



Corporate Governance Report 2020

07 March 2021

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1. Introduction

Good corporate governance is a key factor in achieving effective leadership, sustainable corporate behaviour, ensuring existence of effective framework of internal controls, practices, policies, and systems which together define clear levels of accountability and authority for decision making, enabling management to take appropriate levels of risk within a culture of openness, ethics, and values.

This report gives an overview of the International Holding Company's ("IHC", "Company", "Group") corporate governance systems and procedures as of December 31, 2020 and has been filed with Securities and Commodities Authority (SCA), posted on the Abu Dhabi Exchange (ADX) website and the Group's website. This report is governed by the Resolution of the Board of the Securities and Commodities Authority ("SCA") No. 3/Chairman. of 2020 as amended from time to time on the Corporate Discipline and Governance Standards of Public Joint-Stock Companies ("Resolution 3/2020") and the format of this report is prescribed by SCA.

IHC was established in 1999 and is a public joint stock company registered in ADX since 2005. During 2020, despite the challenging business environment due to COVID-19 pandemic situation, the Company has pursued a robust acquisition strategy and has completed various strategic acquisitions within and outside GCC. The Company reinforced the principles of corporate governance, accountability and ensuring highest levels of transparency in its business. The Board is fully committed to constantly improve the Company's ethical culture, while achieving sustainable growth, protecting the interests, and creating value for our shareholders and stakeholders.

2. Group Governance Structure

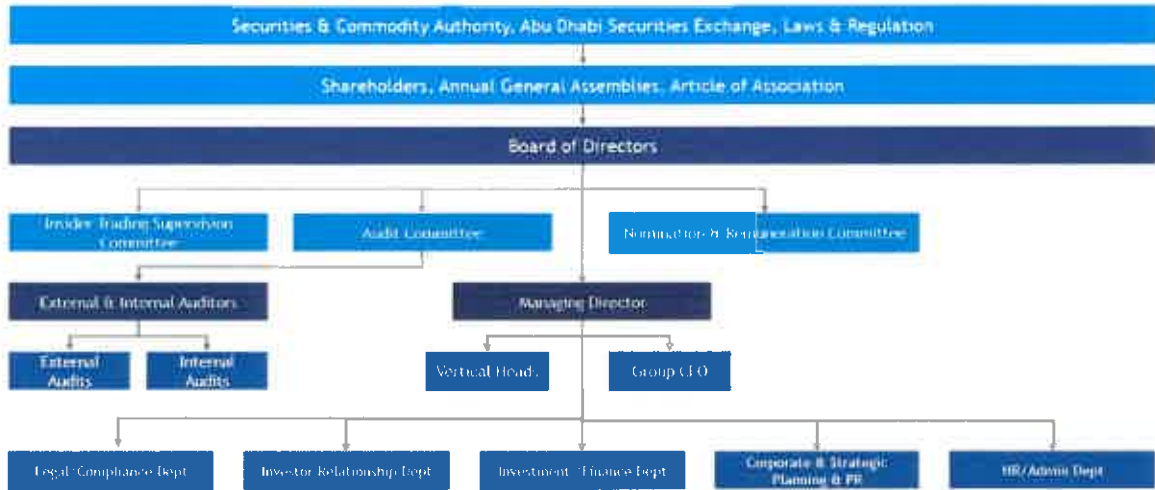
IHC believes that maintenance of an efficient organizational structure, systems for internal control and risk management and transparent internal and external reporting ensures that all operations create long-term value for shareholders and other stakeholders.

During 2020, IHC Group has been organized into six verticals and the operating business units (subsidiaries, joint ventures, and affiliates) have been grouped under one of these verticals for efficient operations as below.

| | |
|------------|-------------------------------------|
| Vertical 1 | Food, Beverages and Distribution |
| Vertical 2 | Real Estate and Construction |
| Vertical 3 | Utilities |
| Vertical 4 | Industrials, Materials and Services |
| Vertical 5 | Digital, IT and Communications |
| Vertical 6 | Capital |



IHC's Group Structure is as below



3. Implementation of Corporate Governance Principles

3.1. Setting up stronger foundation for management and oversight

It is the Board's role to provide effective leadership to promote the long-term sustainable success of IHC Group and to deliver long-term, sustainable value for shareholders. The Company is committed to the adoption of effective governance criteria and measures to execute operations with approved policies, procedures and delegation of authority that aim to achieve transparency, and ease to perform its daily operations. Considering significant strategic acquisitions during 2019 and 2020 and ongoing acquisition /expansion plans, IHC Executive Management has committed to enhance the Corporate governance processes within the Group and has set up a Governance & Compliance team to facilitate and help the IHC Board in effective implementation.

The shareholders are the ultimate decision-makers in respect of the direction of the Company as the shareholders are responsible for appointing the Board of Directors. The General Assembly Meeting is the highest decision-making body in the Company and is the forum in which shareholders exercise their right to decide on the Company's direction.

The Company is managed by the Board of Directors composed of five members elected by the ordinary general assembly through cumulative secret ballot for a period of three years. The Board of Directors elect the Chairman and the Vice Chairman from among its members. The position of the Chairman of the Board of Directors and the position of the Managing Director is separate.



3.2. Role of Board and Effective Delegations

The Board is accountable to shareholders for the activities and performance of IHC by overseeing the creation of sustainable shareholder value within an appropriate risk framework. The Board is responsible for setting IHC's vision and strategy and approves strategic priorities each year to work towards fulfilling IHC's vision. Directors are actively involved in setting, approving, and regularly monitoring IHC's strategic priorities and holding management accountable for progress. This process includes regular Board reporting and meetings, discussion, and review with management. Similarly, the Board ensures that rigorous governance processes operate effectively to guide decision-making across the business.

The Board's role and responsibilities are set out in the Board Charter, which include:

- Set IHC's strategic direction / goals, approve and monitor corporate strategy (including subsidiaries), business plan, annual budget, and any amendments thereto.
- Review financial performance considering the strategy, business plan and budget of IHC ensuring that where necessary corrective action is taken.
- Approve Investment related decisions – Mergers, Acquisitions, Reorganization and Exits.
- Establish, promote, and maintain proper processes and controls to maintain the integrity of accounting and financial records and reporting.
- Approve the risk management framework of IHC including risk appetite, maximum limits, or indicators of risk appetite. Receive regular reports from IHC Management on all actual and anticipated strategic risks confronting IHC Group, including updates from the Audit and Risk Committee, as appropriate.
- Adopt and oversee implementation of corporate governance practices.
- Review Board composition and performance.
- Recruitment, Termination, Reward, Compensation and Benefit Matters for IHC MD and Senior Management of IHC
- Determine Managing Director's delegated authority.

The Board has established committees namely Audit & Risk Committee, Nomination and Remuneration Committee and Insider trading Supervision Committee to assist in carrying out its responsibilities and to consider certain issues and functions in detail. The Board committees are discussed under Para 7.

The Board has delegated responsibility for oversight of the Internal Control Department (ICD) to the Audit Committee. The Company has appointed an Internal Control Manager in 2017. Internal Control Department along with an outsourced service provider performs internal control, risk assessment and internal audit activities in relation to the group operating entities. The Audit Committee reviews the effectiveness of ICD.

The Board of Directors nominate the external auditor on the recommendation of the Audit Committee. The appointment and fees have been determined by the Company's General Assembly resolution.




3.3. Responsibilities Assigned to the Board Members and Executive Management

IHC Board, through a Power of Attorney has delegated to the Chairman and Vice-Chairman certain powers are below.

| S. No | Name of Authorized Person | Capacity of Authorization | Period of Authorization |
|-------|----------------------------|---|------------------------------|
| 1 | Members Board of Directors | Members Board of Directors authorized Chairman of the Board HH Sheikh Tahnoon Bin Zayed Al Nahyan to execute and perform set of disposals related to the company and its subsidiaries and this power of attorney was attested by the notary public. | From 27/10/2020 till 3 years |
| 2 | Members Board of Directors | Members of the Board of Directors authorized Vice Chairman of the Board Dr.Mhd Somar Ajalyaqin to execute and perform set of disposals related to the company and its subsidiaries and this power of attorney was attested by the notary public. | From 27/10/2020 till 3 years |

IHC Board, through a Power of Attorney and Financial Delegation of Authority has delegated to the Managing Director the authority and powers necessary to implement the strategies approved by the Board and to manage the business affairs of IHC Group within the policies and delegation limits specified by the Board from time to time. The Managing Director may further delegate authority to Business Unit's management but remains accountable for all authorities delegated. The Group has a decentralized corporate structure in which the overall management of operational activities is largely performed by the respective business unit leadership team. To enable this, the Managing Director has delegated his authorities on operational matters to the business unit heads through notarized power of attorney. IHC Senior Management holds monthly meetings with business units to review the performance, discuss strategic issues and agree on action plans.

The Board of Directors and Executive Management, represented by IHC Managing Director, CEO Executive Officers and General Managers of IHC's subsidiaries and affiliates have been designated to perform the functions as per following authorization:



| S. No | Name of Authorized Person | Capacity of Authorization | Period of Authorization |
|-------|-------------------------------|--|--|
| 1 | Members of Board of Directors | Members of the Board of Directors authorized company's Managing Director Mr. Syed Basar Shueb to execute and perform set of disposals related to the company and its subsidiaries and this power of attorney was attested by the notary public. | From 27/10/2020 till 3 years |
| 2 | Managing Director | <p>IHC Managing Director authorized the CEOs /General Managers of IHC's subsidiaries/affiliates to act on behalf of those subsidiaries/affiliates in:</p> <ol style="list-style-type: none"> 1. Sign all contracts, agreements, and purchase orders for the day-to-day management and operation of the subsidiary/affiliate. 2. Lease and rent of properties, warehouses, shops, stores, offices and other real estate item and signs on relevant lease contracts and agreements. 3. Purchase, registration, deregistration, insurance and mortgage of vehicles and cars. 4. Filling, registration, and renewing all types of intellectual properties and rights. 5. Appointment and dismissal of employees, consultants, experts, contractors, and brokers. 6. Sign, follow up, deliver, and receive all types of transactions and documents before the local authorities, ministries, government or non-government bodies, and the public notary in the UAE. <p>Represent the subsidiary/affiliate in litigation matters before the local courts and appoint and dismiss legal attorneys and advocates for that purpose.</p> | Usually for a period of three years. Current POAs expire by or on 26th Oct 2023, unless revoked earlier. |

3.4. Institutionalization of Corporate Governance Practices

The Board, as part of Institutionalization of Corporate Governance practices across the Group, has approved a plan for development and implementation of key policies and procedures as follows:

Policies / Charters approved by the Board and Issued.

- Financial Delegation of Authority Policy.

Policies/Charters prepared and currently reviewed by the Board for issuance.

- Code of Conduct and Business Ethics to guide the conduct of Directors and Employees and prevent any influence on the employees' independence and objectivity addressing matters such as conflict of interest and integrity, gifts, and confidentiality.
- Conflict of Interest Policy to provide guidance in identifying and handling potential and actual conflicts of interest involving the Group.



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- Anti-Fraud Policy to facilitate the development of controls that will aid in the detection and prevention of frauds and provide an overall framework for managing suspected cases of fraud.
- Whistleblower Policy to foster the culture of raising any suspicion and/or concern in an easy and secure mechanism while maintaining anonymity.
- Delegation of authority for IHC, Subsidiaries and Affiliates of IHC to ensure efficient and effective decision-making which balances empowerment against controls.
- Securities Trading Policy setting forth the Company's requirements, expectations and restrictions for ownership and trading in IHC Group's securities.
- Board of Directors Charter for effective functioning of the Board.
- Charters for effective functioning of the Board Committees namely Audit Committee, Nomination and Remuneration Committee and Insider Trading Supervision Committee.

In addition to the above, the Governance & Compliance team is in the process of developing various policies and guidelines to promote and enhance higher corporate governance standards. IHC Board is committed to approve and issue these policies by end of Q2, 2021.

3.5. Subsidiary Governance

With significant acquisitions in 2019 and 2020 IHC Board has set up a robust "Subsidiary Governance" framework to ensure balancing the group business objectives and group companies while recognizing the independence of subsidiaries.

Some of the key actions initiated in the subsidiary governance process are as below.

- IHC Group has been organized into six verticals and the operating business units (subsidiaries, joint ventures, and affiliates) have been grouped under one of these verticals for efficient operations.
- Road map laid out for establishment of Independent Board at Vertical level and / or Subsidiary level. Roles and responsibilities of subsidiary boards shall be clearly defined to ensure that the subsidiaries are run effectively.
- Clear governance structure has been defined. The Delegation of Authority Policy framework lists out the matters reserved for IHC Shareholders, IHC Board, Subsidiary Board / IHC Managing Director (where the subsidiary board is not established) and Subsidiary Management.
- Institutionalization of Policies and Procedures across the Group has been initiated. IHC Management has set up Governance and Compliance team with a mandate to develop various key policies and procedures and roll out across the group to ensure consistency.
- Establishment of strategic plan for subsidiaries and monitoring process for review of actual performance vs strategic plan has been laid out.

3.6. Timely Disclosure to Investors and stakeholders

IHC is committed to ensuring that all investors have equal and timely access to material information about IHC Group and that its announcements are factual and presented in a clear and objective manner. All materially price-sensitive announcements made by IHC are filed with ADX and made publicly available via the ADX company announcements platform.

3.7. Others

The Company's General Assembly convened on 28th September 2020 and resolved by a special resolution to amend the Articles of Association in accordance with Federal Law No. 2/2015 regarding commercial companies, and its amendments.

4. The Board of Directors and Executive Management Transactions in Securities

4.1. Transactions report of the members of the Board of Directors, their spouses, and their children in the Company's securities during the year 2020

None of the board members, their spouses and their children have traded in Company's shares during 2020. As at 31st December 2020, the board members, their spouses and their children do not own any shares in IHC.

4.2. Transactions report of the members of the Board of Directors resigned during the year 2020, and their spouses and their children in the Company's securities

| S. No | Name | Position /Kinship | Owned shares as on 01/01/2020 | Total Purchase | Total sale | Owned shares as on 31/12/2020 |
|-------|----------------------------------|-------------------|-------------------------------|----------------|------------|-------------------------------|
| 1 | Mr. Nader Ahmed Al Hammadi | Chairman | Nil | Nil | Nil | Nil |
| 2 | Mr. Hamad Khalfan Al Shamsi | Vice Chairman | 1,000,000 | Nil | Nil | 1,000,000 |
| 3 | Mr. Hamad Salem Al Ameri | Member | Nil | Nil | Nil | Nil |
| 4 | Ms. Elham Abdel Ghafoor Al Qasim | Member | Nil | Nil | Nil | Nil |
| 5 | Mr. Laith Bin Jerry Al Fraih | Member | Nil | Nil | Nil | Nil |
| 6 | Mr. Khalifa Yousef Khouri | Member | Nil | Nil | Nil | Nil |

4.3. Transactions report of the executive management, their spouses and their children in the Company's securities during the year 2020

None of the members of executive management (termed as "Insiders"), their spouses and their children have traded in Company's shares during 2020. As of 31st December 2020, the executive management members, their spouses, and their children do not own any shares in IHC.

4.4. Rules and Procedures Governing the Transactions of Company Shares

The rules and procedures governing the transactions of the Board of Directors of the Company and its employees in securities issued by the parent Company or its affiliates or sister companies.



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- a) The Company and its Board of Directors, Managers and employees shall abide by the resolution of the Authorities' Management Board of Directors No. (2)/2001 regarding the special system for trading, clearing, settlement, transfer of ownership and custody of securities.
- b) The Chairman and the members of the Board of Directors, directors and employees of the Company shall be prohibited from exploiting their company internal information to purchase or sell shares in the Market, and any transactions thereof shall be considered null and void.
- c) The chairman, members of the board of directors of the company, its general managers or any of the employees who are familiar with the basic data of the company may not act on their own or through others by dealing in the securities of the company itself or that of the parent company or affiliate or sister company during the following periods:
 - Ten (10) business days before the announcement of any material information that would affect the price of the share up or down unless the information is the result of abrupt and sudden events.
 - Fifteen (15) days prior to the end of the quarterly, semi-annual, and annual financial periods and until disclosure of its financial statements.

Considerations of the provisions of the law shall be taken, when the above-mentioned persons act by themselves or through others to deal in the securities of the company itself or that of the parent company, affiliate or subsidiary or sister company, and any transaction contrary thereto shall be null and void.

In addition to the Board of Directors' commitment to ADX regulations relating to organization of transactions of the members of the listed companies' management, board of directors and other inside traders.

4.5. The extent to which the Board members are committed to comply with disclosure requirements prescribed by the provisions of the Law and the regulations and decisions issued pursuant thereto in respect of their transactions in securities.

Members of the Board of Directors have complied with the disclosure requirements prescribed by the provisions of the law, regulations and decisions issued pursuant thereto in respect of their transactions in securities issued by the Company.

5. Board of Directors Structure, Composition and Effectiveness

The Board is structured to ensure that it has an effective composition, size, commitment and an appropriate collective mix of skills, experience, and expertise to discharge its responsibilities and duties. The present Board of Directors was elected at the Annual General Meeting held on 12/04/2020 for a term of three years. The Board currently has five members, comprising an Independent Non-Executive Chairman, 3 Independent Non-Executive Directors and a Non-Independent Executive Director.



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| Board of Directors | Role | Category | Member Since |
|---|----------------------------------|------------------------------|--------------|
| H.H. Sheikh Tahnoon Bin Zayed Al Nahyan | Chairman | Independent, non-executive | 2020 |
| Dr. Mhd Somar Nassouh Ajalyaqin | Vice Chairman | Independent, non-executive | 2020 |
| Mr. Syed Basar Shueb Syed Shueb | Board Member & Managing Director | Non - independent, executive | 2019 |
| Ms. Sofia Abdellatif Lasky | Board Member | Independent, non-executive | 2020 |
| Mr. Mohammed Nasser Saif Howaiden Al Shamsi | Board Member | Independent, non-executive | 2020 |

The table below shows the names, roles, and capacities of the members in the Company's Board and its Committees who were elected at the Annual General Meeting held on 12/04/2020 (and further restructured at the Board Meeting on 04/10/2020) for a term of three years.

| Board of Directors | Role | Category |
|---|---|-------------------------------|
| H.H. Sheikh Tahnoon Bin Zayed Al Nahyan | Chairman – Board | Independent– non-executive |
| Mr. Hamad Khlfan Alshamsi | Vice Chairman – Board till 04/10/2020 Vice-Chairman – Audit Committee till 04/10/2020 Nomination and Remuneration Committee till 04/10/2020 | Independent– non-executive |
| Ms. Sofia Abdellatif Lasky | Board Member Chairman – Audit Committee Member - Nomination and Remuneration Committee | Independent- non-executive |
| Mr. Nader Ahmed Alhammadi | Board Member Chairman – Nomination and Remuneration Committee till 04/10/2020 | Independent– non-executive |
| Mr. Syed Basar Shueb | Board Member & Managing Director Chairman – Insider Trading Supervision Committee | Non – independent - executive |
| Dr. Mhd Somar Ajalyaqin | Vice Chairman – Board Chairman – Nomination and Remuneration Committee Member – Audit Committee | Independent– non-executive |
| Mr. Mohammed Nasser Saif Howaiden Al Shamsi | Board Member Member – Audit Committee Member - Nomination and Remuneration Committee Member - Insider Trading Supervision Committee | Independent– non-executive |

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The table below shows the names, roles, and capacities of the members in the Company's Board and its Committees whose term ended during the year 2020.

| Board of Directors | Role | Category | Duration as Member Board of Directors |
|---------------------------------|---|----------------------------|---------------------------------------|
| Mr. Laith Bin Jerry Alfraih | Board Member Chairman of Audit Committee NRC Committee Member | Independent- non-executive | From 2011 till April 2020 |
| Mr. Khalifa Hussain Khouri | Board Member NRC Committee Member | Independent-non-executive | From July 2019 till April 2020 |
| Mrs. Elham Abdulghafour Alqasim | Board Member | Independent- non-executive | From July 2019 till April 2020 |
| Mr. Hamad Salem Al Ameri | Board Member Audit Committee Member NRC Chairman | Independent- non-executive | From 2017 till 2020 |

The table below shows the names, roles, and capacities of the members in the Company's Board and its Committees whose tendered their resignation during the year 2020.

| Board of Directors | Role | Category | Duration as Member Board of Directors |
|---------------------------|---|----------------------------|---------------------------------------|
| Mr. Hamad Khlfan Alshamsi | Vice Chairman Audit Committee Member | Independent- non-executive | Since 2008 till 2020 |
| Mr. Nader Ahmed Alhammadi | Board Member | Independent-non executive | Since 2011 till 2020 |



5.1. Profile of Board Members

The table below shows the names, roles, experience, and capacities of the current Board of Directors.

His Highness Sheikh Tahnoon bin Zayed al Nahyan

Chairman, Independent/ Non-Executive

His Highness Sheikh Tahnoon bin Zayed al Nahyan has been the Chairman of International Holding Company (IHC) since April 2020. His Highness also chairs a number of leading business groups in the Emirate of Abu Dhabi such as First Bank of Abu Dhabi (FAB), ADQ (formerly, Abu Dhabi Developmental Holding Company PJSC) and the leading Artificial Intelligence and Cloud Computing group, G42.

In his government roles, His Highness is the National Security Adviser of the UAE, a position which he has held since 2016, by appointment of the president of the UAE, His Highness Sheikh Khalifa bin Zayed al Nahyan.

In December 2020, His Highness was announced as a member of the board to a new entity; the "Supreme Council for Financial and Economic Affairs", which is set up to oversee Abu Dhabi's financial, investment and economic affairs, including the management of natural resources.

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Dr. Mhd Somar Ajalyaqin

Vice Chairman, Independent/Non-Executive

Chairman – Nomination & Remuneration Committee

Member – Audit Committee

Dr. Somar Ajalyaqin was appointed as Vice Chairman of IHC in April 2020 bringing almost two decades of business experience in various advisory roles in the UAE.

Dr. Ajalyaqin's impeccable corporate knowledge and expertise, with a focus on M&A strategy and strategic growth of companies, have been integral to the successful performance of IHC.

During his tenure at IHC, he has consulted the company on all matters relating to business acquisitions and investments opportunities.

Dr. Ajalyaqin is a Board member of PAL Cooling Holding and Royal Group. He holds a degree in DAA from Syria.

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By



Mr. Syed Basar Shueb

Board Member, Chief Executive Officer & Managing Director

Chairman – Insider Trading Committee

Mr. Syed Basar Shueb was appointed as a Board Member, Chief Executive Officer and Managing Director of IHC in July 2019. Prior to his tenure at IHC, Mr. Shueb held the position of Group Chief Executive Officer of Pal Group of Companies from 2000.

An accomplished Senior Executive, Mr. Shueb has substantial and diversified experience in the process, manufacturing, construction, and service industries. He is a decisive leader with exceptional problem-solving skills, creating cohesive and focused business units that grow profitable bottom lines. He is the founder of 'District Cooling' established in 2006, and today one of the key players in the UAE's utilities services sector.

Beyond IHC, he holds leadership positions on several companies such as Reem Finance PJSC, Chimera Investments LLC, Keyhole TIG (K-TIG) Limited and PAL Group of Companies.

Mr. Shueb holds a bachelor's degree in Computer Engineering from Near East University, Nicosia, Turkish Republic of Northern Cyprus.

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Mr. Mohammed Nasser Al Shamsi

Board Member, Independent/Non-Executive

Member – Audit Committee

Member - Nomination & Remuneration Committee

Member - Insider Trading Committee

Mr. Mohammed Nasser Al Shamsi is an International Affairs Specialist at the Presidential Level in the Ministry of Presidential Affairs. His role involves managing strategic relationships with foreign governments, diplomatic missions and international institutions.

He began his professional career in 2010 at Abu Dhabi Police where he held several posts before moving to the Supreme Council for National Security where he actively participated in international relations.

Mr. Al Shamsi holds a bachelor's degree in Business Management from the United Arab Emirates University.

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Ms. Sofia Abdellatif Lasky

Board Member, Independent/Non-Executive

Chairwoman of Audit Committee

Member - Nomination & Remuneration Committee

Ms. Sofia Lasky has been with IHC since April 2020, and brings experience in asset management, mergers and acquisitions, private equity, portfolio management, alternative investments, funds, valuation, financing, capital markets, corporate structuring, financial modelling, and administration.

She overseen the acquisition of numerous Companies during her 16-year tenure at Royal Group in various industries such as real estate, contracting, food, preventive healthcare, and capital investments. Her contribution towards the growth of all Royal Group companies has been invaluable.

Ms. Lasky served as a Board Member of Macquarie Capital Middle East LLC and hold a bachelor degree in business information technology.

5.2. The Board Secretary

Board Secretary is the point of communication with the Board of Directors and senior management and plays a key role in the administration of important corporate governance matters.

Miss Linda Ballout, IHC's investor relations officer, was given additional responsibilities and appointed as Board Secretary at Board Meeting 1 of 2020 held on 29 January 2020. Linda reports to the Board in relation to secretarial responsibilities

The Board Secretary has the following key responsibilities.

- Work closely with the Board of Directors and Executives in the planning of board of directors' meetings as well as the mechanism of meetings (attendance, conference calls, virtual etc.)
- The creation and timely distribution of agenda for Board meetings as well as General meetings.
- Recording and distribution of the minutes of Board of Directors meetings.
- Maintain of a full contact list of board members including board members' appointment dates, term of appointments and board member bios.
- Updating, maintaining and safe storage of the minutes and other legal/related documents.
- Knowledge of the meeting procedures, decision-making rules, governance policies.
- Provides regular disclosures/announcements on the board meetings' results and financials.
- Management of external correspondence and ensuring that requests made of the Board of Directors, or relevant to the governance of the Company, is reported and responded to in a timely manner.
- Prepare presentations, and other communication materials for meetings.
- Maintain the information and data disclosed to regulators, markets, or the public, posted on the Company's website.
- Managing of all formal correspondences.
- Assist in the preparation and review of key regulatory filings, corporate annual reports, and other reports, as well as other announcements regarding material events.

5.3. Diversity - Women's representation in the Board of Directors in 2020

It is worth mentioning here that company puts continuous efforts to female representation in all aspects of its business including its Board, hence a female director was elected in the Company's Board of Directors bringing the female percentage in the Board to 20% of the total number of the Board Members.

5.4. Board Induction and Development

The Chairman, with the support of the Board Secretary, is responsible for the induction of new directors and the continuing development of directors. All directors receive a tailored induction upon joining the Board, covering their duties and responsibilities as directors. Directors also receive a full briefing on all key areas of the Group's business, and they may request further training as they consider necessary.

5.5. Board Effectiveness Evaluation

The Board seeks to ensure that it is operating effectively and undertakes a review of its performance, individual Directors and Board committees at least annually. Regular reviews of the Board's performance are conducted by the Chair with all Board members, and this involves consideration of the effectiveness of the Board and its committees having regard to the attributes, knowledge, skills, and experience of each Director.

Based on the individual evaluation performed by the Board members, the Board believes that

- a) The Board of Directors and the board sub-committees are fully engaged in the oversight of the management of IHC and are fully discharging their responsibilities towards the shareholders.
- b) The Directors are individually discharging their responsibilities as Directors of IHC.

5.6. Key focus areas for the Board during 2020

During 2020, the Board of Directors focused and made decisions on various areas as below.

a) Strategic, Operations and Finance

- Approved the annual budget and business plan.
- Pursued robust acquisition plan and approved acquisitions of various strategic investments (details given in Para 19)
- Reorganisation of IHC Group structure creating 6 verticals / cluster focused business areas.
- Approved of IHC's new logo and branding.
- Reviewed updates from the Management on Group performance
- Reviewed the Group's debt, capital, and funding arrangements.
- Digital Transformation: Implementation of Oracle EPM Solution which would facilitate automated consolidation of financial statements for 10 sub-groups comprising of 92 entities.



b) Governance

- Restructuring of the IHC Board
- Listing of 3 subsidiaries in ADX
- Approval of Financial Delegation of Authority Policy
- Establishment of Governance and Compliance team and approval of Corporate Governance implementation plan.
- Approval of investment in ERP system to enhance the financial reporting process.

c) Risk Management

Regular review with Executive Management on COVID-19 pandemic situation. Identified and capitalized various strategic and operational opportunities resulting in optimizing the overall financial performance of the Group.

6. The Board of Directors Other Statements

6.1. Method of Determining the Remunerations of Board of Directors

The Board of Directors' remuneration shall be set forth in the Articles of Association of the Company, subject to the provisions of Federal Law No. (2)/2015 regarding commercial companies. The remuneration of the members of the Board of Directors shall consist of a percentage of the net profit.

The Company may also pay additional expenses or fees or monthly salary to the extent determined by the Board of Directors for any of its members, if this member is working in any committee, or exerts exceptional efforts or performs additional work to serve the company, beyond his or her normal duties as a member of the board of directors of the company. In all cases, directors' remuneration should not exceed 10% of the net profit after deducting depreciation and reserve.

6.2. Total Remunerations Paid to the Members of Board of Directors in 2020

- During the year 2020, a total remuneration of AED 3.5 million has been paid to the Board of Directors as an attendance fees for the year 2019.
- No remuneration has been proposed as remuneration for the Board of Directors for the year 2020.
- **Details of the allowances for attending sessions of the committees emanating from the Board, which were received by the Board members for the year 2020.**

No Allowances received for attending the sessions of the Board of Directors and the committees emanating from the Board for the year 2020.

- **Details of the additional allowances, salaries or fees received by a Board member, during the year 2020, other than the allowances for attending the committees and their reasons.**
No allowances, salaries, or additional fees were disbursed during the year 2020.

6.3. The Board Meetings

Statement of the number of meetings held by the Board of Directors during the fiscal year The Board of Directors had convened seven meetings during 2020 as follows:

| No. | Meeting Date | Attendance | Proxy | Absent | Names of Absent Members |
|-----|-------------------------------|----------------------|-------|--------|---|
| 1. | January 29 th 2020 | 5 | 1 | 2 | Mr. Hamad Khifan Alshami Mrs. Elham Abduighafoor Alqasim |
| 2. | March 18 th 2020 | 7 (1 via con-call) | - | - | - |
| 3. | April 20 th 2020 | 7 (5 via video-call) | - | - | - |
| 4. | May 15 th 2020 | 7 (6 via video-call) | - | - | - |
| 5. | August 10 th 2020 | 7 (4 via video-call) | - | - | - |
| 6. | October 4 th 2020 | 5 (3 via video-call) | - | - | - |
| 7. | October 28 th 2020 | 5 (2 via video-call) | - | - | - |

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Below details of Board meetings attendance during the year 2020 as follows:

| Board of Directors | No. of Absence/ No. of Meetings | First Meeting 29/1/20 | Second Meeting 18/03/20 | Third Meeting 20/04/20 | Fourth Meeting 15/05/20 | Fifth Meeting 10/06/20 | Sixth Meeting 04/10/20 | Seventh Meeting 28/10/20 |
|---------------------------------------|---------------------------------|-------------------------------|----------------------------|---------------------------|----------------------------|---------------------------|---------------------------|-----------------------------|
| Mr. Nadir Ahmad Al Hammadi | - | ✓ | ✓ | ✓ | ✓ | ✓ | Resigned | |
| Mr. Hamad Khalfan Al Shamsi | 1 | Proxy to Mr. Syed Basar Shueb | ✓ | ✓ | ✓ | ✓ | Resigned | |
| Mr. Syed Basar Shueb | - | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Khalifa Yousef Khouri | - | ✓ | ✓ | Resigned | | | | |
| Mr. Hamad Salem Alameri | - | ✓ | ✓ | Resigned | | | | |
| Mr. Laith Jerry Alfraih | - | ✓ | ✓ | Resigned | | | | |
| Ms. Elham Abdel Ghafoor Al Qasim | 1 | x | ✓ | Resigned | | | | |
| HH Sheikh Tahnoon Bin Zayed Al Nahyan | - | N/A | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms. Sofia Abdellatif Lasky | - | N/A | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dr. Mhd Somar Ajalyaqin | - | N/A | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Mohammed Nasser Alshamsi | - | N/A | N/A | ✓ | ✓ | ✓ | ✓ | ✓ |

N/A indicates that a board member was not a member of the Board of Directors at the time of meeting.

6.4. Summary of Board Resolutions Passed During 2020

a) Resolutions Passed at the Board Meetings

| Sr No | Board Meeting Date | Resolutions Passed |
|-------|--------------------|---|
| 1 | 4 October 2020 | <ul style="list-style-type: none"> Appointment of Vice-Chairman of IHC Board Changes and appointment of members to Board Sub Committees Grant of Power of Attorney (POA) to Chairman, Vice Chairman and Managing Director Approval of Bank Mandate for IHC |
| 2 | 10 August 2020 | <p>Approved the acquisition of the following entities by IHC subsidiaries:</p> <ul style="list-style-type: none"> Apex Alwataniah Catering LLC – 60% of the share capital through the subsidiary IHC Food Holding LLC. R Med Medical Supplies LLC – 52% of the share capital through the subsidiary IHC Industrial Holding LLC. 94% of the share capital of Falcon CI IV LP, a cayman island (USA) based fund which has invested in Space X. Afkar Group of Companies LLC – 60% of the share capital through the subsidiary IHC Industrial Holding LLC. <p>Approved the proposed amendments to IHC's Articles of Association and to call for General Assembly meeting of shareholders on 10 September 2020 to pass a special resolution approving the amendments.</p> |
| 3 | 15 May 2020 | <p>Approved the acquisition of full shares of the following companies by IHC subsidiaries:</p> <ul style="list-style-type: none"> Multiply Marketing Consultancy LLC (by IHC Digital Holding LLC) Royal Architect Project Management LLC (by IHC Real Estate Holding LLC) Royal Development Company LLC (by IHC Real Estate Holding LLC) Workforce Connexion LLC. |
| 4 | 20 April 2020 | <ul style="list-style-type: none"> Election of Chairman and Vice-Chairman of the Board Appointment of members to Board Sub Committees Grant of Power of Attorney (POA) to Chairman, Vice Chairman and Managing Director |
| 5 | 18 March 2020 | <p>Approved the acquisition of:</p> <ul style="list-style-type: none"> The full shares of Al Seer Marine Supplies & Equipment LLC, Al Seer Marine Boats Building LLC and AGRINV SPV RSC Ltd. The full shares of Dashing International Group LLC, Bedashing Beauty Lounge LLC, Bedashing Beauty Lounge International Limited, and Nippers & Scissors Training Center LLC. 55% of shares in EasyLease Motorcycle Rental LLC, and 67% of Uplift Delivery Services LLC. Investment in Esyasoft Holding Ltd, for a consideration of USD 2.5mn under convertible notes, through the subsidiary IHC Capital Holding LLC. |

b) Other Board Resolutions

| Sr No | Resolution Date | Resolutions Passed |
|-------|------------------|---|
| 1 | 29 January 2020 | Approved by circulation the acquisition of all the shares of Royal Technology Solutions LLC to be acquired by IHC Digital Holding LLC and IHC Companies Management LLC. |
| 2 | 11 February 2020 | Approved by circulation the acquisition of 31.5% shares of Pure Health Medical Supplies LLC through the subsidiary IHC Capital Holding LLC and communicated to the Market |
| 3 | 17 February 2020 | Approved the full acquisition of Al Tamouh Investments LLC shares through the subsidiary IHC Real Estate Holding LLC and communicated to the market |
| 4 | 15 May 2020 | Approved the incorporation of WFC Holding -Sole Proprietorship by the subsidiary IHC Digital Holding LLC, and acquired 100% shareholding in the following Companies: <ul style="list-style-type: none"> a) Workforce Connexion LLC b) Corporate Solutions Consultants LLC c) Multi Serve Typing and Transactions Follow Up LLC |
| 5 | 17 August 2020 | Transfer of 100% of Tamouh Healthcare LLC shares to IHC Industrial Holding LLC and IHC Companies Management LLC. |
| 6 | 19 August 2020 | Incorporation of 3 companies being Quant Lase Lab LLC, Sanimed International Lab & Management, and Medi Q Healthcare LLC. |
| 7 | 25 November 2020 | Incorporation of a joint venture company called Fooj Firefighting Services LLC, acquired 75% by IHC Industrial Holding LLC. |

7. Board of Directors' Committees

7.1. Audit Committee

It is the responsibility of the Committee to provide the board with independent, objective advice on the adequacy of management's arrangements with respect to the following key aspects of the management of the Organization.

Audit Committee Chairman's Acknowledgment

The Chairman of the Audit Committee, Ms. Sofia Abdellatif Lasky, acknowledges responsibility for discharging the Audit Committee's mandate across the Group including review of its work mechanism and ensuring its effectiveness in line with the approved charter of the Audit Committee.

Members of Audit Committee Prior to 20/04/2020

| S. No | Name | Title | Category |
|-------|-----------------------------|---------------|---------------------------|
| 1 | Mr. Laith Jerry Al Fraih | Chairman | Non-Executive/Independent |
| 2 | Mr. Hamad Khalfan Al Shamsi | Vice Chairman | Non-Executive/Independent |
| 3 | Mr. Hamad Salem Alameri | Member | Non-Executive/Independent |

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Members of Audit Committee as of 20/04/2020

| S. No | Name | Title | Category |
|-------|------------------------------|---------------|---------------------------|
| 1 | Ms. Sofia Abdellatif Lasky | Chairman | Non-Executive/Independent |
| 2 | Mr. Nader Ahmed Alhammadi | Vice Chairman | Non-Executive/Independent |
| 3 | Mr. Mohammed Nasser Alshamsi | Member | Non-Executive/Independent |

Members of Audit Committee as of 31/12/2020

| S. No | Name | Title | Category |
|-------|------------------------------|---------------|---------------------------|
| 1 | Ms. Sofia Abdellatif Lasky | Chairman | Non-Executive/Independent |
| 2 | Dr. Mhd Somar Ajalyaqin | Vice Chairman | Non-Executive/Independent |
| 3 | Mr. Mohammed Nasser Alshamsi | Member | Non-Executive/Independent |

Audit Committee Functions

Financial Reporting

- Review with the management and the external auditors all significant matters including audit opinions on the quarterly, half-yearly (as applicable) and year-end financial statements and recommend its adoption by the Board.
- Monitor compliance with financial reporting standards and regulatory requirements.
- Review significant accounting and reporting issues.

Corporate Governance

- Oversee and monitor the implementation of the corporate governance framework within IHC and ensure compliance to the regulatory requirements.
- Review and recommend to the Board, the Annual Governance Report submitted to the regulatory authorities.

Internal Control and Risk Management

- Ensure an annual review of internal control system is performed to determine the overall adequacy and effectiveness of IHC Internal Control System.
- Consider the effectiveness of IHC's risk management processes and internal control systems, including information systems, and technology security and control.
- Review the assessment and responses to the risk of fraud, particularly management fraud as this typically involves override of internal controls.

External Audit

- Oversee and make recommendation on the appointment of external auditors to the Board, their fees, and any questions relating to their resignation or removal.
- Approving their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.




- Assessing annually their independence and objectivity considering relevant professional and regulatory requirements and the relationship with the auditor, including the provision of any non-audit services
- Meet regularly with the statutory auditor to discuss the auditor's remit and any issues arising from the audits.
- Ensure that Senior Management is taking necessary corrective actions to address the findings and recommendations of statutory auditors in a timely manner.

Group Internal Audit

- Review and approve audit plans, budget, staffing, and organizational structure of the Internal Audit Function and related Internal Control activities.
- Review the appointment, resignation or dismissal of the Internal Audit Staff and the internal audit provider, in case of an outsourced service provider.
- Review all reports submitted to the Committee by the Internal Audit Function and monitor management response and action to the findings and recommendations. Ensure that control weaknesses, non-compliance with policies, laws and regulations and other problems identified by internal auditors are adequately and timely addressed by Executive Management.
- Review performance of the Internal Audit Function/Outsourced Internal Audit service provider (as applicable) and evaluate its performance on an annual basis.
- Report to the Board all matters presented to the AC by virtue of the delegation.

Compliance Monitoring

- Monitor the status of IHC's compliance with applicable laws, regulation and agreements, Management's efforts to monitor compliance with IHC's Code of Business Conduct (CBC).
- Review the related parties' transactions with the Company and ensuring that there is no conflict of interest and recommending them to the Board of Directors before their conclusion.

| Audit Committee Members | No. of absence / No. of Meetings | First Meeting 29/01/2020 | Second Meeting 17/03/2020 | Third Meeting 10/05/2020 | Fourth Meeting 06/08/2020 | Fifth Meeting 09/08/2020 | Sixth Meeting 26/10/2020 | Seventh Meeting 09/11/2020 |
|-----------------------------|----------------------------------|---|------------------------------|---|------------------------------|-----------------------------|-----------------------------|-------------------------------|
| Mr. Laith Jerry Al Fraih | - | ✓ | ✓ | | | | | Resigned |
| Mr. Hamad Khalfan Al Shamsi | 1 | X | ✓ | | | | | Resigned |
| Mr. Hamad Salem AlAmeri | - | ✓ | ✓ | | | | | Resigned |
| Ms. Sofia Abdellatif Lasky | - | Was not on the Audit Committee membership | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Nader Ahmed Alhammadi | - | Was not on the Audit Committee membership | | ✓ | ✓ | ✓ | | Resigned |
| Mr Mohammed Nasser Alshamsi | 1 | Was not on the Audit Committee membership | | X | ✓ | ✓ | ✓ | ✓ |
| Dr. Mhd Somar Ajalyaqin | | Was not on the Audit Committee membership | | Was not on the Audit Committee membership | | | ✓ | ✓ |



Audit Committee Meetings During the Year 2020

7.2. Nomination and Remuneration Committee

Nomination and Remuneration Committee Chairman's Acknowledgment

The Chairman of the Nomination and Remuneration Committee, Dr. Mhd Somar Ajalyaqin, acknowledges responsibility for discharging the Nomination and Remuneration Committee's mandate across the Group, review of its work mechanism and ensuring its effectiveness in line with the approved charter of the Nomination and Remuneration Committee.

Members of Nomination and Remuneration Committee Prior to 20/04/2020

| S. No | Name | Title | Category |
|-------|---------------------------|---------------|---------------------------|
| 1 | Mr. Hamad Salem Al Ameri | Chairman | Non-Executive/Independent |
| 2 | Mr. Khalifa Yousif Khouri | Vice Chairman | Non-Executive/Independent |
| 3 | Mr. Laith Jerry Alfraih | Member | Non-Executive/Independent |

Members of Nomination and Remuneration Committee as of 20/04/2020

| S. No | Name | Title | Category |
|-------|---------------------------|---------------|---------------------------|
| 1 | Mr. Nader Ahmed Alhammadi | Chairman | Non-Executive/Independent |
| 2 | Dr. Mhd Somar Ajalyaqin | Vice Chairman | Non-Executive/Independent |
| 3 | Mr. Hamad Khlfan Alshamsi | Member | Non-Executive/Independent |

Members of Nomination and Remuneration Committee as of 31/12/2020

| S. No | Name | Title | Category |
|-------|------------------------------|---------------|---------------------------|
| 1 | Dr. Mhd Somar Ajalyaqin | Chairman | Non-Executive/Independent |
| 2 | Ms. Sofia Abdellatif Lasky | Vice Chairman | Non-Executive/Independent |
| 3 | Mr. Mohammed Nasser Alshamsi | Member | Non-Executive/Independent |

Committee Functions

- Propose policies and criteria for membership in the Board and Senior Management. The policy shall consider gender diversity encouraging active participation of women.
- Identify individuals qualified to become Board members, consistent with criteria approved by the Board, and to recommend to the Board the director nominees for the next annual meeting of shareholders.




- Regularly review the structure, size, and composition (including the skills, knowledge, and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- Continuously ensure that independent Directors remain independent throughout the term of their office.
- If the Committee finds that a member lacks the conditions of independence, it shall submit the matter to the Board to notify the member by a registered letter to his address known to the company about the grounds of lacking independence. The member shall reply to the Board within fifteen days from the notice date. The Board shall issue a decision that the member is independent or not independent at the first meeting following the member reply or expiration 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 regarding lacking reasons or justifications for the member independence affects the minimum percentage of its independent members, the Board shall appoint an independent member to replace this member if he submitted its resignation due to lack of independency. If the member refuses to resign, the Board shall present the matter to the general assembly for a decision to approve the appointment of another member or to open the door for candidacy for electing a new member.
- Conduct an annual evaluation of Board performance and the performance of Board members and Committees to determine ways to strengthen its effectiveness.
- Identify the competencies required for Senior Management and the basis of selecting them.
- Consider succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Group, and what skills and expertise are therefore needed on the Board in the future.
- Formulate and carry out and annual review of policies on granting remunerations, benefits, incentives and salaries to Board members and employees of the Group.
- Ensure linking the remunerations and bonuses, including the other deferred options and remunerations and benefits offered to Senior Management in the performance of the company in the medium and long term
- Annually review executive compensation trends and policies at peer groups of companies and make relevant modifications to its own policies and practices to consider market practice.
- Oversee any major changes in employee benefit structures throughout the Group.
- Develop, recommend, and review annually the Group's human resources and training policies and monitor the implementation of the same.

Committee Meetings During the Year 2020

| Member of the Committee | No. of absence/ No. of Meetings | Meeting Date 17/03/2020 | Meeting Date 21/07/2020 |
|---------------------------|---------------------------------|--|----------------------------|
| Mr. Hamad Salem Al Ameri | - | ✓ | Resigned |
| Mr. Khalifa Yousef Khouri | 1 | X | Resigned |
| Mr. Laith Jerry Al Fraih | - | A | Resigned |
| Mr. Nader Ahmed Alhammedi | - | Was not on RemCo Committee membership | ✓ |
| Dr. Mhd Somar Ajalyaqin | - | | ✓ |
| Mr. Hamad Khifan Alshamsi | - | | ✓ |

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7.3. Insider Trading Supervision Committee

The Board of Directors has formed a committee to manage, follow up and observe the transactions of insiders, maintain their register, and submit statements and periodic reports to the market.

Insider Trading Supervision Committee Chairman's Acknowledgement

Mr. Syed Basar Shueb (Chairman, Insider Trading Supervision Committee) acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

Members of the Insider Trading Supervision Committee prior to 20/04/2020

| No. | Member Name | Committee Position | Position according to Organizational Chart |
|-----|-------------------------|--------------------|--|
| 1. | Mr. Laith Al Fraih | Committee Chairman | Chairman Audit Committee |
| 2. | Mr. Mamoon Othman | Member | Chief Executive Officer (Food Division) |
| 3. | Mr. Mohamed Yaser Bader | Member | CFO (ADL Group) |

Members of the Insider Trading Supervision Committee as of 20/04/2020

| No. | Member Name | Committee Position | Position according to Organizational Chart |
|-----|----------------------------|--------------------|--|
| 1. | Dr. Mhd Somar Ajalyaqin | Committee Chairman | Vice Chairman - Board Vice Chairman – RemCo |
| 2. | Ms. Sofia Abdellatif Lasky | Member | Chairman – Audit Committee |
| 3. | Mr. Mohamed Yaser Bader | Member | CFO (Emirates Refreshment PJSC) |

Members of the Insider Trading Supervision Committee as of 31/12/2020

| No. | Member Name | Committee Position | Position according to Organizational Chart |
|-----|------------------------------|--------------------|--|
| 1. | Mr. Syed Basar Shueb | Committee Chairman | Managing Director and CEO |
| 2. | Mr. Mohamed Yaser Bader | Member | CFO (Emirates Refreshment PJSC) |
| 3. | Mr. Mohammed Nasser Alshamsi | Member | Member – Audit Committee Member - RemCo |

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Committee Functions

- Provide guidance to the Board and Senior Management on insider trading.
- Monitor compliance with the IHC Securities Trading Policy. The Committee shall initiate disciplinary action against non-compliant employees.
- Evaluate where the employee or third party (such as Group's auditors, bankers, lawyers, outsourced employees, professional advisors etc) may be classified as an insider based on direct or indirect access to "inside information" which may affect Group's share price and / or trading in Group's shares either directly or through others.
- Maintain an Insiders Register (both permanent and temporary insiders) and submitting the register to ADX on a periodical basis. The register shall include necessary data of the insiders, the number of securities traded in the sale and purchase during the year, the dates of execution of trading operations, and other relevant data.
- Provide effective communication to ADX/SCA regarding closed periods, temporary suspension of trading and insider trading.
- Appoint a secretary to perform the secretarial functions of the committee. The secretary's role shall include preparing and circulating an agenda in advance of each meeting, taking, and maintaining meeting minutes and circulating them after the meetings.
- Carry out such additional duties related or incidental to the foregoing as may be requested by the Board from time to time regarding matters related to insider trading.
- Report to the Board on an annual basis on compliance with the policy and regulatory requirements, exceptions noted, and actions taken to address the exceptions.

Committee Meetings During the Year 2020

| No. | Member Name | Position in the Committee | Position according to Organizational Chart | Meeting date 28/06/2020 |
|-----|----------------------------|---------------------------|--|-------------------------|
| 1. | Dr. Mhd Somar Ajalyaqin | Committee Chairman | Chairman Audit Committee | ✓ |
| 2. | Ms. Sofia Abdellatif Lasky | Member | Chairman – Audit Committee | A |
| 3. | Mr. Mohamed Yaser Bader | Member | CFO (Emirates Refreshment PJSC) | A |

Summary of The Committee Work During the Year 2020

The committee reviewed the rules of dealing for controlling private transactions of conversant persons, reviewing the mechanism of keeping related records. In addition, the committee has taken necessary procedures to ensure the highest levels of compliance with legislation and best practice for corporate governance.



8. Executive Management

The following table lists out senior executives in the Group, their designations, appointment dates and total salaries, allowances & bonuses paid to them during the year 2020:

| Position | Appointment Date | Total salaries and allowances paid during the year 2020 - in dirham | Total bonuses * paid during the year 2020 - in dirham | Any other bonuses to be paid in the future for the year 2020 - in dirham |
|--|------------------|---|---|--|
| Executive Board Member and Managing Director | 29/07/2019 | 2,097,888 | - | - |
| Group CFO | 10/06/2018 | 1,355,617 | 465,424 | - |
| CEO (Food Division) | 01/04/2012 | 1,519,571 | - | - |
| Chief Operating Officer (ESPL Group) | 27/05/2006 | 1,189,779 | 1,256,081 | - |
| General Manager (PAL Cooling Holding) | 30/06/2019 | 1,176,440 | 847,924 | - |
| CEO (International Securities) | 01/11/2019 | 976,238 | 496,911 | - |
| CEO (Zee Store) | 01/11/2019 | 726,895 | 4,740,000 | - |
| CEO (Palms Sports) | 01/11/2019 | 1,470,207 | 15,825,000 | - |
| Managing Director (Cine Royal) | 01/11/2019 | 863,325 | 4,740,000 | - |
| CEO (Tamouh) | 01/01/2020 | 2,337,534 | - | - |
| CEO (Al Seer Marine) | 01/01/2020 | 1,114,193 | 1,885,742 | - |
| CEO (WFC Holding) | 01/04/2020 | 1,272,946 | 1,569,242 | - |
| CEO (Multiply Marketing) | 01/04/2020 | 920,952 | 153,998 | - |
| CEO (Royal Technology Solutions) | 01/04/2020 | 735,197 | 860,523 | - |
| CEO (Bedashing) | 01/04/2020 | 681,800 | 291,381 | - |
| CEO (RADC and RAPM) | 01/07/2020 | 640,511 | 365,095 | - |
| CEO (Apex Catering) | 01/07/2020 | 398,398 | - | - |

* Bonus includes share-based payments.

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9. Related Parties Transactions

Summary of related parties' major transactions (Above AED 5,000,000) during the year 2020

| Sr. No | Description | Consolidated Amount (AED) |
|---|--|---------------------------|
| Amounts due from related parties (relationship: associates related to major shareholder) | | |
| 1 | Hydra Properties | 128,533,894 |
| 2 | Meena Holdings LLC | 113,947,319 |
| 3 | Chimera Investments LLC | 81,635,203 |
| 4 | The Private Affairs Department of Sheikha Fatima | 76,551,379 |
| 5 | Pal Technology Services LLC | 49,421,817 |
| 6 | Tafseer Contracting & General Maintenance Company LLC. | 28,106,255 |
| 7 | Royal Group Companies Management LLC | 26,950,384 |
| 8 | Trojan General Contracting LLC | 25,028,985 |
| 9 | Meena Palace | 22,814,664 |
| 10 | RG Procurement RSC LTD | 13,149,848 |
| 11 | Pure Health | 10,624,285 |
| 12 | Reem Emirates Aluminum LLC | 6,222,594 |
| 13 | Mauqah Technology LLC | 6,018,106 |

| Sr. No | Description | Consolidated Amount (AED) |
|---|--|---------------------------|
| Amounts due to related parties (relationship: associates related to major shareholder) | | |
| 1 | Trojan General Contracting LLC | 256,785,559 |
| 2 | Chimera Investments LLC | 152,021,500 |
| 3 | Infinity TV FZ LLC | 68,702,882 |
| 4 | Bunya Enterprises LLC | 62,043,919 |
| 5 | International Golden Group PJSC | 51,453,389 |
| 6 | Power House Group for Company Management LLC | 38,852,163 |
| 7 | National Projects & Construction LLC (NPC) | 23,754,137 |
| 8 | Royal Group Companies Management LLC | 12,555,990 |
| 9 | Pal Technology Services LLC | 6,847,626 |
| 10 | Royal Group Holdings LLC | 6,815,199 |
| 11 | Al Maha Modular Industries LLC | 6,512,347 |

10. Risk Management and Internal Control System

The Board of Directors acknowledges its responsibility for the Company's risk management and internal control system and its review and effectiveness.

10.1. Risk Management

Risk Management is the responsibility of the Board and is integral to the achievement of our strategic objectives. The Board is responsible for establishing the system of risk management, setting the risk appetite of the Group and for maintaining a sound internal control system. The group audit and risk committee oversee the risk management process and assesses the effectiveness of risk management within the Group.

The Group's business has been structured into 6 verticals based on sectors / industries and operating businesses have been categorized into of these verticals. The Risk management responsibility and accountability, therefore, vests largely with vertical management / business unit management structures. Any risk taken is considered within the group's risk appetite and tolerance levels, which are reviewed annually by IHC Board.

The risk assessment process identifies areas of opportunity as well whereby effective risk management can be turned into a competitive advantage, or where taking certain risks could result in reward for the group. During 1st half of 2020, IHC made investments in scientific research and development and health care sector as a response to the COVID-19 pandemic. IHC's research arm, QuantLase Lab, trialled and commenced use of its unique Laser DPI screening test enabling rapid and accurate detection of infected patients. The rollout of the technology has garnered significant commercial interest thereby resulting in enhancing IHC's financial performance for 2020.

The Group also ensures a comprehensive insurance coverage exists and addresses material financial consequences arising out of potential risk events.

10.2. Internal Controls

The Board is responsible for establishing and maintaining an effective system of internal control and has established a control framework within which the Group operates. The objective of the Group's internal control framework is to ensure that internal controls are established; that policies and procedures are properly documented, maintained, and adhered to, and are incorporated by the Group within its normal management and governance processes. This system of internal control is embedded in all key operations and is designed to provide reasonable assurance that the Group's business objectives will be achieved.

The Audit Committee reviews the effectiveness of the system of internal controls in accordance with its remit.



10.3. The Board of Directors' Acknowledgement of its Responsibility for the Internal Control System and its review and effectiveness

The Board of Directors acknowledges its responsibility for the Company's internal control system and its review and effectiveness.

10.4. Internal Control Department In-charge's Profile

Mr. Ishtiaque Ahmed has assumed the role as an Internal Control Manager and Compliance Officer:(Date of appointment 18/06/2017), performing the duties of the Internal Control Department Manager, in addition to the work of compliance officer.

He holds Bachelor of Commerce, and Certified Internal Auditor (CIA) from the Institute of Internal Auditors (USA), He has more than (10) ten years of experience in accounting, and internal auditing with Chartered Accountant firm, commercial and contracting companies.

In order to adopt with the changing needs of the organization and to enhance assurance over internal controls and risk management, we have outsourced our internal audit function during the year 2020. Internal audit activity is performed by Protiviti, reporting functionally to audit committee. Internal Audit activity of Tamouh Investments is performed by KPMG. Final audit reports issued by KPMG is reviewed and summarised by Protiviti as part of their reporting to the audit committee.

Protiviti (www.protiviti.com) is a global consulting firm that delivers deep expertise, objective insights, a tailored approach and unparalleled collaboration to help leaders confidently face the future. Protiviti and our independent and locally owned Member Firms provide clients with consulting and managed solutions in finance, technology, operations, data, analytics, governance, risk and internal audit through our network of more than 85 offices in over 25 countries.

Named to the 2020 Fortune 100 Best Companies to Work For[®] list, Protiviti has served more than 60 percent of *Fortune* 1000 and 35 percent of *Fortune* Global 500 companies. The firm also works with smaller, growing companies, including those looking to go public, as well as with government agencies. Protiviti is a wholly owned subsidiary of Robert Half (NYSE: RHI). Founded in 1948, Robert Half is a member of the S&P 500 index.

Protiviti member firm, presence in the Middle East Region

Protiviti has strong presence in Middle East Region with offices across Abu Dhabi, Bahrain, Dubai, Egypt, Kuwait, Oman, Qatar and Saudi Arabia. We work with 70% of the top 100 GCC companies in terms of their market capitalization. Protiviti employs over 600 employees in the region with the large pool of skilled and qualified professionals. We are also the largest employer of risk advisory and internal audit professionals. With specialists and multilingual teams having global as well as regional experience, Protiviti is amongst the fastest growing business advisory firm in the region.

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The outsourced internal audit function governs itself by adherence to the institute of internal auditors' mandatory guidance including the definition of internal auditing, the code of ethics, and the international standards for the professional practice of internal auditing (Standards).

10.5. Working Mechanism of the Internal Control Department

The internal control department is established by the Board of Directors, Audit Committee. The department's responsibilities are defined by the Audit Committee as part of their oversight role.

The duties and responsibilities of the internal control department will be to provide timely feedback to the Audit Committee on matters relating to:

- Reliability and integrity of financial and operating reports.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with laws, regulations, directives, and contractual obligations.

The outsourced internal audit function is responsible for independent, objective assurance, to systematically evaluate and propose improvements for more effective governance, internal control and risk management processes. The process of internal control and risk management has been developed to provide reasonable assurance that the Group's goals are met in terms of efficient operations, compliance with relevant laws and regulations and reliable financial reporting. Internal audit assignments are conducted according to a risk-based plan developed annually, reviewed periodically, and approved by the Audit Committee.

The audit plan is derived from an independent risk assessment conducted by the outsourced Internal Audit team to identify and evaluate risks associated with the execution of the company strategy, operations, and processes. The plan is designed to address the most significant risks identified within the Group and its business areas. The audits are executed using a methodology for evaluating the design and effectiveness of internal controls to ensure that risks are adequately addressed, and processes are operated efficiently. Opportunities for improving the efficiency in the governance, internal control and risk management processes identified in the internal audits are reported to responsible business unit management for action. A summary of audit results is provided to the Audit Committee, as is the status of management's implementation of agreed actions to address findings identified in the audits.

10.6. The Annual Review Includes the Following Components in Particular

- Key control elements including financial control, operations and risk management.
- Changes since the last annual review on the nature and extent of the major risks and the Company's ability to respond to changes in its business and external environment.
- The scope and quality of the Board's ongoing control of risks, the internal control system and the internal auditor' work.
- The number of times the Board of Directors or its committees have been informed about audit work results to enable it to assess the internal control position of the Company and the effectiveness of risk management.
- Failures or weaknesses in the detected control system or unexpected contingencies which have affected or may have a material impact on the performance or financial position of the Company.



- The effectiveness of the Company's financial reporting and compliance with listing and disclosure rules.

During 2020, the Audit Committee received reports from Internal Control Department on operational effectiveness, financial reporting and compliance with the Company policies including applicable laws and regulations. The Audit Committee is assisting the Board of Directors in overseeing the application of internal control systems and presented the Internal Control Department's reports for the records of the Board.

10.7. Number of Reports Issued by Internal Control Department

During the year 2020 the outsourced Internal Audit team issued 14 reports. During the year, no significant operational internal control failures were identified. However, process level improvements were identified and accepted by management for implementation towards the continuous improvement of internal controls of the Group.

11. External Auditor

11.1. Brief About the Company's External Auditor

Ernst & Young (EY) was appointed as the company's external auditor for the fiscal year 2020. Ernst & Young (EY) has people and operations in more than 150 countries, which are organized into three areas – Americas, Asia-Pacific and EMEIA – and further divided into Regions. It has been in the MENA region for more than 90 years, and in UAE since 1966. All their people work in one of their service lines – Assurance, Advisory, Tax, Transaction Advisory Services (TAS) – or in Core Business Services (CBS) which provides internal operational support such as HR and EY Technology.

Ernst & Young has been appointed since 2019 and Mr. Raed Ahmed is the Engagement Partner

The scope of the audit for the financial year 2020 is as follows:

1. Provide an audit opinion on the annual consolidated financial statements in accordance with International Financial Reporting Standards.
2. Provide an audit opinion on the financial statements of all subsidiaries of the company in accordance with International Financial Reporting Standards; and
3. Provide a review of quarterly interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".



11.2. External audit fees, Services & Costs

Below are the details and breakdowns of the external audit costs paid during 2020

- The external audit services fees of E&Y for 2020 amounted to AED 2,135,000. These fees are against annual audit and interim review of financial statements of IHC and subsidiaries.
- The external audit services fees of Deloitte, PWC, CLA and Castillero for 2020 amounted to AED 1,081,310. These fees are against annual and interim review of the financial statements of certain subsidiaries of IHC.
- The External Auditor fees in 2020 against services other than the audit tasks amounted to AED 40,000. These fees cover advisory work.
- The fees for services, which were delivered to the Company in 2020 by other Audit firms – other than the Company’s auditors – amounted to AED 7,289,498. These fees were against advisory services namely Outsourced Internal Audit Services, Finance and Accounting Outsourcing Services, Purchase Price Allocation and Due Diligence Services (Financial and Legal) for various acquisitions by IHC. The firms, which delivered these services were as follows:
 1. Protoviti Middle East
 2. Acquara Management Consultants
 3. Ardent Advisory
 4. Deloitte & Touche (M.E.)
 5. Kreston ME Consulting
 6. HadeF & Partners

11.3. External Auditor’s opinion on the financial statements

The Company’s external auditor did not have any reservations to any item of the interim and annual financial statements during 2020.

12. Violations Committed by the Group during the year 2020

During the year 2020, the Group was not subject to any material fines or penalties imposed by SCA or any statutory authority on any matter related to capital markets. Additionally, there have been no cases of material non-compliance with any applicable rules and regulations.

13. Corporate Social Responsibility

IHC Group is committed to various initiatives aimed at creating value for all its stakeholders through economic, environmental, and social actions. Details about IHC Group’s Corporate Social Responsibilities are provided in IHC’s Environmental, Social and Governance report which is part of IHC’s 2020 Annual Report.

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14. Sustainability Report

At IHC Group, we view Environmental, Social and Governance (ESG) practices as a core part of our culture. Sustainability is embedded in our values and is key to who we are as a Group. We continuously and diligently seek new ways to make progress in following 4 areas which is core to our sustainability strategy.

- Governance and Ethics
- People
- Environment
- Products

The Group has hired an external consultant to assist the IHC Board in development of Sustainability Report for 2020.

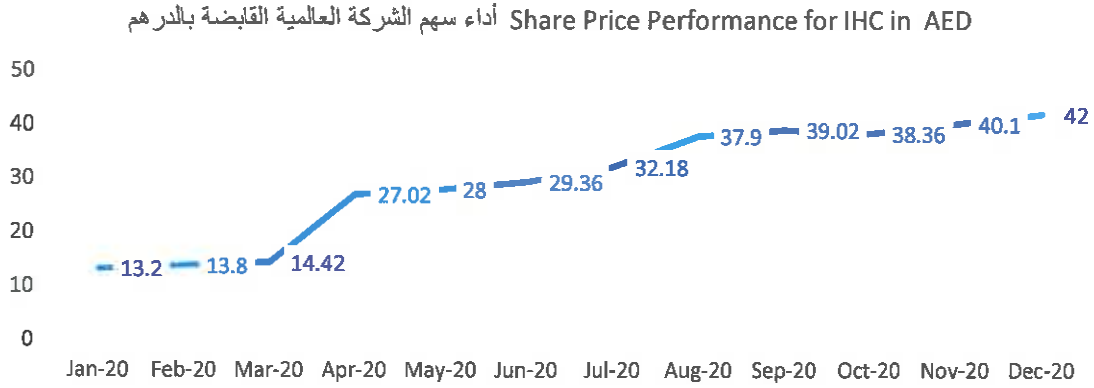
15. Share Holding and Share Price Information

15.1. Share Price

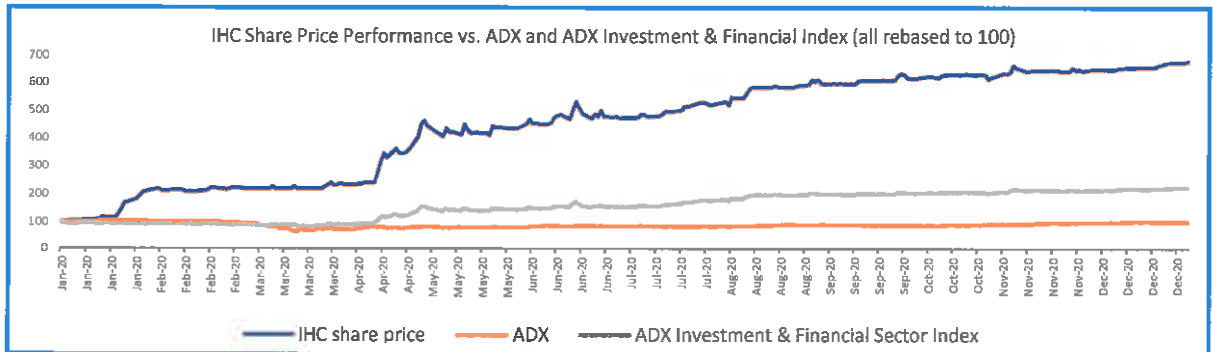
The following table presents the company's highest and lowest share price at the end of each month during the year 2020 and share performance against market index and sector index as of 31st December 2020:

| Share Price (AED) | | | | Share Performance | | | | |
|---------------------------------|-------|-------|---------------|-------------------|----------------------|----------|-----------|-----------|
| Month | HIGH | LOW | CLOSING PRICE | Market Index | Consumer Goods Index | Absolute | VS Market | Vs Sector |
| January | 13.20 | 6.20 | 13.20 | 5,156.19 | 1,272.42 | 113% | 111% | 119% |
| February | 13.82 | 13.00 | 13.80 | 4,901.43 | 1,242.49 | 5% | 9% | 7% |
| March | 14.88 | 13.50 | 14.42 | 3,734.69 | 1,237.19 | 4% | 28% | 5% |
| April | 28.72 | 14.60 | 27.02 | 4,230.37 | 2,017.07 | 87% | 74% | 24% |
| May | 28.00 | 25.20 | 28.00 | 4,141.61 | 2,013.96 | 4% | 6% | 4% |
| June | 33.00 | 28.00 | 29.36 | 4,285.80 | 2,109.15 | 5% | 1% | 0% |
| July | 32.90 | 29.40 | 32.18 | 4,304.74 | 2,406.15 | 10% | 9% | -4% |
| August | 37.90 | 32.16 | 37.90 | 4,519.32 | 2,786.07 | 18% | 13% | 2% |
| September | 39.22 | 37.00 | 39.02 | 4,518.07 | 2,816.42 | 3% | 3% | 2% |
| October | 39.20 | 38.00 | 38.36 | 4,660.04 | 2,788.78 | -2% | -5% | -1% |
| November | 41.00 | 39.14 | 40.10 | 4,964.94 | 2,907.52 | 5% | -2% | 0% |
| December | 42.00 | 40.10 | 42.00 | 5,045.32 | 3,068.62 | 5% | 3% | -1% |
| Overall Performance During 2020 | 42.0 | 6.20 | 42.00 | 5,045.32 | 3,068.62 | 577% | 578% | 452% |

15.2. Company's share price performance during the year 2020



15.3. Performance of the company's shares, compared with the ADX index and ADX consumer goods index during the year 2020



15.4. Distribution of Shareholders' Ownership

| Description | Governments | Individuals | Companies | Total |
|--------------|-------------|-------------|---------------|---------------|
| Local | 0 | 22,190,470 | 1,794,320,586 | 1,816,511,056 |
| GCC | 0 | 2 | 484,263 | 484,265 |
| Arabs | 0 | 415,655 | - | 415,655 |
| Foreigners | 0 | 908,920 | 3,108,675 | 4,017,595 |
| Total | - | 23,515,047 | 1,797,913,524 | 1,821,428,571 |
| Percentage % | - | 1% | 99% | 100% |

15.5. Statement of Shareholders Ownership 5% or More

| Name of Shareholders | Shareholders Share % |
|--|----------------------|
| Royal Group for Corporate Management LLC | 15.22% |
| PAL Group of companies LLC | 66.44% |
| Total | 81.67% |

15.6. Shareholders Ownership Distribution

| Ownership of Shares | Number of Shareholders | Number of owned shares | Ownership % |
|-----------------------------------|------------------------|------------------------|---------------|
| Less than 50,000 | 8061 | 16,147,007 | 0.9% |
| From 50,000- Less than 500,000 | 47 | 6,463,837 | 0.4% |
| From 500,000- Less than 5,000,000 | 15 | 21,723,742 | 1.2% |
| More than 5,000,000 | 14 | 1,777,093,985 | 97.6% |
| Total | 8137 | 1,821,428,571 | 100.0% |

16. Investor Relations Affairs

The company has established a department specialized in managing the affairs of the shareholders. The following summary clarifies what has been achieved in compliance with the provisions of the law and the Memorandum of Association and Resolution No. 7 regarding corporate governance regulations and related circulars:

The Shareholder's Relations Officer has been appointed and holds the following qualifications:

- Holds a degree suitable for work.
- Has experience in managing the affairs of shareholders and legal matters within the State, including companies and banks.
- Aware of the relevant legal and legislative requirements.
- Has full knowledge of the company's activities and opportunities.
- Has attended training workshop on Investor Relations.
- Has the ability to use different channels of communication and has the skills to communicate with investors in securities.

A special investor relations page has been created on the company's website to be constantly updated and maintained in line with international standards, including Investor Relations Department data and contact information such as, a dedicated phone number and e-mail, providing all reports on financial results whether recorded or published , Financial year data, including the dates of publication of financial results data, minutes of meetings of the General Assemblies, and any other important events.



Information and data disclosed to regulators, markets or the public are posted on the company's website at the following link:

<https://ihcuae.com/#investor>

Contact details for Shareholder's Relations Officer,
Miss Linda Ballout

Address: RG Procurement Building, Second Floor, Khalifa Park,
Abu Dhabi – United Arab Emirates.

Tel: 02-6448090

Fax: 02-6447060

P.O. Box 32619, Abu Dhabi – United Arab Emirates

Email: linda.b@ihcuae.com

Responding to Shareholders' enquiries from Sunday to Thursday, 10am to 2pm.

17. Special Resolutions Presented to the General Assembly Held During 2020

17.1. IHC General Assembly Special Resolutions

| Sr No | Meeting Date | Items / Special Resolutions | Measures Taken |
|-------|-------------------|---|----------------|
| 1 | 28 September 2020 | Approval of Amendments to the Articles of Association by special resolution in accordance with the wording proposed to the shareholders and attached to the notice of the invitation to convene the General Assembly. | Approved |
| 2 | 28 September 2020 | Authorizing the Board of Directors to complete the procedures for amending the Articles of Association with the relevant authorities | Approved |

17.2. Subsidiary Companies' General Assembly / Partners' Meeting Special Resolutions

| Sr No | Meeting Date | Items / Special Resolutions | Measures Taken |
|-------|-----------------|--|----------------|
| 1 | 5 November 2020 | Palms Sports – Resolution of Partners is issued in their meeting conducted on 05/11/2020 where the partners have resolved to approve the conversion of the company into Private Joint Stock Company – resolution is duly notarized on 26/11/2020 | Approved |
| 2 | 5 November 2020 | Zee Stores - Resolution of Partners is issued in their meeting conducted on 05/11/2020 where the partners have resolved to approve the conversion of the company into Private Joint Stock Company – resolution is duly notarized on 26/11/2020 | Approved |
| 3 | 1 November 2020 | Easy Lease - Resolution of Partners is issued in their meeting conducted on 01/11/2020 where the partners have resolved to approve the conversion of the company into Private Joint Stock Company – resolution notarized on 15/11/2020 | Approved |

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18. Emiratization Percentage in the Company as of 2020 (Excluding Unskilled Workers)

| 2018 | | | |
|---------------------|-------------------|----------------------|-------------|
| Number of Employees | Emiratis Citizens | Non-Emiratis Citizen | Total |
| Total | 6 | 470 | 476 |
| Ratio | 1% | 99% | 100% |

| 2019 | | | |
|---------------------|-------------------|----------------------|--------------|
| Number of Employees | Emiratis Citizens | Non-Emiratis Citizen | Total |
| Total | 10 | 1,301 | 1,311 |
| Ratio | 1% | 99% | 100% |

| 2020 | | | |
|---------------------|-------------------|----------------------|--------------|
| Number of Employees | Emiratis Citizens | Non-Emiratis Citizen | Total |
| Total | 34 | 3,325 | 3,359 |
| Ratio | 1% | 99% | 100% |

19. Significant Events During 2020

- February 2020**
 Acquisition of 31.5% of Pure Health Medical Supplies LLC, a Gulf laboratory operator and medical devices distributor.
 Purchase of 100% of Al Tamouh Investments Co. LLC.
- March 2020**
 Acquisition of full shares of Al Seer Marine Supplies & Equipment Co. LLC, Al Seer Marine Boats Building LLC and AGRINV SPV RSC Ltd.
 Acquisition of all shares in Dashing International Group LLC, Bedashing Beauty Lounge LLC, Bedashing Beauty Lounge International Limited and Nippers & Scissors Training Center LLC.
 Purchase of 55% of shares in Easy Lease Motorcycle Rental LLC and 67% of Uplift Delivery Services LLC.
 Investment of USD 2.5 million in Esyasoft Holding Ltd

- **May 2020**
Acquisition of 100% of the shares of Multiply Marketing Consultancy LLC by IHC subsidiaries
Acquisition of 100% of the shares of Royal Architect Project Management LLC by IHC subsidiaries
Acquisition of 100% of the shares of Royal Development Company LLC by IHC subsidiaries
The new incorporated company WFC Holding acquired 100% shareholding in: Workforce Connexion LLC, Corporate Solutions Consultants LLC and Multi Serve Typing and Transactions Follow Up LLC by IHC Subsidiaries
- **August 2020**

Acquisition of 60% of the shares of Apex Alwataniah Catering LLC by IHC subsidiaries
Acquisition of 52% of the shares of R Med Medical Supplies by IHC subsidiaries
Acquisition of 94% of the shares of Falcon CI IV LP by IHC subsidiaries
Acquisition of 60% of the shares of Afkar Group of Companies LLC by IHC subsidiaries
- **September 2020**
Multiply Marketing Consultancy LLC, a wholly owned subsidiary of the IHC has received an offer to subscribe to 1,923,077 shares in series C-3 of Preferred Stock of Yield Mo, INC (a company incorporated in Delaware, United States of America) for an amount of USD 8 Mn (3.41%)
- **October 2020**
IHC Food Holding LLC, IHC subsidiary and DAL Group, largest private sector conglomerate in Sudan have entered into a joint agreement to develop and cultivate farmland in Abu Hamad, River Nile State, Sudan. IHC and DAL Group to invest in \$225 million Sudanese Agriculture project.
IHC invested 39 million pound in Oxford Nanopore Technologies as part of a 84.4 million pound equity raising exercise by the United Kingdom-based firm, which has pioneered DNA sequencing technology.
- **December 2020**
IHC has listed Palms Sports PJSC on Abu Dhabi Securities Exchange (ADX) Second Market, under the trading symbol PALMS.
IHC has listed Zee Stores PJSC on Abu Dhabi Securities Exchange (ADX) Second Market, under the trading symbol ZS.
IHC has listed Easy Lease Motorcycle Rental PJSC on Abu Dhabi Securities Exchange (ADX) Second Market, under the trading symbol EASYLEASE.
Acquisition of 4.36% of share capital of National Marine Dredging Co by IHC Subsidiary.

20. Initiatives and Innovations During 2020

a. Development of a Rapid Coronavirus Laser Testing Technology

QuantLase Imaging Lab, the medical-research arm of International Holding Company, announced that it has developed a novel equipment which enables for much faster mass screenings, with test results available in seconds and allowing testing on a wider scale. This break-through will enable 'Mass-scale screening', changing the whole dimension of tracing. This is especially critical in large-scale testing programs, where a massive number of images needs to be analysed with accuracy and efficiency. The lab is using G42, a leading AI and Cloud Computing company, to further enhance the laser program.

Key aspects are:

- Laser beam-based DPI [Diffractive Phase Interferometry] technique identifies the virus as soon as blood cells are infected.
- Camera detects morphological change in blood cells.
- Tests and instant results can be provided in public places.
- Introducing this technology reinforces the UAE's position as a center for research, innovation, and technology.

The technology shall work and will help to protect our people better.

b. Digital Transformation:

With significant expansion through multiple acquisitions in the recent past and the outbreak of Covid -19 pandemic situation, IHC Management embarked on a "Digital Transformation" journey and launched initiatives to enrich Information Technology infrastructure at the enterprise level, and focus on specific, digitally enabled goals that will support their businesses. These goals include speed, ease of consolidation and timely reporting of accurate financial results, large-scale adoption of new ways of working as the employees are working remotely—many for the first time; safeguarding systems against cyber risk; enhancing digital commerce and marketing capabilities; and, given the continued lockdowns and social distancing rules, increasing automation in operations and the supply chain.

These commitments were made at four fronts 1) Productivity Enhancements, 2) Cyber Security Strengthening Measures, 3) Improve existing infrastructure, and 4) Develop and Launch new products and solutions.

Following are some of the key projects undertaken in 2020 as part of digital transformation initiatives.

i. Productivity Enhancements:

- a. **EPM (Enterprise Performance Management):** EPM enables trusted source of accurate financial information, statutory / regulatory reporting, budgeting & real-time reports. Its implementation has contributed exponentially in saving time and accelerating IHC Group's financial closure processes.

- b. **Microsoft 365 E3:** Provides prominent advantage for remotely working teams in terms of seamless audio / video / text communication, team collaboration, email and calendar management, cloud-based data sharing and file storage across the organization. Helped the Group in easy adoption of “remote working”.
- c. **ITSM:** IT service management is a simple tool that helps anyone in the Group to raise concern via tickets. The automated log of tickets along with necessary information, enhances visibility over the entire audit trail right from the point the concern was raised until is satisfactory resolution. Cases are analysed for corrective and preventive measures.
- d. **Virtual Desktop Infrastructure:** Virtualize the hardware where business users can access the workplace desktop from anywhere through secured tunnels or gateways.

ii. **Cyber Security:** Following solutions were implemented to strengthen cyber security within IHC Group:

- a. **Galaxykey:** File and email encryption solution to protect the integrity of sensitive data. Also offers encrypted digital document signing facility for confidential documents / contracts.
- b. **Mimecast S2:** Email spam filter to mitigate cyber security threats namely phishing, spamming, whaling, email spoofing, impersonation etc.
- c. **KnowBe4:** A Learning management system established to raise awareness, train new and existing users about the prominent cyber security threats and its prevention and remediation techniques.

iii. **Improving Existing Infrastructure:**

- a. **Data Centre Upgradation:** New business acquisitions necessitates more data storage and backup facilities. Foreseeing this, IHC Management enhanced business data storage and backup through:
 - Installation of additional servers, provision of additional licenses for existing backup solutions, and implementation of new backup solutions.
 - Surveillance infrastructure upgrade which includes modernization of access control systems and new CCTV installations for equipment monitoring including server rooms.
- b. Upgradation of VOIP capabilities and wireless infrastructure to support business users including remote working employees.

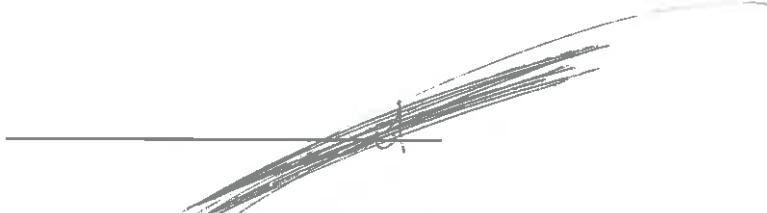
iv. **New product and solutions:**

- a. **Inbound Travelers Quarantine & Covid-19 measures:** Customised solution implemented at Abu Dhabi Airport to capture all inbound travellers’ acknowledgement of UAE laws on quarantine and Covid-19 measures.
- b. **Automated Visitors Management System:** Developed and deployed a ‘visitors management solution’ at multiple locations to keep track of employees and their particulars, mainly Covid-19 test reports & vaccinations records.

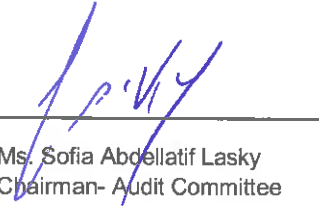
Foreseeing the ever-changing technology needs, Group management intends to obtain ISO 27001:2013 certification to ensure IT infrastructure and related procedures abide to the industry’s quality standards.



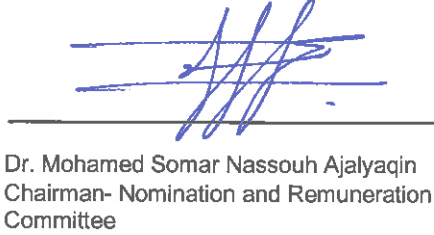
The Report was approved by the Board of Directors on 07/03/2021



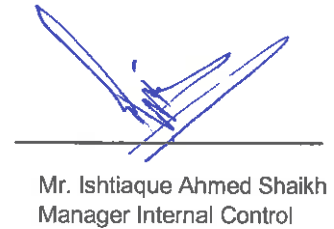
HH Sheikh Tahnoon Bin Zayed Al Nahyan
Chairman, Board of Directors



Ms. Sofia Abdellatif Lasky
Chairman- Audit Committee



Dr. Mohamed Somar Nassouh Ajalyaqin
Chairman- Nomination and Remuneration
Committee



Mr. Ishtiaque Ahmed Shaikh
Manager Internal Control

