

Corporate Governance Report For the year (2019)



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Introduction

Al Wathba National Insurance Company PJSC (the "Company") was established by Emiri Decree No. 3/78 on 10/2/1978 and is a national company, registered with the Insurance Authority with registration number 10. The Company's principal activity is transaction of general insurance and re-insurance business of all classes. The Company is listed on Abu Dhabi securities exchange and has its head office in Abu Dhabi with the current capital at AED 207 million.

1. Procedures to complete Corporate Governance system

Procedures taken to complete the Corporate Governance system during 2019, and how they are applied:

The Company ensures to abide by and comply with the provisions of The Chairman of Authority's Board of Directors' Resolution No. (7 R.M) of 2016 and its amendments Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

The company is keen on pursuing the policies derived from the rules and standards of institutional regulation enforced in the country trusting that this contribution will help the company. This will assist to achieve its objectives in line with the shareholders interest, and further increase the sustainable value for them and in the interest of customers and employees. This will help to strengthen the fundamentals of the regulatory environment ensuring that the standards of transparency, accountability, responsibility, and disclosure are upheld in order to maintain integrity, in which the Board of Directors and Executive Management are committed to apply them.

Through its committees the Board of Directors gives great attention to corporate governance and discipline. Moreover, this is accomplished by supervising the management of the company, implementing its responsibilities and duties through the powers granted to it, supervising the implementation of the company's policies and procedures to ensure the development of the efficiency and effectiveness of internal controls of the company.

The Company has taken several steps to enhance the corporate governance through:

1.1 Audit Committee:

- The Audit Committee meets with the Internal Controls Department to review the operational effectiveness and controls to ensure the continuity of the effectiveness of the company's internal auditing system.
- The Audit Committee have met and recommended to the Board of Directors to appoint KPMG as the External Auditor for the year 2019 which was approved by the General Assembly on 23/04/2019.
- The Audit Committee meets with the Company's External Auditor on an annual basis.
- The Audit Committee has sent the minutes of the meetings to the Board of Directors for review and discussion at the Board meetings.
- The Audit Committee performed the following duties through the Internal Audit Department, which regularly reports to the Committee:



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- Monitoring and reviewing the integrity of the Company's financial statements and reports (annual, semi-annual, and quarterly).
 - A. Reviewing the internal control and risk management systems of the company.
 - B. Ensuring that the Company complies with the code of conduct.

1.2 Risk Management:

The internal audit identifies the risks and their significance, as they audit the internal divisions and internal departments of the company based on the annual plan projected. The internal audit department make recommendations through the internal audit reports to discuss with the Audit and Senior Management Committee for managing these risks.

Moreover, the company's data is analyzed, and detailed reports are issued. In these reports, specific risks are recognized throughout, as well as, what should be avoided and ways to address these issues identified. The strategy aims at covering all types of risks that will be insured in terms of risk type and value, as well as, type of insured sector and geographic boundaries.

1.3 Report of any potential violations:

The company has whistle blower policy in place which ensures compliance with the system that enables employees to report potential violations in financial reports, internal controls or other matters in such a way as to enable them to report while ensuring that their rights are not infringed, and to establish steps to ensure independent investigations of such violations through the formation of an independent committee to consider such violations (If any).

1.4 Compliance with laws and regulations:

The company is committed to the laws and regulations issued by the Securities and Commodities Authority, Abu Dhabi Securities Exchange, Insurance Authority, Health Authority, Labor Law, and other laws and regulations in the UAE due to the company's status as a public joint stock company listed in Abu Dhabi Security's Market and carries out its insurance business practice.

1.5 Board of Directors:

- The Board of Directors discusses the reports of the Internal Controls Department.
- The Board of Directors follow up on the Audit Committee and Nomination & Remuneration Committees in accordance with the governance regulations.
- Ensure shareholders' rights by maximizing the profitability of the company.

1.6 Governance Report:

The Company is committed to make the Corporate Governance Report available to all shareholders and publish it through the usual means of publication prior to the announcement of the General Assembly's invitation by enough time, for the shareholders to review it.

2 | CORPORATE GOVERNANCE

رأس المال المدفوع و المصرح به (٢٠٧) مليون درهم شركة خاضعة لأحكام القانون الإتحادي رقم (٦) لسنة ٢٠٠٧ في شأن إنشاء هيئة التأمين و تنظيم أعماله و مقيدة بسجل شركات التأمين الرقم (١٠)

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2. Transactions in the Company's securities

Transactions of the members of the Board of Directors, and spouses and children thereof in the Company's securities during 2019:

Name	Position/Relationship	Shares Held as at 31/12/2019	Transactions in the company's securities during the year 2019
Sheikh/ Saif Bin Mohamed Bin Butti Al Hamed	Chairman/Himself	None	None
H.E. Rashed Darwish Ahmed Al Ketbi	Vice Chairman & Managing Director/Himself	19,588,774	None
Mr. Mohammed Rashed Darwish Ahmed Al Ketbi	Son	5,776,136	None
Mr. Shukri Salem Musabah Al Mheiri	Board Member/Himself	None	None
Mr. Mohamed Saeed Abdulla Al Qubaisi	Board Member/Himself	862,500	None
Mr. Saeed Omeir Yousef Al Mheiri	Board Member/Himself	None	None
Mr. Ahmed Ali Khalfan Al Dhaheri	Board Member/Himself	None	None
Mr. Rasheed Ali Rasheed Al Omaira	Board Member/Himself	34,500	None
Mr. Khalifa Saif Darwish Al Ketbi	Board Member/Himself	None	None
Mr. Khalid Khalifa Mohamed Al Mheiri	Board Member/Himself	None	None

3 | CORPORATE GOVERNANCE

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3. Board of Directors

3A. Composition of the Board of Directors

The Board of Directors is responsible for ensuring fair returns to shareholders in exchange for their investments in the company and protecting their rights, as well as approval of strategic plans, budget, investments, supervision and management of the company's financial situation and decision-making and other matters.

The company's current Board of Directors consists of the following nine members (from 24/04/2018)

Name	Date of Election	Category	Board of Directors	Audit Committee	Investment Committee	Nomination & Remuneration Committee
Sheikh Saif Bin Mohammed Bin Butti Al Hamed	29/04/2000	Non-Executive / Non-Independent	Δ			
H.E. Rashed Darwish Al Ketbi	29/04/2000	Executive	O		Δ	
Mr. Shukri Salem Al Mheiri	15/10/1997	Non-Executive / Independent	□		□	Δ
Mr. Mohamed Saeed Al Qubaisi	29/04/2000	Non-Executive / Independent	□	Δ	□	
Mr. Saeed Omeir Al Mheiri	29/04/2000	Non-Executive / Independent	□			
Mr. Ahmed Ali Al Dhaheri	25/03/2003	Non-Executive / Non-Independent	□	□		
Mr. Rasheed Ali Al Omaira	25/03/2003	Non-Executive / Independent	□			□
Mr. Khalifa Saif Al Ketbi	10/03/2013	Non-Executive / Non-Independent	□			□
Mr. Khalid Khalifa Al Mheiri	24/04/2018	Non-Executive / Independent	□	□		

Δ = Chairman

O = Managing Director / Vice Chairman

□ = Board of Directors Member / Committee Member

4 | CORPORATE GOVERNANCE

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The experiences and qualifications of the members of the Board of Directors:

Name	Experiences	Qualifications
Sheikh Saif Bin Mohammed Bin Butti Al Hamed	<ul style="list-style-type: none"> CEO and Deputy Owner of United Al Saqer Group from 02/04/2008 to date CEO and Deputy Owner of Al Atheer Group from 02/04/2008 to date Owner and CEO of Saif Group from 01/11/1999 to date. Member of the Board of Directors of Sharjah bank (since 1999) to date. 	<ul style="list-style-type: none"> Bachelor of Political Science / Economics
H.E. Rashed Darwish Al Ketbi	<ul style="list-style-type: none"> Chairman and Owner of Rashid Darwish Al Ketbi Commercial Investment from 2007 to date Financial and Administrative director of Darwish Bin Ahmed and Sons from 1995 to 2006 Assistant Undersecretary for Financial and Administrative Affairs at the Ministry of Health - UAE from 1991 to 1995 Financial and Administrative Director of Saif Bin Darwish from 1985 to 1991 	<ul style="list-style-type: none"> Bachelor of Business Administration Master of Business Administration
Mr. Shukri Salem Al Mheiri	<ul style="list-style-type: none"> Businessman General Manager of Dubai Investment Industries Company from 2006 to 2014 Business Development Manager for Dubai Investments Company from 2001 to 2006 Executive Director of Abu Dhabi Investments Company and Oman Emirates Holding Company (Emirates Branch) from 1995 to 2006 Director of Finance at Tawam Hospital - Ministry of Health from 1992 to 1995 Marketing Manager at Abu Dhabi National Oil Company (ADNOC) from 1985 to 1990 	<ul style="list-style-type: none"> Bachelor of Economics Master of Public Administration development
Mr. Mohamed Saeed Al Qubaisi	<ul style="list-style-type: none"> Chairman of the Board of Directors of Mohammed Al Qubaisi Company from 1986 to date 	<ul style="list-style-type: none"> Secondary degree
Mr. Saeed Omeir Al Mheiri	<ul style="list-style-type: none"> Owner of Omeir Investments 	<ul style="list-style-type: none"> Bachelor of Economics

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Mr. Ahmed Ali Al Dhaheri	<ul style="list-style-type: none"> He is currently the Chairman of Ali & Sons Holding Company Chairman of Foodco Holding (since April 2009) Chairman of Foodco national food stuff (since 2007) Member of the Board of Directors of Waha Capital (since April 2012) Currently Vice President since April 2018. Member of the Board of Directors of Abu Dhabi Aviation (since April 1999) Member of the Board of Directors of Al Ramz of Investment & Development (PJSC) since April 2018. Vice Chairman and CEO of Ali & Sons Group of Companies since 1998 until July 2014 	<ul style="list-style-type: none"> Higher Diploma in Business Administration - Accounting Major with distinction from the Higher Colleges of Technology- Abu Dhabi Bachelor of Accounting from the School of Management and Economics of Seattle University - America Certified Public Accountant (CPA)
Mr. Rasheed Ali Al Omaira	<ul style="list-style-type: none"> CEO of BILDICO since 2018 Businessman from 2010 - 2017 CEO and Board Member of Vision Capital from 2006 to 2010 Employee at Abu Dhabi Securities Market from 2000 to 2006 Businessman from 1996 to 2000 Employee at RAK Bank for the period 1991-1996 Employee at United Arab Bank for the period 1988-1991 	
Mr. Khalifa Saif Al Ketbi	<ul style="list-style-type: none"> Executive Director with 20 years' experience in marketing and sales Experience in business management Experience in services and investment in a company specialized in the field of heavy equipment and spare parts 	<ul style="list-style-type: none"> Bachelor of Business Administration
Mr. Khalid Khalifa Al Mheiri	<ul style="list-style-type: none"> A financial analyst for Al-Dhabi Investment Company from 2013 to date 	<ul style="list-style-type: none"> Bachelor of Business Administration

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The Board of directors' positions in PJS companies:

Name	Name of the Public joint stock or any important Position (Regulatory, government)	Designation
Sheikh Saif Bin Mohammed Bin Butti Al Hamed	<ul style="list-style-type: none"> Bank of Sharjah Abu Dhabi National Hotels 	<ul style="list-style-type: none"> Member of the BOD Chairman of the BOD
H.E. Rashed Darwish Al Ketbi	<ul style="list-style-type: none"> Foodco Holding Waha Capital United Arab Bank 	<ul style="list-style-type: none"> Vice Chairman Member of the BOD Member of the BOD
Mr. Shukri Salem Al Mheiri	<ul style="list-style-type: none"> --- 	<ul style="list-style-type: none"> ---
Mr. Mohamed Saeed Al Qubaisi	<ul style="list-style-type: none"> Foodco Holding 	<ul style="list-style-type: none"> Member of the BOD
Mr. Saeed Omeir Al Mheiri	<ul style="list-style-type: none"> --- 	<ul style="list-style-type: none"> ---
Mr. Ahmed Ali Al Dhaheri	<ul style="list-style-type: none"> Abu Dhabi Aviation Company PJSC Foodco Holding PJSC Waha Capital Al Ramz Corporation for Investment and Development (PJSC) 	<ul style="list-style-type: none"> Member of the BOD Chairman of the BOD Vice Chairman Member of the BOD
Mr. Rasheed Ali Al Omaira	<ul style="list-style-type: none"> Abu Dhabi National Company for Building Materials – BILDICO Waha Capital 	<ul style="list-style-type: none"> Member of the BOD Member of the BOD
Mr. Khalifa Saif Al Ketbi	<ul style="list-style-type: none"> Arkan 	<ul style="list-style-type: none"> Member of the BOD
Mr. Khalid Khalifa Al Mheiri		

3B. Women's Representation

Statement of women's representation in the Board of Directors in 2019:

There is no female candidate representation on the Board of Directors of the company.

However, the Company's Articles of Association allows the nomination by women to the Board of Directors.

3C. Reasons of no women's representation

Reasons why no women were nominated for the membership of the Board of Directors

The company opened its doors to the female candidates for nomination and representation on the board of directors at its general assembly meeting held on 24/04/2018, where no woman submitted any candidacy. The next election date for the Board of Directors will be in the General Assembly for the financial year 2020 and will open the election for the possibility of the women to be represented in the Board of Directors.



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3D. Board of Directors' remuneration

Total remunerations paid to the members of the Board of Directors for the year 2018 & total remunerations proposed to be paid for the year 2019, which shall be presented in the annual General Assembly for approval:

The Board of Directors met on 26/03/2020 to discuss and approve the annual financial statements as of 31/12/2019. Also, the discussion consisted of the proposed distribution of shareholders' profits and the remuneration of the board of directors which will be approved by the shareholders at the general assembly meeting taking place on the 26/04/2020. As per the Article (169) of Federal Law No. (2) / 2015 which pertain to commercial companies, the proposed remuneration for the Board members is 10% of the net profit for the fiscal year ended 2019 after deduction of both depreciation and reserves.

Statement of the Board of Directors' remuneration

Statement	Paid Remuneration	Proposed Remuneration
Year	2018	2019
Amount (AED)	4,050,000	630,000

3D. (3) Board of Directors' allowances

Allowances for attending meetings of the Board of Directors and its committees for the fiscal year 2019:

1. Board meetings allowances

- There are no attendance allowances for members of the Board of Directors.

2. Board Committee meetings allowances

1. Audit Committee

Name	Allowance (AED)
Mr. Mohamed Saeed Al Qubaisi	12,000
Mr. Ahmed Ali Al Dhaheri	24,000
Mr. Khalid Khalifa Al Mheiri	24,000

2. Nominations & Remunerations Committee

Name	Allowance (AED)
Mr. Shukri Salem Al Mheiri	6,000
Mr. Rasheed Ali Al Omaira	6,000
Mr. Khalifa Saif Al Ketbi	0

3. Details of other allowances, salaries, or additional bonuses

On the proposal of the Remuneration Committee and the approval of the company's board of directors, additional bonuses was given to non-executive board members of about 640,000 Dirhams, (80,000 Dirhams per member) , as a result of the additional work assigned to them during the year 2019, which are:

- Provide an independent opinion related to all matters presented before the Board of directors, in particular the company's strategy, policy, and operational performance.
- Monitor the company's performance in order to achieve its agreed goals and objectives and monitor performance reports.



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3E. Board of Directors' meetings

The number and dates of Board of Directors' meetings held during the FY 2019 as well as the attendance frequency by all the members, in person and by proxy:

- The Board of Directors meeting was held six times during the year 2019.

1. The number and dates of Board of Directors' meetings held

<i>Number of Meeting</i>	<i>Date of the Meeting</i>
First Meeting	05/03/2019
Second Meeting	26/03/2019
Third Meeting	24/04/2019
Fourth Meeting	14/05/2019
Fifth Meeting	05/08/2019
Sixth Meeting	12/11/2019

2. The number of personal attendances of Board members

<i>Name</i>	<i>Attendance Frequency</i>
Sheikh/ Saif Bin Mohamed Bin Butti Al Hamed	5
H.E. Rashed Darwish Al Ketbi	6
Mr. Shukri Salem Al Mheiri	4
Mr. Mohamed Saeed Al Qubaisi	3
Mr. Saeed Omeir Al Mheiri	5
Mr. Ahmed Ali Al Dhaheri	5
Mr. Rasheed Ali Al Omaira	6
Mr. Khalifa Saif Al Ketbi	5
Mr. Khalid Khalifa Al Mheiri	6



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3F. Executive Management delegation by Board of Directors

BOD's tasks and functions which were performed by the Executive Management pursuant to an authorization by the BOD to the Management, stating the period and validity of the delegation.

Name	Delegation	Period of Delegation
H.E. Rashed Darwish Al Ketbi - Vice Chairman & Managing Director	<ul style="list-style-type: none"> To manage the company's investments, funds and contracts under its name and representing the company in its relations with others. He has the right to the Establishment of companies and signs contracts on behalf of the company either with himself or with the third party. The right to trade in shares and bonds by selling, purchasing, pledging, and canceling the pledge. The right to manage the properties and lands owned by the company. Opening, managing, closing the current accounts, depositing, and withdrawing the deposits of the company with the banks. Sign on behalf of the Company any papers or documents related to the above works, and such works as are approved by the board of directors whether within the United Arab Emirates or abroad. The right to appoint others from the managers or employees of the company in all or some of the aforementioned text. 	3 years Starts from 07/03/2018 till 07/03/2021
Mr. Bassam Adib Chilmeran - Chief Executive Officer	<ul style="list-style-type: none"> Sign on behalf of the company all transactions, records, and documents in the ministries, courts, municipalities, civil associations, chamber of commerce and industry, immigration department, traffic department, labor department, and immigration affairs at airports. Also, he has the authority to sell the vehicles owned by the company and register and renew them and remove them at traffic and licensing departments, as well as, purchase in company's name. He has the right to dismiss, appoint and authorize lawyers, arbitrators, and experts to defend the company's cases in all courts of the United Arab Emirates of all types and degrees including first instance, appeal, and supreme in all the roles of the trial, in the federal courts on all degrees, the Supreme Federal Court, and the Shari'a courts of different degrees including cessation court. Furthermore, he has the right to authorize in all or some of aforementioned text 	3 years Starts from 08/10/2019 till 08/10/2022
Hassan Ali Hadid – Legal advisor	<ul style="list-style-type: none"> Signing on behalf of the company all documents and dealings before all ministries, courts, municipalities, authorities, government entities and semi government entities. The authority to sell the vehicles owned by the company and register and renew them and remove them at traffic and licensing departments, as well as, purchase in company's name. The power to dismiss, appoint and authorize lawyers, arbitrators, and experts to defend the company's cases in all courts of the United Arab Emirates of all types and degrees including first instance, appeal, and supreme in all the roles of the trial, in the federal courts on all degrees, the Supreme Federal Court, and the Shari'a courts of different degrees including cessation court. 	3 years Starts from 11/12/2019 till 11/12/2022

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رأس المال المدفوع و المصرح به (٢٠٧) مليون درهم شركة خاضعة لأحكام القانون الإتحادي رقم (٦) لسنة ٢٠٠٧ في شأن إنشاء هيئة التأمين و تنظيم أعماله و مقيدة بسجل شركات التأمين الرقم (١٠)

المكتب الرئيسي: ص.ب. : ٤٥١٥٤، أبو ظبي، أ.ع.م. ، هاتف: ٤١٨٥٣٠٠ (٢) +٩٧١ ، فاكس: ٦٧٧٦٦٢٨ (٢) +٩٧١

Head Office : P.O. Box : 45154, Abu Dhabi, U.A.E. Tel : +971 (2) 4185300, Fax : +971 (2) 6776628

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Introduction	Procedures taken to complete Corporate Governance	Board of Directors Composition	Company's Hierarchy	External Auditor	Board of Directors Committees	Insiders' Transactions Committee	Internal Control System	Cash and in-kind contributions made by the Company	General Information
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3G. Related Parties Transactions

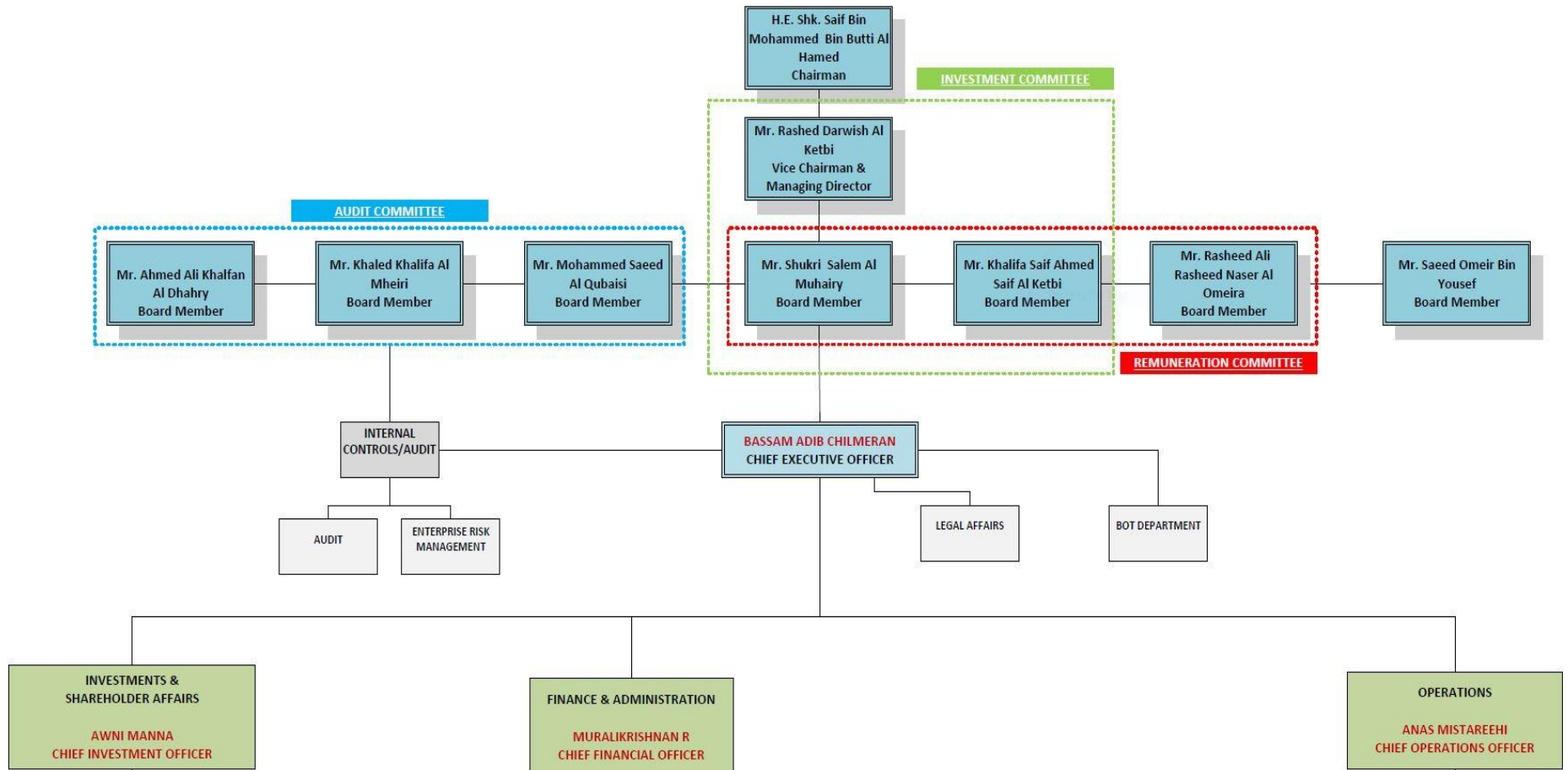
The details of transactions made with the related parties (stakeholders):

<i>Related Party Name</i>	<i>Position</i>	<i>Premiums</i>	<i>Claims</i>
Sheikh/ Saif Bin Mohamed Bin Butti Al Hamed	Board Member	16,693,560	2,853,534
H.E. Rashed Darwish Al Ketbi	Board Member	19,372,100	3,920,356
Mr. Shukri Salem Al Mheiri	Board Member	125,029	225,506
Mr. Mohamed Saeed Al Qubaisi	Board Member	725,532	57,429
Mr. Saeed Omeir Al Mheiri	Board Member	403,933	133,866
Mr. Ahmed Ali Al Dhaheri	Board Member	16,133,302	5,521,563
Mr. Rasheed Ali Al Omaira	Board Member	3,003	_____
Foodco national food stuff	Related party	239,811	_____



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Organization Structure



12 | CORPORATE GOVERNANCE

رأس المال المدفوع والمصرح به (٢٠٧) مليون درهم شركة خاضعة لأحكام القانون الإتحادي رقم (٦) لسنة ٢٠٠٧ في شأن إنشاء هيئة التأمين وتنظيم أعماله ومقيدة سجل شركات التأمين الرقم (١٠)

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3I. Executive Management Details

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

Position	Date of Appointment	Total Salaries and Allowances paid in 2019 (AED)	Total Bonuses paid for 2019 (AED)	Any other Cash/in-kind benefits for 2019 or payable in the future
Managing Director	29/04/2000	900,000	4000,000	_____
Chief Executive Officer	25/11/2000	1,915,802	1,750,000	_____
Chief Financial Officer	05/02/2018	498,100	not yet decided	_____
Chief Investment & Shareholders Affairs Officer	29/05/1985	606,660	not yet decided	_____
Chief Operating Officer	02/12/2013	570,100	not yet decided	_____



Introduction	Procedures taken to complete Corporate Governance	Board of Directors Composition	Company's Hierarchy	External Auditor	Board of Directors Committees	Insiders' Transactions Committee	Internal Control System	Cash and in-kind contributions made by the Company	General Information
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4. External Auditor

4A. About the External Auditor:

KPMG were appointed as the company's external auditor for the financial year 2019 based on the recommendation of Audit Committee and appointed at the General Assembly which was conducted on the 23rd of April 2019. KPMG is one of the largest professional services firms in the world and is one of the "Big Four" accounting firms.

4B. Fees for the audit and other services

Fees for the audit and other services provided by the company's external auditor during 2019, in addition to a statement of the number of years spent as an external auditor of the company is mentioned in the schedule below:

Name of Auditing Firm/ Name of the partner auditor	KPMG / Adil Abid
Number of years served as an external auditor for the Company:	From 2019
Total fees for auditing the financial statements of 2019 (AED):	320,000
The special services other than the auditing of the financial statements in 2019 (AED): (A Certificate presented to SCA regarding Unclaimed dividend)	fees are not finalized yet
The details and nature of other services provided:	
A statement of the other services performed by an external auditor other than the Company's auditor in 2019:	None
The qualified opinions made by the company's external auditor in the interim and annual financial statements for 2019	None



Introduction	Procedures taken to complete Corporate Governance	Board of Directors Composition	Company's Hierarchy	External Auditor	Board of Directors Committees	Insiders' Transactions Committee	Internal Control System	Cash and in-kind contributions made by the Company	General Information
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Board of Directors Committees

The Board of Directors shall supervise the work of the following committees: The Audit Committee, the Nomination and Remuneration Committee of the Council. They shall ensure that the committees fulfill their duties by sending all the minutes of the meetings which includes recommendations, results, and suggestions to the Board of Directors which will be discussed and a final decision will be made based on the minutes of the meetings, and this decision will be made at the earliest board meeting and all Board responsibilities cannot be delegated to the committees.

5. Audit Committee

The committee originating from the Board of Directors and the Board evaluates them and ensures their commitment to the work entrusted from time to time.

5A. Audit Committee Members & Functions

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

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

✓ Committee Composition:

Name	Designation
Mr. Mohamed Saeed Al Qubaisi	Committee Chairman
Mr. Ahmed Ali Al Dhaheri	Committee Member
Mr. Khalid Khalifa Al Mheiri	Committee Member

✓ Audit Committee Functions:

- Ensure the availability of the required resources for the internal controls department and reviewing and monitoring the effectiveness of such department.
- Ensure the independence of the external auditor, review the auditor's letter, work plan, and objectivity.
- Submitting a recommendation to the Board of Directors on the appointment, dismissal or resignation of the External Auditor.
- Monitoring the integrity of the Company's financial statements and reports (annual, semi-annual, and quarterly) and review thereof as part of its normal work during the year, and the committee shall particularly focus on the following:
 - Any changes in accounting policies and practices.
 - Highlighting the aspects that are subject to the management's discretion.
 - Substantial amendments resulting from auditing.
 - Supposing continuity of the Company's business.
 - Commitment to the accounting standards approved by the Authority.
 - Commitment to the listing and disclosure rules and any other legal requirements related to preparation of financial reports.
- Coordinating with the Company's Board of Directors, Senior Executive Management, and the financial manager or the manager



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doing such role in the Company, for the purpose of performing its duties.

- Considering important and unusual clauses that are or shall be mentioned in such reports and accounts, the committee shall also pay the required attention to any issues brought up by the financial manager, the manager doing such role, compliance officer, or the auditor.
- Review of financial control, internal control and risk management systems in the Company.
- Discussing the internal control system with the Board of Directors and ensuring the latter's establishment of an effective system for internal control.
- Considering the results of primary investigations relating to internal control issues as assigned to the committee by the Board of Directors or based on an initiative on the part of the committee and the Board of director's approval of such initiative.
- Review the Company's financial and accounting policies.
- Meeting of the Audit Committee with the External Auditor at least once a year.
- Ensure the existence of coordination between the internal and external auditor, which will be done at the meeting with the internal audit department.
- Reviewing the External Auditor's letter and their work plan and any material queries raised by the auditor to the management on the following: accounting records, financial accounts, or internal control systems.
- Ensuring timely response of the Board of Directors to inquiries for illustration and substantial matters mentioned in the external auditor's letter.
- Setting the rules that enable the Company's staff to confidentially report any potential violations in financial reports, internal control, or any other issues and the procedures sufficient for conducting independent and fair investigations concerning such violations.
- Review and discuss internal audit reports.

- The Audit Committee shall send all minutes of the Committee meetings to the Board of Directors for discussion and review at the next Board meeting.
- Monitoring the extent to which the Company complies with the code of conduct.
- Submitting reports and recommendations to the Board of Directors as per the functions listed herein.
- Considering any other issues determined by the Board of Directors.

5B. Audit Committee meetings

The number and dates of the meetings held by the audit committee and the attendance frequency

- In 2019, The Audit Committee held four meetings to carry out the tasks assigned to it and to discuss internal audit reports.

Number of Meeting	Date of the Meeting
First Meeting	20/03/2019
Second Meeting	12/05/2019
Third Meeting	31/07/2019
Fourth Meeting	11/11/2019

- The attendance frequency in person by the committee's members.

Name	Attendance Frequency
Mr. Mohamed Saeed Al Qubaisi	2
Mr. Ahmed Ali Al Dhaheri	4
Mr. Khalid Khalifa Al Mheiri	4

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رأس المال المدفوع و المصرح به (٢٠٧) مليون درهم شركة خاضعة لأحكام القانون الإتحادي رقم (٦) لسنة ٢٠٠٧ في شأن إنشاء هيئة التأمين و تنظيم أعماله و مقيدة بسجل شركات التأمين الرقم (١٠)

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Introduction	Procedures taken to complete Corporate Governance	Board of Directors Composition	Company's Hierarchy	External Auditor	Board of Directors Committees	Insiders' Transactions Committee	Internal Control System	Cash and in-kind contributions made by the Company	General Information
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6. Nominations & Remunerations Committee

The committee emanates from the Board of Directors, which is evaluated by the Board to ensure that it is committed to the work entrusted to them from time to time.

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

6A. Nominations & Remunerations Committee Members & Functions

The names of members of the Nominations & Remunerations Committee, and a statement of its functions and the duties assigned thereto.

Committee Composition:

Name	Designation
Mr. Shukri Salem Al Mheiri	Committee Chairman
Mr. Rasheed Ali Al Omaira	Committee Member
Mr. Khalifa Saif Al Ketbi	Committee Member

Nominations & Remunerations Committee Functions:

- Constantly verifying independence of independent Board members.
- Setting the policy for granting bonus, privileges, incentives, and salaries to the Company's Board members and staff. Reviewing such policy annually and ensuring that the bonus and privileges offered to the Senior Executive Management are

reasonable and in line with the Company's performance.

- Reviewing the Company's human resources and training policy and monitor the implementation of such policy.
- Determining the Company's needs of qualifications at the Senior Executive Management and the staff levels and the criteria for selection thereof.
- Regulating and following up the procedures of nomination for Board membership in accordance with the applicable laws and regulations and in accordance with the Chairman of Authority's Board of Directors' Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

6B. Nominations & Remunerations committee meetings

The number and dates of the meetings held by the Nominations & Remunerations committee and the attendance frequency

- The Nomination and Remuneration Committee held one meeting during 2019.

Number of Meeting	Date of the Meeting
First Meeting	26/03/2019

- The attendance frequency in person by the committee's members.

Name	Attendance Frequency
Mr. Shukri Salem Al Mheiri	1
Mr. Rasheed Ali Al Omaira	1
Mr. Khalifa Saif Al Ketbi	0



Introduction	Procedures taken to complete Corporate Governance	Board of Directors Composition	Company's Hierarchy	External Auditor	Board of Directors Committees	Insiders' Transactions Committee	Internal Control System	Cash and in-kind contributions made by the Company	General Information
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7. Insiders Dealing Committee

7A. Insiders Dealing Committee Members and Functions

- Mr. Awni Manna, Chairman of the Insiders' Dealing Committee, acknowledges his responsibility for the committee's system in the company, review of its work mechanism and ensuring its effectiveness.

The names of members of the Insiders Transactions Committee, and a statement of its functions and the duties assigned thereto:

Name	Department	Designation
Mr. Awni Manna	Investments & Shareholders Affairs	Committee Chairman
Mr. Murali Krishnan	Finance	Committee Member
Mr. Hassan Hadid	Legal Affairs	Committee Member

In compliance with the provisions of Article (12) of the Chairman's decision No. 7 of 2016 on the standards of institutional discipline and the governance of public shareholding companies and the provisions of Article (14) of the Board of Directors Resolution No. (2) for the year 2001 regarding the system of dealing, clearing, and transferring ownership and custody of securities, where a committee was formed on 23/10/2019 which is responsible for the management, follow-up, and supervision of insider transactions of the following names:

The Functions and duties assigned to Insiders Dealing Committee as follows:

- Set rules and regulations regarding the transactions of the Company's Board of Directors and its employees in the securities issued by the Company, the Parent Company, subsidiaries, or sister companies.

- Preparing a special and integrated register for all people who are knowledgeable, including those who may be considered as temporary insiders who are entitled or have access to the company's internal information prior to publication. The register also includes the prior and subsequent disclosures of the insiders.
- Manage, follow up, and supervise the transactions of the insiders and their ownership. Moreover, the Committee will maintain their register and submit periodic statements and reports to the market.
- To take all measures to maintain the complete confidentiality of the company's material data and information to ensure that they are not misused.
- Establish effective contractual arrangements to ensure that other insiders who review their own internal data and information of other customers maintain the confidentiality of such data and information and not misuse, transfer or direct or indirect transfer of such data and information to third parties.
- The signature of all parties that are aware of the official statements that confirm their knowledge that they have internal data and information relating to the company and its customers and bear all the legal effects in the event of leaking this information or data or providing advice on the basis of the information in possession of it, and its obligation to notify the company of any trading carried out on the securities of the parent company Or subsidiaries before and after such transactions.
- To confirm the prohibition of trading the securities of the company itself or the subsidiaries, associates and associates of the company to the Chairman and members of the Board of Directors and the Director General and employees who are aware of the essential data himself or for his account by third parties or as another account for the other during the following periods:



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- Ten days before the announcement of any material information that will affect the price of the stock up or down unless the information is the result of sudden events.
- Fifteen days before the end of the quarterly, semi-annual or annual financial period and until the disclosure of the financial statements.

7B. Committee's Summary report

Summary report of the Committee's work during the year 2019:

- A special and comprehensive record has been created for all insiders.
- Ensure that all persons familiar with the prohibition during the said prohibition periods in accordance with circulars issued by ADX.
- The Committee is currently committed to fulfilling all its mandated tasks as fully as possible.

8. Internal Control System

8A. Board of Directors' acknowledgement of its responsibility

Board of Directors' acknowledgement of its responsibility for the Internal Control System in the Company and its review of the functioning mechanism of internal control and ensuring its effectiveness:

The Internal Control Department reviews the effectiveness of the internal control system of the Company and informs the Board of Directors of the results and recommendations by sending its reports directly to them. Moreover, they are responsible for monitoring the internal control system and reviewing its effectiveness.

- ❖ The Internal Control Department is responsible for the following functions:
 - Continuing the development of corporate governance and building a culture of governance.

- Establish an effective monitoring system and ensure that the employees of the company adhere to the internal policies and procedures that govern its work.
- Perform any other tasks assigned by the Board of Directors.
- To assess the adequacy of the internal control system, and the effectiveness of management.
- Investigate a conflict of interest.
- Making recommendations related to risk management to the Board of Directors in order to ensure the effectiveness of the control system.
- Updating the internal procedures of the company to make them commensurate with the developments of the work and to ensure an effective control environment.
- Working to strengthen the internal control system to comply with the requirements of the Securities and Commodities Authority and the Insurance Authority by:
 - Creating a suitable decision-making system.
 - Determination of authorities and responsibilities.
 - Create clear policies and procedures.
 - In addition to the above, the Internal Controls Department meets with the Audit Committee on an annual basis to coordinate the determination of the annual audit and control plan.

8B. Internal Audit Manager

The name and qualifications of the Internal Audit Manager:

The responsible person in the Internal Controls Department is Mrs. Vibhu Joshi, who joined the company on 18/05/2011.

She currently holds:

- Bachelor of Commerce (Financial Accounting & Auditing)
- Chartered Accountant (ICAI)
- Certificate of Company Secretary (ICSI)
- Certificate of CAMS (ACAMS)



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8C. Compliance Officers

The name and qualifications of the Compliance Officer:

The Compliance Officer is Mr. Ahmed Rashed who has joined the Company on 01/08/2019. Ahmed Rashed has worked for the Egyptian Financial Regulatory Authority for 12 years in the capacity of Senior Financial Regulator and Capital Markets Specialist.

Holds:

- Bachelor of Accounting from Ain Shams University - Egypt.

8D. Significant Issues

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

- The company did not face any issues during 2019

9. Violations committed during the fiscal year

- A penalty amount AED 15,000 has been imposed by the Health Authority. Other than this, Awnic is in compliance with the requirements of any regulated rules for the year 2019.

10. Statement of the cash and in-kind contributions

Statement of the cash and in-kind contributions made by the Company during the year 2019 toward the local community development and environmental conservation:

The company aims to serve the local community. And the same is detailed as follows:

- The company has supported the community through the initiative 'Traffic Violations Settlement for 2019' (Year of Tolerance) by providing free insurance policies for drivers who drive safely during the year.
- The company performs insurance risk awareness for its customers, by sending guidance regarding security and safety measures through text messages and e-mail.
- The company sends weather warnings to its customers.



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11. General Information

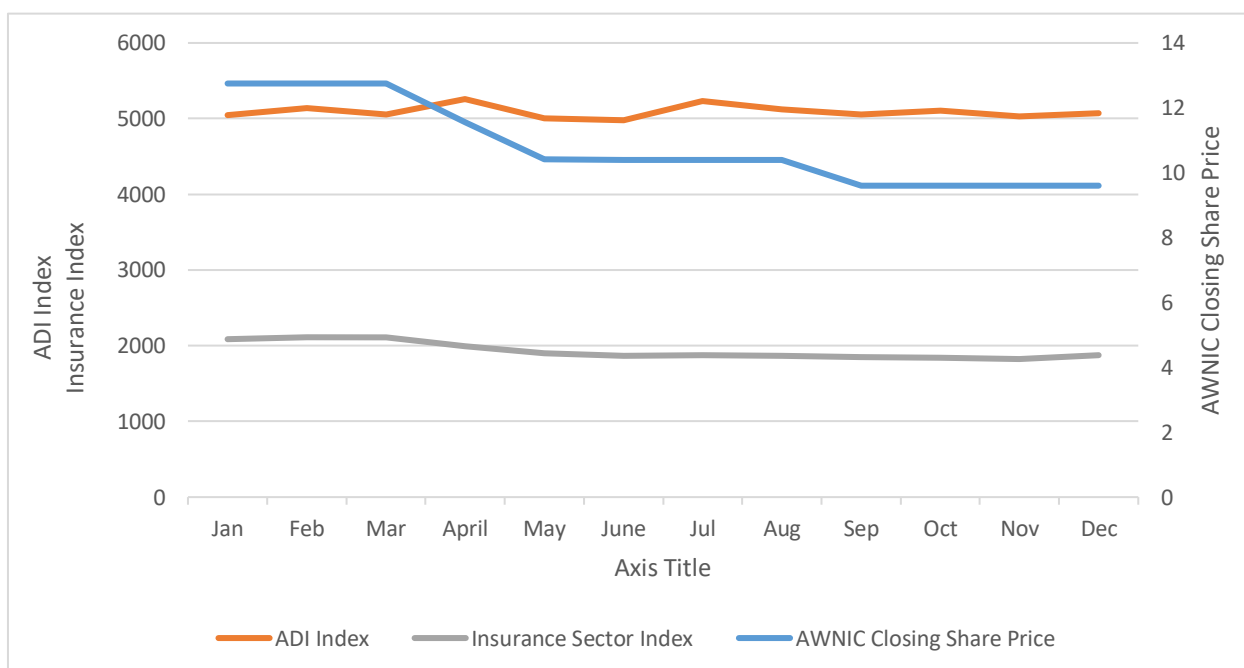
11A. The Company share price in the Market

A statement of the Company share price in the Market (closing price, highest price, lowest price) in the end of each month during year 2019:

Month	Highest Price	Lowest Price	Closing Price	Month	Highest Price	Lowest Price	Closing Price
January	-	-	12.75	July	-	-	10.40
February	-	-	12.75	August	-	-	10.40
March	-	-	12.75	September	9.60	9.60	9.60
April	11.56	11.50	11.56	October	-	-	9.60
May	10.42	10.42	10.42	November	-	-	9.60
June	10.40	10.40	10.40	December	-	-	9.60

11B. Comparative performance of the company's shares

A statement of the comparative performance of the company's shares with the market index and the sector index to which the company belongs during year 2019:



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11C. Company's Shareholding Distribution

A statement of shareholding distribution as of 31/12/2019:

Shareholders Category	Individuals		Companies		Government		Total
	Shares Held	%	Shares Held	%	Shares Held	%	
Local	143,895,032	70	60,689,070	29	0	0	204,584,102
Arab	0	0	2,415,000	1	0	0	0
Foreign	898	0	0	0	0	0	898
Total	143,895,930	70	63,104,070	30	0	0	207,000,000

11D. Company's Capital holders of 5% or more

A statement of the shareholders who hold 5% or more of the Company's capital as of 31/12/2019:

S/N	Name	Number of Shares Held	% of the Shares Held of the Company's Capital
1	Saif Darwish Ahmed Saif Al Ketbi	39,651,265	19.16%
2	Al Sager United Group LLC	27,375,018	13.22%
3	Ali Rashed Naser Al Omairah	25,075,305	12.11%
4	Rashed Darwish Ahmed Saif Al Ketbi	19,588,774	9.46%
5	Al Dhabi Investments PJSC	15,435,239	7.46%
6	Mohammed Ahmed Saeed Al Qasimi	11,901,998	5.75%
7	Ali Khalfan Rashed Al Mutawa Al Dhaheri	10,877,505	5.25%

11E. Company's Equity Distribution

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

S/N	Share(s) Owned	Number of Shareholders	Number of Shares Held	% of the Shares Held of the Capital
1	Less than 50,000	164	1,373,216	0.66%
2	From 50,000 to less than 500,000	60	9,093,598	4.39%
3	From 500,000 to less than 5,000,000	13	27,479,625	13.28%
4	More than 5,000,000	10	169,053,561	81.67%

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11F. Controls of Investors' Relations

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

Subject to the provisions of Article (35) of the decision of the Chairman of the Board of Directors No. 7 of 2016 on the standards of institutional discipline and the governance of public shareholding companies concerning investor relations. The following actions have been taken.

S/N	Requirement	Action Taken
1	Appoint a competent investor relations management officer	Mr. Awni Manna was appointed Head of Investment and Shareholders Affairs since 2015 and performs the role of an Investor Relations Officer at the Company. His address is as follows: <ul style="list-style-type: none"> Name: Mr. Awni Manna Telephone (Direct): 02-4185450 E-mail: a_manna@awnic.com The investor relations officer information has been published on the company's website
2	Establish a special investor relations section on the company's website	We have an investor relations section on company website, containing investor relations data and communication details such as phone number and e-mail address. In addition, it also covers financial statements with the published date, material core events, data and information that are disclosed to regulators or markets. <p>Web Link: https://awnic.com/eng/investor-relations</p>

11G. Implications of the Special Resolutions

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

- Nothing

11H. Board of Directors' meetings Secretary

The name of the board secretary and the date of his/her appointment:

- The services of the Board of Director's reporter Mr. /Wissam Qais has been terminated. The company is currently in the process of appointing a new Board Secretary for the Board of Directors.



Introduction	Procedures taken to complete Corporate Governance	Board of Directors Composition	External Auditor	Board of Directors Committees	Insiders' Trading Follow-Up & Supervision Committee	Internal Control System	Cash and in-kind contributions made by the Company	General Information
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11I. Significant events

The significant events that took place in the Company in 2019:

- Nothing

11J. Emiratization percentage in the Company

A statement of the Emiratization percentage in the Company as of 2019:

The year	2017	2018	2019
%	10.3%	12%	12%

- The company is working to support the Emiratization by creating an appropriate environment that increases the number of citizens by providing the necessary programs, guidance, training, and development.

11K. Innovative Projects

AWNIC's transition towards digitalization is enabled by the following applications powered by new age technologies:

- 1) Facilitating transactions for the customers through an electronic application specifically tailored for the company to be accessed directly on the mobile phone. As a result, the company was adjudged the winner by the Insurance Authority for the second year in a row, as recognition for Digital Innovation and Smart services in Insurance, at the national level.
- 2) Implementing a human resource management system that enables all employees to interact with the Human Resources Department through mobile application on smart phones or through company's electronic portal. Moreover, it contributes to enhancing the efficiency of the department and gives employees the flexibility to access the departmental information with ease and transparency. Adapting to the new digital platform also helps in contributing to the sustainable initiatives of the organization by going paperless.
- 3) Introducing a new system for handling claims for motor insurance. The system eliminates paper-based transactions, reduces transaction lead time by 70%, and enables the customer to follow the transaction life cycle with high transparency and credibility.
- 4) Implementing a special system for handling documents of the company, that reduces paper-based transactions considerably thereby enabling the company to completely switch to electronic archiving system.
- 5) Transitioning to a digital space with the help of various applications perfectly complements one of the most important initiatives at the core of the company, i.e. sustainability and environment conservation.
- 6) The continuous development of the loyalty program is achieved by expanding, updating, and enhancing the same for distinguished customers by adding more strategic partners. Furthermore, the loyalty program enables customers to obtain valuable discounts to benefit from the services provided by strategic customers, up to 50% in some cases. Moreover, the Loyalty program has been integrated to the company's Smartphone application thereby making it easily accessible on the go.



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Ms. Vibhu Joshi

(Internal Controls Department
Manager)

Date: 30/03 /2020

Mr. Shukri Salem Al Mheiri

(Nominations & Remunerations
Chairman)

Date: 01/04/2020

Mr. Mohamed Saeed Abdulla
Al Qubaisi

(Audit Committee Chairman)

Date: 04/04/2020



Sheikh Saif Bin Mohamed Bin Butti Al Hamed

Chairman

Date: 02/04/2020