEE AUTHORITY AND RESOURCES

7.1 The Committee is authorized by the Board to make recommendations in areas such as updates to ESG policies, long-term sustainability goals, mitigation of ESG risks, and enhancements to stakeholder engagement and reporting processes.

7.2 The Committee shall have the authority, to the extent it deems necessary or appropriate, to obtain advice and seek assistance from internal and external legal, accounting, director ESG Committee, and other advisors.

8. COMPOSITION

8.1 **General**

8.1.1 The ESGC shall consist of a minimum of three (3) Non-Executive Board Members, with the majority being Independent Board Members. The Chair must also be an Independent Non-Executive Member.

8.1.2 The BOD shall appoint one member of the Committee to act as Chair. In case that a Chair has not already been appointed by the BOD, the members of the Committee may appoint a Chair by majority vote of full Committee membership.

8.1.3 The Committee members are appointed based on their qualifications and experience, to collectively offer expertise necessary to discharge its responsibilities in an efficient and appropriate manner. Furthermore, it is expected that each Committee member will have the capacity to devote the necessary time and attention to the duties of the Committee.

8.1.4 Committee membership continues until the BOD decides by majority vote to replace or remove a member through issuing a written notice to the Chair, or when a member resigns.

8.1.5 A Committee member who intends to resign must submit a written notice at least sixty (60) days in advance to allow sufficient time for the appointment of a replacement. If a member resigns or ceases to serve on the Committee for any reason, leading to non-compliance with the composition criteria outlined above, the Board shall appoint the necessary number of new members as soon as practicable to fill the vacancy.

8.1.6 The Corporate Governance and Board Secretariat Department shall maintain the titles and identities of the Committee members and shall ensure that the records are updated as necessary to reflect any changes thereto.

8.2 **Committee Chair**

8.2.1 The Chair is appointed by the BOD and is responsible for leading the Committee, ensuring meetings are conducted effectively, and reporting Committee activities to the BOD.

8.2.2 The Board chairperson may not be the Chair or a member of the Committee.

8.2.3 The Chair will approve the agenda for Committee meetings and any member may suggest items for consideration.

8.2.4 In the absence of the Chair, one of the Committee members nominated by the Chair or elected by the Committee shall act as chairperson.

8.2.5 The Chair shall act as liaison between the Board and the Committee, canvassing the Board for opinion and voicing its views to the Committee.

8.2.6 The Chair shall at least on an annual basis report to the Board on the key activities conducted by the Committee.

8.2.7 The Chair shall ensure that Committee activities and recommendations are appropriately documented and followed up on.

8.3 **Committee Secretary**

8.3.1 The ESG Committee shall appoint the Secretary.

8.3.2 The Secretary should assist the Chair with the organization of Committee meetings including preparation of meeting agendas and ensure that the Committee operates in compliance with its charter and any applicable laws, regulations, policies, procedures, and standards.

8.3.3 The Secretary of the Committee shall take note of the proceedings and resolutions of all the Committee meetings, including the names of those in attendance.

8.3.4 The Secretary shall minute the existence of any conflicts of interest.

8.3.5 The decisions taken by the Committee are documented by including them in the Committee's meeting minutes approved by the attending members. The Committee is granted through its decisions the authority necessary to EMSTEEL's Management to take appropriate actions and implement ESG Committee’s recommendations.

8.3.6 A document may be prepared regarding one of the committee's decisions to be signed by the Chair and addressed to the Board, the CEO or any other individual or authority (provided that this decision has been approved by majority of the Committee members).

8.3.7 Draft minutes of meetings shall be circulated promptly by the Secretary to all members of the Committee within ten (10) business days of the meeting.

8.3.8 The meeting minutes shall be agreed/approved electronically by the ESG Committee members within 10 working days of receiving the minutes. The minutes should be signed by the ESG Committee members at the next ESG Committee meeting. In case a member refuses to sign, his/her objection shall, together with the causes of objection, be reflected in the meeting minutes.

8.3.9 The Secretary shall safely keep all minutes and documents and maintain the confidentiality of all Committee proceedings.

8.3.10 Minutes of all Committee meetings shall be available for inspection by any member of the Committee at any time.

8.3.11 The Secretary will maintain Committee's action log and will present to the ESG Committee during the meeting the progress of closing actions taken in previous meetings.

8.3.12 The Secretary shall keep the Committee members fully briefed on any information that may be considered while taking decisions.

8.3.13 The Secretary shall coordinate with the concerned functions regarding Committee recommendations that necessitate legal compliance and regulatory procedures.

8.3.14 Decisions taken and resulting action points shall be promptly communicated by the Secretary to the Group Chief Executive Officer and to whom they consider deemed appropriate

9. OPERATING PRINCIPLES

9.1 ESG Committee Values

The Committee shall conduct in accordance with the code of conduct, values and ethics of EMSTEEL and the Committee expects that management and staff of EMSTEEL will adhere to these requirements.

9.2 Communications

The Committee expects that all communication with management and staff of EMSTEEL as well as with any external assurance providers shall be direct, open and complete.

9.3 Work Plan

The Chair shall collaborate with senior management to establish a work plan to ensure that the responsibilities of the Committee are scheduled and will be carried out.

9.4 Meeting Agenda

The Chair or the Secretary shall establish agendas for Committee meetings in consultation with Committee members, and senior management.

9.5 Information Requirements

The Committee shall establish and communicate its requirements for information, which will include the nature, extent, and timing of information.

9.6 Executive Sessions

The Committee shall schedule and hold if necessary, a private session with the Group CEO, external assurance providers, and with any other officials that the Committee may deem appropriate at each of its meetings.

9.7 **Preparation and Attendance**

Committee members are obliged to prepare for and participate in Committee meetings.

9.8 **Remuneration / Fee**

The fee (if any) to a Committee member for serving on the Committee shall be determined by the Nomination and Rewards Committee, thereafter, endorsed by the Board to the shareholders for approval.

10. MEETINGS

10.1 **Meeting Frequency**:

The Committee shall meet as frequently as required, as determined by the Committee Chairman, to perform the duties and responsibilities set out in this Charter.

10.2 **Notice of Meetings**: Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, along with supporting papers shall be forwarded by the Committee Secretary to each member of the Committee at least five business (5) days in advance of the scheduled meeting unless otherwise approved by a majority decision by the Committee. Each member of the Committee has the right to add any topic he/she deems necessary to discuss at the meeting.

10.3 **Attendance and Quorum:**

a. Meetings of the Committee shall not be valid unless attended by most of the members (in person not by proxy). The Committee members should strive to attend in person in the meetings. Should this not be possible, any one or more members of the Committee may participate in the meeting by means of a conference telephone, video conference, or similar device. Participation by such members shall constitute a presence in person at the meeting.

b. In the event the quorum requirement for a meeting of the Committee is not met, the meeting shall be reconvened at such time and place as the Committee members shall agree. Under certain circumstances, the Committee may consider an item by circulation of papers.

c. The Committee members shall attend all meetings and shall not be represented in the meetings by proxy from other members.

d. The following applies when holding the ESG Committee Meeting Via Modern Technology:

   I. The ESG Committee members shall have the choice to record audio/video of the meetings.

II. The recorded meetings require a written permit from all ESG Committee members.

III. Each ESG Committee member and the Secretary shall introduce himself at the beginning of the meeting (for recording purpose).

IV. ESG Committee members should confirm receiving all documents and agenda.

V. Each ESG Committee member shall mention his name if he desires to speak at the meeting when intervening, commenting, or voting.

VI. Each member shall be able to speak loudly and clearly. In the event of poor connection or interruption during the meeting, the Secretary shall repeat what is said during the interruption period. In the event of voting, the Secretary shall repeat again to ensure that all members have heard what is said before the voting process.

VII. The decisions issued in an ESG Committee meeting held via modern audio and/or audio-video technology shall be valid and effective if they are approved by majority of members presenting in person or through any of these means.

VIII. Electronic register of the meetings of the ESG Committee shall be kept by using audio or video methods and techniques.

e. The Committee may request any officer or employee of EMSTEEL, or any outside advisor, to attend a meeting of the Committee or to meet with any member of, or consultant to, the Committee.

f. The Committee may, at its discretion, invite any Board member, member of the senior management of EMSTEEL, or other person to attend all or part of any meeting as and when appropriate and necessary or to provide their input in relation to specific agenda items to assist the Committee in the attainment of its objectives.

10.4 **Meeting Minutes:**

a. The meetings of the ESG Committee shall be documented including any recommendations, voting results, the names of attendees and any reservations they have made (if any). These minutes shall be signed by all member attended the meetings.

b. Minutes for all meetings of the Committee will be prepared and submitted for approval at a subsequent meeting of the Committee. The Committee will make regular reports to the Board and submit the minutes of all Committee meetings to, and review the matters discussed at each Committee meeting with, the Board.

10.5 **Decision making:** Only members of the Committee shall have the right to vote. Decisions shall be taken by a majority vote of members present. In the event of a tie, the Chair will have a casting vote. Moreover, voting by proxy shall not be considered.

10.6 **Declaration of Interest:** If any conflict of interest exists, the Committee member subject to the conflict shall not participate or vote on the issue giving rise to the conflict.

10.7 The ESG Committee shall hold meetings periodically with the external and internal auditors of the company.

10.8 The Internal Auditor and the External Auditor may call for a meeting with the ESG Committee at any time, whenever required.

11. REPORTING TO THE BOD

11.1 The Committee shall report to the Board annually, summarizing its activities and recommendations.

11.2 The report shall include:

a. A summary of the work the Committee performed to fully discharge its responsibilities during the preceding year;

b. A summary of senior management's progress in addressing the results of ESG audit/ verification engagement (i.e.: Sustainability report verification, Carbon footprint verification, Carbon Capture verification, etc...) reports;

c. An overall assessment of management's ESG risk, control, processes, including details of any significant emerging ESG risks impacting the EMSTEEL;

d. Details of meetings including the number of meetings held during the relevant period and the number of meetings each member attended;

e. Provide information required, if any, by new or emerging corporate governance developments;

f. Summary of key observations; recommendations and agreed action plans.

g. Performance of ESG and Sustainability Function.

12. CONFIDENTIALITY

All proceedings of the Committee, including reports submitted and presentations made, shall be kept confidential and will not be disclosed or released to any person other than Committee members, except as required by law, or as advised by the Board or the ESG Committee. Committee members shall follow the laws and regulations in respect to privacy and confidentiality of information.

13. EVALUATION

13.1 On an annual basis, a structured self-evaluation of the Committee's performance shall be undertaken by the Chair and members together with the Secretary.

13.2 The results of the evaluation should be shared with the Committee and the Board as part of the annual ESG Committee report.

14. OWNERSHIP AND DOCUMENT MAINTENANCE RESPONSIBILITIES

14.1 Document Owner

The Corporate Governance Department at EMSTEEL is the primary owner of this document and is responsible for ensuring its accuracy, relevance, and alignment with corporate governance standards.

14.2 Approval Authority

This Charter must be endorsed by the Chair and approved by the BOD before implementation in alignment with EMSTEEL's Delegation of Authority Manual.

14.3 Document Updates

a. Any amendments or revisions to this document must be proposed by or submitted to the ESG and Sustainability Department or the Legal, Governance, Risk and Compliance Department.

b. Changes should be reviewed by Group General Counsel and routed to the designated authorities for approval in accordance with section 14.2 above.

14.4 Periodic Review

This document shall be reviewed at least once every three (3) years or as required by regulatory or organizational changes.

14.5 Version Control

Each revision or update must be documented in the Issue History section, clearly indicating the changes made, date of revision, and the approving authority.

14.6 Distribution and Accessibility

a. The latest version of this Charter must be made available to all relevant stakeholders through EMSTEEL's Integrated Management System website: https://emiratessteeluae.sharepoint.com/sites/EMSTEEL-IMS

b. Stakeholders are responsible for ensuring they reference the current version in their work.