



AL DHAFRA INSURANCE COMPANY P.S.C.

National Company with a Paid - Up Capital of AED. 100,000,000 (AED. One Hundred Million) Established by Law No. 8 of 1979 and subject to Federal Commercial Companies Law No. 8 of 1984 and The U.A.E. Insurance Law (Federal Law No. 6 of 2007)

TAX REG. No: 100014650400003

Al Dhafra Insurance Company P.S.C

Annual Corporate Governance Report 2018

Abu Dhabi (Head Office)

Company Bldg.
Zayed the 2nd Street
P. O. Box : 319
Tel. : 02-6949444
Fax : 02-6729833 - 6771813
United Arab Emirates

Dubai Branch

P. O. Box : 14006
Tel. : 04-2103777
Fax : 04-2974111
United Arab Emirates

Al Ain Branch

P. O. Box : 15159
Tel. : 03-7512000
Fax : 03-7644710
United Arab Emirates

Bida Zayed Branch

P. O. Box : 50094
Tel. : 02-8846048
Fax : 02-8847123
United Arab Emirates

Sharjah Branch

P. O. Box : 28892
Tel. : 06-5536060
Fax : 06-5536097
United Arab Emirates

Website : <http://www.aldhafrainsurance.ae>

E-mail. info@aldhafrainsurance.ae



Company's Corporate Governance:

Al Dhafra Insurance Co. commenced in 2010 a pro-active review of its corporate governance framework and has adopted extensive corporate governance guidelines in the Corporate Governance Manual in line with the principles set out in the Ministerial Resolution "Based on the decision of the President of the Board of Directors Authority No. (7 / R.m) for the year 2016 on the institutional discipline and governance of public shareholding companies standards.

Company is committed to the highest level of corporate governance, and has derived its values from a system which integrates ethics, corporate integrity and leading compliant practices. Transparency, fairness, disclosure and accountability have been central to the working of the company, its management and Board of Directors (hereafter referred to as 'the Board'). Indeed, the company's commitment to good Corporate Governance practices predates the laws and mandates of the Securities and Commodities Authority (SCA).

This report reflects Company's Corporate Governance system followed during year 2018. The Company's Annual Corporate Governance Report 2018 shall be made available to the shareholders along with the Company's Annual Report. Report will also be published in Company's Website and will be filed with Security Commission Authority (SCA) and Abu Dhabi Exchange (ADX).

Company Conflict of Interest and Disclosure Policy:

- Company has adopted following Conflict of interest and disclosure policy, in compliance with Decision no (3/R) of 2000 concerning the regulations as to Disclosure and Transparency and the amendments thereto dated 31st July 2012.
- In practicing their duties, the Board and the employees should be fully aware of, and clearly understand all applicable laws, rules, and regulations in order that they can comply with them at all circumstances. Any advantages that may be presented to the employees', opportunities for monetary and non-monetary benefits in addition to the normal compensation arrangement paid by the Company should be in line with the conflict of interest policy. Therefore, the employees should accomplish their tasks with the principles of integrity, fairness, and in conformity to the professional standards.
- **Benefits or Gifts:** Employees are not allowed to receive from third parties, benefits or gifts in addition to those conferred by the Company. This is to prevent any influences on the employees' independence and objectivity.
- Directors are to immediately notify the Company Secretary if a material personal interest relating to the affairs of the Company arises. In this context, a material personal interest would refer to a financial transaction with a related party of the Company exceeding AED 5 Million or 5% of the company's capital whichever is less.
- Directors are to absent themselves from attendance at a meeting of directors where a matter in which they have a material personal interest is being discussed, unless the other directors vote otherwise.



- Concerned parties as defined in ministerial resolution 518 of 2009 are required to disclose to the board within 3 days of transaction that has caused, any conflict of interest or benefit, direct or indirect with Company (including its affiliate or allied companies).
- If one of the major shareholders or Board members has a conflict of interest in an issue which can affect the price or volume of trading of the Company's securities, the Board should conduct a meeting and issue a decision in attendance of all its members; excluding the concerned shareholders/ director. In extraordinary cases, such issues can be resolved through a special committee formed for that purpose.
- Each director shall upon commencement of his term disclose to the Company the nature of the positions the same occupies in the companies and the public establishments and other important commitments and specify the time allocated thereto, and any changes on the above mention upon occurrence.
- Additionally, each director shall disclose on an annual basis, the nature of positions the same occupies in the company's securities, the parent company, and subsidiary or affiliate companies. Based on these disclosures.
- Directors are to monitor compliance with the disclosure policy and to take remedial action where necessary.
- Board members of the company, its manager and staff are not allowed to sell and buy company's shares within a period of 15 days prior to the end of the quarterly, half-yearly and annual financial period and until the disclosure of the financial reports to Financial Market, whereas their trading will be allowed to resume thereafter, provided such transactions followed approval process as required by the prevailing law.
- The company is committed to provide Financial Market with interim (quarterly) reports within one month from the end of each fiscal quarter. The reports must be approved as per the International Financial Reporting Standards (IFRS) and reviewed by the external auditor and approved by the company's executive management.

Compliance with the Conflict of Interest Policy during the Last Year:

The Board hereby declares that each member of the Board has complied with the disclosure requirements as per the laws and regulations issued by the Ministry of Economy and the Securities and Commodities Authority. There is no indication of non-compliance by any of the members of the Board of Directors.

Directors and Employees Dealing in Company's Shares:

The board is responsible for reviewing share dealings by the Board Members, their spouses and children annually, and to decide whether any proposed dealings in the Company's shares at any time by director or their family member or employee requires the prior consent of the Chairman or Security Market.

During the year 2018, no share transactions were conducted in either their personal capacity or representing a company by the Board of Directors including their first class relative.

**Board of Directors:****Board Composition:**

Company's Board of Directors comprises of 9 Non-Executive members from which 9 are independent directors and there is no change in the formation of Board of directors for 2018. Following table is listing down the board members along with their representation on different Board Committees.

Sr No.	Name	Particulars (Independent / Executive)	Board Committee Memberships	Duration
1.	H.E Sheikh Mohamed Bin Sultan Al Dhahiri	Independent & Non-executive	Chairman Board of Directors	Since 1993
2.	H.E. Yousef Bin Mohamad Ali Al Nowais	Independent & Non-executive	Deputy Chairman	Since 2007
3.	Sh. Ahmed Moh' d Sultan Al Dhahiri	Independent & Non-executive	Chairman - Nomination and Remuneration	Since 2016
4.	Mr. Ahmed Saeed Ahmed Saeed Ghobash	Independent & Non-executive	Chairman - Audit Committee	Since 2016
5.	Sh. Sultan Saeed Sultan Al Dhahiri	Independent & Non-executive	Member - Investment Committee	Since 2016
6.	H.E. Saif Bin Mubarak Al Riyami	Independent & Non-executive	Member - Nomination and Remuneration Committee & Audit Committee	Since 1984
7.	H.E. Saif Saeed Bin Ahmed Ghobash	Independent & Non-executive	Member - Nomination & Remuneration Committee	Since 2010
8.	Mr. Salem Rashed Abdullah Al Nouaimi	Independent & Non-executive	Chairman Investment Committee	Since 2016
9.	Mr. Muhammad Saeed Omran Al Mazrouei	Independent & Non-executive	Member-Audit Committee and Investment Committee	Since 2013

Short Curriculum Vitae of the Board Members:

- **H.E Sheikh Mohamed Bin Sultan Al-Dhaheri:** Businessman. Leading the Board of Directors since 1993, holds a Bachelor Degree in politics, economy & law from University of Buckingham - UK and Master's degree in Business Administration from Brunel University - UK, currently heads Al Dhahiry group. Held several important positions in the country, including Chairman of Al Dhahiry Group, Bin Suroor Holding, Abu Dhabi Refreshment Company and Chairman of Al Dhafra Insurance Company.



- **HE Yousif Bin Mohammed Ali Al Nowais:** Businessman, Board Member since 2007. Holds a university degree from the University of Arizona in 1979. He is the Chairman of the Board of Directors and General Manager of Arab Development Company, and also the Co-Chairman of Al-Nowais Investment Company LLC. Emircom LLC, Pharmatrade LLC, Danway Mechanical Engg and Archirodon. He has previously held several positions, including Chairman of Abu Dhabi Holding Company, General Manager of FERTIL, and served as Chief Financial Officer of Abu Dhabi National Oil Company (ADNOC).
- **Sh. Ahmed Moh'd Sultan Al Dhaheri:** Businessman. He is currently Chairman of Ben Suroor Engineering Development. He is currently board member of National Consultative council Abu Dhabi, National Bank of Abu Dhabi, Vice Chairman in Etisalat, Abu Dhabi National Hotels, and Abu Dhabi Aviation. He hold a bachelor's degree in civil engineering from Al Ain University.
- **Mr. Ahmed Saeed Ahmed Saeed Ghobash:** Businessman. He is currently a board member at his family business, Ghobash Trading & Investments. He also serves on the company's Audit committee. He is currently a board member of Arabia Education Development Company and National Catering Company. He began his career in Investment and Finance by joining Mubadala Development Company where he started in Mergers and Acquisitions and later moved to Mubadala Capital. He holds a bachelor's degree in Civil Engineering from Carnegie Mellon University.
- **Sh. Sultan Saeed Sultan Al Dhahiri:** Businessman. He is currently Board member of Al Dhaheri Group, Bin Suroor Holding and Abu Dhabi Refreshment LTD. He holds as General Business Administration and Management.
- **Saif Bin Mubarak Al Riami:** Businessman. Brigade retired, a board member since 1984, he served as a board member of Abu Dhabi Commercial Bank, national Association, the Muncipal Council, Chairman of the Board of Directors in Ain Cooperative Society, Al Khor Contracting Company, baraem al ain school, Al Ain technical Metal Industries, Al Dhaher Colas group. He hold's a master's degree in military science-the National Defence College (India).
- **Mr. Saif Saeed bin Ahmed Ghobash:** Undersecretary of the Department of Culture and Tourism – Abu Dhabi in March, 2016. Member of the Board of Directors since 2010. He holds a BA in Economics from Wharton School (University of Pennsylvania) and an MBA from Aston University (Birmingham, UK) and served as Acting Chief Executive Officer and Chief Operating Officer of Abu Dhabi Media Company. In addition, he is Vice Chairman of Agthia and Board Member of Emirates Palace, Economic Committee of the Executive Council, Olympic Games, Abu Dhabi National Exhibitions Company, Abu Dhabi Motorsports Company.



- **Mr. Salem Rashed Abdullah Al Nouaimi:** Chairman of Waha Capital In March 2018. He served as Managing Director and Executive Officer at WAHA CAPITAL, for nine years and is also the Chairman of "SEHA "the Abu Dhabi Health Services Company. He serves on the board of a number of companies, including New York-listed AerCap Holdings, Abu Dhabi Ship Building, Dunia Finance, Siraj Finance, and Anglo Arabian Healthcare. He has previously held various positions in Dubai Islamic Bank, Abu Dhabi Development Fund and Kraft Food and He holds a degree in Finance and International Business from Northeastern University in Boston, USA.
- **Mohamed Saeed Omran Al Mazrouei:** A young finance professional. Member since 2014, holds a Bachelor's Degree of Business Administration in Finance and Management from American University of Sharjah and a Master's degree in Finance and Banking from Paris-Sorbonne University Abu Dhabi. Have experience in handling investment portfolio, coupled with experience of managing Al Omran Real Estate and Electro Technical Line (Maintenance Company).

Women Members in the Board of Directors:

The nomination process for the Board of Directors is open and available to all qualified shareholders. The shareholders choose a member of the Board of Directors of the women according to the nomination process. It should be noted that to date, no woman has been a member of the Board of Directors. During the opening of the nomination period at the 2016 General Assembly meeting as there is no female component in the Board of Directors currently.

Directors Remuneration:

Remuneration to the board members is determined in pursuant to the Article (118) of the Law of Commercial Companies No. (8) Of 1984. I.e. Up to 10% of the profit for the year, after deducting depreciation and reserve, and distributing a minimum of 5% as revenues from the shareholders capital. Remuneration AED 3,000,000 was paid to the Board for year 2017.

Proposed remuneration for Board of Directors for 2018, which will be submitted to the Annual General Assembly meeting is AED 3,000,000.

No allowances was paid for Board of Directors for attending the sessions of the Board subcommittees for the Financial Year 2018.

**Audit Committee:**

Name	Number of meetings	Total
Mr. Ahmed Saeed Ahmed Ghobash		-
H.E. Saif bin Mubarak Al Riyami	5	-
Mr. Mohammed Saeed Omran Al Mazrouei		-

Nomination and remuneration committee:

Name	Number of meetings	Total
H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri		-
H.E. Saif Saeed Bin Ahmed Ghobash	3	-
H.E. Saif bin Mubarak Al Riyami		-

Investment Committee:

Name	Number of meetings	Total
Mr. Salim Rashid Abdullah Ali Al-Naimi		-
H.E. Sheikh Sultan Saeed Sultan Suroor Al Dhaheri	4	-
Mr. Mohamed Said Omran Al Mazrouei		-



Board Meetings:

There were 7 Board meetings held during the year 2018. The following table clarifies the dates of the meetings and the attendance of the members:

Name	Dates of Meetings						
	13/02/2018	20/03/2018	13/05/2018	14/06/2018	12/08/2018	23/09/2018	13/11/2018
H.E. Sheikh Mohammed bin Sultan bin Al Dhaheri	✓	✓	✓	✓	✓	✓	✓
H.E. Yousef Bin Mohammed Ali Al Nowais	✓	✓	✘	✓	✓	✓	✓
H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri	✓	✓	✓	✓	✓	✓	✓
Mr. Ahmed Saeed Ahmed Ghobash	✓	✓	✓	✓	✓	✓	✓ Proxy
H.E. Sheikh Sultan Saeed Sultan Suroor Al Dhaheri	✓ Proxy	✓	✓	✓	✓	✓	✓
H.E. Saif bin Mubarak Al Riyami	✓	✓	✓	✓	✓	✓	✓
H.E. Saif Saeed Bin Ahmed Ghobash	✓ Proxy	✓	✓ Proxy	✓	✓	✓	✓
H.E. Salim Rashid Abdullah Al-Naimi	✓	✓	✘	✓	✓	✓	✘
Mr. Mohamed Said Omran Al Mazrouei	✓	✓	✓	✓	✓	✓	✓ Proxy

“✓” = Attended

“✓ Proxy” = Proxy

“✘” = Apologized

“N/A” = Were not member as of date

“E” = Term Expired

Board Tasks and Responsibilities:

The Boards' role is to represent the shareholders and is accountable to them for creating and delivering value through the effective governance of the business.

The Board will annually publish an Annual Governance Report, which is a statement of the practices and processes the Board has adopted to discharge its responsibilities.

Once appointed, every director shall disclose to the Company the nature of relations he has with other listed companies, including positions, investments and other significant obligations through signing a Declaration of Independence Form.



Additionally, the Board shall have the following Roles and Responsibilities:

- Set and review the strategic direction and approves the Annual Operating Budget and Business Plan;
- Make decisions concerning the Company's capital structure and dividend policy;
- Review, approve and monitor major investments and strategic commitments;
- Review and approve the annual and interim Financial Statements;
- Ensure compliance with applicable laws, regulations and all appropriate accounting standards;
- Ensure that an adequate risk management framework is in place to identify, assess and mitigate risks;
- Ensure appropriate policies and delegations are in place to effectively govern the Company;
- Adopt a Governance Structure that is aligned with the Company's values and strategies, and ensures the following:
 - Enhancing the Company's reputation;
 - Maintaining high standards of behavior;
 - Promoting ethical and responsible decision making;
 - Communicate clear expectations and Delegation of Authority; and
 - Complying with the applicable Governance Regulation (i.e. Securities Commodities Authority (SCA) regulations).
- Appointment of the Senior Management and evaluation of his on-going performance and remuneration through the Nomination and Remuneration Committee.
- Ensure that an appropriate succession plan for Senior Management is in place;
- Recognize the legitimate interests of all stakeholders, being the shareholders, customers, staff and the communities in which the Company operates;
- Set written rules for the dealings of the staff in the securities issued by the Company and its associated companies (where applicable);
- Ensure the integrity of external reporting including:
 - Review and monitor controls, processes and procedures in place to maintain the integrity of the Company's financial and accounting records



- and statements, with the guidance of the Audit Committee upon its formation;
- Ensure accurate, objective and comprehensive information is conveyed to the shareholders to ensure that they are fully informed of material developments; and
 - Review the reports of the Audit Committee in relation to risk, internal controls and internal and external audit reports.
- Exceptionally issue some of its decisions by passing on a draft thereof for signature in emergency situations, provided the following are taken into considerations:
- That the cases of issuing decisions by passing on the draft decision for signature may not exceed four (4) cases a year;
 - The agreement of the majority of the members of the Board that the concerned case is a case of emergency;
 - Handing the decision to the members of the Board in writing for the purpose of their consent, provided that the documents and evidences necessary to study the same are accompanied therewith; and
 - The written consent of the majority shall be attained on any decisions of the Board that is issued through passing on written draft for signature, and provided that the same is presented to the subsequent meeting of the Board so as to include the same in the minutes of the meeting.
- Tasks of the Non-Executive Directors shall include without limitation:
- To participate in meetings of the Board and to provide independent opinion on strategic matters, policy, performance, accountability, resources, appointments and activity criteria;
 - To ensure that priority shall be given to the Company's and Shareholders' interests in case of conflict of interests;
 - To participate in the Company's Audit Committees;
 - To control the Company's performance in realizing its agreed objectives and goals and to monitor its performance reports;
 - To develop procedural rules for the Company's Governance and supervise and monitor their implementation in compliance therewith; and



- To avail the Board and its different Committees of their skills, experience, diversified specialties and qualifications through regular presence and efficient participation in the General Meetings.

Responsibilities Delegated to Executive Management:

The Executive management, comprising General Manager, as well as Department Heads who are responsible to implement the company strategy and manages the day-to-day affairs of the company according to the business plans and activities approved by the Board, protecting the shareholder interests and adopting best and successful practices. Executive management delegates functions to senior management team subject to board policies and legal requirements.

The power to authorize the signature of the Executive Management for a period of three years from 12/6/2018.

Transactions with Related Parties:

Major stakeholders identified are directors including major shareholders of the company and those entities in which they have ability to control or exercise significant influence in financial and operational decisions, and key management personnel. These transactions are made with in the normal course of business. These transactions are based on the insurance services provided to Director's associated companies for the year 2018. If the transaction amount with related party exceed 5% of share capital of ADIC, Board approval is required for such transactions. Details of the transactions and relationship are as follows for 2018:

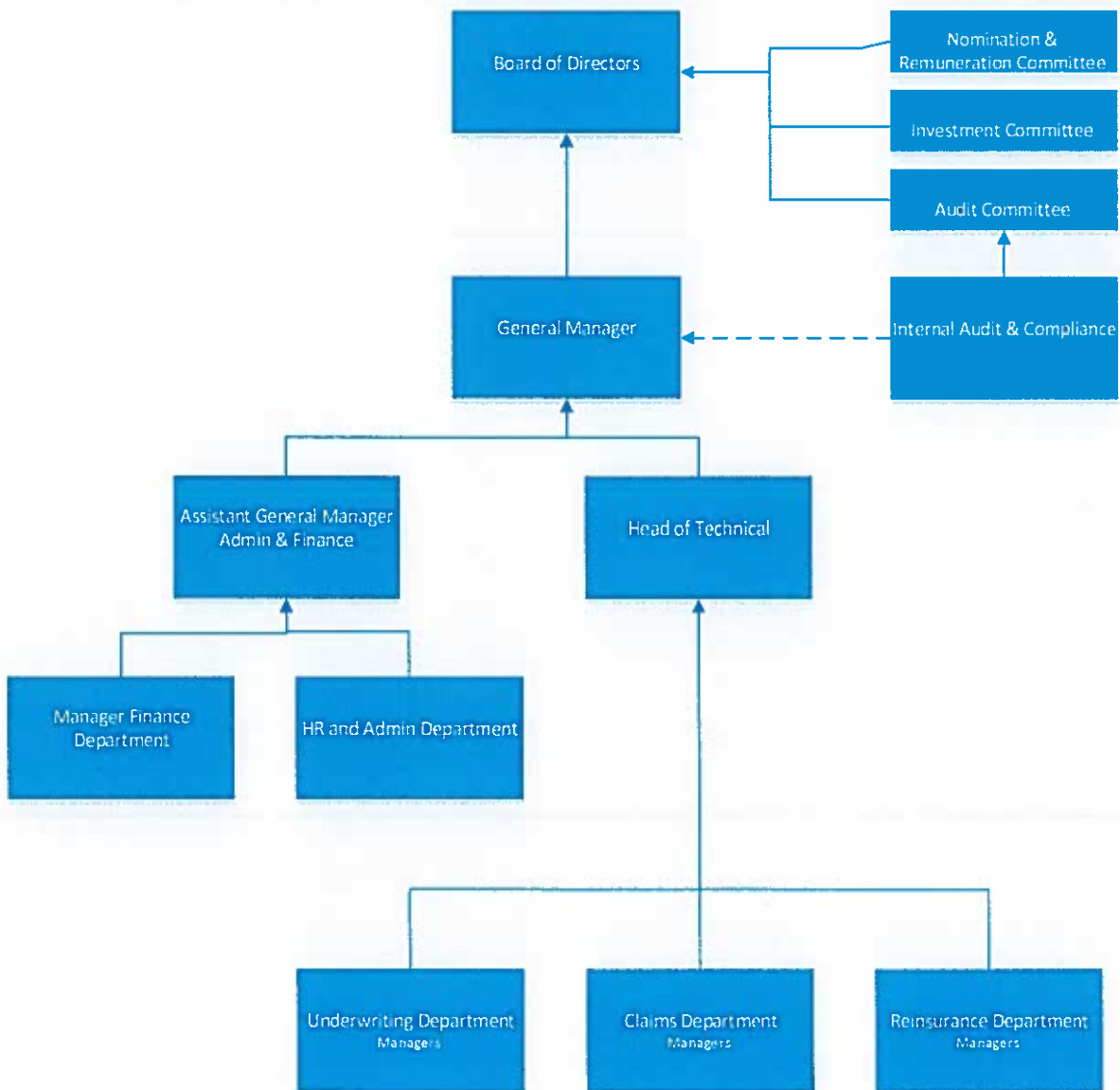
Related party Name & Nature of Relationship	Sum of Premiums	Sum of Claims
Chairman's Group	450,790	(13,577)
Chairman's Group	33,032	-
Chairman's Group	546,120	-
Chairman's Group	178,273	1,000
Chairman's Group	-	-
Chairman's Group	121,802	-
Director	128,170	-
Director	46,778	-
Director	-	-
Director	-	-
Director	81,281	-
Total	1,586,245	(12,577)

There was no board member whose transactions exceeded 5% of the paid up capital.



Company's Organizational Structure:

The following is the company's organizational chart



**Company's Executive management includes:**

Total remuneration given in 2018 to General Manager, Assistant General Manager and Head of Technical as per table below:

Ser.	Position	Date of appointment	Total salaries and allowances paid for 2018 (AED)	Total proposed bonuses for 2018	Any other cash/ real bonuses of 2018 (or to become payable thereafter)
1	General Manager	Since 1984	1,608,217	995,000	xx
2	Asst. General Manager	Since 1994	691,862	121,580	xx
3	Head of Technical	Since 2013	574,074	121,500	xx

External Auditors:

The company's appointed external auditors during the year were Deloitte & Touche, who have been mandated with this role since 1995. During the year 2018, the professional fees that were charged for external audit services amounted to AED 115,000. The cost of other services rendered by the external auditor for filing of XBRL to Security and Commodities Authority (SCA), E-Form certification and AML report is AED 305,000.

Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited and is the first Arab professional services firm established in the Middle East region with uninterrupted presence for over 85 years. Deloitte is among the region's leading professional services firms, providing audit, tax, consulting, and financial advisory services through 26 offices in 15 countries with over 2,500 partners, directors and staff.

The company has not utilized any form of services from any other external auditor/ party while preparing its annual Financial Statements.

Name of Auditing Firm	Deloitte & Touche(M.E.)
Number of years the auditor spent as an external auditor of the Company	Since 1995
Total auditing fees in relation to the financial statements of 2018 (AED)	AED 115,000
The cost of other services rendered by the external auditor for filing of XBRL to Security and Commodities Authority (SCA) , E-Form certification and AML report for Insurance Authority	AED 305,000
A statement of other services provided by another external auditor (other than the Company's auditor) during 2018 (if any). If there was no another external auditor, this should be mentioned expressly.	The company has not utilized any form of services from any other external auditor/ party while preparing its annual Financial Statements.



Board Committee's:

Audit Committee:

Roles and Responsibilities (Term of Reference):

- Oversight of the preparation of the Financial Statements.
- Review of the annual and quarterly Financial Statements.
- Review any insider, affiliated or related party transactions and ensure that rules for the conduct and approval of these are complied with.
- Reviewing the Company's Internal Control Systems for effectiveness. This may be undertaken by seeking assistance from external consulting firms.
- Ensure Risk Management policies are developed and undertake regular examination of cases of non-compliance with the same.

Composition of the Audit Committee:

S No	Name	Designation
1	Mr. Ahmed Saeed Ahmed Saeed Ghobash	Chairman
2	H.E. Saif Bin Mubarak Al Riyami	Member
3	Mr. Mohamed Saeed Omran Al Mazrouei	Member

- Mr. Ahmed Saeed has the expertise in finance and accounting. All three members are Non-Executive.

The following table clarifies the dates of the meetings and the attendance of the members:

Name	Meeting Dates				
	13/02/2018	11/03/2018	13/05/2018	12/08/2018	08/11/2018
Mr. Ahmed Saeed Ahmed Saeed Ghobash	✓	✓	✓	✓	✓
H.E. Saif Bin Mubarak Al Riyami	✓	✗	✓	✓	✓
Mr. Mohamed Saeed Omran Al Mazrouei	✓	✓	✓	✓	✓

“✓” = Attended

“✗” = Apologized



Nomination and Remuneration Committee:

Roles and Responsibilities (Term of Reference):

Verification of on-going independence of independent board members. If the committee discovers that any of the members do not meet the independence criteria, it shall present this matter to the company's board and the board shall notify the member by a letter to be sent by registered mail to the members' registered address recorded in the company's files and shall address the reasons for the lack of independence; such member shall provide clarification to the board within fifteen days from the date of the notification.

The board in its earliest meeting after the member's response or after the expiry of the period preferred to above, shall issue a decision confirming whether the member is considered independent or not.

Even when such board member is no longer meeting the independence criteria and such situation does not result a breach to the minimum requirement for the number of independent board members, the same must be taken into account when establishing board committees.

Notwithstanding provisions of Article (102) of the Commercial Companies Law, if the board decision holding that the member is no longer independent is to impact the minimum requirements for the independent board members, the board shall appoint a new member as a replacement and such appointment shall be reviewed at the earliest general assembly of the company in order to give effect to the decision of the board.

Formulation and annual review of the policy on granting remunerations, benefits, incentives and salaries to the Board members and senior executives of the Company and the committee will verify that remunerations and benefits granted to the senior executive management of the Company are reasonable and in line with the Company's performance.

Composition of the Nomination & Remuneration Committee:

The Board has delegated authority to the committee as per the approved term of reference. The role of the Committee is to assist in discharging the board's responsibilities relating to compensation of company's staff and nomination to the membership of the board in line with applicable laws and regulations. The Board decides the need and frequency of the committee to discuss and advise related matter accordingly, the members nominated by the board for committee are as follows:

S No	Name	Designation	Attendance
1	Sh. Ahmed Moh'd Sultan Al Dhahiri	Chairman	✓
2	H.E. Saif Saeed Bin Ahmed Ghobash	Member	✓
3	H.E. Said Bin Mubarak Al Riyami	Member	✓



The following table clarifies the dates of the meetings and the attendance of the members:

Name	Meeting Dates		
	04/02/2018	13/02/2018	30/12/2018
JH.E. Sh. Ahmed Moh'd Sultan Al Dhahiri	✓	✓	✓
H.E Saif Bin Mubarak Al Riyami	✓	✓	✓
H.E. Saif Saeed Bin Ahmed Ghobash	✓	✓ Proxy	✓ Proxy

“✓” = Attended

“✓ Proxy” = Proxy

“✗” = Apologized

Investment Committee:

Roles and Responsibilities (Term of Reference):

- Setting the investment guidelines
- Reviewing / monitoring the investments
- Review the compliance of investment portfolio with the applicable laws
- Review and monitor the performance of the investment made through outsourcing
- In conjunction with the Audit Committee, determining the scope of the rigorous audit procedures that include full coverage of the investment activities to ensure timely identification of internal control weaknesses and operating system deficiencies
- Assisting the Board of Directors in its evaluation of the adequacy and efficiency of the investment policies, procedures, practices and controls applied in the day-to-day management of its business through an audit report that is to be submitted to the Audit Committee
- Review and approve the valuation methods used to value the investments
- Review and approve a stress testing framework and policy for all its investments
- Review the result of stress testing performed at least annually

Composition of the Investment Committee:

S No	Name	Designation
1	H.E. Salim Rashid Abdullah Al-Naimi	Chairman
2	H.E. Sheikh Sultan Saeed Sultan Suroor Al Dhaheri	Member
3	Mr. Mohamed Saeed Omran Al Mazrouei	Member

The following table clarifies the dates of the meetings and the attendance of the members:

Name	Meeting Dates			
	08/01/2018	04/06/2018	09/10/2018	28/10/2018
H.E. Salim Rashid Abdullah Al-Naimi	✓	✓	✓	✓
H.E. Sheikh Sultan Saeed Sultan Suroor Al Dhaheri	✓ Proxy	✗	✓	✓
Mr. Mohamed Saeed Omran Al Mazrouei	✓	✓	✓	✓

“✓” = Attended

“✓ Proxy” = Proxy

“✗” = Apologized



internal Supervision Committee of Insiders' Transactions

1. A committee was set up to monitor and supervise insider transactions on 9/3/2017 from the following:
 - Mr. Ajit Kumar : Chairman of the Committee.
 - Mr. Mohammed Al-Najoumi : Investor Relations Officer.
 - Ms. Salma Hammami : Legal Affairs Officer.
2. The committee is responsible for managing the policy of dealing with the shares of the company and monitoring the circulation of members of the Board of Directors and employees in the shares of the company regularly.
3. The Committee held its meeting on 03/01/2019 and reviewed the updated list of insiders' record. It also reviewed the total trading on the company's shares as at 31/12/2018 and did not notice any irregularities related to insider transactions during that period.

I Controls:

The Board accepts its responsibility of application, review and efficiency of the Company's Internal Control Systems. The board conducts an annual review of the following:

- a. Review of the mechanism of operation of the Company's internal control department;
- b. Review procedure that the Company has adopted to determine, assess and manage considerable risks;
- c. Evaluate procedure that the Company has adopted to handle material internal control aspects of any serious problems that have been disclosed in the annual accounts and reports.

Internal control system in the Company is evaluated by various procedures including:

- Financial functioning is adequately governed through internal control procedures adopted in the Company. Financial manual of the Company details the rules and procedures to be followed in each financial transaction including various levels of financial authorities are defined and exercised by the concerned authorized employees of the Company, either individually or jointly.
- The Company has an Internal Control Department headed by duly qualified and experienced internal audit professional, develops an internal audit program for the Company to ensure that the internal control and procedures of the Company are in place by undertaking periodical and concurrent review of the business transactions carried out at different departments and offices of the Company. And reporting findings to Audit Committee detailing its observations and suggestions (wherever necessary) to improve systems and procedures of the Company.



The Company's Internal Control Department structure has following roles:

- Mr. Hassan Saleem is appointed as Head of Internal Audit and Compliance Department since 2016. *(Associate Chartered Certified Accountant-UK, Bachelor of Science (hons) in Applied Accounting from Oxford Brookes University-UK, Certified Accounting Technician-UK, Advanced Diploma in Business and Accounting-UK)*. A competent professional with more than 7 years of experience in Auditing operations, Risk Management and in Compliance.
Functionally Internal Audit Department Reports to Audit Committee and Administratively to General Manager. During the year there were no critical issues experienced in the company.
- Codes of Conduct are in place for staff members of the Company to ensure that level of service the company expects to deliver to its customers is achieved and to maintain highest standards of work culture. And all staff members of the Company are fully aware of all administrative rules within the Company.
- Detailed operating manuals and policies of all underwriting, claims and other functional departments of the Company are followed by every department.
- All activities of the Company are computerized with special focus to update and improve computer system in use as to satisfy Company needs and serve its clients efficiently.

Details of Non-Compliance by the Company/Violations:

Al Dhafra Insurance has not violated nor breached any regulatory rules and regulations for the year 2018. Consequently, the company has not paid any fees or penalties.

Corporate Social Responsibility:

1) Ethical Conduct

We strive to conduct business with honesty, integrity and respect for all our clients.

2) Employee Care

We seek to maintain a healthy work environment by ensuring the safety and wellbeing of our employees and providing a fulfilling & rewarding career for all.

We also strongly support nationalization through secession planning, training and career development.

In recent years, we have continued to refine our employee offering and implement initiatives that meet business needs in the most efficient and effective manner. These includes a new portfolio of globally accredited training courses and an impressive array of employee benefits.



3) Training for UAE Nationals

- On the Job Training

ADIC believes that ‘On the Job Training’ for Emiratis will make them more competent than outside class room training and in On Job Training Emirati employees will be directly inducted by Dept. heads having intense experience and knowledge in their respective area of work. Under direct supervision of Dept. heads employee will get more confidence in their work as well as trainer can guide them towards results with proper feedback.

We are also encouraging our Emirati staff to attend training programs, workshops conducted by Insurance Authority and Emirates Institute for Banking and Financial Studies.

4) Emirates Red Crescent

ADIC shall overtake that it needs to be a responsible member in the community where it works and deal, from this point company is donating charity every year to Emirates Red Crescent, UAE to achieve their goals. . During the year 2018 AI Dhafra contributed AED 92,835 to The United Arab Emirates Red Crescent (UAERC)

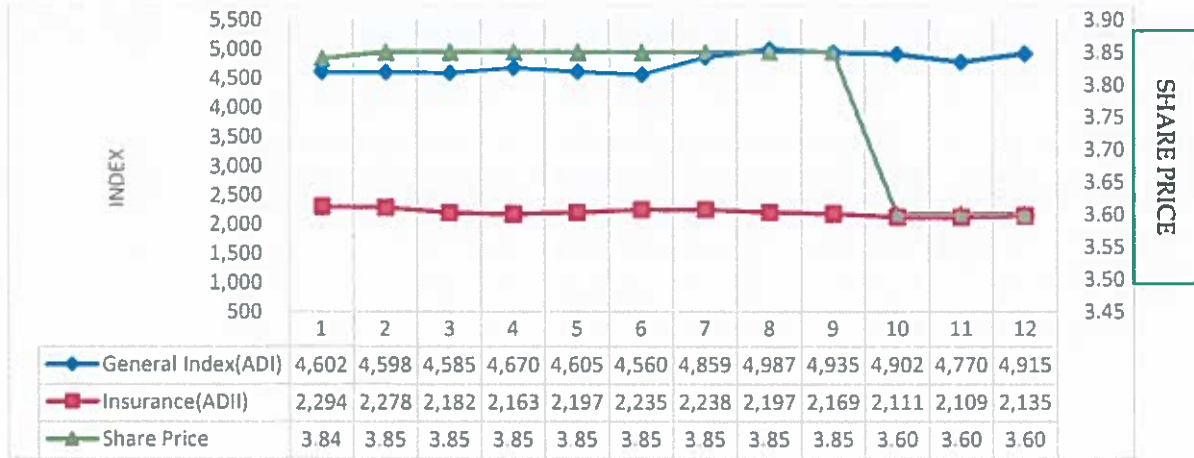
General Information:

- Share price at the market (high/low) at the end of each month of the year 2018:

Month	High	Low	Closing
January	AED 3.84	AED 3.51	AED 3.84
February	AED 3.85	AED 3.81	AED 3.85
March	AED 3.85	AED 3.85	AED 3.85
April	AED 3.85	AED 3.85	AED 3.85
May	AED 3.85	AED 3.85	AED 3.85
June	AED 3.85	AED 3.85	AED 3.85
July	AED 3.85	AED 3.85	AED 3.85
August	AED 3.85	AED 3.85	AED 3.85
September	AED 3.85	AED 3.85	AED 3.85
October	AED 3.60	AED 3.55	AED 3.60
November	AED 3.60	AED 3.55	AED 3.60
December	AED 3.60	AED 3.55	AED 3.60



Comparison of the share volume performance with the market index and Insurance Industry Index



*(Source ADX Website)

34.31% of shares are being held by 11 corporate shareholders and 65.69% of shares held by individual shareholders as at 31st December 2018; all shareholders are either UAE Nationals or companies established in UAE.As shown in table (1) :

Table No. (1) :

Ser.	Shareholder Classification	Shareholding (%)			
		Individuals	Corporations	Governments	Total
1	Local	65.69	34.31	-	100
2	Arabic	-	-	-	
3	Foreign	-	-	-	
	Total	65.69	34.31	-	100

Al Dhafra shares are held by UAE nationals and companies. Shareholding Pattern (Individuals, Companies, Government) & Major Shareholders who hold more than 5% of Capital.As shown in table No. (2) .

Table No. (2) :

Name of the Company /Individual	Shareholder type	% Holding
Ghobash Trading	Company	20.65%
H.H Aisha Saeed Muhammad Al Dhahiri	Individual	13.17%
Mr. Saeed Ahmed Umran Al Mazroui	Individual	6.01%
Masaa Company	Company	5.83%
Mr. Nawaf Ghobash Ahmed Saeed Ghobash Al Merri	Individual	5.20%



34.31% of the company's shares are owned by 11 shareholders and 65.69% are held by individual shareholders as at 31 December 2018. All shareholders are UAE nationals or companies established in the UAE. The chart structure to contribute to the company as in Table (3):

Table No. (3) :

Share Holding	No. of Shareholder	No. Shares Held	Holding Percentage
Shares Less than 50,000	81	926,282	0.93%
Shares from 50,000 but less than 500,000	37	8,750,684	8.75%
Shares From 500,000 but Less than 5,000,000	24	39,449,665	39.45%
Shares from 5,000,000 and above	5	50,873,369	50.87%
GRAND TOTAL	147	100,000,000	100.00%

Investor Relation Officer:

Company designated an employee as Investor Relation officer and his name and contact details are update in company website. Company has opened a page in Arabic format on company website dealing with matters of interest to investors and updating the information regularly.

Name	Designation	Contact Number	E-mail
Mohamed Ahmed El Noujomi	Investor Relation Officer	055 561 61 69	investorsrelation@aldhafrainsurance.ae

<http://www.aldhafrainsurance.ae/investors-relation/contact-us/>

Board Secretary:

Name	Designation	Date of Appointment
Hammami Salma	Board Secretary	26 th December, 2011



Major Events the company had during the year 2018:

There were no major events during the year.

Emiratisation:

The AI Dhafra Insurance Company is highly committed to the Emiratisation drive and has been recruiting UAE Nationals of the highest caliber and supporting them with a successful professional career path plan over the years.

The AI Dhafra Insurance Company has a diverse range of career options and training opportunities which identifies local talent, nurtures and rewards them through training, mentorship and professional development to ensure the active promotion of UAE nationals with attractive remuneration packages. The table below shows the number of local staff within our company at the end of 2018.

Total Number of Employees	Non-National	UAE National	Percentage
183	171	12	7%

Special resolutions before the general assembly held during 2018:

No special resolutions were presented to the General Assembly held on 21/03/2018.

Statement of innovative projects and initiatives:

The company did not undertake any innovative projects or initiatives during 2018.



[Signature]
Chairman

[Signature]