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Abu Dhabi National Takaful Co. P.S.C

## Abu Dhabi National Takaful Company – PSC – Takaful

### Governance Report for the year 2019



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**Introduction:**

Abu Dhabi National Takaful Company – PSC – Takaful, is a national company, it is a public shareholding company which was incorporated in Abu Dhabi, United Arab Emirates (UAE) on 16 November 2003 with a paid-up capital of AED.100,000,000.00 with the aim of providing Takaful insurance solutions for the regional market. And the Company's core business activities and investment are conducted in accordance with the Islamic Shari'a principles.

**1. A statement of the procedures taken to complete the Corporate Governance system during 2019, and how they are applied.**

Abu Dhabi National Takaful Company – PSC – Takaful, is presenting its annual report, in which it shows its commitment to corporate governance system and principles, We, in Abu Dhabi National Takaful, believe that corporate governance is an integral part of our progress and development, as it is based on justice, responsibility, transparency, which we consider the starting point of unlimited success.

Abu Dhabi National Takaful is committed to the provisions of Islamic Shari'a in all its transactions and activities, which gives the governance more depth, since the Shari'a also called for these principles.

As of 2009, the Company has started to implement the provisions of Ministerial Resolution No. (518) of 2009 Concerning Governance Rules and Corporate Discipline Standards, immediately after its publication, through developing an action plan as follows:

1. Issuing especial procedures for corporate governance.
2. Forming committees directly from the Board of Directors, taking into consideration the conditions that must be met by its members.
3. Establishing an internal control department, and appointing a Head of Internal Control Department
4. Who fully authorized to carry out his duties in order to achieve the objectives in this regard.
5. Adopting code of Professional Conduct.
6. Setting rules governing the transactions of the Board members and the employees as well, regarding the securities issued by the company.



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The Company aims to secure the shareholders while achieving the general objectives of the governance, through implementing these criteria and rules (i.e governance rules).

The company submits its annual report on the implementation of the governance rules, this report is made available to the shareholders at the general assembly meeting to discuss its articles. In addition, the Securities and Commodities Authority is provided with a copy of the report for information and advice if necessary.

Subsequently, SCA issued the Chairman of Authority's Board of Directions No. 7 R.M of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies – issued, the Company reviewed this decision and amended its procedure to ensure full compliance.

**2. A statement of the transactions of the members of the Board of Directors, and spouses and children thereof in the Company's securities during 2019 using the table below:**

**1.2 The Company Policy;**

The company has followed and implemented a mechanism that governs the rules of dealing with the Board members and their direct relatives or any of the insiders of the base data in the securities of the company, and aims to obtain:

- The equality of all investors in accessing the company's data.
- Identifying and reporting of any suspicion of insiders from achieving any personal gain from this accessing.
- Increasing the transparency on the disclosure.
- Increasing the investors' confidence in the shares of the Company.

**2.2 Rules adopted by the Company;**

Subject to the provisions of Article (14) of The Authority's Board of Director's Decision No. (2) of 2001 Concerning the Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities. As well as all decisions issued in this regard, the Company has adopted a series of rules and controls governing the dealings of all insiders of the Company's data in its own securities, which consist in;

- Members of the Board and employees are entitled to invest in the Company's shares under the stipulated conditions. They shall notify the Securities and Commodities Authority, and Abu Dhabi Securities Exchange, as well as the Chief Executive Officer about this investment.





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- It is not allowed to the Chairman, the Board members, the CEO or any person (insider) who has access to the core data of the listed company
- To act on his own/others by dealing in the securities of the Company itself, or in the securities of the parent company or affiliate or sister of that company, during the following periods;
  1. (10) business days before the announcement of any material information that may affect the price of the stock up or down, unless this information is a result of sudden events.
  2. (15) days before the end of the quarterly, semi-annual or annual financial period, until disclosure of the financial statements.
- The provisions of the law shall be taken into account when any of the above-mentioned persons act by themselves/others by dealing in the securities of the company itself or in the securities of the parent company, subsidiary or affiliate of that company, any contrary dealing shall be void.
- In the course of carrying out their duties, the Board of Directors and the employees shall be fully aware of and understand all applicable laws, rules and regulations in order to be able to comply with them in all circumstances. Any benefits that may be granted to the employees or opportunities for cash and non-cash benefits, as well as any paid compensation shall be in accordance with the conflict of interest policy. Therefore, the employees must carry out their duties by applying the principles of integrity, honesty and adherence to professional standards.
- Board members should immediately inform the Chairman when any personal material interests arise against the Company's affairs. In this context, any personal financial interest resulting in any financial transaction with any entity related to the Company that reach to or exceed AED 5 Million shall be notified to the Chairman immediately.
- Board members should refrain from participating in discussions during Board meetings if any personal interest of their own is discussed.
- If a shareholder (represented by a member of the Board of Directors) has a conflict of interest in any matter that may affect the value and volume of the investment in the Company's shares, the Board shall meet and issue its decision on this matter excluding the Board member – or the representatives of this shareholder – of voting. And in exceptional cases, such matters can be resolved through a special committee formed for this purpose.
- Each Board member should – once taking office – disclose to the Company the nature of the positions he holds in public shareholding companies and others, important commitments as well, specifying the time allocated to them, any changes that may arise once occur.
- Each Board member shall – annually – disclose to the Company the nature of their transactions in the securities issued by the Company, the parent company or its subsidiaries or sister companies.







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- the Board of Directors is responsible to oversight the compliance with disclosure policy and take any corrective action, if necessary
- The Board has formed a committee to manage, follow up, and supervising the transactions of insiders and their property, maintain their register and submit periodic reports and statements to ADX in accordance with the articles 12 and 13 of the Chairman Decision (Securities and Commodities Authority) No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.
- Accordingly, no member of the Board – or their spouses/sons – have made or declares any transactions on the Company's securities during the year 2019 according to the following schedule;

S/ N	Name	Position/Relationship	Shares Held as at 31/12/2019	Total Sale Transactions	Total Purchase Transactions
1	Mr. Khamis Mohamed Khamis Buharoon Alshamsi	Chairman	-	-	-
2	Mr. Khalid Abdalla Deemas Alsuwaidi	Deputy Chairman	-	-	-
3	Mr. Dhafer Farooq Mohammed Luqman	Board Member	-	-	-
4	Mr. Khalifa Abdulla Khamis Al Romaithi	Board Member	-	-	-
5	Mr. Khalid Ali Ibrahim Jasem Almansoori	Board Member	-	-	-
6	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Board Member	-	-	-
7	Mr. Syed Aamir Zahidi	Board Member	-	-	-

The balance of owned shares shall be shown, regardless there are transactions during the year or not.



### 3. Board of Directors Composition:

The Board of Directors is considered the representative of the Company's shareholders. It is the body that primarily responsible for the company's business. It is committed to providing general instructions, approving the business strategies, plans, and budgets, following up the operational policy, business process, as well as the internal control system of all types.

The duties of the board members which needs considerable experience with high qualification, in which, the Company interested in carefully.

The current Board of Directors consists of seven members elected on 10/04/2017 for a period of three years ending in 2020. All members have the expertise and qualifications that qualify them to manage the Company, and they have the ability to read and understand the financial statements thoroughly, considering their long experience in the insurance and the business management scope.

#### a. A Statement of the current Board of Directors (BOD) composition (adding the names of the independent and appointed BOD members) using the table below:

S / N	Name	Category (Executive, Non-executive, and Independent)	Experience	Qualifications	Period served as a BOD member of the Company since his first election date	Their memberships and positions in any other joint-stock companies	Their positions in any other important supervisory, governmental or business entities.
1	Mr. Khamis Mohamed Khamis Buharoon Alshamsi	Chairman, Non-executive	He has experience in the area of accounting and audit as well as he worked as a head of the inspection team of banks in the Central Bank. He has also significant experience in the management of	Bachelor degree in Business Management and Accounting.	22/03/2008	Vice-Chairman of Abu Dhabi Islamic Bank, Board Member of Agthia Company.	Chairman of Abu Dhabi Securities Company.



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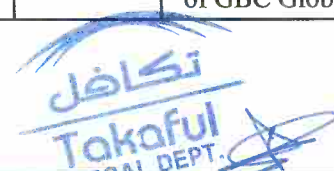
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			several business corporations and financial institutions.				
2	Mr. Khalid Abdalla Deemas Alsuwaidi	Deputy - Chairman Non-executive / Independent	He has considerable expertise in managing business corporations.	MBA	22/03/2008	Board member of Manazil Real Estate Company. Board member of Abu Dhabi Commercial Bank.	The CEO of Das Holding.
3	Mr. Dhafer Farooq Mohammed Luqman	Board Member Non-executive	He worked as a Chief of Business Development for one of a financial institution. He has good experience in banking management and finance as well.	MBA	03/04/2011	Global Head of Liabilities and Wealth Retail Banking Group of Abu Dhabi Islamic Bank	
4	Mr. Khalifa Abdulla Khamis Al Romaithi	Board Member Non-executive Independent	He has considerable expertise in investment as well as in the business management a	Bachelor in Business Management	22/03/2008	Board Member of Arabtec Construction Company Board Member of Gulf Energy Maritime Board Member of Arab Petroleum Pipelines Company (SUMED)	Board Member of Nextdecade Board Member of Depa Group Executive Director Midstream of Mubadala Investment Company
5	Mr. Khalid Ali Ibrahim	Board Member Non-executive	He has experience in studying and developing the economic	Master degree in Innovation and	20/03/2010	Board member of Manazil	Owner of Circle Consultants Board member of GBC Global







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	Jasem Almansoori		activities of companies and developing their resources He has also good experience in managing a number of private projects and developing the resources	Entrepreneurship		Real Estate Company.	and Executive Chairman of MPM properties.
6	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Board Member Non- executive Independent	Experience in banking and operations management	Bachelor in Business Management and Marketing	9/11/2014	Board member of Al Hilal Bank Board member of Manazil Real Estate	Chief Operating Officer of Das Holding Director of Citizens' Affairs Division in Ministry of Presidential Affairs
7	Mr. Syed Aamir Zahidi	Board Member Non- executive	He has experience in banking, accounting and corporate governance He is currently the Chief of Staff at Abu Dhabi Islamic Bank	chartered accountant from UK And he is certified in corporate finance	27/12/2015	None	None

b. A statement of women's representation in the Board of Directors in 2019 (in case there is no representation, kindly state 'no representation').

No representation.

c. A statement of reasons why no women were nominated for the membership of the Board of Directors (for example: no women were nominated for the membership of the Board of Directors)

There are no females in the current Board – which was established in 2017. It should be noted that the Company did not get any female candidate nomination taking in consideration that nomination was open for both genders.

**d. A statement of the following: (the remuneration of the Board)**

**The policy of determining the Board remuneration:**

The Company's policy for determining the remuneration of the Board members states that the proposed remunerations to be submitted by the Board to the General Assembly for discussion and approval.

**The Company should abide by the policy that determines the remuneration of the Board as follow:**

1. Article (169) of Federal Law No. 2 of the Year 2015 on Commercial Companies in the United Arab Emirates.
2. Article (21) of the Chairman of Authority's Board of Directions No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.
3. Article (32 & 58) of the Company's Articles of Association.

Generally stipulated that the Chairman and the members of the Board of Directors shall be entitled to a percentage of the net profit provided that it doesn't exceed 10% of the profits for the financial year. The Company may also pay any additional expenses, fees, bonuses or monthly salary to the extent decided by the Board of Directors for any Board Member if – such member – works in any committee or makes special efforts or performs additional duties to serve the company, beyond his normal duties as a Board member. An attendance allowance may not be paid to the Chairman or the Board member for the Board meetings.

**1. Total remunerations paid to the members of the Board of Directors for the year 2018.**

At the General Assembly of the company held on 19/03/2019, the shareholders approved the remuneration of the Board members which amounted to AED: 4,867,668.00 as a bonus for the financial year ended 31/12/2018, in accordance with the provisions of the said articles and laws above.

**2. Total remunerations proposed to be paid to the members of the Board of Directors for the year 2019, which shall be presented in the annual General Assembly for approval.**

At the General Assembly of the company which will be held on 00/03/2020, it is proposed to the General Assembly to approve the remuneration of the members of the Board to be AED 4,867,668.00 without VAT, provided that the total amount including VAT is AED (5,111,051.4) For the year ended 31/12/2019, in accordance with the provisions and laws above-mentioned.

**3. A statement of the details of allowances for attending the sessions of committees derived from the BO, which were paid to the BOD members for the fiscal year 2019 using the table below:**

Each member of the Board of Directors received an amount of 7,500 AED for the attendance allowance for each committee meeting during the year 2019, according to the following detail:

S/N	Name	Allowances for attending the BOD Committees		
		Name of Committee	Allowance Amount	Number of Meetings
1	Mr. Khamis Mohamed Khamis Buharoon Alshamsi	Strategy & Investment Committee	AED 7,500	1
2	Mr. Khalid Abdalla Deemas Alsuwaidi	Strategy & Investment Committee	AED 7,500	1
		Remuneration & Nomination Committee	AED 22,500	3
3	Mr. Dhafer Farooq Mohammed Luqman	Remuneration & Nomination Committee	AED 22,500	3
4	Mr. Khalifa Abdulla Khamis Al Romaithi	Audit & Risk Committee	AED 30,000	4
		Strategy & Investment Committee	AED 7,500	1
		Insiders' Trading Follow-Up and Supervision Committee	00	2
5	Mr. Khalid Ali Ibrahim Jasem Almansoori	Audit & Risk Committee	AED 30,000	4
		Remuneration & Nomination Committee	AED 22,500	3
		Insiders' Trading Follow-Up and Supervision Committee	00	2
6	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Strategy & Investment Committee	00	0
		Audit & Risk Committee	AED 7,500	1
		Remuneration & Nomination Committee	AED 7,500	3

		Insiders' Trading Follow-Up and Supervision Committee	00	0
7	Mr. Syed Aamir Zahidi	Audit & Risk Committee	AED 30,000	4
		Strategy & Investment Committee	AED 7,500	1
		Insiders' Trading Follow-Up and Supervision Committee	00	2

**4. Details of the additional allowances, salaries or fees received by a Board member other than the allowances for attending the committees and their reasons.**

N/A

**e. The number and dates of BOD meetings held during the FY 2019 as well as the attendance frequency by all the members; in person and by proxy (the names of the BOD members should match the information set out in item (3a) above).**

#	Date of the meeting	Number of Attendees	Number of attendance by proxy	Names of absent members
1	05/02/2019	7	0	
2	18/02/2019	7	0	
3	09/05/2019	6	0	Mr. Khalid Abdalla Deemas Alsuwaidi
4	06/08/2019	5	0	Mr. Khamis Mohamed Khamis Buharoon Alshamsi Mr. Naser Mohamed Naser Al Mur Al Zaabi
5	12/11/2019	6	0	Mr. Khalifa Abdulla Khamis Al Romaithi

**f. Number of the Board resolutions passed during the 2019 fiscal year, along with its meeting convention dates.**

Has not made any decisions need to be disclosed.

- On 28 February 2019, the Board of Directors approved by circulation the actuarial report of underwriting and pricing for 2018.
- On 24 July 2019, the Board of Directors approved by circulation an appointment of a consultant to implement the requirements of IFRS 17.
- On 30 July 2019, the Board of Directors approved by circulation the inspection report of the Insurance Authority.





- On 16 September 2019, the Board of Directors approved by circulation the actuarial report of underwriting and pricing for the period ending on 30 June 2019.

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

Subject to the provisions of the Articles of Association of the Company, and in accordance with the interests of the business, the Board has given to the Executive Management represented by the CEO, a fixed-term mandate, ending on 10/04/2021, granting him the powers upon the business needs, and the nature of the company's activity as well, explaining the cases that require prior approval or instructions from the Board. These tasks can be summarized as follows:

- Managing the company's business and providing instructions to the executive in line with the company's strategic goals and policies prescribed by the Board and the provisions of the law/legislations related to the company's activities.
- Providing the Board with accurate/periodic reports on the financial position and actions taken in the risk management, in order to enable the Board to review the objectives, plans, and policies, and to question the executive management about their performance.
- Providing the regulatory bodies (Ministry of Economy – Securities and Commodities Authority – Abu Dhabi Securities – Insurance Authority ... etc) with any information, data, and documents which required in accordance with the provisions of the law, regulations issued under any of them.
- Make recommendations regarding any necessary proposals concerning the company's operations.
- Managing the company's investments and funds in accordance with the directions of the Board, signing the respective contracts on behalf of the company and representing it in its relations with others.
- Managing the workflow of the contracts and agreements and the negotiation about them.
- Appointing/dismissing the employees, in accordance with the policy determined by the Nomination and Remuneration Committee emanating from the Board, in a manner that does not conflict with the laws.
- Representing the company before all stages of courts, with the right to delegate lawyers and experts and isolate them.





- Delegating representatives for the company to do some partial tasks which will facilitate the work operations.
- All the powers granted above shall not contradict the laws, and regulations.

**h. A statement of the details of transactions made with the related parties (stakeholders), indicating the nature of relationship and transaction type.**

Details of significant transactions with the related party (affiliate company and major shareholder) were within the Company's normal business scope as follows:

Ser.	Statement of related parties	Clarifying the nature of relationship	Type of transaction	Value of transaction
1	affiliate company and major shareholder	major shareholder	Gross contributions written (insurance premium)	AED 74.871.172
2	affiliate company and major shareholder	major shareholder	Takaful expenses (premiums commissions)	AED 5.000
3	affiliate company and major shareholder	major shareholder	Profit from the term deposits	AED 74.382
4	affiliate company and major shareholder	major shareholder	A regular deposit on 31 December	AED 10.000.000

The company did not made any transactions equal to or more than 5% of the company's capital during 2019.

**i. The organizational structure of the Company, including at least the first and second levels, and including the General Director and/or Executive Manager, Deputy General Director, and the managers of the Company such as the Financial Manager.**

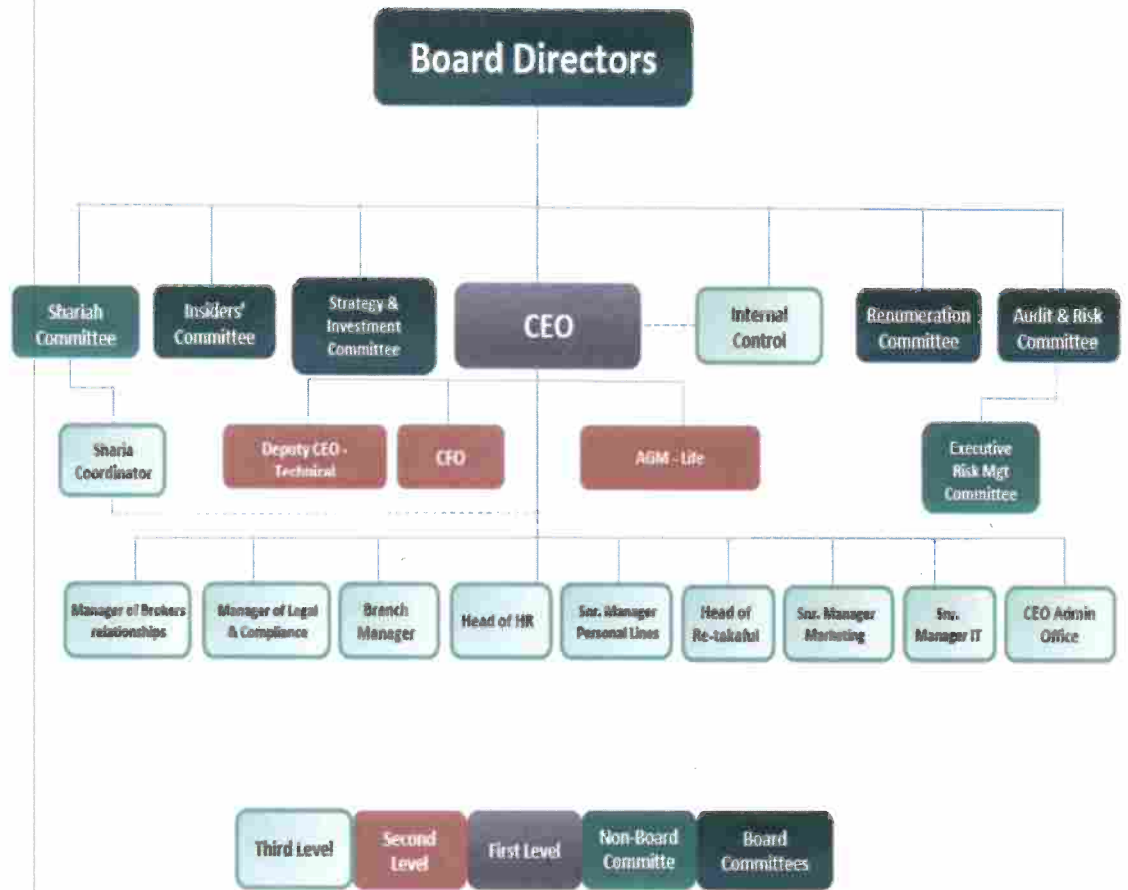


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j. A detailed statement of the senior executive staff in the first and second levels according to the Company's organizational structure (as set out in item (3h) above), their positions and appointment dates, and total salaries and benefits paid thereto, using the table below:

An elite of qualified, long experience were chosen in each field. The following are statement of senior executives of the Company:

S/ N	Position	Date of Appointment	Total Salaries and Allowances paid in 2019 (AED)	Total Bonuses paid in 2019 (AED)	Any other Cash/in-kind benefits for 2019 or payable in the future
1	Chief Executive Officer	2010/03/14	2,218,768	Not defined	N/A
2	Deputy Chief Executive Officer – Technical Affairs	2007/01/30	963,942	Not defined	N/A
3	Assistant General Manager – Life and Bancassurance	2005/07/10	721,736	Not defined	N/A
4	CFO	2016/07/24	716,315	Not defined	N/A
5	Head of Internal Control	2004/06/01	514,602	Not defined	N/A
6	Sharia Coordinator	2014/08/03	403,436	Not defined	N/A
7	Manager of Brokers relationships	2018/05/06	144,000	Not defined	N/A
8	Manager of Legal & Compliance	2007/08/14	310,646	Not defined	N/A
9	Snr. Manager of Dubai And Northern Emirates Branch	2016/02/15	611,340	Not defined	N/A
10	Head of HR	2004/03/20	448,492	Not defined	N/A
11	Snr. Manager Personal Lines	2018/02/20	420,000	Not defined	N/A
12	Head of Re-takaful	2009/03/01	489,853	Not defined	N/A
13	Snr. Manager Marketing	2010/12/19	346,728	Not defined	N/A
14	Snr. Manager IT	2019/04/28	357,726	Not defined	N/A

The report will be updated after approval of any executive management bonuses or any other bonuses.

**4. External Auditor:**

**a. A brief about the external auditor of the Company's to the shareholders.**

Deloitte is one of the largest International companies that provide professional services to their clients; it is considered as one of the big four audit firms. Deloitte is a global organization made up of a group of member companies. Its global headquarters is in London, UK, and it has several offices serving the Middles East, including its branch in Abu Dhabi. It does auditing activities as a primary activity in addition to other consulting activities.

**b. A statement of the fees or costs of auditing or the services provided by the external auditor, using the table below:**

Name of the audit office and partner auditor	(Deloitte) Mohammad Khamees Al Tah
Number of years he served as the company external auditor	2019
Total audit fees for 2019 in (AED)	AED 168.500
Fees and costs of other private services other than auditing the financial statements for 2019 (AED), if any, and in case of absence of any other fees, this shall be expressly stated.	AED 196.900
Details and nature of the other services (if any). If there are no other services, this matter shall be stated expressly.	Approving financial statistics provided to the supervisory authorities according to the request of these authorities.
Statement of other services that <u>an external auditor</u> other than the company accounts auditor provided during 2019 (if any). In the absence of another external auditor, this matter is explicitly stated.	Approving the reporting requirements of supervisory authorities, even annual and quarterly.

**c. A statement of the qualified opinions made by the company's external auditor in the interim and annual financial statements for 2019. In the absence of any qualified opinions, this shall be stated clearly.**

N/A

#### 5. Audit Committee:

Due to the company's commitment to implementing the standards of corporate governance and discipline, the company's Board has formed the following committees:

- Audit & Risk Committee
- Remuneration & Nomination Committee
- Insiders' Trading Follow-Up and Supervision Committee
- Strategy & Investment Committee

Each of the above has been empowered of duties according to the Decision No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

**a. The Audit Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**

**"(Khalifa Abdulla Khamis Al Romaithi), Audit Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness."**

**b. The names of members of the audit committee, and a statement of its functions and the duties assigned thereto.**

S	Name	Position	His Category in the Board
1	Mr. Khalifa Abdulla Khamis Al Romaithi	Chairman of the Committee	Board Member/ Non-executive / Independent
2	Mr. Khalid Ali Ibrahim Jasem Almansoori	Member	Board Member / Non-executive
3	Mr. Syed Aamir Zahidi	Member	Board Member / Non-executive
4	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Member	Board Member/ Non-executive / Independent

**The duties of Audit & Risk Committee:**

The committee shall convene at least once every three months or whenever the need arises, with a minutes written by the Committee secretary and reviewed by the



committees members. Their functions shall be in accordance with the Chairman Decision (Securities and Commodities Authority) No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies, including the follows:

a. It shall set up and apply a policy to govern the work of the external auditors in addition to report to the board of directors any critical issue that requires action to be taken along with providing proper suggestions for implementations.

b. It shall follow up and oversee the independence and objectivity of the external auditor and hold discussions with the external auditor on the nature, scope and efficiency of the audit according to approved audit standards .

c. It shall oversee the integrity of and review the Company's financial statements and reports (annual, semiannual and quarterly reports) in the course of its operations during the year and shall, in particular, focus on:

- (1)Any changes to accounting policies and practices ;
- (2)Highlighting matters that are subject to Management's judgment ;
- (3)Material amendments emerging out of the audit ;
- (4)The assumption of the Company's continuity as a going concern ;
- (5)Adherence to the accounting standard set by the Authority; and
- (6) Adherence to listing and disclosure rules as well as other legal requirements in relation to financial reporting.

d. It shall coordinate with the Board of Directors, the Management and the financial manager or the manager assuming the same duties in the Company in order to duly fulfill its duties. The audit committee shall hold a meeting with the Company's external auditor at least once per year .

e. It shall consider any irregular issues that are or have to be reflected in the board and financial reports and pay necessary attention to any issues raised by the financial manager of the Company, the manager assuming the same duties, the Compliance Officer or the external auditor .

- f. It shall review the Company's financial control, internal control and risk management framework .
- g. It shall discuss the internal control framework with Management and make sure that it fulfills its duty to develop an effective internal control system .
- h. Consider findings of main investigations into internal control issues assigned to it by the Board of Directors or as an initiative of the audit committee upon the approval of the Board of Directors .
- i. It shall ensure coordination between internal and external auditors, ensure availability of necessary resources for the internal audit function, and review and control the efficiency of this function .
- j. It shall review the Company's financial and accounting policies and procedures .
- k. It shall review the external auditor's report and action plan and any material inquiries raised by the auditor to the Management in respect of accounting reports, financial accounts or control systems, respond thereto and approve the same .
- l. It shall make sure that the Board of Directors responds on a timely basis to inquiries and material issues raised in the external auditor's reports .
- m. It shall develop rules that enable the employees of the Company to confidentially report any potential violations in financial reports , internal controls or other issues and take adequate steps to conduct independent and fair investigations into these violations .
- n. It shall oversee the Company's compliance with its code of conduct .
- o. It shall ensure implementing the duties and fulfilling the authorities assigned by the Board of Directors .
- q. It shall consider any other issues as the Board of Directors may determine .

**c. The number and dates of the meetings held by the audit committee during the year 2019 to discuss issues related to the financial statements and any other issues, and a statement of the attendance frequency in person by the committee's members.**



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Meeting number and date	First meeting 18/02/2019	Second meeting 09/05/2019	Third meeting 06/08/2019	Forth meeting 10/11/2019
Mr. Khalifa Abdulla Khamis Al Romaithi	✓	✓	✓	✓
Mr. Khalid Ali Ibrahim Jasem Almansoori	✓	✓	✓	✓
Mr. Syed Aamir Zahidi	✓	✓	✓	✓
Mr. Naser Mohamed Naser Al Mur Al Zaabi	X	X	X	✓

#### 6. Nomination and Remuneration Committee:

a. The Nomination and Remuneration Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, his review of its work mechanism and ensuring its effectiveness.

“(Khalid Abdalla Deemas Alsuwaidi), 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.”

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

	Name	The position in the committee	His Board category
1	Mr. Khalid Abdalla Deemas Alsuwaidi	Chairman of the Committee	Deputy –Chairman / Non-executive / Independent
2	Mr. Khalid Ali Ibrahim Jasem Almansoori	Member	Board Member / Non-executive
3	Mr. Dhafer Farooq Mohammed Luqman	Member	Board Member / Non-executive
4	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Member	Board Member / Non-executive / Independent



The Remuneration & Nomination Committee has been granted all the powers along with tasks decided by Chairman of Authority's Decision (Securities and Commodities Authority) No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies, including the follows:

- Ensure the independence of the members.
- Formulating and reviewing on annual basis, the policy for granting bonuses, benefits, incentives and salaries at the company.
- Identify the company's needs of competencies at the level of senior executive management and employees and the bases of their selection.
- Prepare the human resources and training policy in the company and observing its application and review it periodically.

**c. A statement of the number and dates of the meetings held by the committee during the year 2019, stating the frequency of attendance in person by all the members of the committee.**

Board member	First meeting 05/02/2019	Second meeting 29/02/2019	Third meeting 08/04/2019
Mr. Khalid Abdalla Deemas Alsuwaidi	✓	✓	✓
Mr. Khalid Ali Ibrahim Jasem Almansoori	✓	✓	✓
Mr. Dhafer Farooq Mohammed Luqman	✓	✓	✓
Mr. Naser Mohamed Naser Al Mur Al Zaabi	✓	✓	✓

#### 7. Insiders' Trading Follow-Up and Supervision Committee:

**a. The Acknowledgment by the Committee Chairman or the authorized person of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**



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"(Khalifa Abdulla Khamis Al Romaithi) 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.

**b. The names of members of the Insiders' Trading Follow-Up and Supervision Committee, and a statement of its functions and the duties assigned thereto.**

	Name	The position in the committee	His Board category
1	Mr. Khalifa Abdulla Khamis Al Romaithi	The committee chairmen	Board Member / Non-executive / Independent
2	Mr. Khalid Ali Ibrahim Jasem Almansoori	Member	Board Member/ Non-executive
3	Mr. Syed Aamir Zahidi	Member	Board Member / Non-executive
4	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Member	Board Member / Non-executive / Independent

The Insiders' Trading Follow-Up and Supervision Committee has been granted all the powers along with tasks decided by Chairman Decision (Securities and Commodities Authority) No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies,

**c. A summary of the Committee's activities in 2019. (In case the Committee not formed, state the reasons).**

The Committee met on 18/02/2019 and confirmed that the company was not notified of any sale or purchase of the company shares by insiders.

And the Committee met on 06/08/2019 and accepted to remove the previous external Auditor E & Y from the insider list of ADNTC since their agreement had expired.

The current External Auditors "Deloitte" had provided us his response that it is not requested to include his name in the Insider List, and It was reviewed and approved by the Committee.





**8. Strategy & Investment Committee.**

**a. The Strategy & Investment Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness.**

"(Khamis Mohamed Khamis Buharoon Alshamsi), The Strategy & Investment Committee Chairman, acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

**b. Name of committee or committees.**

The Board of Directors has set the Strategy & Investment Committee in accordance with the basis of investing the rights of the participants (Takaful policyholders) contained in the decision of the Board of Directors of Insurance Authority No. (26) /2014 regarding the Financial Instructions for Takaful Companies.

**c. The names of the members of each committee, and a statement of its functions and the duties assigned thereto.**

	Name	The position in the committee	His Board category
1	Mr. Khamis Mohamed Khamis Buharoon Alshamsi	Committee chairman	Chairman, Non-executive
2	Mr. Khalid Abdalla Deemas Alsuwaidi	Member	Deputy -Chairman Non-executive/ Independent
3	Mr. Khalifa Abdulla Khamis Al Romaithi	Member	Board Member Non-executive Independent
4	Mr. Naser Mohamed Naser Al Mur Al Zaabi	Member	Board Member Non-executive Independent
5	Mr. Syed Aamir Zahidi	Member	Board Member Non-executive

**d. A statement of the number and dates of the meetings held by the committee during the year 2019, stating the frequency of attendance in person by all the members of the committee.**

Meeting number and date Board member	First meeting 25/09/2019
Mr. Khamis Mohamed Khamis Buharoon Alshamsi	✓
Mr. Khalid Abdalla Deemas Alsuwaidi	✓
Mr. Khalifa Abdulla Khamis Al Romaithi	✓
Mr. Naser Mohamed Naser Al Mur Al Zaabi	X
Mr. Syed Aamir Zahidi	✓

#### 9. Internal Control System:

Internal control is essential to the application of the governance system, as it aims to establish an assessment of the risk management framework, to examine the effectiveness of the control and properly applying of the governance, and to ensure that the company and its employees comply with the provisions of laws, and the internal policies, as well as reviewing the data that presented to the senior management of the Company. It is also a crucial and necessary basis to ensure the accuracy of the financial statements. Accordingly, and in accordance with the rules of the governance, the Board of Directors of the Company (in the meeting No. 1/2010) decided on 22/02/2010 to establish The Internal Control Department, and should be directly reporting to the Board (according to the rules of governance). The Internal Control Department periodically submits written reports to the Board of Directors on the procedures, findings and recommendations reached by it and with absolute transparency. The functions entrusted to it shall be carried out in accordance with the above-mentioned resolution.

#### Internal Control functions are as follows:

1. Evaluate the Enterprise Risk Management framework applied in the company.
2. Ensure that the company adherence to the Corporate governance requirements.
3. Ensure the commitment of the company and its employees to the provisions of the laws, regulations, and the internal policies and procedures.

4. Evaluate the work of the company's internal committees and their efficiency to reduce the risks facing the company, and make appropriate recommendations to correct their weaknesses.
5. Reviewing the financial statements presented to the Company's senior management, which are used in preparing the financial statements.
6. Comparing and analyzing actual financial results with previous estimates and setting explanations, solutions, and recommendations thereon.
7. Coordinating with the external auditors of the company and other regulatory authorities regarding the exchange of information and responding to their inquiries and observations in cooperation with the concerned departments in the Company, and follow up correction of violations and as well as following up the recommendations contained in their reports.
8. prepare internal audit reports of the internal audit engagement conducted according to the approved audit plan as well as ad hoc assignments, and report them to the board on periodic basis.
9. imposing additional controls on some departments through ensuring:
  - i. Effectiveness and efficiency of the Company's operations.
  - ii. Controls over the financial transactions (payment, exchange, transfer, deduction, etc).
  - iii. the accuracy of the financial statement .
  - iv. The reliability of the Data transmitted and processed throughout the company's operation system
  - v. Matching internal data with the data from external sources.
  - vi. Matching the annual financial results with the financial records and general ledges.
  - vii. Taking the appropriate action to safeguard the company's assets and records.

**a. The BOD's acknowledgement of its responsibility for the Internal Control System in the Company and its review of the functioning mechanism of internal control and ensuring its effectiveness.**

**The Board of Directors acknowledges and reviews the company's internal control system and verifies its effectiveness through the Internal Control Department, which provides regular and periodic reports to the Board, Audit & Risk Committee, and executive management.**

**b. The name, qualifications, and date of appointment of the Director of Internal Control Department.**

As part of implementation of Corporate Governance measures by the Company in 2010, Mr. Zainudeen Faizan Mohamed was appointed as the Manager of this department. He has over 20 years of Banking and Insurance Industry experience including Financial Control positions held with HSBC Bahrain and Takaful International Bahrain previously. He holds professional qualifications ACMA, CIRM & CFE relating to Management Accounting, Risk Management & Fraud Examination.

**c. The name, qualifications, and date of appointment of the Compliance Officer.**

In 2017 Mr. Mustafa Hassoun, the Legal Department Manager – has been appointed as Compliance Officer, he has a Bachelor's degree in Sharia and Law since 2004.

**d. How the Internal Control Department handle any significant issues in the company, or issues disclosed in the annual reports and accounts (in case there are no significant issues, it should stated that the Company did not have any significant issues).**

The Internal Control Department provides the Board with periodic reports on its work, including the problems experienced by the company and the manner of dealing with, and the best solution as well, despite that the company did not face any major problems.

**e. Number of reports issued by the Internal Control Department to the Company's Board of Directors.**

The Internal Control Department issued three audit reports in 2019.

**10. Details of the violations committed during 2019, explaining their causes, how to address them and avoid their recurrence in the future.**

According to the reports submitted by the Internal Control Department, the Company did not face any significant violations during the fiscal year 2019. The company considers that the absence of these errors is part of the success achieved through the good practices formulated by the Board and Executive Management.





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11. A statement of the cash and in-kind contributions made by the Company during the year 2019 toward the local community development and environmental conservation. (In case there are no contributions, it should be stated that the Company did not make any contributions).

The company have not made any financial contributions.

The company celebrated several national and international events (UAE National Day, Flag Day, International Day of Happiness, Mother's Day and International Women's Day).

## 12. General Information:

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

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
The price	4.4	3.5	3.25	3	2.7	2.58	3	2.75	2.75	2.75	3	3.35
lowest price	4.4	3.5	3.15	3	2.7	2.58	2.96	2.7	2.7	2.6	2.75	3.35
highest price	4.4	3.96	3.5	3	3	2.7	3	2.75	2.75	2.8	3.15	3.35

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





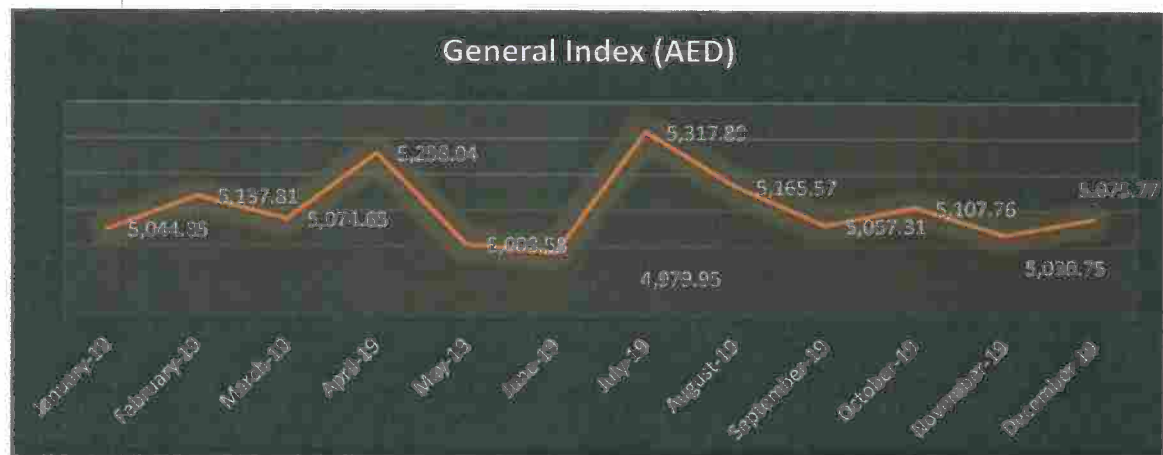
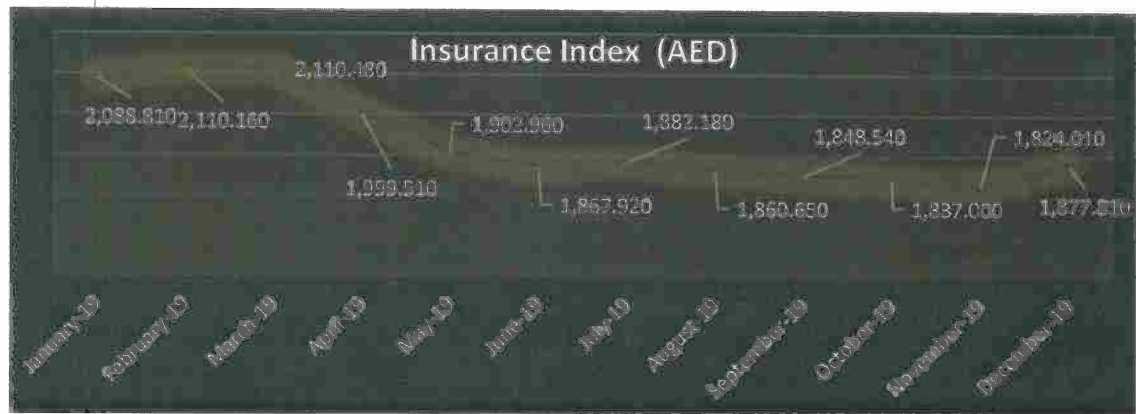


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c. A statement of shareholding distribution as of 31/12/2019 (individuals, companies, governments) classified as follows: local, GCC, Arab, foreign using the table below:

S/N	Shareholder Category	Percentage of Shares Held			
		Individual	Companies	Government	Total
	Local	16%	84%	0	100%
	GCC	0	0	0	
	Arab	0	0	0	
	Foreign	0	0	0	
	Total	16%	84%	0	100%

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

S/N	Name	Number of Shares Held	% of the Shares Held of the Company's Capital
1	Abu Dhabi Islamic Bank	% 41,7	41,664,219
2	Tasameem Real Estate Co. LLC (Tasameem)	% 30	30.111.529
3	Bond Investments Ltd	% 5	5.049.931

e. A statement of shareholders distribution by the size of equity as of 31/12/2019 using the table below:

S/N	Share(s) Owned	Number of Shareholders	Number of Share Held	% of the Shares Held of the Capital
1	Less than 50,000	1468	5.705.713	% 6
2	From 50,000 to less than 500,000	48	7.348.759	% 7
3	From 500,000 to less than 5,000,000	6	10.119.849	% 10
4	More than 5,000,000	3	76.825.679	% 77

f. A statement of the procedures taken with respect to the controls of investors' relations, indicating the following:

- The name and contact information of the Investors' Relations Manager
- The link of the Investor Relations webpage on the website of the Company.



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The Company has appointed an officer for all the functions related to Investor Relations with the tasks stipulated in the Chairman Decision (Securities and Commodities Authority) No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

The appointed Investor Relations Officer (Mrs. Farah Arakji, Chief Financial Officer) is fluent in English and Arabic, with very good qualification, and has practical experience in business and accounting along with capable knowledge in the legal requirements. she has also full knowledge of the company's activities and opportunities and the required skills to communicate with investors.

A special Investor Relations page has also been created on the company's website, which includes: Investor Relations data and means of communication, and all reports related to the financial results.

A committee with five senior employees of the Company (Executive Risk Management Committee) has been set up to deal with any crisis and contingencies facing the Company. The committee will develop a communication plan with investors and the media regarding the practical steps taken by the Company to face the contingency. And appoint an official spokesperson to take care of the corporate communication.

The current Investor Relations Officer is Ms. Farah Arakji, Chief Financial Officer:

024107700- 024107719 - Mob; 00971544300822 Fax. 024107800 -  
[Farah.Arakji@takaful.ae](mailto:Farah.Arakji@takaful.ae)

The e-link of the Investor Relations page on the company's website is:

<https://takaful.ae/en/about-us/investors-relations/>

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

No special resolutions were presented to the General Assembly during 2019.

**h. The Rapporteur of the Board meetings, and his/her appointment date and his/her qualifications and experiences and a statement of his/ her duties during the year.**

On 12/05/2011 Mrs. Sara Alabsi, was appointed as Rapporteur of Board Meetings. Mrs. Sara holds a Master degree in Strategy and Business Administration from the University of Strathclyde.



Her duties include coordination between members regarding the meetings of the Board of Directors and its committees. She also coordinates with members of top management to collect topics for discussion in meetings and distribute them to members. She also reports the minutes of board meetings along with the related decisions and follows up on implementation.

**i. A statement of the significant events that took place in the Company in 2019.**

In September 2019, Abu Dhabi National Takaful Company (PSC) announced that it has regained the financial strength rating to A- (Excellent), and the long-term credit rating A- from the global rating agency A.M. Best, while the forward-looking for credit ratings is stable, maintaining the highest rating given to a Takaful operator in the worldwide, for the fourth consecutive year.

And before all other Takaful insurance companies, Abu Dhabi National Takaful announced AED 4.4 Million Surplus Distribution (Cash Returns) for Family Takaful Policyholders for the year 2017, and again, for the second consecutive year, it announced AED 6 Million Surplus Distribution (Cash Returns) for Family Takaful Policyholders for the year 2018.

ADNTC is among the few takaful operators in the region that distributed insurance surplus to the holders.

**j. Statement of Emiratisation percentage in the Company at the end of 2017, 2018, 2019 (workers are excluded for companies working in the field of contracting).**

At the end of 2017, the Emiratisation rate represented 16 % of the total number of employees in the company.

At the end of 2018, the Emiratisation rate represented 17 % of the total number of employees in the company.

At the end of 2019, the Emiratisation rate represented 18 % of the total number of employees in the company.

Note that the company is subject to the Emiratisation Strategy (points system) in accordance with the Cabinet Decision No. (267/10/3) of 2015, regarding the Emiratisation Strategy in banking and insurance sectors, where the determination of target points was in accordance with the number of written premiums at 34.00, The company,



in turn, supported the national economy and participated in achieving the government vision, this means, achieving a great result with a score of 79.00 points, which means an increase of 45 points.

**k. A statement of the innovative projects and initiatives implemented by the Company or which were under development during 2019.**

The company has established an internal innovation committee with the support of the Chief Executive Officer. The committee established to facilitate the transformation of the company toward the digitalization and implementing the industry's globally accepted best practices.

The committee continues its continuous research of the latest technological developments in the insurance industry and submits its proposals to members of the executive management in a way that contributes to increasing the profitability and development of the company.



Signature of the  
Board Chairman

Date: 10/02/2020

Signature of Audit  
Committee  
Chairman

Date: 10/02/2020

Signature of  
Nomination and  
Remuneration  
Committee Chairman

Date: 10/02/2020

Signature of Internal  
Control Department  
Director

Date: 10/02/2020

Company Official Seal