

## Corporate Governance Report for financial year ending 31 December 2018

### 1. Introduction

The Company's board of directors ("the **Board**") is committed to promoting good corporate governance within the Company. Consistent with its aim of being a leader in corporate governance in the UAE and the region, the Company has adopted extensive corporate governance guidelines in the Corporate Governance Manual in line with the principles set out in the UAE Securities and Commodities Authority "SCA" Decision R/32 of 2007 on Corporate Governance and international best practice.

The Company recognizes the benefit of good corporate governance for all shareholders and the Corporate Governance Manual is designed to ensure efficient, dynamic and entrepreneurial management throughout the Company.

This is the Company's tenth Corporate Governance Report and is published in compliance with Board of Directors' Resolution No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

The report reflects the Company's corporate governance systems as at 31 December 2018, and this report will be filed with SCA, published on the Company's Website, included in the AGM and made it available to all shareholders well in advance of the AGM.

### AM Best and S&P Global Credit Ratings

S&P Global and AM Best, has renewed EIC A- credit and insurer financial strength rating with a stable outlook during 2018. In its ratings, the rating agencies observes EIC's long track record of above average performance and as well as our extremely strong capital adequacy. They also recognizes the tight management of our business development strategy and their expectation of continuing robust results and financial strength in the future. In all its business relationships, EIC strives to demonstrate technical excellence, high value customer service as well as full transparency and probity.

Emirates Insurance Company enjoys financial ratings on a par with many of the world's leading insurers and reinsurers.

### 2. Overview of the Corporate Governance Manual

The Corporate Governance Manual sets out the requirements in relation to the appointment and composition of the Board and the role of the Chairman of the Board (the "**Chairman**") and the Chief Executive Officer ("**CEO**"). Furthermore, the Corporate Governance Manual contains a list of matters reserved for the Board and requirements in relation to Board meetings and voting procedures and the maintenance and monitoring of internal control systems.

The following policies and procedures are contained in the Corporate Governance Manual:

- Dealings of Members of the Board of Directors in Securities (Insider Trading Policy)
- Appointment of Directors
- Role and function of the Directors
- Composition of the Board
- Board of Directors remuneration
- Terms of reference Audit Committee
- Terms of Reference Nominations an Remunerations Committee
- The Code of Conduct for employees
- Appointment of External Auditors
- Corporate Social Responsibility
- Internal Control
- Confidential Reporting Policy
- Shareholder Communication Policy
- Role and function of Senior Executives in the Company

### 3. Dealings of the Directors in Securities

#### Share Dealing Policy

The Share Dealing Policy sets out the procedures that EIC's directors and employees must follow when dealing in EIC's shares. The objectives of this Policy are to clarify the Company's position in respect to the Company's directors and employees dealing in the Company's shares as well as to implement controls, reduce any potential risks that could contravene the regulators requirements and avoid any conflicts of interest.

Non-compliance with the policy is regarded as a serious misconduct.

#### Prohibitions under the Share Dealing Policy

The Share Dealing Policy applies to the Company's directors and employees at all levels and contains prohibitions on insider trading and tipping.

It also sets out certain "closed periods", within which directors, key executive officers and all employees are not allowed to deal in the Company's shares at all.

The closed periods are the 15-day periods prior to the Company's general assembly, and announcement of the Company's yearly, half-yearly and quarterly financial results, and announcements of any significant event, which might affect the Company's share price.

#### Disclosure requirement

- The number of shares owned by Board Members must be disclosed within 15 (fifteen) days as from their assumption of membership and also at the end of each financial year.
- The trades affected by Restricted Persons during the current year must be disclosed at the end of each financial year.
- The names of Shareholders (including Board Members and employees) who own, or whose holding together with their minor children reaches, 5% or more of the Company's shares. This information should be submitted to the ADX every time the holding increase by 1% of the Company's shares over and above the 5%.

The Audit Committee is responsible for reviewing the Share Dealing Policy as and when required.

#### Statement of the transaction of the Board Directors during 2018:

| S/N | Name                             | Position / Relationship | Shares held as at 31/12/2018 | Total Sale Transactions | Total Purchase Transaction |
|-----|----------------------------------|-------------------------|------------------------------|-------------------------|----------------------------|
| 1   | Mr. Mohamed Abdul Jalil Al Fahim | Board Member            | 1,342,339                    | 0                       | 481,228                    |

### 4. Formation of the Board of Directors

The Articles of Association of the Company provide for nine directors. The Abu Dhabi Investment Council is entitled to an automatic seat on the Board while the other directors are be elected at the General Assembly of the Shareholders by secret ballot.

The Board was elected by the Shareholders of the Company at the Annual General Meeting held in March 2016, election for new board will take place during the March 2019 AGM.

a. Seven of the Nine Board Members are **Independent Members**. All Board members are **Non-Executive Board Members**, the Board of Directors as at 31 December 2018 are:

| No | Director Name                                 | Category                              | Qualifications / Experience   | Director Since | Serving in other PSC Company  | Positions at any Important regulatory, governmental or commercial sites  |
|----|---|---------------------------------------|---|----------------|---|--|
| 1  | Mr. Abdullah Al Mazrui<br>(Chairman)          | Non-Independent                       | BA (Honors) Chapman University, California – USA                                    | 1995           | <ul style="list-style-type: none"> <li>Arab International Logistics Company (ARAMEX) (PSC)</li> </ul>                                   | <ul style="list-style-type: none"> <li>Investcorp</li> <li>Depa United Group</li> </ul>  |
| 2  | Mr. Fadel Saeed Al Darmaki<br>(Vice Chairman) | Independent                           | Higher National Diploma in Business Studies (UK)                                    | 1995           |   | <p><b>Previous Assignments:</b></p> <ul style="list-style-type: none"> <li>Chairman of the Board and Executive Committee member of Abu Dhabi Commercial Bank.</li> <li>Director of the Emirates Industry Bank.</li> <li>Member of the Federal National Council.</li> <li>Vice Chairman of Union of Arab Bank.</li> <li>Chairman of Emirates Institute of Banking and Financial Studies.</li> </ul>   |
| 3  | Mr. Mohammed Abdul Jalil Al Fahim             | Independent                           |   | 1986           |   | <p><b>Previous Assignments:</b></p> <ul style="list-style-type: none"> <li>First Vice President Abu Dhabi Chamber of Commerce.</li> <li>Industry Board of the Telephone Company.</li> <li>Council for Public Works.</li> </ul>   |
| 4  | Mr. Ahmed Saeed Al Badi                       | Independent                           | Bachelor in International Relations at Lewis & Clark College, Portland, Oregon, USA | 1986           | <ul style="list-style-type: none"> <li>Gulf Capital (PJSC), UAE</li> <li>Arab International Logistics Company (ARAMEX) (PSC)</li> </ul> | <p><b>Serving on the Board of the following Companies and Institutions:</b></p> <ul style="list-style-type: none"> <li>Lewis &amp; Clark College, Portland, US</li> <li>World Care International Ltd.</li> </ul>   |
| 5  | Mr. Hussain Ali Al Sayegh                     | Independent                           | Bachelor of Science in Business Admin, Portland USA                                 | 1989           |   | <p>Currently an advisor to the Office of the General Manager - Abu Dhabi Investment Authority</p> <p><b>Previous Assignments:</b></p> <ul style="list-style-type: none"> <li>Executive Director, Operations Department - Abu Dhabi Investment Authority</li> <li>Arab International Bank, Cairo;</li> <li>World Trade Centre, Cairo;</li> <li>Banque International Arab De Tunisie, Tunisie;</li> <li>Banque de Tunisie et des Emirates d'Investment.</li> <li>Sousse International Company, Tunisie;</li> </ul> |
| 6  | Mr. Yousif Abdulla Saif Al Mazrouei           | Non-Independent (ADIA Representative) | Bachelor of Science in Management, U.S.A  | 2016           |   | <p><b>Previous Assignments:</b></p> <ul style="list-style-type: none"> <li>Director of the Management Accounts Division at the Abu Dhabi Investment Council.</li> <li>Deputy Manager, Payment and Accounts at the Abu Dhabi Investment Authority (ADIA).</li> </ul>  |

|   |                                    |             |   |      |  |  |
|---|------------------------------------|-------------|---|------|--|--|
| 7 | Mr. Mohamed Obeid Khalifa Al Jaber | Independent | Bachelor of Business Administration, Higher College of Technology | 1995 |  | <p><b><u>Serving on the Board of the following Companies and Institutions:</u></b></p> <ul style="list-style-type: none"> <li>• Vice Chairman and Group CEO of Al Jaber Group</li> <li>• Board Member of Abu Dhabi National Industry Projects.</li> </ul>  |
| 8 | Mr. Mohammed Rashid Al Nasser      | Independent | Bachelor of Law, UAE  | 2006 |  | <p><b><u>Serving as Chairman of:</u></b></p> <ul style="list-style-type: none"> <li>• Gulf Islamic Investment Company.</li> </ul> <p><b><u>Serving on the Board of the following Companies and Institutions:</u></b></p> <ul style="list-style-type: none"> <li>• Chairman of the Islamic Gulf Investment</li> <li>• Board Member of the National Consultative Council.</li> <li>• Board member of The National Investor Company.</li> <li>• Board Member of Alwifaq Finance Company.</li> <li>• Board member of TTA, Bangkok, Thailand.</li> <li>• Assistant Undersecretary of Abu Dhabi Financial Department.</li> <li>• The General Director of Private and Official office of HH. Sheikh Mohammed Bin Khalifa Bin Zaid Al Nahyan.</li> <li>• General Manager Al Ain Equestrian, Shooting and Golf Club.</li> </ul> |
| 9 | Mr. Abdulla Ali Al Saadi           | Independent | Bachelor majoring in Business Administration, USA                 | 2006 |  | <p><b><u>Serving as Chairman of:</u></b></p> <ul style="list-style-type: none"> <li>• National Entertainment Co (Tarfeeh).</li> <li>• National Marina Real Estate Development.</li> <li>• Vice - Chairman The National Transport Co.</li> </ul> <p><b><u>Serving on the Board of the following Companies and Institutions:</u></b></p> <ul style="list-style-type: none"> <li>• Managing Director of National Investments Corporation.</li> <li>• Board Member of Finance House.</li> </ul>  |

Emirates Insurance Company encourages and welcomes females to participate as a Board of Directors; No Female is currently a Director at Emirates Insurance, Emirates Insurance Company will open the Board Directors' nomination for both genders during upcoming election.

b. Board of Directors Composition:

The Nomination and Remuneration Committee proposed the remuneration of directors for approval by the shareholders. The Board of Directors paid AED 2,302,000/- for 2017 remuneration.

The proposed total remuneration of the directors for 2018 (subject to the shareholders' approval in the coming AGM) is AED 2,378,000/- which is less than 10% of the profits of the company.

c. The following table illustrate the Audit and Nomination and Remuneration Committee Salary for 2018:

| No. | Attendance fees of the committees meetings |                             |                                     |                         |
|-----|--|-----------------------------|-------------------------------------|-------------------------|
|     | Committee Member Name                      | Committee Name              | Allowance Amount (AED) Each Meeting | Number of Meetings held |
| 1   | Mr. Fadel Saeed Al Darmaki                 | Audit                       | 10,000/-                            | 4                       |
| 2   | Mr. Mohammed Abdul Jalil Al Fahim          | Audit                       | 10,000/-                            | 4                       |
| 3   | Mr. Hussain Ali Al Sayegh                  | Audit                       | 10,000/-                            | 4                       |
| 4   | Mr. Mohamed Obeid Khalifa Al Jaber         | Nomination and Remuneration | 10,000/-                            | 1                       |
| 5   | Mr. Mohammed Rashid Al Nasser              | Nomination and Remuneration | 10,000/-                            | 1                       |
| 6   | Mr. Yousif Abdulla Saif Al Mazrouei        | Nomination and Remuneration | 10,000/-                            | 1                       |

d. The Board is required to meet at least 4 times per year and the quorum for a meeting of the Board is a majority of its members. During the financial year ended 31 December 2018, the following meetings were held:

|                                     | 26-Feb | 14-May | 08-Aug By Cir | 07-Nov | 20-Dec |
|-------------------------------------|--------|--------|---------------|--------|--------|
| Mr. Abdullah Al Mazrui              | ✓      | ✓      | ✓             | ✓      | ✓      |
| Mr. Fadel Saeed Al Darmaki          | ✓      | ✓      | ✓             | ✓      | ✓      |
| Mr. Mohammed Abdul Jalil Al Fahim   | A      | ✓      | ✓             | ✓      | ✓      |
| Mr. Ahmed Saeed Al Badi             | ✓      | ✓      | ✓             | ✓      | ✓      |
| Mr. Hussain Ali Al Sayegh           | ✓      | ✓      | ✓             | ✓      | ✓      |
| Mr. Yousif Abdulla Saif Al Mazrouei | ✓      | ✓      | ✓             | ✓      | ✓      |
| Mr. Mohamed Obeid Khalifa Al Jaber  | ✓      | ✓      | ✓             | A      | ✓      |
| Mr. Mohammed Rashid Al Nasser       | ✓      | ✓      | ✓             | ✓      | ✓      |
| Mr. Abdulla Ali Al Saadi            | ✓      | ✓      | ✓             | ✓      | A      |

**A: Absence with apology**

e. Subject to the Company's Articles of Association, a resolution of its shareholders and any applicable laws, the Board has the powers necessary to achieve the Company's objectives.

The Senior management, comprising Chief Executive Officer and other Chief Officers as well as Senior Managers are responsible to implement the company strategy and manages the day-to-day affairs of the company according to the business plans and activities approved by the Board, protecting the shareholder interests and adopting best and successful practices.

**The following matters have not been delegated to management and are deemed to be reserved Matters:**

- Strategy and management;
- Board membership and other appointments;
- Remuneration;
- Structure and capital;
- Financial reporting and controls;
- Internal controls;

- Contracts and expenditure;
- Communication;
- Delegation of authority;
- Corporate governance matters; and
- Policies (not including matters of procedure).

All other powers and authorities of the Board are pursuant to the Corporate Governance Manual, deemed delegated to Executive Management. The Board has delegated certain Reserved Matters to committees established under the Corporate Governance Manual.

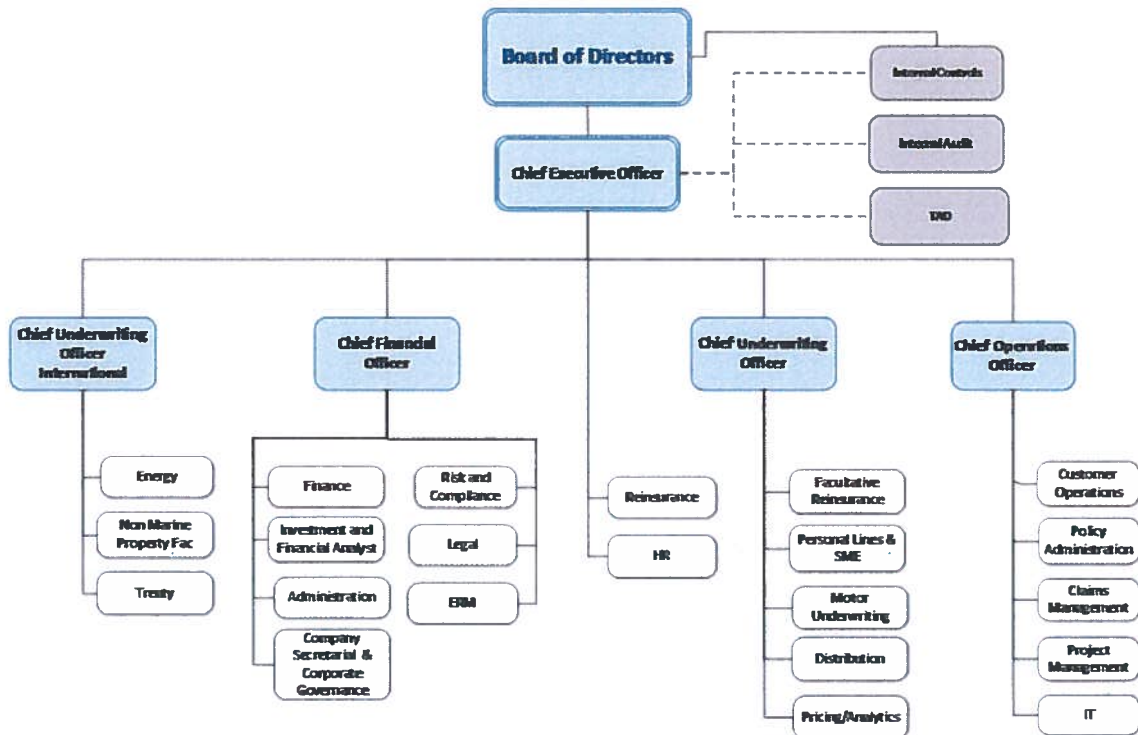
The Board may also delegate Reserved Matters to Executive Management, by specific or general delegation.

There have been no amendments to the authority delegated to the management during 2018. During September 2016 the Power of Attorney of the Chairman was extended for another period of three years.

f. Following are the related party transactions recorded during 2018:

| Board Member                       | Insurance Premiums Paid/ AED |
|------------------------------------|------------------------------|
| Mr. Abdullah Al Mazrui             | 1,136,413                    |
| Mr. Fadel Saeed Al Darmaki         | 36,118                       |
| Mr. Ahmed Saeed Al Badi            | 116,773                      |
| Mr. Hussain Ali Al Sayegh          | 118,455                      |
| Mr. Mohamed Obeid Khalifa Al Jaber | 667,204                      |
| Mr. Abdulla Ali Al Saadi           | 74,216                       |

#### 5. The organizational structure of the company



## **6. Particulars of Senior Executives**

### **Jason Light – Chief Executive Officer**

Joined EIC in May 2007

MBA Graduate from Manchester Business School

Jason has more than 30 years experience within the insurance industry. After spending the early years of his career as a reinsurance broker, he joined the Renewal and Reconstruction team at Lloyd's in 1995 and was later appointed the founding Managing Director of Lloyd's Japan, Lloyd's retail insurance business in Japan. Immediately prior to joining Emirates Insurance Company in May 2007, he was CEO of Hemayah Insurance, Toyota's ALJ's captive insurance business in Saudi Arabia.

### **Aart Lehmkuhl – Chief Financial Officer**

Joined EIC in January 2007

Holds B.Com Acc & B.Com (Hons) CA (South Africa)

Aart qualified as a Chartered Accountant in South Africa and holds an Honours Degree in Accounting. He has also completed an Executive Development Program and a Diploma in Islamic Finance. His career in the financial services industry has spanned over a 26 year period and has focused on financial, technical and operational management. He served as director on several Boards of insurance Companies in South Africa and was Chief Executive Officer of a private hospital in Oman for nearly 3 years.

As Chief Financial Officer, he is responsible for the financial soundness and activities of the company and manages the strategy and operations of the investment of the company. He is also responsible for Company Secretarial and Administration. He is also the Chairman of the Risk Committee.

### **Dermot Dick -Chief Underwriting Officer (International)**

Joined EIC in 2012

Commenced his insurance career as a Graduate Trainee with General Accident in 1982 and after various posts in General Insurance and London Market Division was appointed Senior Manager Marine/ Energy in 1997. After the merger that formed CGU Dermot moved to Lloyds where he was Deputy Underwriter and Marine Manager for Syndicate 1243 Euclidian. After a break to do some Management study at Henley Management College he moved in 2004 to QIC Group in Doha where he held a variety of posts-being appointed as the inaugural CEO of Q-Re in 2009. Leaving Q-Re he returned to London as Senior Vice President of XL Re Europe to oversee their Emerging Markets business in MENA, Africa and the Indian subcontinent in 2010.

Dermot is a Law Graduate of University of Exeter UK.

### **Jeremy Baggott - Chief Underwriting Officer (National) Resigned 31 August 2018**

Joined EIC in 2014

Jeremy holds an MBA from Kingston University and has more than 20 years experience within the insurance industry. After spending the early years of his career in various insurance disciplines such as Underwriting, Claims, Risk Control & Product Development his career progressed to a Regional Assistant Vice President in Underwriting & Distribution Strategy with AIG MEMSA in 2007. Immediately prior to joining Emirates Insurance Company, he was UAE General Manager & Head of HNW – Middle East & Africa for Zurich Insurance Company Middle East.

Jeremy has resigned during 2018 due to personal matters.

### **Robert Duchesne - Chief Underwriting Officer (National) Joined EIC January 2019**

The company appointed Mr. Robert Duchesne in the role of Chief Underwriting Officer. Rob has more than 35 years' experience within the insurance industry. After spending the early years of his career in various underwriting positions in

the London Market. He joined RSA Dubai in 2005 as Regional Property Director. In 2015, he was promoted to Head of Property, Construction and Engineering Global Specialty Lines at RSA London. Immediately prior to joining Emirates Insurance Company, he was Head of Commercial Underwriting at Towergate Underwriting Group London

**Paul McLeod – Chief Operating Officer**

Joined EIC in October 2016

Holds Bachelor Degree in Management Science

Paul has more than 25 years' experience in the international business environment in a wide range of industries, from mining, distribution and processing and manufacturing, through to retail and financial services. Initially working as a management consultant, in 1999 Paul joined American International Group to develop their Malaysian joint venture AIG-Software International. During his career at AIG, Paul held various roles in Operations and Systems in Hong Kong, Bangkok, Melbourne and Dubai, in both regional and in-country roles. Immediately prior to joining Emirates Insurance in 2016, Paul ran the local integration for the Middle East & North Africa zone for AIG's Global Business Transformation program.

**Remuneration Details:**

Remuneration paid to senior management for 2018 were as follows:

| Name           | Designation       | Date of Joining | Salary and Allowances | Bonuses |
|----------------|-------------------|-----------------|-----------------------|---------|
| Jason Light    | CEO               | 20-May-2007     | 1,789,524             | TBC     |
| Aart Lehmkuhl  | CFO               | 08-Jan-2007     | 1,269,060             | TBC     |
| Dermot Dick    | CUO International | 09-Sep-2012     | 1,238,490             | TBC     |
| Jeremy Baggott | CUO               | 04-May-2014     | 665,735               | TBC     |
| Paul McLeod    | COO               | 19-Oct-2016     | 887,929               | TBC     |

No other Cash/Bonuses were distributed to the executive management during 2018.

**7. External Audit**

The Board of Directors is responsible to propose an independent auditor, on the recommendation of the Audit Committee, and confirmation of the shareholders at the Annual General Meeting.

The Audit Committee evaluates the auditors by taking into account a number of key criteria, including trends in audit methodology, international resources, personnel and cost. The auditor of the company must have a strong reputation and be well known in the field of audit, classified in the category of "Big Four".

The external auditor shall make sure of the standard of the financial statements and will monitor the company's accounts. They have the right to review all company's books, records, documents and any other requested data considered necessary by the auditors.

Based on the above criteria, Deloitte was reappointed as external auditor at the AGM in March 2016.

Deloitte in the UAE has over 500 professionals based within five practice offices in Dubai, Abu Dhabi, Fujairah, Ras Al Khaimah, and Sharjah. They provide comprehensive audit and consulting services across the UAE serving leading enterprises and institutions across all sectors.

They understand the rich cultural diversity of the region, its languages and its customs. As a result, they are recognized as the Firm to whom many governments, major institutions and industrial concerns turn for unbiased professional advice.

Deloitte's clients include many of the United Arab Emirates' largest entities and clients in energy and resources, financial services institutions, real estate, construction, trading, and manufacturing in the public and governmental sectors. Dubai hosts our regional International Tax Services, Enterprise Risk Services and Corporate Finance Advisory practices serving clients across the Middle East.

The Sharjah, Fujairah and Ras Al Khaimah offices provide Audit, Tax and Advisory services to clients in a variety of industries including financial services, construction, manufacturing, educational institutions and public sector. Deloitte also selected the UAE as the base for its ERM Centre of Excellence.



|   |                      |
|---|----------------------|
| Number of years as EIC Auditor                  | Since 2001           |
| Partner last changed                            | 2014                 |
| Partner   | George Najem         |
| Audit fees earned for 2018                      | AED 350,000          |
| Details of services provided                    | Financial Audit      |
| Other professional fees earned for 2018         | AED 118,500          |
| Details of other professional services provided | AML, IFRS 9 Services |
| Other External audit services                   | None                 |

The external auditor shall attend the General Assembly Meeting and ensure the validity of the procedures followed in the shareholders invitation to the meeting. The auditor will also be required to express an opinion regarding the financial health of the company.

The External Auditors presented their 2018 management report to the Audit Committee and Board of Directors. The external auditor's management report indicated that no discovery of any financial irregularities during 2018.

Management will take corrective action and implement the recommendations, where practical, proposed by the auditors. No qualified opinions were made by the external auditor.

At the 2019 new auditors will be appointed as per the requirements of Article 243 of the Commercial Company Law.

#### **8. Audit Committee**

The principal roles of the Audit Committee are to monitor the Company's financial statements, to renew and recommend changes to the Company's financial and control systems, to oversee the Internal Audit & Risk Management function, to review the share dealing policy and to maintain an appropriate relationship with the Company's external auditors.

##### Duties of the Audit Committee

The principal duties of the Audit Committee are:

- To oversee the relationship with the external auditors and monitor their independence.
- To review and report to the Board on the Company's annual and quarterly financial statements.
- To review the Company's Share Dealing Policy.
- To review and report to the board on the Company's accounting policies and practices.
- To review, monitor and report to the Board on the remit and effectiveness of the internal audit function and review and approve the annual internal audit plan.
- To review the Company's Whistle Blowing Policy.
- To consider such other matters as may be requested by the Board.

##### Authority of the Audit Committee

The Audit Committee is authorized, by the Board, to examine any activity within its terms of reference, to have unrestricted access to the Company's external auditors and to obtain, at the Company's expense, professional advice on any matter within its terms of reference. The Audit Committee is authorized to seek any information it requires from any employee or director, and all employees and directors will be directed to co-operate with any request made by the Audit and Compliance Committee.

Composition and attendance of the Audit Committees

The audit committee held four meetings during 2018.

The table below shows the meetings attended:

|  | 25-Feb | 03-Oct | 07-Jul | 20-Dec |
|--|--------|--------|--------|--------|
| Mr. Fadel Saeed Al Darmaki (Chairman)      | ✓      | ✓      | ✓      | ✓      |
| Mr. Mohammed Abdul Jalil Al Fahim          | A      | ✓      | ✓      | ✓      |
| Mr. Hussain Ali Al Sayegh (Finance Expert) | ✓      | ✓      | ✓      | ✓      |

The CEO, CFO, Senior Manager Internal Control, Compliance Officer, and Internal Auditors are required to attend the meetings. None of these attendees are allowed to vote at the meetings. All audit committee members are independent members.

**9. Nomination and Remuneration Committee**

The role of the Committee is to assist in fulfilling the Board's responsibilities relating to compensation of EIC staff. The Committee shall advise the Board on the remuneration philosophy of EIC in respect of all employees (including Senior Executives) and shall recommend the remuneration payable and conditions of employment to be offered by EIC.

The committee shall further assist the board in discharging its duties in relation to:

- verification of ongoing independence of independent board members.
- formulation and annual review of the policy on granting remunerations, benefits, incentives and salaries to board members and employees of the Company and the committee shall verify that remunerations and benefits granted to the senior executive management of the Company are reasonable and in line with the Company's performance;
- determination of the Company's needs for qualified staff at the level of the senior executive management and employees and the basis of their selection;
- formulation, supervision of application and annual review of the Company's human resources and training policy;
- organization and follow-up of procedures of nomination to the membership of the board of directors in line with applicable laws and regulations as well as this Resolution.

Composition and attendance of the Nomination and Remuneration Committees

The Nomination and Remuneration Committee conducted one meeting during 2018.

The table below shows the meetings attended:

| Members                                       | 15 Feb 2018 |
|---|-------------|
| Mr. Mohamed Obeid Khalifa Al Jaber (Chairman) | ✓           |
| Mr. Mohammed Rashid Al Nasser                 | ✓           |
| Mr. Yousif Abdulla Saif Al Mazrouei           | ✓           |

#### 10. Management Follow-up, and Supervision of Insiders Committee

As required by SCA, the Board of Directors approved the formation of the Following and Supervise of the Insider Transactions Committee include the CFO, Internal Control Senior Manager, and the Compliance Officer, as a committee members, the committee should insure the following:

- Prepare a special and comprehensive register for all insiders, including persons who could be considered as insiders on a temporary basis and who are entitled to or have access to inside information of the Company prior to publication.
- The record shall also include prior and subsequent disclosures of the insiders.
- Manage, monitor and supervise insider trading.
- Update the insiders register.
- Submit the register and periodic reports of the insiders to ADX, SCA upon requests.
- Respond to the insiders inquires, and inform them with the prohibited trading periods.
- Update the insider policy according to authority requirements, and inform the Board of these changes.
- Inform the CEO and CFO on any breaches.

One meeting held on 29 November 2018, and discussed the following agenda:

- a. Appoint a Chairman of the Committee
- b. Review the term of reference of the Committee
- c. Review the Committee policy
- d. Review the name of company's insider Shareholders
- e. Review the insider transaction report

#### 11. External Actuaries (as a required by the new regulation of the Insurance Authority)

As per the Insurance Authority Regulatory requirements, the Board appointed Lux Actuaries & Consultants to provide Actuarial services to the company for 2018.

Lux Actuaries & Consultants is an independent actuarial consultancy who provides pragmatic solutions that take account of the local market and the needs of their clients, unconstrained by any overriding corporate policy. Founded in 2005, Lux has experienced impressive growth while maintaining uncompromising service standards and building a strong reputation in the regions of its operations. Lux works with some of the largest insurance companies in the Gulf and South Eastern Europe.

|                                |  |
|--------------------------------|--|
| Number of years as EIC actuary | Since 2015   |
| Partner                        | Shivash Bhagaloo   |
| Annual fees earned for 2018    | AED 200,000/-  |
| Registration ID Number         | 38   |
| Details of services provided   | Actuary Services, quarterly, annually and on an Ad Hoc basis |

#### 12. Internal Control and Risk Management

##### a. Overview

The Board has overall responsibility for ensuring the application, review and efficiency of the Company's internal control systems. The Board has delegated certain of those responsibilities to the Audit Committee, as described in greater detail earlier in this report. The system of internal control is designed to manage risks associated with the conduct of the Company's business rather than eliminates the risk of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's internal control systems include the following:

- Consideration and approval by the Board of the Company's strategic objectives and the risks associated with seeking to achieve them;
- Review and approval by the Board of financial statements and forecasts, and regular operational and financial reviews of performance against budgets and forecasts;
- Monitoring by management and the risk management team of risks to achieving business objectives and actions taken to mitigate them;
- Review by the Audit Committee of the scope and results of internal audit work across the Company and of the implementation of the recommendations of the committee;
- Review by the Audit Committee of accounting policies and practices, the scope of the work of the external auditors and any significant issues arising from that work; and
- A Whistle Blowing Policy enabling employees to report possible wrongdoing in confidence.

**b. Internal Control Areas**

The risks of the company have been identified and control manuals have been drawn up to manage the risks through internal controls as shown in the table below:

| INTERNAL CONTROL AREA                              | RESPONSIBLE PERSON                         | CONTROL DOCUMENT   |
|--|--|--|
| Non motor underwriting                             | Chief Underwriting Officer                 | Internal Controls – Non Motor Underwriting IC02                              |
| Non motor claims                                   | Chief Operating Officer                    | Claims Manual – Non Motor IC03   |
| Motor underwriting                                 | Chief Underwriting Officer                 | Internal Controls – Motor Underwriting IC04                                  |
| Motor claims                                       | Chief Operating Officer                    | Claims Manual – Motor IC04   |
| Re-Insurance                                       | Chief Executive Officer                    | Re – Insurance Manual IC05   |
| Management of Facultative Insurance                | Chief Underwriting Officer                 | Internal Controls – Facultative Insurance IC06                               |
| Management of Facultative Insurance Intermediaries | Chief Underwriting Officer                 | Internal Controls – Facultative Insurance Intermediaries IC07                |
| Medical and Life Underwriting                      | Chief Underwriting Officer                 | Internal Controls – Medical and Life Underwriting IC08                       |
| Investments  | Chief Financial Officer                    | Investment Policy Statement and Investment Committee Terms of Reference IC09 |
| Credit Control                                     | Chief Financial Officer                    | Credit Control Manual IC10   |
| Credit Control - International                     | Chief Financial Officer                    | Credit Control Manual IC10_Int   |
| Finance and administration                         | Chief Financial Officer                    | Administration Approvals Framework IC11                                      |
| Human Resources                                    | Chief Executive Officer                    | Human Resources Policy and Manual  |
| EIC International: Energy and Marine               | Chief Underwriting Officer - International | Underwriting Manual International FAC: Energy and Marine IC13                |
| EIC International: Property and Engineering        | Chief Underwriting Officer - International | Underwriting Manual International FAC: Property and Engineering IC14         |
| EIC International: Non Marine Treaty               | Chief Underwriting Officer - International | Underwriting Manual International Non Marine Treaty IC15                     |
| EIC International: Claims reserving policy         | Chief Operating Officer                    | Claims reserving manual: International IC17                                  |

**c. Internal Control Management**

**The Board of Directors:**

- The board of directors shall issue the internal control system following consultation with the management and it shall be implemented by an internal control competent department.
- The board of directors shall determine the objectives, duties and powers of the internal control department that shall enjoy adequate independence to perform its duties and shall directly report to the board of directors.
- The board of directors shall conduct an annual review to ensure efficiency of the internal control system in the Company and its subsidiaries and disclose the results to shareholders through the corporate governance annual report.

**Executive Committee:**

The role of the executive committee is to ensure that all pillar heads and managers adhere to the control manuals on a day to day basis. The approvals of any expenditure, the hiring of any new staff, the underwriting of all the risks, the payment of claims and the management of investments are all encapsulated in the control manuals, hence management is responsible to ensure the controls are followed. Management is also responsible for reviewing the manuals and updating the manuals on an ongoing basis.

**Risk Committee:**

The risk committee, through the use of the Technical Audit Department, the external auditors, internal auditors and risk champions, will review on an at least an annual basis, the effectiveness of the controls. The committee will also discuss all breaches and will implement corrective action. The Risk Committee is governed by its own Terms of Reference.

**Internal Control Incident Management:**

Any serious incident or breaches of internal controls, identified by external auditors, or internal auditors, are reported to the audit committee, the audit committee reviews the incident and decides on appropriate action.

No significant incidents occurred during 2018

**d. Internal Audit Insurance Operations - Technical Audit Department (TAD):**

The TAD is responsible for the ongoing audit of the technical departments. They will ensure the internal control procedures are followed by the underwriting, claims, re-insurance and facultative departments. The TAD will report any breaches to the CEO, Risk committee and the Audit Committee.

The TAD manager will attend the Audit Committee meetings and the Executive Committee are responsible to ensure their findings are implemented.

**e. Internal Audit Corporate Services -KPMG:**

During 2018 the audit committee appointed KPMG as the external internal auditors of the company. Their main duty is to perform the audits for the non-technical departments such as Finance, Human Resources, and Investments etc. They also have a responsibility to ensure the TAD complies with their Terms of Reference and scope of work.

KPMG attend the Audit Committee meetings and the Risk Committee will ensure their findings are implemented.

**f. Internal Audit Activities during the year**

The Technical Audit Department (TAD) conducted internal audits for technical audit work during the year the audit committee has appointed KPMG as the company's internal.

During 2018, the following Audits were carried out:

| KPMG                                | No. of Audits |
|-------------------------------------|---------------|
| Regulatory and Compliance           | 1             |
| Sale, and Broker Management         | 1             |
| Customer Service                    | 1             |
| <b>Technical Audit Department</b>   |               |
| HO - Life & Medical                 | 2             |
| HO - FGA                            | 2             |
| HO – Engineering                    | 2             |
| HO - Oil & Gas                      | 1             |
| HO - Marine                         | 2             |
| HO - Non-Motor Claims               | 2             |
| HO - Motor Underwriting             | 2             |
| HO - Motor Claims                   | 2             |
| Al Ain Branch - Non Motor           | 2             |
| Reinsurance                         | 1             |
| International Office Dubai          | 1             |
| Al Ain Branch - Motor               | 2             |
| Dubai - Non Motor                   | 2             |
| Dubai/ Jabal Ali - Motor            | 2             |
| Western Region - Motor              | 2             |
| Abu Dhabi Satellite Offices - Motor | 2             |

**g. Internal Control Management**

Mr Raghavan, who has a Master's Degree in Science and is an Insurance Specialist, is the Senior Manager: Internal Control, appointed on 2014 by the Board. This is his only responsibility.

The Compliance Officer Mr. Mazen Mahmood was appointed in 2012, he has a Bachelor of Business and Administration degree from USA. His main responsibility is compliance matters in the company where he reports independently to the Board Audit Committee. He has an additional responsibility as Investor Relationship Officer of the Company where he reports to the CFO.

**h. Risk Management**

The Company considers risk management as a core competency throughout the organization. It is committed to maintaining risk management systems and enhancing the organization's ability to manage uncertainty by protecting its assets and safeguarding shareholders' interests whilst ensuring compliance with the applicable laws and regulations.

The Risk Committee is chaired by the CFO. The other members of the committee are divisional and pillar heads as well as selected managers. The committee is an internal committee and is governed by the Terms of Reference of the Risk Committee.

The committee meets twice a year and the standard agenda deals with the following issues:

- Review of the Risk matrix and update of the Risk assessment for the top 20 risks.
- Report from Technical Audit Department on technical audits.
- Report from Internal Auditors on corporate audits.
- Risk declaration by department heads.
- Outstanding receivables review.

The Company's Risk Management framework was adopted in 2008. The ERM framework was designed to ensure consistency in the application of ERM in identifying, assessing, monitoring and reporting risks across the organization. In addition, a corporate risk assessment is undertaken annually with the CEO and Management Committee to determine and evaluate the material exposures facing the Company; ensuring risk management is closely aligned to the Company's strategic and business objectives. Identified risks are reported to the Audit and Compliance Committee.

The Board of Directors is responsible for reviewing the effectiveness of the risk management process, confirming the Company's risk appetite and ensuring risk management is embedded and cascaded down to Senior Management and all staff.

The Board, through its Audit Committee, also assesses the effectiveness of the overall process for identifying and assessing risks and providing its view to the CEO and Management Committee.

i. **Whistle Blowing Policy**

The Corporate Governance Manual contains a Whistle Blowing Policy which was formulated to provide stakeholders an opportunity to access the Committee in good faith in case they observe any unethical or improper practices in the Company. Responsibility for overseeing and implementing the policy has been delegated to a designated whistle blowing officer. The Company's management also has specific responsibility for facilitating the operation of the policy.

The internal Control Department deal in the case of any major issue professionally by identifying the nature of the problem and report it to the Board of Directors with facts and solutions

Website address for Whistle Blowing: <http://www.eminsco.com/stakeholders/whistle-blower-report/>

**13. Details of violations committed during the year**

During 2018 no violations were reported.

**14. Corporate Social Responsibility (CSR)**

- Emirates Insurance Company celebrated the 47 National Day with the employees of the company, and shared the memory of the great founder of the UAE the late Shaikh Zaid Al Nahyan of his strategy of developing the country.
- Emirates Insurance Company has sponsored Shaikh Zaid Heritage Festival as part of the company on going to support Corporate Social Responsibility.
- Emirates Insurance Company also a proud to continue sponsor of the ABSHER program implemented by President His Highness Sheikh Khalifa Bin Zayed Al Nahyan to increase the UAE national workforce in the private sector. EIC is supporting the program by providing reduced insurance premium rates to UAE Nationals who are employed in the private sector. The quantum of this initiative is difficult to calculate.

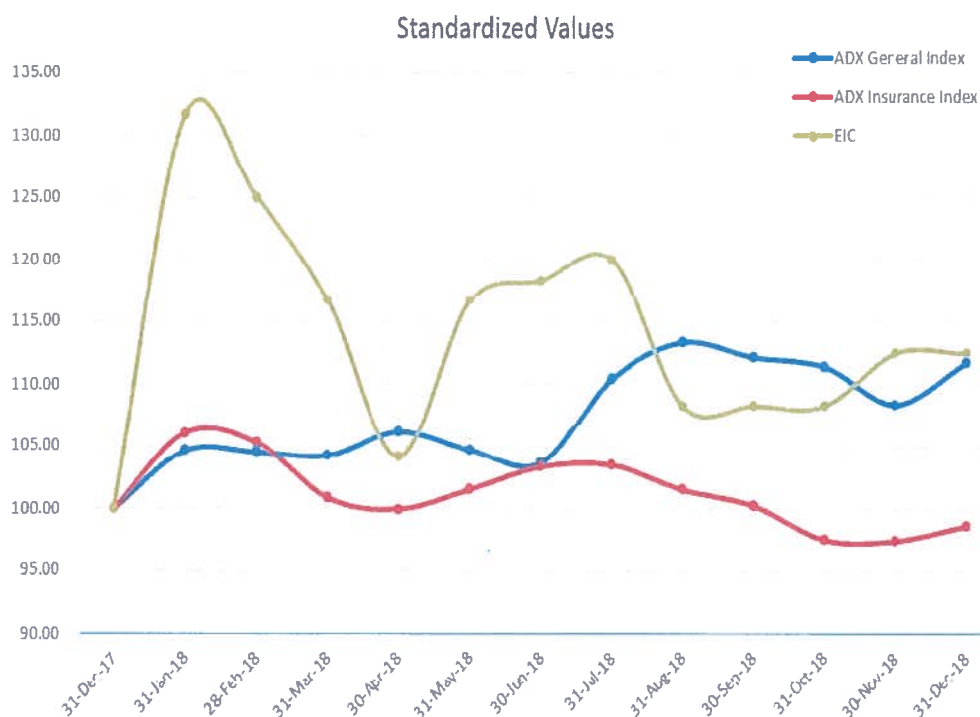
## 15. General Information

### a. Share price movement

The below table shows the share price of EIC during year 2018:

| Month End                                  | High | Low  | Closing | Shares Traded    |
|--|------|------|---------|------------------|
| Jan-18                                     | 7.9  | 6.25 | 7.9     | 962,353          |
| Feb-18                                     | 7.5  | 7.5  | 7.5     | 22,257           |
| Mar-18                                     | 7.3  | 7    | 7       | 740,000          |
| Apr-18                                     | 6.3  | 6.25 | 6.25    | 916,490          |
| May-18                                     | 7    | 6.5  | 7       | 22,286           |
| Jun-18                                     | 7.1  | 6.9  | 7.1     | 10,000           |
| Jul-18                                     | 7.2  | 7.2  | 7.2     | 107,554          |
| Aug-18                                     | 6.5  | 6.5  | 6.5     | 62,500           |
| Sep-18                                     | 6.5  | 6.5  | 6.5     | 2,915            |
| Oct-18                                     | 0    | 0    | 6.5     | -                |
| Nov-18                                     | 6.9  | 6.75 | 6.75    | 708,332          |
| Dec-18                                     | 0    | 0    | 6.75    | -                |
| <b>Total shares traded during the year</b> |      |      |         | <b>3,554,687</b> |
| <b>Shares turnover percentage</b>          |      |      |         | <b>2.37%</b>     |

### b. Share price performance comparisons





**c. Major Shareholders**

The following table contains the details of the 3 largest shareholders in the company

| Major Shareholders           | Shares     | Percentage Holding |
|------------------------------|------------|--------------------|
| Al Mazrui Investments        | 22,676,427 | 15.12%             |
| Al Dhabi Investments         | 18,500,000 | 12.33%             |
| Abu Dhabi Investment Council | 17,719,999 | 11.81%             |

**d. The composition of the shareholders is as per the table below:**

| Shareholder Categories |       | No. of shares      | % ownership |
|------------------------|-------|--------------------|-------------|
| Individual             | Local | 74,731,505         | 49.82 %     |
|                        | GCC   | 24,128             | 0.02 %      |
|                        | Arab  | 0                  | 0 %         |
| Companies              | Local | 57,430,710         | 38.29 %     |
|                        | GCC   | 93,658             | 0.06 %      |
|                        | Arab  | 0                  | 0 %         |
| Government             | Local | 17,719,999         | 11.81 %     |
|                        | GCC   | 0                  | 0 %         |
|                        | Arab  | 0                  | 0 %         |
| <b>Total</b>           |       | <b>150,000,000</b> | <b>100</b>  |

**e. The following table illustrate the distribution of the shareholders according to the share volume:**

| No. | Number of Shares              | Number of Shareholders | Number of Share owns | Number Shares percentage owns from the Capitals share |
|-----|-------------------------------|------------------------|----------------------|---|
| 1   | Less than 50,000              | 100                    | 1,307,335            | 0.88 %  |
| 2   | 50,000 & less than 500,000    | 122                    | 19,732,094           | 13.15 %   |
| 3   | 500,000 & less than 5,000,000 | 40                     | 52,333,592           | 34.89 %   |
| 4   | More than 5,000,000           | 6                      | 76,626,979           | 51.08 %   |

**f. Investor relationship officer information:**

- Email Address: [mtarmoom@eminsco.com](mailto:mtarmoom@eminsco.com)
- Website Address: <http://www.eminsco.com/investors/investor-relationship-officer/>
- Phone Number: 02-6981664
- Fax Number: 02-6445227

**g. Actions taken on Investor relationship information**

- The Company publish the information and data disclosed to the regulatory authorities, markets or investors on its website.
- A special investor relations page has been dedicated to the company's website, and is updated continuously.

h. **Special Resolutions**

No special resolution was adopted by the shareholders during 2018.

i. **The Name of the Board secretary**

Mr. Aart Lehmkuhl is the Board secretary, and appointed in January 2007.

j. **Significant Events**

Emirates Insurance Company was awarded Middle East General Insurance Company of the Year at the prestigious MEIR Insurance Awards. The awards are made by a very distinguished panel of judges comprising leading regional insurers and reinsurers as well as representatives of the rating agencies and other leading industry organizations.

k. **Emiratization Percentage**

The Emirates Insurance Authority has moved to the points system in 2018. According to the points system our target was 87 points however we have achieved 131 points

l. **Statement of innovative projects and initiatives**

During 2018 Emirates Insurance Company has initiated a flexible hours to the staff to increase productivity and creativity of the employees

The company considers it is substantially compliant with the Board of Directors' Resolution No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

*A. Mazrouei*

Abdulla Mazrouei  
The Chairman  
26/02/2019

