



شركة الخزنة للتأمين ش.م.ع.  
AL KHAZNA INSURANCE COMPANY P.S.C

**Corporate Governance and Standards of Institutional Discipline Report for the Year 2019**

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## **1. A statement of the measures taken to complete the Corporate Governance System during the year 2018 and how they are applied**

Al Khazna Insurance Company provides an effective framework for the effective implementation of the principles and laws of governance in line with the direction of the financial market to implement the Law of Corporate Governance of public shareholding companies in accordance with Resolution No. (32/د) of 2007 issued by the Securities and Commodities Authority, and based on the Decision of the Authority's Chairman No. (7/م) of 2016 on Corporate Governance and Standards of Institutional Discipline of public shareholding companies in order to ensure the fair treatment of shareholders, to strengthen the role of stakeholders, and to ensure proper disclosure and transparency and to reaffirm the responsibility of the Board of Directors and its role in protecting the Company's shareholders and stakeholders.

In this context, Al Khazna Company has activated the role of the Board of Directors to carry out its main tasks and to set the objectives, policies and strategies of the Company, and to motivate the Company with all its employees, departments and divisions, and to create a healthy culture including guarantees of implementation of policies and operations with the imposition of control methods within a transparent framework that is focused on objectivity, accountability and integrity to ensure the successful Company's implementation of Governance and Intuitional Discipline Standards.





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### 2. A statement of the transactions of the members of the Board of Directors, and spouses and children thereof in the Company's securities during 2019

Name	Position / Relationship	Shares owned as of 31/12/2019	Total BUY	Total SELL
Khalifa Mohd. Abdul Aziz Rubaya Al Muhairi	Chairman of the Board	5,824,810	NIL	NIL
Ateeq Feter Ateeq Al Rumaithi	Board Member	0	NIL	NIL
Ahmed Saeed Al Kharoosi	Board Member	0	NIL	NIL
Rubaya Mohammed A.R. Al Muhairy	Board Member	13,682,321	NIL	NIL
Lateefa Al Ameri	Board Member	0	NIL	NIL
Nuwair Saeed Al Mansoori	Board Member	0	NIL	NIL
Hamad Mohamed Al Muhairi	Board Member	14,860,274	NIL	NIL
Mohamed Salem Al Ali	Board Member	0	NIL	NIL

\* There was no trading of the Board of Directors and their spouses and children in the securities of the Company during the year 2019 as Trading was suspended over the Company's shares throughout the year 2019



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Al Khazna Insurance Company and its Board members are complying with the Resolution of the Securities and Commodities Authority No. 2 of 2001 concerning the system of trading, clearing, settlement, transfer of ownership and preservation of securities. The Company is also committed to the Authority's Resolution No. 3 of 2000 regarding the disclosure and transparency system as shown below:

- 1) The Chairman, the members of the Board of Directors and the employees of the Company are prohibited from trading in the shares of the Company or its subsidiary or affiliate company in short periods for the purpose of speculating on a daily or weekly basis. They are also prohibited from trading these shares with the intention of deluding investors and affecting the Company's prices directly or indirectly. They are also prohibited from trading in the shares of the Company when they become aware of any important events or decisions that might affect the prices of the Company's shares or that the internal information about the Company is used to buy or sell shares in the market.
- 2) 2. The Chairman and members of the Board of Directors and the General Manager or any of the Company's employees who are familiar with the Company's basic data may not act on their own or on behalf of any other person by dealing in the Company's securities during the following periods:
  - Ten (10) business days after the announcement of any material information that will affect the price of the share up or down unless the information is due to sudden events.
  - Fifteen (15) days prior to the date of the annual and interim financial statements of the Company and until the date of publication of the results.
  - Fifteen (15) days prior to the end of the quarterly, semi-annual or annual financial period until disclosure of the financial statements.
  - Pursuant to the provisions of Article (36) of the disclosure and transparency system, the members of the Board of Directors of the Company shall inform the Company about the number of shares they own and any purchases or sales they make so that the Company can inform the





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Authority of the number of shares held by the members of the Board of Directors during (15) Days of their membership, as well as at the end of each year and for all trading operations carried out by the members of the Board of Directors and the Executive Management.

### 3. Board of Directors Composition

#### a. A statement of the current Board of Directors composition

S/N	Name	Position in the Board	Category (Executive, Non-executive, Independent and Non-independent)	Experience, and Education and practical qualifications	Period served as a BOD member of the Company since his first election date	Their memberships and positions in any other joint-stock companies	Their positions in any other important supervisory, governmental or business entities.
1	Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi	Chairman of Board of Directors	Independent-Non Executive	Chairman of the Board of Directors of Al-Khazna Insurance Company - Chief Executive Officer and Vice Chairman of Al-Rubaya Group - Chairman of Abu Dhabi Holding Company - Chairman of the Board of Trustees of Al-Hosn University - Member of the Board of Directors of the UAE-German Joint Council for Industry and Commerce - holds a Bachelor of	Since 2006	Vice Chairman of National Marine Dredging Company - Member of the Board of Directors of Sanad	None



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				Accounting and Business Administration from the UAE University.		Insurance Company in KSA.	
2	Rubaya Mohammed Abdul Aziz Rubaya Al Muhairi	Managing Director	Non-independent -Non Executive	Managing Director of Al Khazna Insurance Company and Managing Director of Electromechanical WLL. - Member of the Board of Directors of Al-Rubaya Group - holds a diploma in Business Administration.	Since 2012	Member of the Board of Directors of National Marine Dredging Company	None
3	Ahmed Said Al Kharousi	Member of the Board of Directors	Non Independent -Executive	Head of Public Relations and HC at Al Khazna Insurance Company - Board Member of Abu Dhabi Holding Company - A specialist in technical information technology at the Faculty of Higher Technology - Has extensive experience in the field of human resources and public relations.	Since 2012	None	None
4	Ateeq Fener Ateeq Al Rumaithi	Member of the Board of Directors	Independent - Non-executive	Member of the Board of Directors of Abu Dhabi Holding Company, and holds MBA from the UAE University.	Since 2017	None	Director of Services Department at Emirates Space Agency
5	Latifa Al Ameri	Member of the Board of Directors	Independent - Non-executive	Holds MBA from the Canadian University in Dubai and a member of the Board of Directors of Abu Dhabi Holding Company.	Since 2017	None	Employee in Abu Dhabi Chamber of Commerce and Industry
6	Nouier Said Da'an Mubarak Al Mansouri	Member of the Board of Directors	Independent - Non-executive	Director of Emiratization Development at Aghtia Group - Bachelor of Information Systems from Al-Hosn University, Member of the Board of Directors of Abu Dhabi Holding Company.	Since 2017	None	None
7	Hamad Mohamed Al Muhairi	Member of the Board of	Independent - Non-	Bachelor of Business Administration from the University of Miami, USA, Member of	Since 2017	Member of the Board of	None





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		Directors	executive	the Board of Directors of Al-Ruabya Group, Member of the Board of Directors of Abu Dhabi Holding Company.		Directors of Abu Dhabi National Hotels Company	
8	Mohammed Salem Al Ali	Member of the Board of Directors	Independent - Non-executive	Diploma in Business Administration from Emirates College in Dubai, Human Resources Diploma, Gulf Arab Center in Dubai - More than five-year experience in insurance - Special Projects Manager at Mawarid Finance.	Since 2017	None	None

### The resignations of the board members that were accepted and announced during the year 2019

Name	Date Of Resignation
Daham Al Mazrouei	19/09/2018
Omeir Al Muhairi	06/11/2018
Nasser Al Reyami	02/05/2019



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**b. A statement of women's representation in the Board of Directors in 2019**

In line with the requirements of Corporate Governance and the regulations for candidacy for membership of the Board of Directors, during 2019, the women accounted for over 20% of the Board of Directors of the Company.

**c. A statement of the following:**

**1. Total remunerations paid to the members of the Board of Directors for the year 2018.**

No bonuses were paid to the Board of Directors for 2018.

**2. Total remunerations proposed to be paid to the members of the Board of Directors for the year 2019, which shall be presented in the annual General Assembly for approval.**

There are no proposed remunerations for directors for 2019.

**3. A statement of the details of allowances for attending the meetings of committees derived from the Board, which were paid to the members of the Board of Directors for the fiscal year 2019.**

There were no allowances for members of the Board to attend meetings of Board Committees for the year 2019.





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4. Details of the allowances, salaries, or additional fees that a member of the board of directors charged other than the fees for attending the committees and their reasons.

NAME	Position	Total salaries and allowances paid for the year 2019	Notes
Rubaya Mohamed Rubaya Al Muhairi	Managing Director	696000	Until the date he relinquished his duties as managing director of the company on 26/06/2019
Ahmed Saeed Al Kharousi	Head of HC and PR	444000	



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d. The number and dates of BOD meetings held during the FY 2019 as well as the attendance frequency by all the members; in person and by proxy and missed meeting with/without an excuse acceptable by the Board

Date	Venue	Time	Attendees	Members who missed the meeting with an excuse acceptable by the Board	Members Who missed the meeting with no excuse
27 / 03 / 2019	The Company's Headquarters	2:00 PM	HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi HE / Rubaya Mohamed Abdul Aziz Rubaya Al Muhairi HE / Ateeq Fener Ateeq Al Rumaithi HE / Ahmed Said Al Kharousi HE / Nouier Said Da'an Mubarak Al Mansouri HE / Hamad Mohamed Al Muhairi HE / Latifa Al Ameri HE / Mohammed Salem Al Ali		HE / Daham Al Fandi Al Mazrouei HE / Omeir Ateeq Al Muhairi HE / Nasser Al Riyami
26 / 06 / 2019	The Company's Headquarters	2:00 PM	HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi HE / Rubaya Mohamed Abdul Aziz Rubaya Al Muhairi	HE / Hamad Mohamed Al Muhairi HE / Latifa Al Ameri	HE / Daham Al Fandi Al Mazrouei HE / Omeir Ateeq Al Muhairi



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			HE / Ateeq Fener Ateeq Al Rumaithi HE / Ahmed Said Al Kharousi HE / Nouier Said Da'an Mubarak Al Mansouri HE / Mohammed Salem Al Ali		HE / Nasser Al Riyami
11/12/2019	The Company's Headquarters	2:00 PM	HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi HE / Rubaya Mohamed Abdul Aziz Rubaya Al Muhairi HE / Ahmed Said Al Kharousi HE / Ateeq Fener Ateeq Al Rumaithi HE / Nouier Said Da'an Mubarak Al Mansouri HE / Mohammed Salem Al Ali	HE / Hamad Mohamed Al Muhairi HE / Latifa Al Ameri	HE / Nasser Al Riyami
23/ 12 / 2019	The Company's Headquarters	2:00 PM	HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi HE / Rubaya Mohamed Abdul Aziz Rubaya Al Muhairi HE / Ahmed Said Al Kharousi	HE / Hamad Mohamed Al Muhairi HE / Latifa Al Ameri	



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HE / Ateeq Fener Ateeq Al Rumaithi

HE / Nouier Said Da'an Mubarak Al Mansouri

HE / Mohammed Salem Al Ali  
HE / Mohammed Salem Al Ali

- (There was no proxy presence for the BOD members during their meetings in 2019)

- Number of Board Resolutions by Circulation for the FY 2019

There was a single Board Resolution per circulation for the year 2019 on 12/03/2019 and it was listed on the agenda of the Board Meeting of 27/03/2019 and endorsed accordingly

e. A statement of the BOD's tasks and functions which were performed by the Executive Management pursuant to an authorization by the BOD to the Management.

Name of the authorized person	Delegation authority	Duration of Delegation
Ahmed Said Al Kharousi	All administrative affairs and signing on behalf of the Company, and have the right to represent the Company and its subsidiaries in all private and official bodies.	3 years from the date 07 / 08 / 2016
Vicken Khochafian	Signing documents for the Traffic and Licensing Department	3 years from the date 11 / 07 / 2017



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f. A statement of the details of transactions made with the related parties (stakeholders) for the year 2019, indicating the nature of relationship and transaction type.

#	Name of the Company / Person	Service Type	Value as of 31 / 12 / 2019	Related Parties
1	HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi - Family	Insurance Services	0	HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi
2	HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi	Insurance Services	0	HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi
3	Al-Rubaya Group	Insurance Services	65,723	HE / Rubaya Mohamed Abdul Aziz Rubaya Al Muhairi
4	HE / Rubaya Mohamed Abdul Aziz Rubaya Al Muhairi	Insurance Services	41,792	HE / Rubaya Mohamed Abdul Aziz Rubaya Al Muhairi
5	Coppins Holdings	Insurance Services	0	HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi
6	HE / Daham Al Fendi Al Mazrouei	Insurance Services	8,650	HE / Dham Al Fendi Rashid Al Mazrouei
7	Magic Paint Automotive Repair	Insurance Services	49,024	HE / Ahmed Said Mubarak Al Kharousi
8	Marsons Capital	Insurance Services	2,600	HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi

\* The transactions that took place during 2019 with the stakeholders represent regular insurance business in accordance with the procedures and regulations adopted by the Company with all its clients. In terms of complete transparency, we explained above the individual transactions of the companies of the BOD members and its values for regular insurance business with the Company

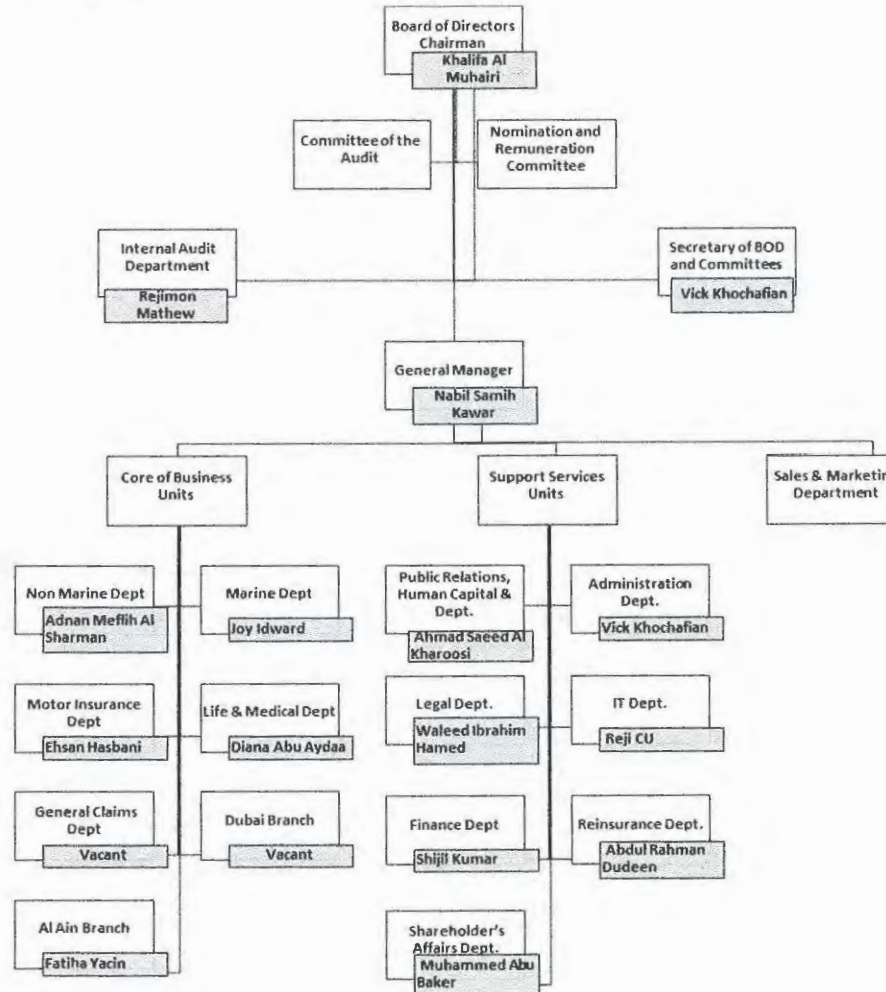




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### g. The Organizational Chart of the Company





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h. A detailed statement of the senior executive staff in the first and second levels according to the Company's organizational structure and their positions and appointment dates, and total salaries and benefits paid thereto:

S/N	Position	Department	Date of Appointment	Total Salaries and Allowances paid in 2019 (AED)	Total Bonuses paid in 2019 (AED)	Any other Cash/in-kind benefits for 2019 or payable in the future
1	General Manager	General Manager Office	25 / 02 / 2018	550.000.00	None	None
2	Head of Dept. and BOD member	Head of HC and PR / Board of Directors	04 / 03 / 2007	444.000.00	None	None
3	Head of Dept. and Secretary of BOD & Governance	Administrative Affairs / BOD	23 / 05 / 2010	480.000.00	None	None
4	Acting Branch Manager	Al Ain Branch	25 / 01 / 1997	216.000.00	None	None
5	Head of Dept.	Marine and non-marine insurance Dept.	29 / 03 / 2016	540.000.00	None	None
6	Head of Dept.	Motor insurance Dept.	24 / 08 / 1997	396.000.00	None	None
7	Manager	Motor insurance Dept.	10 / 03 / 2013	372.000.00	None	None
8	Manager	Motor insurance	06 / 09 / 2000	252.000.00	None	None
9	Head of Dept.	Medical & Life Insurance Dept.	01 / 11 / 2016	540.000.00	None	None



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10	Head of Dept.	General Claims Dept.	29 / 06 / 2002	266.400.00	None	None
11	Head of Dept.	Finance Dept.	01 / 12 / 1999	378.000.00	None	None
12	Manager	Human Cadres Dept.	03 / 01 / 2006	252.000.00	None	None
13	Head of Dept.	Information Systems Dept.	06 / 03 / 1999	362.400.00	None	None
14	Head of Dept.	Internal control Dept.	16 / 05 / 1998	324.000.00	None	None
15	Manager	Legal Affairs Dept.	13 / 05 / 2007	282.000.00	None	None
16	Manager	Shareholders Affairs	02 / 07 / 2006	194.400.00	None	None
17	Manager	Re-Insurance Dept.	03 / 06 / 2018	108.000.00	None	None

#### 4. External Auditor:

##### a. A brief about the external auditor of the Company's to the shareholders.

Talal Abu-Ghazaleh Organization (TAG-Org) was established in 1972. The Group operates through its 100 offices and 150 representative offices around the world. TAG-Org is one of the world's leading accounting, auditing and consulting firms. The Group has achieved a distinguished record of success among its clients, which include important agencies, government entities, international and Arab financing organizations and leading companies in the fields of banking, industry, insurance and trade.

##### b. A statement of the fees or costs of auditing or the services provided by the external auditor during 2019:





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Name of Auditing Firm and Name Of the Auditing Partner	Talal Abu-Ghazaleh & Co. International/ Mr. Firas Kilani
Number of years served as an external auditor for the Company	2 years since (2018)
Total fees for auditing the financial statements of 2019 (in AED)	AED 147,000
The fees and costs of the special services other than the auditing of the financial statements in 2019 (in AED), if any, and in case there are no other fees, this shall be expressly stated	None
The details and nature of other services provided (if any), and in case there are no other services, this shall be expressly stated	None
A statement of the other services performed by an <u>external auditor other than</u> the Company's auditor in 2019 (if any), and in case there is no another auditor, this shall be expressly stated	None

c. A statement of the qualified opinions made by the Company's external auditor in the interim and annual financial statements for 2019.

- We conducted our review in accordance with International Standards on Review Engagements 2410, Review of consolidated interim Financial Information Performed by the Independent Auditor of the group a review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in audit. Accordingly, we do not express an audit opinion.
- As discussed, as of the end of the reporting period the Group's cash flows used in operating activities amounting to AED 63,063,692 and accumulated losses exceeded 50% of the share capital.



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- A revised Management's plan and cash flow forecasts with revised dates for submission of the Corrective plan and disposal of assets has been approved by the Board of Directors as of the date of this report. The cash flow forecasts include assumptions related to non –enforcement of the terms of loan agreement in respect of recovering the whole outstanding loan balance including the forgiven amount and interest, and the group disposed property worth of 17.6 Millions in second quarter of 2018 and planning to dispose more in the year 2019.
- We were not provided with documentation related to these assumptions to support the appropriateness of consolidated interim financial statements being prepared using the going concern basis of accounting consequently, we were unable to confirm or dispel whether it is appropriate to prepare the consolidated interim financial statements using the going concern basis of accounting.
- During the period the Group has incurred penalties from the Federal Tax Authority amounting to AED 6.106,635 due to not submitting payments of due taxes, while total penalties as of the date of the report were AED 15,507,224.
- The consolidated interim financial statements includes the assets, liabilities and operating result for the subsidiaries company in which it has not audited by independent auditor and we cannot satisfy our self by other audit procedure if the operating result of these subsidiaries will materially affect the consolidated interim financial statements.
- We would like to draw attention to Note 6 of consolidated interim financial statements in which the group's investment properties include two plots of land with carrying value of 89.5 million as of 30 September 2019 (31 December 2018: AED 90.4 million) for which the master developer did not transfer the titles to the name of group, pending the settlement of title's transfers fees. We were unable to determine whether any adjustments to this amount were necessary.
- With refer to Note 7 (b) to the consolidated interim financial statement that provide details of the Group's investment designated through other comprehensive income and investments designated through profit and loss amounting to AED 9,446,329 AED 38,977,120 respectively in which shares were frozen by Abu Dhabi court for urgent matters.
- We did not receive confirmation for the ownership of the shares in Al Firdouse amounting to AED 42,000 Note 7 (b) registered in the name of Pearl Capital.
- We would like to draw attention to Note 9& 18 of the consolidated interim financial statements in which the group written back an amount of AED 10,183,873 from provision for impairment of receivable to other income, we did not receive sufficient and appropriate audit evidence for the written back of provision and the collectability of the related amount.



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- During the 2 nd quarter, the group has defaulted in payment of one loan installment which lead the bank to file a case against the Group claiming the total amount outstanding and previously forgiven amount of AED 39.4 million plus interest as per one of covenants of the loan agreement. We didn't receive sufficient audit evidence on how the group will meet its future obligation.
- Based on due to significant of the matter described in the basis of disclaimer of conclusion section, we were unable to form a conclusion on the accompanying consolidated interim financial information accordingly, we do not express a conclusion on this consolidated interim financial information.

### 5. Audit Committee:

Mr. Ateeq Fitr Al-Rumaithi, Chairman of the Audit Committee, acknowledges his responsibility for the committee's system in the company and for his review of its work mechanism and ensuring its effectiveness.

#### a. The names of members of the audit committee

Name	Position
HE / Ateeq Feter Ateeq Al Rumaithi	Head of the Committee
HE / Hamad Mohamed Rubaya Al Muhairi	Member
HE / Nouier Said Da'an Mubarak Al Mansouri	Member
HE / Mohammed Salem Al Ali	Member

#### A statement of functions and duties assigned to the audit committee.

- Develop and apply the contracting policy with the external auditor, and report to the Board of Directors identifying the issues that it considers important to take on them and recommending the steps to be taken.
- Ensure that the auditor meets the conditions stipulated in the applicable laws, regulations and decisions and the Company's Articles of Association, and follow up and monitor its independence.



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- Monitor the integrity of the Company's financial statements (annual, semi-annual and quarterly) and review them as part of its normal work during the year, and should focus in particular on:
  - Any changes in accounting policies and practices.
  - Highlight areas under Management's discretion.
  - Substantial adjustments resulting from the audit.
  - Assuming continuity of business.
  - Compliance with accounting standards determined by the Authority.
  - Adherence to the rules of incorporation, disclosure and other legal requirements related to the preparation of financial reports.
- Coordinate with the Board of Directors, the Executive Management and the Chief Financial Officer or the Manager, who performs the same functions in the Company in order to perform its duties.
- Consider any important and unusual items that are or should be mentioned in those reports and should give due attention to any issues raised by the CFO of the Company, the manager with the same functions, the compliance officer or the external auditor.
- Meeting with the Company's auditor without the presence of any senior management or its representative, at least once a year, and discussing the nature and scope of the audit and its effectiveness in accordance with the approved auditing standards.
- Review the financial control, internal control and risk management systems of the Company.
- Discuss the internal control system with the Management and ensure that it fulfills its duty to establish an effective internal control system.
- Consider the results of the main investigations in internal control matters assigned to them by the Board of Directors or are initiated by the Committee and approved by the Board of Directors.
- Review the auditor's evaluation of internal control procedures and ensure that there is coordination between the internal auditor and the external auditor.
- Ensure the availability of materials for the internal control department and monitor and review the effectiveness of the department.
- Review internal control reports and follow up the implementation of the corrective measures of the observations contained therein.



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- To recommend to the Board of Directors regarding the selection, resignation or dismissal of the auditor. If the Board of Directors does not approve the recommendations of the Audit Committee, the Board shall include in Governance Report a statement explaining the recommendations of the Audit Committee and the reasons that the Board of Directors has not adopted.
- Examine all matters related to the work of the auditor, its work plan, correspondence, remarks, suggestions and reservations, and any material questions raised by the auditor to the senior executive management regarding the accounting records, financial accounts or control systems, and follow up the response of the Company management thereon, and to provide the necessary facilities to carry out its work.
- Ensure that the Board of Directors responds in a timely manner to the clarifications and material issues raised in the external auditor's letter.
- Review the transactions of related parties with the Company and ensure that there is no conflict of interest and recommend them to the Board of Directors before they are concluded.
- Establish controls that enable Company employees to report any potential violations in financial reports, internal controls or other matters in secret and steps to conduct independent and fair investigations of such violations.
- Monitor the Company's compliance with the Code of Conduct.
- Ensure the application of the rules of work for the functions and powers entrusted to it by the Board of Directors.
- Report to the Board of Directors on the issues listed in this clause.
- Consider any other matters determined by the Board of Directors.

**b. The number and dates of the meetings held by the audit committee during the year 2019 to discuss issues related to the financial statements and any other issues, and a statement of the attendance frequency in person by the committee's members.**

Date	Venue	Time	Attendees
21 / 03 / 2019	The Company's Headquarters	3:00 pm	HE / Ateeq Fener Ateeq Al Rumaithi HE / Mohammed Salem Al Ali



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			HE / Nouier Said Da'an Mubarak Al Mansouri
13 / 10 / 2019	The Company's Headquarters	2:00 pm	HE / Ateeq Fener Ateeq Al Rumaithi HE / Mohammed Salem Al Ali HE / Nouier Said Da'an Mubarak Al Mansouri
30 / 10 / 2019	The Company's Headquarters	2:00 pm	HE / Ateeq Fener Ateeq Al Rumaithi HE / Mohammed Salem Al Ali HE / Nouier Said Da'an Mubarak Al Mansouri
23 / 12 / 2019	The Company's Headquarters	1:00 pm	HE / Ateeq Fener Ateeq Al Rumaithi HE / Mohammed Salem Al Ali HE / Nouier Said Da'an Mubarak Al Mansouri

### 6. Nomination and Remuneration Committee:

Mr. Mohmed Salem Al Ali Chairman of the Audit Nomination and Remuneration Committee, acknowledges his responsibility for the committee's system in the company and for his review of its work mechanism and ensuring its effectiveness.

#### a. The names of members of the Nomination and Remuneration Committee, and a statement of its functions and the duties assigned thereto

Name	Position
HE / Mohamed Salem Al Ali	Head of the Committee
HE / Latifa Al Ameri	Member
HE Hamad Mohamed Al Muhairi	Member





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### A statement of functions and duties assigned to the nomination and remuneration committee.

- Develop a policy of candidacy for the Board of Directors and Executive Management, which aims at taking into account gender diversity in the composition, and encouraging women through benefits, incentives and training programs.
- Organize and follow up the procedures for nomination to the Board of Directors in accordance with the applicable laws and regulations.
- Ensure the independency of independent members.
- If the Committee finds that a member has lost the conditions of independence, it must submit the matter to the Board to notify the member by a registered letter to his registered address at the Company for reasons of non-independence, and to reply to the Board of Directors within fifteen days from the date of its notification. The Board of Directors shall issue a decision as an independent or non-independent member at the first meeting following the member's reply or the expiry of the period referred to in the preceding paragraph without reply.
- Subject to the provisions of Article (145) of the Companies Law, if the decision of the Board of Directors eliminates the reasons or justifications for independence from the member to affect the minimum percentage of its independent members, the Board of Directors shall appoint an independent member to replace the member if the latter has resigned due to the absence of independence. If the member refuses to resign, the Board shall submit the matter to the General Assembly for a decision to approve the appointment of another member or to open a nomination for a new member.
- Prepare the policy for the granting of remuneration, benefits, incentives and salaries for the members of the Board of Directors of the Company and its employees, and to review them on an annual basis, and the Committee must verify that the remuneration and benefits granted to the Executive Management are reasonable and commensurate with the performance of the Company.
- Annual review of the required skills requirements for Board membership and a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time a member should allocate to the Board of Directors.
- Review the structure of the Board of Directors and make recommendations on possible changes.
- Identify the Company's needs of competencies at the level of senior executive management and employees and the basis for their selection.
- Prepare and review the human resources and training in the Company and monitor its application.
- Any other matters determined by the Board of Directors.



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AL KHAZNA INSURANCE COMPANY P.S.C

- b. A statement of the number and dates of the meetings held by the committee during the year 2018, stating the frequency of attendance in person by all the members of the committee.

Date	Venue	Time	Attendees
26 / 12 / 2019	The Company's Headquarters	3:00 pm	HE / Mohamed Salem Al Ali HE / Latifa Al Ameri

**7. Insiders' Trading Follow-Up and Supervision Committee:**

The Committee was established to follow up and supervise the transactions of persons familiar with the decision of the Board of Directors of the Company as stipulated in Article No. 12 of the Board of Directors Resolution No. (7/م.ج) for the year 2016 on the standards of institutional discipline and corporate governance

. The committee consists of:

- Mr. Vicken Khochafian: Secretary of the Board of Directors and Head of the Department of Administrative Affairs
- Mr. Mohammed Abu Bakr: Director of Shareholders Affairs Department
- Mr. Shijil Kumar: Head of the Finance Department

The Committee's duties and responsibilities during the year 2019 include:

- Updating the list of insiders and providing them periodically to Abu Dhabi Securities Market.
- Receiving requests for the insiders' trading and monitoring them from the members of the Board of Directors, employees, and insiders assigned temporarily to ensure that they abide by the rules in this regard and follow the approach of disclosure and transparency and reduce the risks.





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(Note that there were no requests for trading by insiders during the year 2019).

8. Any committee or other committees approved by the Board of Directors

No other committees were active during 2019

9. Internal Control System:

- a. The BOD's acknowledgement of its responsibility for the Internal Control System in the Company and its review of the functioning mechanism of internal control and ensuring its effectiveness and how to deal with any significant problems, if any

The Board of Directors has approved the establishment of the Internal Control Department in accordance with the requirements of Governance pursuant to the provisions of Article (8) of Resolution No. 518 of 2009, which has sufficient independence to perform its functions and directly follows the Board of Directors. The BOD also acknowledges its responsibility for the internal control system of the Company and its review of this system and ensuring its effectiveness.

- b. The name and qualifications of the Director of Internal Control Department.

- c. The name and qualifications of the Compliance Officer.

\* The functions of the Director of Internal Control Department and Compliance Officer were combined in 2016.

Name: Mr. Rejimon Matthew

- Head of Internal Control Department since: July 2010.
- Compliance Officer since: December 2016.





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Qualifications: More than 15 years of experience in corporate accounting and internal auditing, CICA (Certified Internal Controls Auditor).  
Last training course attended: Internal Audit Workshop organized by VMAC Business Group in June 2011.

**d. How the Internal Control Department handle any significant issues in the company, or issues disclosed in the annual reports and accounts.**

The Internal Control Department reviews the effectiveness of the Company's internal control system and informs the Board of Directors of the results by reporting directly to the Board of Directors responsible for the internal control system, reviewing and verifying its effectiveness.

This system aims at evaluating the risk tools and procedures in the Company and applying the rules of Governance properly and verifying the compliance of the Company and its employees with the provisions of the laws, regulations and decisions in force which regulate its work, internal policies and procedures and review the financial statements presented to the senior management of the Company, which used in preparing the financial positions, and to review all documents and records used in the Company to verify their validity and adequacy to achieve the desired objectives. In order to achieve these objectives, the internal auditor and his staff should be fully empowered to access all the activities, documents, records and property of the Company, as well as the Company's employees' statements and transactions.

The reports are reported to the Board of Directors and are directly accountable to the Board and have direct relationship with all Directors of the Company's departments and branches in respect of all internal control matters including:

- 1) Verify the commitment of the Company and its employees to the provisions of the laws, regulations and decisions in force to regulate the work of the Company.
- 2) Supervise the application of the rules of Governance.
- 3) Make proposals and recommendations to the Department regarding risk management.
- 4) Develop an assessment of risk management methods and procedures.
- 5) Administrative control to ensure accuracy, improve and upgrade performance.
- 6) Accounting control, which means all procedures that aim to ensure the accuracy of data and accounts and to determine the integrity of accounting treatment before presenting data to the Management in the Company.



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The internal control system is reviewed by the Board of Directors on an annual basis and this review was made in the past year and its results are positive. The Company did not have any major problems in 2019, which was reported by the internal control system.

e. **Number of Internal Control Reports issued in the FY 2019**

There a total Number of 3 Audit Reports issued by the Internal Control Department related to: Finance, Legal and Reinsurance Departments

**10. Details of the violations committed during the year 2019 and a statement of reasons thereof, and how they addressed and how they will avoided in the future.**

During the year 2019, there were no violations except a fine of 10,000 dirhams imposed by the Health Authority Abu Dhabi for violating article 56 of the Authority's law, knowing that Al Khazna is keen to adhere at all times to the laws of the Securities and Commodities Authority, the Insurance Authority and Abu Dhabi Stock Market and the Health Authority and follows the policy of adherence to the company's internal regulations.

**11. A statement of the cash and in-kind contributions made by the Company during the year 2019 towards the local community development and environmental conservation.**

The company did not make any cash contributions during the year 2019. The Company implements an environmental policy by separating the waste for recycling and reducing the printing of the papers by mentioning them in the official e-mail of the Company.



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## AL KHAZNA INSURANCE COMPANY P.S.C

### 12. General Information:

#### a. A statement of the Company share price in the Market (closing price, highest price, lowest price) in the end of each month during 2018.

Closing Price	Highest Price	Lowest Price	Code	Company Name	Date
0.25	0.25	0.29	AKIC	Al Khazna Insurance Company	31 / 01 / 2019
0.25	0.25	0.3	AKIC	Al Khazna Insurance Company	28 / 02 / 2019
0.25	0.25	0.27	AKIC	Al Khazna Insurance Company	31 / 03 / 2019
0.25	0.25	0.26	AKIC	Al Khazna Insurance Company	30 / 04 / 2019
0.25	0.25	0.25	AKIC	Al Khazna Insurance Company	31 / 05 / 2019
0.25	0.25	0.25	AKIC	Al Khazna Insurance Company	30 / 06 / 2019
0.25	0.25	0.25	AKIC	Al Khazna Insurance Company	31 / 07 / 2019
0.25	0.25	0.25	AKIC	Al Khazna Insurance Company	31 / 08 / 2019
0.25	0.25	0.25	AKIC	Al Khazna Insurance Company	30 / 09 / 2019
0.25	0.25	0.25	AKIC	Al Khazna Insurance Company	31 / 10 / 2019
0.25	0.25	0.25	AKIC	Al Khazna Insurance Company	30 / 11 / 2019
0.25	0.25	0.25	AKIC	Al Khazna Insurance Company	31 / 12 / 2019

#### b. A statement of the comparative performance of the Company's shares with the market index and the sector index at the end of each month during year 2019

comparative performance of Al	comparative performance of Al	Market Trades		Insurance Sector Trades		Al Khazna Share Trades		Code	Company Name	Date
		Value	Quantity	Value	Quantity	Value	Quantity			





# شركة الخزنة للتأمين ش.م.ع.

## AL KHAZNA INSURANCE COMPANY P.S.C

Khazna share / Market Index	Khazna share / Sector Index									
0.000000%	0.000000%	2,999,066	2,712,525	55.264.594	46.929.943	0	0	AKIC	Al Khazna Insurance Company	31 / 01 / 2019
0.000000%	0.000000%	8,802,566	4,778,370	55.531.377	65.897.458	0	0	AKIC	Al Khazna Insurance Company	28 / 02 / 2019
0.000000%	0.000000%	11,010,124	3,692,340	20.037.920	16.182.277	0	0	AKIC	Al Khazna Insurance Company	31 / 03 / 2019
0.000000%	0.000000%	40,063,255	6,970,216	9.374.408	7.744.148	0	0	AKIC	Al Khazna Insurance Company	30 / 04 / 2019
0.000000%	0.000000%	5,955,918	7,460,372	28.542.225	14.869.858	0	0	AKIC	Al Khazna Insurance Company	31 / 05 / 2019
0.000000%	0.000000%	12,358,527	5,866,018	5.947.665	4.959.733	0	0	AKIC	Al Khazna Insurance Company	30 / 06 / 2019
0.000000%	0.000000%	18,317,559	9,470,436	6.404.787	3.357.526	0	0	AKIC	Al Khazna Insurance Company	31 / 07 / 2019
0.000000%	0.000000%	8,343,918	6,145,714	6.723.579	4.933.946	0	0	AKIC	Al Khazna Insurance Company	31 / 08 / 2019
0.000000%	0.000000%	28,970,826	20,008,218	5.984.277	7.421.901	0	0	AKIC	Al Khazna Insurance Company	30 / 09 / 2019
0.000000%	0.000000%	17,037,326	18,567,816	7.052.596	5.460.440	0	0	AKIC	Al Khazna	31 / 10 /





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									Insurance Company	2019
0.000000%	0.000000%	20,361,306	21,964,373	16.455.065	12.526.497	0	0	AKIC	Al Khazna Insurance Company	30 / 11 / 2019
0.000000%	0.000000%	27,939,675	13,992,908	6.130.355	7.991.824	0	0	AKIC	Al Khazna Insurance Company	31 / 12 / 2019

- c. A statement of shareholding distribution as of 31 / 12 / 2019 (individuals, companies, governments) classified as follows: local, GCC, Arab, foreign:

Shareholder Category	Percentage of Shares Held			
	Individual	Companies	Government	Total
Local	73,444%	21,547%	0.00%	94.991%
GCC	0.624%	0.126%	0.00%	0.750%
Arab	2.180%	0.012%	0.00%	2.30%
Foreign	0.566%	1.50%	0.00%	2.066%
<b>Total</b>	<b>76,707%</b>	<b>23,293%</b>	<b>0.00%</b>	<b>100%</b>





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d. A statement of the shareholders holding 5% or more of the Company's capital as of 31 / 12 / 2019:

S/N	Name	Number of Shares Held	% of the Shares Held of the Company's Capital
1	Mohammed Abdul Aziz Rubaya Al Muhairi	39,541,249	9.41%
2	Engineering & Contracting Est. for Oil Works	28,092,257	6.69%
3	Hazaa Mohammed Abdul Aziz Rubaya Al Muhairi	21,001,397	5.00%

e. A statement of shareholders distribution by the size of equity as of 31/12/2019:

S/N	Share(s) Owned	Number of Shareholders	Number of Share Held	% of the Shares Held of the Capital
1	Less than 50,000	9.964	27.786.764	6.62%
2	From 50,000 to less than 500,000	268	40.904.698	9.74%
3	From 500,000 to less than 5,000,000	91	124.865.865	29.73%
4	More than 5,000,000	17	226.442.673	53.91%
		<b>10.340</b>	<b>420.000.000</b>	<b>100.00%</b>



# شركة الخزنة للتأمين ش.م.ع. AL KHAZNA INSURANCE COMPANY P.S.C

f. **A statement of the procedures taken with respect to the controls of investors' relations:**

Al Khazna Insurance Company has met all the mandatory requirements related to investor relations regulations in compliance with the Corporate Governance and Corporate Discipline Standards in terms of appointing an Investor Relations Manager who meets the required conditions and competencies, establishing a competent investor relations department and investor relations section on the Company's website including all information and data to be disclosed and other data relating to the Company and the shareholders' equity. Details of the contact are given below:

- The name and contact information of the Investors' Relations Manager:

Mr. Abu Bakr Shehadeh - Director of Investor Relations Department  
Investor Relations Department Office - Al Ghaith Tower - Hamdan Street - Abu Dhabi - Apartment No. 1102  
Tel: 02 / 6585511  
Fax: 02 / 6585537 – 02 / 6277755  
E-mail: [shareholders@alkhazna.ae](mailto:shareholders@alkhazna.ae)

- The link of the Investor Relations webpage on the website of the Company  
<http://www.alkhazna.com/invest>

In addition, in respect of profits not received by shareholders for previous years, the Company has published in two daily gazettes, one in Arabic and the other in English, in addition to publishing the names of the shareholders entitled to the profits not received on the Company's website under investor relations section.







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g. A statement of the special resolutions presented to the General Assembly held in 2019 and the procedures taken with respect thereto.

Special resolutions during the General Assembly held on 30 / 04 / 2019

Special Resolution No. 1

Consider the company's continuation of its activities in implementation of the provisions of Article 302 of Federal Law No. 2 of 2015 in the matter of commercial companies

\* Resolution was approved by majority of represented votes

Special Resolution No. 2

Consider reducing the capital of the company from 420,000,000 to 150,000,000 million dirhams, at a value of a reduction of 270 million dirhams, to amortize part of the accumulated losses, as well as considering using the legal reserve and the issuance premium in full to extinguish another part of the accumulated losses while adhering to the provisions of Articles 202-203-204 of the law Federal No. 2 of 2015 regarding commercial companies and authorizing the Board of Directors to take all necessary measures.

\* Resolution was approved by majority of represented votes

Special Resolution No. 3

Consider increasing the capital of the company with an increase value of 50 million dirhams from 150,000,000 to 200,000,000 million dirhams, in compliance with the provisions of Articles 194/199 of Federal Law No. 2 of 2015 regarding commercial companies and authorizing the Board of Directors to determine the time to implement the increase and take all necessary measures.





# شركة الخزنة للتأمين ش.م.ع. AL KHAZNA INSURANCE COMPANY P.S.C

The Chairman of the Board asked the General Assembly to authorize the Board to take the appropriate decision regarding the capital increase of 50 million dirhams, either by inviting the company's shareholders to subscribe to new shares or by introducing new investors to inject the required amount of increase.

\* Resolution was approved by majority of represented votes and the Chairman's request for authorization was approved

**With regard to special resolutions No. 2 and No. 3 that were approved by the General Assembly, AKIC was unable to implement it during the year 2019 for reasons related to financial obligations towards its major creditors as the company was unable to reach a settlement with the concerned parties before starting the Capital Reduction procedures to avoid legal lawsuits that may be raised against the company.**

**However, Al Khazna Insurance Company is committed to implementing the decisions of the general assembly and undertakes to start the procedures related thereto upon reaching a settlement with its major creditors.**

**h. The name of the Board Secretary and the date of his/her appointment**

Name: Mr. Vicken Khochafian

Date of appointment: 23 April 2012





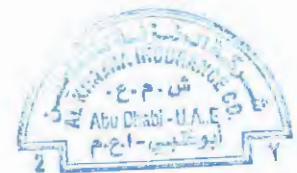
# شركة الخزنة للتأمين ش.م.ع. AL KHAZNA INSURANCE COMPANY P.S.C

## His Qualifications and Experience:

Bachelor of Business Administration – Masters in Strategic Management and Leadership (CMI-United Kingdom) – Chartered Manager (Chartered Management Institute – United Kingdom) – 15+ years of experience in Management, Board of Directors matters and Governance.

## Statement of his duties during the year:

- The creation and timely distribution of agenda for Board meetings, Board Committee meetings and Annual General Meetings
- The accurate recording and safe keeping of the Minutes of all Board, Committee and General Assembly meetings
- Keeping the Board Members updated about the latest changes related to Companies Laws, Governance and related authorities regulations
- The maintenance of a manual of up-to-date governance policies and advising the board and its committees about the related matters
- The management of external correspondence with the related Regulating Authorities and the internal relations between the board and the executive management of the company concerning board resolutions and instructions.
- In charge of the official disclosures of the company with the Abu Dhabi stock exchange and the Securities and Commodities Authority





# شركة الخزنة للتأمين ش.م.ع. AL KHAZNA INSURANCE COMPANY P.S.C

## i. A statement of the significant events that took place in the Company in 2019.

The company faced great challenges during the year 2019, as Al Khazna Insurance company was under a ban on issuing Insurance Policies imposed by the insurance authority, and the company was not able to issue any insurance policies for a period of approximately 20 months, starting from the imposition of the ban on 29/03/2018 and until The date the ban was lifted on 01/10/2019. During the ban imposed by the Insurance Authority, the company has completely lost its

The ban from issuing insurance contracts resulted in cash flow problems, which led to the company's failure to fulfill its financial obligations towards a large part of its creditors, and was not even able to implement its corrective measures such as reducing the company's capital to address the issue of accumulated losses according to the previous General Assembly resolutions.

The company managed successfully and after a great effort to renew the reinsurance agreements with the best international companies and the company intends to move forward with the plan to address the accumulated losses during the year 2020 and focus on the technical and administrative aspects and correct them under the supervision of the Insurance Authority.



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j. A statement of the Emiratization percentage in the Company by the end of the years 2017-2018-2019

Year	No of UAE Nationals	No of Total Employees	Ratio
2017	3	175	1.71%
2018	3	152	1.97%
2019	2	133	1.50%

k. A statement of the innovative projects and initiatives implemented by the Company or which were under development during 2019.

Due to the challenges it was experiencing, the company was unable to undertake any innovative projects or initiatives during the year 2019, and the technical staff of the company has already begun working on several ideas that will be announced in due course.

Chairman of the Board

31/03/2020

Chairman of the Audit Com

31/03/2020

Chairman of the Compensation and Nomination Com

31/03/2020

Head of Internal Control

31/03/2020

