



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

Corporate Governance and Standards of Institutional Discipline Report for the Year 2020

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1. A statement of the measures taken to complete the Corporate Governance System during the year 2020 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/ر) 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 Institutional 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 2020

| 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 2020 as Trading was suspended over the Company's shares throughout the year 2020



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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 | Ahmed Said Al Kharousi | Vice Chairman | 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 |
| 3 | Kuber Rai | Member of the Board of Directors | Independent - Non-executive | An experienced financial and banking professional, with more than 24 years of experience in management positions with local and international banks and financial institutions, holding a master's degree in business administration and a certificate of leadership and motivation from Harvard Business School | Since 2020 | None | |
| 4 | 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 |
| 5 | 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 |
| 6 | Hamad Mohamed Al Muhairi | Member of the Board of Directors | Independent - Non-executive | Bachelor of Business Administration from the University of Miami, USA, Member of the Board of Directors of Al-Ruabya Group, Member of the Board of Directors | Since 2017 | Member of the Board of Directors of Abu Dhabi | None |



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|---|--------------------------|--|------------------------------------|---|---------------|-------------------------------|------|
| | | | | of Abu Dhabi Holding Company. | | National Hotels Company | |
| 7 | 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 and appointments during the year 2020

| Name | Date Of Resignation Declaration |
|------------------------|---------------------------------|
| Rubaya Al Muhairi | 14/12/2020 |
| Ateeq Fitr Al Rumaithi | 14/12/2020 |

| Name | Date Of Appointment |
|-----------|---------------------|
| Kuber Rai | 14/12/2020 |



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b. A statement of women's representation in the Board of Directors in 2020

In line with the requirements of Corporate Governance and the regulations for candidacy for membership of the Board of Directors, during 2020, 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 2019.

No bonuses were paid to the Board of Directors for 2019.

2. Total remunerations proposed to be paid to the members of the Board of Directors for the year 2020, which shall be presented in the annual General Assembly for approval.

There are no proposed remunerations for directors for 2020.

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 2020

There were no allowances for members of the Board to attend meetings of Board Committees for the year 2020.



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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 2020 | Notes |
|-------------------------|-----------------------------------|--|-------|
| Ahmed Saeed Al Kharousi | Vice Chairman / Head of HC and PR | 444000 | |

d. The number and dates of BOD meetings held during the FY 2020 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 |
|------------|----------------------------|---------|--|--|---|
| 23/03/2020 | The Company's Headquarters | 2:00 PM | HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi | Rubaya Mohamed Abdul Aziz Rubaya Al Muhairi Hamad Mohamed Al Muhairi | |



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| | | | | | |
|------------|----------------------------|---------|---|--|--|
| | | | Ateeq Fener Ateeq Al Rumaithi Ahmed Said Al Kharousi Nouier Said Da'an Mubarak Al Mansouri Mohammed Salem Al Ali | Latifa Al Ameri | |
| 20/09/2020 | The Company's Headquarters | 2:00 PM | HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi Ahmed Said Al Kharousi Latifa Al Ameri Nuwair Saeed Al Mansouri Mohamed Salem Al Ali | Hamad Mohamed Al Muhairi Ateeq Fener Ateeq Al Rumaithi Rubaya AL Muhairi | |





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| | | | | | |
|------------|----------------------------|----------|---|--|--|
| 26/11/2020 | The Company's Headquarters | 2:00 PM | HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi Ahmed Said Al Kharousi Latifa Al Ameri Nouier Said Da'an Mubarak Al Mansouri Mohammed Salem Al Ali | Hamad Mohamed Al Muhairi Ateeq Fener Ateeq Al Rumaithi Rubaya Al Muhairi | |
| 27/12/2020 | The Company's Headquarters | 12:00 PM | HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi Ahmed Said Al Kharousi Hamad Rubaya Al Muhairi Kuber Rai Mohammed Salem Al | Nouier Said Da'an Mubarak Al Mansouri Latifa Al Ameri | |





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- (There was no proxy presence for the BOD members during their meetings in 2020)

- Number of Board Resolutions by Circulation for the FY 2020

There were No Board Resolution per circulation for the year 2020

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 02/09/2019 |





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f. A statement of the details of transactions made with the related parties (stakeholders) for the year 2020, indicating the nature of relationship and transaction type.

| # | Name of the Company / Person | Service Type | Value as of 31 / 12 / 2020 | Related Parties |
|---|---|--------------------|-------------------------------|--|
| 1 | HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi - Family | Insurance Services | 500,000 | HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi |
| 2 | Al-Rubaya Group | Insurance Services | 65,723 | Rubaya Mohamed Abdul Aziz Rubaya Al Muhairi |
| 3 | Promoters LLC | Insurance Services | 2,399 | HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi |
| 4 | Magic Paint Automotive Repair | Insurance Services | 30,724 | HE / Ahmed Said Mubarak Al Kharousi |
| 5 | Marsons Capital | Insurance Services | 2,600 | HE / Khalifa Mohammed Abdul Aziz bin Rubaya Al Muhairi |

* The transactions that took place during 2020 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

g. The Organizational Chart of the Company

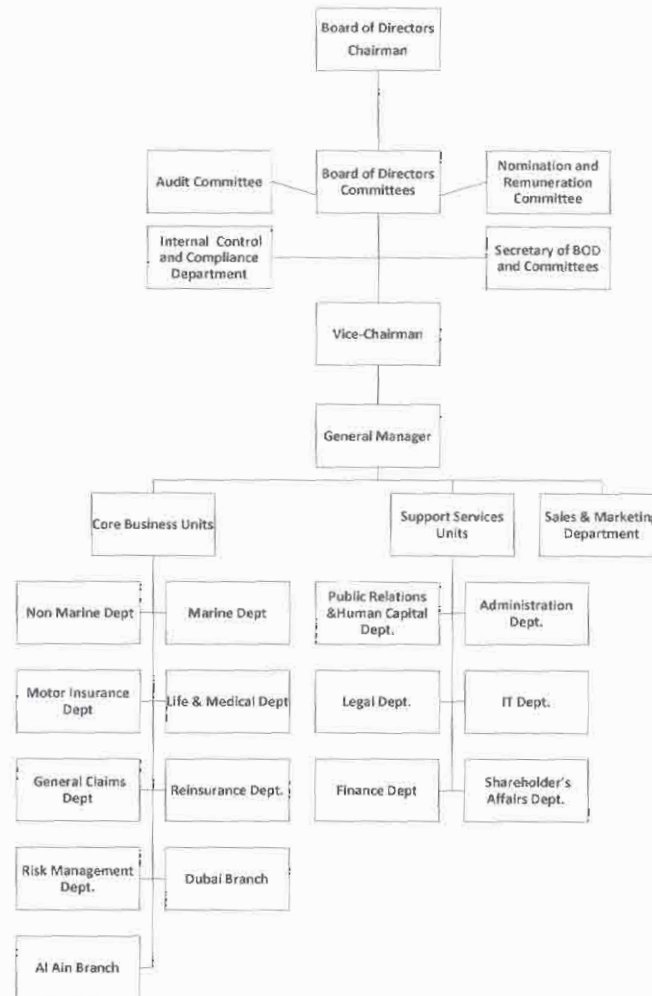


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h. A detailed statement of the senior executive staff in the first and second levels according to the Company's organizational structure and their positions and appointment dates, and total salaries and benefits paid thereto:

| S/N | Position | Department | Date of Appointment | Total Salaries and Allowances paid in 2020 (AED) | Total Bonuses paid in 2020 (AED) | Any other Cash/in-kind benefits for 2020 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 Dept. | 06 / 09 / 2000 | 252.000.00 | None | None |
| 10 | Head of Dept. | General Claims Dept. | 29 / 06 / 2002 | 266.400.00 | None | None |



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| | | | | | | |
|----|---------------|---------------------------|----------------|------------|------|------|
| 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 2020:



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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 | 3years since (2018) |
| Total fees for auditing the financial statements of 2019 (in AED) | AED 140,000 +VAT |
| 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 external auditor other than 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 2020.

Basis for Disclaimer opinion

- As discussed in Note 3 to the consolidated financial statements, as of the end of the reporting year, the Group's Incurred losses amounting to AED 63,780,618 cash flows used in operating activities amounting to AED 11,506,238 and accumulated losses exceeded 50% of the share capital.
- On 1 October 2019 , we observed that the insurance authority permitted the group to reissue policies but on 6 August 2020 the authority prevent the group to re-issue any polices until they apply the corrective plan and comply with article 41 as per federal law no. 6 \ 2007 concerning insurance, companies and agents.



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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 the loan agreement in respect of recovering the whole outstanding loan balance including the forgiven amount and interest. During December 2020 the bank liquidate shares amounting to 60.4M against repayment of loan.
- We were not provided with documentation related to these assumptions to support the appropriateness of the consolidated 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 financial statements using the going concern basis of accounting.

Group has incurred penalties from the Federal Tax Authority amounting to AED 2.6 M due to not submitting payments of due taxes, while total penalties as of the date of the report reached AED 17,528,540.

Further, as disclosed in Note 1 to the consolidated financial statements:

- The consolidated financial statements includes the assets, liabilities and operating result for the subsidiaries company in which it has not audited by independent auditor as of 31 December 2020 and we cannot satisfy our self by other audit procedure if the operating result of these subsidiaries will materially affect the consolidated financial statements.
- We would like to draw attention to Note 6 of consolidated financial statements in which the group's investment properties include two plots of land with a carrying value of AED 83.4 million as of 31 December 2020 (2019 : AED 88.04 million) for which the master developer did not transfer the titles to the name of the group, pending the settlement of title's transfers fees. We were unable to determine whether any adjustments to this amount were necessary.





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- With refer to Note 7 (a) to the consolidated 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 5,102,520 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 and Emirates Morocco Company amounting to AED 5,671,500 Note 7 (a).
- Subsequently to the date of report, the statutory deposit of the group was liquidated by an amount of AED 6,400,000 (2019 : AED 10,102,133 which has been transferred to the court's treasury against settlement of claims cases. This reduction in the statutory deposit caused that the Group non-compliance with the federal law No. 6 of 2007 concerning Insurance companies and agents.
- In 2019, the Group has defaulted in repayment 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 the covenants of the loan agreement. Subsequently, as per Judicial Department dated 2 March 2021 freeze investment AED 60.4 M to repay the outstanding amount. The total outstanding amount as per Judicial Department verdict AED 163 M dated 2 March 2021 and we didn't receive sufficient audit evidence on how the group will meet its future obligation.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statement as whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- The liability arise from insurance contract which includes unearned premiums reserves, claims under settlement reserve, claims Incurred but not reported reserve, un allocated loss adjustment expenses reserve, unexpired risk reserve and unearned reinsurance commission as explained in note (10 & 15) involves complex estimation process. These liabilities based on distributing the risk over coverage year, and were determined by the actuarial accounts. These accounts are subject to explicit and implicit assumptions relating to the expected settlement



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amount and settlement patterns of claims. We focus on these provisions as it require the assistance of independent evaluator and because of the complexity involved in the estimation process, and the significant judgments included in determining the valuation of these liabilities.

5. Audit Committee:

Mr. Kuber Rai, 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 |
|--|-----------------------|
| Mr. Kuber Rai | Head of the Committee |
| Mr. Hamad Mohamed Rubaya Al Muhairi | Member |
| Miss Nouier Said Da'an Mubarak Al Mansouri | Member |
| Mr 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.
- 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.



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- 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.
 - 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.



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- 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 |
|------------|----------------------------|---------|--|
| 17/03/2020 | The Company's Headquarters | 2:00 pm | Mr Ateeq Fener Ateeq Al Rumaithi Mr Mohammed Salem Al Ali Miss Nouier Said Da'an Mubarak Al Mansouri |
| 25/11/2020 | The Company's Headquarters | 2:00 pm | Mr. Hamad Rubaya Al Muhairi Mr Mohammed Salem Al Ali Miss Nouier Said Da'an Mubarak Al Mansouri |
| 28/12/2020 | The Company's Headquarters | 2:00 pm | Mr. Kuber Rai Mohammed Salem Al Ali Miss Nouier Said Da'an Mubarak Al Mansouri |



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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 |

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



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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.

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 |
|------------|----------------------------|---------|---|
| 24/12/2020 | The Company's Headquarters | 2:00 pm | Mr Mohamed Salem Al Ali Mr Hamad Rubaya Al Muhairi |



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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/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 2020 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.

(**Note** that there were no requests for trading by insiders during the year 2020).

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

No other committees were active during 2020





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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.

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.



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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.

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 2020

There a total Number of 3 Audit Reports issued by the Internal Control Department related to: Life and Medical, overall report of all unresolved internal control issues of all departments, and Internal Control recommendations report.



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10. Details of the violations committed during the year 2020 and a statement of reasons thereof, and how they addressed and how they will avoided in the future.

| Date | Value of Fine | Party | Reason | Solution |
|------------|---------------|--------------------------------------|--|---|
| 2020/06/28 | 10,500.00 | Abu Dhabi Stock Exchange | Delay in License Renewal | License Has been Renewed |
| 2020/07/26 | 10,020.00 | Abu Dhabi Health Authority | Delay In Claim Settlement | Claim Has been Settled |
| 2020/09/15 | 3,000.00 | Securities and Commodities Authority | Delay in License Renewal | License Has been Renewed |
| 2020/09/27 | 5,000.00 | Abu Dhabi Health Authority | Q1 Financials Late Disclosure | Financials will be disclosed on time in the futur |
| 2020/12/17 | 100,000.00 | Securities and Commodities Authority | Fine on Chairman of the Board for Delay in convening the Annual General Assembly | AGM will be held on time in the future |

11. A statement of the cash and in-kind contributions made by the Company during the year 2020 towards the local community development and environmental conservation.

The company did not make any cash contributions during the year 2020. 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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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 2020.

| Closing Price | Highest Price | Lowest Price | Code | Company Name | Date |
|---------------|---------------|--------------|------|-----------------------------|----------------|
| 0.25 | 0.25 | 0.29 | AKIC | Al Khazna Insurance Company | 31 / 01 / 2020 |
| 0.25 | 0.25 | 0.3 | AKIC | Al Khazna Insurance Company | 28 / 02 / 2020 |
| 0.25 | 0.25 | 0.27 | AKIC | Al Khazna Insurance Company | 31 / 03 / 2020 |
| 0.25 | 0.25 | 0.26 | AKIC | Al Khazna Insurance Company | 30 / 04 / 2020 |
| 0.25 | 0.25 | 0.25 | AKIC | Al Khazna Insurance Company | 31 / 05 / 2020 |
| 0.25 | 0.25 | 0.25 | AKIC | Al Khazna Insurance Company | 30 / 06 / 2020 |
| 0.25 | 0.25 | 0.25 | AKIC | Al Khazna Insurance Company | 31 / 07 / 2020 |
| 0.25 | 0.25 | 0.25 | AKIC | Al Khazna Insurance Company | 31 / 08 / 2020 |
| 0.25 | 0.25 | 0.25 | AKIC | Al Khazna Insurance Company | 30 / 09 / 2020 |
| 0.25 | 0.25 | 0.25 | AKIC | Al Khazna Insurance Company | 31 / 10 / 2020 |
| 0.25 | 0.25 | 0.25 | AKIC | Al Khazna Insurance Company | 30 / 11 / 2020 |
| 0.25 | 0.25 | 0.25 | AKIC | Al Khazna Insurance Company | 31 / 12 / 2020 |



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- 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 2020

| comparative performance of Al Khazna share / Market Index | comparative performance of Al Khazna share / Sector Index | Market Trades | | Insurance Sector Trades | | Al Khazna Share Trades | | Code | Company Name | Date |
|---|---|---------------|-------------------|-------------------------|------------|------------------------|----------|------|-----------------------------|----------------|
| | | Value | Quantity | Value | Quantity | Value | Quantity | | | |
| 0.000000% | 0.000000% | 2,779,351,284 | 832,450,557 | 31,867,802 | 10,040,916 | 0 | 0 | AKIC | Al Khazna Insurance Company | 31 / 01 / 2020 |
| 0.000000% | 0.000000% | 2,150,869,381 | 1,013,105,105,572 | 27,767,204 | 9,600,196 | 0 | 0 | AKIC | Al Khazna Insurance Company | 28 / 02 / 2020 |
| 0.000000% | 0.000000% | 4,814,348,654 | 1,858,173,944 | 25,442,826 | 24,183,653 | 0 | 0 | AKIC | Al Khazna Insurance Company | 31 / 03 / 2020 |
| 0.000000% | 0.000000% | 3,225,210,827 | 1,307,426,193 | 2,686,916 | 4,652,415 | 0 | 0 | AKIC | Al Khazna Insurance Company | 30 / 04 / 2020 |





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| | | | | | | | | | | |
|-----------|-----------|----------------|---------------|------------|-------------|---|---|------|-----------------------------|----------------|
| 0.000000% | 0.000000% | 2,460,349,976 | 891,280,873 | 26,440,871 | 5,902,467 | 0 | 0 | AKIC | Al Khazna Insurance Company | 31 / 05 / 2020 |
| 0.000000% | 0.000000% | 3,916,309,871 | 1,185,328,563 | 8,956,072 | 4,507,670 | 0 | 0 | AKIC | Al Khazna Insurance Company | 30 / 06 / 2020 |
| 0.000000% | 0.000000% | 2,653,180,853 | 1,501,167,804 | 4,165,600 | 3,361,614 | 0 | 0 | AKIC | Al Khazna Insurance Company | 31 / 07 / 2020 |
| 0.000000% | 0.000000% | 6,381,183,887 | 2,355,975,593 | 10,444,015 | 14,335,943 | 0 | 0 | AKIC | Al Khazna Insurance Company | 31 / 08 / 2020 |
| 0.000000% | 0.000000% | 11,903,696,036 | 3,527,165,607 | 49,173,240 | 65,862,877 | 0 | 0 | AKIC | Al Khazna Insurance Company | 30 / 09 / 2020 |
| 0.000000% | 0.000000% | 9,807,133,369 | 2,388,772,552 | 65,620,457 | 105,194,060 | 0 | 0 | AKIC | Al Khazna Insurance Company | 31 / 10 / 2020 |
| 0.000000% | 0.000000% | 11,103,892,104 | 2,887,991,860 | 95,450,002 | 71,206,190 | 0 | 0 | AKIC | Al Khazna Insurance Company | 30 / 11 / 2020 |
| 0.000000% | 0.000000% | 8,585,443,034 | 2,291,959,026 | 13,717,897 | 11,969,605 | 0 | 0 | AKIC | Al Khazna Insurance Company | 31 / 12 / 2020 |





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- c. A statement of shareholding distribution as of 31 / 12 / 2020 (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% |
| Total | 76,707% | 23,293% | 0.00% | 100% |

- d. A statement of the shareholders holding 5% or more of the Company's capital as of 31 / 12 / 2020:

| 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 31/12/2020:



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| 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% |
| | | 10.340 | 420.000.000 | 100.00% |

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



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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.

g. A statement of the special resolutions presented to the General Assembly held in 2020 and the procedures taken with respect thereto.

Special resolutions during the General Assembly held on 14/12/2020

Special Resolution No. 1

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

* Resolution was approved with a vote of 99.7%.

Special Resolution No. 2

Considering the reduction of the company's capital from 420,000,000 to 100,000,000 million dirhams, at a reduction of 320 million dirhams, to extinguish part of the accumulated losses, which amounted to 411,358,911 in the fiscal year ending on 31/12/2019, as well as considering the use of the legal reserve and the balance of the issue premium in full to amortize another part Of the accumulated losses while adhering to the provisions of Articles 202 - 203 - 204 of Federal Law No. 2 of 2015 regarding commercial companies and authorizing the Board of Directors to take all necessary measures.



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(Before the vote on the decision related to the capital reduction, the representative of the external auditor read the special report related to the reasons and justifications for the capital reduction, and the Chairman of the Board of Directors also read the special report of the Board of Directors related to the reasons and justifications for the reduction of capital)

* Resolution was approved with a vote of 99.8%.

Special Resolution No. 3

In line with the requirements of the Insurance Authority Resolution No. 25 of 2014 regarding financial instructions for insurance companies to sell investment lands and the portfolio of shares owned in part or in whole and to authorize the Board of Directors to do so.

* Resolution was approved with a vote of 99.8%.

Special Resolution No. 4

Reducing the number of members of the Board of Directors from 11 to 7 members and amending the article of association in proportion to that

(The President informed the General Assembly of the progress of Messrs. Rabih Muhammad Al Muhairi and Ateeq Fattar Al Rumaithi of their resignation from the membership of the Board of Directors for personal reasons. He announced the appointment of Mr. Cooper Rai as an "expert and financial and administrative analyst" and requested the approval of the General Assembly on the appointment to be the composition of the Board It consists of 7 members according to the proposed amendment)

* Resolution was approved with a vote of 99.8%.



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Special Resolution No. 5

Amending the article of association by allowing the meetings of the Board of Directors and its committees to be held by means of modern technology, taking into account the controls imposed by the Securities and Commodities Authority

* Resolution was approved with a vote of 100%

Special Resolution No. 6

Amending the article of association by allowing the invitation of the general assembly to notify the shareholders by registered letters or through text messages and e-mail "if any", taking into account the controls imposed by the Securities and Commodities Authority.

* Resolution was approved with a vote of 99.8%.

Special Resolution No. 7

Allowing foreign ownership of 49% of the shares of a company and amending the articles of association as appropriate

* Resolution was approved with a vote of 99.8%.

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



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Name: Mr. Vicken Khochafian

Date of appointment: 23 April 2012

i. **A statement of the significant events that took place in the Company in 2020.**

During the year 2020, the company submitted an integrated corrective plan to the regulatory authorities to deal with the accumulated losses, including the reduction of the company's capital to extinguish part of the accumulated losses, and after the approval of the regulatory authorities on the content of the corrective plan, the plan and the reduction were approved by the company's general assembly during its meeting held on 14 / 12/2020.

A ban has been imposed on the issuance of new insurance contracts by the Insurance Authority during the third quarter of 2020, and the company hopes that the ban will be removed soon, as the company continues to implement the corrective plan, focusing on the technical and administrative aspects according to the requirements of the insurance authority.

j. **A statement of the Emiratization percentage in the Company by the end of the years 2018-2019-2020**

| Year | No of UAE Nationals | No of Total Employees | Ratio |
|------|---------------------|-----------------------|-------|
| 2018 | 3 | 152 | 1.97% |
| 2019 | 2 | 133 | 1.50% |
| 2020 | 2 | 117 | 1.70% |



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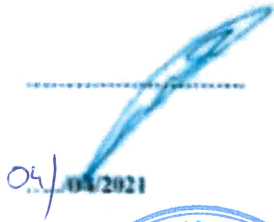


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1. A statement of the innovative projects and initiatives implemented by the Company or which were under development during 2020.

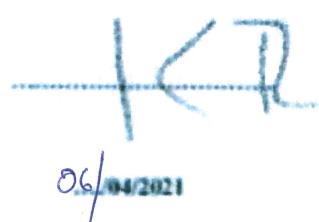
Due to the challenges it was experiencing, the company was unable to undertake any innovative projects or initiatives during the year 2020, and the technical staff of the company has already begun working on several ideas that will be announced in due course.

Chairman of the Board



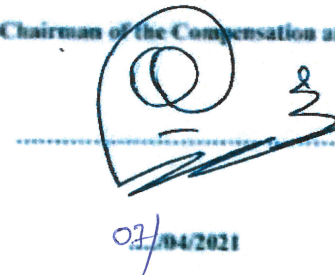
04/04/2021

Chairman of the Audit Com



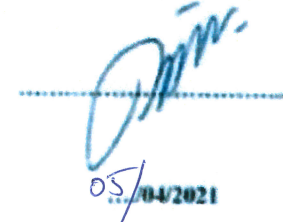
06/04/2021

Chairman of the Compensation and Nomination Com



07/04/2021

Head of Internal Control



05/04/2021

