

AL FUJAIRAH NATIONAL  
INSURANCE COMPANY PJSC

2023  
SUSTAINABILITY REPORT



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# ABOUT THIS REPORT

We are pleased to present you the annual ESG report of 'Al Fujairah National Insurance Company' (AFNIC) for the period from 1/1/2023 to 31/12/2023. With over 40 successful years in the insurance value chain, AFNIC takes great pride in its transparent and ethically viable business model. Thus, through this report AFNIC seeks to further demonstrate its allegiance towards sustainable development practices using tangible and quantifiable measures aligning with the UN SDG 17, Abu Dhabi Economic Vision 2030, UAE Green Agenda 2015-2030 and UAE Centennial Plan 2071.

This report was constructed with reference to the Global Reporting Initiative (GRI) 'Core option' framework and include materials that are most important to our business and stakeholders. The information in this report was published on April 2024.

The GRI content Index will be available at the end of this report starting from page 63.

AFNIC welcomes any feedback or inquiries relating to this report through any of the following channels:

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[AFNIC Sustainability Report 2022](#)

[AFNIC Sustainability Report 2021](#)

# A MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

In this report, I am proud to present you with our efforts to achieve a sustainable business model, which has been the focal point of our success and growth. Our operations are aligned with the company's sustainability strategy to ensure creating shared value for all our stakeholders and achieving financial and operational profitability.

At AFNIC, we have been operating in the UAE since 1977 with success thanks to our progressively diversified operations. Our operations are aligned with the company's sustainability strategy to ensure creating shared value for all our stakeholders and achieving financial and operational profitability.

We monitor our sustainability performance in an effective way through the activities we conduct under the guidance of our Board of Directors. Our sustainability objectives are in line with the United Nations Sustainable Development Goals 2030, UAE Economic Vision 2030, UAE Green Agenda 2015-2030, and UAE Centennial Plan 2071.

That will not change going forward – we will continue to secure the future of our customers and society sustainably.

Along the years, we have made significant efforts to conduct business responsibly and achieve sustainable growth.



We developed a sustainability framework to ensure that our operations are performed in a responsible manner. We continued to improve our recruitment processes and talent management to ensure that we always employ and retain the best talent to lead the company forward, while adhering to the principles of integrity, transparency and accountability.

Why do we consider this non-financial report so important? Because we believe that the more our efforts are recognized and the more transparent we are about our plans, the greater the chances of others being encouraged to consider adopting sustainable strategies.

Further, we believe that presenting such sustainability report will serve as catalyst for self-assessment and continued improvement in our sustainability journey.

Finally, I would like to express my gratitude to all our shareholders, customers, and employees for their loyalty and trust they have placed in us. We will continue to grow our business and comply with the best governance practices and operate responsibly.

Sincerely Yours,

Antoine Maalouli

CEO – Al Fujairah National Co. PJSC



# ABOUT AFNIC

For over four decades now, Al Fujairah National Insurance Co (AFNIC) is the only insurer in the United Arab Emirates that has its headquarters in Fujairah, situated in the Eastern part of the country. AFNIC serves a multitude of clients across a wide-spectrum of industries throughout the UAE.

Established in 1976, under the patronage of the Ruler of Fujairah, AFNIC is a Public Joint Stock Company, registered under the Federal Company Law, and Federal Insurance Law with the Government of Fujairah as the major Shareholder with 80.07% shareholding, along with Fujairah Investment Company holding 16.81% shareholding, and the rest 3.12% shares are held by other natural persons respectively.

AFNIC has a wide network of full-fledged branch offices spread throughout the UAE. It has an active presence in Abu Dhabi, Dubai, Sharjah, Dibba, Umm Al Quwain, and Fujairah operating across 37 locations in these emirates, offering all its services under one roof for the convenience of customers. Customers can also avail AFNIC's products from the Insurance ATMs (a revolutionary concept – first-of-its-kind in the world), which is available at various Petrol Stations in Dubai.

The company underwrites all classes of Property and Liability insurances, including Motor Vehicles and Marine Vessels, to Jet Aircrafts, Port Operators' Liability, Group Life, Medical, and much more – serving both individual and corporate clients.

AFNIC is supported by a panel of strong Reinsurance securities, and is backed with expertise of over 45 years.

**Our AM Best credit rating of B++ (Good) endorses our stable financial position.**



# OUR CHARTER



**Integrity**

**Customer focus**

**Respect**

**Excellence**

**Positive Attitude**

**Honesty**

**Professionalism**

**Loyalty**



# WHAT OUR VALUES MEAN TO US?

**Integrity and Honesty** is pivotal at AFNIC, we believe it has immense potential in building lasting trust and loyalty among customers, employees, investors and other stakeholders. Therefore, At AFNIC we recruit highly ethical individuals warranting them through thorough background check on their character prior to their employment.



**Customer focus:** Customers are our kings. They are the center of our decision-making. At AFNIC we always give prevalence to our customer's needs, wants, suggestions and try to resolve their grievances as soon as practically possible ensuring they do not face the same shortcoming in the future.



**Professionalism, Positive Attitude, and Excellence:** as a business, our attitude, the way we carry ourselves and communicate with others determine our success and longevity in the market. We understand this and therefore; AFNICs vision of "being better than the best" translates through our highly professional and approachable work environment that fosters positive attitude along with the continuous improvement corporate strategies in place which helps us deliver our products and services with excellence.



**Respect and Loyalty:** Respect is integral for a healthy work environment. At AFNIC, we take dealing with respect sincerely and the tone is set at the top. Our leaders ensure everyone is treated with respect and is made to feel important on a regular basis; this creates a feeling of belongingness and thus builds loyalty among employees, which is reflected in our average organizational tenure being 9 years.



Our values determine our purpose and course of action. It paves ways for our strategies, policies and day-to-day work plan. Since inauguration, our values acted as a catalyst for AFNIC to sustain and thrive in the present market.

All of AFNICs values are intertwined to manifest its organizational culture that reinforces the company's broader goals and feeds into its everyday decision and work.

# 2023

## KEY HIGHLIGHTS

PARTICULAR	2022	2023	% CHANGE / GOWTH
Net Profit (AED'M)	(20.9)	(8.0)	62%
Net Technical Profit (AED'M)	(16.3)	(8.2)	50%
Non-Motor Gross Premium (AED' M)	133.2	164.4	23%
Investment Profit (AED' M)	11.2	14.1	26%
EPS (AED)	(15.71)	(5.99)	62%
Total Premium Revenue (AED' M)	237.7	277.7	17%
Total % of Females in Workforce	40%	42.7%	2.7%
Total Local Investments (AED)	139,903	81,180	(42%)
Total Hours of Training Provided to Employees	2,745	2,413	(12%)



# RECOGNITION

## AFNIC

Proud insurers of notable Landmark Risks such as Port of Fujairah, GPS Chemoil, Fujairah Cement Industries, Al Sharq Hospital & Group etc.

Sadaati Award for Partnership and Cooperation with the government sector



# KEY EVENTS AND CONTRIBUTIONS

## 2020

Al Tareq Rehabilitation and Autism Centre -  
Donation for care of People of Determination

West Asia Paralympic Federation - Donation  
for sports for physically challenged

Rashid Center for People with determination

Donations for disabled at the Khorfakkan  
Club

Donations to the Specialist Center for  
children with disabilities

Donation to Emirates Association of the  
Visually Impaired

Donations to Emirates Red Crescent

Donations to Hope Gate center for Autism

## 2022

Al Hadaf Center for training and rehabilitation of  
people with determination

Omniyat people of determination rehabilitation  
center - Donation for purchase of wheelchairs

Financial support provided for underprivileged  
persons

Government of Fujairah - Sponsorship for  
Fujairah Bodybuilding Championship 2022

Fujairah Natural Resources Corporation -  
Sponsorship for Arab International Conference on  
Mineral Resources

Sponsorship for Fujairah Social and Cultural  
Association

Sponsorship for Khorfakkan Club for the Disabled

Donations to Indian and Egyptian Social Clubs

## 2023

Sponsorship of Ain Al Ittihad Magazine: National Day for Armed Forces 4000

Sponsorship of UAE Scout Pioneers

Sponsorship of Emirates International Centre

Sponsorship of Indian Social Club: UAE Open Badminton Tournament

Sponsorship of Vishusandhya (Music event)

Sponsorship of Zayed Radio for Qur'an

Sponsorship of Rathayatra Cultural Event

Sponsorship of Professional Championship

Sponsorship of Kairali Eid-Ishal Cultural Event

Sponsorship of Charitable cash donations to 4 individuals

Sponsorship of Harvest Festival event by St. Peter's Jacobite Syrian Church

Sponsorship of UAE Scout Pioneers

Sponsorship of Fujairah International Marine Sports Club

Sponsorship of Kairali Keralotsavam-2023

Sponsorship of KMCC-for UAE National Day

Sponsorship Payments for ISC

Sponsorship of Aleph & Orchestra Event

Sponsorship of Makara Vilakku Festival



# SUSTAINABILITY AT AFNIC

Sustainability is at the core of AFNICs operations as it seeks to position itself as a reliable and trustworthy insurance company through the cultivation of a lean organizational structure that maximizes clients value generation, all while creating financial growth opportunities. AFNICs pursuit “To provide services beyond expectations with a will to go an extra mile” serves as an integral factor for all the community development activities it diligently engages in and are recognized for. AFNIC ensures that its daily operations and investment activities facilitates the Local and Global ESG plan.





# OUR APPROACH TO SUSTAINABILITY



We aim to integrate ESG factors into our insurance and investment businesses. AFNIC's sustainability approach is guided by key pillars of sustainability like Corporate Integrity, Amplifying Economic Impacts, Operating Responsibly, having a Strong Workforce, maintaining and developing Valued Relationships, and Supporting Our Communities. We continuously strive to adopt programs and initiatives in line with the objectives earmarked under each pillar.



# STAKEHOLDER ENGAGEMENT



AFNIC follows an internal guide for determining and prioritizing key stakeholder groups. The factors affecting such prioritization include the stakeholders' potential impact on the company, their legitimate interests, their willingness to engage in constructive dialogue, and the alignment of their interests with the company's values and objectives.

AFNIC then creates a stakeholder map or matrix to visualize and categorize stakeholders based on their level of influence and interest. This mapping exercise can help identify key stakeholders with whom the company should engage with proactively.

To maintain transparency in the communication of our approach to stakeholder engagement. We elucidate the reasons for engaging with certain categories of stakeholders, and the mechanisms available for stakeholders to provide feedback or raise concerns. The purpose of the stakeholder engagement is multifaceted and essential across various sectors. Building Relationships, gathering Feedback and Insights, Enhancing Transparency and Accountability, Identifying potential Risks and opportunities that may impact our operations, reputation, or sustainability. Mitigating risks, and capitalizing on opportunities for innovation and growth, Promoting Social Responsibility and Sustainability by involving stakeholders in decision-making processes, this can ensure that our operational activities consider social, environmental, and ethical impacts, leading to more responsible and symbiotic outcomes.

The identification and prioritization of our key stakeholder groups were made through several internal discussions and assessments, and are shown in the figure below:



# STAKEHOLDER ENGAGEMENT MAP

Key Stakeholder groups	Needs & Expectations	Methods Of Engagement
Customers	<p>Innovative products/services Efficient and proactive customer service Multiple communication channels Competitive Pricing</p>	<p>Social media channels such as Twitter, Facebook, Instagram, LinkedIn, YouTube, WhatsApp 800 AFNIC (23642), Official Website. Customer service Offices, 24/7 Call Center 800 AFNIC (23642). AFNICs official website (afnic.ae) to generate policy quotations for premium comparison.</p>
Shareholders and Investors	<p>Strong balance sheet and stable cash flow. Consistent dividend payment. Enhanced shareholder value through capital-gains. Pre-defined and managed risk profile. Well-grounded corporate governance framework.</p>	<p>Annual Report. Annual Corporate Governance Report. Annual general assembly meetings. Investor relations section on official website.</p>
Workforce	<p>Training and development opportunities. Diversity at work. Timely payment of wages. Safe and healthy workspace. Empowerment and Pay equality. Work-life balance.</p>	<p>Regular Training and development Programs, Monthly meetings, Intranet (Employee portal), Employees Satisfaction Survey, Open door policy, Employees Suggestions Policy.</p>
Suppliers and Business Partners	<p>Timely credit payments, ethical business practice, fair and respectful treatment.</p>	<p>Working Practices policy. Trainings &amp; Workshops, Events, Personal contacts.</p>
Local Community	<p>Charitable initiatives to help lesser privileged communities. Social initiatives to promote health, education, security, sports and culture. Partnerships with other organizations to address social and environmental issues.</p>	<p>Health and education campaigns, Participation and volunteering of employees, Donations to charitable causes, Sponsorships and internships to help young people</p>
Regulatory Authorities	<p>Compliance with laws and regulations. Transparency and disclosure. Customer protection.</p>	<p>Internal control system, Compliance Unit, External Audit, Committee of Insiders Transactions</p>
Industry	<p>Expansion and growth opportunities. Managed risks.</p>	<p>Networking Events and Conferences, Collaborations, Personal Contacts</p>



# MATERIALITY ANALYSIS

Dependent on our stakeholders' dialogues, present local and global market situation, we attempted to identify potential material issues existing and emerging in the insurance industry to manage their posed risks and seize opportunities.

In 2023, AFNIC did not have a substantial change in its material issues from the ones previously disclosed.



# MANAGEMENT OF MATERIAL TOPICS:

MATERIAL TOPICS	POSITIVE IMPACT	POTENTIAL NEGATIVE IMPACT	POLICIES OR COMMITMENTS REGARDING THE MATERIAL TOPICS	ACTION TAKEN TO MANAGE THE IMPACTS OF MATERIAL TOPICS
<b>Corporate Governance and Compliance</b>	Ensures transparency, accountability, and fairness in business operations.	Lack of compliance can lead to legal issues, fines, and damage to reputation.	Adhering to regulatory requirements and industry standards to maintain legality and ethical conduct in all operations.	<p>Policies ensuring adherence to regulatory frameworks and ethical business practices.</p> <p>Regular audits and oversight mechanisms to ensure compliance.</p> <p>Training programs for employees on governance and compliance standards.</p>
<b>Data Privacy &amp; Security</b>	Protects individuals' privacy and builds trust with customers.	Data breaches can lead to financial loss, reputational damage, and legal consequences.	Safeguarding customer data and ensuring compliance with data protection regulations to maintain trust and protect sensitive information from breaches or misuse.	<p>AFNIC Implement robust data protection policies and encryption measures.</p> <p>Regular security assessments and audits.</p> <p>Providing cybersecurity training to staff to mitigate risks.</p>
<b>Innovation &amp; Digitalization</b>	Drives efficiency, enhances customer experience, and fosters growth.	Technological vulnerabilities can lead to data breaches and displacement of jobs.	adopting emerging technologies such as artificial intelligence, block chain, and telematics to enhance risk assessment, claims processing, and underwriting accuracy.	<p>Investing in innovative technologies to improve service delivery.</p> <p>Ensuring cybersecurity measures are integrated into digital initiatives.</p> <p>Reskilling and upskilling programs for employees to adapt to digital advancements.</p>



# MANAGEMENT OF MATERIAL TOPICS:

MATERIAL TOPICS	POSITIVE IMPACT	POTENTIAL NEGATIVE IMPACT	POLICIES OR COMMITMENTS REGARDING THE MATERIAL TOPICS	ACTION TAKEN TO MANAGE THE IMPACTS OF MATERIAL TOPICS
<b>Economic Value Generation</b>	Contributes to economic growth, job creation, and wealth distribution.	Unethical business practices can lead to exploitation and economic inequality.	A prudent investment strategies, risk management practices, and efficient operational processes to generate sustainable returns and manage expenses effectively.	Supporting local economies through investments and partnerships. Ethical sourcing practices to ensure fair treatment of suppliers. Community development initiatives to support economic empowerment.
<b>Customer Experience &amp; Satisfaction</b>	Builds brand loyalty and trust, leading to repeat business.	Poor customer service can result in customer churn and reputational damage.	Ensuring timely and efficient customer service, handling claims promptly, and providing clear communication with policyholders.	Implementing customer-centric policies and complaint resolution mechanisms. Regular feedback collection and analysis to improve service quality. Training staff to prioritize customer satisfaction.
<b>Ethics and Prevention of Corruption-AML/CFT</b>	Upholding ethical standards and integrity in business dealings.	Corruption can lead to legal ramifications, loss of trust, and economic distortions	Upholding integrity and transparency in dealings with customers, partners, and stakeholders, including fair pricing, truthful advertising, and ethical sales practices	implementing of Anti-money laundering (AML) and counter-terrorism financing (CFT) policies and procedures. Regular monitoring and reporting of suspicious transactions. Training programs to educate employees on ethical conduct and regulatory requirements.

# MANAGEMENT OF MATERIAL TOPICS:

MATERIAL TOPICS	POSITIVE IMPACT	POTENTIAL NEGATIVE IMPACT	POLICIES OR COMMITMENTS REGARDING THE MATERIAL TOPICS	ACTION TAKEN TO MANAGE THE IMPACTS OF MATERIAL TOPICS
<b>Risk Management and Fraud Prevention</b>	Minimizes financial losses and protects stakeholders' interests.	Inadequate risk management can lead to fraud, financial instability, and legal liabilities	Implementing rigorous risk assessment processes to accurately evaluate and price insurance policies, thereby minimizing financial losses	<p>Implementing robust risk assessment frameworks.</p> <p>Conducting regular audits and fraud detection measures.</p> <p>Collaborating with regulatory authorities to address emerging risks.</p>
<b>Talent Acquisition, Development, &amp; Retention</b>	Attr, Development acts skilled workforce, enhances productivity, and fosters innovation.	High turnover rates can disrupt operations and incur recruitment costs.	<p>Focusing on attracting, developing, and retaining top talent to drive business success and innovation.</p> <p>We offer competitive compensation packages, professional development opportunities, and a supportive work environment to attract and retain skilled employees.</p>	<p>Competitive compensation and benefits packages.</p> <p>Professional development opportunities and career advancement programs.</p> <p>Employee engagement initiatives to foster a positive work culture.</p>
<b>Human Capital</b>	Recognizes employees as valuable assets and invests in their well-being.	Neglecting human capital can lead to low morale, decreased productivity, and talent drain.	promoting diversity in hiring practices, providing equal opportunities for career advancement, and supporting employee well-being and work-life balance	<p>Work-life balance initiatives and flexible work arrangements.</p> <p>Diversity and inclusion policies to promote a supportive workplace environment.</p>



# MANAGEMENT OF MATERIAL TOPICS

MATERIAL TOPICS	POSITIVE IMPACT	POTENTIAL NEGATIVE IMPACT	POLICIES OR COMMITMENTS REGARDING THE MATERIAL TOPICS	ACTION TAKEN TO MANAGE THE IMPACTS OF MATERIAL TOPICS
<b>Diversity &amp; Gender Equality</b>	Fosters creativity, innovation, and a more inclusive workplace culture.	Discrimination and bias can hinder employee morale and productivity.	Promoting diversity and inclusion within the company's workforce, leadership, and business practices to foster innovation and better serve diverse customer needs.	<p>Implementing diversity and inclusion policies.</p> <p>Promoting gender equality through equitable hiring and promotion practices.</p> <p>Providing training on unconscious bias and diversity awareness.</p>
<b>Employee Engagement</b>	Increases job satisfaction, productivity, and employee loyalty.	Low engagement levels can lead to absenteeism, turnover, and decreased performance.	<p>prioritize employee engagement to enhance productivity, morale, and retention rates.</p> <p>-implement employee feedback mechanisms, recognition programs, and initiatives to promote a positive corporate culture and foster a sense of belonging among employees.</p>	<p>Employee feedback mechanisms and regular surveys.</p> <p>Recognition and rewards programs for outstanding performance</p> <p>Open communication channels between management and employees</p>
<b>Corporate Citizenship</b>	Demonstrates corporate responsibility and commitment to social causes.	Lack of engagement in community initiatives can damage reputation and stakeholder trust	Philanthropic initiatives, volunteer programs, and partnerships with nonprofit organizations to address social, environmental, and economic challenges.	<p>Corporate social responsibility (CSR) initiatives, such as philanthropy and volunteerism.</p> <p>Environmental sustainability programs and initiatives.</p> <p>Partnerships with NGOs and local communities to address social issues.</p>

# MANAGEMENT OF MATERIAL TOPICS

MATERIAL TOPICS	POSITIVE IMPACT	POTENTIAL NEGATIVE IMPACT	POLICIES OR COMMITMENTS REGARDING THE MATERIAL TOPICS	ACTION TAKEN TO MANAGE THE IMPACTS OF MATERIAL TOPICS
<b>Health &amp; Safety</b>	Ensures the well-being and safety of employees, reducing accidents and injuries.	Safety lapses can result in workplace accidents, injuries, and legal liabilities.	implement robust health and safety protocols, provide wellness programs, and promote a culture of safety	Occupational health and safety policies and procedures. Regular safety training and drills for employees. -Compliance with local health and safety regulations
<b>Sustainable Supply Chain</b>	Promotes responsible sourcing practices and reduces environmental footprint.	Supply chain disruptions, unethical sourcing, and environmental degradation.	working with suppliers who adhere to environmental standards, reducing carbon emissions in transportation and logistics, and promoting recycling and waste reduction initiatives	Supplier code of conduct addressing environmental and social responsibility. Supplier audits and assessments to ensure compliance. Collaboration with suppliers to improve sustainability practices.

# SUSTAINABILITY FRAMEWORK



AFNICs sustainability framework outlines what sustainability means to AFNIC and addresses core areas and functions that add lasting value to the organization and the economy. Sustainability in AFNIC is guided by six key pillars: 1. being a Company with integrity, 2. Operating responsibly, 3. having an Efficient Workforce and Motivated Culture, 4. Enhancing Economic Impacts, 5. Developing valuable relationships, and 6. Supporting our community. All these relating areas are realized in our materiality topics discussed.



# ALIGNMENT WITH GLOBAL ESG VISIONS

We align our sustainability efforts to national and international priorities such as, UAE Vision 2030, UAE Green Agenda, UAE Centennial Plan 2071, and UN SDG 17.

Our sustainability plans and efforts support ambitious ESG goals such as tackling climate change and limiting environmental footprint, building sustainable relationship with our stakeholders, fostering safe and empowered workspace and integrating ESG issues in our business strategy to induce positive externality in the community, economy, and industry.



- ABU DHABI ECONOMIC VISION 2030**
- Building an open, efficient, effective business environment
  - Disciplined fiscal policy responsive to changing economic cycle
  - Establishing financial market environment with manageable inflation
  - Driving significant improvement in efficiency of labor market
  - Developing resilient infrastructure capable of supporting anticipated economic growth
  - Developing highly skilled, highly efficient workforce
  - Enabling financial markets to be the key financiers of economic sectors and projects





# GOVERNANCE, ECONOMIC AND FINANCIAL PERFORMANCE

# A COMPANY WITH INTERGRITY

01

## MATERIAL ISSUES COVERED:

- Corporate Governance and Compliance
- Ethics and Prevention of Corruption: AML & CFT

02

## ESG VISION COMPLIANCE:

### ABU DHABI ECONOMIC VISION 2030

- Building an open, efficient, effective, and business environment

### UN SDG 17

- Peace, Justice, and Strong Institutions
- Responsible Consumption and Production





# CORPORATE GOVERNANCE AND COMPLIANCE

AFNIC conducts its business with the utmost transparency, accountability, and integrity. We aim to maintain the highest standards of corporate governance and work continuously to eliminate any form of bribery, corruption, and financial crime while protecting human rights.

AFNIC is also a member of the Emirates Insurance Federation, Gulf Insurance Federation, and Gulf Arab Insurance Federation which aims to promote cooperation between insurance companies in the domestic, GCC, and Arab regions.

AFNIC demonstrates its responsibilities towards different stakeholders through its commitment to develop and enhance the company's transparency and to raise the level of accountability across AFNIC's operations.

AFNIC operates through several transparency platforms such as the ADX disclosure website, and the [www.afnic.ae](http://www.afnic.ae) website which articulates the company's information and disclosures as well as the Annual Governance Report. AFNIC's Governance Report serves as the most important platform for transparency and brings governance to the attention of the public and enables shareholders to get acquainted with the company.

To ensure compliance and maintain the highest standards of governance, AFNIC's Board of Directors is governed by Corporate Governance Law and the company's Articles of Association.

In 2023, AFNIC board was composed of 8 non-executive directors, including the Chairman and held 5 board meetings with an attendance rate of 100% in 4 of them. The Board members have conducted an annual self-assessment up until now, to identify areas that could enrich their roles and functions in maintaining sound corporate stewardship. However, the company plans to obtain periodic external evaluations of the board from the succeeding year.

To effectively combat and manage Conflict of Interest among the governing persons, AFNIC has a conflict of interest policy in place that includes an annual declaration required to be acknowledged by all board members. In addition, a related-party policy is also in effect to ensure transactions occur in an arm's length basis. The company also maintains a register for all related-party transactions and the amount of such is disclosed in the annual financial statements.

AFNIC believes inclusion of Women in the board will result in a more balanced perspective in the decision making process which can yield positive externality for various stakeholder groups. Therefore, even though there were no board seats occupied by females in year 2023, The Company encourages and expects a reformation in the board composition in the forthcoming year.

# CORPORATE GOVERNANCE AND COMPLIANCE

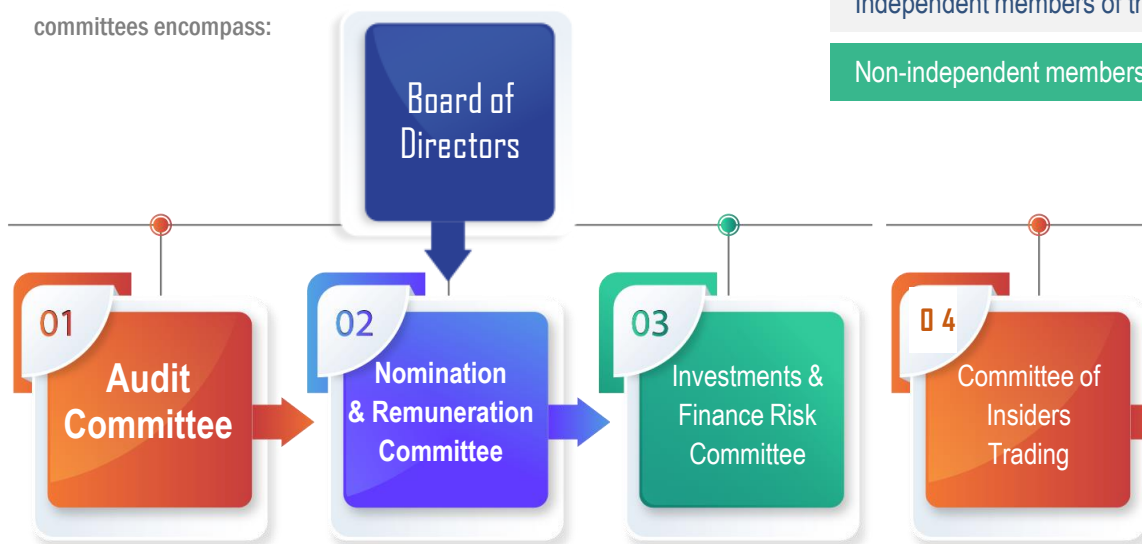
## BOARD COMPOSITION

BOD member Name	Experience	Qualification	Tenure	Membership in any other PJSC	Position in any other important regulatory government or commercial body
Mr. Abdul Ghafoor Hashem Behzorian (Board chairman)	Experience in government and private work	Bachelor of Business Administration	47	1- Chairman of BOD of Fujairah Trade Centre 2- Board member of Fujairah Cement Company	
Mr. Mohammed Abdulla Sultan Al Salmi ( Board Vice Chairman)	Experience in the Administrative field and civil aviation	B.A in political science And business administration, specializing in aviation sciences	34	Head of the Civil Aviation Department in Fujairah	Vice President of the Board of Directors of the General Civil Aviation Authority of the State
Mr. Saif Sultan Abdulla Ahmed Al Salami (member)	Executive Director in Al Fujairah National Group since 1994	Bachelor in Electrical engineering and Master in Computer Engineering	14	The Chairman of the Board of Directors of Amwal Financial Brokerage	Board member of National Bank of Fujairah
Dr. Salem Abdu Khalil Al-Zaini (Member)	Study – Evaluation and Implementation of projects	Ph.D. in Chemistry and Food Science	40	Economist at Department of Industry and Economy in the Government of Fujairah	
Mr. Humaid Mohamed humaid Al Yamahi (Member)	30 years in Government work	Bachelor Degree in Sociology	17		
Mr. Saeed Mubarak Obaid Ahmed Al Zahmi (Member)	Experience in the field of La and courses in insurance and risk management	Master in Law	28		
Mr. Mohamed Sharif Habib Mohamed Al- Awadi (Member)	Experience in administrative management of vital projects and administrative training	Bachelor of Science in Geology and a Diploma in General Management and Advanced Management	13		General Manager of the Free Zone Authority in Fujairah
Mr. Faisal Suliman Musa Al Jassem (Member)	Experience in the Private Sector	Bachelor degree in Marketing	6		

# CORPORATE GOVERNANCE AND COMPLIANCE

In 2023, AFNIC has restated its information on its board structure as a result of a regulatory change placing conditions affecting the independence of a board member. Such regulation emphasized that Board members exceeding a total consecutive tenure of 12 years in a company shall be deemed dependent and hence, the data of such is reflected in the table below.

The Board of Directors has four committees that play a vital role in ensuring the adoption of the best governance practices. These committees encompass:



BOARD OF DIRECTORS			
	2020	2021	2022
Percentage of Board seats occupied by independent directors	12.5%	12.5%	12.5%
Executive members of the Board of Directors	0	0	0
Non-executive members of the Board of Directors	8	8	8
Male members of the Board of Directors	8	8	8
Independent members of the Board of Directors	1	1	1
Non-independent members of the Board of Directors	7	7	7



## AUDIT COMMITTEE



The Audit Committee consists of five non-executive members. The committee held three meetings during the year 2023.

The major duties of the committee include:

- Develop and implement a policy for contracting with external auditors.
- Oversee & reviewing the company's financial data integrity and its reports.
- Ensuring Compliance with listing rules, disclosure mandates, and other legal prerequisites
- collaborating with the board of directors, executive management, and the CFO to fulfil its duties.
- Addressing any unconventional matters and concerns raised by the CFO ,compliance & auditors.
- Reviewing the company's financial control systems.
- Ensuring alignment between the internal auditor and external auditor.
- Reviewing the company's financial and accounting policies and procedures.
- Reviewing the external auditor's report, their action plan, and any substantive inquiries.
- Establishing mechanisms that enable company employees to confidentially report any potential violations in financial reports, internal controls, or other matters.
- Monitoring the extent to which the company complies with professional conduct rules.
- Guaranteeing the enforcement of the committee's operational protocols and the powers delegated to it by the board of directors..
- Presenting a comprehensive report to the board of directors addressing the matters outlined in the committees scope of responsibilities.

1

## NOMINATION & REWARDS COMMITTEE



The Nomination and Remuneration committee has three members, all non-executive members of the Board and held one meeting during 2023.

The main duties of the committee include:

- Ensuring the independence of the independent members continuously and assessing the performance of the board members
- Developing a policy for granting bonuses, benefits, incentives and salaries to the members of the board and the employees of the company and reviewing them annually.
- Identifying the company needs for the competencies at the executive senior management level and the employees, as well as the bases of choosing them.
- Developing a policy for the human resources and training in the company.
- Organize and monitor the procedures for nominating board members in accordance with applicable laws and regulations.
- The company develops and implement the plans and initiatives for employing UAE Nationals and for providing best service to the company's clients through strategic planning.

2

## COMMITTEE OF INSIDERS TRADING

The committee has two members and conducted one meeting in 2023.

### The main duties of the committee include:

- Manage, follow-up and supervise Insiders' trading/transactions and their ownerships.
- The protection of the company information not designated for publication.
- Not disclosing the information not designated for publishing to any person outside the company.
- Monitoring the actions of the persons who have access to the main data of the company.
- Monitoring the provision of any data or providing incorrect statements or information that can affect the market value of the securities and the investor decision.
- Ensuring internal company information is not misused to buy or sell securities in the stock market.

3

## INVESTMENT & FINANCE RISK COMMITTEE



The committee consists of four members including the Chief Executive Officer. Involvement of the CEO in the committee helps ensure that the voices of the workforce are heard, and provides valuable insight into the company's culture, employee well-being, and internal operations. The committee held one meeting in 2023.

### The main duties of the committee include:

- Ensure that the company's assets are diversified and adequately distributed to enable the company to efficiently respond to changing economic conditions, including developments in financial markets and real estate markets.
- Evaluate the impact of unusual market conditions on the company's assets by diversifying assets in a manner aimed at mitigating these effects.
- Work on maintaining assets to cover technical provisions and other long-term insurance obligations or property and liability commitments.
- Proper review to assess the creditworthiness of related parties to which the company may be exposed to significant transactions.
- Develop a policy and framework for stress testing for all investments, including regular stress testing of a range of market scenarios and investment, operational, social, and economic changes.

4

The Board of Directors of AFNIC has delegated AFNICs Executive Management to undertake all its responsibilities concerning the insurance business operations, claim disbursement, and property management. Such delegation is subject to renewal on an annual basis. The Executive management is entrusted to practice fiduciary responsibility and consult and seek approval of the Board in matters relating to strategic decisions of the Company.

Conducting business with integrity and honesty are indispensable values to AFNIC. All critical concerns relating to the business operations, strategic decisions, and their impacts on the environment and society is communicated and discussed in the recurring board meetings throughout the year. Besides, to ensure our governing persons are well informed of the dynamic changes in the insurance sector impacting ESG, the company intends to subsequently coach its Board of Directors on sustainability in the insurance value chain.

AFNIC upholds the highest standards of human rights. We examine the possible impact of our business on human rights and strive to create a positive influence by eliminating risks. We do not accept any kind of child labor or forced labor, and respect basic human rights in our operations with suppliers and contractors.

# TAX GOVERNANCE

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116/2022 effective from 2023, specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

For the Company, current taxes shall be accounted for as appropriate in the financial statements for the period beginning 1 January 2024. In accordance with IAS 12 income Taxes, the Company has 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.

Our tax strategy is a dynamic framework that undergoes continuous review. We adapt our approach to align with changes in the business environment, tax laws, and emerging best practices and our tax strategy centers on full compliance with all applicable tax laws and regulations.

## Management of concerns related to tax

At AFNIC, we understand the significance of managing concerns related to tax in a responsible and transparent manner. Our stakeholders, ranging from employees and customers to investors, are well aware about the upcoming Corporate Tax Law. We recognize the diverse interests and expectations of each stakeholder group and respond to their concerns accordingly.





# ETHICS AND PREVENTION OF CORRUPTION: AML & CFT



Techniques to launder money and finance terrorism have been evolving rapidly in recent years. The international community has witnessed the use of increasingly sophisticated methods to move illicit funds through financial systems across the globe and has acknowledged the need for improved multilateral cooperation to fight these criminal activities.

AFNIC and its branch offices are firmly committed to participate in international and national efforts to combat money laundering and the funding of terrorist activities and is committed to the highest standards of Anti Money Laundering & Combating Financing of Terrorism. AFNIC requires all its employees including senior management, to adhere to all regulations and standards to prevent use of its services and products for money laundering purposes and to safeguard the interest of its customers.

In pursuance of the above objectives, AFNIC fully complies with all government decisions and directives.

AFNIC assesses the risk of money laundering and terrorist financing at both individual and corporate level, which includes several factors and indicators, before on-boarding clients and performs periodic follow up procedures with existing clients depending on their risk categories previously assigned.

AFNIC has developed and adopted policies and procedures related to AML and CFT to effectively implement the key principles of AML/CFT laws and regulations, in line with the Central Bank of UAE, by educating its employees to act as the first line of defense in combating money laundering activities.

The existing AML-CFT policy of AFNIC documents its overall AML-CFT Compliance framework, staff responsibilities and reporting needed to maintain an effective AML-CFT program.

# COMPLIANCE

80%

-1.5%	EJ+EO	LSM/VK	EJ+EO	IDC
	57.030	▲ 24.7050	▲ 86.560	0.68
	5.7540	▲ 47.0540	▲ 57.030	807
	0.7540	▲ 6760.70	▲ 5.7540	0.68
+0.12%	▲ 86.560	▲ 34.7080	▲ 0.7540	540

+10.3



We have also implemented a risk-based Anti-Money Laundering ("AML") Compliance Program ("AML Program") designed to comply with AML laws and regulations in the UAE and other applicable laws and regulations relating to the prevention of money laundering and terrorist financing. The AML Program consists of, among other things:

- Money Laundering Reporting Officer who is responsible for coordinating and monitoring day to day compliance with the AML Program for the entire business – Head Office as well as branches.
- AML risk assessments at customer, product, service, industry and jurisdiction level.
- A system of internal controls designed to facilitate ongoing compliance with applicable AML laws and regulations.
- Know-Your-Customer standards including a Customer Identification Program and Customer Due Diligence procedures reasonably designed to identify and verify all customers and, where applicable, beneficial owners, source of funds and the nature and intended purpose of the business relationship, to the extent warranted by the risk of money laundering or terrorist financing or as required by regulation;
- Performance of additional due diligence on higher risk customers, including Legal arrangements & NPOs and those who are assessed to be politically exposed persons.
- Identification and reporting of suspicious activity to appropriate regulatory authorities in accordance with applicable laws.
- AML training for appropriate Staff. In 2023, AFNIC provided bi-annual training to 96 of its key front line and functional department employees to ensure they understand their roles and responsibilities in identify, prevent, and report suspicious AML activities.
- Independent audit and compliance testing functions to review and assess the Firm for compliance with the AML Program and applicable laws.
- Record keeping and reporting requirements, including those for cash transactions and records obtained pursuant to the Customer Identification Program, which are maintained for at least 5 years after the termination of a customer relationship.
- All the principles of KYC, CDD, EDD and other enhanced tools including screening and transaction monitoring of customers' transactions to ensure a robust process of Compliance is followed within the organization.

AFNIC understands the need to continuously refine the existing AML controls within the organization and proactively administers measures to counter AML-CFT which demonstrates our firm commitment to compliance and ethical business practice. The company did not report any incidents of corruption during the year 2023.



# ENHANCING ECONOMIC IMPACTS

01

## MATERIAL ISSUES COVERED:

- Economic Value Generation

02

## ESG VISION COMPLIANCE:

### ABU DHABI ECONOMIC VISION 2030

- Developing resilient infrastructure capable of supporting anticipated economic growth

### UN SDG 17

- Decent Work and Economic Growth





# ECONOMIC VALUE GENERATION



## ECONOMIC VALUE GENERATION

	2021	2022	2023
Direct economic value generated - (AED '000)	259,247	261,956	296,291
Economic value distributed (AED '000)	240,561	282,869	304,270
Economic value retained -(AED '000)	18,686	(20,913)	(7,979)

AFNIC is a valuable contributor to UAE's economy and aims the overall attainment and acceleration of the National and Global sustainable initiatives. In 2023, due to the adoption of IFRS-17, the numeric were reinstated for the year 2022.

The company generates direct economic value through its revenues and distributes economic value in the form of operating costs, employee wages and benefits, and payments to government. The economic value retained is the 'direct economic value generated' less 'economic value distributed'.

Despite facing notable challenges in the past year due to adverse market conditions, AFNIC demonstrated resilience and successfully fortified its financial standing without receiving any government grant and has remarkably achieved a growth rate of 36% in gross written premium and 13% growth rate in economic value generation underscoring its ability to thrive in the face of uncertainties. This accomplishment reflects our dedication to sustaining operational excellence and contributing positively to both economic and sustainable development goals. In addition, AFNIC did not incur any monetary or non-monetary sanctions related to compliance with laws and regulation in Year 2023 and did not face any legal repercussions against Anti-competitive, Anti-trust behavior, or monopoly practice.

## ECONOMIC PERFORMANCE

	2021	2022	2023
Revenue (AED '000)	242,013	261,970	282,184
Operating Costs (AED'000)	225,051	248,160	290,388
Operating Profits (AED'000)	16,961	16,305	8,204
Net profits attributable to shareholders (AED'000)	18,685	20,913	(7,979)
Earnings per Share (AED)	14.04	15.71	(5.99)

# ECONOMIC VALUE GENERATION



AFNIC has a list of estates having indirect ESG influence as follows:

## INDIRECT ECONOMIC IMPACTS

ESTATE	ACTIVITY
AFNIC Head Office - commercial building	Owned, in use to run AFNICs operations and a few stories are rented to provide space for other commercial firms
AFNIC Dubai Office	Owned, in use to run AFNICs operations
AFNIC Residential Tower	Owned, rented and leased to tenants
Other 37 Outlets and 2 Claims office	Rented and leased to run AFNICs operations

# OUR PEOPLE





# EFFICIENT WORKFORCE AND MOTIVATED CULTURE

01

## MATERIAL ISSUES COVERED:

- Human Capital
- Talent Acquisition, Development, and Retention
- Employee Engagement
- Diversity and Gender Equality
- Health and Safety

02

## ESG VISION COMPLIANCE:

### ABU DHABI ECONOMIC VISION 2030

- Developing highly skilled and efficient workforce
- Driving significant improvement in the efficiency of the labor market

### UN SDG 17

- Good Health and Well-being
- Quality Education
- Gender Equality
- Reduced Inequalities

### UAE Green Agenda 2015-2030

- Competitive Knowledge Economy

PRODUCTIVITY

PRODUCTIVITY

# HUMAN CAPITAL

At AFNIC, we believe that our employees are one of the most valuable assets and a key facilitator to our success. Thus, we always seek to maintain a workplace that promotes diversity and inclusion and recognizes employees for good performance. AFNIC commits to build an exceptional workforce through attracting, developing, and retaining talented individuals, while increasing the rate of national employees in the workforce.

Human capital is perceived to have a relationship with economic growth, productivity, and profitability.

AFNIC recognizes the quality of Human Capital can be improved by investing in employees' training and education. The education, experience, skills, knowledge and abilities of employees have economic value for us and for the economy as a whole, thus making human capital critical to our success.



We provide our employees with training to enhance their skills, as well as a safe, healthy and inclusive work environment. AFNIC has various Human Resources policies and procedures in place like the Code of conduct and ethics that addresses human rights and non-discrimination strategies. The company vouches to provide a sympathetic work environment free of any kind of bullying or harassment. Transgression or breach of such orderly conduct will not be tolerated and result in disciplinary actions.

AFNIC workforce is a union of youth and wisdom. In 2023, the total workforce for AFNIC was 253 employees with 40 new hires, among which 45% were between 20 and 30 years of age. New employees are provided with various orientation programs related to the implemented HR policies and health and safety measures. New employees are also provided with access to Employee portal on AFNIC intranet, which contains all relevant policies and procedures to facilitate them to get more familiar with the company.

AFNIC has a maternity leave policy in place. A female staff member with at least one year of continuous service is eligible for 45 calendar days' maternity leave with full pay, while females with less than one year of continuous service are eligible to 45 calendar days with half pay. In addition, a parental leave for 5 days is available for both male and female staffs during a year with full pay.



AFNIC team has no temporary, part-time, or non-guaranteed hour's employees. Its Talent Management team only recruits full-time and permanent employees. Moreover, our team do not have any workers who are not part of the formal employment contract.

AFNIC also takes a proactive stance in increasing Emiratization within the company while also maintaining a diverse work culture. Our Emirati employees are well guided, supported, and overseen by AFNICs designated Emiratization Officer. During 2023, AFNICs Emiratization percentage reached a total of 18.58% of the total workforce.

## WORKFORCE OVERVIEW BY GENDER AND REGION

	FUJAIRAH	DUBAI	ABU DHABI	SHARJAH	DIBBA	AAQ	TOTAL
	M. F	M. F	M. F	M. F	M. F	M. F	M. F
FULL-TIME/ PERMANENT EMPLOYEES	69. 55	55. 37	10. 2	4. 4	6. 9	1. 1	145. 108

## MANAGEMENT OVERVIEW

	2021	2022	2023
SENIOR MANAGEMENT EMPLOYEES	26	26	26
SENIOR MANAGEMENT EMPLOYEES HIRED FROM LOCAL COMMUNITY	4	4	4
MIDDLE MANAGEMENT EMPLOYEES	36	35	40
NON - MANAGEMENT EMPLOYEES	164	177	187
TRAINEES AND SPONSORED STUDENTS	3	3	17

## NEW HIRES WITH AGE AND GENDER PROFILE

	2021	2022	2023
TOTAL NEW EMPLOYEE HIRES	29	34	40
AGE 20 -30	8	21	18
AGE 31-50	20	12	22
AGE 51+	1	1	0
MALE	17	17	20
FEMALE	12	17	20
EMPLOYEE TURNOVER	11.8%	8%	7%



# TALENT ACQUISITION, DEVELOPMENT, AND RETENTION

AFNIC places a significant effort to focus on the development and growth of our workforce. We are committed to enhance the competencies and knowledge of our employees by offering them various training and development programs which are recognized as necessary for performing their current role and are in line with business requirements. These include specialized training courses as well as skill-based training courses.

We also have many recognition and motivational programs to enhance employees' skills and development of their knowledge and conduct annual appraisals in line with the employees' skills and abilities.

Additionally, we provide employees with a career development program that expedites their current job requirements and facilitates their future career goals.

Following the identification of training needs, the HR & Admin Department develops an annual training plan with inputs from the Department Managers, who are also responsible to support employees in identifying specific development needs and prioritizing them. The HR & Admin Department then recommends training and development budgets, sources appropriate training and development providers and organizes training and development programs.

## SUMMARY OF TRAINING AND DEVELOPMENT COURSES FOR THE YEAR 2022

In 2023, a total of 706 attendees participated across 97 training sessions, which exceeds our total workforce, as each employee attended multiple courses.

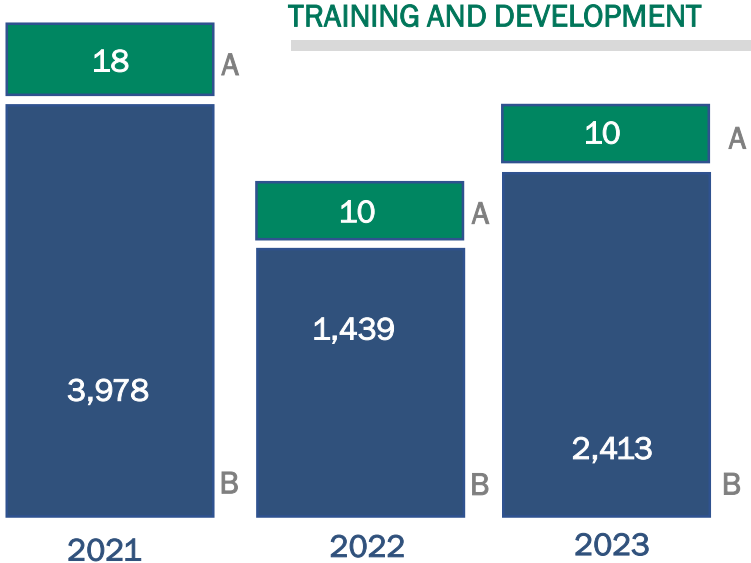
In 2023, AFNIC employees received a total of 2,413 hours of training with an average of 10 hours of training per employee.

Average training per employee(hours)

A

Total training hours delivered (hours)

B



SUMMARY OF TRAINING AND DEVELOPMENT COURSES FOR THE YEAR 2023			
Course / Training Name	No. of Trainings	No. of attendees	Duration (Hours)
Technical Trainings relevant to Insurance Industry	35	234	1093
Skills and Professional Development Trainings	26	154	400
Other Technical Trainings	19	23	318
Internal Company Trainings	11	192	228
Anti-Money Laundering & Related Trainings	6	103	374
<b>TOTAL</b>	<b>97</b>	<b>706</b>	<b>2,413</b>

# TALENT ACQUISITION, DEVELOPMENT, AND RETENTION

- AFNIC also has a remuneration policy that exercise transparency in pay grade. This encourages employees to openly communicate their concerns, queries, and suggestions surrounding compensation practices that yields a positive shift toward pay-equity. Remuneration in AFNIC is commensurate to an employee's role, function, skillset and performance. For senior management a proportion of the remuneration is result-oriented.



# EMPLOYEE ENGAGEMENT

We believe that engaging with our employees is fundamental to the growth and success of our company. Therefore, we have various processes and practices to ensure persistent engagement of our employees. Such practices include employee recognition awards, employee engagement surveys and annual performance reviews.

Employees are encouraged to contribute to the Company's future success and growth by engaging and submitting suggestions that result in business improvements through:

- Solving a problem
- Reducing costs
- Introducing innovative ideas on products and services
- Improving operations or operating procedures
- Enhancing customer service levels
- Improving health and safety standards
- Reducing waste of office supplies or other resources



## PERFORMANCE REVIEWS

	2021	2022	2023
Number of employees who received a performance and career development review	226	238	253
Percentage of employees who received a performance and career development review	100%	100%	100%

All suggestions are reviewed by the management and appropriate suggestions are submitted to the CEO for approval and are linked to the Employee Recognition policy.

AFNIC encourages a performance based culture by recognizing and rewarding good performance. Therefore, a performance review process is conducted annually, to identify employee strengths, worries, and areas of development. This performance review is a two-way process in which the Manager and the employee contribute jointly to the performance discussion and the evaluation results are then used to determine performance bonuses or increments.

During 2023, all AFNIC employees received performance reviews, covering employees from all departments and sections of the organization. We have also attained a 6.3% increase in the employment rate compared to 2022.

Further, our minimum standard notice period for any operational changes, including but not limited to organizational restructuring, process modifications, or shifts in business strategies, is three months. This period provides our employees with sufficient time to adjust to the upcoming changes, seek clarification, and make informed decisions relating to their roles and responsibilities.



# DIVERSITY & GENDER EQUALITY



AFNIC recognizes the importance of embracing diversity and inclusion among our workforce. We constantly seek to build a workforce of various backgrounds and perspectives and consider candidates for employment regardless of gender, age, religion or disability. AFNIC team comprises of 26 nationalities. We also take stance to empower women to participate in all levels of business. In 2023, females comprised 42.7% of the reported total workforce and held 12.9% and 5.5% of middle management and senior management positions respectively. The gender pay parity lied at 10% during the year, which compared to the previous year's pay parity of 0.93% showcases a positive variation wherein females are noted to earn 10 fils more of every one Dirham earned by their male counterparts. This variation is influenced by factors such as improved Emiratization and efforts of AFNIC to achieve gender equality in numbers at the workplace. Given there was an even male to female ratio among the new hires in 2023.

At AFNIC, we encourage open communication and offer our people various feedback and input channels. For example, we have a whistle-blowing policy and a grievance mechanism that allows employees to speak up and raise their concerns.

## WORKFORCE BY AGE AND GENDER

	2021	2022	2023
Employees age 20-30	27	56	59
Employees age 31-50	61	148	159
Employees age 50+	12	34	35
Male Employee	60	142	145
Female Employee	40	96	108
Female Employee in middle management	44	14	14
Female Employee in senior management	19	6	6
Total nationalities within AFNIC	-	24	26

# HEALTH & SAFETY

Improving the health and safety of our employees remains a high priority for us at AFNIC. Accordingly, we have implemented a set of standards to ensure the health and safety of our employees. Such standards are part of the legal requirement set by the UAE jurisprudence and are as follows:

- 1) Administrative decision No. 19 of 2023 relating to Occupational Safety and Health & Labor Accommodations.
- 2) Ministerial Decision No. 657 of 2022 on Rules and Guidelines to Deal with Work Injuries and Occupational Diseases.
- 3) Cabinet Resolution No. 33 of 2022 concerning Work Injuries and Occupational Diseases

Our Health and Safety policies and procedures helps to also assure the safety of our offices and facilities. In addition, we organize occupational health and safety awareness sessions during the induction program when on-boarding employees and provide secure working environments. In addition, AFNIC also provides group health and life insurance to all its employees to promote workers health.

To manage health and safety standards, employees are expected to adhere to safety rules, exercise caution and take all reasonable steps to protect their own safety, as well as the safety of colleagues, customers and visitors. Employees are encouraged to raise any ideas, concerns or suggestions for improving health and safety standards with the relevant department.

Occupational injury and evacuation policies and procedures are also in place to manage safety risks and to compensate in the unfortunate event of any accident / injury, in accordance with the



## UAE employment law.

In addition, emergency measures are also established such as first aid kits and trained first aid respondents in each location as well as measures related to emergency closure of workspace due to fire, earthquake, power failure etc. Afnic takes all necessary safety measures to ensure its employees are well protected against any work related hazards/injuries.

We also have an Employee Data policy in place to safeguard confidential employee information collected fairly and lawfully with employees consent during the onboarding process. The information obtained are for administrative purposes and stored in compliance with the UAE regulations, HR and Admin best practices. Access to records in employee files are restricted to HR and Admin, concerned department manager the employee reports to and the CEO to exert a more rigorous control in protecting employee data.

Ensuring a safe and healthy work environment will always remain a priority at AFNIC.



# CORPORATE SOCIAL RESPONSIBILITY





# SUPPORTING OUR COMMUNITY



01

## MATERIAL ISSUES COVERED:

- Corporate Citizenship

02

## ESG VISION COMPLIANCE:

UAE CENTENNIAL	UN SDG 17	UAE Green Agenda 2015-2030
<ul style="list-style-type: none"><li>• Happy and Cohesive Society</li></ul>	<ul style="list-style-type: none"><li>• No poverty</li><li>• Zero Hunger</li><li>• Sustainable cities and communities</li></ul>	<ul style="list-style-type: none"><li>• Social Development and Quality of Life</li></ul>

# CORPORATE CITIZENSHIP

AFNIC is dedicated to supporting the prosperity of the communities where we operate by investing in initiatives aimed at enhancing people's well-being. At AFNIC, we believe that it is our responsibility and obligation to support communities and people who are facing various challenges including social, environmental, health and economic challenges. To do so, we are constantly seeking to expand our impact in communities and making a significant contribution to the society.

In 2023, AFNIC contributed a total of approximately AED 81,180 in 18 initiatives, which we launched, organized and participated in, to support local communities' development.

## COMMUNITY INVESTMENT

	2021	2022	2023
Value of investment in local community (AED)	260,100	139,903	81,180
Number of initiatives taken for the society	26	16	18

### AFNIC sponsorships and charitable donations made in the year 2023 were:

- 1) Sponsorship of Al Ittihad Magazine: National Day for Armed forces 4000
- 2) Sponsorship of UAE Scout Pioneers
- 3) Sponsorship of Emirates International Centre
- 4) Sponsorship of Indian Social Club: UAE Open Badminton Tournament
- 5) Sponsorship of Vishusandhya (Music event)
- 6) Sponsorship of Zayed Radio for Qura'an
- 7) Sponsorship of Rathayatra Cultural Event
- 8) Sponsorship of Professional Championship
- 9) Sponsorship of Kairali Eid-Ishal Cultural Event
- 10) Sponsorship of Charitable cash donations to 4 individuals
- 11) Sponsorship of Harvest Festival event by St. Peter's Jacobite Syrian Church
- 12) Sponsorship of UAE Scout Pioneers
- 13) Sponsorship of Fujairah International Marine Sports Club
- 14) Sponsorship of Kairali Keralotsavam-2023
- 15) Sponsorship of KMCC-for UAE, National Day
- 16) Sponsorship Payments for ISC
- 17) Sponsorship of Aleph & Orchestra Event
- 18) Sponsorship of Makara Vilakku Festival

# RESPONSIBLE ACTIONS, RESPECTFUL RELATIONS





# VALUING RELATIONSHIPS

01

## MATERIAL ISSUES COVERED:

Innovation and Digitization  
Data privacy and Security  
Customer Experience

02

## ESG VISION COMPLIANCE:



UAE CENTENNIAL Plan 2071

- Happy and Cohesive Society

UN SDG 17

- Industry, Innovation, and Infrastructure
- Partnership for the goals

UAE Green Agenda 2015-2030

- Social Development and Quality of Life

# INNOVATION AND DIGITIZATION

Technology has always been an essential part of AFNIC. AFNIC adopts modern technology and innovative concepts as part of its effort to achieve business excellence and sustainable growth.

Digital transformation is at the core of our strategy and encompasses a broad spectrum of initiatives, including new cloud-based products and services and the enhancement and development of our digital channels. Digital channels such as AFNIC mobile app, websites or customer portals will continue to play a major role for a better market reach and overall growth of our company.

AFNIC has prepared clear strategies to execute various initiatives, innovations and programs in the path of Digital Transformation. The company has an online insurance portal that enables customers to buy their desired insurance online, compare pricing, pay online, access customer support, and initiate claims from within their comfort zone.

Additionally, AFNIC partnered up with Shory, which is an online insurance aggregator where customers can compare insurance rates and coverages offered by different insurance companies. Through Shory, customers will be able to share their vehicle details, get an online quotation from AFNIC, and complete the purchase their policy with us. AFNIC is always looking for new ways to reach customers and to provide avenues for customers to reach us. This initiation is only one part of AFNIC's ambition to continue to improve our accessibility for our customers and improve digitalization.

Other projects such as paperless strategy, Improving / updating the legacy systems to latest systems consume less energy and less heat emissions, continuous IT awareness training to users in order to increase system efficiency etc., had also been introduced to keep sustainable and ecofriendly systems.

In 2023, AFNIC IT has introduced various innovative systems that ought to increase the operational efficiency of the organization. One of the biggest achievements was to bring online the AFNIC Mobile App with user-friendly features for customers to obtain insurance quotes from their mobile devices.

The following programs were developed and are running successfully in servicing our customers, keeping future sustainability purposes in mind:

- Business 2 Customer Portals
- Mobile App for all Online Products
- Automated insurance ATM
- Digital Signatures
- Dual Factor Authentication on all critical business apps
- AML production integration with Emirates ID Card reader
- SIEM Tool upgradation to Cloud based on Monitoring
- Industry leading Gateway Security to protect the Company Information Systems from bad actors
- Privilege Access Management Solution for monitoring servers / applications
- Introduced 24/7 Business WhatsApp to customers for live engagement to provide immediate / efficient customer service.
- Training for all AFNIC employees for understanding the path of AFNIC Digital Transformation
- Providing in-depth Cyber Security Awareness to handle all kinds of modern day threats



# DATA PRIVACY AND SECURITY

Insurance organizations have to process personal data of their customers to underwrite risks and provide the most favorable services. Personal data is the lifeblood of insurance services, as only comprehensive and accurate information about clients allows insurance companies to provide viable and sustainable offerings. Therefore, data security and privacy are two foundational elements for building trust between the company and the user.

Data breaches and IT outages can generate large third-party liabilities not only from customers but also from other stakeholders including employees and local authorities etc.

With concerns to the above risks and to further strengthen the trust between AFNIC and its stakeholders, we have developed and implemented multiple internal information system policies aiming to secure data and protect customer privacy. Some of these policies are:

Physical Security Policy	To ensure that information assets receive adequate physical and environmental protection, and to prevent or reduce probabilities of physical and environmental control/security compromises (loss, damage, theft, interference) etc.
Asset Management Policy	To ensure all information assets are identified, recorded and maintained through an information asset inventory. The asset inventory is to be reviewed and updated on a regular basis and during any major organizational restructure. These assets are classified into various categories depending on their importance and access authority. This enables AFNIC to keep a greater control over its Business operations, Customer data, Regulatory & Legal compliance, while improving business outcome.
Operational Management Policy	To ensure that activities concerning support and maintenance of data, technology, and application are controlled and carried out in a standardized manner to reduce probabilities of errors and compromises, and to increase efficiency and security.
IS Acquisition, Development and Maintenance Policy	To emphasize the need for AFNIC to adopt secure system and software development lifecycle management processes and to ensure that systems and applications in use are securely managed and supported to avoid misuse of privileges and authority, reduce probabilities of information, system and application compromises, and to uphold AFNIC's reputational value and public trust.
Anti-Malware Policy	To outline the protection controls from malicious codes (such as Virus, Spyware, malware, Trojans) etc., which may harm Computer Devices and servers of the entity, and to establish the requirements for addressing any problems resulting from such infections.
Third Party Policy	To ensure third party services are controlled through suitable procedural obligations and contractual terms to secure privacy and protect information assets.
Information Security Policy	To ensure protection against risk associated with business or customer information and promoting awareness amongst employees, contractors, and consultants about the value of information being worked with or handled.
Compliance Policy	To define the process and guidelines to be followed, the purpose of implementing the statutory and regulatory contractual requirements of AFNIC related to information security. The policy complies with the applicable UAE laws, intellectual Property Rights (IPR), and contractual obligations with vendors and contractors.
HR Security Policy	To ensure right resources are hired and utilized to support secure delivery of organizational objectives and services and are relieved in a manner that does not impact organizational assets, value, reputation and financial conditions any time current or in future
Password Policy	Define and provide guidelines for users in choosing secure passwords and identify protection controls for those passwords.





AFNIC takes Data Privacy and Security with utmost importance, and adheres to GDPR (General Data Protection Regulations) to protect and secure the data of our valuable customers. We consistently invest in modern day systems to better prepare for modern day threats. Some of the measures taken by AFNIC to ensure data privacy and protection are:

- NESA IAS Implementation on cyber security and information security
- Implemented ADHICS Compliance mandated by DOH Abu Dhabi
- Formed ISMS Committee for governing, evaluating and enforcing information security practices in the organization
- Strengthened IT infrastructure by upgrading market leading security products & Services
- Implemented SIEM Tool for monitoring and tracking security incidents
- Security Awareness Trainings to employees to efficiently use the systems
- Implemented PAM tool to manage, track and record unauthorized access to privilege systems
- VAPT Tests on critical systems to identify the weak points
- Moved O365 Data Center inside UAE
- Enforced MFA in user systems
- Implemented DLP (Data Leakage & Prevention) System
- Signed NDA's with Third Party organizations and vendors who hold company data
- Continuously educating users about latest cybersecurity threats and defend against data leakages.

IS Incident Management Policy	To define and utilize suitable processes and resources to identify and respond to information security and cyber security incidents while ensuring AFNIC is not severely impacted by incident outcomes and are able to restore affected operations within an acceptable timeframe.
Data Protection & Privacy Policy	To ensure data is protected by reasonable security safeguards against risk such as information loss or unauthorized access, destruction, use, modification, or disclosure of data. This policy mandates the personnel accessing the organizational data to certify a non-disclosure and confidentiality agreement during and after the employment.
Backup and Recovery Policy	The objective of this policy is to define adequate back up requirements for the critical information and data of AI Fujairah National Insurance Co.
Internet Usage Policy	<ul style="list-style-type: none"> <li>- To ensure efficient and reliable internet usage by all users in AFNIC.</li> <li>- To protect confidential information and intellectual property belonging to AFNIC and ensure that the risk of exposure is minimized.</li> <li>- To optimize and manage users productivity by monitoring the use of internet service.</li> </ul>
Teleworking Policy	To mitigate the potential risk of exposure of information and information processing facilities of AFNIC while accessing it remotely through the approved virtual private network or other encrypted channels.
Clear Desk and Clear Screen Policy	Sensitive information could be accessible in many forms and it is necessary to identify and protect the information in all its forms. The Clear Desk and Clear Screen Policy is aimed at reducing the risks of unauthorized access, loss of, and damage to information by means of securing the work area at AFNIC Insurance.
IT System Continuity Policy	To ensure systems, applications and resources are available to support service continuity requirements of identified critical services and processes during abnormal situations or environment.

Moreover, AFNIC takes various steps to thwart against cyber-attacks by assimilating innovative techniques in terms of systems, process peoples and strategies into the business model.

AFNIC uses industry leading cyber security detection and monitoring solutions such as modern Firewalls, SIEM Solutions, NAC Solution, DLP Solutions, Email Security Solution, EDR Solutions, PAM Solution and Various VLAN and DMC Segregation to strengthen internal network.

AFNIC also educates its employees with diverse cyber security trainings and notifies them about emerging cyber security threats to keep them well informed about external interventions through cyber space. We also conduct assessments on employee cyber awareness in aspects such as Phishing, Malware attack, Password attack, SQL injection attack etc. These assessments enable AFNIC to understand its reactivity towards shielding any attacks and incident reporting practice, and provides scope for improvement.

AFNIC has strategic decisions, policies and procedures in place guided by industry best practices to maintain overall cyber/information security posture within the organization.

# CUSTOMER EXPERIENCE AND SATISFACTION

Our customers are a top priority for AFNIC. We always seek to provide them with high quality services that add to their convenience and meet their needs and wants.

AFNIC has created a 'Customer Journey' plan to enhance and provide the best customer experience. This development plan has been in continuation with multiple options in line to further enhance customer experience. Below are some of the features of the 'Customer Journey' plan:



FEATURE	BENEFITS	AVAILABILITY
Website and Social Media	<ul style="list-style-type: none"> <li>- This communication tool increases visibility and access to the offered products and services to the public.</li> <li>- More than 3 Billion people worldwide are actively using social media.</li> <li>- Website Services include:                             <ul style="list-style-type: none"> <li>a. Call Back service</li> <li>b. Blogs: updated with current activities</li> <li>c. Contact information</li> </ul> </li> </ul>	Available
Search Engine Optimization	<ul style="list-style-type: none"> <li>- SEO can help the business grow and reach objectives.</li> <li>- The company will be ranked at the top for search results made with specific keywords.</li> </ul>	Developing
24 Hours Call Center	<ul style="list-style-type: none"> <li>- Makes customer engagement easier by providing a way to contact the company at any time.</li> <li>- Well-trained operators will answer questions, resolve issues and issue quotations in a timely and professional manner.</li> <li>- 24 Hours answering service gives round-the-clock direct access to customers to contact the company.</li> </ul>	Available
Online Quote	<ul style="list-style-type: none"> <li>- Faster and more convenient for the customer.</li> <li>- The number of customers will increase due to ease of access to their required service.</li> </ul>	Available
Walk-in Customer	<ul style="list-style-type: none"> <li>- The customers can experience direct customer service from the company, which can result in positive word-of-mouth promotion.</li> </ul>	Available

FEATURE	BENEFITS	AVAILABILITY
Welcome / Thank you SMS	<ul style="list-style-type: none"> <li>- Texting is one of the most personal marketing tools</li> <li>- Showing gratitude makes people feel valued</li> <li>- Showing the customer how much they are appreciated are important parts of the customer's emotional journey.</li> </ul>	Developing
Customer Survey SMS	<ul style="list-style-type: none"> <li>- Customers surveys are the best way to make sure that the customer is satisfied and if they're not, give them the opportunity to remediate or to gather quick feedback from a broad audience.</li> </ul>	Available
Loyalty Program Invitation	<ul style="list-style-type: none"> <li>- Building Customer Loyalty programs are very effective for retaining customers.</li> <li>- The goals of the loyalty program include increasing business, improving sales, strengthening the relationship between the customer and the business, and keep the customer coming back.</li> </ul>	Developing
SMS on Special Occasions	<ul style="list-style-type: none"> <li>- With SMS messaging we can remain and engaged with customers.</li> <li>- Expressing care and attention will create an emotional connection between the client and the company</li> </ul>	Available
Claims by phone call	<ul style="list-style-type: none"> <li>- Client's claim can be processed immediately</li> </ul>	Available
Website Call Back Service	<ul style="list-style-type: none"> <li>- This well rounded customer service gives a higher chance to resolve the customers' requests quickly and efficiently.</li> <li>- Customers have increased satisfaction</li> </ul>	Available
Claim by Website	<ul style="list-style-type: none"> <li>- It is convenient for the customer to make the claim, and for the company to register the claim.</li> <li>- Increases customer satisfaction</li> </ul>	Available
SMS Vehicle Collection	<ul style="list-style-type: none"> <li>- This sharing of information builds trust with the customer.</li> <li>- Zero entry costs for this service.</li> </ul>	Available
After Claims Service	<ul style="list-style-type: none"> <li>- Using recommendations to develop the claims department can be utilized in reducing customer dissatisfaction</li> <li>- After claims service gives access to understand customers' feeling; how they feel after making a claim, what they expect from AFNIC and how to respond if they are disappointed.</li> </ul>	Available
SMS and Phone Call Reminders	<ul style="list-style-type: none"> <li>- Using SMS as an effective customer service channel to send important messages relating to a consumer renewal.</li> <li>- Phone call reminders provide a fast and convenient way to schedule reminders for renewal.</li> </ul>	Available



In recent years AFNIC has shifted its operations to be more online based. The wholly in-house AFNIC Call Centre was established along with the online payment facility. This allowed customers to receive their policies and quotations remotely.

AFNIC further sought to enhance its customer feedback systems by collecting feedback about its products and services through surveys sent by SMS. These SMS surveys are sent immediately after a policy is purchased with AFNIC. Customers are also able to provide their complaints and suggestions on the AFNIC website, Facebook, and Google. After receiving a complaint, the customer is immediately phoned by the Call Centre team to get the details of their complaint. If possible, the complaint is resolved at the same time or escalated to the next level of authority until the grievance is resolved.

AFNIC has also opened many communication channels and the employees responsible for each line of contact have been well trained to communicate eloquently with our clients:

- AFNIC toll free: 800 AFNIC (23642)

- AFNIC WhatsApp: 80023642

- AFNIC Social Media:



- AFNIC Website Call-Back Service

- Renewal reminder SMS

AFNIC employees undertake extensive training sessions to enhance their interactions with customers, while the processes of engaging with customers are audited on a regular basis to ensure customer satisfaction is achieved. All AFNICs products and coverages are explained thoroughly to the customer during client on boarding. Moreover, the policy schedules states all relevant information clearly and succinctly.

To measure AFNIC's customer satisfaction, surveys are sent to customers after the purchase of a policy to collect their feedback about AFNIC's products and services. The system used is provided by Question Pro, where all the responses are collected. Both summary reports and comprehensive reports are obtained through the Question Pro system, which enable for better analysis and process improvement.

A quarterly report on the customer satisfaction survey is provided to the Marketing & Sales Department Director. Any concerns regarding performance, or any negative reviews are addressed immediately by calling the customer and enquiring the concerned employee.

In 2023, AFNIC has received 92 complaints, among which 80 complaints were resolved, and the remaining 12 complaints were repeatedly unresponsive when phoned by our Call Centre representatives



## CUSTOMER COMPLAINTS

	2021	2022	2023
Total number of complaints received	94	105	92
Total number of complaints resolved	90	69	80
% number complaints resolved	96%	66%	87%

All calls made to or by the Customer Service Call Centre are recorded. Every month, samples of calls attended by each Call Centre agent are evaluated by the Call Centre supervisor and feedback is provided to them on how to improve their service.

AFNIC has looked in to a loyalty program for AFNIC's loyal customers, and it is a part of the marketing strategy.

Although, the program is still in the development phase.

# OPERATING RESPONSIBLY

01

## MATERIAL ISSUES COVERED:

- Sustainable Supply Chain
- Energy and Water Management
- Risk Management
- Fraud Prevention

02

## ESG VISION COMPLIANCE:

Abu Dhabi Economic vision 2030

- Developing resilient infrastructure capable of supporting anticipated economic growth

UN SDG 17

- Decent Work and Economic Growth
- Industry, Innovation, and Infrastructure
- Responsible Consumption and Production

UAE Green Agenda 2015-2030

- Sustainable & Development & Valued Natural Resources



# SUSTAINABLE SUPPLY CHAIN

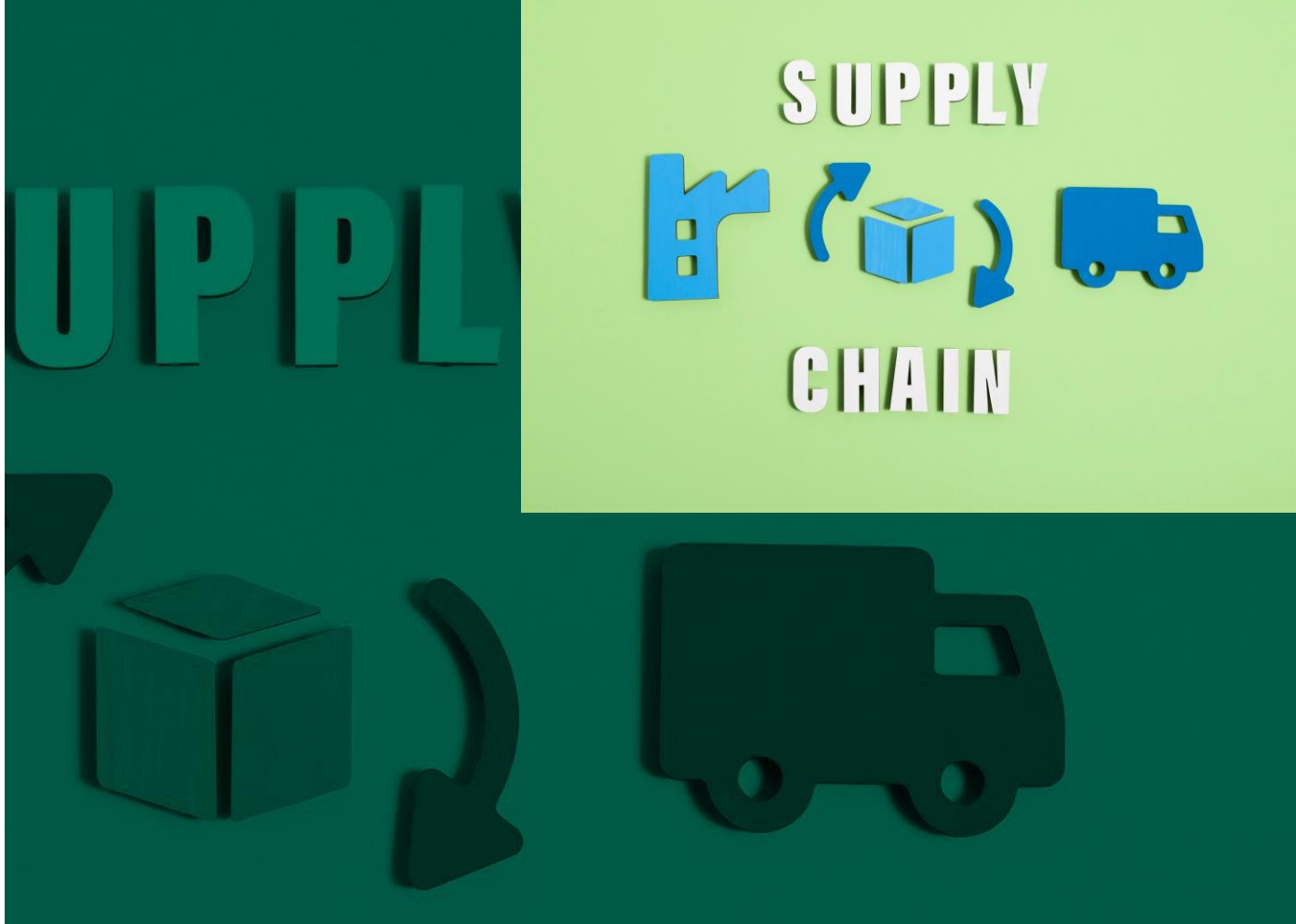
AFNICs' procurement procedures require all procurement activities to be performed in a fair and transparent manner. Our supplier selection process is guided by a commitment to sustainability and responsible business practices. We view suppliers as strategic partners in our journey towards environmental stewardship. Before entering into partnerships with brokers and suppliers, we conduct thorough due diligence to assess their practices. This process is designed to identify any activities that may have adverse effects on the environment.

Further, we have adopted a holistic strategy for supplier risk assessment, and we are currently in the process of integrating Environmental, Social, and Governance (ESG) factors into our broader risk management protocols. We also prioritize social responsibility as a fundamental pillar of our business practices. When selecting new suppliers, we methodically screen candidates using robust social criteria to ensure alignment with our values and commitment to ethical business conduct.

Our supplier screening process incorporates a comprehensive evaluation of social responsibility aspects. This includes assessing suppliers' labor practices, positive and negative social impacts, and forced labor, child labor and community engagement initiatives.

We are committed to environmental stewardship and sustainability in every facet of our operations. We are pleased to report that our supply chain has had no negative environmental impact during the year 2023. This positive outcome is a result of conducting business with suppliers whose activities inherently align with our commitment to environmental sustainability.

Supporting local suppliers in the UAE boosts our contribution to the local GDP. When acquiring any products or services, the first option is always a local supplier. In 2023, 100% of the total procurement budget was spent on over 115 local suppliers.



Procurement			
	2021	2022	2023
Total number of local suppliers engaged	97	109	115
Procurement spending on local suppliers (AED '000)	33,126	39,684	49,289
Total Procurement Spending (AED '000)	33,126	39,684	49,289
Proportion of spending on local suppliers (%)	100%	100%	100%



# ENERGY & WATER MANAGEMENT

AFNIC has taken some necessary steps to support reduction in our energy and water consumption:

- Availability of power efficient LED bulbs across AFNIC facilities to optimize lighting and switching off nonessential lights and air-conditioning as well as encouraging employees to aid in power saving.
- Distribution of reusable thermal water bottles to all employees as birthday presents to motivate reduction in the disposal of single-use plastic bottles having high environmental impact.
- Presence of manual taps across AFNIC to ensure employees have physical control of the faucet functionality so water is not wasted when not in use.



# RISK MANAGEMENT

Strong internal control procedures and risk management techniques are very important to us since we see them as essential to our long-term performance and profitable expansion. It is recognized that inadequate risk management can lead to substantial financial losses, legal problems, and a tarnished reputation.

The primary objective of our risk management framework is to protect the Company's shareholders from events that may hinder the achievement of set financial performance objectives. The management recognizes the critical importance of having efficient and effective risk management systems in place. Our risk management process aims to ensure that the operations that expose us to risk are consistent with our strategy, business objectives, and risk philosophy while maintaining an appropriate risk/reward balance and enhancing our stakeholder value.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies will be reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Risk Management Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.



## Risk Based Approach

A detailed risk assessment methodology has been established as part of the risk management strategy which is set out in the Risk Management Strategy to assess the Internal Control environment of the Company and its business activities. Aligned to the organizational risk management processes, this methodology enables Risk & Compliance to be strategically and operationally aligned with the risks facing the Organization.

At AFNIC, we actively manage our risks through a comprehensive risk register that systematically classifies financial, non-financial, and emerging risks. This register serves as a primary monitoring tool, playing a crucial role in enabling a holistic examination of risks across our entire enterprise. Below is a snippet from the risk register, showcasing our commitment to diligent risk management



RISK TYPE	RISKS IDENTIFIED	DESCRIPTION	MANAGEMENT RESPONSE
Operational Risks	Pricing/ Premium Rating	Premium not in line with risk assumed	A detailed Rating Guideline Manual for each class of Insurance and each type of Insurance with appropriate Rating Methodology is in place.
	Inadequacy of Reinsurance Program	Risk of inadequate protection if the Reinsurance Program is not adequately planned.	We undertake proper planning of Reinsurance Protection taking into account the Requirements of the Company.
Financial Risks	Premium collections	Risk of premium collection from Brokers and Sales Division.	The account will automatically freeze in case the collection exceeds credit limit for on account clientele. Moreover, ongoing monitoring done by collection department.
	Claims payments	Unexpected spike in claims	We ensure adequacy of reserve and moreover adequate Reinsurance support is availed
IT Security Risks	Improper Database Administration	Wrong updates can lead to Database Corruption and mismatch of records which might mislead data information.	Database Administration SYS user is controlled by the IT Manager and no other user has access to make any changes.
	Network Intruders	Outsiders access to AFNIC network	Network Access control enables to block if any unknown intruder tries to connect in AFNIC Corporate Network
Compliance Risks	Non-Compliance of Regulatory Requirements	Non Compliance with any new and existing regulation can result in payment of penalties.	Comprehensive compliance monitoring by Compliance Official.



# CLIMATE – RELATED FINANCIAL RISK MANAGEMENT

Climate-related risk refers to the risks arising from climate change, including physical, transition and liability risks. Such risks could impact the viability and soundness of individual insurance companies and have broader implication for financial stability. Principles for the effective management and supervision of climate-related financial risks.

There are seven principals of climate related financial risks that AFNIC follows to address the climate risks.

- Oversight and responsibility of climate-related financial risk exposures.
- Incorporation of climate-related financial risk exposures into overall business strategy.
- Assigning climate-related financial risk management responsibilities within the organization.
- Incorporation of climate-related financial risks into risk management framework.
- Monitoring and reporting of climate-related financial risks.
- Incorporation of climate-related financial risks into capital and liquidity adequacy processes.
- Scenario analysis of climate-related financial risks.

In response to the evolving global landscape and heightened regulatory expectations, AFNIC underscores its commitment to a comprehensive assessment and disclosure of climate-related risks.

# CLIMATE – RELATED FINANCIAL RISK MANAGEMENT

PHYSICAL RISK	TRANSITIONAL RISK	LIABILITY RISK
<ul style="list-style-type: none"> <li>- Is the long term progressive impact of climate change that has a potential of economic or financial losses.</li> <li>- AFNIC is actively engaged in identifying and evaluating these risks while implementing protective measures to manage these risks.</li> </ul>	<ul style="list-style-type: none"> <li>- Is the shift towards a lower carbon economy prompting newer climate related regulations, technological changes, and market sentiments.</li> <li>- AFNIC remains vigilant on these policy changes, technological advancements, and market shifts to transition into a low carbon economy and continuously aligns its investment portfolio with emerging global economic trends.</li> </ul>	<ul style="list-style-type: none"> <li>- Arises out of climate-related compensatory claims/ legal actions taken against financial institutions.</li> <li>- AFNIC has incorporated this risk into its meticulous risk management framework to fortify the portfolio against potential legal ramifications associated with climate change.</li> </ul>

Climate-related financial risks are not bound by timelines and can emerge within the short, medium, and long-term. They can materialize through transmission channels in the balance sheets of financial firms and within the traditional categories of financial risks, including credit, market, operational, underwriting, and reputational and liquidity risks. Hence AFNIC actively engages with stakeholders, fostering dialogue on responsible environmental practices. This engagement strategy encourages enhanced disclosure of climate-related risks and opportunities, contributing to the long-term sustainability of the business portfolio.

To elevate transparency and stakeholder information, AFNIC is committed to include a comprehensive disclosure of pertinent climate-related information. This encompasses risk assessments, integration measures, and proactive strategies employed to mitigate climate-related risks. Such transparent reporting aligns with industry best practices and facilitates informed decision-making for stakeholders.

# FRAUD PREVENTION

AFNIC's formal and well-written Code of Conduct clearly defines our expectations of ethical behavior. The employees are expected to act with honesty and integrity and report any instance of suspected fraud.

All instances of actual and suspected fraud are dealt with seriously and investigated appropriately. AFNIC's Code of Conduct policy clearly states dealing fairly with clients, customers and counterparties and appropriately identify and manage actual, perceived and potential conflicts of interest. The policy also states that any gifts from the customers, suppliers, associates or any party involved in doing business with AFNIC should be declared in the Gifts Declaration Form and submitted to the Human Resources.

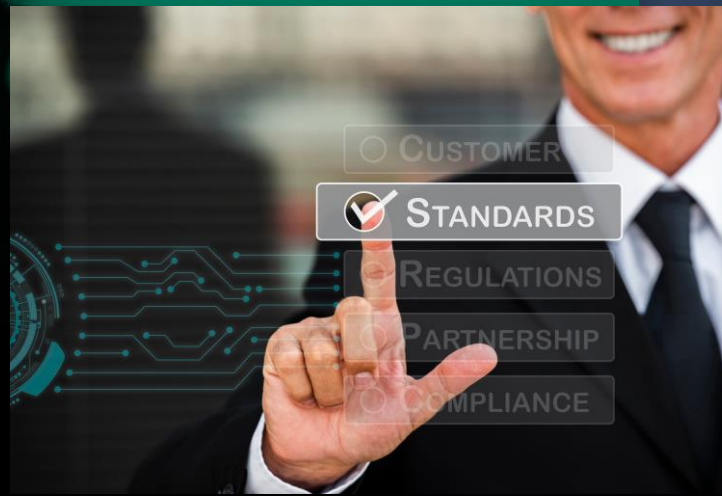
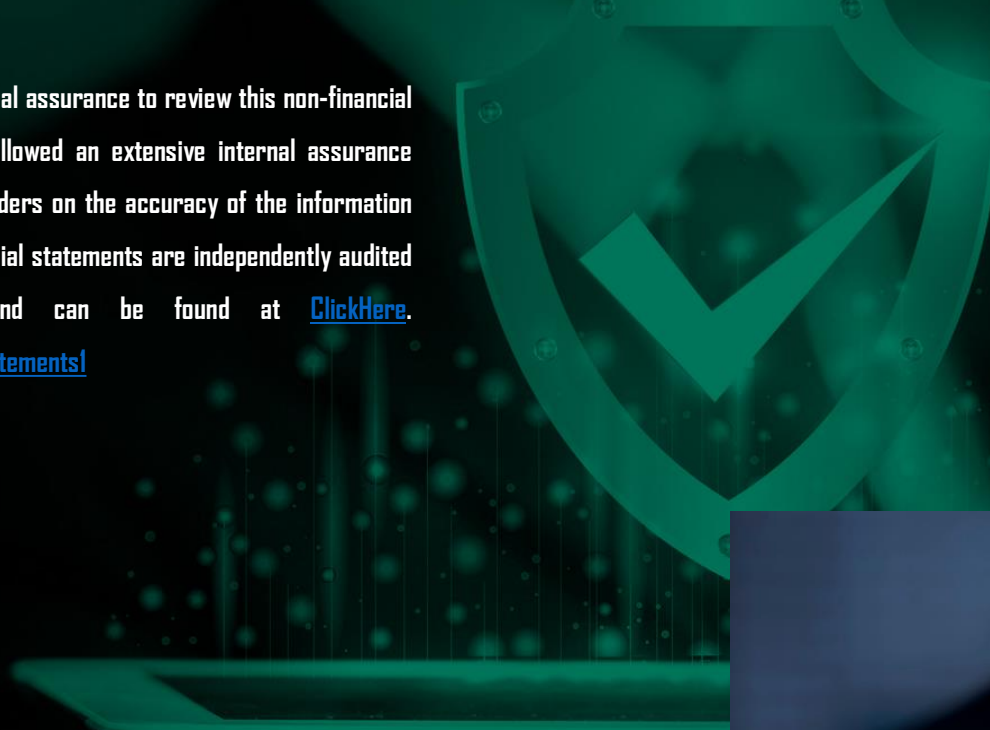


AFNIC also has in place a Whistleblower policy which encourages staff to report irregularities, incidents of suspected fraud, wrongful conduct and other infringements of the rules and policies in force. 'Whistle Blower' reports are handled with sensitivity, discretion and confidentiality. AFNIC protects 'Whistle Blowers' against 'retaliation' and verifies the reported incidents in an appropriate manner and all necessary steps are undertaken to identify proper remedies. Any form of retaliation undertaken by an employee, against any person for reporting irregularity, is prohibited and considered a breach of the AFNIC's Code of Conduct and Ethics. The Whistle Blower should report any reasonable concern about wrongful conduct, including aggressive, offensive or otherwise inappropriate behavior, fraudulent or dishonest use or misuse of AFNIC resources / property, to the appropriate authority. Protected disclosures and investigatory records are kept confidential to the maximum extent possible, consistent with the need to conduct an adequate investigation.



# EXTERNAL ASSURANCE

AFNIC have not sought any external assurance to review this non-financial report. Nonetheless, we have followed an extensive internal assurance process to warrant our stakeholders on the accuracy of the information present in this report. Our financial statements are independently audited by Grant Thornton LLP and can be found at [ClickHere.](https://afnic.ae/en/financial-statements/) (<https://afnic.ae/en/financial-statements/>)



# APPENDIX A: GRI CONTENT INDEX

STATEMENT OF USE

Al Fujairah National Insurance Company PJSC has reported the information cited in this GRI content index for the period 1 Jan 2023 to 31 Dec 2023 with reference to the GRI Standards.

GRI 1 USED

GRI 1: FOUNDATION

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 2: General Disclosures 2021	The Organization and its reporting practices		
	2-1	Organization details	Page 2
	2-2	Entities included in the organizations sustainability reporting	Al Fujairah National Insurance is the only entity included in this ESG report with its branches and insurance centers spread across all Emirates
	2-3	Reporting period, frequency and contact point	Page 1
	2-4	Restatements of Information	Page 25 32
	2-5	External assurance	Page 62
	Activities and workers		
	2-6	Activities, Value chain, and other business relationships	Page 3, 55
	2-7	Employees	Page 36, 37
	2-8	Workers who are not employees	Page 37
	Governance		
2-9	Governance structure and composition	Page 23, 24	
2-10	Nomination and selection of the highest governance body	Page 26	
2-11	Chair of the highest governance body	Page 24	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE	
<b>GRI 102: General Disclosures 2016</b>	2-12	Role of the highest governance body in overseeing the management of impacts	Page 23, 24, 25, 26, 27	
	2-13	Delegation of responsibility for managing impacts	Page 27	
	2-14	Role of the highest governance body in sustainability reporting of associations	AFNIC board of directors reviewed and approved the material topics disclosed in this report.	
	2-15	Conflicts of interest	Page 23	
	2-16	Communication of critical concerns	Page 27	
	2-17	Collective knowledge of the highest governance body	Page 24	
	2-18	Evaluation of the performance of the highest governance body	Page 23	
	2-19	Remuneration Policies	Page 39	
	2-20	Process to determine remuneration	Page 39	
	2-21	Total Annual compensation ratio	Confidentiality Constraint	
	<b>Strategies, policies and practices</b>			
	2-22	Statement on sustainable development strategy	Page 9, 10	
	2-23	Policy commitments	Page 29, 30, 38, 40, 42, 48, 49, 50, 51, 52, 55, 56, 57, 61	



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE	
GRI 102: General Disclosures 2016	2-24	Embedding policy commitments	Page 29, 30, 38, 40, 42, 48, 49, 50, 51, 52, 55, 56, 57, 61	
	2-25	Process to remediate negative impacts	Page 14, 15, 16, 17, 18	
	2-26	Mechanism for seeking advice and raising concerns	Page 53, 61	
	2-27	Compliance with laws and regulations	Page 32	
	2-28	Membership associations	Page 23	
	Stakeholder engagement			
	2-29	Approach to stakeholder engagement	Page 11, 12	
	2-30	Collective bargaining agreements	UAE employment law does not allow formation of trade unions. However, parties in the employment contract can file a grievance to the MOHRE to reach a resolution.	
	GRI 3: Material Topics 101	3-1	Process to determine material topics	Page 13
		3-2	List of material topics	Page 13
3-3		Management of material topics	Page 14, 15, 16, 17, 18	
GRI 200 Series: Economic Standards				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Page 32	
	201-2	Financial implications, risks and opportunities due to climate change	Reserve related to Climate risk is under review of the management and will be effective from 2024.	
	201-3	Benefit plan obligations and other Retirement Plans	AFNIC registers all its Emirati employees in the GPSSA scheme as mandated by the UAE legislation.	

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 200 SERIES: ECONOMIC STANDARDS			
GRI 201: Economic Performance 2016	201-4	Financial assistance received from government	Page 32
GRI 202: Market Presence 2016	202-1	Entry level wage by gender compared to local minimum wage	Not Applicable to AFNIC
	202-2	Proportion of senior management hired from local community	Page 37
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investment and services supported	Page 33
	203-2	Significant indirect economic impacts	Page 33
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Page 55
GRI 205: Anti -corruption 2016	205-1	Operations assessed for risks related to corruption	Page 29, 30
	205-2	Communication and training relating to anti-corruption policies and procedures	Page 29, 30
	205-3	Confirmed incidents of corruption and actions taken	Page 30
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices.	Page 32
GRI 207: Tax 2019	207-1	Approach to tax	Page 28
	207-2	Tax Governance, Control, Risk Management	Page 28
	207-3	Stakeholder engagement and management of concerns related to tax	Page 28
	207-4	Country by country reporting	Not Applicable to AFNIC

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
<b>GRI 300 SERIES: ECONOMIC STANDARDS</b>			
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Not Applicable to AFNIC
	301-2	Recycled input materials used	Not Applicable to AFNIC
	301-3	Reclaimed products and their packaging materials	Not Applicable to AFNIC
GRI 302: Energy 2016	302-1	Energy consumption within organization	Information Unavailable
	302-2	Energy consumption outside organization	Not Applicable to AFNIC
	302-3	Energy intensity	Information Unavailable
	302-4	Reduction of energy consumption	Information Unavailable
	302-5	Reduction in energy requirements of products and services	Information Unavailable
GRI 303: Water and effluents 2018	303-1	Interactions with water as a shared resource	Not Applicable to AFNIC
	303-2	Management of water discharge related impacts	Not Applicable to AFNIC
	303-3	Water withdrawal	Information Unavailable
	303-4	Water discharge	Information Unavailable
	303-5	Water Consumption	Information Unavailable
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to protected areas or areas of high biodiversity value outside protected areas	Not Applicable to AFNIC
	304-2	Significant impacts of activities, products, and services on biodiversity	Not Applicable to AFNIC



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 300 SERIES: ECONOMIC STANDARDS			
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	Not Applicable to AFNIC
	304-4	IUCN red list species and national conservation list species with habitats in areas affected by operations	Not Applicable to AFNIC
GRI 302: Energy 2016	305-1	Direct GHG emissions	Not Applicable to AFNIC
	305-2	Energy indirect GHG emissions	Information Unavailable
	305-3	Other indirect GHG emissions	Information Unavailable
	305-4	GHG emissions intensity	Not Applicable to AFNIC
	305-5	Reduction of GHG emissions	Information Unavailable
	305-6	Emissions of O-zone depleting substances	Not Applicable to AFNIC
	305-7	Nitrogen Oxides, Sulfur Oxides and other significant air emissions	Not Applicable to AFNIC
GRI 306: Effluents and Waste 2016	306-1	Waste discharge by quality and destination	Information Unavailable
	306-2	Waste by type and disposal method	Information Unavailable
	306-3	Significant Spills	Not Applicable to AFNIC
	306-4	Transport of hazardous waste	Not Applicable to AFNIC
	306-5	Water bodies affected by water discharges and/or runoff	Not Applicable to AFNIC
GRI 307: Waste 2020	307-1	Waste generation and significant waste related impacts	Not Applicable to AFNIC

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 300 SERIES: ECONOMIC STANDARDS			
GRI 307: Waste 2020	307-2	Management of significant waste Related impacts	Not Applicable to AFNIC
	307-3	Waste generated	Information Unavailable
	307-4	Waste diverted from disposal	Not Applicable to AFNIC
	307-5	Waste directed to disposal	Information Unavailable because the cost of obtaining such information will surpass its benefit. Nonetheless, AFNIC is proactively trying to reduce its paper usage via adoption of new technologies and electronic insurance
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	Page 55
	308-2	Negative environmental impacts in the supply chain and actions taken	Page 18
GRI 400 SERIES: ECONOMIC STANDARDS			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Page 36, 37
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Not Applicable to AFNIC
	401-3	Parental leave	Page 36
GRI 402: Labor management relations 2016	402-1	Minimum notice period regarding operational changes	Page 40
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Page 42
	403-2	Hazard identification, risk assessment and incident investigation	Page 42

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE	
GRI 403: Occupational Health and Safety 2018	403-3	Occupational health services	Page 42	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 42	
	403-5	Workers training on occupational health and safety	Page 42	
	403-6	Promotion of worker health	Page 42	
	403-7	Prevention and mitigation of occupational health and safety impacts linked by business relations	Not Applicable to AFNIC	
	403-8	Workers covered by occupational health and safety management system	All Employees	
	403-9	Work-related injuries	No reported injuries in 2023	
	403-10	Work-related ill health	No reported work-related ill health in 2023	
	GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Page 38
		404-2	Programs for upgrading employee skills and transition assistance programs	Page 38
404-3		Percentage employees receiving regular performance and career development reviews	Page 40	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	Page 24, 25, 41	
	405-2	Ratio of basic salary remuneration men to women	Page 41	



GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 406: Nondiscrimination 2016	406-1	Incidents of discrimination and corrective actions taken	AFNIC did not encounter any legal action or recorded any incidents of discrimination in 2023
GRI 407: Freedom of association and collective bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association or collective bargaining maybe at risk	UAE jurisprudence does not allow formation of Labor unions or workers councils.
GRI 408: Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Page 55
GRI 409: Forced or compulsory labor 2016	409-1	Operations and suppliers at significant risk for forced or compulsory labor	Page 55
GRI 410: Security practices 2016	410-1	Security and personnel trained in human rights policies or procedures	All employees are governed by AFNIC code of conduct and ethics.
GRI 411: Rights of indigenous people 2016	411-1	Incidents of violation involving rights of indigenous people	No reported incidents in 2023
	413-1	Local community engagement, impact assessment, and development programs	Page 37, 45
	413-2	Operations with significant actual or potential negative impact on local communities	No known incidents in 2023
GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	Page 55
	414-2	Negative social impacts in the supply chain and actions taken	Throughout 2023, AFNIC did not have any adverse social impact.
GRI 415: Public policy 2016	415-1	Political contributions	AFNIC did not partake in any political contributions in 2023

GRI STANDARD	DISCLOSURE NUMBER	DISCLOSURE NAME	PAGE REFERENCE/ DIRECT RESPONSE
GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of products and service categories	Not Applicable to AFNIC
	416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable to AFNIC
GRI 417: Marketing and labeling 2016	417-1	Requirement of products and service information and labeling	Page 53
	417-2	Incidents of non-compliance concerning products and services information and labeling	No known incidents in 2023
	417-3	Incidents of non-compliance concerning marketing communications	No known incidents in 2023
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy or losses of customer data	No incidents recorded in 2023

# APPENDIX B: REPORTING PRINCIPLES

REPORTING PRINCIPLES	
Accuracy	The information in this report has been presented in the most accurate form to the best of AFNIC's ability
Balance	The reported information reflects a balanced perspective of AFNIC's overall performance.
Clarity	AFNIC has made best possible effort to make the information available in a manner that is understandable and accessible to a wide range of stakeholders.
Comparability	Comparisons are made throughout the report against preceding periods.
Completeness	This report has been produced with an attempt to make it as complete as possible and covers major activities of AFNIC and its branches in the UAE.
Sustainability Context	AFNIC has considered industry sector and regional trends in sustainability that affect its activities.
Timeliness	This report covers the calendar year of 2023. Information disclosed in the report is recent and clearly indicates the time period to which it relates.
Verifiability	This report was internally verified by the sustainability report project manager.