

<p>Board of Directors' policies that will be discussed during the next General Assembly Meeting for the company to be held on 23/04/2025</p>	<p>سياسات مجلس الإدارة والتي سيتم عرضها علي الجمعية العمومية العادية للشركة المُزمع عقدها بتاريخ 2025/04/23</p>
<ul style="list-style-type: none">• Board and its committee's Remuneration policy. From Page 2 to Page 6• Terms of Reference. From Page 7 to Page 25• Board of Directors & Directors Selection Policy. From Page 26 to Page 36	<ul style="list-style-type: none">• سياسة مكافآت مجلس الإدارة ولجانه. من ص 2 الي ص 6• نطاق صلاحيات مجلس الإدارة. من ص 7 الي ص 25• سياسة اختيار أعضاء مجلس الإدارة. من ص 26 الي ص 36



شركة الوثبة الوطنية للتأمين
ALWATHBA NATIONAL INSURANCE CO

**AL WATHBA NATIONAL INSURANCE CO. PJSC
(AWNIC)**

**BOARD AND ITS COMMITTEES'
Remuneration and Expense Policy**



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This policy will be presented to the General Assembly of the Company for approval.



Board and its Committees' Remuneration and Expense Policy

INTRODUCTION

The Remuneration and Expense Policy for Board and its Committees of “Al Wathba National Insurance Company PJSC” (AWNIC / Company) is prepared in compliance with applicable regulatory requirement on Corporate Governance for Insurance Companies from the Central Bank of UAE (CBUAE).

SCOPE

The Board plays a vital role in overseeing AWNIC’s strategic priorities and objectives and in providing oversight and supervision of the management of the business and affairs of AWNIC (**Board Activities**). Appropriate remuneration for services performed by the Board is part of good governance practices and must reflect the importance and professional nature of Board work and attract and retain qualified individuals.

The Board of Directors add further value to AWNIC beyond their Board Activities through their support and, or advancement of AWNIC’s interests, which may include business development, team member engagement, stakeholder engagement, industry involvement and personal training & development (**Additional Director Activities**). The reimbursement of expenses to the Directors related to the performance of additional activities will be in line with the guidelines mentioned in this policy.

POLICY PRINCIPLES

The Remuneration and Expense Policy is based upon the following principles:

1. Accountability – AWNIC is accountable to ensure that its funds used for Board Remuneration and reimbursement of Board related expenses are used prudently and responsibly. Board Remuneration and board related expenses must support the work of the Board.
2. Transparency – AWNIC is transparent about how its funds are used. Board Remuneration should be paid, and Board related expenses should be incurred and claimed in a manner that will not harm AWNIC’s reputation as a good manager of its resources. The rules for payment of Board Remuneration and reimbursing expenses are clear, easily understood, and available on request.
3. Value for Money – AWNIC funds are to be used prudently and responsibly. Director related expenses must be reasonable with due regard for the objectives of the Board Activities or Additional Director Activities; and
4. Fairness – AWNIC pays Board Remuneration and reimburses legitimate expenses incurred in conducting business on behalf of AWNIC and ensures a fair and consistent treatment of Directors who are required to incur business expenses in relation to Board Activities or Additional Director Activities.

GENERAL STANDARDS FOR REMUNERATION

The Nomination and Remuneration Committee responsibilities include recommending to the board the remuneration of the board and its committees in accordance with the approved criteria, as follows:

- Be in line with Company’s activities and the required skills for its management.
- Remuneration shall be consistent with the strategy, objectives, the magnitude, nature, and level of risks faced by the Company.
- Benchmarking shall be used to take into consideration the remuneration practices of other companies. The disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensations shall be avoided.
- Shall be prepared in coordination with The Nomination and Remuneration Committee with respect to new appointments.



- Remuneration shall be based on job level, duties and responsibilities, educational qualifications, practical experience, skills, and level of performance.
- Be fair and in line with the board or committee's member's activities carried out and responsibilities borne by the board or committees' members, in addition to the objectives set out by the board to be achieved during the financial year.
- Take into consideration the sector in which the Company operates, its size and experience of its board members.
- Be reasonably sufficient to attract and retain highly qualified and experienced board members.
- The remunerations of different board members may vary depending on the board members' experience, expertise, duties he/she undertakes, and independence and number of board meetings he/she attended in addition to other considerations.
- The remuneration shall be suspended if it has been determined that such remuneration was based on inaccurate information provided by a member of the board.
- Bonus or any incentive-based mechanisms based on the performance of the Company must be excluded.

THE BOARD AND COMMITTEE MEMBERS REMUNERATION

- **Annual Fixed Amount:** The annual fixed amount paid to the members of the Board should be comprised of payment for their service on the Board and for their participation on Board committees, with greater weightage applied to members chairing committees.
 - The Chairman and Board members receive a fixed annual amount, which must not exceed 10% of the net profit after deducting amortizations and reserves.
 - A lump sum fee of AED 200,000 per member may be granted if the company does not achieve profits.
- **Non-Monetary Benefits:** The payment may also include the value of other non-monetary benefits, e.g. insurance and healthcare. This will form part of and adjusted from the total fixed remuneration.
- **Adjustments:** Any penalties imposed on the company due to violations by the Board shall be deducted from their compensation. The general assembly may not deduct such fines if it finds out that those fines are not the result of a default or error on the part of the board of directors.
- Board member compensation must comply with corporate governance laws and the Securities and Commodities Authority regulations.

GENERAL STANDARDS FOR EXPENSES

Expenses must directly relate to the conduct of core Board Activities or the Additional Director Activities and may include:

- a) Where attendance in person is necessary, transportation to and from a director's principal residence to the meeting (Board / Committee) location, and between Meeting (Board / Committee) locations by:
 - personal vehicle paid at the current Awnic mileage rate or company policies.
 - air, using economy class airfare. Business class airfare may be used if economy class and alternate flights are not available, if travel time is 4 hours or longer, or to accommodate physical limitations.
- b) accommodation (single) to attend Meetings in any hotel offering a reasonable rate (see below "Reasonableness");
- c) reasonable expenses for meals while attending Board Activities or Additional Director Activities (see below "Reasonableness");
- d) telecommunication and internet costs, office supplies, and other incidental or "out of pocket" expenses incurred by the Board or a Director in relation to the participation in Board Activities or Additional Director Activities;
- e) tuition or fees for seminars, courses, meetings, and conferences addressing professional development, governance and board training issues, or as approved by the Chair of the Board or the Chair of the Nomination and Remuneration Committee to an annual limit per Director of AED 10,000 including related expenses.

"Reasonableness"

Expenses must be consistent with the values and practices of Awnic and not perceived as excessive. Expenses that are incurred by a director for both Awnic's and other personal or business purposes of the Director should be allocated fairly between both.



ADDITIONAL GUIDELINES FOR REMUNERATION, EXPENSES AND PAYMENT PROCESS

- Where applicable, appropriate regulatory approvals and shareholders (AGM) approval should be obtained ensuring compliance with applicable laws and regulations.
- Disclosing the remuneration of the board and its committee members and other relevant information in the Corporate Governance report in line with applicable laws and regulations.
- Members are entitled to the remuneration from the date they have joined the board or committee and as per the duration of their membership.
- Processing of board and committee member remuneration payment shall be initiated by the board secretary and payment order shall be approved as per authority matrix.
- The payment for the Board, committee's remuneration shall be paid in full after Annual General Assembly meeting approval.
- Expenses claimed must be for expenditures actually made.
- Receipts / Supporting documents for expenditures of AED 100.00 or greater must be provided; and
- Expense claims must be submitted to the Awnic Company Secretary at "boardsecretary@awnic.com", quarterly and within a reasonable period of time.
- A Director may seek advice from the Chair of the Board or the Corporate Secretary regarding eligibility for reimbursement before a claim is submitted.

FINAL PROVISIONS (FOR PUBLICATIONS, ACCESS, AND AMENDMENTS)

This policy shall be implemented and complied with by the Company starting from the date it is approved by the AGM. The content of this policy shall be reviewed - as needed - by the Nomination and Remuneration committee, provided that any recommended changes are presented by the board to the AGM in the next meeting for approval.

This policy was approved by the Shareholders General Assembly in its meeting held on and supersedes any Policy of the sort previously in force.



شركة الوثبة الوطنية للتأمين
ALWATHBA NATIONAL INSURANCE CO

**AL WATHBA NATIONAL INSURANCE CO. PJSC
(AWNIC)**

**Board of Directors
Terms of Reference (ToR)**



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Review Frequency – At least Annually			

This policy will be presented to the General Assembly of the Company for approval.



Terms of Reference – Board of Directors

DEFINITIONS

In these Terms of Reference, the following words, acronyms, and phrases shall have the meanings assigned to them below:

Words, acronyms, and phrases	Means
Company / Company's / AWNIC	Al Wathba National Insurance Company PJSC
Board / BOD	the Board of Directors of AWNIC
Chairman	the Chairman of the Board
Central Bank / CBUAE	the Central Bank of the United Arab Emirates
Corporate Governance Regulations / CG	all applicable regulations and standards on corporate governance, including, but not limited to, the Central Bank's Corporate Governance Regulation and Standards for Insurance Companies and the Securities & Commodities Authority (SCA) Public Joint-Stock Companies Governance Guide (and their amendments from time to time)
Companies Law	UAE Federal Law No. 32 of 2021 concerning Commercial Companies (and its amendments from time to time)
Conflict of Interest	A situation of actual or perceived conflict between the duty and private interests of a Director, which could improperly influence the performance of his/her duties and responsibilities towards the company
Directors	members of the Board and Board Committees
Duty of Care	The duty to decide and act on an informed and prudent basis with respect to the Company. Often interpreted as requiring a member of the Board to approach the affairs of the Company and policyholders ahead of his/her own interests.
Duty of Confidentiality	The duty to observe confidentiality applies to all information of a confidential nature with which a member of the Board is entrusted by the Company, or which is brought to his or her attention during or at any time after the carrying out of his/her assignment.
Duty of Loyalty	The duty to act in the good faith in the interest of the Company. The duty of loyalty should prevent individual Members of the Board from acting in their own interest, or the interest of another individual or group, at the expense of the Company and shareholders.
Financial Regulations	Insurance Authority Board of Directors' Decision number (25) of 2014 Pertinent to Financial Regulations for Insurance Companies
Fit and Proper Process	The evaluation of a Company's proposed members of the Board, Senior Management and other persons as determined by the



	Central Bank from time to time, in terms of expertise and integrity.
Group	A group of entities which includes the Company and: a. any Subsidiary of the company b. any Affiliate of the company
Independent Member of the Board	A member of the Board who has no relationship with the Company or Group that could lead to benefit which may affect his/her decisions. He/she must not be under any other undue influence, internal or external, ownership or control, which would impede the Independent Member's exercise of objective judgment. The Independent Member of the Board forfeits his/her independence as specified in the Corporate Governance Regulations
Non-Executive Member of the Board / Non-Executive Director	A member of the Board who does not have any management responsibilities within the Company and may or may not qualify as an Independent Member of the Board.
Risk Governance Framework	The framework through which the Board and Senior Management establish and make decisions about the Company's strategy and risk approach; articulate and monitor adherence to the Risk Appetite and risks limits relative to the Company's strategy; and identify, measure, manage and control risks.
Relatives	Father, mother, brother, sister, children, spouse, father-in-law, mother-in-law, and children of the spouse.
Related Parties	The Group and its Controlling Shareholders, members of the Board and Senior Management (and their Relatives) and persons with control, joint control, or significant influence over the Company (and their Relatives).
Related Party Transactions	Includes on balance sheet and off-balance sheet credit exposures and claims as well as dealings such as service contracts, asset purchases and sales, construction contracts, lease agreements, derivative transactions, borrowings, and write-offs. The term transaction incorporates not only transactions that are entered into with Related Parties but also situations in which an unrelated party (with whom a Company has an existing exposure) subsequently becomes a Related Party; disclosures must reflect all Related Party events and transactions for the financial period.
Senior Management	The individuals or body responsible for managing the Company on a day-to-day basis in accordance with strategies, policies and procedures set out by the Board, generally including, but not limited to, the Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, and Heads of the Compliance and Internal Audit Functions.
Staff	All the persons working for a Company including the members of Senior Management, except for the members of its Board.



Stakeholder	Any person who has an interest in the Company, including shareholders, staff, policyholders, creditors, clients, suppliers and investors or potential investors, and others.
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PURPOSE

This Terms of Reference set out the authority, responsibilities, and composition of the Board. They supplement, and do not override, the Company's articles of association and laws or regulations governing public joint stock companies and Insurance Companies in the UAE. In the event of any conflict between these Terms of Reference and the Company's articles of association or any law or regulation, the relevant provisions of the Company's articles of association, law or regulation shall prevail.

AUTHORITY

The Board consists of the Directors of the Company and derives its authority to act from the Company's articles of association, and other laws or regulations governing public joint stock companies and Insurance Companies in the UAE.

BOARD COMPOSITION & GOVERNANCE

1. Composition

- a. The size of the Board will be determined in accordance with the Company's constitutional documents, and by reference to local laws and regulations, particularly the Corporate Governance Regulation, to ensure efficient decision making and corporate governance.
- b. The Board composition must allow the exercise of objective and independent judgement.
- c. Directors should be and remain qualified, individually, and collectively, for their positions. They should understand their oversight and corporate governance role and be able to exercise sound, objective judgement about the affairs of the Company.
- d. The Board shall comprise of at least seven (7) Directors and a maximum of eleven (11) Directors or as may be stipulated by the Company's articles of association and any amendments thereto, provided that, to the extent required by the Company's articles of association:
 - all Directors shall be non-executive and at least 1/3 of the Directors shall be independent and
 - the Chairman of the Board and the majority of the Directors must be UAE nationals and female representation on the Board shall be aligned with applicable laws and regulations.
- e. All Directors may hold:
 - memberships in the boards of up to five (5) Public Joint Stock Companies (PJSCs) in the UAE. This includes membership of PJSCs inside the Group, and
 - memberships in the Board of only one (1) Company in the UAE



Directors must obtain permission from the Company's Board before accepting nomination to serve on another board of a Public Joint Stock Company (PJSC) and no conflict of interest must be present.

- f. The Board shall be sufficiently diverse in its composition. Collectively, the Board shall have knowledge of all significant businesses of the Company and an appropriate balance of skills, diversity, and expertise commensurate with the size, complexity, and risk profile of the Company. These requirements, amongst others, are detailed in the Company's [Directors' Selection Policy](#).

2. Duration of appointment

Directors shall hold office for a term of three years, at the end of which they shall be eligible for re-election or re-appointment, as the case may be, on each occasion.

3. Chairman

- a. The Board shall elect from their members a Chairman and a Vice-Chairman who shall act as the Chairman in the latter's absence.
- b. The Chairman of the Board shall be a Non-Executive or an Independent Director.
- c. The tasks and responsibilities of the Chairman shall include without limitation:
 - Providing leadership to the Board and ensuring proper and effective overall functioning of the Board and its committees including maintaining a relationship of trust with fellow Directors.
 - Encouraging and promoting critical discussion and ensuring that dissenting views can be freely expressed during the decision-making process.
 - Ensuring Board decisions are taken on a sound and well-informed basis and that adequate and timely information is provided prior to meetings, with the help of the Board Secretary.
 - Ensuring the efficiency and timely performance and discussion of any and all material issues by the Board.
 - Being mainly responsible for determining and approving the agenda of every meeting of the Board taking into consideration any matter proposed by other Directors, with the support of the Board Secretary and ensuring that the content, organization, quality of documentation and time allocated to each topic allows for sufficient discussion and decision making.
 - Encouraging all Directors to fully and efficiently participate in handling the affairs of the Board and ensuring that the Board is working in the best interests of the Company.
 - Taking proper actions for ensuring efficient communication with shareholders on matters of governance and strategy and communicating their opinions to the Board.
 - Allowing efficient participation of the Independent Directors in particular and promoting constructive relations between Independent Directors, Board Committees and Senior Management.
 - Ensuring Directors receive appropriate training and development to discharge their duties and responsibilities effectively.



4. Board Committees

- a. The Board will establish committees as it considers appropriate to assist it in carrying out its responsibilities on such terms and conditions as it may think fit.
- b. The Board shall, as a minimum, establish the following permanent Board committees and appoint chairs to those committees and shall adopt Terms of Reference setting out matters relevant to the authority, responsibilities, membership, and operation of those committees:
 - Board Risk Committee
 - Board Audit Committee
 - Board Investment Committee and
 - Board Nomination and Remuneration Committee.
- c. The Board may also appoint special committees from time to time to consider matters such as large projects, capital strategies, major investments and commitments, and capital expenditure.
- d. Committees shall be formed of not less than three Non-Executive Directors and may, where so specified in the Terms of Reference and required by the Corporate Governance Regulations, require a minimum number of Independent Directors.
- e. The Board shall regularly review composition of its committees and consider the occasional rotation of members and of the chair of such committees to avoid undue concentration of power and promote fresh perspectives.
- f. Any such committee shall, in the exercise of the functions delegated to it by the Board, conform to any regulations which may be imposed by the Board from time to time.
- g. The Board may authorize any committee to sub-delegate any of its functions and may at any time dissolve any committee or cancel, suspend, or vary the delegation made to it.
- h. The meetings and proceedings of committees shall be governed by Company's constitutional documents, and by reference to local laws and regulations, particularly the Corporate Governance Regulation.
- i. Each Board committee shall regularly submit reports to the Board about its activities and shall deliver a written report annually.

5. Authority of the Board

The Board shall have full power and authority to do everything which may be required or desirable for the Company's management and operations and to attain its objectives. Such powers shall not be limited except as provided by the laws of the UAE, the Company's articles of association, the Companies Law, the Corporate Governance Regulations, or the annual general assembly meeting.



6. Delegation to Senior Management

- a. The Chairman, via a Power of Attorney, has delegated specific authority and powers to the Chief Executive Officer (or equivalent) to manage the day-to-day business affairs of the Company, subject to such specific delegations and limits that the Board makes from time to time. The Chief Executive Officer (or equivalent) has authority to sub-delegate such authority and power to such members of the management team as he/she shall determine from time to time.
- b. Clear instructions shall be given as regards the management's authorities and particularly in relation to the circumstances in which the management shall obtain the Board's approval before taking any decisions or entering any obligations on behalf of the Company.
- c. Each Power of Attorney will be reviewed as required or at the end of its validity for renewal.

BOARD MEETINGS

1. Attendees

- a. Majority of the members shall attend all meetings in person (by physical attendance or via audio or via audio-visual means) and shall not be represented in the meetings by proxy from other members for constitution of quorum.
- b. Directors are expected to prepare adequately, attend, and participate at the Board and Board committee meetings.
- c. Directors shall be provided with adequate materials on topics to be discussed at Board meetings sufficiently in advance of the meeting date. Directors shall also be kept informed of developments between Board meetings.
- d. The Directors may meet informally on a regular basis, without the Chief Executive Officer (or equivalent), or other members of Staff being present.
- e. The Board may with the agreement of the Chairman, invite members of Staff, or third parties, to attend certain items being presented.

2. Board meeting notices and agendas

- a. A minimum of six (6) Board meetings shall be held on an annual basis at the head office of the Company, or by means of audio or video conference, or at any other place deemed appropriate by the Board.
- b. Board meetings shall be convened upon a written notice of the Chairman. Board meetings may also be convened at the request of the Chairman or at least two Directors or the Chief Executive Officer (or equivalent).
- c. Where practicable the notice of the meeting shall be given, together with the agenda, at least one week before the meeting is held. The Board meeting materials may be circulated to the Directors by way of email or other secure means. A Director has the right to add any matter that he/she may deem necessary, for discussion in the meeting, subject to prior consultation with the Chairman. The Board should meet 30 days before the annual general assembly meeting date.



- d. Board agendas will be structured throughout the year to ensure that each significant responsibility of the Board is addressed.
- e. As part of the agenda, the Board will review strategy and the achievement of financial and other goals. The Board will receive a detailed overview of the performance and significant issues, including risk factors, of each business and support unit.
- f. The Board will receive detailed financial, operational and performance reporting presentations from Senior Management during the year; management will be available to discuss the reports with the Board.
- g. The Board will review the Company's long-term strategic plans and the major issues that it expects the Company to face in the future during at least one Board meeting each year, which will be closely coordinated to align with the Company's business planning & budgeting process.

3. Resolutions

- a. Decisions of the Board shall be adopted by a majority of the votes of Directors present. In case of equality of votes, the chairman shall have a casting vote.
- b. The Committee may pass a resolution by circulation in exceptional cases ensuring that such resolutions are sent to all the Directors accompanied with all the supporting documents for their review.
- c. Resolutions passed by circulation will not be considered as a meeting.
- d. Resolutions passed by circulation and agreed upon by the majority of the Directors, must be submitted in the succeeding committee meeting and included in the meeting minutes.

4. Minutes

- a. The Secretary or person nominated as secretary shall maintain responsibility for scheduling, convening and adjourning Board Meetings. This shall include a follow-up of the required action points, resolutions and motions passed in the meeting. The Secretary shall be responsible for documenting and consolidating Meeting Minutes and circulating them amongst the Stakeholders.
- b. Detailed minutes of the committee meeting shall be documented by the committee secretary.
- c. Minutes shall be sent to all the Directors and signed by attending members.
- d. The meeting minutes shall include details of issues discussed, recommendations made, decisions taken, dissenting opinions and the person responsible for completion of tasks discussed at the Board meeting.
- e. Reservations of any Director on signing of minutes or any objections shall be recorded in the minutes with reasons given (if any).
- f. A final copy of the minutes will be submitted to the Board for consideration in an upcoming Board meeting.

DIRECTORS REMUNERATION

- a. The remuneration of the Directors shall be determined by the annual general assembly. These requirements, amongst others, are detailed in the Company's [Board Remuneration Policy](#).
- b. The disclosure regarding the remuneration and expenses/allowances paid to each Director in the Company's annual Corporate Governance report in line with applicable laws and regulations.



INDEPENDENCE OF DIRECTORS

1. Each Director must provide the Board with all relevant information to assess his/her independence.
2. The determination of independence of a director will be made by the Board on the recommendation of the Nomination & Remuneration Committee.
3. A Director shall lose his/her independence in the following cases:
 - a. If his/her tenure as an independent Director in the Company exceeds 12 consecutive years from the date of his/her appointment. This provision applies equally to people appointed by a government shareholder.
 - b. If he/she, or any of his/her relatives, has worked as Staff of the Company or its subsidiaries during the past two (2) years.
 - c. If he/she has worked for, or is a partner, in a company that performs consulting works for the Company or its Group or he/she has acted in such capacity during the past two (2) years.
 - d. If he/she has had any personal services contracts with the Company or its Group during the past two (2) years.
 - e. If he/she has been affiliated with any non-profit organization that receives significant funding from the Company or its Group.
 - f. If he/she, or any of his/her relatives, has been a partner or employee of the Company's external auditors during the past two (2) years.
 - g. If he/she, or any of his/her relatives, has or had a direct or indirect interest in the contracts and projects of the Company or its subsidiaries during the last two (2) years, and the total of such transactions exceeds the lower of 5% of the Company's paid capital or of the amount of five million Dirhams or its equivalent amount in a foreign currency, unless such relationship is part of the nature of the Company's business and involves no preferential terms; and
 - h. If he/she and/or any of his/her relatives (individually or collectively) own directly or indirectly 10% or more of the Company's capital or is a representative of a shareholder who owns directly or indirectly more than 10% of Company's capital.

The provisions in items b to h above do not apply to the members of the Board appointed by a Government shareholder.

SELECTION, APPOINTMENT AND RE-ELECTION OF DIRECTORS

1. All candidates for Board membership will be subject to a Fit and Proper Process to ensure they have sufficient competence, knowledge, and experience to effectively carry out their duties.
2. The non-objection of the Central Bank must be obtained prior to the nomination, appointment, or renewal of any person for membership of the Board. Before providing the non-objection for nominations, appointments or renewals, the Central Bank will conduct additional interviews and/or background checks to ensure that the candidates are fit and proper, including assessing their ability to manage the time commitments required for their role in the Company, and confirm the accuracy and completeness of the information and documentation provided by the Company.



3. For further details, please refer to the [Director Selection Policy and SOP](#).

RESIGNATION, VACANCY, DISMISSAL OF DIRECTORS

1. A Director shall cease to be a Director if he/she resigns in writing from his/her position and shall be deemed to have resigned or the position shall be considered vacant in the following instances:
 - If he/she dies or encountered a defect of eligibility or becomes otherwise incapable to fulfil his duties as a Board member.
 - If he/she is convicted of any crime against honor.
 - If he/she declares his/her bankruptcy or ceases to pay his commercial debts even if this is not accompanied by his/her declaration of bankruptcy.
 - If he/she resigns under written notice to the Company in this regard.
 - If the General Assembly decides to dismiss him/her. The non-objection of the Central Bank must be obtained prior to the removal of a member of the Board during his/her term of membership. Upon resignation/removal of a Director, the Company must inform the Central Bank and any other regulatory authority as necessary.
 - If the Board member is absent from the meetings of the Board for three consecutive or five intermittent sessions during the term of the Board without an excuse acceptable to the Board.
 - If his/her membership violates the provisions of the Companies Law, Corporate Governance Regulations or any other law or regulation.
2. In the event of issuing a judgment with imprisonment or fine or any of them due to a complaint of a shareholder against the chairman or any of member of the Board, including dismissal or removal from office, the member may not remain in his office or run for the Board membership of this company till expiry of three (3) years from the date the judgment.

RESPONSIBILITIES

The Board has overall responsibility for the Company, including approving and overseeing the implementation of the Company's strategic objectives, governance framework and corporate culture. The Board is also responsible for providing oversight of Senior Management. The Board's overall responsibilities include, but are not limited to, the following:

1. Governance

- a. Ensure effective control over the Company's entire business, while respecting the independent legal and governance responsibilities that apply to the individual entities within the Company.
- b. Establish and have an in-depth understanding of the Company's organizational and legal structures, and the risks these structures pose.
- c. Act in good faith, honesty and integrity while exercising their Duty of Care, Duty of Confidentiality and Duty of Loyalty.
- d. Set the values of the Company and facilitate effective, entrepreneurial, and prudent management that can deliver long-term success for the Company.



- e. Establish the Company's corporate governance framework, policies, and processes in accordance with the Corporate Governance Regulations, with due regard to the Company's Stakeholders and customers and the Company's role in the community.
- f. Periodically review the Company's corporate governance framework to ensure it remains appropriate to the Company's operational structure and the risk that it faces, as well as its size, complexity, business strategy, markets & regulatory requirements, risk profile and systemic importance.
- g. Approve and publicly disclose a statement providing assurance that the corporate governance arrangements of the Company are adequate and efficient.
- h. Build trust in the Company through consistent behavior, corporate culture, transparency, accountability and fair treatment of Staff and customers.
- i. Approve clear policies and the actual delegations to Senior Management and their executives, particularly in respect of the financial and administrative affairs of the Company.
- j. Provide independent oversight of the Company's governance framework and reviewing it annually to ensure that it remains appropriate in the light of any material changes to the Company's size, complexity, business strategy, markets, and regulatory requirements.

2. Strategy

- a. Develop an in-depth understanding of each part of the Company's business.
- b. Formulate, review, approve and monitor the Company's business objectives and, strategic plans, including setting the Company's overall risk appetite taking into account the competitive and regulatory landscape, long-term interest, exposure to risk and the ability to manage risk effectively.
- c. Actively engage in the affairs of the Company to ensure strategy and policies are implemented as designed, and in a timely manner to protect the long-term interests of the Company.
- d. Review the assumptions and rationale underlying the Company's strategic plans and ensure that clearly defined and measurable performance metrics are developed and embedded throughout the Company.
- e. Develop the Board's meeting agendas to address the strategic priorities of the Company.
- f. Make decisions concerning the Company's capital structure and its dividend policy.
- g. Review, approve and monitor major investments, divestitures, strategic commitments, operational initiatives (such as changes in systems) and the Company's annual budget.

3. Commercial and financial responsibilities

- a. Make decisions concerning the major investments needed to achieve the Company's objectives while protecting shareholders' interest and approve relevant policies.
- b. Approve and oversee the implementation of the Company's capital adequacy assessment process, capital and liquidity plans, and relevant policies and obligations.
- c. Approve the annual and interim financial statements, requiring periodic independent review of critical areas of the business and internal control and recognizing that the final responsibility for the preparation of proper accounts may not be able to be delegated and lies with the Board, not the external auditors.



4. Credit responsibilities

- a. Approve and oversee implementation of key policies, including, but not limited to, credit (including instructions on large exposures) and liquidity policies.
- b. Ensure that property values are assessed using appropriate criteria and in a suitable manner, adhering to regulatory requirements.
- c. Ensure fair structure and a balanced composition of the Company's credit portfolio.

5. Performance review

- a. Review business results and monitor budgetary control in order to evaluate the Company's activities and management.
- b. Review, approve and monitor any necessary corrective actions and processes.

6. Integrity of external reporting

- a. Review and monitor the processes, controls and procedures which are in place to maintain the integrity of the Company's accounting and financial records and statements, with the support of the Company's Audit Committee.
- b. Ensure adequate governance structures and control processes for all financial instruments that are measured at fair value for risk management and financial reporting purposes.
- c. Monitor and receive reports from the Company's Audit Committee in relation to internal controls, compliance with prudential regulations and requirements, and internal and external audit reports.
- d. Review and monitor reporting to shareholders to ensure that it is objective, comprehensive, factual and timely.
- e. Review and approve all financial information in material public disclosure documents including press releases, prospectuses, Pillar 3 disclosures, proposed dividend announcements, and other public offering documents.
- f. Approve and recommend appointments, re-election, and dismissal of external auditors to the Company's general assembly. In cases of the Board's non-approval of the Company's Audit Committee's recommendations on the election, appointment, resignation or dismissal of the external auditor, the Board shall include in the corporate governance section of the Company's annual report, a statement articulating such recommendations and the reason(s) behind the Board's disapproval thereof.

7. Risk management

- a. Establish, approve, and oversee the implementation of an effective Company Risk Governance Framework and risk management policies and processes and culture across the Company, at the recommendation of the Board's Risk Committee.
- b. Determine the nature and extent of the significant risks it is willing to undertake to achieve the strategic objectives of the Company.
- c. Establish and approve risk management policies, which include identifying, measuring, evaluating, monitoring, reporting, and controlling or mitigating all internal and external sources of material risk and reflect an understanding of the risks arising from the Company's business activities and the relationships among those risks. This includes, Company-wide risk appetite statement and risk limits, taking into account the competitive and regulatory landscape and the Company's long-term interests, risk exposures and ability to manage risk effectively.



- d. Annually review with Senior Management and the Heads of the Company's Risk Management, Compliance and Internal Audit Departments the Company's Risk Governance Framework as well as risk management and internal control policies and processes to ensure that these remain appropriate in the light of material changes to the Company's size, complexity, business strategy, markets and regulatory requirements, to identify and address significant risks and issues and determine areas that need improvement.
- e. Review and monitor processes for the documentation and regular review and updating of the Company's risk profile.
- f. Promote risk awareness within a strong risk culture and set the expectation that all Staff are responsible for ensuring the Company operates within the established Company Risk Governance Framework, risk appetite and risk limits.
- g. Establish and approve procedures to manage and remedy conflict of interests and deal with potential cases of such conflict for Board members, the Senior Executive Management, and shareholders, and set out the procedures to be taken in cases of misuse of the Company assets and facilities or misconduct resulting from transactions with Related Parties.
- h. Approve and oversee implementation of a [disclosure policy](#) and periodically disclose risk management related information in line with applicable regulatory requirements.

8. Internal Controls

- a. Establish an effective internal control framework across the Company, taking into account the Company's risk profile and control environment, and oversee its implementation.
- b. Ensure the efficiency of internal controls throughout the Company, including the management of finances and operations.

9. Compliance, AML/CFT and Sanctions

- a. Ensure an effective AML/CFT compliance programme is in place and clearly articulate its expectations with regard to the responsibilities and accountability of all Staff in relation to it.
- b. Approve and oversee the implementation of the Company's compliance policies, including setting the appetite for AML/CFT and sanctions related matters.
- c. Establish a strong compliance culture, with appropriate tone at the top, and robust three lines of defense.
- d. Ensure the Company operates in line with all applicable laws, regulations, and guidelines.

10. Management oversight, executive review, remuneration and succession planning

- a. Establish a Fit and Proper Process for the selection of Senior Management, including the Heads of the Risk Management, the Compliance, and the Internal Audit Departments.
- b. Approve the appointments of key members of Senior Management as well as monitor and review their succession planning.
- c. Actively engage in succession planning for the Company's Chief Executive Officer.
- d. Monitor Senior Management's actions to ensure that they are consistent with the strategic objectives and policies approved by the Board and are aligned with the Company's values, risk appetite and risk culture regardless of financial gain or loss to the Company.
- e. Defining accountability of the Senior management and consequences if their actions are not aligned with Board's expectations, Company values, objectives, and policies of the Company.



- f. Meet with Senior Management on a regular basis and critically review and challenge explanations and information provided by Senior Management.
- g. Set appropriate performance and compensation standards for Senior Management consistent with the long-term strategic objectives, prudent risk taking and the financial soundness of the Company.
- h. Oversee the development and operation of compensation policies, systems and related control processes together with the Board Nomination and Remuneration Committee.
- i. Review the performance of the Company Chief Executive Officer and Senior Management.
- j. Oversee the design and operation of the Company's compensation system and monitor and review the system to ensure that it is aligned with the Company's desired risk culture and risk appetite.
- k. Ensures that Senior Management's collective knowledge and expertise remain appropriate given the nature of the business and the Company's risk profile.
- l. Ensure that the necessary human resources are in place.

11. Values & Culture

- a. Establish, monitor, and communicate corporate culture and values through measures including, but not limited to, a written code of conduct, a conflict-of-interest policy, a whistleblowing policy mechanism, an insider trading policy, and other programs.
- b. Set the "tone from the top" by playing a lead role in establishing, promoting, adhering to and monitoring the Company's adherence to corporate culture and values that create expectations that all business must be conducted in a legal and ethical manner.
- c. Monitor and influence the culture, reputation, and ethical standards of the Company.
- d. Ensure that Staff are aware that appropriate disciplinary or other actions will follow unacceptable behaviors and transgressions.

12. Board effectiveness

- a. Ensure a formal and transparent Director selection, nomination, and election process.
- b. Monitor Board composition and Board processes.
- c. Evaluate the performance of the Board, Board Committees, and individual Directors on an annual basis.
- d. Monitor and review processes to assist Directors to have sufficient time to devote to Board matters to ensure that they discharge their duties effectively.
- e. Participate in meetings of the Board and provide independent opinions on strategic matters, policy, performance, accountability, resources, basic appointments, and activity criteria.
- f. Ensure that priority is given to the Company's and shareholders' interests in case of conflict of interests.
- g. Avail the Board and its different committees of their skills, experience, diversified specialties and qualifications through regular presence and efficient participation in Board meetings and through regular engagement with shareholders and by attendance at general meetings and acquiring a balanced understanding of shareholders' opinions.
- h. Participate in the Company's Board Committees.
- i. Periodically review these Terms of Reference and their continuing adequacy.



13. Major Acquisitions

- a. The Board is responsible and shall ensure that the Company establishes adequate policies and procedures to ensure that the risks inherent in Major Acquisitions are identified, understood, and mitigated to the extent possible. At a minimum, policies and procedures must require:
 - Approval by the Board; and
 - Reporting that enables the Board and Senior Management to monitor and manage the risks on an ongoing basis.
- b. The Board shall assess the:
 - Risks and impacts on the Company's capital, income, liquidity, overall financial position and compliance with prudential requirements under a variety of scenarios, particularly with more pessimistic assumptions than in the baseline case;
 - Risks and impacts on existing customer exposures, documentation and services;
 - Extent to which the Company's business lines, risk management, legal and regulatory compliance and information technology functions have the necessary expertise, systems, and other tools to measure and manage the associated risks.
- c. The Board shall ensure that necessary regulatory approvals are obtained prior to completing a Major Acquisition and appropriate disclosures are made to the relevant regulatory authorities.

INDUCTION AND TRAINING

- a. The Board Nomination and Remuneration Committee, working with Senior Management, will provide an induction programme for new Directors in order to assist them in fulfilling their duties and responsibilities. The programme will include the provision of reading material, tutorials and workshop discussion with relevant stakeholders.
- b. These will include information about Directors' rights, duties and responsibilities, the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programmes, its Code of Corporate Governance, its Code of Conduct, and its management structure as well as an overview of the regulatory environment applicable to the Company, including the Corporate Governance Regulations.
- c. At the request of the Board Nomination and Remuneration Committee, Senior Management will conduct additional presentations for Directors from time to time regarding the Company, the factors impacting, or likely to impact, its businesses, and to assist the Directors in gaining a broader understanding and knowledge of the Company. Directors are also encouraged to keep up to date on relevant topical issues.
- d. The Board will dedicate sufficient time, budget, and other resources for the purpose of induction programmes and trainings and draw on external expertise as needed.
- e. The Board will annually review its training program to ensure that Directors acquire, maintain, and enhance knowledge and skills relevant to their responsibilities.

ACCESS TO EXTERNAL CONSULTANT

- a. The Board has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the ability to retain, at the Company's expense, such legal, accounting or



other advisers, consultants or experts as it considers necessary from time to time in the performance of its duties.

- b. Any Director shall have the right to request the opinion of an independent consultant, at the Company's expense, in relation to any of the Company's affairs, subject to avoidance of any conflict of interest.

For further details, please refer to [Access to Consultant Policy](#).

BOARD PERFORMANCE AND DIRECTOR EVALUATION

- a. The Board will annually review and evaluate the performance of the Directors, Board as a whole and the Board committees. This assessment will involve consideration of all of the Board's key areas of responsibility and will specifically review areas where the Board and/or management contribution may be improved. The Board Nomination and Remuneration Committee will facilitate an evaluation by all Directors of the performance of the Board.
- b. The Board will also annually review and evaluate the, the Senior Management of the Company, the relationship between the Board and management, and matters of general corporate governance.
- c. The Board Nomination and Remuneration Committee will recommend to the Board the performance criteria (both measurable and qualitative) to be considered in these evaluation processes. An external independent consultant will be brought in once every five years or as required by regulations to review and make recommendations on any aspect of the Board's activities and performance.
- d. The Company will make necessary disclosure on performance evaluation for the Board, Board committees and individual Directors as required by the corporate governance requirements.

Please refer to [Board Performance Evaluation Policy](#) for further detail.

ACCESS TO STAFF

- a. All Directors shall have direct access to the Board Secretary.
- b. Directors will have complete and open access to members of management and staff in consultation with the Chairman and the Company Chief Executive Officer.
- c. As an intrinsic part of the Board's responsibility of management oversight, Board committees will regularly meet with individual Senior Management and staff in accordance with their respective committee charters.

CODE OF CONDUCT

- a. The operations of the Company are governed by the Company's Code of Conduct. The Company's Code of Conduct is important and covers important aspects of daily operational practices.
- b. Professional conduct rules and other internal policies and principles shall be adopted by the Company as to fit its objectives and purpose and comply with applicable laws and regulations. In performing their tasks, the Directors must comply with such rules.
- c. The Company's Code of Conduct includes the requirement that the business be conducted ethically and with professionalism to achieve the highest standards of behaviour.
- d. The Company's Code of Conduct applies to all staff and Directors, as well as to temporary workers and other independent contractors and consultants when engaged by or otherwise representing the Company and its interests. Directors must act in good faith, honesty and integrity while



exercising their Duty of Care, Duty of Confidentiality and Duty of Loyalty. They are responsible for ensuring effective control over the Company's entire business.

- e. Director shall, during the exercise of their powers and performance of their tasks, behave ethically and professionally, always taking into consideration the Company's and shareholders' interests, and take such due care, diligence and skill as would be taken by a professional person in similar circumstances, and comply with all applicable laws, regulations and decisions as well as the Company's articles of association and bylaws.

CONFLICT OF INTEREST

- a. Directors must not have any conflict of interest that may impede their ability to perform duties independently and objectively, or be subject to any undue influence from:
 - Other persons/business;
 - Previous or current positions held; or
 - Personal, professional or other economic relationships with other Directors or Senior Management, or
 - Other entities within the Group.
- b. Once appointed, every Director shall disclose all actual or potential conflicts to the Company.
- c. A Director who has any direct or indirect interest or duty which conflicts or may conflict with the interests of the Company relating to any contract or other transaction made or proposed to be made with or by the Company, must give the other Directors notice of such interest. Such notice should be recorded in the Board's the meeting minutes.
- d. The Director having such interest may not be counted in the quorum for the matter at hand nor be permitted to take part in the discussion or voting. If he/she does vote, his/her vote shall not be counted.
- e. If a significant conflict of interest with a Director exists and cannot be resolved, the Director is expected to tender his resignation after consultation with the Chairman.
- f. A Director may not participate in any business that may be in competition with the business of the Company without prior authorization from the Board and, where appropriate, the shareholders.

For further details, please refer to the [Board's Conflict of Interest Policy](#).

LIABILITY OF DIRECTOR

- a. The Company shall be bound by the actions of the Board within the limits of the Board's authority and shall be liable to compensate for loss or damage arising from breach of the Companies Law, the Company's articles of association, the SCA regulations, the Central Company's regulations or any other illegal acts committed by the Directors in the course of their management of the Company. The Directors shall not be held personally liable in connection with the Company's undertakings by reason of them having carried out their duties provided that they do not exceed the scope of their authorities.
- b. Directors shall be liable toward the Company, the shareholders and third parties for all acts of fraud, power abuse, violation of the Companies Law, the SCA regulations, the Central Bank regulations, or the Company's articles of association and other applicable regulations.



RESTRICTIONS ON SHARE DEALING

- a. Directors and their related parties are subject to the restrictions contained in all applicable laws and regulations on applying for, acquiring, and disposing of securities in, or other relevant financial products of, the Company (or procuring another person to do so). If a Director proposes to trade in the Company's securities and is unsure of the obligations placed on him/her by virtue of applicable laws and regulations and the rules of the Company, then he/she must consult with the Board Secretary regarding such matters prior to trading. Directors should also notify the Board Secretary after conclusion of the trade.
- b. Directors may only trade in the Company's securities (subject to applicable laws) during periods which are not 'closed' or 'blackout' periods as defined by the SCA regulations and notified by the Company's Compliance Department or the Board Secretariat team from time to time. Likewise, the Director should seek clarification from the Board Secretary should the Director have concerns or be unsure about a particular trade.
- c. Directors must not trade in the shares of any other entity if inside information on such entity comes to the attention of the Director by virtue of holding office as a Director of the Company.
- d. As part of the declaration / application forms, Directors shall be required to sign a declaration, confirming their understanding of the relevant laws and regulations regarding insider dealing, as well as the consequences of leaking confidential information and committing to notify the Company about any trades in Company securities (both before and after such trades).

For more details, please refer to the Company's [Insider Trading Policy](#).

COMMUNICATIONS

The Board believes that the Chairman and Senior Management speak for the Company. Individual Directors are expected not to meet or otherwise communicate with representatives of the press without prior consultation with the Chairman and the Company Chief Executive Officer.

REVIEW & PUBLICATION

The Board shall review this term of reference and related policies at least annually or as necessary.

The Committee terms of reference will be accessible to all.

This policy was approved by the Shareholders General Assembly in its meeting held on and supersedes any Policy of the sort previously in force.



شركة الوثبة الوطنية للتأمين
ALWATHBA NATIONAL INSURANCE CO

**AL WATHBA NATIONAL INSURANCE CO. PJSC
(AWNIC)**

Directors' Selection Policy and Procedures



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This policy will be presented to the General Assembly of the Company for approval.



Contents

1. Definitions	4
2. Policy Objectives	5
3. Composition of Board	5
4. Selection of Directors	5
5. Director Selection and Nomination Procedure	6
6. Shareholder Engagement	7
7. Director re-election.....	8
8. Vacancies on the Board	8
9. Gender Diversity	8
10. Letter of appointment and induction program	9
11. Criteria for appointment of Directors	9
12. Disclosure and Reporting	10
13. Review and Publication	11



Directors' Selection Policy and Procedures

1. DEFINITIONS

In this policy, the following words, acronyms, and phrases shall have the meanings assigned to them below:

Words, acronyms, and phrases	Means
Company / Company's / Awnic	Al Wathba National Insurance Company PJSC
Board / BOD	the Board of Directors of Awnic
Chairman	the Chairman of the Board
Central Bank / CBUAE	the Central Bank of the United Arab Emirates
Corporate Governance Regulations / CG	all applicable regulations and standards on corporate governance, including, but not limited to, the Central Bank's Corporate Governance Regulation and Standards for Insurance Companies and the Securities & Commodities Authority (SCA) Public Joint-Stock Companies Governance Guide (and their amendments from time to time)
Companies Law	UAE Federal Law No. 32 of 2021 concerning Commercial Companies (and its amendments from time to time)
Conflict of Interest	A situation of actual or perceived conflict between the duty and private interests of a Director, which could improperly influence the performance of his/her duties and responsibilities towards the company
Directors	members of the Board and Board Committees
Duty of Care	The duty to decide and act on an informed and prudent basis with respect to the Company. Often interpreted as requiring a member of the Board to approach the affairs of the Company and policyholders ahead of his/her own interests.
Duty of Confidentiality	The duty to observe confidentiality applies to all information of a confidential nature with which a member of the Board is entrusted by the Company, or which is brought to his or her attention during or at any time after the carrying out of his/her assignment.
Duty of Loyalty	The duty to act in the good faith in the interest of the Company. The duty of loyalty should prevent individual Members of the Board from acting in their own interest, or the interest of another individual or group, at the expense of the Company and shareholders.
Independent Member of the Board	A member of the Board who has no relationship with the Company or Group that could lead to benefit which may affect his/her decisions. He/she must not be under any other undue influence, internal or external, ownership or control, which would impede the Independent Member's exercise of objective judgment. The Independent Member of the Board forfeits his/her independence as specified in the Corporate Governance Regulations



Non-Executive Member of the Board / Non-Executive Director	A member of the Board who does not have any management responsibilities within the Company and may or may not qualify as an Independent Member of the Board.
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2. POLICY OBJECTIVES

- a. The Company recognizes that an effective Board is critical to ensuring that the Board meets its primary responsibility to promote the success of the Company. The following policy and procedures document aims to ensure that:
 - the composition of the Board reflects the range of skills and qualities needed to take appropriate decisions objectively in the best interests of the Company; and
 - the process of selecting and appointing Directors reflects and supports the specific needs and interests of the Company and its stakeholders.
- b. In order to achieve its objectives, the Board has delegated certain responsibilities to the NRC.
- c. This policy and procedures document covers the selection and nomination process for Directors of the Company.
- d. This policy and procedures document is intended to supplement, and not replace, any applicable legal or regulatory rules or requirements governing the Director selection and nomination process, including any requirements set out in the Company's constitutional documents, the Companies Law, and Corporate Governance Regulations.

3. COMPOSITION OF BOARD

- a. The NRC regularly reviews the composition of the Board to ensure that its size and composition are appropriate and commensurate with the size, complexity, and risk profile of the Company. In so doing, the NRC considers and is guided by the Corporate Governance Regulations and best practices, the specific needs and interests of the Company's stakeholders, the Company's strategic direction as decided by the Board, and the best interests of the Company.
- b. The size of the Board will be large enough to incorporate a variety of perspectives and skills yet not so large that effective decision-making is hindered.
- c. In determining the composition and structure of the Board, important factors to be considered include:
 - recognizing the need for a suitable and appropriate balance of Independent Directors on Board and to reflect the necessary range of skills and qualities brought by each, and to prevent domination of the Board by any one individual/group;
 - ensuring that each Director represents the best interests of the Company and not the interests of any particular individual/group; and
 - ensuring that the Board has a proper understanding of, and competence to deal with current and emerging issues of the business.
- d. Under the Company's articles of association, the Board consists of 9 Directors.
- e. The NRC must ensure that the Board composition allows the exercise of objective and independent judgement.

4. SELECTION OF DIRECTORS

- a. The NRC plays an important role in the selection and recommendation of potential Directors for appointment to the Board and ensuring that the Board is comprised of individuals with a balance of skills, diversity and expertise who collectively possess qualifications commensurate with the size, complexity, and risk profile of the Company.



- b. In identifying qualified candidates for nomination to the Board, the NRC will consider prospective candidates based on merit, having regard to those competencies, expertise, skills, background and other qualities identified from time to time by the Board as being important in fostering a diverse and inclusive culture which solicits multiple perspectives and views and is free of conscious or unconscious bias and discrimination.
- c. The NRC will also take into account legal and regulatory requirements, such as those relating to nationality, independence, and outside board memberships and give due consideration to characteristics, such as gender diversity (refer to [Section 9 Gender Diversity](#) of this policy for further details).
- d. In selecting candidates for election to the Board, the NRC shall:
 - assess current and future needs of the Company and develop an ideal profile (refer to [Section 11](#) of this policy and procedures document for further details);
 - evaluate current profiles against the ideal profile, recognizing that each candidate individually will not necessarily fulfill all criteria;
 - use a gap analysis to map out future needs and identify candidate profiles to compliment those already represented on the Board collectively;
 - conduct a fit and proper assessment to ensure that all candidates for membership of the Board have sufficient competence, knowledge and experience to effectively carry out their duties; and this shall involve consideration of:
 - the current mix of skills, experience and knowledge of the Company by the existing Board at individual and collective levels;
 - the restrictions on outside Board memberships of candidates placed by the Central Bank;
 - the business and strategic needs of the Company;
 - the need to cater for replacement Directors ahead of scheduled retirements and general prudent succession planning;
 - the opportunities to obtain the services of particular persons with desirable skills at the time of their availability;
 - the ability of the candidate to devote and commit sufficient time to the appointment;
 - suitability and added value to the Board;
 - the requirement for “Independent Directors” as defined by the Corporate Governance Regulations;
 - the requirements of UAE corporate laws and regulations, in particular the requirements for national representatives on the Board;
 - the specific needs and interests of the Company’s stakeholders;
 - the commitment to regular updating of knowledge through ongoing professional development;
 - fit and proper requirements required by applicable legislation or determined by the Board; and
 - the desire to achieve diversity of perspective in the boardroom.
- e. The NRC shall assess candidates with a view to improving the Board’s effectiveness.

5. DIRECTOR SELECTION AND NOMINATION PROCEDURE

- a. If a Director is sought, the NRC shall undertake an analysis to identify the ideal candidate profile.
- b. The Board Secretary, on instructions from the NRC, shall arrange newspaper advertisements and consult various sources (or, where appropriate and approved by the NRC, appoint search consultants) in order to generate a list of suitable candidates for nomination based on the criteria specified by the NRC. Shareholders who wish to nominate candidates for election to the Board may do so at any time during the nomination period by sending written notice to the Chairman or Board Secretary.
- c. A candidate nominated for Board membership shall meet the following minimum requirements:
 - The candidate shall have at least five years of professional experience and / or academic professional background;



- The candidate shall not have been previously sentenced to a criminal penalty or for an offense that involves a breach of honor or integrity unless his/her character has been vindicated;
 - The candidate shall not have been subject to a judgment of discharge or dismissal from the board of directors of any shareholding companies listed on the financial market during the year preceding nomination;
 - The candidate's civil record issued by the SCA shall be clear of administrative penalties;
 - The candidate shall not be subject to any lawsuits, reports, or prosecution investigations concerning any offense that involves a breach of honesty and integrity; and
 - The candidate shall fulfill any other terms stipulated in the applicable regulations.
- d. The Board Secretariat Department shall obtain the following documents from each candidate:
- The candidate's CV including work experience, qualifications, and the Board seat applied for (e.g. Independent);
 - An undertaking to comply with the provisions of the applicable laws & regulations thereof and the Company's Articles of Association, and that the candidate will observe duty of loyalty, duty of care and duty of confidentiality when performing of his/her duties;
 - A statement of the names of companies and corporations which the candidate works for or serves as a member of the boards of directors therein, as well as any other works the candidate performs directly or indirectly that may compete with the Company's operations; and
 - In case of nomination by a shareholder, an official letter from such shareholder shall be submitted, containing names of their nominees for Board membership.
- e. A short list of candidates will be selected by the NRC. Where a candidate has a material conflict with the Company or any related group entity, the Committee shall not short-list the candidate.
- f. The Chairman and other Directors shall interview and recommend the selected candidates to the full Board for approval, then to the shareholders in writing in advance of the elections. Any Director with a material conflict of interest should declare it and abstain from the final decision.
- g. The nomination period shall be open at least sixty days prior to the date of the Company's general assembly meeting by e-mail sent to all the Company's shareholders or by notice in local newspapers and shall close ten days before the date of the Company's general assembly meeting.
- h. On the day following the closure of the nomination period, the Board Secretary shall provide the SCA and the Abu Dhabi Securities Exchange with the names of the candidates. After closure of the nomination period, a candidate shall not relinquish his/her nomination to another person.
- i. The Board Secretariat shall obtain no-objection from the Central Bank prior to the appointment, nomination, or renewal of any candidate for membership of the Board. In all cases, the Company must immediately notify the Central Bank if it becomes aware of any material information that may negatively affect the fitness and probity of a Director. The no objection of the Central Bank must be obtained prior to the removal of a Member of the Board during his/her term of membership.
- j. The Board Secretary shall publish the names and details of the candidates on the Company's website at least two days prior to the Company's general assembly meeting along with their CV's and other relevant profile information.
- k. At the Company's general assembly, the NRC shall provide to the shareholders an overview of the professional experience and qualifications of the proposed new members of the Board before voting takes place with respect to their election.
- l. Votes shall be cast for such candidates by shareholders by means of cumulative voting through secret ballot.

6. SHAREHOLDER ENGAGEMENT

- a. The Company recognizes the importance of good relations and open communication between the Board and its shareholders, particularly in regards to the selection and appointment of Directors. In addition to issuing the advertisement mentioned above, prior to a vacancy arising, the Company shall communicate



to its key shareholders the qualifications, experience and technical skills of candidates required by the Company, and request their cooperation in the nomination process.

- b. If a candidate stands for election without having undergone the review or approval of the Committee, the Company shall make it clear that the candidate is not recommended by the Company's Board.

7. DIRECTOR RE-ELECTION

- a. In accordance with the Company's constitution, all Directors shall serve for a term of three years but are eligible for re-election at the end of their term.
- b. The Committee shall review the credentials of Directors seeking re-election, considering the following:
 - the performance review conducted by their peer Directors;
 - their continuing independent status, if relevant;
 - the continuing validity of the credentials underlying the appointment as Director;
 - the continuing compliance with legal requirements and other eligibility rules;
 - the commitment of sufficient time during the appointment;
 - the commitment to regular updating of knowledge through ongoing professional development;
 - the criteria for appointment of Directors determined by the NRC; and
 - an evaluation of the effectiveness of the Board.
- c. No Director shall be involved in decisions regarding his/her succession.

8. VACANCIES ON THE BOARD

- a. Under the Company's constitution, vacancies may be filled in one of three ways:
 - for those Directors appointed as representative of the Shareholder, the Shareholder has the right to appoint substitute Directors. The appointment will be subsequently ratified by the Board and submitted for approval at the Company's next general assembly meeting after the date of their appointment.
 - for all other Directors, by the Board and submitted to the shareholders for approval at the Company's next general assembly meeting after the date of their appointment; and
 - by shareholders' vote at the Company's general assembly meeting.

9. GENDER DIVERSITY

- a. It is the Company's belief that a diverse Board made up of highly qualified directors' benefits from the contribution of different perspectives and experiences to Board discussions and decisions, promoting strong corporate governance, positive corporate culture and sustainable growth of the Company.
- b. In recognition that the increased participation of women is a significant aspect of diversity and acknowledging the important role that women have in contributing to diverse perspectives, the Company requires:
 - at least 20% of candidates for consideration for the Board to be women; and
 - at least 20% of Directors to be women.
- c. To achieve these gender diversity targets, the NRC will also strongly encourage its shareholders to nominate women for Board membership.
- d. The NRC will maintain and periodically review a list of potential female candidates for each cycle of Board recruitment.
- e. As part of the Board renewal process, where candidates are relatively equivalent in their levels of required skills and experience, the Board is committed to advancing female candidates in order to enhance diversity and add a broader perspective on the Board.
- f. The NRC will also take into account these targets when developing Directors' succession plans.



- g. The NRC will regularly assess gender diversity targets and will report and make recommendations to the Board regarding any changes required to Board composition or to the Board recruitment process to achieve the gender diversity targets.
- h. Achievement of these targets will be taken into account as part of the annual performance evaluations of the Board and Board committees.
- i. Information on the policy and actual figures of female candidates' consideration and representation on the Board will be disclosed in the Company's annual corporate governance statement.

10. LETTER OF APPOINTMENT AND INDUCTION PROGRAM

- a. Directors shall be provided with a letter of appointment setting out their responsibilities, rights, compensation, and terms and conditions of their appointment and seeking their consent to their appointment to the Board.
- b. The letter should also include a disclosure of any activity conducted directly or indirectly by the Director in competition of the business of the Company and of the names of the companies and establishments where such person works or is a member of the Board.
- c. All new Directors shall participate in a comprehensive induction program during which, amongst other things, they will be briefed by management on the Company's strategy, structure, codes of conduct, main policies, and material businesses as well as financial, strategic, operation and risk management aspects. In addition, the induction program must include an overview of the regulatory environment applicable to the Company, including the requirements of the Corporate Governance regulations, obligations of the Board members and their duties, liabilities, and rights, as well as functions and obligations of the Board Committees.
- d. The Board will be responsible for familiarizing a newly appointed Director with all the Company's departments and providing him/ her with all the information required to ensure the Director has correct and complete understanding of the Company's activities and his/ her responsibilities in order to perform his/her duties duly in accordance with the applicable regulatory requirements, and the Company's needs.

11. CRITERIA FOR APPOINTMENT OF DIRECTORS

Ideal Profile:

- a. The following is a list of skills, qualities, knowledge and experience which the Company's Board considers desirable to be collectively held by the Board as a whole:
 - Long term senior executive level experience in the financial services industry (preferably from a financial service industry, with similar key business areas as the Company's)
 - Successful, experienced leader of a large corporate organization (preferably in the financial services industry);
 - Good understanding of local, regional and global economic and market forces and of the legal and regulatory environments applicable to the Company's operations;
 - Regional knowledge of and connections in the Companying sector (priority to Abu Dhabi or Dubai markets);
 - Finance;
 - Accounting and financial audit or reporting;
 - Legal;
 - Corporate governance;
 - Operations;
 - IT strategy and security, digitization;
 - Capital markets;



- Financial analysis;
 - Financial stability;
 - Financial reporting;
 - Strategic planning;
 - Risk management;
 - Compensation;
 - Management; and
 - Director of publicly listed company.
- b. Individually, Directors must:
- have records of the highest personal and professional ethics, integrity and good repute;
 - have proven achievement, and competence in the nominee's field and the ability to exercise sound business judgment;
 - have the ability to devote and commit sufficient time necessary to diligently carry out his/her duties and responsibilities;
 - have skills that are complementary to those of the existing Board;
 - have the ability to assist and support management and make significant contributions to the Company's success;
 - have an understanding of the fiduciary responsibilities that are required of a member of the Board;
 - have a record of financial soundness;
 - not have any conflict of interests;
 - not have been previously convicted of a felony or misdemeanor against honor and trust, or the crime of money laundering or terrorist financing;
 - have leadership and efficiency skills in order to contribute to effective communication, collaboration and critical debate in the meetings of the Board and its committees;
 - be responsible for their actions (as a Board Member and Member of the Committees thereof) regarding the Company; and
 - be transparent in carrying out their roles, responsibilities and tasks.

12. DISCLOSURE AND REPORTING

- a. The Company shall announce to the public on the Company's website and via the disclosure to ADX the following information in case of appointment of a new Director or re-appointment of the existing Director:
- A brief resume of the Director;
 - Nature of his/her expertise in specific functional areas;
 - Disclosure of relationships among Directors, if applicable;
 - Names of listed entities in which the person also holds directorship and membership of committees of the Board; and
 - Shareholding value of non-executive Directors, if applicable.
- b. The Board Secretary shall be responsible for ensuring timely and accurate disclosure of the appointment of a Director to the appropriate regulatory authorities and on the Abu Dhabi Securities Exchange's website, as well on the company website.
- c. The Company shall disclose in its Annual Corporate Governance Report the following information regarding selection and nomination of Directors:
- Information on the policy and actual figures of female candidates' consideration and representation on the Board; and
 - The recruitment approach for the selection of Directors and for ensuring appropriate diversity of skills, backgrounds and viewpoints.



13. REVIEW AND PUBLICATION

This policy shall be implemented and complied with by the Company starting from the date it is approved by the AGM. The content of this policy shall be reviewed - as needed - by the Nomination and Remuneration committee, provided that any recommended changes are presented by the board to the AGM in the next meeting for approval.

This policy was approved by the Shareholders General Assembly in its meeting held on and supersedes any Policy of the sort previously in force.