



AL DHAFRA INSURANCE COMPANY

# Integrated Reporting

2023

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# About the Report

- We are pleased to present our Integrated Report for the year 2023. The report is presented as per the guidelines set out by the Securities and Commodities Authority. Through this report we want to provide you with the overall performance of the company during the year 2023 in respect of the following:
  - a. Management Vision moving forward;
  - b. Corporate Governance;
  - c. Financial Performance;
  - d. Economic, Social and Governance Sustainability;



## Reporting Period

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- The scope of this report cover our performance from 1 January 2023 to 31 December 2023.



# About Us

Al Dhafra Insurance Company P.S.C. is a Public Shareholding Company entirely owned by the U.A.E. nationals. It is incorporated in Abu Dhabi by Emiri Decree No. 8 of 1979 and registered under the provisions of The UAE Insurance Law (Federal Law No. (6) of 2007 enacted in February 2007).

The Company's Head Office is situated in Abu Dhabi and has branch offices in the U.A.E. at Dubai, Sharjah, Al Ain & Bida Zayed and 15 POSs & typing centers and 6 Traffic counters. Company's business operation is fully automated and branches and offices are connected on-line with Head Office for fast and efficient customer service. Company has on-line sales offices in most of the Immigration offices and Traffic offices across the country.

## Our Vision:

- To become the preferred insurer choice of the customers in the local and regional insurance market;
- Be an example among service sector industries;

## Our Mission:

- Add value to the insurance service provided in the market through continuous research in insurance and customer service area;
- Increase stake holders' value;

## Our Values:

- Highest Priority to Customer needs;
- Loyalty and Integrity;
- Constant Improvement;
- High standards of Public Conduct;



# Our Business

Al Dhafra is a direct Insurer in the U.A.E. market, underwriting both Life and Non-Life business and is recognized by the Government of the Abu Dhabi for Government insurance purposes. The major classes of business underwritten by the Company are:

- Fire & General Accident;
- Contract Works and Contractor's Plant & Equipment;
- Electronic Equipment & Machinery Breakdown;
- Workmen's Compensation & Employer's Liability;
- Public Liability, Medical Malpractice and other Professional Indemnity risks;
- Marine Cargo, Marine Hull & Pleasure Craft;
- Oil & Gas on and offshore operations;
- Personal Accident, Medical & Life; Visit visa and House maid policies;
- Motor

Al Dhafra has reinsurance association only with the world's top-class Reinsurers in Germany, U.K., Switzerland, Italy and other European countries and also has business relationship with the top-class International Insurance and Reinsurance Brokers all over the world.



# Al Dhafra Strategic Focus

Al Dhafra is committed to providing sustainable growth for its shareholders, and therefore allocates capital and other resources by assessing each business opportunity in both risk adjusted and cost-adjusted terms.

As a client-driven company, Al Dhafra Insurance focuses both on deepening relationships with Existing customers as well as on attracting new ones.

Al Dhafra Insurance has separated also responsibility for client service, underwriting, reserving, and reporting, allowing market-leading transparency and best in class service, as well as attractive, sustainable returns for shareholders.

Al Dhafra Insurance's Enterprise Risk Management shall facilitate the creation of sustainable competitive advantage, help management improve business performance and optimize the cost of managing risk as per the guided risk appetite.

Al Dhafra will continue to be mainly focused on corporate clients having long standing business in UAE market in various sectors in relation to general line of business.

The management also plans its investment in a very prudent manner and is focusing on diversifying the investment portfolio of the company with systematic diversification without affecting the investment income earned by the company.

**Al Dhafra Insurance Company P.S.C.**

FINANCIAL STATEMENTS

For the year ended 31 December 2023

**Al Dhafra Insurance Company P.S.C.  
Audited Financial Statements**

**For the year ended 31 December 2023**

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**Composition of Board of Directors**

<b>Chairman:</b>	H.E Sheikh Mohamed Bin Sultan Bin Soroor Al Dhahiry
<b>Deputy Chairman:</b>	H.E. Yousef Bin Mohammad Ali Nasser Al Nowais
<b>Directors:</b>	H.E. Sh. Ahmed Moh'd Sultan Suroor Al Dhahiri Mr. Rashid Saeed Ahmad Saeed Ghobash H.E Sh. Sultan Bin Saeed Bin Sultan Surour Al Dhahiri H.E. Saif Mubarak Saif Al Riyami Mr. Mohamed Saeed Ahmad Omran Al Mazroi Mr. Mohamed Hussain Jasim Naser Al Nowais Ms. Rauda Abdullah Al Dhahiri
<b>General Manager</b>	Mr. Kamal Sartawi
<b>Address:</b>	P.O. Box 319 Abu Dhabi United Arab Emirates
<b>External auditors:</b>	Grant Thornton - UAE



**Al Dhafra Insurance Company P.S.C.  
Audited Financial Statements**

**For the year ended 31 December 2023**

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## THE BOARD OF DIRECTORS' 44<sup>th</sup> ANNUAL REPORT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2023

### **I. Introduction:**

Dear Shareholders,

As we reflect on the financial year that concluded on 31<sup>st</sup> December 2023, it is with great pleasure and a sense of accomplishment that we present to you the Director's Report for Al Dhafra Insurance Company. This report encapsulates our journey, achievements, challenges faced, and the strategic path ahead.

#### **Gratitude to Our Respected Rulers**

We extend our heartfelt thanks to His Highness Sheikh Mohamad Bin Zayed Al Nahyan, the President of United Arab Emirates and His Brothers, the Rulers of other Emirates, whose far-sighted vision and dedication to economic development have created an environment where businesses can thrive. Their commitment to innovation, infrastructure development, and a robust regulatory framework has played a pivotal role in Al Dhafra Insurance Company's ability to navigate challenges and seize opportunities. We express our deepest gratitude to the rulers for their exceptional leadership and the supportive ecosystem they have fostered. We are proud to be part of a community that values progress, innovation, and shared prosperity.

#### **Overview of the Director's Report**

In the pages that follow, you will find a comprehensive analysis of our financial performance, key operational highlights, strategic initiatives, and our commitment to corporate governance.

#### **A Supportive Business Environment**

The stability and support provided by the United Arab Emirates have allowed us to pursue our strategic initiatives with confidence. Their continuous efforts to enhance infrastructure, streamline regulatory processes, and encourage investment have not only benefited Al Dhafra Insurance Company but have also contributed to the overall economic growth of our region.

#### **A Year of Resilience and Growth**

The past fiscal year has been marked by resilience in the face of a dynamic and challenging business environment. We are delighted to report that Al Dhafra Insurance Company PJSC has not only weathered the storms but has also charted a course of sustained growth and strategic advancement.

#### **Commitment to Shareholder Value**

At the core of our endeavours is a steadfast commitment to creating and sustaining value for our esteemed shareholders. As we navigate through market complexities and industry shifts, your confidence and support remain the driving force behind our strategic decisions.



## **II. Financial Performance:**

The financial year 2023 marks a pivotal moment for Al Dhafra Insurance Company as we have adopted the International Financial Reporting Standard 17 (IFRS 17) for insurance contracts. This new standard, effective from 01/01/2023, brings about fundamental changes in our accounting practices and financial reporting. The adoption of IFRS 17 has led to a significant restructuring and presentation of our financial statements with new profit recognition patterns prescribed by the standard.

### **Revenue and Profitability:**

The fiscal year 31<sup>st</sup> December 2023 has been marked by robust financial performance, showcasing sustained growth and resilience. Total revenue for the period reached AED 327 million, reflecting an increase of 3.10% compared to the previous year. Net profit margins remained strong at 79.88% increase from previous year, a testament to the efficiency of our operations and prudent financial management. We are pleased to report that our profitability has exceeded industry benchmarks, underscoring the effectiveness of our strategic initiatives.

### **Gross and Net premium**

The gross premium written for the year ended 31 December 2023 amounted to AED 327,289,671 (2022: AED 317,445,982), depicting an increase of 3.10%.

The net retained premium for the year ended 31 December 2023 amounted to AED 75,631,629 (2022: AED 74,945,191), showing an increase of 0.92%.

### **Gross and Net claims**

The gross claims paid by the Company during the year amounted to AED 188,448,156 (2022: AED 193,699,024), depicting a decrease of (2.71)%.

Net claims paid during the year amounted to AED 43,851,668 (2022: AED 40,428,137), depicting an increase of 8.46%.

### **Technical Provisions**

The net technical provisions (excluding deferred acquisition costs and unearned commission income) at 31 December 2023 amounted to AED 101,060,044 (2022: AED 98,331,362).

The net technical provision for the current year is hence 134% of the retained premium compared to 131% in 2022.

**Figures relating to Different classes of Insurance.**

	2023	2022
Gross written Premiums	(AED)	(AED)
Marine	86,866,536	72,100,637
Other classes of business	240,423,135	245,345,345
<b>Total</b>	<b>327,289,671</b>	<b>317,445,982</b>
Gross Paid Claims	2023	2022
	(AED)	(AED)
Marine	10,765,994	17,852,031
Other classes of business	177,682,162	175,846,993
<b>Total</b>	<b>188,448,156</b>	<b>193,699,024</b>
Net Technical Provisions	2023	2022
	(AED)	(AED)
Marine	4,573,504	4,359,408
Other classes of business	96,486,540	93,971,954
<b>Total</b>	<b>101,060,044</b>	<b>98,331,362</b>

**Investments:**

The total investments including investment properties of the Company stand at AED 440,041,802 as at 31 December 2023 (2022: AED 427,501,141), showing an increase of 2.93%.



It is worth mentioning that most of the investments of company are within the U.A.E. All available cash are deposited in the banks within the U.A.E.

**General, administrative and other operating expenses:**

The general, administrative and other expenses for the year amounted to AED 38,193,963 (2022: AED 38,111,190).

**Profits for the year**

The profit of the Company from insurance and investment activities for the year under review is AED 41,303,047 (2022(IFRS17): AED 22,961,846) showing an increase of 79.88%.

**The Company's branches and offices**

The Company has branches and point of sales in most residential areas and service centers in Abu Dhabi, Al Ain, Bida Zayed, Baniyas, Musaffah, and in the Traffic Department of Abu Dhabi in addition to branches in Dubai and Sharjah.

**Shareholders' Equity**

Shareholder's Equity increased from the amount of AED 443 million in 2022 (IFRS 17) to AED 464 million, an increase of 4.60%.

The total assets increased from AED 1004 million in 2022 (IFRS 17) to AED 1315 million, with an increase of 31%.

**III. Strategic Initiatives & Customer-Centric Initiatives**

**Digital Transformation**

To meet the evolving preferences of our policyholders, we expanded our online service offerings. The introduction of user-friendly digital platforms and mobile applications has facilitated seamless policy management, claims processing, and communication. Recognizing the importance of personalization in the insurance landscape, we implemented initiatives to tailor products and services to individual customer needs. This has not only increased customer satisfaction but also fostered stronger customer loyalty.

**Risk Management and Underwriting**

Harnessing the power of predictive analytics, we enhanced our risk assessment and underwriting processes. This has resulted in more accurate pricing models, reduced fraud, and improved overall risk management. Given the growing importance of data security, we implemented robust cybersecurity measures to protect sensitive customer information. This strategic initiative is crucial in maintaining customer trust and complying with regulatory requirements.

**Regulatory Compliance**

Ensuring compliance with evolving regulations is a top priority. Our strategic initiatives included the establishment of a dedicated compliance monitoring team and the implementation of robust systems to adapt to changes in regulatory frameworks promptly. A commitment to ethical business practices has been at the forefront of our strategic initiatives. We conducted regular training programs for employees to reinforce the importance of ethical conduct, integrity, and fair dealings with customers.

At Al Dhafra Insurance Company, we recognize the profound impact of Environmental, Social, and Governance (ESG) factors on our business and stakeholders. Our commitment to ESG principles is an integral part of our corporate strategy.

At Al Dhafra Insurance Company, we recognize the significance of Emiratization as a key national priority in the United Arab Emirates. Our commitment to supporting this initiative is aligned with our dedication to contributing to the socio-economic development of the country. In 2023, we continued our efforts to foster Emirati talent and enhance their representation in our workforce. Our Emiratization objectives are rooted in our belief that a diverse and inclusive workforce, including a strong representation of Emirati nationals, strengthens our organization.

**Financial Outlook:**

Looking ahead, the financial outlook for the upcoming fiscal year is optimistic. Despite the evolving economic landscape, our strategic initiatives are poised to capitalize on emerging opportunities, ensuring sustained growth and profitability.

**Gratitude and Acknowledgments**

Before delving into the details,

we express our sincere gratitude to our dedicated employees, whose hard work and commitment have been the bedrock of our success, to our customers, whose loyalty motivates us to continuously innovate and improve, to all our business partners who have been instrumental in our journey throughout the year, to all our reinsurers who have been vital contributors to the success and resilience of Al Dhafra Insurance Company. Your expertise, commitment to excellence, and collaborative approach have significantly strengthened our risk management framework, to our shareholders, your trust is the cornerstone of our journey.



#### IV. Distribution of profit

The net profit before appropriation for the year of AED 47,495,047 achieved by the Company with the retained profit from the previous years amounted to a distributable income of AED 111,721,846. We recommend appropriation of the above profit as follows:

Details of Appropriation	AED
To be distributed as cash dividend	35,000,000
Board of Directors Remuneration	4,000,000
Staff Bonus	3,521,957
To be carried forwarded to the subsequent year	69,199,889

#### V. Recommendations of Board of Directors to Shareholders:

The Board of Directors is pleased to present the following recommendations to the Ordinary General Assembly of the Shareholders of the Company for their approval.

1. Listen to and approve the Board of Director's Report on the Company's activity and its financial position for the fiscal year ended 31/12/2023.
2. Listen to and approve the Auditor's Report for the fiscal year ended on 31/12/2023.
3. Discuss and approve the Company's balance sheet and profit and loss account for the fiscal year ended on 31/12/2023.
4. Consider the Board of Director's proposals concerning the distribution of profits by 35% of the nominal value of the share as a cash dividend of AED 35,000,000 at 0.35 fils per share.
5. Approve a proposal concerning the remuneration of the members of the Board of Director's.
6. Consider the Board of Director's proposals concerning the staff Bonus for the year 2023 for a total amount of AED 3,521,957/
7. Discharge the members of the Board of Directors for the fiscal year ended on 31/12/2023 or remove them and file a liability action against them, as the case may be.
8. Discharge the auditors for the fiscal year ended 31/12/2023 or remove them and file a liability action against them, as the case may be.
9. Appoint the auditors for the year 2024 and determine their fees.



#### IV. Conclusion:

In closing, the fiscal year 31<sup>st</sup> December 2023 has been a period of significant achievements and strategic advancements for Al Dhafra Insurance Company. As we reflect on the past year, we are pleased to note our strong financial performance, operational successes, and unwavering commitment to corporate governance and compliance.

The dedication of our employees, the trust of our shareholders, and the support of our customers have been pivotal in our journey. We extend our sincere gratitude to each member of the Al Dhafra Insurance Company family for their hard work, resilience, and contributions to our shared success.

We remain focused on market expansion, technological advancements, sustainability, and talent development. Our commitment to ethical governance, regulatory compliance, and transparent communication will guide us through the evolving business landscape.

As we navigate the future, we are confident in our ability to adapt, innovate, and thrive. The challenges that lie ahead are met with anticipation, and the opportunities are viewed as avenues for further success. We are excited about the journey that awaits us and are committed to delivering sustained value to our stakeholders.

On behalf of the Board of Directors, I express our gratitude to our shareholders for their trust, our customers for their loyalty, and our employees for their dedication. Together, we look forward to shaping a future that reflects the resilience and vision of Al Dhafra Insurance Company.

On Behalf of the Board of Directors

Chairman of the Board



## **Independent Auditor’s Report To the Shareholders of Al Dhafra Insurance Company P.S.C.**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Al Dhafra Insurance Company P.S.C. (the “Company”), which comprise the statement of financial position as at 31 December 2023 and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements together with the other ethical requirements that are relevant to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Company for the year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Independent Auditor's Report  
To the Shareholders of Al Dhafra Insurance Company P.S.C.**

**Report on the Audit of the Financial Statements (continued)**

**Key Audit Matters (continued)**

Key Audit Matter	How our audit addressed the key audit matter
<b>Valuation of (Re)Insurance Contract Assets and Liabilities</b>	
<p>Valuation of (Re)Insurance contract assets and liabilities involves significant judgements and estimates particularly with respect to the estimation of the present value of future cash flows, eligibility of the premium allocation approach (PAA) and estimation of the liabilities for incurred claims.</p> <p>These cash flows primarily include determination of expected premium receipts, expected ultimate cost of claims and allocation of insurance acquisition cash flows which are within the contract boundaries.</p> <p>The calculation for these liabilities includes significant estimation and involvement of actuarial experts in order to ensure appropriateness of methodology, assumptions and data used to determine the estimated future cash flows and the appropriateness of the discount rates used to determine the present value of these cashflows.</p>	<p>We performed the following procedures in conjunction with our actuarial specialists:</p> <ul style="list-style-type: none"> <li>- Understanding and evaluating the process, the design and implementation of controls in place to determine valuation of (Re)Insurance contract assets and liabilities.</li> <li>- Assessment of the competence, capabilities and objectivity of the management appointed actuary.</li> <li>- Tested the completeness, and on sample basis, the accuracy and relevance of data used to determine future cashflows.</li> <li>- Evaluated and assessed the recoverability of Insurance receivables.</li> <li>- Evaluated the appropriateness of the methodology, significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows. This included consideration of the reasonableness of assumptions against actual historical experience and the appropriateness of any judgments applied.</li> <li>- We independently reperformed the calculation to assess the mathematical accuracy of the (Re)Insurance contract assets and liabilities on selected classes of business, particularly focusing on largest and most uncertain reserves.</li> </ul>

**Independent Auditor's Report  
To the Shareholders of Al Dhafra Insurance Company P.S.C.**

**Report on the Audit of the Financial Statements (continued)**

**Key Audit Matters (continued)**

Key audit matter	How our audit addressed the key audit matter
<b>Disclosure of impact of adopting IFRS 17</b>	
<p>We determined the disclosure of the impact of adopting IFRS 17 to be a key audit matter because of the significant changes introduced by the standard, which includes significant estimates and judgements, and because the impacts will be of particular importance to the readers of these financial statements.</p> <p>In particular, we have focused on the following key judgements that management have taken on implementing IFRS 17:</p> <ul style="list-style-type: none"> <li>- The determination of the transition approach adopted for each group of insurance contracts;</li> <li>- The methodology adopted and key assumptions used to determine the impact and restatement of previously reported numbers in accordance with IFRS 17.</li> <li>- Disclosure of the impact of restatement, in accordance with IFRS 17.</li> </ul>	<p>Our audit procedures, among others, include:</p> <ul style="list-style-type: none"> <li>- Assessing whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17;</li> <li>- Using our actuarial specialist team members, evaluated the appropriateness of the methodology used to determine discount rates as at the transition date;</li> <li>- Evaluating the appropriateness of significant assumptions including risk adjustment, PAA eligibility assessment, discount rates and expenses included within the fulfilment cashflows;</li> <li>- Evaluation of the completeness, and on sample basis, the accuracy and relevance of the data used to determine the impact of IFRS 17 adoption and restatement;</li> <li>- Evaluated the reasonableness of the quantitative and qualitative disclosures included in the financial statements in accordance with IFRS 17.</li> </ul>

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Independent Auditor's Report  
To the Shareholders of Al Dhafra Insurance Company P.S.C.**

**Report on the Audit the Financial Statements (continued)**

**Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. 32 of 2021 and Federal Law No 48 of 2023 (previously Federal Law No.6 of 2007, as amended) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

**Independent Auditor's Report  
To the Shareholders of Al Dhafra Insurance Company P.S.C.**

**Report on the Audit the Financial Statements (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

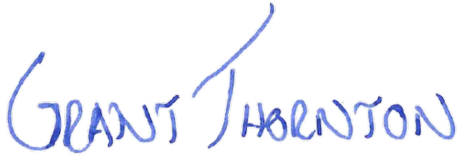
As required by the UAE Federal Decree Law No. 32 of 2021, we report that:

- i) We have obtained all the information and explanations we considered necessary for the purposes of our audit;
- ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;
- iii) The Company has maintained proper books of account;
- iv) The financial information included in the Board of Directors' Report, in so far as it relates to these financial statements, is consistent with the books of account of the Company;
- v) Notes 8 and 9 to the financial statements disclose purchase of securities by the Company during the year ended 31 December 2023;
- vi) Note 13 to the financial statements discloses material related party transactions, and the terms under which they were conducted; and

**Independent Auditor's Report****To the Shareholders of Al Dhafra Insurance Company P.S.C.****Report on the Audit the Financial Statements (continued)****Report on Other Legal and Regulatory Requirements (continued)**

- vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2023 any of the applicable provisions of the Federal Law No. 32 of 2021, or in respect of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2023.
  
- viii) The Company has not made any social contributions during the year ended 31 December 2023.

Further, as required by the Federal Law No 48 of 2023 (previously Federal Law No.6 of 2007, as amended), we report that we have obtained all the information and explanation we considered necessary for the purpose of our audit.

**GRANT THORNTON****Dr. Osama El Bakry****Registration No: 935****Abu Dhabi, United Arab Emirates****Date: 13 February 2024**

**Al Dhafra Insurance Company P.S.C.  
Financial Statements**

**Statement of financial position  
For the year ended 31 December 2023**

		31 December 2023 AED	<i>Restated</i> 31 December 2022 AED	<i>Restated</i> 31 December 2021 AED
<b>ASSETS</b>				
Property and equipment	3	796,119	831,555	1,270,692
Intangible assets	4	3,356,823	3,232,583	3,287,444
Right-of-use assets	5	5,759,263	6,698,531	4,305,866
Investment properties	6	70,012,225	70,012,225	65,812,225
Statutory deposit	7	9,980,000	9,980,000	9,980,000
Investments carried at fair value through other comprehensive income	8	246,026,664	240,956,595	245,695,433
Investments carried at fair value through profit and loss	9	124,002,913	116,532,321	103,340,654
Insurance contract assets	11	53,608,521	30,449,506	87,649,858
Reinsurance contract assets	11	583,999,781	319,370,500	287,689,443
Prepayments and other receivables	10	7,878,849	4,736,844	5,974,491
Deposits	12	183,932,075	176,988,081	165,330,125
Cash and cash equivalents	12	25,226,125	24,543,655	49,090,158
<b>TOTAL ASSETS</b>		<b>1,314,579,358</b>	1,004,332,396	1,029,426,389
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	14	100,000,000	100,000,000	100,000,000
Legal reserve	15	50,000,000	50,000,000	50,000,000
General reserve	15	145,000,000	145,000,000	145,000,000
Investment revaluation reserve	15	58,548,665	49,703,235	54,442,073
Reinsurance reserve	15	4,723,303	3,488,946	2,260,256
Retained earnings		105,529,846	95,201,401	108,468,245
<b>TOTAL EQUITY</b>		<b>463,801,814</b>	443,393,582	460,170,574
<b>LIABILITIES</b>				
Provision for employees' end of service benefits	16	7,655,079	7,293,748	8,456,579
Lease liabilities	5	5,939,744	6,538,945	4,015,012
Insurance contract liabilities	11	773,955,713	500,693,111	506,689,581
Reinsurance contract liabilities	11	47,796,208	22,516,538	26,481,030
Other payables	17	15,430,800	23,896,472	23,613,613
<b>TOTAL LIABILITIES</b>		<b>850,777,544</b>	560,938,814	569,255,815
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,314,579,358</b>	1,004,332,396	1,029,426,389

These financial statements were approved by the Board of Directors on 13 February 2024 and signed on their behalf by:

Assistant General Manager



General Manager

Board member

The accompanying notes from 1 to 29 form an integral part of these financial statements.

**Al Dhafra Insurance Company P.S.C.  
Financial Statements**

**Statement of profit or loss  
For the year ended 31 December 2023**

	Notes	2023 AED	Restated 2022 AED
Insurance revenue	11	320,617,883	319,562,296
Insurance service expenses	21	(501,772,483)	(328,415,577)
<b>Insurance service result before reinsurance contracts held</b>		<b>(181,154,600)</b>	<b>(8,853,281)</b>
Allocation of reinsurance premiums		(247,708,191)	(238,026,470)
Amounts recoverable from reinsurance for incurred claims	21	423,708,417	243,260,839
<b>Net income from reinsurance contracts held</b>		<b>176,000,226</b>	<b>5,234,369</b>
<b>Insurance service result</b>		<b>(5,154,374)</b>	<b>(3,618,912)</b>
Income from investments	20	40,884,050	16,858,654
Insurance finance (expense)/ income from reinsurance contracts held	22	(16,528,601)	2,403,404
Reinsurance finance income/(expense) from reinsurance contracts held	22	13,706,705	(1,429,479)
<b>Net insurance and investment results</b>		<b>32,907,780</b>	<b>14,213,667</b>
Other operating income		8,786,456	8,899,013
Other finance costs		(391,189)	(150,834)
<b>PROFIT FOR THE YEAR</b>		<b>41,303,047</b>	<b>22,961,846</b>
Basic and diluted earnings per share	19	0.41	0.23

The accompanying notes from 1 to 29 form an integral part of these financial statements.



**Al Dhafra Insurance Company P.S.C.  
Financial Statements**

**Statement of comprehensive income  
For the year ended 31 December 2023**

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	Note	2023 AED	2022 AED
<b>Profit for the year</b>		<b>41,303,047</b>	22,961,846
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to profit or loss:			
Change in fair value relating to investments carried at fair value through other comprehensive income	8	<u>8,845,430</u>	<u>(4,738,838)</u>
<b>Other comprehensive income / (loss) for the year</b>		<u>8,845,430</u>	<u>(4,738,838)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>50,148,477</b></u>	<u>18,223,008</u>

The accompanying notes from 1 to 29 form an integral part of these financial statements.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Statement of changes in equity**  
**For the year ended 31 December 2023**

	Share capital AED	Legal reserve AED	General reserve AED	Investment revaluation reserve AED	Reinsurance reserve AED	Retained earnings AED	Total equity AED
Balance as at 31 December 2021	100,000,000	50,000,000	145,000,000	54,442,073	2,260,256	111,398,148	463,100,477
Adjustment on initial application of IFRS 17	-	-	-	-	-	(2,929,903)	(2,929,903)
Balance as at 1 January 2022- <i>Restated</i>	100,000,000	50,000,000	145,000,000	54,442,073	2,260,256	108,468,245	460,170,574
Net profit for the year	-	-	-	-	-	22,961,846	22,961,846
Other comprehensive loss for the year	-	-	-	(4,738,838)	-	-	(4,738,838)
Total comprehensive income for the year	-	-	-	(4,738,838)	-	22,961,846	18,223,008
Dividends declared and paid (note 14)	-	-	-	-	-	(35,000,000)	(35,000,000)
Transfer to reinsurance reserve	-	-	-	-	1,228,690	(1,228,690)	-
Balance as at 31 December 2022 - <i>Restated</i>	100,000,000	50,000,000	145,000,000	49,703,235	3,488,946	95,201,401	443,393,582
Balance as at 1 January 2023 - <i>Restated</i>	100,000,000	50,000,000	145,000,000	49,703,235	3,488,946	95,201,401	443,393,582
Net profit for the year	-	-	-	-	-	41,303,047	41,303,047
Other comprehensive income for the year	-	-	-	8,845,430	-	-	8,845,430
Total comprehensive income for the year	-	-	-	8,845,430	-	41,303,047	50,148,477
Dividends declared and paid (note 14)	-	-	-	-	-	(30,000,000)	(30,000,000)
Transfer to reinsurance reserve	-	-	-	-	1,234,357	(1,234,357)	-
Transfer to retained earnings on disposal of investments at FVTOCI	-	-	-	-	-	259,755	259,755
<b>Balance as at 31 December 2023</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>145,000,000</b>	<b>58,548,665</b>	<b>4,723,303</b>	<b>105,529,846</b>	<b>463,801,814</b>

The accompanying notes from 1 to 29 form an integral part of these financial statements

**Al Dhafra Insurance Company P.S.C.  
Financial Statements**

**Statement of cashflows  
For the year ended 31 December 2023**

		31 December 2023	31 December 2022 Restated
	Notes	AED	AED
<b>OPERATING ACTIVITIES</b>			
Profit for the period		41,303,047	22,961,846
Adjustments for:			
Change in fair value of investments carried at fair value through profit or loss	9	(17,335,346)	1,061,868
Realised gain on disposal of investments carried at fair value through profit or loss	20	(4,130,668)	(1,225,572)
Change in the fair value of investment properties		-	(2,100,000)
Provision for employees' end of service benefits	16	534,712	526,551
Depreciation of property and equipment and right-of-use asset		1,425,294	1,819,388
Amortisation of intangible assets	4	1,156,127	996,862
Gain on disposal of property and equipment		(2,700)	229,462
Finance cost		391,189	150,834
Dividend income	20	(9,966,004)	(10,236,700)
Interest income	20	(8,724,127)	(5,724,655)
<b>Cash flows from operating activities</b>		<b>4,651,524</b>	<b>8,459,884</b>
Working capital changes:			
Changes in prepayments and other receivables		(1,300,219)	1,661,457
Changes in insurance and reinsurance contracts assets/liabilities		10,753,975	15,558,333
Change in other payables		(8,465,670)	282,859
Cash generated from operations		5,639,610	25,962,533
Employees' end of service benefits paid	16	(173,381)	(1,303,559)
<b>Net cash generated from operating activities</b>		<b>5,466,229</b>	<b>24,658,974</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	3	(450,590)	(262,335)
Purchase of intangible assets	4	(1,280,367)	(1,051,456)
Purchase of investments at FVTPL	9	(6,300,996)	(47,342,124)
Proceeds from disposal of FVTPL investments		20,296,418	34,314,161
Additions to investment properties		-	(2,100,000)
Proceeds from disposal of investments at FVTOCI		4,035,116	-
Proceeds from disposal of property and equipment		2,700	(114,686)
Movement in Term deposits		(6,943,994)	(11,657,956)
Dividends received	20	9,966,004	10,236,700
Interest received		6,882,340	4,915,021
<b>Net cash generated from investing activities</b>		<b>26,206,631</b>	<b>(13,062,675)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid	14	(30,000,000)	(35,000,000)
Payment of lease liabilities		(990,390)	(1,142,802)
<b>Net cash used in financing activities</b>		<b>(30,990,390)</b>	<b>(36,142,802)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>682,470</b>	<b>(24,546,503)</b>
Cash and cash equivalents at the beginning of the period		24,543,655	49,090,158
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	12	<b>25,226,125</b>	<b>24,543,655</b>

The accompanying notes from 1 to 29 form an integral part of these financial statements.

# Al Dhafra Insurance Company P.S.C. Financial Statements

## Notes to the financial statements For the year ended 31 December 2023

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### **1 Legal status and principal activities**

Al Dhafra Insurance Company P.S.C. (the “Company”), is a public shareholding company incorporated in Abu Dhabi by an Amiri Decree No. 8 of 1979. The Company is engaged in insurance of all classes of business with the exception of endowments and annuities. The Company is domiciled in the United Arab Emirates and its registered office address is P.O. Box 319, Abu Dhabi, United Arab Emirates.

During the year, Federal Law No. 48 of 2023 has been issued with effective date of 30 November 2023, repealing Federal Law No. 6 of 2007. In accordance with Article 112 of the Federal Law No. 48 of 2023, the Company has 6 months from this date of effect to apply the provisions of new Law.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was published in the official gazette on 10 October 2022 and became effective on 25 October 2022. The Corporate Tax law will apply to taxable persons for financial years beginning on or after 1 June 2023. For the Company, Corporate Tax will apply from 1 January 2024. A rate of 9% will apply to taxable income exceeding AED 375,000. A rate of 0% will apply to taxable income not exceeding this threshold. The Company engaged a consultant to assist with assessing the impact of Corporate Tax. The Company has also assessed the deferred tax implications for the year ended 31 December 2023 and, after considering its interpretations of applicable tax law, official pronouncements, cabinet decisions and ministerial decisions (especially with regard to transition rules), it has been concluded that it is not material.

The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange.

### **2 General information**

#### **2.1 Basis of preparation**

The financial statements are prepared on an accrual basis under the historical cost convention except for investment properties and certain financial instruments that are measured at fair values as at the end of each reporting date.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and applicable requirements of the Federal Decree Law No. 32 of 2021 (“Companies Law”), relating to commercial companies and United Arab Emirates (UAE) Federal Law No. (48) of 2023 (previously Federal Law No. 6 of 2007, as amended) concerning Financial Regulations for Insurance Companies issued by the Central Bank of the UAE (“CBUAE”) and regulation of its operations.

The financial statements are presented in United Arab Emirates Dirhams (AED) being the functional and presentational currency of the Company.

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement of assets and liabilities within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in note 24.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.2 Standards, interpretations and amendments to existing standards**

**Standards, interpretations and amendments to existing standards that are effective in 2023**

The following relevant standards, interpretations and amendments to existing standards were issued by the IASB:

<b>Standard number</b>	<b>Title</b>	<b>Effective date</b>
IAS 1	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
IAS 8	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction – Amendments to IAS 12	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

These standards have been adopted by the Company and did not have a material impact on these financial statements, except for the adoption of “IFRS 17 Insurance contracts”.

**Standards and interpretations in issue but not yet effective and has not been adopted early by the Company**

The impact of the new standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

<b>Standard number</b>	<b>Title</b>	<b>Effective date</b>
IAS 1	Amendment to IAS 1 – Non-current liabilities with covenants	1 January 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024

**2.3 Significant accounting policies**

**IFRS 17 Insurance Contracts**

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Company’s estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information applying the transitional provisions to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

**Al Dhafra Insurance Company P.S.C.  
Financial Statements**

**Notes to the financial statements (continued)  
For the year ended 31 December 2023**

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**2 General information (continued)**

**2.3 Significant accounting policies (continued)**

Standards, interpretations and amendments to existing standards – Impact of new IFRS (continued)

**IFRS 17 Insurance Contracts (continued)**

**Changes to classification and measurement**

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The Company applies the PAA to simplify the measurement of all of its insurance and reinsurance contracts. When measuring liabilities for remaining coverage, the PAA is similar to the Company's previous accounting treatment. However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ("deferred acquisition costs") until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**IFRS 17 Insurance Contracts (continued)**

**Changes to classification and measurement (continued)**

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred acquisition expenses and fewer amounts recognised in revenue for insurance services provided;
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of coverage are more than 12 months apart;
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision); and
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk.

The Company expenses all of its insurance acquisition cash flows upon payment. No separate asset is recognized for deferred acquisition costs. Instead, qualifying insurance acquisition cash flows are subsumed into the insurance liability for remaining coverage.

**Changes to presentation and disclosure**

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Groups of insurance and reinsurance contracts issued that are assets;
- Groups of insurance and reinsurance contracts issued that are liabilities;
- Groups of reinsurance contracts held that are assets; and
- Groups of reinsurance contracts held that are liabilities.

The groups referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**IFRS 17 Insurance Contracts (continued)**

**Changes to presentation and disclosure (continued)**

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

**Transition**

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a modified retrospective approach to the extent practicable. Under the modified retrospective approach, at 1 January 2022 the Company:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some deferred acquisition costs for insurance contracts, intangible assets related to insurance contracts (previously referred to as 'value of business acquired'), insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts; and
- recognised any resulting net difference in equity.

The Company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item and EPS. The effects of adopting IFRS 17 on the financial statement at 1 January 2021 are presented in the statement of changes in equity.

**Insurance and reinsurance contracts classification**

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

**Insurance and reinsurance contracts accounting treatment**

**Separating components from insurance and reinsurance contracts**

The Company assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.



**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**IFRS 17 Insurance Contracts (continued)**

**Insurance and reinsurance contracts accounting treatment (continued)**

**Separating components from insurance and reinsurance contracts (continued)**

Some reinsurance contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contracts and are, therefore, non-distinct investment components that are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

**Level of aggregation**

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also notes that no group for the level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law, regulation or internal policies specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics. The Company applied a modified retrospective approach for transition to IFRS 17. The portfolios are further divided into groups of contracts by quarter of issue and profitability for recognition and measurement purposes. Hence, within each quarter of the issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by profitability committee that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**IFRS 17 Insurance Contracts (continued)**

**Insurance and reinsurance contracts accounting treatment (continued)**

**Level of aggregation (continued)**

The Company has a Profitability Assessment Committee that meets at regular intervals to determine the profitability groupings of each portfolio of contracts. The committee acts as a forum to collect input from the pricing and underwriting functions and assess the relevant facts and circumstances which indicate that groups of contracts are onerous at initial recognition.

Below are some of the relevant facts and circumstances that the Company considers:

- Evaluation of expected ratios;
- Pricing information;
- Results of similar contracts it has recognized; and
- Environment factors, e.g., a change in market experience or regulations.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

**Recognition**

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date;
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous the Company recognises a group of reinsurance contracts held;
- If the reinsurance contracts provide proportionate coverage at the later of the beginning of the coverage period of the group, or the initial recognition of any underlying contract; and
- In all other cases, from the beginning of the coverage period of the group, the Company adds new contracts to the group when they are issued or initiated.

**Contract boundary**

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**IFRS 17 Insurance Contracts (continued)**

**Insurance and reinsurance contracts accounting treatment (continued)**

**Contract boundary (continued)**

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

**Measurement - Premium Allocation Approach**

**Insurance contracts – initial measurement**

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including coverage arising from all premiums within the contract boundary.

Or

For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfillment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfillment cash flows increases with:

- The extent of future cash flows related to any derivatives embedded in the contracts.
- The length of the coverage period of the group of contracts.

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as the premiums, if any, received at initial recognition, minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed, plus or minus any amount arising from the derecognition at that date of the asset or liability recognised for insurance acquisition cash flows that the Company pays or receives before the group of insurance contracts is recognised. There is no allowance for time value of money as the premiums are mostly received within one year of the coverage period.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**IFRS 17 Insurance Contracts (continued)**

**Insurance and reinsurance contracts accounting treatment (continued)**

**Insurance contracts – initial measurement (continued)**

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues, however, adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

**Insurance contracts – subsequent measurement**

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period;
- Minus capitalised insurance acquisition cash flows;
- Plus any amounts relating to the amortisation of the acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the coverage period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the entity, and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred. Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through insurance revenue).

**Reinsurance contracts**

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

**Insurance contracts – modification and derecognition**

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired);

or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**IFRS 17 Insurance Contracts (continued)**

**Insurance and reinsurance contracts accounting treatment (continued)**

**Reinsurance contracts (continued)**

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

**Presentation**The Company has presented separately, in the statement of financial position, the carrying amount of groups of insurance contracts issued that are assets, groups of insurance contracts issued that are liabilities, reinsurance contracts held that are assets and groups of reinsurance contracts held that are liabilities.

Any assets or liabilities for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts issued.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion which will be presented in insurance finance income or expenses and in insurance service result respectively.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

**Insurance revenue**

The insurance revenue for the year is the amount of expected premium receipts (excluding any investment component) allocated to the year. The Company allocates the expected premium receipts to each period of coverage on the basis of the passage of time; but if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

**Loss components**

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. If at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**IFRS 17 Insurance Contracts (continued)**

**Insurance and reinsurance contracts accounting treatment (continued)**

**Insurance finance income and expense**

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company does not disaggregate insurance finance income or expenses between profit or loss and OCI. The impact of all changes are reflected through profit or loss.

**Net income or expense from reinsurance contracts held**

The Company presents separately on the face of the statement of profit or loss the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

**Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments, cash and cash equivalents and insurance balances receivable)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

# Al Dhafra Insurance Company P.S.C.

## Financial Statements

### Notes to the financial statements (continued) For the year ended 31 December 2023

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#### **2.3 Significant accounting policies (continued)**

##### **Financial assets (continued)**

###### **Cash and cash equivalents**

Cash and cash equivalents which include cash on hand, cash at banks and deposits held at call with banks with original maturities of three months or less, are classified as financial assets at amortised cost.

###### **Financial assets at amortised cost**

The Company measures financial assets at amortised cost if both of the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

###### **Financial assets designated at fair value through OCI**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

###### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

###### **Financial assets at fair value through profit or loss (continued)**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of income when the right of payment has been established.

###### **Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on financial assets measured at amortised cost, lease receivables, insurance receivables, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continues)**

**Financial assets (continued)**

**Impairment of financial assets (continued)**

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For insurance receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 240 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Derecognition**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- a) There is a currently enforceable legal right to offset the recognised amounts; and
- b) There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**Fair value measurement**

The Company measures financial instruments, such as investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss and non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability



**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continues)**

**Fair value measurement (continued)**

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 25.

External valuers are involved for valuation of significant assets, such as investment properties. Selection criteria for valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

The management, in conjunction with the Company's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continues)**

**Fair value measurement (continued)**

**Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the assets' or cash-generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill is allocated. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

**Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**Leases (continued)**

**Finance cost**

Interest paid is recognised in the statement of income as it accrues and is calculated by using the effective interest rate method.

**Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	4 years
Motor vehicles	3 years
Computer equipment and accessories	5 years
Building	25 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

**Intangible assets**

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes purchase cost, together with any incidental expenses of acquisition. The amortisation charge is calculated so as to write off the cost of the intangible asset on a straight-line basis over the expected useful economic life of 6 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period with the effect of any changes in estimation accounted for on a prospective basis.

**Investment properties**

Investment properties are properties held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in operating income in the statement of income. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. The Company holds investment properties which are disclosed in note 6.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**Revenue - non insurance**

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

**Rental income**

Rental income from investment properties is recognised on a straight-line basis over the term of the lease and is stated net of related expenses.

**Interest income**

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

**Dividend income**

Dividend income is recognised when the right to receive dividend is established. Usually this is the ex-dividend date for equity securities.

**Investment income**

Interest income is recognised in the statement of income as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividends when the right to receive payment is established.

**Realised and unrealised gain**

Net gains/losses on financial assets classified at fair value through profit or loss and fair value through other comprehensive income are described under the accounting policy for financial assets and liabilities.

**Foreign currency**

Transactions denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to AED at the foreign exchange rates ruling at the statement of financial position date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to AED at the foreign exchange rate ruling at the date of the transaction. Realised and unrealised exchange gains and losses have been dealt with in the statement of income.

**Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows, at a pre-tax rate, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Al Dhafra Insurance Company P.S.C.  
Financial Statements**

**Notes to the financial statements (continued)  
For the year ended 31 December 2023**

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**2.3 Significant accounting policies (continued)**

**Employees' end of service benefits**

**Defined benefit plan**

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

**Defined contribution plan**

The Company pays its obligations for UAE citizens into a Social Security and UAE Pension Fund in accordance with the Federal Law No. (7) of 1999 for Pension and Social Security.

**Dividend**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

**2.4 Significant accounting judgements and estimates**

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the financial statements.

**Insurance and reinsurance contracts**

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

**Liability for remaining coverage**

For insurance acquisition cash flows, the Company is eligible and chooses to recognise the payments as an expense immediately (coverage period of a year or less) for all acquisition cashflows except for commission expense which is capitalised.

The effect of recognising insurance acquisition cash flows as an expense on initial recognition of group of insurance contracts is to increase the liability for remaining coverage on initial recognition and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on initial recognition, due to expensing acquisition cash flows, offset by an increase in profit released over the coverage period. For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows.

**Al Dhafra Insurance Company P.S.C.  
Financial Statements**

**Notes to the financial statements (continued)  
For the year ended 31 December 2023**

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**2.4 Significant accounting judgements and estimates (continued)**

**Judgements (continued)**

**Liability for incurred claims**

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

**Discount rates**

The Company use bottom-up approach to derive the discount rate. Under this approach, the discount rate is determined as the risk-free yield, adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an 'illiquidity premium'). The risk-free rate was derived using swap rates available in the market denominated in the same currency as the product being measured. When swap rates are not available, highly liquid sovereign bonds with a AAA credit rating were used. Management uses judgment to assess liquidity characteristics of the liability cash flows.

Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 years		5 years		10 years	
	2023	2022	2023	2022	2023	2022	2023	2022
Insurance issued								
AED	5%	5%	5%	5%	5%	5%	5%	5%
Reinsurance contracts held								
AED	5%	5%	5%	5%	5%	5%	5%	5%

# Al Dhafra Insurance Company P.S.C.

## Financial Statements

### Notes to the financial statements (continued) For the year ended 31 December 2023

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#### **2.4 Significant accounting judgements and estimates (continued)**

##### **Judgements (continued)**

###### **Risk adjustment for non-financial risk**

The Company use Mack method or bootstrapping to determine its risk adjustment for non-financial risk. The bootstrap effectively allows the Company to measure the uncertainty about the amount and timing of the cash flows that arise from non-financial risk since bootstrapping the triangles aims to illustrate the variability of the paid claims.

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 70th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 70th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

###### **Fair value of financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

###### **Estimation of fair value of investment properties**

The fair value of investment properties is determined by independent real estate valuation consultants based on Discounted Cash Flow (DCF) and Investment Method of Valuation. The Investment method analyses potential rental income from the property and deducts the expenses incurred in the operation of the asset. The net rental income is then capitalised at market standards to arrive at fair value.

###### **Expected credit losses**

Management reviews the provision for expected credit losses (ECL) at each reporting date by assessing the recoverability of insurance and reinsurance receivables. For non-insurance receivables the recoverability is assessed, and expected credit losses are created in compliance with the simplified approach under the IFRS 9 methodology.



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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**3 Property and equipment**

	Furniture and fittings AED	Motor vehicles AED	Computer equipment and accessories AED	Total AED
<b>Cost</b>				
At 1 January 2022	2,850,769	1,401,433	3,444,888	7,697,090
Additions during the year	101,551	100,000	60,784	262,335
Disposals during the year	(144,220)	-	(345,550)	(489,770)
At 31 December 2022	2,808,100	1,501,433	3,160,122	7,469,655
Additions during the year	54,284	-	396,306	450,590
Disposals during the year	(83,435)	-	(392,259)	(475,694)
<b>At 31 December 2023</b>	<b>2,778,949</b>	<b>1,501,433</b>	<b>3,164,169</b>	<b>7,444,551</b>
<b>Accumulated depreciation</b>				
At 1 January 2022	2,763,182	1,232,664	2,430,552	6,426,398
Charge for the year	147,253	198,198	350,700	696,151
Disposals during the year	(141,422)	-	(343,027)	(484,449)
At 31 December 2022	2,769,013	1,430,862	2,438,225	6,638,100
Charge for the year	88,072	33,330	364,624	486,026
Disposals during the year	(83,435)	-	(392,259)	(475,694)
<b>At 31 December 2023</b>	<b>2,773,650</b>	<b>1,464,192</b>	<b>2,410,590</b>	<b>6,648,432</b>
<b>Carrying amount</b>				
<b>As at 31 December 2023</b>	<b>5,299</b>	<b>37,241</b>	<b>753,579</b>	<b>796,11</b>
As at 31 December 2022	39,087	70,571	721,897	831,551

**Al Dhafra Insurance Company P.S.C.**  
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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**4 Intangible assets**

	<b>Computer software</b>
	<b>AED</b>
<b>Cost</b>	
Balance at 1 January 2023	7,832,441
Additions	1,280,367
Disposal	(1,010,750)
Balance at 31 December 2023	<u>8,102,058</u>
<b>Accumulated amortization</b>	
Balance at 1 January 2023	4,599,858
Amortization for the year	1,156,127
Disposal	(1,010,750)
Balance at 31 December 2023	<u>4,745,235</u>
<b>Carrying amount</b>	<u><u>3,356,823</u></u>
<b>Cost</b>	
Balance at 1 January 2022	10,153,932
Additions and transfers	1,051,456
Disposal	(3,372,947)
Balance at 31 December 2022	<u>7,832,441</u>
<b>Accumulated amortization</b>	
Balance at 1 January 2022	6,866,488
Amortization for the year	996,862
Disposal	(3,263,492)
Balance at 31 December 2022	<u>4,599,858</u>
<b>Carrying amount</b>	<u><u>3,232,583</u></u>

**5 Leases**

The carrying amounts of the Company's right-of-use assets is as follows:

	<b>2023</b>	<b>2022</b>
	<b>AED</b>	<b>AED</b>
<b>Cost</b>		
Balance at 1 January	11,020,757	7,504,855
Adjustment for revised lease term	-	3,515,902
Balance at 31 December	<u>11,020,757</u>	<u>11,020,757</u>
<b>Accumulated depreciation</b>		
Balance at 1 January	4,322,226	3,198,989
Depreciation for the year	939,268	1,123,237
Balance at 31 December	<u>5,261,494</u>	<u>4,322,226</u>
<b>Carrying amount</b>	<u><u>5,759,263</u></u>	<u><u>6,698,531</u></u>

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**5 Leases (continued)**

Lease liabilities are as follows:

	2023	2022
	AED	AED
Within one year	847,420	1,188,053
One to ten years	5,092,324	5,350,892
	<u>5,939,744</u>	<u>6,538,945</u>

**6 Investment Properties**

	Abu Dhabi land and building AED	Al Ain land and building AED	Total AED
Balance at 1 January 2022	55,089,680	10,722,545	65,812,225
Additions	2,100,000	-	2,100,000
Change in fair value	2,100,000	-	2,100,000
At 31 December 2022	<u>59,289,680</u>	<u>10,722,545</u>	<u>70,012,225</u>
Balance at 1 January 2023	<b>59,289,680</b>	<b>10,722,545</b>	<b>70,012,225</b>
Additions	-	-	-
Change in fair value	-	-	-
At 31 December 2023	<u>59,289,680</u>	<u>10,722,545</u>	<u>70,012,225</u>

The plots of land in Abu Dhabi and Al Ain on which investment properties are constructed were awarded to the Company free of cost by the Executive Council of the Government of Abu Dhabi on 21 June 1981 and 27 August 1983, respectively.

The fair value of the Company's investment properties as at 31 December 2023 and 2022 has been arrived by management by reference to valuation carried out on the respective dates by an independent valuer not related to the Company. The independent valuer has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The fair value of investment properties is determined using market-based approach and discounted cash flow (DCF) model.

Market based approach considers recent market transactions for similar assets or quotes / bid prices for same or similar assets.

DCF considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms. factors specific to the respective properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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**Notes to the financial statements (continued)**  
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**6 Investment properties (continued)**

The following table shows the analysis of assets recorded at fair value by level of the fair value hierarchy for the year ended 31 December:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>31 December 2023</b>				
Investment properties	-	-	70,012,225	70,012,225
<b>31 December 2022</b>				
Investment properties	-	-	70,012,225	70,012,225

There were no transfers between Level 1, Level 2 and Level 3 during current and previous year.

Following is the summary of valuation techniques and inputs used in the valuation of investment properties:

Property	Valuation technique	Significant unobservable inputs
Abu Dhabi and Al Ain buildings	Discounted cash flow (DCF)	<p>Estimated rental value per annum, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property, as follows:</p> <ul style="list-style-type: none"> <li>• Abu Dhabi property AED 4,815,000; and</li> <li>• Al Ain property AED 1,014,000.</li> </ul> <p>Discount rate, taking into consideration the risk premium between prime and sub-prime properties and the capacity to earn rentals, range from 7%.</p>

The Company earns rental income from its investment properties. The rental income and direct operating expenses arising on the investment properties are as follows:

	2023 AED	2022 AED
Rental income	2,608,330	2,664,963
Direct operating expenses	(692,514)	(677,526)
	<u>1,915,816</u>	<u>1,987,437</u>

There are no restrictions on the realisability of investment properties. The Company has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**7 Statutory deposits**

In accordance with the requirements of Federal Law No 48 of 2023 (previously Federal Law No.6 of 2007, as amended), concerning the formation of Insurance Authority of UAE, the Company maintains the below deposit which cannot be utilized without the consent of the Central Bank of the United Arab Emirates.

	2023 AED	2022 AED
Statutory deposit	10,000,000	10,000,000
Expected credit losses	(20,000)	(20,000)
	<u>9,980,000</u>	<u>9,980,000</u>

**8 Investments carried at fair value through other comprehensive income**

	2023 AED	2022 AED
Quoted UAE equity securities	<u>246,026,664</u>	<u>240,956,595</u>

The movement in the investments at fair value through other comprehensive income is as follows:

	2023 AED	2022 AED
Fair value at beginning of the year	240,956,595	245,695,433
Additions	-	-
Disposals	(3,775,361)	-
Change in fair value	8,845,430	(4,738,838)
Fair value at end of the year	<u>246,026,664</u>	<u>240,956,595</u>

**9 Investments carried at fair value through profit or loss**

	2023 AED	2022 AED
Managed funds (i)	79,511,873	65,384,332
Quoted UAE equity securities	34,283,128	40,399,926
Quoted debt securities (ii)	3,162,062	4,183,636
Unquoted equity security	7,045,850	6,564,427
	<u>124,002,913</u>	<u>116,532,321</u>

(i) It represents investment in equity and credit funds

(ii) Quoted debts securities carry interest at a rate ranging from 4.23% to 7.00% (2022: from 4.23% to 7.00%) per annum.

**Al Dhafra Insurance Company P.S.C.**  
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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**9 Investments carried at fair value through profit or loss (continued)**

The movement in investments at fair value through profit or loss is as follows:

	2023 AED	2022 AED
Fair value at beginning of the year	116,532,321	103,340,654
Additions	6,300,996	47,342,124
Disposals	(16,165,750)	(33,970,729)
Change in fair value (note 20)	17,335,346	(179,728)
Fair value at end of the year	<u>124,002,913</u>	<u>116,532,321</u>

**10 Prepayments and other receivables**

	2023 AED	2022 AED
Prepayments	1,092,263	1,117,184
Interest receivables	4,255,957	2,414,170
Other receivables	2,530,629	2,240,418
Reinsurance default risk	-	(1,034,928)
<b>Prepayments and other receivables</b>	<u>7,878,849</u>	<u>4,736,844</u>

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**11 Insurance and reinsurance contracts**

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

	2023			2022 ( <i>Restated</i> )		
	Assets AED	Liabilities AED	Net AED	Assets AED	Liabilities AED	Net AED
<b>Insurance contracts issued</b>						
Life and Medical	11,443,719	(40,541,190)	(29,097,471)	4,168,814	(31,695,950)	(27,527,136)
General and Motor	42,164,802	(733,414,523)	(691,249,721)	26,280,692	(468,997,161)	(442,716,469)
<b>Total insurance contracts issued</b>	<b>53,608,521</b>	<b>(773,955,713)</b>	<b>(720,347,192)</b>	<b>30,449,506</b>	<b>(500,693,111)</b>	<b>(470,243,605)</b>
<b>Reinsurance contracts held</b>						
Life and Medical	21,325,900	(104,408)	21,221,492	28,859,230	-	28,859,230
General and Motor	562,673,881	(47,691,800)	514,982,081	290,511,270	(22,516,538)	267,994,732
<b>Total reinsurance contracts held</b>	<b>583,999,781</b>	<b>(47,796,208)</b>	<b>536,203,573</b>	<b>319,370,500</b>	<b>(22,516,538)</b>	<b>296,853,962</b>

**Al Dhafra Insurance Company P.S.C.**  
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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**11 Insurance and reinsurance contracts (continued)**

**Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims**

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the table below:

	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	Total
	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED
Insurance contract liabilities as at 1 January	29,996,781	39,824,856	368,466,310	31,955,658	470,243,605
Insurance revenue	320,617,883	-	-	-	320,617,883
Insurance service expenses	(45,121,330)	(40,758,770)	(403,387,918)	(12,504,465)	(501,772,483)
Incurring claims and other expenses	-	-	(226,251,320)	-	(226,251,320)
Losses on onerous contracts and reversals	-	(40,758,770)	-	-	(40,758,770)
Changes to liabilities for incurred claims	-	-	(177,136,598)	(12,504,465)	(189,641,063)
Acquisition cashflows amortisation	(45,121,330)	-	-	-	(45,121,330)
<b>Insurance service result</b>	<b>275,496,553</b>	<b>(40,758,770)</b>	<b>(403,387,918)</b>	<b>(12,504,465)</b>	<b>(181,154,600)</b>
Insurance finance expense	-	-	(14,930,818)	(1,597,783)	(16,528,601)
<b>Total changes in the statement of comprehensive income</b>	<b>275,496,553</b>	<b>(40,758,770)</b>	<b>(418,318,736)</b>	<b>(14,102,248)</b>	<b>(197,683,201)</b>
<b>Cash flows</b>					
Premiums received	321,919,965	-	-	-	321,919,965
Claims and other expenses paid	-	-	(196,090,628)	-	(196,090,628)
Directly attributable expenses paid	-	-	(37,802,774)	-	(37,802,774)
Insurance acquisition cash flows	(35,606,177)	-	-	-	(35,606,177)
<b>Total cash flows</b>	<b>286,313,788</b>	<b>-</b>	<b>(233,893,402)</b>	<b>-</b>	<b>52,420,386</b>
<b>Net insurance contract liabilities as at 31 December</b>	<b>40,814,016</b>	<b>80,583,626</b>	<b>552,891,644</b>	<b>46,057,906</b>	<b>720,347,192</b>



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**Notes to the financial statements (continued)**  
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**11 Insurance and reinsurance contracts (continued)**

**Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)**

**Contracts measured under the PAA (continued)**

	Liabilities for remaining coverage		Liabilities for incurred claims		Total AED
	Excluding loss component AED	Loss component AED	Estimates of the present value of future AED	Risk adjustment AED	
2022 ( <i>restated</i> )					
Insurance contract liabilities as at 1 January	42,806,719	17,015,504	340,897,734	18,320,182	419,040,139
Insurance revenue	319,562,296	-	-	-	319,562,296
Insurance service expenses	(50,697,766)	(22,809,352)	(240,437,366)	(14,471,093)	(328,415,577)
Incurred claims and other expenses	-	-	(231,659,290)	-	(231,659,290)
Losses on onerous contracts and reversals	-	(22,809,352)	-	-	(22,809,352)
Changes to liabilities for incurred claims	-	-	(8,778,076)	(14,471,093)	(23,249,169)
Acquisition cashflows amortisation	(50,697,766)	-	-	-	(50,697,766)
Insurance service result	268,864,530	(22,809,352)	(240,437,366)	(14,471,093)	(8,853,281)
Insurance finance income	-	-	1,567,787	835,617	2,403,404
Total changes in the statement of comprehensive income	268,864,530	(22,809,352)	(238,869,579)	(13,635,476)	(6,449,877)
<i>Cash flows</i>					
Premiums received	302,370,154	-	-	-	302,370,154
Claims and other expenses paid	-	-	(173,340,647)	-	(173,340,647)
Directly attributable expenses paid	-	-	(37,960,356)	-	(37,960,356)
Insurance acquisition cash flows	(46,315,562)	-	-	-	(46,315,562)
Total cash flows	256,054,592	-	(211,301,003)	-	44,753,589
Net insurance contract liabilities as at 31 December	29,996,781	39,824,856	368,466,310	31,955,658	470,243,605

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Notes to the financial statements (continued)  
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**11 Insurance and reinsurance contracts (continued)**

**Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims:**

	Assets for remaining coverage		Amounts recoverable on incurred claims		Total Unaudited AED
	Excluding loss recovery component	Loss component	Estimates of the present value of future cash flows	Risk adjustment	
	Unaudited AED	Unaudited AED	Unaudited AED	Unaudited AED	
2023					
Reinsurance contract assets as at 1 January	14,553,408	28,991,300	247,900,478	27,925,314	319,370,500
Reinsurance contract liabilities as at 1 January	(20,824,855)	-	(1,630,023)	(61,660)	(22,516,538)
<b>Net reinsurance contract assets/(liabilities)</b>	<b>(6,271,447)</b>	<b>28,991,300</b>	<b>246,270,455</b>	<b>27,863,654</b>	<b>296,853,962</b>
<b>Allocation of reinsurance premiums</b>	<b>(247,708,191)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(247,708,191)</b>
<b>Amounts recoverable from reinsurers for incurred claims</b>	<b>48,123,054</b>	<b>38,764,911</b>	<b>323,329,893</b>	<b>13,490,559</b>	<b>423,708,417</b>
Amounts recoverable for incurred claims and other expenses	-	-	144,596,404	-	144,596,404
Loss-recovery on onerous underlying contracts and adjustments	-	38,764,911	-	-	38,764,911
Acquisition cashflows amortization	48,217,554	-	-	-	48,217,554
Changes to amounts recoverable for incurred claims	-	-	178,733,489	13,490,559	192,224,048
Changes in non-performance risk of reinsurer	(94,500)	-	-	-	(94,500)
<b>Net income or expense from reinsurance contracts held</b>	<b>(199,585,137)</b>	<b>38,764,911</b>	<b>323,329,893</b>	<b>13,490,559</b>	<b>176,000,226</b>
Reinsurance finance income	-	-	12,313,522	1,393,183	13,706,705
<b>Total changes in the statement of comprehensive income</b>	<b>(199,585,137)</b>	<b>38,764,911</b>	<b>335,643,415</b>	<b>14,883,742</b>	<b>189,706,931</b>
<b>Cash flows</b>					
Premiums paid	259,864,119	-	-	-	259,864,119
Amount received	-	-	(144,596,403)	-	(144,596,403)
Insurance acquisition cash flows	(65,625,036)	-	-	-	(65,625,036)
<b>Total cash flows</b>	<b>194,239,083</b>	<b>-</b>	<b>(144,596,403)</b>	<b>-</b>	<b>49,642,680</b>
<b>Net reinsurance contract assets/(liabilities) as at 31 December</b>	<b>(11,617,501)</b>	<b>67,756,211</b>	<b>437,317,467</b>	<b>42,747,396</b>	<b>536,203,573</b>
<b>Reinsurance contract assets as at 31 December</b>	<b>34,961,886</b>	<b>67,558,749</b>	<b>438,641,861</b>	<b>42,837,285</b>	<b>583,999,781</b>
<b>Reinsurance contract liabilities as at 31 December</b>	<b>(46,579,387)</b>	<b>197,462</b>	<b>(1,324,394)</b>	<b>(89,889)</b>	<b>(47,796,208)</b>
<b>Net reinsurance contract assets/(liabilities) as at 31 December</b>	<b>(11,617,501)</b>	<b>67,756,211</b>	<b>437,317,467</b>	<b>42,747,396</b>	<b>536,203,573</b>

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**11 Insurance and reinsurance contracts (continued)**

**Roll-forward of net asset or liability for reinsurance contracts held showing the assets for remaining coverage and the amounts recoverable on incurred claims (continued)**

2022 (Restated)

	Assets for remaining coverage		Amounts recoverable on incurred claims		
	Excluding loss recovery component Unaudited AED	Loss component Unaudited AED	Estimates of the present value of future cash flows		Total Unaudited AED
			Unaudited AED	Risk adjustment Unaudited AED	
Reinsurance contract assets as at 1 January	19,084,121	11,993,136	240,834,827	15,777,774	287,689,858
Reinsurance contract liabilities as at 1 January	(26,481,030)	-	-	-	(26,481,030)
Net reinsurance contract assets/(liabilities)	(7,396,909)	11,993,136	240,834,827	15,777,774	261,208,828
An allocation of reinsurance premiums	(238,026,470)	-	-	-	(238,026,470)
Amounts recoverable from reinsurers for incurred claims	54,068,304	16,998,165	159,408,680	12,785,690	243,260,839
Amounts recoverable for incurred claims and other expenses	54,068,304	-	153,273,591	-	207,341,895
Loss-recovery on onerous underlying contracts and adjustments	-	16,998,165	6,135,089	12,785,690	35,918,944
Changes to amounts recoverable for incurred claims	-	-	-	-	-
Net income or expense from reinsurance contracts held	(183,958,166)	16,998,165	159,408,680	12,785,690	5,234,369
Reinsurance finance income	30,208	-	699,461	699,810	1,429,479
Total changes in the statement of comprehensive income	(183,988,374)	16,998,165	158,709,219	12,085,880	3,804,890
Cash flows					
Premiums paid	243,024,142	-	-	-	243,024,142
Amount received	(57,910,307)	-	(153,273,591)	-	(211,183,898)
Total cash flows	185,113,835	-	(153,273,591)	-	31,840,244
Net reinsurance contract assets/(liabilities) as at 31 December	6,271,448	(28,991,301)	(246,270,455)	(27,863,654)	(296,853,962)
Reinsurance contract assets as at 31 December	14,553,408	28,991,301	247,900,478	27,925,313	319,370,500
Reinsurance contract liabilities as at 31 December	(20,824,856)	-	(1,630,023)	(61,659)	(22,516,538)
Net reinsurance contract assets/(liabilities) as at 31 December	(6,271,448)	28,991,301	246,270,455	27,863,654	296,853,962

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**11 Insurance and reinsurance contracts (continued)**

In addition to scenario testing, the development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of each table illustrates how the Company's estimate of liability for incurred claims for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position. The following tables illustrate the Company's estimate of total liability for incurred claims for the years up to 2023.

**Gross Insurance contract liabilities at 31 December 2023**

	2018 And Earlier	2019	2020	2021	2022	2023	Total
At the of the Accident Year	1,637,426,185	194,416,256	188,395,449	215,627,803	257,723,042	427,384,531	<b>2,920,973,265</b>
One Year Later	1,595,133,833	173,456,931	168,014,090	194,333,287	238,831,525	-	<b>2,369,769,666</b>
Two Year Later	1,563,324,106	192,620,777	161,289,454	188,626,752	-	-	<b>2,105,861,089</b>
Three Year Later	1,560,816,996	169,345,375	141,406,143	-	-	-	<b>1,871,568,514</b>
Four Year Later	1,540,051,359	163,616,371	-	-	-	-	<b>1,703,667,730</b>
Five Year Later	1,527,446,197	-	-	-	-	-	<b>1,527,446,197</b>
Estimate of cumulative claims	1,527,446,197	163,616,371	141,406,143	188,626,752	238,831,525	427,384,531	<b>2,687,311,518</b>
Cumulative Payment to Date	1,513,938,667	155,583,365	122,992,313	151,609,915	163,664,930	81,772,078	<b>2,189,561,267</b>
Unallocated loss adjustment expense reserve							<b>5,983,537</b>
Claim payable							<b>100,010,644</b>
<b>Total gross undiscounted liabilities for incurred claims</b>							<b>603,744,432</b>
Attributable expenses							<b>(37,802,774)</b>
Mathematical reserves							<b>4,266,517</b>
Effect of discounting							<b>(17,316,531)</b>
<b>Total discounted gross reserves included in the statement of financial position</b>							<b>552,891,644</b>
<b>Gross risk adjustments</b>							<b>46,057,906</b>

**Al Dhafra Insurance Company P.S.C.**  
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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**11 Insurance and reinsurance contracts (continued)**

**Net Insurance contract liabilities at 31 December 2023**

	2018 And Earlier	2019	2020	2021	2022	2023	Total
At the of the Accident Year	1,059,347,152	50,255,563	39,422,956	47,654,754	55,268,067	53,784,753	<b>1,305,733,245</b>
One Year Later	1,037,269,505	46,218,076	31,510,405	41,334,186	52,235,775	-	<b>1,208,567,948</b>
Two Year Later	1,022,738,097	43,636,748	30,439,126	39,833,067	-	-	<b>1,136,647,038</b>
Three Year Later	1,015,873,260	42,259,317	24,295,006	-	-	-	<b>1,082,427,584</b>
Four Year Later	1,012,087,453	39,228,460	-	-	-	-	<b>1,051,315,913</b>
Five Year Later	1,009,889,576	-	-	-	-	-	<b>1,009,889,576</b>
Estimate of cumulative claims	1,009,889,576	39,228,460	24,295,006	39,833,067	52,235,775	53,784,753	<b>1,219,266,637</b>
Cumulative Payment to Date	1,000,111,898	38,769,567	22,818,770	35,938,366	48,835,564	23,925,715	<b>1,170,399,879</b>
Unallocated loss adjustment expense reserve							<b>5,983,537</b>
Claim payable – net							<b>100,010,644</b>
<b>Total net undiscounted liabilities for incurred claims</b>							<b>154,860,939</b>
Attributable expenses							<b>(37,802,774)</b>
Mathematical reserves							<b>700,784</b>
Effect of discounting							<b>(2,184,771)</b>
<b>Total discounted net reserves included in the statement of financial position</b>							<b>115,574,178</b>
Net risk adjustments							<b>3,310,510</b>

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**12 Cash and cash equivalents**

	2023 AED	2022 AED
Cash on hand	229,227	286,850
Current accounts	24,996,898	24,256,805
Term deposits*	183,932,075	176,988,081
	<hr/>	<hr/>
Bank balances and cash	209,158,200	201,531,736
Less: term deposits with an original maturity of more than three months	(183,932,075)	(176,988,081)
	<hr/>	<hr/>
Cash and cash equivalents	25,226,125	24,543,655

\*Term deposits are stated net of expected credit losses amounting to AED 392,227 as at 31 December 2023 (2022: AED 392,227).

Geographical concentration of cash and bank balances is as follows:

	2023 AED	2022 AED
Within UAE	209,158,200	201,531,736

The interest rate on term deposits and current accounts with banks ranges between 4.69%-5.85% (2022: 2.0% and 4.85%) per annum. All bank balances are held in local banks in the United Arab Emirates.

**13 Related party transactions and balances**

Related parties represent major shareholders, directors and key management personnel of the Company, and the companies of which they are principal owners and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Directors are expected to avoid any action, position or interest that conflict with an interest of the Company. Details of all transactions in which a Director and/or related parties might have actual or potential conflicts are provided to the Board of Directors for their review and approval. When a potential conflict of interest arises, Directors concerned neither participates in the discussions nor exercise any influence over other members of the Board. If a major shareholder or a Director has any conflict of interests with any matter to be considered by the Board of Director and the Board of Directors determines that such a matter is significant, the decision thereon by the Board of Directors shall be made in the presence of all Directors and in the absence of the interested Director's vote.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, being the directors, managing director and his direct reports.

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**13 Related party transactions and balances (continued)**

The following balances were outstanding at the end of the reporting period:

	Nature of relationship	2023 AED	2022 AED
Due from policyholders – related parties	Affiliates	<u>290,866</u>	341,138

Transactions with related parties during the period are as follows:

	Nature of relationship	2023 AED	2022 AED
Gross premiums written	Affiliates	<u>1,730,400</u>	1,858,248
Claims paid	Affiliates	<u>731,544</u>	1,321,716
Remuneration of the Directors (note 17)		<u>3,375,000</u>	3,375,000

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

**Remuneration of key management personnel**

	2023 AED	2022 AED
Short term benefits	2,349,720	2,349,720
Post-employment benefits	<u>114,907</u>	114,907
	<u>2,464,627</u>	2,464,627

The remuneration of key management personnel is based on the remuneration agreed in their employment contracts as approved by the Board of Directors.

**14 Share capital**

	2023 AED	2022 AED
Authorised, issue and fully paid: 100,000,000 (2022: 100,000,000) ordinary shares of AED 1 each	<u>100,000,000</u>	100,000,000

Dividends:

On 9 February 2023, the Board of Directors declared a cash dividend of 0.30 fils per share amounting to AED 30,000,000 (2022: of 0.35 fils per share amounting to AED 35,000,000).

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**15 Reserves**

**Legal reserve**

In accordance with the UAE Federal Law No. 32 of 2021 and the Company's Articles of Association, 10% of profit is to be transferred to a non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

**General reserve**

Transfers to and from the general reserve are made at the discretion of the Board of Directors as per the authority granted to them in the Company's Articles of Association. This reserve may be used for such purposes as they deem fit.

**Investment revaluation reserve**

Investments revaluation reserve represents the accumulated unreleased gains or losses that are recognised on investments carried at fair value through other comprehensive income at reporting date.

**Reinsurance reserve**

The transfer from retained earnings to reinsurance default reserve is made in accordance with the Insurance Authority (IA) (now Central Bank of the UAE) of UAE's Board of Directors Decision No. (23) of 2019 concerning instructions organizing reinsurance operations. The directive requires to allocate an amount equals to 0.5% of the total reinsurance premiums ceded by the Company in order to create a provision for the probability of failure of any of the reinsurers with whom the Company deals to pay what is due to the Company or default in its financial position.

**16 Provision for employees' end of service benefit**

	2023 AED	2022 AED
At 1 January	7,293,748	8,456,579
Charge for the year	534,712	526,551
Paid during the year	(173,381)	(1,689,382)
At 31 December	<u>7,655,079</u>	<u>7,293,748</u>

During the year, the Company paid pension contributions in respect of UAE national employees amounting to AED 213,005 (2022: AED 229,703).



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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**17 Other payables**

	2023 AED	2022 AED
Dividend payable	789,107	5,281,154
Insurance Authority (now Central Bank of the UAE) fees reserve	1,258,077	1,204,584
Deferred income	1,388,629	1,229,423
Provision for directors remuneration	3,375,000	3,375,000
Other payables	8,619,987	12,806,311
	15,430,800	23,896,472

**18 Profit for the year**

Profit for the year is stated after charging:

	2023 AED	2022 AED <i>Restated</i>
Staff costs	25,889,433	26,677,479
Depreciation of property, equipment and right-of-use assets	1,425,294	1,819,388
Amortisation of intangible assets (notes 4)	1,156,127	996,862

**19 Basic and diluted earnings per share**

Basic earnings per share amounts for the year are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for the effects of dilutive instruments.

	2023 AED	2022 AED <i>Restated</i>
Profit for the year (AED)	41,303,047	22,961,846
Weighted average number of ordinary shares in issue throughout the year	100,000,000	100,000,000
Basic and diluted earnings per share (AED)	0.41	0.23

Basic earnings per share is calculated by dividing the profit for the year by the number of weighted average shares outstanding during the reporting year. Diluted earnings per share is equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**20 Income from investments**

	2023 AED	2022 AED
Dividend income	9,966,004	10,236,700
Interest income	8,724,127	5,724,655
Change in fair value of investments carried at fair value through profit or loss (note 9)	17,335,346	(179,728)
Realised gain on sale of investments carried at fair value through profit or loss	4,130,668	308,423
Other investment expenses	(1,190,611)	(3,204,148)
Income from investment	<u>38,965,534</u>	<u>12,885,902</u>
Income from properties	1,915,816	1,987,437
Change in fair value of investment properties	-	2,100,000
Other income/(expenses)	2,700	(114,685)
Income from investment, net	<u>40,884,050</u>	<u>16,858,654</u>

**21 Insurance service expenses**

	2023 AED	2022 AED <i>Restated</i>
For the year ended 31 December		
Incurred claims and other expenses	226,251,320	231,659,290
Amortisation of insurance acquisition cash flows	45,121,330	50,697,766
Losses on onerous contracts and reversals of those losses	40,758,771	22,809,351
Changes to liabilities for incurred claims	189,641,062	23,249,170
	<u>501,772,483</u>	<u>328,415,577</u>

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**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**22 (Re)Insurance finance income/(expenses)**

	2023 AED	2022 AED <i>Restated</i>
<b>Insurance finance (expenses)/ income from insurance contracts issued</b>		
Interest accreted to insurance contracts using current financial assumptions	(16,528,601)	2,403,404
Due to changes in interest rates and other financial assumptions	-	-
<b>Total insurance finance (expenses)/income from insurance contracts issued</b>	<b>(16,528,601)</b>	<b>2,403,404</b>
<b>Represented by:</b>		
Amount recognised in profit or loss	(16,528,601)	2,403,404
Amount recognised in OCI	-	-
<b>Reinsurance finance income/(expenses) from reinsurance contracts held</b>		
Interest accreted to reinsurance contracts using current financial assumptions	13,706,705	(1,429,479)
Changes in non-performance risk of reinsurer	-	-
Due to changes in interest rates and other financial assumptions	-	-
<b>Reinsurance finance income/(expenses) from reinsurance contracts held</b>	<b>13,706,705</b>	<b>(1,429,479)</b>
<b>Represented by:</b>		
Amount recognised in profit or loss	13,706,705	(1,429,479)
Amount recognised in OCI	-	-
<b>Total insurance finance expenses and reinsurance finance income</b>		
<b>Represented by:</b>		
Amount recognised in profit or loss	(2,821,896)	973,925
Amount recognised in OCI	-	-

**Al Dhafra Insurance Company P.S.C.**  
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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**23 Risk management**

**Governance framework**

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that could hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

**Capital management objectives, policies and approach**

The Company has established the following capital management objectives, policies and approach to manage the risks that affect its capital position. The capital management objectives are:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders;
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders;
- To retain financial flexibility by maintaining strong liquidity;
- To align the profile of assets and liabilities taking account of risks inherent in the business;
- To hold sufficient capital to cover the statutory requirements;
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders; and
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

The operations of the Company are also subject to regulatory requirements within the United Arab Emirates where it operates.

**Approach to capital management**

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Company is equity funds provided by shareholders.

The Company has had no significant changes in its policies and processes relating to its capital structure during the previous years.

No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022. Capital comprises share capital, legal reserve, general reserve, investment revaluation reserve, reinsurance reserve and retained earnings, and is measured at AED 464 million as at 31 December 2023 (2022 (*restated*): AED 443 million).

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**23 Risk management (continued)**

**Approach to capital management (continued)**

On 28 December 2014, the Insurance Authority (now Central Bank of the UAE) issued Financial Regulations for Insurance Companies and were then subsequently published in the UAE Official Gazette No. 575 on 28 January 2015 and came into force on 29 January 2015. The Company is subject to local insurance solvency regulations. The Company has incorporated in its policies and procedures the necessary tests to ensure compliance with such regulations. Central Bank of the UAE allows an alignment period of up to three years for the insurance companies to be in compliance with the regulations.

As per the Federal Law No 48 of 2023 (previously Federal Law No.6 of 2007, as amended) Concerning the Establishment of the Insurance Authority & Organization of the Insurance Operations, the minimum capital requirement remains at AED 100 million for Insurance companies.

The solvency regulations identify the required Solvency Margin to be held in addition to insurance liabilities. The Solvency Margin (presented in the table below) must be maintained at all times throughout the year.

The table below summarises the Minimum Capital Requirement, Minimum Guarantee Fund and Solvency Capital Requirement of the Company and the total capital held to meet these required Solvency Margins.

	<b>2023</b>	2022
	<b>AED</b>	AED
Minimum Capital Requirement (MCR)	<b>100,000,000</b>	100,000,000
Solvency Capital Requirement (SCR)	<b>145,125,233</b>	135,894,308
Minimum Guarantee Fund (MGF)	<b>48,375,078</b>	45,298,103
Own Funds		
Basic Own Funds	<b>270,445,136</b>	254,937,880
Ancillary Own Funds	-	-
MCR Solvency Margin surplus	<b>170,445,136</b>	154,937,880
SCR Solvency Margin surplus	<b>125,319,903</b>	119,043,572
MGF Solvency Margin surplus	<b>222,070,058</b>	209,639,777

**Al Dhafra Insurance Company P.S.C.**  
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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**24 Insurance and financial risk**

**Regulatory framework**

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

The chairman of the Insurance Authority (now Central Bank of the UAE) vide Board of Directors' Decision No. (25) of 2014 dated 28th December 2014, issued Financial Regulation for Insurance Companies (FRIC) applicable to insurance companies incorporated in the UAE and the foreign insurance companies licensed to practice the activity in the UAE.

The major highlights of the new regulation is summarized in the below table:

Regulation

1. Basis of Investing the Rights of the Policy Holders
2. Solvency Margin and Minimum Guarantee Fund
3. Basis of calculating the technical reserves
4. Determining the Company's assets that meet the accrued insurance liabilities
5. Records which the Company shall be obligated to organise and maintain as well as the data and documents that shall be made available to the Authority
6. Principles of organising accounting books and records of the Company, agents and brokers and determining data to be maintained in these books and records
7. Accounting policies to be adopted and the necessary forms needed to be prepare and present reports and financial statements.

**Insurance risk**

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the nature of an insurance contract, this risk is random and therefore unpredictable. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the estimated amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

**Al Dhafra Insurance Company P.S.C.**  
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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**24 Insurance and financial risk (continued)**

**Insurance risk (continued)**

The Company manages risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

**Frequency and severity of claims**

The Company has the right not to renew individual policies, re-price the risk, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). Furthermore, the Company's strategy limits the total exposure to any one territory and the exposure to any one industry.

Property insurance contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies. Property insurance contracts are subdivided into four risk categories: fire, business interruption, weather damage and theft. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured buildings.

The reinsurance arrangements include excess and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer net insurance losses of a set minimum limit of AED 500,000 for motor and workmen's compensation and third-party liability AED 300,000 in any one event. The Company has survey units dealing with the mitigation of risks surrounding claims. This unit investigates and recommends ways to improve risk claims. The risks are reviewed individually at least once in 3 years and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

The following tables disclose the concentration of insurance liabilities by line of business. The amounts are the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from the insurance contracts:

	<b>As at 31 December 2023</b>		
	<b>Gross</b>	<b>Reinsurance</b>	<b>Net</b>
	<b>AED</b>	<b>AED</b>	<b>AED</b>
Life and Medical	29,097,472	(21,221,492)	7,875,980
Motor and General	691,249,720	(514,982,081)	176,267,639
	<u>720,347,192</u>	<u>(536,203,573)</u>	<u>184,143,619</u>

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**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**24 Insurance and financial risk (continued)**

**Frequency and severity of claims (continued)**

	As at 31 December 2022 ( <i>Restated</i> )		
	Gross AED	Reinsurance AED	Net AED
Life and Medical	27,527,136	(28,859,230)	(1,332,094)
Motor and General	442,716,469	(267,994,732)	174,721,737
	<u>470,243,605</u>	<u>(296,853,962)</u>	<u>173,389,643</u>

**Sources of uncertainty in the estimation of future claim payments**

Claims on insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and element of the claims provision includes incurred but not reported claims (IBNR). The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For some insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio. In estimating the liability for the cost of reported claims not yet paid, the Company considers information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Claims requiring court or arbitration decisions are estimated individually by independent loss adjusters along with the Company's internal legal counsel.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The amount of insurance claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort. Insurance contracts are also subject to the emergence of new types of latent claims, but no allowance is included for this at the end of the reporting period.

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

In calculating the estimated cost of unpaid claims (both reported and not), the Company's estimation techniques are a combination of loss-ratio-based estimates and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.



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Financial Statements**

**Notes to the financial statements (continued)  
For the year ended 31 December 2023**

**24 Insurance and financial risk (continued)**

**Sources of uncertainty in the estimation of future claim payments (continued)**

The initial estimate of the loss ratios used for the current year before and after reinsurance are analysed below by line of business where the insured operates for current and prior year premium earned.

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Gross loss ratio	Net loss ratio	Gross loss ratio	Net loss ratio
Motor	218%	156%	201%	134%
Fire	144%	59%	167%	71%
Medial	164%	131%	113%	148%
Engineering	163%	38%	225%	89%
Marine	302%	90%	107%	45%
Workmen's compensation and third-party liability	108%	49%	165%	85%
Other line of business	177%	90%	94%	63%

The Company believes that the claim liabilities under insurance contracts outstanding at the year-end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The insurance claim liabilities are sensitive to the various assumptions. It has not been possible to quantify the sensitivity of specific variable such as legislative changes or uncertainty in the estimation process.

A hypothetical 1% change in the loss ratio, net of reinsurance, would impact net underwriting income / (loss) as follows:

	For the year ended 31 December	
	2023 AED	2022 AED
<b>Impact of change in loss ratio by +/- 1%</b>		
Motor	10,291,144	7,821,798
Fire	(358,649)	-
Medial	3,449,432	2,647,250
Engineering	(29,139)	-
Marine	(356,952)	73,725
Workmen's compensation and third-party liability	599	-
Other line of business	(16,325)	-

**Process used to decide on assumptions**

The risks associated with the insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. Internal data is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at the end of the reporting period to derive data for the contracts held. The Company uses assumptions based on a mixture of internal and market data to measure its claims liabilities. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combinations of techniques have been selected for individual accident years or Company's accident years within the same class of business.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**24 Insurance and financial risk (continued)**

**Concentration of insurance risk**

The Company's underwriting business is based entirely within the UAE and other GCC countries, except for some treaty reinsurance arrangements with companies based in Europe and Asia.

In common with other insurance companies, in order to minimise financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangement with other parties for reinsurance purposes.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers. Reinsurance ceded contracts do not relieve the Company from its obligations to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under the reinsurance agreements.

The concentration of insurance risk before and after reinsurance by territory in relation to the type of insurance risk accepted is summarised below:

	31 December 2023		31 December 2022	
	Gross AED	Net AED	Gross AED	Net AED
<u>Motor</u>				
UAE	1,101,313,491	330,334,047	949,817,154	291,653,896
Non-motor				
UAE	205,426,853,579	2,833,779,075	206,413,229,886	2,683,517,423
GCC Countries	18,728,371,032	3,164,173,122	13,763,225,472	163,355
	<u>224,155,224,611</u>	<u>5,997,952,197</u>	<u>220,176,455,358</u>	<u>2,683,680,778</u>
Grand Total	<u>225,256,538,102</u>	<u>6,328,286,244</u>	<u>221,126,272,512</u>	<u>2,975,334,674</u>

**Sensitivity of underwriting profit and losses**

The insurance operations of the Company resulted in a segment profit of AED 40,347,654 (2022: AED 46,818,744).

- The Company has an overall risk retention level in the region of 1.4% (2022: 1.35%) and the Company is adequately covered by proportional and non-proportional programs to guard against major financial impact.
- The Company has net commission earnings of AED 3,115,509 during the year against AED 2,329,681 in 2022 from underwriting operations, predominantly from the reinsurance placement which remains as a comfortable source of income.

# Al Dhafra Insurance Company P.S.C.

## Financial Statements

### Notes to the financial statements (continued) For the year ended 31 December 2023

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#### **24 Insurance and financial risk (continued)**

##### **Concentration of insurance risk (continued)**

###### **Credit risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company.

Key areas where the Company is exposed to credit risk are:

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries; and
- amounts due from banks for its bank balances and fixed deposits and bonds.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Company maintains records of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information includes details of provisions for impairment on insurance receivables and subsequent write-offs. Exposures to individual policyholders and groups of policyholders are mitigated by ongoing credit evaluation of their financial condition. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company.

For receivables the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Company's five largest customers account for 13.41% of outstanding accounts receivable at 31 December 2023 (2022: 23%).

At 31 December 2023 and 2022, all term deposits were placed with banks within UAE. Management is confident that this concentration of liquid assets at year-end does not result in any credit risk to the Company as the banks are major banks operating in the UAE and are highly regulated by the Central Bank.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk for such receivables and liquid funds.

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**24 Insurance and financial risk (continued)**

**Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company is exposed to market risk with respect to its investment securities. The Company limits market risks by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Company actively monitors the key factors that affect the market movements, including analysis of the operational and financial performance of investees.

Equity price risk is the risk that the fair values of equities change as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Company's investment portfolio.

At the reporting date if the equity prices are 10% higher/lower as per the assumptions mentioned above and all the other variables were held constant:

For investments measured at fair value through profit or loss

Fair value would have increased/decreased by AED 3,428,312 (2022: AED 4,039,993).

For investments measured at fair value through other comprehensive income

Changes in revaluation reserves of shares would increase/decrease by AED 24,602,666 (2022: AED 24,095,660) as a result of the changes in fair value of quoted shares.

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the finance income or finance cost of the Company. The Company is exposed to interest rate risk on its investment in bonds and term deposits that carry fixed interest rates which are detailed in Notes 9 and 12, respectively.

The Company generally tries to minimise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

The Company generally manages to minimise the interest rate risk by closely monitoring the market interest rates and investing in those financial assets in which such risk is expected to be minimal.

The Company is exposed to interest rate risk on:

- (i) Liability for incurred claims; and
- (ii) Asset for incurred claims.

If at the end of the reporting period, the interest rates on the bank borrowings had been 100 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended 31 December 2023 would have decreased / increased by AED Nil (year ended 31 December 2022: Nil).

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**24 Insurance and financial risk (continued)**

**Interest rate risk (continued)**

The below tables show the impact of 1% change in risk adjustment and discounting on liability for incurred claims and assets for incurred claims:

**31 December 2023**

	<u>Impact on profit gross of reinsurance</u>	<u>Impact on profit net of reinsurance</u>	<u>Impact on equity gross of reinsurance</u>	<u>Impact on equity net of reinsurance</u>
<b>Risk Adjustment</b>				
1% increase	(4,839,086)	4,374,271	(4,839,086)	4,374,271
1% decrease	4,378,221	(3,957,674)	4,378,221	(3,957,674)
<b>Discounting</b>				
1% increase	3,225,078	(2,816,134)	3,225,078	(2,816,134)
1% decrease	(3,401,625)	2,973,226	(3,401,625)	2,973,226

**31 December 2022**

	<u>Impact on profit gross of reinsurance</u>	<u>Impact on profit net of reinsurance</u>	<u>Impact on equity gross of reinsurance</u>	<u>Impact on equity net of reinsurance</u>
<b>Risk adjustment</b>				
1% increase	(3,197,552)	2,715,469	(3,197,552)	2,715,469
1% decrease	2,893,023	(2,456,853)	2,893,023	(2,456,853)
<b>Discounting</b>				
1% increase	5,769,183	(4,545,443)	5,769,183	(4,545,443)
1% decrease	(5,469,757)	4,305,282	(5,469,757)	4,305,282

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**24 Insurance and financial risk (continued)**

**Interest rate risk (continued)**

**Interest rate sensitivity analysis**

The sensitivity analysis has been determined based on the exposure to interest rates for interest-bearing financial assets assuming the amount of assets at the end of the reporting period were outstanding for the whole year.

As all the interest-bearing financial assets and liabilities of the Company carry fixed interest rates, the Company is not subject to fluctuation of interest rate at the reporting date.

**Currency risk**

Foreign currency risk is the risk that financial instrument will fluctuate due to change in foreign exchange rates. Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures. Management believes that there is a minimal risk of significant loss due to exchange rate fluctuations and consequently the Company does not hedge its foreign currency exposure.

The Company's major transactions in foreign currencies are in US Dollars. As the exchange rates of the UAE Dirham is pegged to the US Dollar, the Company is not subject to significant currency risk.

**Liquidity risk**

Liquidity risk is the risk that Company will not be able to meet its commitments associated with insurance contracts and financial liabilities as they fall due.

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2023 and 31 December 2022, based on contractual payment dates and current market interest rates.

	Current Up to 1 year	Non-current >1 year	No maturity	Total
	AED	AED	AED	AED
<b>31 December 2023</b>				
<b>Financial assets</b>				
FVTPL investments – debt	3,162,062	-	-	3,162,062
FVTPL investments – equity	-	-	120,840,851	120,840,851
FVTOCI investments – equity	-	-	246,026,664	246,026,664
Statutory deposit	-	-	9,980,000	9,980,000
Other receivables (excluding advances and prepayments)	6,786,586	-	-	6,786,586
Bank balances and fixed deposits	183,932,075	-	-	183,932,075
Cash and cash equivalents	25,226,125	-	-	25,226,125
	219,106,848	-	376,847,515	595,954,363

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**24 Insurance and financial risk (continued)**

**Liquidity risk (continued)**

	Current Up to 1 year  AED	Non-current >1 year  AED	No maturity AED	Total  AED
<b>Financial liabilities</b>				
Provision for employees' end of service	-	7,655,079		7,655,079
Lease liabilities	847,420	5,092,324		5,939,744
Other payables (excluding deferred income)	14,042,171	-		14,042,171
	<u>14,889,591</u>	<u>12,747,403</u>		<u>27,636,994</u>
<b>31 December 2022</b>				
<b>Financial assets</b>				
FVTPL investments – debt	4,183,636	-	-	4,183,636
FVTPL investments – equity	-	-	112,348,685	112,348,685
FVTOCI investments – equity	-	-	240,956,595	240,956,595
Statutory deposit	-	-	9,980,000	9,980,000
Other receivables (excluding advances and prepayments)	3,619,660	-	-	3,619,660
Bank balances and fixed deposits	176,988,081	-	-	176,988,081
Cash and cash equivalents	24,543,655	-	-	24,543,655
	<u>209,335,032</u>	<u>-</u>	<u>363,285,280</u>	<u>572,620,312</u>
<b>Financial liabilities</b>				
Provision for employees' end of service	-	7,293,748		7,293,748
Lease liabilities	1,188,053	5,350,892		6,538,945
Other payables	22,667,049	-		22,667,049
	<u>23,855,102</u>	<u>12,644,640</u>		<u>36,499,742</u>

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**24 Insurance and financial risk (continued)**

	Less than 1 year AED	1-5 years AED	5+ years AED	Total AED
<b>31 December 2023</b>				
Insurance contract assets	53,608,521	-	-	53,608,521
Reinsurance contract assets	168,890,362	415,109,419	-	583,999,781
	<u>222,498,883</u>	<u>415,109,419</u>	-	<u>637,608,302</u>
Insurance contract liabilities	100,614,243	673,341,470	-	773,955,713
Reinsurance contract liabilities	47,796,208	-	-	47,796,208
	<u>148,410,451</u>	<u>673,341,470</u>	-	<u>821,751,921</u>
	Less than 1 year AED	1-5 years AED	5+ years AED	Total AED
<b>31 December 2022 (restated)</b>				
Insurance contract assets	30,449,506	-	-	30,449,506
Reinsurance contract assets	92,360,650	227,009,850	-	319,370,500
	<u>122,810,156</u>	<u>227,009,850</u>	-	<u>349,820,006</u>
Insurance contract liabilities	65,090,104	435,603,007	-	500,693,111
Reinsurance contract liabilities	22,516,538	-	-	22,516,538
	<u>87,606,642</u>	<u>435,603,007</u>	-	<u>523,209,649</u>

**25 Fair value of financial instruments**

Financial instruments comprise financial assets and financial liabilities.

The fair values of the financial assets and liabilities of the Company are not materially different from their carrying values at the reporting date.

The following table shows the analysis of financial instruments recorded at fair value by level of the fair value hierarchy as at 31 December 2023 and 31 December 2022:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<b>31 December 2023</b>				
Investments carried at fair value through other comprehensive income	246,026,664	-	-	246,026,664
Investments carried at fair value through profit and loss	37,445,190	79,511,873	7,045,850	124,002,913
	<u>283,471,854</u>	<u>79,511,873</u>	<u>7,045,850</u>	<u>370,029,577</u>
<b>31 December 2022</b>				
Investments carried at fair value through other comprehensive income	240,956,595	-	-	240,956,595
Investments carried at fair value through profit and loss	44,583,562	65,384,332	6,564,427	116,532,321
	<u>285,540,157</u>	<u>65,384,332</u>	<u>6,564,427</u>	<u>357,488,916</u>



**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**25 Fair value of financial instruments (continued)**

**Valuation technique:**

Level 1: Quoted bid prices in an active market

Level 2: Valuation based on selected observable market inputs

Level 3: Net assets value based on audited financials

During the reporting periods ended 31 December 2023 and 31 December 2022, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

**26 Segment reporting**

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units are managed separately because they require different approach, technology and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis.

The following summary describes the two main business segments:

- Underwriting of general insurance business - incorporating all classes of general insurance such as fire, marine, motor, medical, general accident and miscellaneous.
- Investments - incorporating investments in marketable equity securities and investment funds, development bonds, term deposits with banks and investment properties and other securities.

Information regarding the Company's reportable segments is presented below:

	<b>For the year ended 31 December 2023</b>		
	<b>Underwriting AED</b>	<b>Investments AED</b>	<b>Total AED</b>
Insurance revenue	320,617,883	-	320,617,883
Insurance service expenses	(501,772,483)	-	(501,772,483)
<b>Insurance service result before reinsurance contracts held</b>	<b>(181,154,600)</b>	<b>-</b>	<b>(181,154,600)</b>
Allocation of reinsurance premiums	(247,708,191)	-	(247,708,191)
Amounts recoverable from reinsurance	423,708,417	-	423,708,417
<b>Net income from reinsurance contracts held</b>	<b>176,000,226</b>	<b>-</b>	<b>176,000,226</b>
Investment income	-	40,884,050	40,884,050
Finance expenses from insurance contracts issued	(16,528,601)	-	(16,528,601)
Finance income from reinsurance contracts held	13,706,705	-	13,706,705
<b>Net insurance financial result</b>	<b>(7,976,270)</b>	<b>40,884,050</b>	<b>32,907,780</b>
Other operating income	8,786,456	-	8,786,456
Other underwriting income	(391,189)	-	(391,189)
<b>Profit for the year</b>	<b>418,997</b>	<b>40,884,050</b>	<b>41,303,047</b>

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**26 Segment reporting (continued)**

	For the year ended 31 December 2022 <i>(restated)</i>		
	Underwriting AED	Investments AED	Total AED
Insurance revenue	319,562,296	-	319,562,296
Insurance service expenses	(328,415,577)	-	(328,415,577)
Insurance service result before reinsurance contracts held	(8,853,281)	-	(8,853,281)
Allocation of reinsurance premiums	(238,026,470)	-	(238,026,470)
Amounts recoverable from reinsurance	243,260,839	-	243,260,839
Net income from reinsurance contracts held	5,234,369	-	5,234,369
Investment income	-	16,858,654	16,858,654
Finance income from insurance contracts issued	2,403,404	-	2,403,404
Finance expenses from reinsurance contracts held	(1,429,479)	-	(1,429,479)
Net insurance financial result	(2,644,987)	16,858,654	14,213,667
Other operating expenses	8,899,013	-	8,899,013
Other underwriting income	(150,834)	-	(150,834)
Profit for the year	6,103,192	16,858,654	22,961,846

The following is an analysis of the Company's assets, liabilities and equity classified by segment:

	As at 31 December 2023		
	Underwriting AED	Investments AED	Total AED
Total assets	680,625,481	633,953,877	1,314,579,358
Total liabilities	849,327,870	1,449,674	850,777,544

	As at 31 December 2022 <i>(restated)</i>		
	Underwriting AED	Investments AED	Total AED
Total assets	389,863,174	614,469,222	1,004,332,396
Total liabilities	559,674,346	1,264,468	560,938,814

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

**26 Segment reporting (continued)**

**Revenue from underwriting departments**

**Gross written premium**

Details relating to gross written premium are disclosed below to comply with the requirements of CBUAE and are not calculated as per the requirements of IFRS 17.

<b>31 December 2023</b>	<b>Life Insurance AED</b>	<b>Fund Accumulatio n AED</b>	<b>Medical Insurance AED</b>	<b>Property &amp; Liability AED</b>	<b>All types of Business Combined AED</b>
Direct Written Premiums	496,356	-	32,770,526	225,340,501	258,607,383
Assumed Business					
Foreign	-	-	-	-	-
Local	79,815	-	-	68,602,473	68,682,288
Total Assumed Business	79,815	-	-	68,602,473	68,682,288
<b>Gross Written Premiums</b>	<b>576,171</b>	<b>-</b>	<b>32,770,526</b>	<b>293,942,974</b>	<b>327,289,671</b>
<b>31 December 2022</b>	<b>Life Insurance AED</b>	<b>Fund Accumulation AED</b>	<b>Medical Insurance AED</b>	<b>Property &amp; Liability AED</b>	<b>All types of Business Combined AED</b>
Direct Written Premiums	1,271,093	-	47,679,834	202,263,290	251,214,217
Assumed Business					
Foreign	-	-	-	-	-
Local	81,466	-	-	66,150,278	66,231,765
Total Assumed Business	81,466	-	-	66,150,278	66,231,765
Gross Written Premiums	1,352,579	-	47,679,834	268,413,569	317,445,982

**Al Dhafra Insurance Company P.S.C.**  
**Financial Statements**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2023**

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**27 Commitments and contingent liabilities**

**Legal claims**

The Company, in common with the majority of insurers, is subject to claims and litigation in the normal course of its business. Based on advice from internal claims department and independent legal advice, the management records provision representing best estimate of probable outflow of economic resources

**Guarantees**

	<b>2023</b>	2022
	<b>AED</b>	AED
Bank guarantees	<b>11,914,421</b>	11,914,421

The above bank guarantees were issued in the normal course of business.

**28 Reclassifications**

Certain comparative figures have been reclassified, where necessary, to conform to the current year presentation. Management believes that the current year presentation provides more meaningful information to the readers of the financial statements.

These reclassifications did not have any impact on the current or prior year's statement of comprehensive income or retained earnings.

**29 Approval of the financial statements**

The financial statements were approved and authorized for issue by the Board of Directors on 13 February 2024.



# 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.

Al Dhafra Insurance Company P.S.C

Annual Corporate Governance Report 2023

### Abu Dhabi (Head Office)

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

### Dubai Branch

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

### Al Ain Branch

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

### Bida Zayed Branch

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

### Sharjah Branch

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



### 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 line with the New Corporate Governance Regulation and Standards for Insurance Companies set by the Central Bank of UAE under circular no CBUAE/BSD/2022/463 and In the Ministerial Resolution "Based on the decision of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide.

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 Central Bank of UAE and Securities and Commodities Authority (SCA).

This report reflects Company's Corporate Governance system followed during year 2023. The Company's Annual Corporate Governance Report 2023 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 2023, share transactions were conducted in either their personal capacity or representing a company by the Board of Directors including their first class relative.

S/N	Names	Position/Relationship	Shares held at 31/12/2023	Total Sale	Total Purchase
1.	H.E. Sheikh Mohamed Bin Sultan Al Dhahiry	Chairman Board of Directors	4,587,098	-	-
2.	H.E. Yousef Bin Mohamad Ali Al Nowais	Deputy Chairman.	189,799	-	-
3.	H.E. Sh. Ahmed Moh'd Sultan Al Dhahiri	Board of Director	3,219,869	-	-
4.	H.E. Sh. Sultan Saeed Sultan Al Dhahiri	Board of Director	1,451,939	-	-
5.	H.E. Saif Bin Mubarak Al Riyami	Board of Director	2,988,505	-	-
6.	Ms. Rauda Abdulilah Al Dhaheri	Board of Director	-	-	-
7.	Mr. Muhammad Saeed Omran Al Mazrouei	Board of Director	60,727	-	-
8.	Mr. Rashid Saeed Ahmad Ghobash	Board of Director	-	-	-
9.	Mr. Mohamed Hussain Jasim Al Nowais.	Board of Director	2,681,759	-	-





## Board of Directors:

### Board Composition:

Company's Board of Directors comprises of 9 Non-Executive members from which 3 are independent directors and there is no change in the formation of Board of directors for 2023. 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 Dhahiry	Non- Independent & Non-executive	Chairman Board of Directors	Since 1993
2.	H.E. Yousef Bin Mohammad Ali Al Nowais	Non- Independent & Non-executive	Deputy Chairman.	Since 2007
3.	H.E. Sh. Ahmed Moh'd Sultan Al Dhahiri	Non- Independent & Non-executive	Chairman – Nomination and Remuneration	Since 2016
4.	Mr. Rashid Saeed Ahmad Ghobash	Non- Independent & Non-executive	Member – Audit Committee	Since 2019
5.	H.E Sh. Sultan Saeed Sultan Al Dhahiri	Independent & Non-executive	Member –Investment Committee.	Since 2016
6.	H.E. Saif Bin Mubarak Al Riyami	Non- Independent & Non-executive	Member – Nomination and Remuneration Committee & Audit Committee	Since 1984
7.	Ms. Rauda Abdullah Al Dhaheri	Independent & Non-executive	Member – Nomination & Remuneration Committee.	Since 2022
8.	Mr. Muhammad Saeed Omran Al Mazrouei	Independent & Non-executive	Chairman Audit Committee and member - Investment Committee.	Since 2013
9.	Mr. Mohamed Hussain Jasim Al Nowais.	Non- Independent & Non-executive	Chairman – Investment Committee	Since 2019

### Short Curriculum Vitae of the Board Members:

- H.E Sheikh Mohamed Bin Sultan Al-Dhaheri: 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. He is also Chairman, Vice Chairman or member of several private institutions including, Emircom, Pharmatrade LLC, Danway Electrical and Mechanical Engineering LLC, Archirodon, National Petroleum Services, and Al Ain sports club. He has previously held several positions, in the ADNOC group including Finance Director and Managing Director of ADNOC's subsidiary FERTIL.
- H.E.Sh. Ahmed Moh'd Sultan Al Dhaheri: Businessman. He is currently Vice Chairman Of Abu Dhabi National Hotels, and Abu Dhabi Aviation. He is currently board member of National Consultative



council Abu Dhabi, First Abu Dhabi Bank, Etisalat, Al Dhaheri Group, and Abu Dhabi Refreshment Co.LTD. He hold a bachelor's degree in civil engineering from Al Ain University.

- **Mr. Rashid Saeed Ahmad Ghobash:** He holds a Bachelor's Degree of Financial Studies from American University of Sharjah. Currently, he is acting a Director of Bayan Investment Company for the past three years, and Senior Analyst in Public Debt Office and responsible for the Investor Relations Department of Finance, Abu Dhabi. Previously, he was working as Financial Analyst, Department of Finance, Abu Dhabi.
- **H.E.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.
- **H.E. Saif Bin Mubarak Al Riami:** Businessman. Brigade retired, a board member since 1984, he served as a board member of Abu Dhabi Commercial Bank, Union Coop, the Municipal 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 (Oman) . He holds a master's degree in military science-the National Defence College (India).
- **Ms. Rauda Abdullah Al Dhaheri:** She holds a Bachelor's Degree in Architectural Engineering from UAE university, Al Ain. Currently she is a Manager in ALFA Gulf real estate management, Bin Suroor Engineering and member of BOD's in Abu Dhabi National Hotels
- **Mr. Mohamed Saeed Omran Al Mazrouei:** A young finance professional. Member since 2013, 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).
- **Mr. Mohammad Hussain Jasim Al Nowais:** He holds a Bachelor's Degree in Economics and Business Finance from the Brunel University in London, UK. Currently is the Managing Director of AMEA Power, Director in Al Nowais Investments Company, Board member positions at Waha Capital, Abu Dhabi National Industrial projects and holds Chairman and Managing director at TAMA properties LLC and Tama Investments and Development LLC .,Previously he was an Investment Associate at Abu Dhabi Investment Authority (ADIA) and worked with J.P. Morgan in USA and completed multiple internships with international financial institutions including HSBC in Abu Dhabi and Citi Bank in London, UK.



### 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, one woman is member of the Board of Directors since 2023.

### 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 3,375,000 was paid to the Board for year 2022.

Proposed remuneration for Board of Directors for 2023, which will be submitted to the Annual General Assembly meeting is AED (Not yet determined ).

No allowances was paid for Board of Directors for attending the sessions of the Board subcommittees for the Financial Year 2023.

### Audit Committee:

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

### Nomination and remuneration committee:

Name	Number of meetings	Total
H.E. Sheikh Ahmed Mohammed Sultan Al Dhaheri		-
H.E. Saif Bin Mubarak Al Riyami	2	-
Ms. Rauda Abdullah Al Dhaheri		-

### Investment Committee:

Name	Number of meetings	Total
Mr. Mohamed Hussain Jasim Al Nowais		-
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 2023. The following table clarifies the dates of the meetings and the attendance of the members

Name of Directors	Dates of Meetings						
	{07/2023} 25/12/2023 Circular	{06/2023} 09/11/2023 {Via Video Conferencing – Webex }	{05/2023} 20/09/2023 Circular	{04/2022} 10/08/2023 {Via Video Conferencing – Webex }	{03/2023} 11/05/2023 3 {Via Video Conferencing – Webex }	{02/2023} 14/03/2023 Circular	{01/2023} 09/02/2023 {Via Video Conferencing – Webex }
H.E. Sheikh Mohamed Bin Sultan Al Dhahiry	✓	✓	✓	✓	✓	✓	✓
H.E. Yousef Bin Mohamed Al Nowais	✓	✓	✓	✓	✓	✓	✓
H.E.Sh. Ahmad Moh'd Sultan Al Dhahiri	✓	✓	✓	✓	✓	✓	✓
H.E.Sh. Sultan Saeed Sultan Al Dhahiri.	✓	✓	✓	✓	✓	✓	✓
H.E. Saif Bin Mubarak Al Riaryy	✓	✓	✓	✓	✓	✓	✓
Mr. Mohamed Saeed Omam Al Mazrouei	✓	✓	✓	✓	✓	✓	✓
Mr. Rashid Saeed Ahmed Saeed Ghobash	✓	✓	✓	✓	✓	✓	✓
Mr. Mohamed Hussain Jasim Naser Al Nowais.	✓	✓	✓	✓	✓	✓	✓
Ms. Rauda Abdullah Al Dhaheri	✓	✓	✓	✓	✓	✓	✓

“✓” = 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. The Central Bank of UAE & 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 13/6/2022.

SR	Authorized Person	Authorization power	Authorization period
1	Kamal Sartawi	Management of all the company's affairs	3 Years



### Transactions with Related Parties:

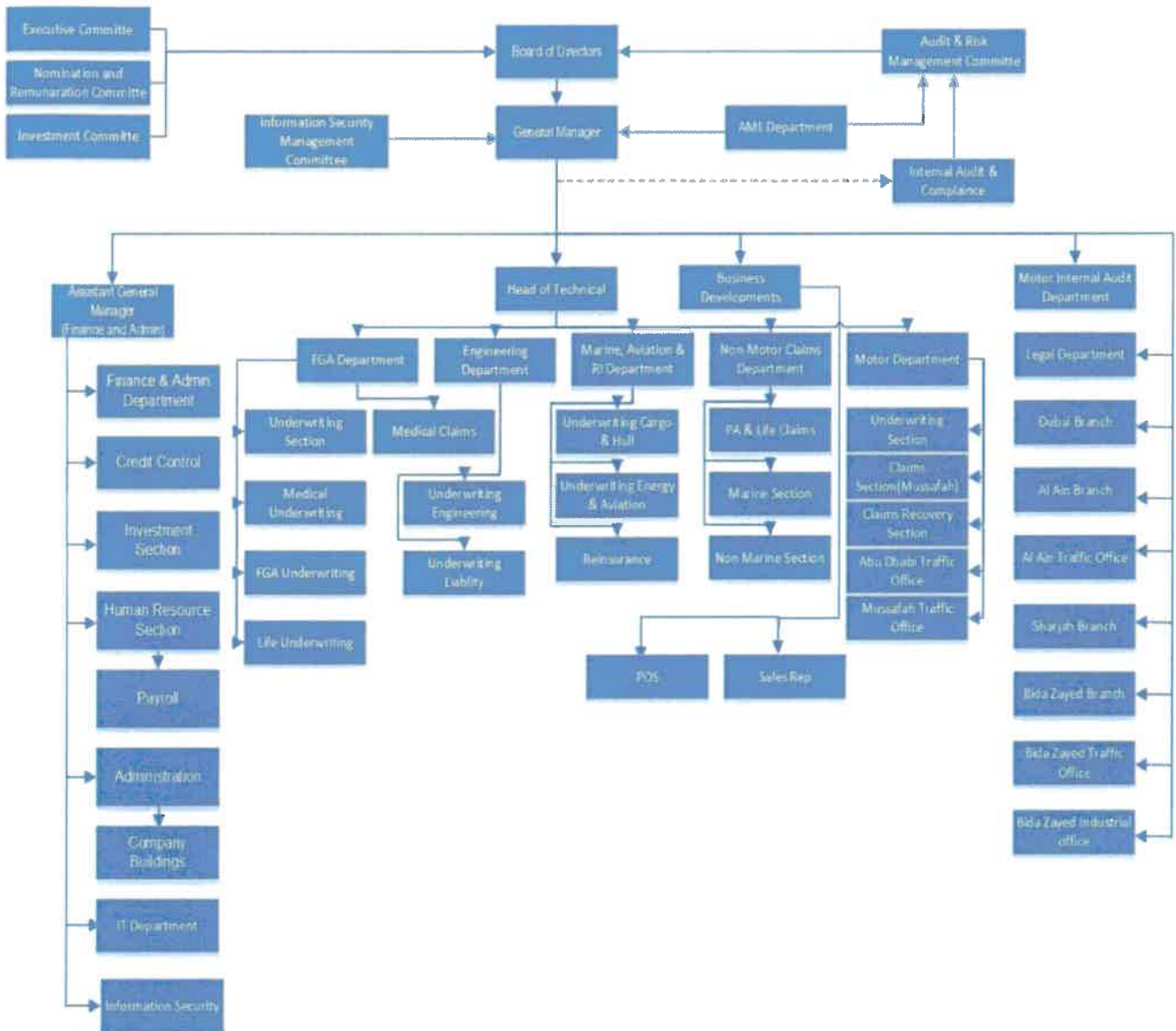
Major stakeholders identified are directors including major shareholders of the company and those entities in which they have ability to control or exercise significant influence in financial and operational decisions, and key management personnel. These transactions are made with in the normal course of business. These transactions are based on the insurance services provided to Director's associated companies for the year 2023. 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 2023:

Related party Name & Nature of Relationship	Sum of Premiums	Sum of Claims
Chairman's Group	284,733	287,909
Chairman's Group	34,582	816
Chairman's Group	828,497	271,908
Chairman's Group	144,309	24,286
Chairman's Group	118,073	-
Chairman's Group	13,024	-
Director	49,730	109,537
Director	127,928	11,445
Director	40,742	-
Director	1,050	-
Director	87,733	-
<b>Total</b>	<b>1,730,400</b>	<b>705,900</b>

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



Company's Organizational Structure:







### Company's Executive management includes:

Total remuneration given in 2023 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 2023 (AED)	Total proposed bonuses for 2023	Any other cash/ real bonuses of 2022 (or to become payable thereafter)
1	General Manager	Since 1984	1,681,758	Not yet determined	xx
2	Asst. General Manager	Since 1994	648,000	Not yet determined	xx
3	Head of Technical	Since 2013	557,452	Not yet determined	xx

### Supervision Committee of Insiders' Transactions

Mr. Ajith Kumar, Chairman of the Supervision Committee acknowledges his responsibility for the follow-up and supervision system on transactions of the insiders in the Company, review of its work mechanism and ensuring its effectiveness.

1. A committee was set up to monitor and supervise insider transactions on 24/11/2020 from the following:

Name	Member of Supervision Committee
Mr. Ajith Kumar	Chairman of the Committee
Mr. Mohammed AHNajoumi	Member
Mr. Mahmoud Ezzat	Member

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 03/01/2024 and reviewed the updated list of insiders' records. It also reviewed the total trading on the company's shares as at 31/12/2023 and did not notice any irregularities related to insider transactions during that period.



### External Auditors:

The External Auditor of Al Dhafra Insurance Company is Grant Thornton, and their address is P.O. Box: 41255 -Abu Dhabi- UAE. The said Auditor is an External Auditing Company and independent from the Company's Board of Directors and its Executive Management.

The Board of Directors recommends to the General Assembly the appointment of the External Auditor upon the recommendation of the Audit Committee which takes into account the efficiency, reputation and experience. The determination of the External Auditor fees is decided by the General Assembly of the Company. The External Auditor Attends the Company's General Assembly Meeting and presents its report to the shareholders, such report shall be neutral and independent. Also, the External Auditor replies to the enquiries related to its report.

There are no reservations of the company's auditor on the interim and annual financial statements for the year 2023.

The Audit Committee reviews the quality and efficiency of the audit operations performed by the External Auditor, and presents the necessary recommendations to the Board of Directors as to the re-appointment or replacement of the External Auditor. The External Auditor has been auditing the Company's accounts since 2020.

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	Grant Thornton
Audit Engagement Partner	Samer Hijazi
Number of years the auditor spent as an external auditor of the Company	Since 2020 (4 year)
Total auditing fees in relation to the financial statements of 2023 (AED)	AED 124,000
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 Central Bank	AED 261,000
A statement of other services provided by another external auditor (other than the Company's auditor) during 2023 (if any). If there was no another external auditor, this should be mentioned expressly.	<ul style="list-style-type: none"> <li>• AJMS for Internal Audit Services</li> </ul>



## Board Committee's:

### Audit Committee:

Mr. Mohamed Saeed Omran Al Mazrouei, Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness

#### 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. Mohamed Saeed Omran Al Mazrouei	Chairman
2	H.E. Saif Bin Mubarak Al Riyami	Member
3	Mr. Rashid Saeed Ahmed Ghobash	Member

- Mr. Omran Al Mazrouei 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				
	(05/2023) 09/11/2023 (Via Video Conferencing – Webex)	(04/2023) 10/08/2023 (Via Video Conferencing – Webex)	(03/2023) 11/05/2023 (Via Video Conferencing – Webex)	(02/2023) 08/02/2023 (Via Video Conferencing – Webex)	(01/2023) 03/01/2023 (Via Video Conferencing – Webex)
Mr. Mohamed Saeed Omran Al Mazrouei	✓	✓	✓	✓	✓
H.E. Saif Bin Mubarak Al Riyami	✓	✓	✓	✓	✗
Mr. Rashid Saeed Ahmed Ghobash	✓	✓	✓	✓	✓

“✓” - Attended

“✓ Proxy” - Proxy

“✗” - Apologized

“N/A” - Were not member as of date

“E” - Term Expired



### Nomination and Remuneration Committee:

Sh. Ahmed Moh'd Sultan Al Dhahiri, Nomination and Remuneration Committee Chairman, acknowledges his responsibility for the committee system in the Company, his review of its work mechanism and ensuring its effectiveness

### 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 Said Bin Mubarak Al Riyami	Member	✓
3	Ms. Rauda Abdullah Al Dhaheri	Member	✓



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

Name	Meeting Dates	
	(02/2023) 05/10/2023 (Via Video Conferencing – Webex)	(01/2023) 09/02/2023 (Via Video Conferencing – Webex)
H.E. Sh. Ahmed Moh'd Sultān Al Dhahiri.	✓	✓
H.E. Saif Bin Mubarak Al Riyami	✓	✓
Ms. Rauda Abdullah Al Dhaheri	✓	✓

"✓" = Attended

\*✓Proxy = Proxy

"✗" = Apologized

"N/A" = Were not member as of date

"E" = Term Expired

### Investment Committee:

Mr. Mohamed Hussain Jasim Al Nowais., Chairman of the Investment Committee acknowledges his responsibility for the committee system in the company and for his review of its work mechanism and ensuring its effectiveness.

### 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:

1	Mr. Mohamed Hussain Jasim Al Nowais.	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			
	(04/2023) 09/11/2023 (Via Video Conferencing – Webex)	(03/2023) 11/10/2023 (Via Video Conferencing – Webex)	(02/2023) 07/06/2023 (Via Video Conferencing – Webex)	(01/2023) 08/02/2023 (Via Video Conferencing – Webex)
Mr. Mohamed Hussain Jasim Al Nowais.	✓	✓	✓	✓
H.E. Sheikh Sultan Saeed Sultan Suroor Al Dhaheri	✓	✗	✓	✓
Mr. Mohamed Saeed Omran Al Mazrouei	✓	✓	✗	✓

“✓” = Attended

“✓ Proxy” = Proxy

“✗” = Apologized

“N/A” = Were not member as of date

“E” = Term Expired

#### Internal 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:

- Review of the mechanism of operation of the Company's internal control department;
- Review procedure that the Company has adopted to determine, assess and manage considerable risks;
- 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 11 years of experience in Auditing operations, Risk Management and in Compliance.

On 3/11/2016, pursuant to Article (51) of the Chairman of Securities and Commodities Authority's Resolution No. (7/R.M) of 2016 concerning the Standards of Corporate Discipline and Governance of Public Shareholding Companies, the Company appointed the head of the internal control department, Mr. Hassan Saleem, as an independent compliance officer to verify the Company and its employees compliance with the laws and the regulations in force in the Country. He has the qualifications and experience mentioned in item above.

- In the event of an emergency, a major problem or such a major problem is mentioned within the reports and annual accounts, the Internal Control Department shall identify such a problem or an emergency or assess its impact on the Company and call the Audit Committee for an urgent meeting to discuss this problem and its causes, methods of treatment, how to mitigate its effects and the measures to prevent the aggravation and recurrence of the problem in the future and make recommendations to the Board of Directors for appropriate decision.
- In this regard "Six " Internal Audit reports are issued to Audit Committee and relevant presentation are given to board members. The Company has not experienced any major problem during 2023.
- 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 2023.



## Corporate Social Responsibility and Environment Sustainability:

### 1) Ethical Conduct

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

### 2) Environment Protection

For 2023, the company continuously adheres to protecting the environment by promoting an awareness "greener" business like encouraging staff to restrict printing if it can be kept on screen "Think GREEN before printing this email." 

### 3) 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.

### 4) Training for UAE Nationals

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 supervisor 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 Central Bank and Emirates Institute for Banking and Financial Studies.





## General Information:

- Share price at the market (high/low) at the end of each month of the year 2023:

Month	High	Low	Closing
January	AED 5.40	AED 5.40	AED 5.40
February	AED 5.40	AED 5.40	AED 5.40
March	AED 5.40	AED 5.40	AED 5.40
April	AED 5.40	AED 5.40	AED 5.40
May	AED 5.40	AED 5.40	AED 5.40
June	AED 5.40	AED 5.40	AED 5.40
July	AED 4.90	AED 4.90	AED 4.90
August	AED 4.90	AED 4.90	AED 4.90
September	AED 4.90	AED 4.90	AED 4.90
October	AED 4.41	AED 4.41	AED 4.41
November	AED 4.41	AED 4.41	AED 4.41
December	AED 4.41	AED 4.41	AED 4.41

39.61 % of shares are being held by 11 corporate shareholders and 60.39% of shares held by individual shareholders as at 31<sup>st</sup> December 2023; 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	60.39	39.61	-	100
2	Arabic	-	-	-	
3	Foreign	-	-	-	
	Total	60.39	39.61	-	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	21.85%
H.H Aisha Saeed Muhammad Al Dhahiri	Individual	13.17%
Ataya Masharea (LLC)	Company	6.59%
Mr. Saeed Ahmed Omran Al Mazroui	Individual	6.00%
Masaa Company	Company	5.83%



39.61% of the company's shares are owned by 11 corporate shareholders and 60.39% are held by individual shareholders as at 31 December 2023. 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	91	1,238,766	1.24%
Shares from 50,000 but less than 500,000	39	8,593,263	8.59%
Shares From 500,000 but Less than 5,000,000	22	36,722,879	36.72%
Shares from 5,000,000 and above	5	53,445,092	53.45%
GRAND TOTAL	157	100,000,000	100%

### 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	Mobile No.	E-mail	Contact
Mohamed Ahmed El Nujomi	Investor Relation Officer	055 561 61 69	<a href="mailto:investorsrelation@aldhafrainsurance.ae">investorsrelation@aldhafrainsurance.ae</a>	Ph.: 02-6949-409 Fax: 02-6729-833

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

### Board Secretary:

She is responsible for relevant administrative tasks in addition to attending and recording Board Meetings.

Name	Designation	Date of Appointment	Qualification
Dalia Naser Zaid	Board Secretary & Committees	18 <sup>th</sup> January 2024	Bachelors in law



### Main Responsibilities of the Board Secretary:

1. Prepare for Board Meetings
2. Prepare the Minutes of the Board Meetings.
3. Prepare for the Meeting of the Committees of the Board of Directors.
4. Prepare the minutes of the meetings of the committees of the Board of Directors
5. Follow – up for Signatures of the Minutes and provide Members with Signed Copies.
6. Follow – up the Implementation of Decisions Issued by the Board of Directors.

### Major Events the company had during the year 2023:

There were no major events during the year.

### Emiratization:

The Al Dhafra Insurance Company is highly committed to the Emiratization 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 Al 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 2023.

Emiratization Percentage in 2021	Emiratization Percentage in 2022	Emiratization Percentage in 2023
7%	8.5%	12.6%



Statement of innovative projects and initiatives:

The Company will publish the Integrated and ESG Report for the year, 2023

Signature of the Chairman of the Board of Directors

Date : 13/02/2024

Signature of the Chairman of the Audit Committee

Date : 13/02/2024

Signature of the Chairman of the Nomination and Remuneration Committee

Date : 13/02/2024

Head of Internal Audit Department

Date : 13/02/2024



Company Official Seal

# AL DHAFRA INSURANCE COMPANY



**SUSTAINABILITY REPORT - 2023**

# INTRODUCTION



# About Us

(GRI 102-1, GRI 102-2, GRI 102-6, GRI 102-7, GRI 102-9, GRI 102-10, GRI 102-12, GRI 102-13, GRI 102-16, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, G5)

Founded in 1979, Al Dhafra Insurance company is a reputed insurance company. ADIC is listed on Abu Dhabi Securities Exchange and is headquartered in Abu Dhabi, United Arab Emirates (UAE).

ADIC offers a multiple range of insurance solutions catering to the requirement of Retail customers as well as to Corporates. The product range of ADIC includes both life and non-life solutions. The company has presence across 3 emirates with 5 branches. The company also has on-line sales offices in part of the Immigration offices and Traffic offices across the country.

We strive to achieve business excellence by applying innovations and technology in the way we operate. While being in a competitive position, we continuously try to improve, innovate, and grow while keeping our stakeholder interest at the core of everything we do. ADIC's business operation is fully automated and branches and offices are connected on-line with Head Office for fast and efficient customer service.

**Being an entity, which values best governance practices and ethics, ADIC is committed to adopt a sound ESG strategy to achieve its environment, social and governance objectives.**

## Our Core Mission and Values:

### Mission:

- Add Value to Insurance Service provided
- Increase Stake holder's Value

### Values:

- Highest Priority to Customer Needs
- Loyalty and Integrity
- Constant Improvement
- High standard of Public Conduct

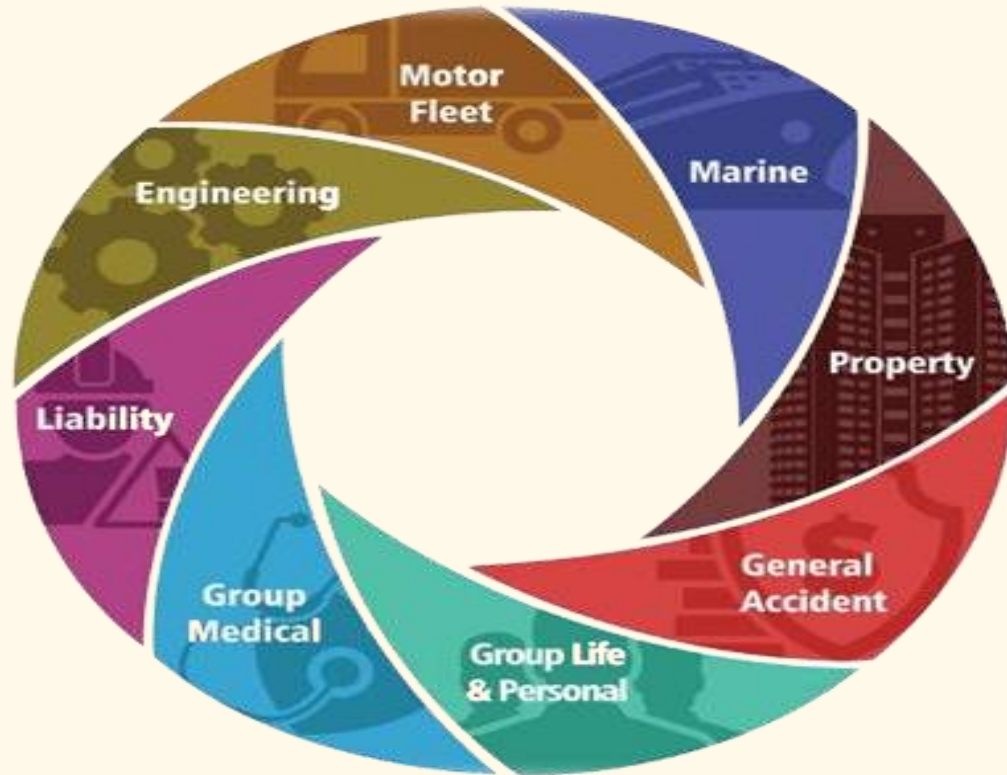
# About Us

(GRI 102-1, GRI 102-2, GRI 102-6, GRI 102-7, GRI 102-9, GRI 102-10, GRI 102-12, GRI 102-13, GRI 102-16, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, G5)

## Our Offering:

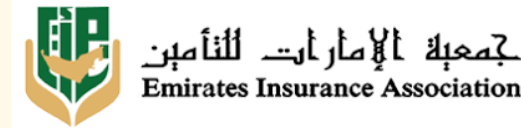
As a risk manager and taker, our objective is to provide resilience for our clients in times of uncertainty. Our comprehensive range of personalized insurance solutions is designed to cover both our individual and corporate customers' insurance needs.

Our Commercial solutions include:



## Memberships:

ADIC is a member in the following associations



## Our Credit Rating:

Moody – Baa1 Stable Outlook  
A.M Best – B++ Good Stable Outlook



# About Us

(GRI 102-1, GRI 102-2, GRI 102-6, GRI 102-7, GRI 102-9, GRI 102-10, GRI 102-12, GRI 102-13, GRI 102-16, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, G5)

## Commitment to Shared Value:

In the age of the Fourth Industrial Revolution the purpose of corporations has clearly shifted from shareholder to stakeholder value creation. It has become evident that the only way corporations can create long-term sustainable value is through stakeholder inclusiveness.

As a leading UAE corporation, ADIC seeks to set an example in stakeholder inclusiveness and as a result has devised a set of commitments through which we aim to achieve sustainable growth and create shared value. These are as follows:

- To be the right place to work for our employees, providing opportunities for learning and development, and assuring a safe and healthy work environment.
- Embrace diversity, inclusion, and gender equality in the workplace.
- Ensure ethical behavior in our business practices through transparency, openness, and accountability.
- Include environmental and social considerations in the development and offering of products and services

In order to continue our path towards sustainable shared value, we look to ensure internal cohesiveness in the way we interact with each other and with our customers and other employees. Accordingly, we have instilled in our workplace a strong stakeholder oriented culture with the following key elements:

- Provide innovative and best value insurance products and services
- Meet the ever-changing insurance needs of our clients
- To be a market-focused and customer-centric organisation
- Service our clients with a qualified and motivated team

# About This Report

(GRI 102-1, GRI 102-3, GRI 102-4, GRI 102-45, GRI 102-46, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, GRI 102-56, G8, G9, G10)

## Reporting Scope:

This is the 2023 Sustainability Report for Al Dhafra Insurance Company P.S.C. covering the period between January 1 and December 31, 2023, unless stated otherwise.

Through this report, we aim to engage our stakeholders in our operational and sustainability journey and to emphasize our commitment to being a responsible company by managing our business in a way that creates value for customers, shareholders, and employees, and helps protect the environment and promote the welfare of communities where we operate.

As a company, we recognize that sustainability is a journey that requires everyone to participate actively. In addition to our commitment to move forward in sustainability, we are excited to build on this inaugural report and continue to improve sustainable business practices.

## Basis of Preparation

This report has been prepared in accordance with the GRI Standards (GRI): Core Option and is aligned with ADX ESG metrics. In addition, the report outlines ADIC's impact on those Sustainable Development Goals that are material to its operation.

## External Assurance:

The content of this report has been rigorously reviewed by each corresponding department. In addition, the financial data included in the report has been extracted from our Financial Statements which have been independently audited by recognized audit firms. Our audited financial statements can be found annexed to this report.

## Forward-Looking Statement:

Forward-looking statements involve uncertainty given the many external factors that could impact the environment in which ADIC operates. ADIC holds no obligation to publicly update or revise its forward-looking statements throughout the coming fiscal year except as required by applicable laws and regulations. It is therefore not within the scope of our internal audit team to form an opinion on any of these forward-looking statements.

## Disclosure References:

References to the GRI Standards as well as the ADX ESG metrics can be found next to each section title. In addition, a content index is included at the end of this report which outlines all the GRI and ADX disclosures on which ADIC has reported.



# About This Report

(GRI 102-1, GRI 102-3, GRI 102-4, GRI 102-45, GRI 102-46, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54, GRI 102-56, G8, G9, G10)

## THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs):

The United Nations Members States adopted the 17 Sustainable Development Goals, with their 169 targets, as a call for action for all stakeholders to contribute to the transition to sustainable development

All efforts must be exerted for the Sustainable Development Goals to be achieved by the set deadline (2030), which covers ending poverty, hunger, and providing access to education and healthcare. We must ensure that future generations will also be able to meet their needs, live in dignity, and achieve their aspirations.

Although initially drafted for governments, the 17 Sustainable Development Goals serve as a compass to all stakeholders, including corporations, civil society, and academia as to where their efforts should lie, and how they can all collaborate for that same objective.

Below are the 17 Global Goals:



# An ESG Note From Our General Manager

(GRI 102-14)

## Dear Stakeholders,

I extend my warmest greetings to all the stakeholders of this ESG report. It is with great pleasure that I introduce the Sustainability Report for the year 2023 from Al Dhafra Insurance Co PSC.

Having established a presence in the UAE for over four decades, we take pride in our role as a trusted partner to our esteemed stakeholders. The trust extended to us by our customers, shareholders, and the community at large is highly valued, and we remain steadfast in our commitment to their well-being.

This report showcases our ongoing efforts to enhance engagement with our customers, employees, and partners, fostering a sustainable development grounded in trust and transparency. Al Dhafra is dedicated to creating a corporate environment that empowers individuals to make a positive impact on society's sustainability.

While we have made strides towards a sustainable environment, we acknowledge that there is still work to be done. We are resolute in our commitment to implementing concrete actions that will yield positive outcomes.

Our strategy for sustainable development seeks to cultivate a robust governance environment, foster an inclusive culture that empowers employees, and embrace sustainable business practices for a secure environment. Looking ahead, we are committed to intensifying our dedication to sustainability, impacting both our operational methods and investment approaches.

The evolving risks and opportunities tied to environmental, social, and governance (ESG) factors are crucial considerations for any competitive company, necessitating their integration into existing risk management frameworks for up-to-date risk assessments.

In light of these objectives, I want to express my sincere gratitude to all our stakeholders for their ongoing trust in us. We will consistently engage with each stakeholder to ensure that Al Dhafra Insurance Company addresses the key interests of everyone involved.

**Kamal Sartawi**  
General Manager



# Business Overview

## Operational Presence

The positive outcomes in insurance achieved by Al Dhafra Insurance Company can be credited to its prudent underwriting strategy and the steadfast management of a stable investment income. This approach, meticulously balancing risk and profitability, has consistently been a cornerstone of our company's strategy. Its primary objective is to promote continuous growth, ultimately optimizing returns for our shareholders.

Year	Insurance Revenue (AED in Millions)	Net Profit %	Dividend per Share
2023	320.61	12.88%	0.35
2022	319.56	7.19%	0.30
2021	314.51	12.29%	0.35
2020	289.90	18.91%	0.40

Due to adoption of IFRS-17 in 2023, Figures has been restated for the year 2022.



### Ratings Received

Moody – Baa1 Stable Outlook  
 AM Best – B++ Good Stable Outlook  
 ADNOC – ICV Certified



# ESG –Stakeholders Collaboration & Priorities

## Investor/ Shareholder:

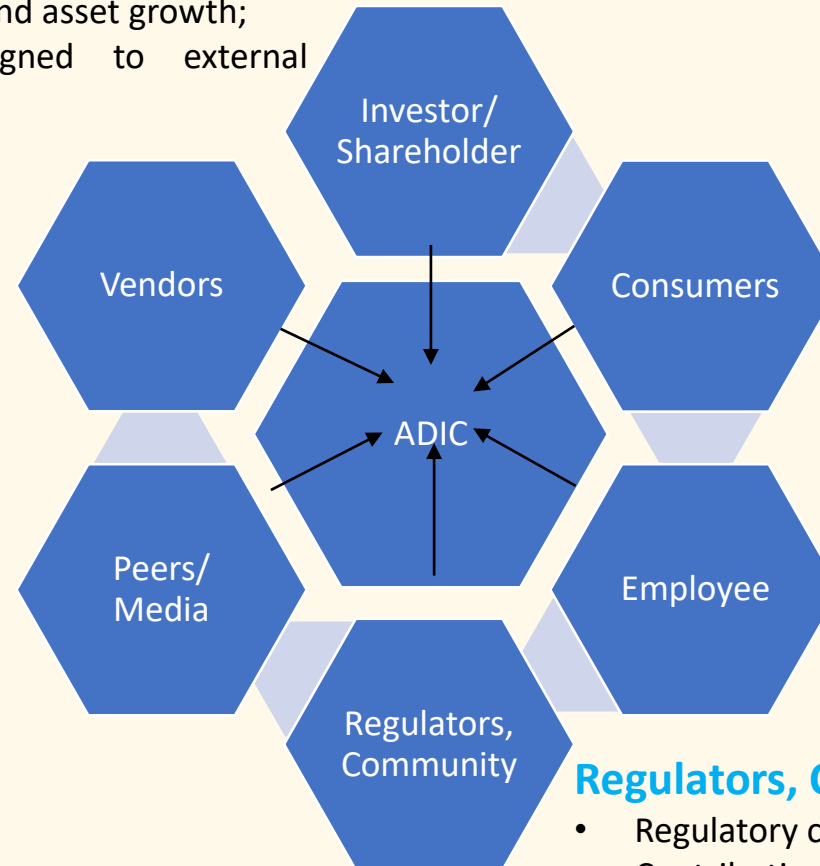
- Early adoption of global best practices;
- Steady net income and asset growth;
- ESG reporting aligned to external frameworks

## Vendors:

- Ethical business practices;
- Business growth
- Timely settlement of dues;
- Fair and transparent dealings

## Peers/ Media:

- Clear and effective communication Transparency;
- Exchange of information;



## Consumer:

- Effective and Friendly Customer Service;
- Enhanced use of technology and improved access to insurance services;
- Protection of Policyholder’s right;

## Employee:

- Safe and friendly working environment;
- Workforce diversity, including among senior executives, equity, inclusion;
- Training and development, work-life balance;

## Regulators, Community:

- Regulatory compliance and transparency;
- Contribution to the national economy;
- Job creation and stability;

# Materiality Assessment –Key ESG Risks

Materiality assessment was conducted to apprehend stakeholders’ expectations and identify key ESG risks. We intend to continue our interaction with the key stakeholders to assess the relevancy of these material items. The following table shows whether the materiality topics are of low (●), medium or major/high (●) importance to our different stakeholder groups:(●)

PARTICULARS	WITHIN THE COMPANY		OUTSIDE THE COMPANY			
	MANAGEMENT	EMPLOYEES	CUSTOMERS	GOVERNMENT	PARTNERS/VENDORS	INVESTORS
GOVERNANCE, COMPLIANCE AND ETHICS	●	●	●	●	●	●
REGULATORY MANAGEMENT COMPLIANCE	●	●	●	●	●	●
BUSINESS ETHICS	●	●	●	●	●	●
BUSINESS CONTINUITY AND RISK MANAGEMENT	●	●	●	●	●	●
PRIVACY AND SECURITY	●	●	●	●	●	●
TRANSPARENCY	●	●	●	●	●	●
RESPONSIBLE INVESTMENT	●	●	●	●	●	●
FINANCIAL PERFORMANCE	●	●	●	●	●	●
FINANCIAL INCLUSION	●	●	●	●	●	●
DIGITISATION AND INNOVATION	●	●	●	●	●	●
APPROPRIATE PRICING	●	●	●	●	●	●
CUSTOMER ENGAGEMENT AND SATISFACTION	●	●	●	●	●	●
EMIRATISATION	●	●	●	●	●	●
DIVERSITY AND GENDER EQUALITY	●	●	●	●	●	●
TRAINING AND DEVELOPMENT	●	●	●	●	●	●

# ADIC Sustainability Governance

In order to undertake the materiality assessment, we have identified/documentated sustainability factors/framework:

## Climate Change

- Supporting green products, reducing paper usage, promoting ecological sustainability
- Efficient use of Water & Energy, waste recycling;

## Digitalization

- Implementation of Online portals for Brokers, Service Providers;
- Implementation of Mobile Application;

## Data Privacy

- Robust Security Management System;
- Periodic reviews by External IT consultants;

## Customer Satisfaction

- Long lasting relationship with most of customer;
- Review of feedback to measure Customer Happiness;

## Shareholders

- Timely publication of financial information;
- Consistent increase in Shareholder's Equity;



## Governance

- Sound governance framework and presence of governance Board Committees/functions;
- Code of Conduct, Whistle blower policy to ensure Ethical business practices;
- Robust compliance framework in place

## Social Responsibility

- Organized Covid-19 booster dose for employees, family and friends;
- Apprenticeship programs to provide on job training to new graduates;

## Diversity & Inclusion

- Ensuring balanced Ethnic Diversity;
- Pricing of products does not discriminate based on gender or nationalities;
- Equal Opportunity Employer

## Training & Development

- Inhouse and External training for employees;

“Greener Business”



# Our Approach To Sustainability

(GRI 102-20, GRI 102-44, GRI 102-46, GRI 102-47, E8, E9, E10)

## Defining Our ESG Material Topics

Materiality assessment is essential to identifying and prioritizing those economic, and ESG (environmental, social and governance) topics that are most important to an organisation and its stakeholders. This assessment is interlinked with the stakeholder engagement exercise that is usually conducted prior to working on the materiality matrix.

## Prioritization

To build a thorough understanding about our economic and ESG impacts, we have conducted an in-depth industry specific research, peer analysis, and followed best practices. This has allowed us to build our comprehensive list of materiality topics.

The topics selected in the above list are further assessed based on our existing methods of internal and external stakeholder engagement. The below materiality matrix illustrates where our material topics would fall within the spectrum of priorities. In subsequent reports, we will look to engage with our stakeholders on economic and ESG specific topics.

## Validation

The below table demonstrates the end result and includes ADIC's material topics with their corresponding GRI disclosures and Abu Dhabi Financial Market (ADX) ESG metrics.

Item	Key Material Topic	GRI Correspondence	Corresponding ADX Metrics
1	Economic Performance	GRI 201 Economic Performance	N/A
2	Customer Privacy & Data Security	GRI 418 Customer Privacy	G6: Data Privacy
3	Ethical Business Conduct	GRI 205 Anti-Corruption  GRI 417 Marketing & Labelling	N/A
4	Digitalization	N/A	N/A
5	Employment Practices	GRI 401 Employment	S3: Employee Turnover
6	Equal Opportunity, Diversity & Inclusion	GRI 405 Diversity & Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity
7	Environmental Impact	GRI 302 Energy  GRI 305 Emissions	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight E10: Climate Risk Mitigation
8	Emiratization	N/A	S11: Nationalization
9	Community	GRI 413 Local Community	S12: Community Investment



# Our Approach To Sustainability

Sustainability matters are increasingly material to ADIC. ESG related risks and opportunities are rising which calls for our company to embed them into our strategy, business model, and ensure that they are managed in a way that maintains ADIC as a competitive entity and generates value for all stakeholders.

In addition, the impact of COVID-19 and climate change related events in recent years have intensified the need for urgent action by all corporations to manage these risks. We expect transitional climate change risks to become more significant in the UAE in the coming years as a result of the country's Net Zero 2050 pledge. This commitment will likely bring about a rise in legislative decrees that force corporations to reduce their impact on the environment.

As a leading insurance company, we aim to strengthen our efforts to contribute to making the UAE economy more resilient and sustainable, thus helping maintain our competitiveness over the long-term.

Below, we map out our approach to ESG using a double materiality methodology which factors in both how ADIC impacts ESG risks and opportunities and how the latter impacts us.

## Sustainable Insurance Provider

DIGITALIZATION & INNOVATION  
DATA SECURITY AFFORDABLE INSURANCE  
SUSTAINABLE SOLUTIONS

Consumer choices are driving the shift to a more sustainable global economy.

It is vital that companies take note of this transition and adapt their strategies and business models accordingly.

In other words, it is important for insurance companies to integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes.

## Responsible Employer

TRAINING & DEVELOPMENT  
EQUAL OPPORTUNITY, DIVERSITY & INCLUSION  
SUSTAINABLE WORKPLACE COMMUNITY  
WELLBEING ENVIRONMENTAL STEWARDSHIP

A responsible employer is one that puts in place the necessary framework and policies to shape a sustainable workplace. More specifically, employees must feel they can reach their aspirations through the company, by being given training and development opportunities, being fairly appraised, and having a strong sense of belonging. An engaging employment strategy is essential to ensure equal opportunity and inclusiveness.

During the year Company has arranged multiple training sessions on Fraud and AML / CFT for Staff and Board of Director.

In addition, it is as important to create a workplace that encourages good environmental practices. This can occur through reducing waste, or eliminating it altogether, abandoning single use plastic, decreasing energy consumption, and shifting, whenever possible, to 100% renewable energy.

## Responsible Investor

INTEGRATING ESG IN INVESTMENT  
DECISION-MAKING  
SUSTAINABLE FINANCE

As an institutional investor, insurance companies play an important role in financing the transition to sustainable development. As investors consider ESG factors in their investments, they help shape the future by financing sustainable products and solutions.

As for our property investments, it is important that we remain ahead of the curve and provision for legislative changes that will push to decrease the building sector's impact on the environment. Buildings contribute to around 40% of global emissions, 50% of which comes from operating them. This can be done through refurbishment, using sustainable materials, and engaging with our tenants to breed awareness of their energy consumption, among other.



# CORPORATE GOVERNANCE



# Governance Structure & Compliance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

Corporate governance is the main pillar that allows a company to create economic, environmental, and social value. It is the structure through which key frameworks, policies and procedures are put in place to ensure business integrity through transparency and accountability.

A robust corporate governance structure allows a company to achieve its objectives through strategic direction, to control risks, as well as to protect the company's brand. An effective corporate governance structure makes an organisation more resilient, protects the interests of all stakeholders, and as a result ensures shared value is created sustainably.

At ADIC, we believe that by having a high quality corporate governance framework and complete information transparency, we are better able to promote the long-term sustainable success of ADIC, generate value for all stakeholders and contribute to wider community. Accordingly we have adopted and implemented a complete corporate governance framework that fulfills

all applicable laws and regulations while also being in line with international best practices. This corporate governance framework is designed to ensure that ADIC has a culture of consistency, responsibility, accountability and transparency of highest standard at all level.

ADIC commenced in 2010 a pro-active review of its corporate governance framework and has adopted extensive corporate governance guidelines in line with the New Corporate Governance Regulation and Standards for Insurance Companies set by the Central Bank of UAE under circular no CBUAE/BS/2022/463 and In the Ministerial Resolution "Based on the decision of the Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide.

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 Central Bank of UAE and Securities and Commodities Authority (SCA).

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.

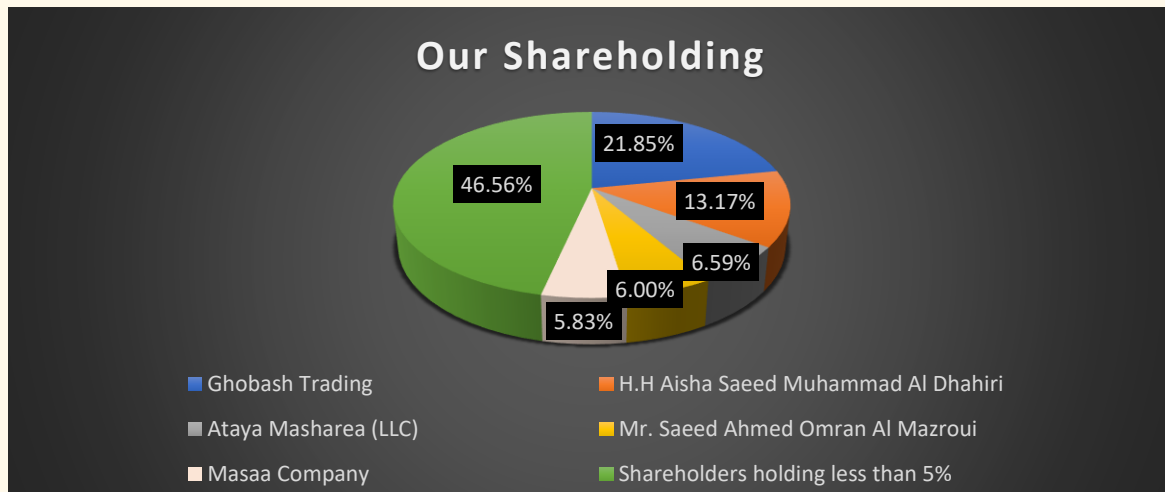


# Governance Structure & Compliance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

## Our Ownership Structure:

As at December 31, 2023, we had 157 shareholders, 100% of which are from the UAE. Below is a graph outlining our ownership structure:



Sr.	Shareholder Classification	Shareholding (%)			
		Individuals	Corporations	Governments	Total
1	Local	60.39	39.61	-	100
2	Arabic	-	-	-	
3	Foreign	-	-	-	
	Total	60.39	39.61	-	100

### Our Governance Structure:

Our Board of Directors is composed of nine members, out of which 3 are independent. We currently have one female board member. All our board members are prominent and highly reputable local business individuals with track records in establishing and leading successful companies.

We have created different board committees each responsible for key functions to ensure good governance. Below is our governance structure along with a brief outline of each committee's purpose

### BOARD OF DIRECTORS

#### Audit Committee

Provides oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations.

#### Investment Committee

Develops the investment and risk management policy in line with the level of risk acceptance set by the Board to ensure proper investment of the company's funds.

#### Nomination & Remuneration Committee

Develops and oversees the criteria for determining qualifications, diversity, and independence of the board. In addition, the committee recommends a policy related to the remuneration of the Directors & key managerial roles.



# Governance Structure & Compliance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

## Risk Management:

Insurance companies are faced with several external and internal risks. The ultimate responsibility lies with the board to ensure that the necessary frameworks, policies, and procedures are in place to manage and control these risks and are being efficiently implemented by senior management and the company as a whole.

At the heart of a corporation’s risk management practice is its Enterprise Risk Management framework, which is essential for the successful delivery of a business strategy, to maintain operational excellence, and to create shared value for all stakeholders.

ADIC recognizes the importance of having efficient and effective enterprise risk management systems in place. The goal of the Company’s risk management framework is to promote a culture of risk awareness across the business and bring risk-knowledge and decision-useful information to the forefront of decision-making processes. ADIC intends to identify and integrate ESG concerns into risk management and underwriting practices. It is crucial that our key risks are registered, understood, monitored, and controlled by means of mitigating and/or transferring them.

## Our Whistle-blower Policy & Procedure:

A clear whistleblowing policy encourages an ethical culture by encouraging people to report instances of misconduct. ADIC’s whistleblower mechanism is in place to receive anonymous tips or complaints pertaining to potential fraud or compliance violations. ADIC has a dedicated email address, monitored by the Compliance Officer, where any fraud or wrong doing witnessed can be reported anonymously by anyone affiliated with the organisation. The information relayed is then handled in a confidential manner by the Compliance Department.

## Anti Money Laundering Policy:

We have a thorough AML/CFT policy in place that all employees are made aware of and are trained to implement. In addition, we have an AML officer who works in full independence and has the authority to oversee the proper management and implementation of our AML/CFT policy and ensures that it fully complies with the rules and regulations.

ADIC is committed to the highest standards of Anti-Money Laundering & Countering Finance of Terrorist (AML-CFT) compliance and requires management and employees to adhere to these standards to prevent the use of its products or services for money laundering purposes and to safeguard the interests of its customers/stakeholders.

## Internal Control & Compliance:

Our successful track record is built on the trust we have gained throughout the years from our customers and all other key stakeholders. In order to continuously protect this trust and build on it, we have in place the necessary internal control & compliance policies and procedures to ensure business ethics.

Independent internal audits are conducted by third party vendors to undertake critical review of business operations, risk management and overall compliance environment within the organisation. The internal audit findings are directly communicated by the compliance department to the Audit Committee.

Compliance function reviews the regulatory compliances and assesses the Compliance status to achieve complete adherence. Based on the ESG policy and reporting requirements, compliance function will ensure review of ESG compliance requirements.

## Procurement Procedures:

As part of our quest for operational excellence, we also have a robust procurement system in place with clear procedures that govern the purchase of all goods and services. The system helps to optimize costs and ensures we only deal with credible suppliers that are looking to establish a long-term working relationship.



# Governance Structure & Compliance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

## Confirmed Incidents of Corruption & Actions Taken (GRI 205-3)

Total number and nature of confirmed incidents of corruption

Number of confirmed incidents of corruption	Nature of Incident	
2021	NIL	NA
2022	NIL	NA
2023	NIL	NA

Total number of confirmed incidents in which employees were dismissed or disciplined for corruption:

Total Number Of Confirmed Incidents	
2021	NIL
2022	NIL
2023	NIL

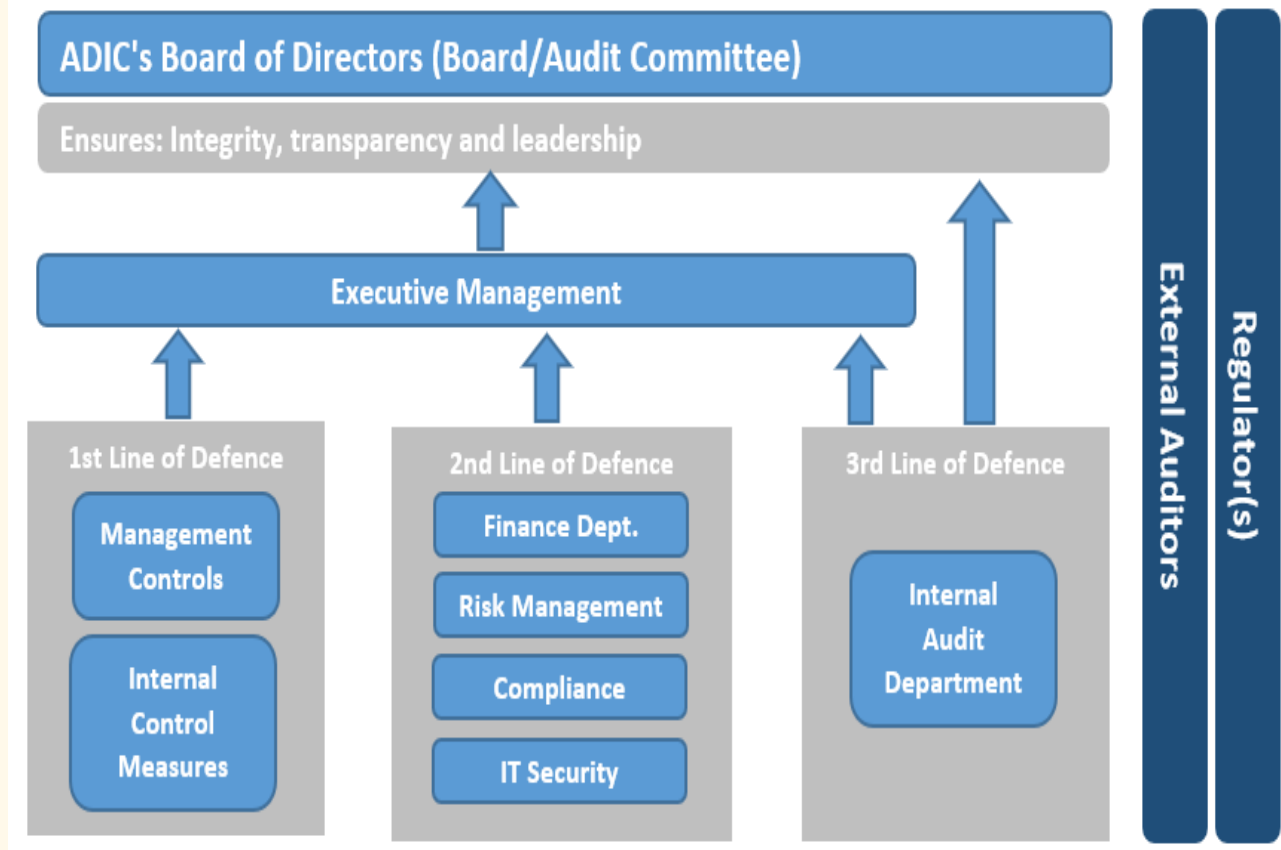
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption:

Total Number Of Confirmed Incidents	
2021	NIL
2022	NIL
2023	NIL

## Our Control Environment:

“ADIC follows and believes in “three line of defense” governance model”

ADIC has established key control functions to monitor, consult and report on key governance and operational risks. Clear charters and reporting lines are defined to ensure transparency and independence.



# Governance Structure & Compliance

(GRI 102-5, GRI 102-11, GRI 102-16, GRI 102-18, GRI 205-3, GRI 405-1, G1, G2, G6)

## First Line of Defence:

Relates to the management of risks at the points where they arise. These activities are carried out by persons who take on risks on behalf of the Company. Risk management at this level consists of appropriate checks and controls, incorporated in the relevant procedures and the guidelines that are set by the Executive Committee with the assistance of the RMF.

## Second Line of Defence:

concerns the risk management activities that are carried out by the RMF and the important supporting operations. Specifically, the RMF is responsible for the preparation, maintenance and periodic review of this Policy, as well as for the continuous monitoring of compliance with its policies and procedures.

The Actuarial Function in its advisory capacity provides technical expertise to both the 1st and 2nd Line of Defence.

## Third Line of Defence:

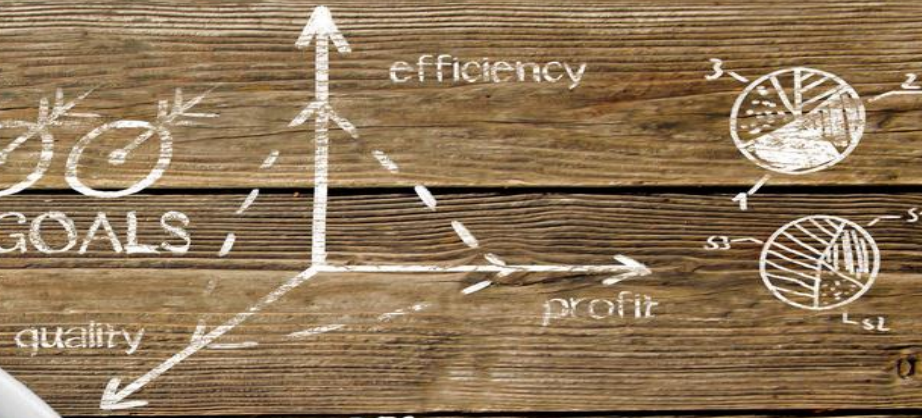
concerns the activities of Internal Audit that through its work provides an independent assurance to the BoD, on the performance and effectiveness of the risk management systems within the Company. The Internal Audit conducts regular internal audits of the procedures applied for managing all types of risks and their effectiveness, the results of these audits are summarized in reports submitted to the BoD, through the Audit Committee, and to the Senior Management.

## External Assurance:

assurance from external independent bodies such as the external auditors and other external bodies. External bodies may not have the existing familiarity with the organization that an internal audit function has, but they can bring a new and valuable perspective. Additionally, their outsider status is clearly visible to third parties, so that they can not only be independent but be seen to be independent.



# CORPORATE SOCIAL RESPONSIBILITY



# Our Responsibility As An Employer

(GRI 102-7, GRI 102-8, GRI 102-16, GRI 401-1, GRI 401-2, GRI 405-1, GRI 405-2, S2, S3, S4, S5, S6)

Our people are at the heart of everything we do and are the main contributor to our success. Their dedication and commitment to our clients is fundamental to our strategy and operations..

Our aim is to ensure that our employees find meaning in their work and that their wellbeing is catered to. This can only be achieved by creating an environment that is conducive to inclusion and creativity. Our employees must feel they can progress at ADIC and that development opportunities will always be offered to them..

To that end, we have taken a strategic decision to reshape our HR department to create a workplace that attracts, develops, and retains talent. Most importantly, we are creating an environment that is flexible and adaptive to the evolving needs of talented people.

In 2024, we will further enhance our HR related policies to ensure a seamless experience for our employees as well as to safeguard their wellbeing. We are committed to creating an environment that empowers our employees and through which they can achieve their aspirations. We have zero tolerance for harassment, unfair treatment, or other similar misconduct. We currently have an employee handbook in place that ensures a unified approach to proper business conduct, and to the protection of employees' rights, which will be accompanied in 2024 by a dedicated Code of Conduct policy.

While revamping our HR department, we have in mind to cater to the wellbeing of each one of our 182 employees. All our employees are on a full-time basis and most (86%) operate out of our headquarters in Abu Dhabi.

## Total New Hires

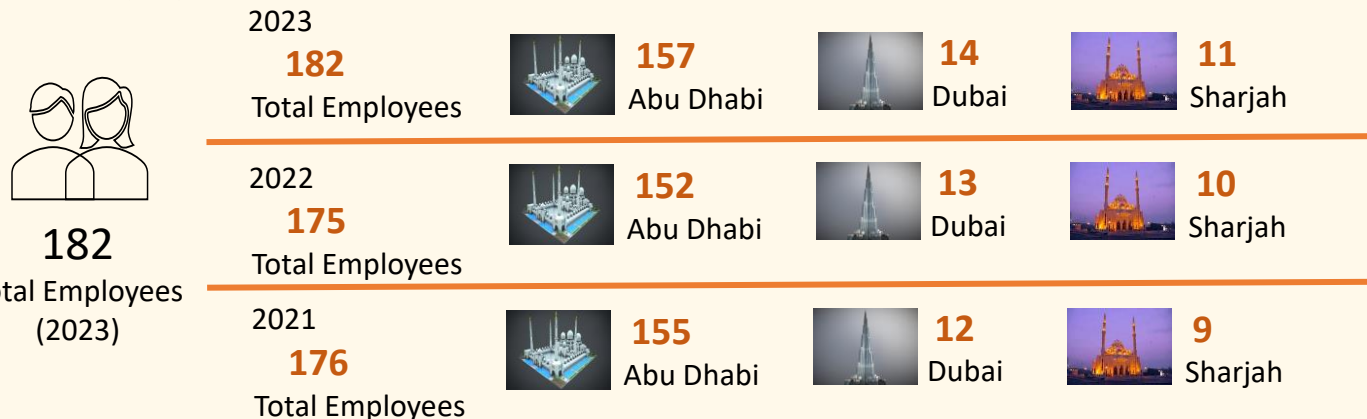


**67%**  
New Female Hires  
(2023)



**33%**  
New Male Hires  
(2023)

<p>2023 <b>16</b> New Female Hire</p> <p><b>67%</b> of Total New Hire</p>	<p>2022 <b>11</b> New Female Hire</p> <p><b>50%</b> of Total New Hire</p>	<p>2021 <b>1</b> New Female Hire</p> <p><b>11%</b> of Total New Hire</p>
<p>2023 <b>8</b> New Male Hire</p> <p><b>33%</b> of Total New Hire</p>	<p>2022 <b>11</b> New Male Hire</p> <p><b>50%</b> of Total New Hire</p>	<p>2021 <b>8</b> New Male Hire</p> <p><b>89%</b> of Total New Hire</p>



**182**  
Total Employees  
(2023)



# Our Responsibility As An Employer

(GRI 102-7, GRI 102-8, GRI 102-16, GRI 401-1, GRI 401-2, GRI 405-1, GRI 405-2, S2, S3, S4, S5, S6)


## Diversity, Inclusion, and Equality:

Al Dhafra Insurance Company P.S.C. is an equal opportunity employer. We not only endeavour to maintain the high female representation at our company, which currently stands at 27% of the total workforce, but will also look to provide more opportunities for women in leadership roles.

We are proud to have a diverse workforce, currently composed of 19 different nationalities. We believe that our diverse culture and composition makes us more innovative and better equipped to serve the diverse nature of UAE clients. To nurture this working environment, we will foster a fair and inclusive working environment that allows every employee to progress and succeed.

We have used a different computation methodology for this year's report which considers numbers as at 31st of December (we will continue applying this methodology going forward).

## Total Number of Nationalities:

	2023 <b>19</b> Total number of nationalities	2022 <b>18</b> Total number of nationalities	2021 <b>15</b> Total number of nationalities
--	--	--	--

## Gender Breakdown:

2023 <b>50</b> Female Staff  <b>27%</b> of all Employees	2022 <b>39</b> Female Staff  <b>22%</b> of all Employees	2021 <b>31</b> Female Staff  <b>18%</b> of all Employees
2023 <b>132</b> Male Staff  <b>73%</b> of all Employees	2022 <b>136</b> Male Staff  <b>78%</b> of all Employees	2021 <b>145</b> Male Staff  <b>82%</b> of all Employees

## Total Employees by Job Category and by Gender:

Entry-Level	Mid-Level	Senior to Executive Level
2023 <b>27%</b> Female Staff	2023 <b>0%</b> Female Staff	2023 <b>1%</b> Female Staff
<b>53%</b> Male Staff	<b>11%</b> Male Staff	<b>8%</b> Male Staff
2022 <b>22%</b> Female Staff	2022 <b>0%</b> Female Staff	2022 <b>1%</b> Female Staff
<b>57%</b> Male Staff	<b>12%</b> Male Staff	<b>8%</b> Male Staff
2021 <b>17%</b> Female Staff	2021 <b>0%</b> Female Staff	2021 <b>1%</b> Female Staff
<b>60%</b> Male Staff	<b>13%</b> Male Staff	<b>9%</b> Male Staff



# Our Responsibility As An Employer

(GRI 102-7, GRI 102-8, GRI 102-16, GRI 401-1, GRI 401-2, GRI 405-1, GRI 405-2, S2, S3, S4, S5, S6)

## Total Employees by Age Group:

Below 30 Years	30 – 50 Years	Above 50 Years
2023 <b>26</b> Of Total Staff	2023 <b>120</b> Of Total Staff	2023 <b>36</b> Of Total Staff
2022 <b>32</b> Of Total Staff	2022 <b>112</b> Of Total Staff	2022 <b>31</b> Of Total Staff
2021 <b>28</b> Of Total Staff	2021 <b>117</b> Of Total Staff	2021 <b>31</b> Of Total Staff

## Turnover Rate:

2023	2022	2021
<b>10%</b> Turnover Rate	<b>13%</b> Turnover Rate	<b>6%</b> Turnover Rate

## Gender Breakdown:

2023 <b>3</b> Female Staff	2022 <b>3</b> Female Staff	2021 <b>0</b> Female Staff
<b>17%</b> of Employees Left	<b>14%</b> of Employees Left	<b>0%</b> of Employees Left
2023 <b>15</b> Male Staff	2022 <b>19</b> Male Staff	2021 <b>11</b> Male Staff
<b>83%</b> of Employees Left	<b>86%</b> of Employees Left	<b>100%</b> of Employees Left

# Employees – Our Partners

ADIC’s work environment and practices support employees by making sure that they possess and develop essential skills to serve our stakeholders. The primary goals of ADIC’s Human Resource strategy are to attract and retain best talents, promote diversity and equality. While employee well-being remains our key focus, we encourage and foster sustainable work culture, work-life balance and overall health of staff.



SDG 3

Good Health & Well-Being



SDG 4

Quality Education



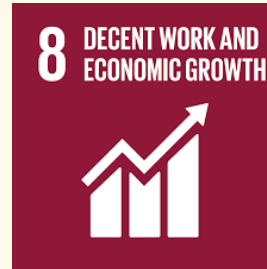
SDG 10

Reduced Inequalities



SDG 5

Gender Equality



SDG 8

Decent Work & Economic Growth

# Social- Linking with ADX Guidelines

## Good Health & Well-Being:



- ADIC performs regular Sterilization program to ensure the premises are safe for its Customers, Tenants and Employees.
- No serious work related employee health incidents were reported in 2023.

## Quality Education:



- ADIC encourage its employees to take part in conferences arranged by different organizations to enhance the knowledge and keep up to date with the current changes.
- ADIC also encourages its employees to go for higher studies related to their area of work and provides them with paid leaves for examination and reimbursement of fees for the course and study material.

## Reduced Inequalities:



- ADIC does not discriminate against any religion, sex, language or ethnicity.
- This is clearly captured in the Human resources manual of the company.
- ADIC will not participate in child or forced labor and will not engage with any vendors/partners who does make use of the vulnerable to obtain economic advantage.
- ADIC also follows a clear salary and wages policy on the basis of competence and experience and does not discriminate based on caste, creed, color, sex.

## Gender Equality:



- ADIC believes in gender equality and opportunities are provided solely based on merit and not gender.
- ADIC endeavors to create a working environment where women feel safe, seen and empowered.
- Women currently makes up 27% of the workforce.

## Decent Work & Economic Growth:



- In our commitment to provide a healthy work environment, we work to provide a healthy work life balance for our employees and as such employees are encouraged to not work after the working hours are completed.
- The management team is also always easily accessible for all the employees to guide them and help them in work.
- ADIC will not participate in child or forced labour and will not engage with any vendors/partners who does make use of the vulnerable to obtain economic advantage.

# Our Customers' Wellbeing

(GRI 417-2, GRI 417-3, GRI 418-1, G7)

Our operational aim is to consistently deliver excellent customer service. We firmly believe that this can only be achieved by staying close to our customers and continuously engaging with them to determine their evolving needs.

The most important element in our relationship with our customers is trust. This can be accomplished by offering them simple and quality products, through which they are able to manage their risks and go about their lives, knowing their insurance provider will deliver on its promises.

In addition, the most efficient way for us to continue being customer centric is to listen to their feedback and monitor their assessment of our services and products.

## Product and Service Information & Labelling

In addition to the above measures, it is important that customers are provided with accurate and decision-useful information to allow them to make informed decisions. To that end, we conduct regular reviews of all our marketing material and product information to ensure that they are up-to-date.

Number of incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty (product and service information and labelling)

2021	NIL
2022	NIL
2023	NIL

Number of incidents of non-compliance with regulations or voluntary codes, resulting in a warning, fine or penalty (marketing communications)

2021	NIL
2022	NIL
2023	NIL

## Our Customers:

Our approach to customer stewardship is a transparent and fair treatment of our customers right from enquiring about our services to the selection of suitable insurance products and the fair and timely settlement of their insurance claims.

Our customers have always been at the heart of everything we do, and ensuring their continuous satisfaction and meeting their expectations is pivotal to our growth and success.

Al Dhafra has deployed measures to ensure responsible customer relations.

- Complaint management system: Al Dhafra has a complaint management system that resolves all complaints within 1 business days of receiving notice.

## Our Employees:

Our staff members need to access customers' details to be able to cater to their needs, while ensuring that they are able to access information in a continuous way with no risk of interruption.



# Our Customers' Wellbeing

(GRI 417-2, GRI 417-3, GRI 418-1, G7)

## Data Protection

At ADIC, we firmly believe in protecting our customers' data and ensuring their privacy. Our customers are entrusting us with their data, and we have a responsibility to safeguard it through all our systems and processes.

We have put in place a robust information security system and data management policy..

The kind of information we deal with, data privacy and security is of great importance to us, as such we keep on implementing data security systems that maintain the privacy of the data by providing utmost security.

We have also setup a disaster recovery site with Etisalat Data Center to further enhance our data and its availability.

Periodic independent IT audit is also performed at regular intervals to ensure that no major risk exists or if any risk is identified than remedial actions are implemented.

## ADIC is ADHICS Compliant

The Department of Health (DOH) has issued the Abu Dhabi Healthcare Information and Cyber Security (ADHICS) Standards which are designed to ensure that companies align with industry and international norms on information security. This comes as a complementary initiative to the government's Health Information Exchange towards greater security and public trust.

## ADIC is SIA Compliant

The Signals Intelligence Agency (SIA), formerly known as the National Electronic Security Authority, is the federal authority for the UAE in charge of strengthening the nation's cybersecurity. SIA has published regulations that all government organizations, semi-government groups, and business entities operating within sectors identified as critical infrastructure must follow.

ADIC became SIA compliant in 2023 and has in place various policies and procedures to protect its data and ensure the robustness of its security measures. The diagram below outlines some of the main items under which all the different policies have been developed.

## ADIC is ISO 27001 Certified:

ISO 27001 is an information security management system specific standard and ensures that a company's information security framework is robust and follow's best practices.

## During 2023 Our Company Recorded No Customer Privacy Breaches

Total number of complaints received from outside parties and substantiated by the organisation:

2021	NIL
2022	NIL
2023	NIL

Total number of complaints from regulatory bodies:

2021	NIL
2022	NIL
2023	NIL

Total number of identified leaks, thefts, or losses of customer data:

2021	NIL
2022	NIL
2023	NIL





# Our Commitment to Society

(GRI 102-9, GRI 413, S11, S12)

At ADIC, we take our responsibility towards the community and our society very seriously. As a good corporate citizen, we look to make a measurable impact on society and contribute to its resilience.

We will be looking to enhance our Corporate Citizenship Strategy after completing our comprehensive stakeholder engagement exercise to make it more focused. Our activities will be distributed between providing donations and sponsorships to specific community related non-profit organizations and charities, as well as through volunteering initiatives to help contribute to good societal causes.

Some of our past commitments included the following:

- We have in the past provided donations to charities and social organizations,
- Through the commitment of all our employees, we have participated in relief programs including food contributions,

## Local Sourcing:

ADIC sources its procurement needs from local suppliers. Such strategic direction contributes to the community in a number of ways

- Environment: Localizing one's supply chain reduces energy usage related to shipping and storage which contributes to the reduction in Greenhouse Gas Emissions,
- Community: Sourcing locally means benefiting local manufactures and service providers which in turn helps create and maintain local jobs and supports the growth of the UAE economy,
- Cost optimization: Procuring from local providers also helps the company optimize its costs by being able to reach a larger number of suppliers, which in turn helps the company search for competitive prices which can also be delivered efficiently,

To that end, and as a testament to ADIC's commitment towards local sourcing, we are ICV certified. The In-Country Value Program (ICV) promotes UAE companies' contribution to the local economy and supports local industries.



# Our Commitment to Society

(GRI 102-9, GRI 413, S11, S12)



## Commitment to Local Talent:

The UAE Ministry of Human Resources and Emiratisation (MOHRE) is the government entity in charge of increasing the participation of UAE talent in the private sector. These efforts help increase the number of youths with key skills as well as their contribution to the local economy. This reflects positively on the community’s wellbeing.

At ADIC, we are fully committed to developing Emirati talent and placing this initiative at the core of our strategy. We continuously provide our local talent with the necessary personal and professional development opportunities to allow them to advance in their careers.

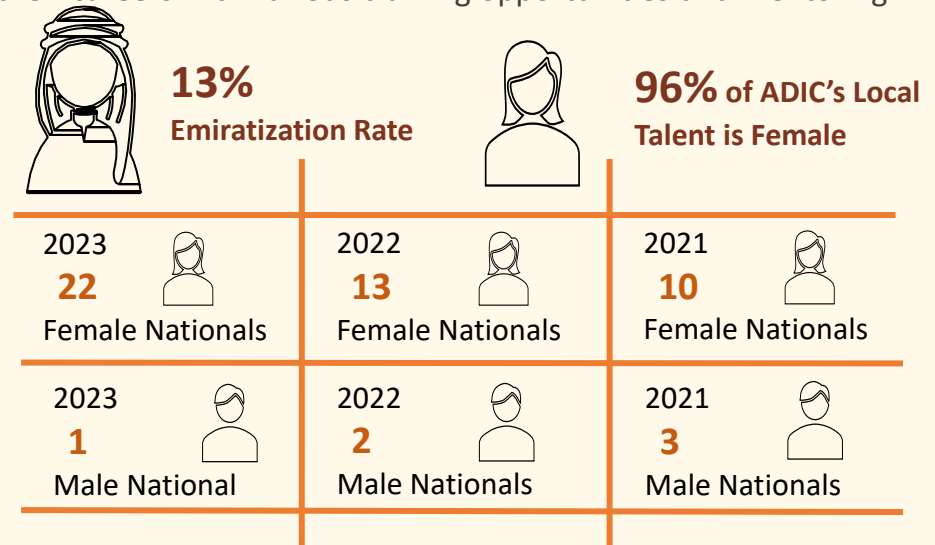
Our efforts have been particularly focused on the following:

- Collaborating with the Ministry of Human Resources and Emiratisation to access the Emirati pool talent that is relevant to our industry,
- Activating our own efforts to attract local talents into our company and the insurance sector by means of offering them development opportunities,
- Ensuring that Emiratis are given the opportunity to excel through various key roles.

Our Emiratisation rate stood at 13% in 2023 with 96% (or twenty-two out of a total of twenty-three local employees) being female. We plan on continuously strengthening our collaboration with MOHRE and increasing our rate year-on-year.

## Nationalization:

- The company has made specific reference to promote Emiratisation in its Corporate Governance Report 2023 and website. We commit to Emiratisation and offers nationals opportunities for employment, training and career development.
- The company has 13% UAE nationals working with various departments.
- The company is in close pursuit, putting forth every effort to meet the Emiratisation target set by The Central Bank of the UAE in the upcoming year.
- ADIC is able to train and develop UAE nationals and support them in their careers with various training opportunities and mentoring.



# STAKEHOLDER ENGAGEMENT & MATERIALITY

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47)

For this report, we have opted to make use of our existing engagement methods to extract the material sustainability and ESG-related topics which are relevant to us and on which we have reported.

The process required that we identify our key stakeholders, those that have an impact on our Company, and then to review and analyze existing engagement methods to extract a list of key sustainability material topics.

Below we list both our key stakeholder groups along with current engagement methods:

<b>Customers</b>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Customer Reviews</li> <li>• Marketing Material</li> <li>• Insurance Authority/Central Bank</li> <li>• Social Media (LinkedIn)</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Yearly Performance Reviews</li> <li>• Exit Interviews</li> <li>• Internal Announcements</li> <li>• Company Events</li> </ul>
<b>BOD and Senior Executives</b>	<ul style="list-style-type: none"> <li>• Regular Meetings (in-person and via phone)</li> <li>• BOD Meetings and Related Committees</li> </ul>
<b>Shareholders (BOD is 70%+ of the shareholders)</b>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Regular meetings with major shareholders, both in-person and via phone</li> <li>• Regular corporate regulatory disclosures</li> </ul>
<b>Government (Central Bank, ADX, and SCA)</b>	<ul style="list-style-type: none"> <li>• Direct engagement through emails and meetings</li> <li>• Local forums</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Based on CSR Program</li> </ul>
<b>Reinsurers, TPAs &amp; Brokers</b>	<ul style="list-style-type: none"> <li>• Code of conduct</li> <li>• Assessment and audits</li> <li>• Regular meetings with select business partners</li> </ul>



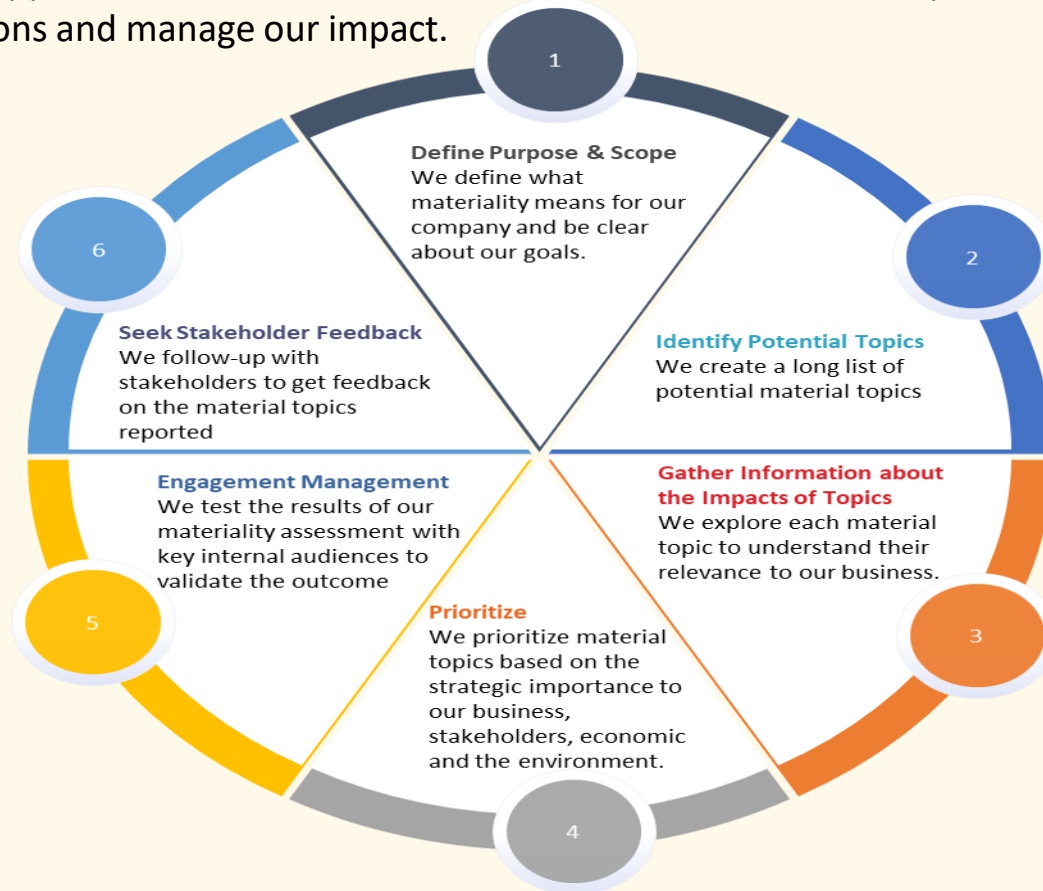
# STAKEHOLDER ENGAGEMENT & MATERIALITY

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47)

## OUR MATERIALITY APPROACH

In order to evaluate which sustainability topics are most critical for our Company, we conduct a materiality assessment to identify the importance of various topics based on our stakeholder's input and our Company's impact on economic, environmental and societal issues.

The diagram below portrays the 6-steps approach we take to reach our current list of material topics, making them crucial to tackle, in order to meet our stakeholders' expectations and manage our impact.



“Greener Business”



# STAKEHOLDER ENGAGEMENT & MATERIALITY

(GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 102-47)

The finalized list is then matched with the corresponding GRI disclosures as well as ADX ESG metrics:

ITEM	KEY MATERIAL TOPIC	CORRESPONDING GRI DISCLOSURE	CORRESPONDING ADX DISCLOSURE	CORRESPONDING SDGs
1	Valuable Employment	GRI 401 - Employment	S3: Employee Turnover	SDG 8: Decent Work & Economic Growth
2	Diversity & Inclusion	GRI 405 – Diversity & Equal Opportunity	S2: Gender Pay Ratio S4: Gender Diversity G1: Board Diversity	SDG 5: Gender Equality
3	Data Protection	GRI 418 – Customer Privacy	G6: Data Privacy	SDG 16: Peace, Justice & Strong Institutions
4	Financial Performance	GRI 201 – Economic Performance	N/A	SDG 8: Decent Work & Economic Growth
5	Business Ethics	GRI 417 – Marketing & Labelling	N/A	SDG 16: Peace, Justice & Strong Institutions
6	Environmental Stewardship	GRI 302 – Energy GRI 305 – Emissions GRI 303 – Water & Effluents	E1: GHG Emissions E2: Emissions Intensity E3: Energy Usage E4: Energy Intensity E5: Energy Mix E6: Water Usage E7: Environmental Operations E8: Environmental Oversight E9: Environmental Oversight	SDG 6: Clean Water & Sanitation SDG 7: Affordable & Clean Energy SDG 12: Responsible Consumption & Production SDG 13: Climate Action
7	Digitalization	N/A	N/A	SDG 9: Industry, Innovation & Infrastructure





Environment

# Our Environmental Impact

(GRI 102-20, GRI 302-1, GRI 302-3, GRI 305-1, GRI 305-2, GRI 305-4, E1, E2, E3, E4, E5, E6, E7, E8, E9, E10)



At ADIC, we take our environmental responsibility very seriously and look to align our efforts with best practices. We are focused on reducing our emissions, cutting back on the amount of waste we produce, and shifting towards a more circular workplace.

We are committed to limit the environmental footprint from our business operations, ensure economical use of resources and focus on processes that support our “Think Green” initiative. These programs are our steps in implementing ecological habits, embedding corporate philosophy in actions we take and impact we create in support to our society. Understanding that “Change is the only thing constant”, we review and revisit our operational goals and collaborate with employees and supply chain partners to operate responsibly and encourage continuous improvements & incentivize environmental stewardship.

As part of this report, we have calculated our Greenhouse Gas (GHG) emissions which are particularly comprehensive in relation to our Scope 1 emissions, related to our direct energy consumption (primarily through corporate owned vehicles), as well as Scope 2 which represents our electricity consumption.

The nature of insurance companies’ operation is different than, for instance, manufacturers, in that their Scope 3 emissions make up an important portion of their GHG emissions while the other companies have a much larger Scope 1 and 2 footprint. For ADIC, this means most of our GHG emissions stem from our investments, including our two owned buildings as well as our investment portfolio.

As mentioned earlier, in 2021 the UAE announced its commitment to becoming a net zero emissions economy by 2050. Currently all ministries as well as regulatory bodies are embedding this commitment into their strategies which will automatically cascade down to the private sector in the form of legislative decrees. It is therefore important for companies to take early action to align their environmental efforts with government targets.

We acknowledge the importance of minimizing the impact of our operations on environment. ADIC continues to monitor its environmental footprint and implement energy efficiency measures. The following prioritizes our efforts:

- Increased digitalization and process automation to reduce the use of papers, color print outs are minimized, back-to-back print-outs are encouraged.
- Replacing high energy consuming lights with energy efficient LED lights.
- Reduce our carbon footprint, manage the amount of waste produced from our operations.
- Constant monitoring of our CO2 emissions, power utilization and water consumption.



# Environment Priorities

ADIC being a responsible entity is very thoughtful of its impact on the society and environment. SDGs identify our environmental priorities. Hence, we understand that major issues like climate change and its effect should remain our focal point. Insurers being a critical part of the value chain can play an extremely important role in making a positive impact on environment.

Our environmental goals and priorities are aligned with the UAE Vision to position UAE as a low carbon economy.



SDG 6

Clean Water & Sanitation



SDG 12

Responsible Consumption & Production



SDG 9

Industry, Innovation & Infrastructure



SDG 13

Climate Action



# Environment- Linking with ADX Guidelines

## Responsible Consumption and Production:

- ADIC aims at replacing the existing lighting with automatic lights, which operate by sensing the movement, in common areas in the office building
- ADIC's business-related emissions decreased due to operations being conducted remotely and given travel restrictions.
- Paper is a large source of waste in the insurance industry, due to the heavy reliance on paper documents such as paper forms and agreements. ADIC is combating this waste generation by digitalizing many of its paper-based activities, and by environmentally friendly shredding.
- We have resorted to intra mails and DMS scanning and archiving mechanism to reduce the printing and thereby reducing the use of paper.



## Clean Water & Sanitation:

- ADIC has been monitoring its water consumption over the past year and in its effort to reduce wastage has planned to replace some of the water distribution devices with modern types that work on the principal of reducing water consumption.



## Climate Action:

- At ADIC we understand the impact of vehicle emissions on the environment and the climate, and we encourage use of eco-friendly alternatives such as electric vehicles by providing motor insurance for green vehicles at competitive price and terms.
- We have used the GHG Protocol as a guide to compute our GHG emissions and will seek to account for 100% of the GHG emissions from operations over which our Company has control (using the operational approach).
- We favor the integration of environmental factors into insurance activities and we will continue to work with our partners to develop insurance products for customers that promote responsible and sustainable resource management.
- The waste majorly consists of non hazardous waste out which some portions are recycled while other is disposed off as per the guidelines.

## Industry Innovation & Infrastructure:

- ADIC work towards achieving sustainable products and services and constantly looks for ways to achieve the same.
- ADIC works on providing online portals for its products and services to its Customers. In its efforts to achieve the same, has moved its motor insurance business to the online portal in its commitment to achieve sustainable products and services.
- ADIC has also launched a mobile application in its effort to provide more sustainable ways of performing business operations.



# Future Sustainability Approach

## Our Approach:

- The company shall be committed to prepare this report annually.
- Our sustainability approach does not stop evolving, which allows us to continue to reinforce our responsibility, supervise our various capital flows and understand the interlinkages between what is best, in addition to our support in consolidating a comprehensive and integrated approach towards various groups in terms of the decision-making and practices, and keeping our concentration focused on creating value in short, medium and long term.
- This report represents our relentless efforts to open transparent communication with relevant and concerned parties internally and externally, as well as being part of our internal measures to monitor operations and ensure full harmony between our operations and practices on the one hand, and our strategic vision on the other hand.
- The company is committed to comply Abu Dhabi Vision 2030 in the future.



# Future Sustainability Approach

To help us in our approach to achieve sustainability ADIC shall consider the following in integrating ESG principles in business decisions. This includes:

- Work together with governments, regulators and other key stakeholders in the industry and community to promote ESG initiatives.
- Embed in decision making ESG issues relevant to insurance business, committed to responsible underwriting.
- Accountability and transparency in regularly disclosing the progress in implementing the principles.
- Work together with clients and business partners to raise awareness of ESG issues, manage risk and develop solutions.
- Drive claims management in line with ESG principles.
- Consider ESG based exclusions in Insurance and corporate policies.



# GRI & ADX Content Index

## GRI STANDARDS

### GENERAL DISCLOSURES

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
<b>Organizational profile</b>				
102-1	Name of the organization		3	
102-2	Activities, brands, products, and services		4	
102-3	Location of headquarters		3	
102-4	Location of operations		3	
102-5	Ownership and legal form		3	
102-6	Markets served		4	
102-7	Scale of the organization		3, 5	
102-8	Information on employees and other workers	S4: Gender Diversity	22, 23,24,	
		S5: Temporary Worker Ratio		
102-9	Supply Chain	G5: Supplier Code of Conduct	10	
102-10	Significant changes to the organization and its supply chain		10,17	
102-11	Precautionary Principle or approach		13,14	
102-12	External initiatives		4,6	
102-13	Membership of associations		4	



# GRI & ADX Content Index

## GRI STANDARDS

### GENERAL DISCLOSURES

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
<b>Strategy</b>				
102-14	Statement from senior decision-maker		6,8,9	
<b>Ethics &amp; Integrity</b>				
102-16	Describe your organization's values, principles, standards and norms of behavior		3,5,9	
<b>Governance</b>				
102-18	Governance structure	G1: Board Diversity	17	
		G2: Board Independence	17	
102-20	Markets served	E8, E9: Environmental Oversight E10: Climate Risk Mitigation	17,18	
<b>Organizational profile</b>				
102-40	List of stakeholder groups		10,11	
102-41	Collective bargaining agreements	G4: Collective Bargaining	-	Not applicable for companies operating in UAE
102-42	Identifying and selecting stakeholders		10,11	



# GRI & ADX Content Index

## GRI STANDARDS

### GENERAL DISCLOSURES

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
<b>Organizational profile</b>				
102-43	Approach to stakeholder engagement		10,11	
102-44	Key topics and concerns raised		10,11	
<b>Reporting Practice</b>				
102-45	Entities included in the consolidated financial statements		3	
102-46	Defining report content and topic boundaries	G8: Sustainability Reporting	6,7	
		G9: Disclosure Practices	6,7	
102-47	List of material topics		3	
102-48	Restatements of information		3	
102-49	Changes in reporting		3	
102-50	Reporting period		3	
102-51	Date of the most recent report		3	
102-52	Reporting cycle		3	
102-53	Contact point for questions regarding the report		3	



# GRI & ADX Content Index

## GRI STANDARDS

### MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
<b>GRI 200: Economic Standard Series</b>				
<b>GRI 201: Economic Performance 2016</b>				
<b>GRI 103 Management Approach</b>				
103-1	Explanation of the material topic and its boundary		8,9	
103-2	The management approach and its components		8,9	
103-3	Evaluation of the management approach		8,9	
<b>GRI 201 Topic Specific</b>				
201-1	Direct economic value generated and distributed			
<b>GRI 205: Anti-Corruption 2016</b>				
<b>GRI 103 Management Approach</b>				
103-1	Explanation of the material topic and its boundary		6,13	
103-2	The management approach and its components		6,13	
103-3	Evaluation of the management approach		6,13,14	



# GRI & ADX Content Index

## GRI STANDARDS

### MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
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### GRI 205 Topic Specific

205-3	Confirmed incidents of corruption and actions taken	G6: Ethics & Anti-Corruption	19	
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### GRI 300: Environmental Standard Series

#### GRI 302: Energy 2016

#### GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		36	
103-2	The management approach and its components		37	
103-3	Evaluation of the management approach	E7: Environmental Operations	37,38	

### GRI 302 Topic Specific

302-1	Confirmed incidents of corruption and actions taken	E3: Energy Usage	37	
		E5: Energy Mix	37	
		E6: Water Usage	37	
302-3	Energy intensity	E4: Energy Intensity	37	





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## GRI STANDARDS

### MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
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### GRI 305: Emissions 2016

#### GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		37	
103-2	The management approach and its components		37	
103-3	Evaluation of the management approach	E7: Environmental Operations	37	

#### GRI 305 Topic Specific

305-1	Direct (Scope 1) GHG emissions	E1: GHG Emissions	37	
305-2	Energy indirect (Scope 2) GHG emissions	E1: GHG Emissions	37	
305-3	GHG emissions intensity	E2: Emissions Intensity	37	

### GRI 400: Social Standard Series

#### GRI 401: Employment 2016

#### GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		22	
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# GRI & ADX Content Index

## GRI STANDARDS

### MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
103-2	The management approach and its components		22,23,24,25,26	
103-3	Evaluation of the management approach	S7: Injury Rate	26	
		S8: Global Health and Safety	25,26	

### GRI 401 Topic Specific

401-1	New employee hires and employee turnover	S3: Employee Turnover	22,23,24	
402-2	Benefits provided to full-time employees that are not provided to part-time employees		25,26	

### GRI 405: Diversity and Equal Opportunity 2016

### GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		22,23	
103-2	The management approach and its components		22,23	
103-3	Evaluation of the management approach		22,23	

# GRI & ADX Content Index

## GRI STANDARDS

### MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
<b>GRI 405 Topic Specific</b>				
405-1	New employee hires and employee turnover	S4: Gender Diversity	23,24	
		S6: Non-Discrimination	23,24	
		G1: Board Diversity	17	
402-2	Ratio of basic salary and remuneration of women to men	S2: Gender Pay Ratio	23,24	

## GRI 413: Local Community 2016

### GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		29,30	
103-2	The management approach and its components		29,30	
103-3	Evaluation of the management approach	S12: Community Investment	29,30	Only the management approach has been disclosed as data is not applicable

# GRI & ADX Content Index

## GRI STANDARDS

### MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
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### GRI 417: Marketing and Labeling 2016

#### GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		4,27	
103-2	The management approach and its components		4,27	
103-3	Evaluation of the management approach		4,27	

#### GRI 417 Topic Specific

417-2	Incidents of non-compliance concerning product and service information and labeling		27	
417-3	Incidents of non-compliance concerning marketing communications		27	

### GRI 418: Customer Privacy 2016

#### GRI 103 Management Approach

103-1	Explanation of the material topic and its boundary		21,28	
103-2	The management approach and its components		21,28	

# GRI & ADX Content Index

## GRI STANDARDS

### MATERIAL TOPICS

GRI DISCLOSURE	CONTENT	ADX DISCLOSURE	REFERENCE SECTION	NOTES
103-2	Evaluation of the management approach		27,28	

### GRI 418 Topic Specific

418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	G7: Data Privacy	27,28	
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# GRI & ADX Content Index

## ADDITIONAL ADX DISCLOSURES

ADX DISCLOSURE	CONTENT	REFERENCE SECTION
<b>Social</b>		
S1	<b>CEO Pay Ratio</b>	
	Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	
	Does your company report this metric in regulatory filings?	
S6	<b>Non-Discrimination</b>	We have Sexual Harassment and Non- Discrimination clauses in our Employee Handbook. This will also be considered as part of our Code of Conduct.
	Does your company follow a sexual harassment and/or non-discrimination policy?	
S9	<b>Child &amp; Forced Labor</b>	We are in full support of combating child and/or forced labor and have included related policies in our Code of Business Conduct and Ethics / Not Applicable.
	Does your company follow a child and/or forced labor policy?	
	If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No	
S10	<b>Human Rights</b>	We have Human Rights clauses in our Employee Handbook. This will also be considered as part of our Code of Conduct.
	Does your company follow a human rights policy?	
	If yes, does your human rights policy also cover suppliers and vendors?	
S10	<b>Nationalization</b>	We have Human Rights clauses in our Employee Handbook. This will also be considered as part of our Code of Conduct.
	Percentage of national employees	
	Direct and indirect local job creation	



# GRI & ADX Content Index

## ADDITIONAL ADX DISCLOSURES

ADX DISCLOSURE	CONTENT	REFERENCE SECTION
<b>Governance</b>		
G3	<b>Incentivized Pay</b>	This will be considered as part of our Sustainability Strategy
	Are executives formally incentivized to perform on sustainability?	



# FEEDBACK.

We appreciate your valuable feedback on this report and any other queries that you may have.  
You may write to us at:

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971 2 6949 444