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Fujairah National Insurance Company PJSC (the "Company" or "AFNIC") is a Public Joint Stock Company listed on the Abu Dhabi Securities Exchange (ADX). Established in 1976, under the patronage of the Ruler of Fujairah, AFNIC is registered under the Federal Company Law, and Federal Insurance Law with the Government of Fujairah as the major Shareholders (with over 80% share), and it is governed by the provisions of the Federal Law No. (48) of 2023 Concerning the Organization of the Insurance Operations and the Federal Law No. (32) of 2021 Concerning the Commercial Companies and it is licensed and supervised by the Central Bank of the UAE (formally, the UAE Insurance Authority) under license No. 11.

The address of the Company's registered office is P.O. Box 277, Fujairah, United Arab Emirates.

The company operates through its head office in Fujairah and branch offices in Dubai, Abu Dhabi, Sharjah, Khorfakkan and Dibba. Further the Company has 30 plus outlets in various locations in the UAE.

AFNIC has a wide network of full-fledged branch offices spread throughout the UAE as well as sales centers across the country.

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 MAIN BRANCHES AND SALE CENTERS

### Fujairah

Ground Floor, Insurance Building,  
Hamad Bin Abdullah Street,  
Contact No: Contact No: +971-9-2233355

### Dubai

706, Building 02, Bay Square, Al Asayel Street,  
Contact No: +971-4-2772155  
Business Bay, Dubai

### Dibba

Sheikh Hamad Street, Dibba  
Contact No: +971-9-2444845

### Abu Dhabi

Nawat Tower Building no. 3 - 8 floor - Office no. 02 Khalid Bin Al  
Waleed St. Al Khalediya Abu Dhabi  
Contact No: +971-2-6773429

### Sharjah

Store No.1, on the Ground Floor of the Majaz Gardens Building, Al  
Khalidia St, beside Baskin Robbins, in Majaz 3  
Contact No.: +971-9-6061820

### Khorfakkan

Sheikh Khalid Bin Sultan Al Qasimi st.  
Al Qadisiya -, khorfakkan Contact no: 009719-6061825

## THE MEASURES TAKEN TO COMPLETE THE COMPANY'S GOVERNANCE SYSTEM DURING THE YEAR 2023

Based on the company's commitment, as represented by the Board of Directors and executive management, to adhere to governance regulations as per Securities and Commodities Authority's Resolution No. 3/Chairman of 2020, Concerning approval of Joint Stock Companies Governance Guide and its subsequent amendments, along with the Corporate Governance Regulation & Standards for Insurance Companies issued by the Central Bank of the UAE (Circular No. 24/2022).

AL Fujairah National Insurance Company P.J.S.C (AFNIC or the Company) maintains a robust governance structure which is aligned to the "three lines of defense" model. It establishes a framework to embed a control culture committed to a high level of ethical and behavioral standards in order to achieve the Company's objectives. This is supported by the Company's Corporate Governance Policy and Procedures to facilitate effective and prudent management of the Company to deliver enduring success.

During 2023, AFNIC focused its efforts and resources on aligning the Company's governance policies, procedures, and practices to comply with the Central Bank of United Arab Emirates Regulation and Standards for Insurance Companies issued by the Central Bank of the UAE (Circular No. 24/2022) in addition to maintaining the Company's compliance with Decision no. (3/Chairman) of 2020 issued by the Chairman of the Board of Directors of the Securities and Commodities Authority concerning the Approval of the Joint Stock Companies Governance Guide (the "SCA Corporate Governance Guide Decision 3/RM 2020"), and other applicable decisions and resolutions issued by regulatory authorities and international best practices.

AFNIC is committed to maintaining the highest standards of corporate governance practices; devoting its time and effort to continuously identifying the best business practices and setting clear policies to be implemented across the Company. These practices ensure smooth, effective, and transparent operations that aim to protect shareholder's rights.

The primary role of the Board of Directors (the Board) is to protect and enhance long-term stakeholder values, including shareholders and clients. The Board is responsible for setting the overall Company strategy and has oversight of executive management to ensure robust corporate governance practices are followed within the Company.

Day-to-day operations are delegated to the executive management, led by the Chief Executive Officer. The executive management team is accountable for the performance of the Company and measured against a set of corporate goals and targets. The posts of the Chairman and Chief Executive Officer of the Company are clearly distinguished between the Chairman's role to manage the Board, and the Chief Executive Officer's responsibility to manage the executive management and supervise the Company's business.

There are three established Board committees (the Audit Committee, the Nomination and Remuneration Committee, and the Investment and Finance Risk Committee). The Board delegates its power and authority from time to time (as permitted by the laws, regulations,, and Company's Articles of Association) to ensure that the operational efficiency and specific issues are being handled with diligence and scrutiny.

**AFNIC, through its robust corporate governance, provides confidence that the Company's overall business performance is properly monitored and ensures that its directors, management , and staff are acting to best serve the interests of the Company and its stakeholders.**

AFNIC has established and implemented a corporate governance framework that adheres to international standards. This framework clearly delineates the responsibilities and accountabilities of the Board of Directors, Board Committees, Executive Management, as well as the Company's Compliance, Risk, and internal audit functions.

The Board of Directors oversees governance controls in collaboration with the company's executive management through various committees, including the Audit, Nomination & remuneration, and Investment & Finance Risk Committees. The monitoring encompasses:

1. Ensuring adherence to disclosure and transparency policies.
2. Timely provision of interim financial statements for disclosure.
3. Ensuring regular Board of Directors meetings and the physical presence of members and relevant committees, in line with governance regulations and institutional norms.
4. Supervising the execution of the Board of Directors' decisions and recommendations.

In addition, the monitoring extends to:

5. Engaging and communicating with events that promote the interests of civil society.
6. Ensuring compliance with rules and procedures concerning securities transactions involving Board of Directors members and company employees.
7. Enforcing the Code of Professional Conduct for Board of Directors members and company employees.
8. Facilitating effective communication with shareholders and conveying their opinions to the Board of Directors.
9. Providing all shareholders with opportunities for active participation in general assembly meetings and voting on decisions.
10. Establishing an investor relations management system that fosters ongoing communication with investors and channels their feedback to shareholders, the Board of Directors, and executive management.
11. Ensuring the adequacy and effectiveness of the Internal Audit & Corporate Governance compliance program.
12. Approving the investments, business plan, budgets & financial statements of the Company.
13. Implementing the Company's strategies and ensuring that the Shareholders receive accurate and proper information at the right time.

## FORMATION OF THE BOARD OF DIRECTORS

### STATEMENT OF THE CURRENT BOARD FORMATION

The Board of Directors of AFNIC is comprised of individuals who possess a wide range of skills, relevant industry knowledge, experience and highly professional backgrounds. These qualities contribute to the desired level of diversity for the Company's nature size and complexity.

The Board comprises eight (8) members, all of whom are non-executive Directors. The board of directors Comprises both independent and non-independent directors. In 2023, the Board and its committees held a total of five meetings.

The Board of Directors members are as detailed below:



**Mr. Abdul Ghafour Hashem Bahrouzian**

- Chairman
- Non-executive and non-independent member

#### Experiences & Qualifications

- Experience in both government and private Sector
- Bachelor's degree in Business Administration

#### Period served as a BOD since the first election

- 47 years

#### Membership / Positions in any other joint stock companies.

- Chairman of the Board of Directors of Fujairah Trade Center.
- Member of Fujairah Cement Company



**Mr. Mohammed Abdulla Sultan Al Salami**

- Vice Chairman
- Non-executive and non-independent member

#### Experiences & Qualifications

- Experience in administration and civil aviation
- Bachelor's degree in Political Science and Business Administration, specializing in Aviation Sciences

#### Period served as a BOD since the first election

- 34 years

#### Membership / Positions in any other joint stock companies.

- Head of the Civil Aviation Department in Fujairah

#### Positions in any other important regulatory, governmental, or commercial entities

- Vice President of the Board of Directors of the General Civil Aviation Authority of the State

## FORMATION OF THE BOARD OF DIRECTORS

**Mr. Saif Sultan Abdulla Ahmed Al Salami**

- Non-executive and non-independent member

**Experiences & Qualifications**

- Executive Director at Al Fujairah National Group since 1994.
  - Bachelor's degree in Electrical Engineering
  - Master's degree in Computer Engineering
- Period served as a BOD since the first election**

- 15 years

**Membership / Positions in any other joint stock companies.**

- Chairman of the Board of Directors of Amwal Financial Brokerage.

**Positions in any other important regulatory, governmental, or commercial entities**

- Board Member of the National Bank of Fujairah

**Dr. Salem Abdu Khalil Al-Zaini**

- Non-executive and non-independent member

**Experiences & Qualifications**

- Studying, Evaluation, and Implementation of projects
- Ph.D. in Chemistry and Food Science.

**Period served as a BOD since the first election**

- 40 years

**Membership / Positions in any other joint stock companies**

Economist at the Department of Industry and Economy in the Government of Fujairah.

**Mr. Saeed Mubarak Obaid Ahmed Al Zahmy**

- Non-executive and non-independent member

**Experiences & Qualifications**

- Experience in law and courses in insurance and risk management.
- Master's degree in Law.

**Period served as a BOD since first election**

- 28 years

**Mr Humaid Mohamed Humaid Al Yamahi**

- Non-executive and non-independent member

**Experiences & Qualifications**

- 30 years in government work.
- Bachelor's Degree in Sociology

**Period served as a BOD since first election**

- 17 years



**Mr. Mohamed Sharif Habib Mohamed Al Awadi**

- Non-executive and non-independent member

**Experiences & Qualifications**

- Experience in administrative management of vital projects and administrative training
- Bachelor's degree of Science in Geology and a Diploma in General Management and Advanced Management.

**Period served as a BOD since the first election**

- 13 years

**Positions in any other important regulatory, governmental, or commercial entities**

- General Manager of the Free Zone Authority in Fujairah



**Mr. Faisal Suliman Musa Al Jassem**

- Non-executive and Independent member

**Experiences & Qualifications**

- Experience in the private sector
- Bachelor's degree in Marketing

**Period served as a BOD since first election**

- 6 years

In 2023, the Board of Directors faced a notable absence of female representation, as no female members were nominated in the board elections. In 2022, and 2023 no bonuses were granted to board members. Furthermore, for the financial year 2023, board members did not receive attendance allowances for participating in committee meetings derived from the board. Additionally, there were no supplementary allowances, salaries, or fees disbursed to board members during this period.



## FORMATION OF THE BOARD OF DIRECTORS

### THE BOARD OF DIRECTORS MEETINGS HELD DURING THE FISCAL YEAR 2023

The Board of Directors of AFNIC Insurance held five (5) meetings during 2023. The agenda along with the Board documents were circulated in advance. The details of the names of the Board members and attendance of at the Board meetings are given below.

### ATTENDANCE AT THE BOARD MEETINGS

NAME	BOARD MEETING DATES - 2023					TOTAL NUMBER OF ATTENDANCE
	15 MAR	12 MAY	31 MAY	10 AUG	14 NOV	
MR. ABDUL GHAFOUR HASHEM BAHRUOZIAN	✓	✓	✓	✓	✓	5/5
MR. MOHAMMED ABDULLA SULTAN AL SALAMI	✓	✓	✓	✓	✗	4/5
MR. SAIF SULTAN ADBULLA AHMED AL SALAMI	✓	✓	✓	✓	✓	5/5
DR. SALEM ABDO KHALIL AL - ZAINI	✓	✓	✓	✓	✗	4/5
MR. HUMAID MOHAMEN HUMAID AL YAMAHI	✓	✓	✓	✓	✓	5/5
MR. SAEED MUBARAK OBAID AHMED AL ZAHMI	✓	✓	✓	✓	✗	4/5
MR. MOHAMEN SHARIF HABIB MOHAMED AL - AWADI	✓	✓	✓	✓	✗	4/5
MR. FAISAL SULAIMAN MUSA AL JASSEM	✓	✓	✓	✓	✓	5/5



ATTENDED



NOT ATTENDED

NO ATTENDANCE BY A PROXY FOR THE YEAR 2023

NO CIRCULAR RESOLUTIONS DURING 2023

### OWNERSHIP AND TRANSACTIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS, THEIR SPOUSES, AND THEIR CHILDREN IN THE SECURITIES OF THE COMPANY DURING THE YEAR 2023

Members of the board of directors and their spouses and children did not engage in any transactions involving the company's securities during the year 2023. The company has implemented rules endorsed by the board of directors to regulate transactions of board members in securities issued by the company. None of the members of the board of directors own any shares in the company.

## 5.1 AUDIT COMMITTEE

The Audit Committee has been established by the Board of Directors of the AL Fujairah National Insurance Company P.J.S.C to assist the Board of Directors in the oversight, monitoring and review the Company and all its businesses in the quality and integrity of financial statements and financial reporting, the effectiveness of governance, risk management and internal control systems including compliance with laws, regulations and the Company's Code of Conduct, and in the statutory audit process of Internal and External Auditor.

## THE AUDIT COMMITTEE CHAIRMAN'S ACKNOWLEDGMENT OF HIS RESPONSIBILITY FOR THE COMMITTEE SYSTEM AT THE COMPANY

Dr. Salem Abdu Khalil Al-Zaini, chairman of the audit committee, acknowledge responsibility for the committee's system within the company, reviewing its work mechanism, and ensuring its effectiveness.

## NAMES OF THE AUDIT COMMITTEE MEMBERS

MEMBER'S NAME	POSITION	DESIGNATION
DR. SALEM ABDU KHALIL AL - ZAINI	CHAIRMAN	NON - EXECUTIVE / NON - INDEPENDENT
MR. SAIF SULTAN ABDULLA AHMED AL SALAMI	MEMBER	NON - EXECUTIVE / NON - INDEPENDENT
MR. SAEED MUBARAK OBAID AHMED AL ZAHMY	MEMBER	NON - EXECUTIVE / NON - INDEPENDENT
MR. MOHAMED SHARIF HABIB MOHAMED AL AWADI	MEMBER	NON - EXECUTIVE / NON - INDEPENDENT
MR. FAISAL SULAIMAN MUSA AL - JASSIM	MEMBER	NON - EXECUTIVE / INDEPENDENT

#### AUDIT COMMITTEE FUNCTIONS AND DUTIES ASSIGNED THERETO.

The responsibilities of the Audit Committee are in line with SCA Corporate Governance Guide Decision 3/RM 2020 and the CBUAE Regulation and Standards for Insurance Companies. The Audit Committee undertakes the following duties and responsibilities,

- Develop and implement a policy for engaging external auditors, and present a report to the board of directors outlining significant issues requiring attention, accompanied by recommendations for necessary actions.
- Assessing the adequacy of Senior Management, and the extent of their application of the Board's directions.
- Supervise and ensure the independence and objectivity of external auditors, engage in discussions regarding the nature and extent of the audit process, and evaluate its effectiveness in line with accepted auditing standards.
- Oversee the integrity of the company's financial data and its reports, conducting regular reviews throughout the year, with particular emphasis on the following:
  1. Any modifications to accounting policies and practices.
  2. b) Identifying areas subject to management estimation.
  3. Significant revisions resulting from the audit process.
  4. Compliance with accounting standards mandated by the regulatory authority.
- Ensuring compliance with listing regulations, disclosure mandates, and other legal prerequisites pertinent to financial reporting preparation.
- Collaborating with the board of directors, executive management, and the CFO to fulfill its responsibilities, with the committee mandated to convene with the company's external auditor at least once annually.
- Addressing any noteworthy or unconventional matters arising or requiring inclusion in reports and accounts, and giving careful consideration to concerns raised by the CEO or CFO, compliance Director, or the auditor.
- Assessing the company's financial control systems, internal controls, and risk management protocols.

**AUDIT COMMITTEE FUNCTIONS AND DUTIES ASSIGNED THERETO.**

- Engaging in discussions with management regarding the internal control system and verifying its efficacy in establishing a robust internal control framework.
- Approving the appointment and dismissal of the head of internal audit., evaluating his performance, and verifying the sufficiency of his compensation.
- Reviewing significant investigation findings concerning internal control matters delegated by the board of directors or initiated by the committee with board approval.
- Ensuring alignment between the internal auditor and external auditor, and securing requisite resources for the internal audit function, while also evaluating its efficiency.
- Scrutinizing the company's financial and accounting policies and procedures.
- Reviewing the external auditor's report, their action plan, and any significant queries raised by the auditor regarding accounting records, financial statements, and control systems, and providing responses and approvals as necessary.
- Ensuring the board promptly addresses clarifications and significant issues raised in the external auditor's report.
- Establishing mechanisms for employees to confidentially report potential violations in financial reporting, internal controls, or other areas, and undertaking impartial and thorough investigations into such violations.
- Monitoring the company's adherence to professional conduct regulations, violations as well as preparing a report to the board in this regard.
- 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 this item.
- Addressing any additional issues as directed by the board of directors.
- Reviewing the internal audit's charter annually, and approving any changes to the charter.



## COMMITTEES OF THE BOARD OF DIRECTORS

### NUMBER OF THE AUDIT COMMITTEE MEETINGS HELD DURING 2023

During the year 2023, AIFNIC held three (3) Audit Committee meetings. The details of attendance are as follows:

MEMBER'S NAME	MEETING'S DATES 2023			TOTAL NUMBER OF ATTENDANCE
	22 FEB	23 MAY	25 OCT	
DR. SALEM ABDUL KHALIL AL- ZAINI	✓	✓	✓	3/3
MR. SAEED MUBARAK OBAID AHMED AL ZAHMY	✓	✓	✓	3/3
MR. SAIF SULTAN ABDULLAH AHMED AL SALAMI	✓	✓	✓	3/3
MR. MOHAMED SHARIF HABIB MOHAMED AL AWADI	✓	✓	✓	3/3
MR. FAISAL SULAIMAN MUSA ALJASSIM	✓	✓	✓	3/3

✓ ATTENDED

### 5.2 NOMINATIONS AND REMUNERATIONS COMMITTEE

The Board Nominations & Remunerations Committee is a permanent committee of AL Fujairah National Insurance Company P.J.S.C that reports to the Board of Directors. The Committee is established to ensure that nomination and remuneration arrangements support the strategic aims of the business and enable the nomination and election of Board of Directors members who have technical skills and experience required to serve the interests of the Company and recruitment, motivation and retention of senior executives while complying with the requirements of regulatory and governance bodies, satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population. In its nomination role, the Committee is tasked with nominating appropriate directors and executives as and when required by the Board of Directors. This Terms of Reference outlines the purpose, composition, organization and responsibilities of the Remuneration Committee.

## COMMITTEES OF THE BOARD OF DIRECTORS

### THE NOMINATION AND REMUNERATION COMMITTEE CHAIRMAN'S ACKNOWLEDGMENT OF HIS RESPONSIBILITY FOR THE COMMITTEE SYSTEM AT THE COMPANY

I, Humaid Mohammed Humaid Al Yamahi, acknowledge my responsibility as the head of the Nominations and Rewards Committee in the company, responsible for overseeing the committee's system, reviewing its functioning, and ensuring its effectiveness.

### NAMES OF THE COMMITTEE MEMBERS

MEMBER'S NAME	MEETING'S DATES 2023	TOTAL NUMBER OF ATTENDANCE
	23 MARCH	
MR. HUMAID MOHAMED HUMAID AL YAMAHI	CHAIRMAN	NON-EXECUTIVE / NON-INDEPENDANT
MR. SAEED MUBARAK OBAID AHMED AL ZAHMY	MEMBER	NON-EXECUTIVE / NON-INDEPENDANT
MR. MOHAMED SHARIF HABIB MOHAMED AL AWADI	MEMBER	NON-EXECUTIVE / NON-INDEPENDANT

### NOMINATION & REMUNERATION COMMITTEE FUNCTIONS AND DUTIES ASSIGNED THERETO

The responsibilities of the Nomination & Remuneration Committee are in line with SCA Corporate Governance Guide Decision 3/RM 2020 and the CBUAE Regulation and Standards for Insurance Companies. The Nomination & Remuneration Committee undertakes the following duties and responsibilities:

- Develop a policy for awarding bonuses, benefits, incentives, and salaries to board members and company employees, and review it annually. The committee must ensure that the bonuses and benefits granted to the company's senior executive management are reasonable and commensurate with the company's performance.

## COMMITTEES OF THE BOARD OF DIRECTORS

- Ensure the ongoing independence of independent members. If the committee determines that a member no longer meets the independence criteria, it must refer the matter to the board of directors. The board shall then inform the member in writing at their registered address with the company about the reasons for the loss of independence. The member must respond to the board within fifteen days of receiving the notification. The board will decide whether the member remains independent at the first meeting following the member's response or the expiration of the specified period without a response. If the member loses this status, it will not affect the minimum number of independent members required on the board. This should be considered when forming committees while adhering to the provisions of the amended Companies Law. If the board's decision to revoke the reasons or justifications for independence from the member would impact the minimum percentage of independent members required on the board, the board shall appoint an independent member to replace this member, subject to approval by the first general assembly of the company to consider the board's decision.
- Identify the company's competency requirements at the senior executive management and employee levels, and establish criteria for their selection.
- Develop the company's human resources and training policy, oversee its implementation, and review it annually.
- Coordinate and oversee the procedures for nominating board members in accordance with applicable laws and regulations.

### NUMBER OF THE NOMINATIONS & REMUNERATIONS COMMITTEE MEETINGS HELD DURING 2023

During 2023, AFNIC held one (1) Nominations & Remunerations Committee meetings. The details of attendance are as follows:

MEMBER'S NAME	MEETING'S DATES 2023 23 MARCH	TOTAL NUMBER OF ATTENDANCE
MR. HAMDY MOHAMED HAMID AL YAMAHI	✓	1/1
MR. SAEED MUBARAK OBAID AHMED AL - ZAHMI	✓	1/1
DR. MOHAMED SHARIF HABIB MOHAMED AL - AWADI	✓	1/1

✓ ATTENDED

## 5.3 COMMITTEE FOR INVESTMENT AND FINANCE COMMITTEE

The chairman of the Investment Committee acknowledgement of his responsibility for the Committee system at the company

I, Saif Sultan Abdulla Ahmed Al Salami, acknowledge my responsibility as the chairman of the Investment Committee in the company, responsible for overseeing the committee's system and ensuring its effectiveness.

## NAMES OF THE MEMBERS OF THE INVESTMENT COMMITTEE

MEMBER'S NAME	POSITION	DESIGNATION
MR. SAIF SULTAN ADBULLA AHMED AL SALAMI	CHAIRMAN	BOARD MEMBER
MR. ANTOINE AL MAALLOULI	MEMBER	CHIEF EXECUTIVE OFFICER
MR. SAEED MUBARAK OBAID AHMED AL ZAHMY	MEMBER	BOARD MEMBER
MR.. MOHAMED SHARIF HABIB MOHAMED AL - AWADHI	MEMBER	BOARD MEMBER

## THE INVESTMENT COMMITTEE FUNCTIONS AND DUTIES ASSIGNED THERE TO

- Ensure that the company's assets are diversified and appropriately allocated to enable efficient responsiveness to changing economic conditions, including fluctuations in financial and real estate markets.
- Reviewing the performance of the Company's assets annually.
- Preparing and reviewing the investment policy, reviewing its performance, implementation and managing its risks, on an annual basis.
- Focus on maintaining assets to cover technical provisions and other long-term insurance obligations or property and liability commitments.



## COMMITTEES OF THE BOARD OF DIRECTORS

- Conduct thorough reviews to evaluate the creditworthiness of related parties with which the company may engage in significant transactions.
- Develop a policy and framework for stress testing all investments, including regular stress testing encompassing a variety of market scenarios, and changes in investment, operational, social, and economic factors.
- Submit quarterly reports to the board on the performance of the Company's investment portfolio.
- Perform proper research and due diligence before recommending additional investments for the Company's benefit.

During 2023, the Investment Committee held one (1) meetings. The details of attendance are as follows:

MEMBER'S NAME	MEETING'S DATES - 2023	TOTAL NUMBER OF ATTENDANCE
	20 - OCT	
MR. SAIF SULTAN ADBULLA AHMED AL SALAMI	✓	1/1
MR. ANTOINE AL MAALOULI	✓	1/1
MR. SAEED MUBARAK OBAID AHMED AL ZAHMY	✓	1/1
MR. MOHAMED SHARIF HABIB MOHAMED AL AWADI	✓	1/1

✓ ATTENDED

## COMMITTEES OF THE BOARD OF DIRECTORS

### 5.4 COMMITTEE FOR MONITORING AND SUPERVISING THE TANSCTIONS OF INSIDER PERSONS

The Chairman of the Supervision and Follow-up Committee of insider's transactions acknowledgment of his responsibility for the Committee system at the company.

I, Mohammed Sultan Abu Salem, Chairman of the Committee for Monitoring and Supervising the Transactions of Informed Persons, acknowledge responsibility for the committee's system within the company and for reviewing and ensuring its effectiveness.

MEMBER'S NAME	POSITION
MR. MOHAMED SULTAN ABU SALEM	HEAD
MR. AWAD ALLAH ALI MOHAMED KHAIR	MEMBER

### THE SUPERVISION AND FOLLOW-UP COMMITTEE OF INSIDER'S TRANSACTIONS FUNSCTIONS AND DUTIES

The duties of the Committee are in accordance with Article (33) of SCA Corporate Governance Guide Decision 3/RM 2020. The Committee undertakes the following duties:

- Safeguard non-public information owned by the company.
- Ensure that non-public information remains confidential and is not disclosed to individuals outside the company, including family, friends, or other employees unless such disclosure is necessary for business purposes.
- Monitor the activities of individuals who have access to the company's proprietary information, whether they engage in transactions themselves or through intermediaries, involving securities of the company.
- Oversee the dissemination of any data or the provision of statements or information that could impact the market value of securities and influence investor decisions.
- Guarantee that internal company information is not utilized for trading securities on the market.

## COMMITTEES OF THE BOARD OF DIRECTORS

### NUMBER OF SUPERVISION AND FOLLOW-UP COMMITTEE OF INSIDER'S MEETINGS HELD DURING THE YEAR 2023

During the year 2023, the Committee of follow-up and supervision of insiders' trading held one (1) meeting. The meeting details of attendance is as follows;

MEMBER'S NAME	MEETING'S DATES 2023	NUMBER OF ATTENDANCE
	1- JUNE	
MR. MOHAMED SULTAN ABU SALEM	✓	1/1
MR. AWAD ALLAH ALI MOHAMED KHAIR	✓	1/1

### KEY POINTS CONCERNING AFNIC'S RISK EXPOSURES AND RISK MANAGEMENT STRATEGIES WITHOUT BREACHING NECESSARY CONFIDENTIAL PARTS:

AFNIC's business operations diversified across different line of business and geographical regions, showcasing a robustly diversified portfolio. Our strategic approach involves carefully managing this diversity to ensure exposure remains within our risk appetite while leveraging the benefits of diversification. Our risk management framework is designed to safeguard the interests of our policyholders and maintain optimal capital adequacy levels and supports the company objectives through setting appropriate risk limits and risk selection criteria.

The risk exposure is monitored across all the business streams and geographies. AFNIC has a structured framework to aggregate risk and monitor concentration

We have implemented a comprehensive reinsurance strategy to effectively mitigate and manage large risk exposures. Each risk category, including Underwriting, Reserving, Market, Liquidity, Credit, and Operational is managed and monitored through established risk policies and risk tolerance limits.

### INFORMATION ON THE PURPOSE, STRATEGIES, STRUCTURES, AND RELATED RISKS AND CONTROLS OF MATERIAL AND COMPLEX OR NON-TRANSPARENT ACTIVITIES:

#### THE PURPOSE IS TO:

During the year 2023, AIFNIC held three (3) Audit Committee meetings. The details of attendance are as follows:

- a. Identify, assess, and manage the risks associated with business activities including all financial and non-financial risks.
  - b. Ensure financial stability and sufficient liquidity, mitigate downside risk, and support upside risk opportunities, hence increasing shareholder value.
  - c. Comply with regulatory requirements and enhance transparency.
  - d. Embed a culture of proactive risk management across all areas of business.
- Structured governance with clear roles and responsibilities are in place. The structure provides sufficient oversight committees and forums to monitor and manage the risk profile, as well as remediation actions.
  - Board Investment and Risk Committee is established to oversee the effectiveness of Risk Management Framework and Policies.
  - The Committee is responsible for ensuring that the requirements of the framework are adequately embedded in the business operations and that all employees comply with the policy statements.
  - The Risk Management function is responsible for independent assessment, identification and management of AFNIC's risk profile. It also takes ownership to ensure that the Board has sufficient information to exercise their Risk Management duties.
  - The Company utilizes the 'Three Lines of Defense' model for Risk Management, where the senior management takes an active role in promoting the risk management framework:
    - Risk owners (First Line),
    - Risk oversight providers (Second line), and
    - Risk assurance providers (Third Line).



## COMMITTEES OF THE BOARD OF DIRECTORS

- Our risk management strategy is designed in accordance with our vision. This approach aims to deliver value to both our shareholders and policyholders. The key features of the strategy are,
  - Proactive risk identification and assessment through SWOT analysis and scenario planning.
  - Risk analysis of trends across business such as frequency and severity of claims activity.
  - Rigorous risk selection process and adopting to robust underwriting policies including pricing models.
  - Implementation of strategies for diversification through product offering, reinsurance and investments.
  - Fraud and abuse investigation function as a control and mitigation tool.
  - Risk reporting and monitoring of key risk indicators, using data analytics to improve risk assessment.
  - Stress and scenario testing to assess the vulnerabilities and evaluate mitigation plans.
  - Contingency planning to respond to potential crises and disruption.
  - Capital and reserve management to ensure solvency.

The Third Line, the Internal Control ,Compliance & Audit along with External Audit, in the Risk Framework provide independent assurance, effective oversight and transparent monitoring of all the business activities.

### FORWARD LOOKING STATEMENTS AND FORESEEABLE RISK FACTORS:

As a proactive risk strategy, we continuously scan the horizon to identify emerging risks and develop plans to mitigate them.

Climate change, Technology Disruption, Cyber Security and Political Instability are continuously evolving as well as emerging risk areas. These risks are therefore in more focus.

As part of its expansion strategy, AFNIC is enhancing the Risk Management Framework and will continue to actively monitor the changes in business and regulatory landscape.

## EXECUTIVE MANAGEMENT DURING THE YEAR 2023

The Executive Management supports the Chief Executive Officer (CEO) in the preparation of strategies, budget, policies and procedures, and handling of significant or fundamental operative matters as well as ensuring effective internal communications.

The CEO operates in accordance with the authority delegated to him by the Board of Directors through a Power of Attorney. The CEO, with support from the Executive Management team, is responsible for the day-to-day management of the business, in line with the annual Strategic Plan approved by the Board of Directors.

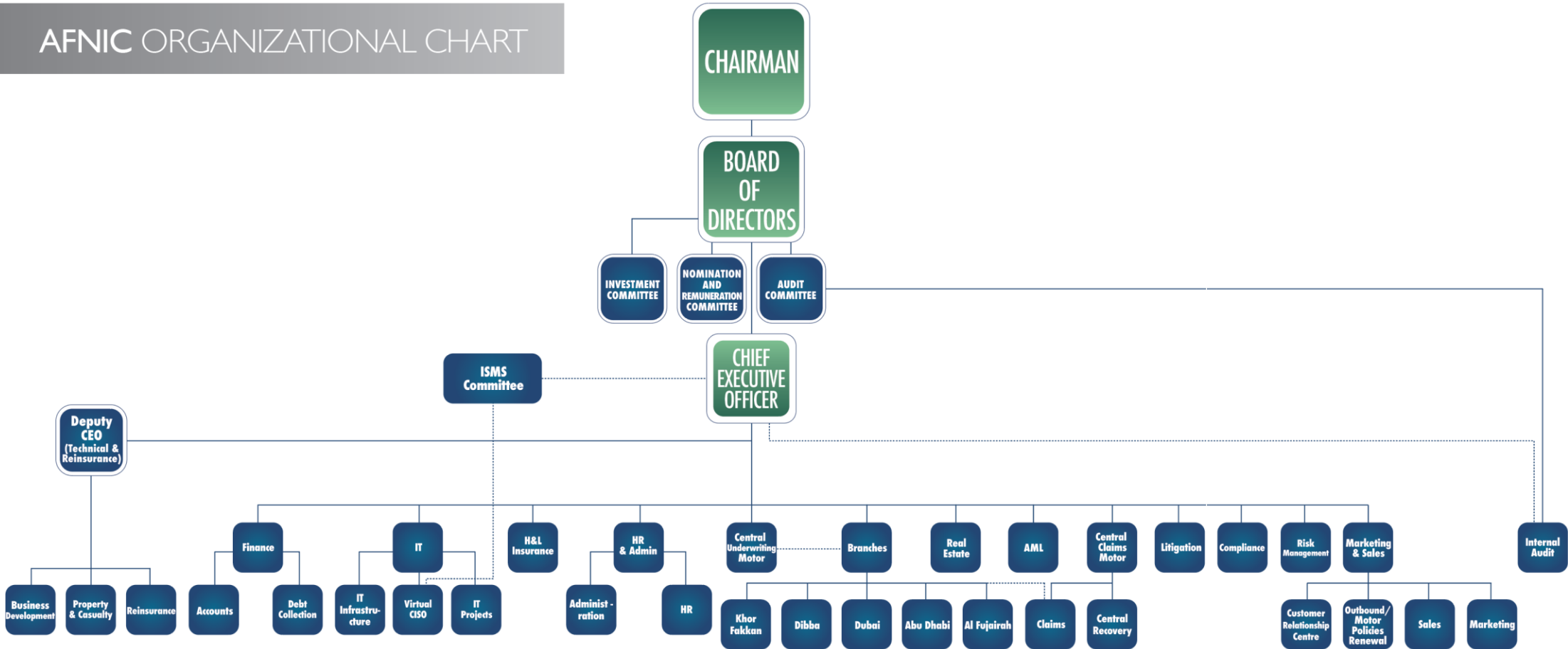
The major duties and responsibilities delegated to the Executive Management by virtue of a Power of Attorney are but not limited to :

- Transact, manage, carry on, and do all commercial, financial, and insurance matters and powers requisite and necessary or in any matter connected with or having reference to the business and affairs of the Company's operations inside of the United Arab Emirates as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority Matrix.
- Manage the accounts of the Company with any Bank(s) as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority Matrix.
- Represent the Company in all financial agreements approved by the Board of Directors as per the provisions of the power of attorney and in the limits mentioned in the Delegation of Authority Matrix.
- Represent the company in all legal issues and settle, compromise, discharge, or compound as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority Matrix.
- Purchase or take on leases for residential, business, and other premises and facilities for the business of the Company compound as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority Matrix

### 6.1 DETAILS OF TRANSACTIONS CONDUCTED WITH RELATED PARTIES ( STAKEHOLDERS ) DURING THE YEAR 2023, CLARIFYING THE NATURE OF THE RELATIONSHIP AND THE TYPE OF TRANSACTION

PREMIUM: AED 25,095,317. CLAIMS: AED 7,631,845

AFNIC ORGANIZATIONAL CHART



## EXECUTIVE MANAGEMENT'S SALARIES AND BENEFITS

### 7.1 STATEMENT OF THE SENIOR EXECUTIVE IN THE FIRST AND SECOND GRADE ACCORDING TO THE COMPANY'S ORGANIZATIONAL STRUCTURE

POSITION	Date of appointment	The total salaries and allowances paid for the year 2023	The total bonuses paid for the year 2023	Any other cash or in-kind bonuses for the year 2023 or deserving in the future
The Chief Executive Officer (CEO).	01/06/1981	1,806,023	NA	NA
Deputy Chief Executive Officer (Technical & Reinsurance)	19/04/2003	743,107	NA	NA
Financial director	01/06/2003	304,703	NA	NA
Director of Human Resources, Marketing, and Administration.	02/02/2014	650,801	NA	NA
Central claim Director	01/02/1982	345,979	NA	NA
Central underwriting manager-Motor	15/06/1991	246,189	NA	NA
East coast Regional Director	12/08/2003	805,481	NA	NA
Information Technology Director	28/09/2003	402,408	NA	NA
Compliance Director	21/12/2002	353,574	NA	NA
Health Insurance Director	12/09/2019	580,954	NA	NA
Internal Audit Manager	12/07/2015	373,711	NA	NA
Real Estate Manager	01/02/2009	219,629	NA	NA
Litigation Senior Supervisor	15/02/2005	123,629	NA	NA
Business Development Manager	24/05/1977	394,963	NA	NA
Senior Manager Property and Causality	13/11/2011	393,571	NA	NA
Anti-Money Laundering and Counter-Terrorist Financing Officer	22/02/2022	75,973	NA	NA

## EXECUTIVE MANAGEMENT'S SALARIES AND BENEFITS

- The Board of Directors has approved the remuneration policy that aims to enable the company to attract, retain, and motivate highly qualified members for the Board and Executive Directors.
- The remuneration policy seeks to enable the company to provide a well-balanced and performance-related compensation package, taking into account shareholder's interests, industry standards, and relevant corporate regulations.
- The remuneration policy will ensure that the interests of Board members & senior executives are aligned with the business strategy and risk tolerance, objectives, values, and long-term interests of the company and will be consistent with the "pay-for performance" principle.
- The remuneration policy will ensure that remuneration to directors, key managerial personnel, and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- The Remuneration of employees largely consists of basic remuneration, perquisites, allowances, and performance incentives. The components of remuneration vary for different employee grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performances, etc. The annual variable pay of senior managers is linked to the Company's performance in general and their individual performance for the relevant year is measured against specific major performance areas which are closely aligned to the Company's objectives.
- Based on the recommendation of the Nomination & Remuneration Committee, remuneration to the Non-Executive Directors is to be decided by the Board of Directors, and distributed to them based on their participation and contribution to the Board/certain Committee.

The GRANT THORNTON audit office is one of the largest offices operating in the country in the field of external auditing. The office has been present in the UAE for a long time, earning a good reputation in the business community due to its extensive experience in this field. It's worth noting that the office has been conducting external audit work for the company since 2018, and there is no other external auditor performing auditing or providing financial services to the company. The external auditor is completely independent from the executive management and the Board of Directors.

#### FEES AND COSTS RELATED TO AUDITING OR SERVICES PROVIDED BY THE EXTERNAL AUDITOR DURING THE YEAR 2023

NAME OF THE AUDIT FIRM	GRANT THORNTON
NAME OF THE PARTNER AUDIT	DR. OSAMA AL - BAKRI
The number of years spent as an external auditor for the company	6
The number of years the partner auditor has spent auditing the company's accounts.	6
The total audit fees for the year 2023	352,500 AED
Fees and costs of other special services in addition to financial statement auditing for the year 2023  Fees specifically for anti-money laundering services.	29,380 AED
Details and nature of other services provided (if any). If there are no other services, this shall be expressly stated.	NO OTHER SERVICES PROVIDED
A statement of other services performed by another external auditor other than the company's auditor to audit the information systems management during the year 2023	Name: RINA Business Assurance LLC Details: ADHICS Surveillance1 13,600 AED

There were no reservations mentioned by the auditors in their opinion on the financial statements for the year ended 31 December 2023.

Board of Directors' Acknowledgment of Responsibility for Internal Audit system in the Company and Review of its Work Mechanism and Effectiveness.





## INTERNAL AUDIT

The Board of Directors acknowledges its responsibility for the management of internal control system in the company and for reviewing its effectiveness.

The Internal Audit function is an independent and objective activity provides assurance and advisory service with the aim of adding value to the company and improving its operations. This activity helps in achieving the instruction's objectives by following an organized, systematic approach to evaluate and improve the effectiveness of risk management, control and governance processes.

AFNIC's internal audit function is headed by Mr. Mohammed Sultan Abu Salem, who was appointed as Manager - Internal Audit on 12 July 2015. He holds a Bachelor degree in Accounting and has 17 years' experience in internal audit management in insurance companies.

He is responsible for reporting the internal audit function's findings to the Audit Committee on a regular basis. the Internal Audit Department issued 3 reports

### INTERNAL AUDIT MANAGEMENT MECHANISM

- The management convenes annually with the audit committee to endorse the management's work plan.
- Evaluation of the implementation of the annual audit plan.
- Assessment of risk audit and challenges encountered by the company.
- Review of the effectiveness of audit procedures, audit methodologies, and

There were no major problems encountered by the company during the year ended on 31/12/2023.



The Compliance function is an independent activity that ensures that the company adheres to all relevant laws, regulations, and guidelines set forth by regulatory bodies.

The Compliance Department at AFNIC is structured around a core team led by the Compliance Director, supported by the Compliance Officer. This section provides a detailed overview of the structure, reporting lines, roles, and responsibilities within the Compliance Department, highlighting the pivotal roles of the Compliance Team in ensuring regulatory adherence and ethical conduct across the Company.

The Compliance Department is overseen by Mrs. Suzan Adel El Sayed, the Compliance Director, who holds a Bachelor's degree in Business Administration and a Master's degree in Law. Mrs. El Sayed was initially appointed as the Central Litigation Manager on December 21, 2002, and assumed responsibility for the compliance department on June 1, 2023. In her role, the Compliance Director supervises all compliance-related activities within AFNIC.

Reporting directly to the Compliance Director is the Compliance Officer Together, the Compliance Director and Assistant form the backbone of the Compliance Department, responsible for developing, implementing, and monitoring compliance policies and procedures to ensure alignment with regulatory requirements and industry best practices.

**It is imperative to mention that the company experienced no significant issues during the year ending on 31/12/2023.**



## VIOLATIONS COMMITTED DURING THE FISCAL YEAR 2023

- There were no financial violations committed during the year 2023.
- No board members were sanctioned by any national or foreign judicial authority.



## CORPORATE SOCIAL RESPONSIBILITY

The company is committed to the community and the environment with the following obligations, which are deemed necessary to fulfill and maintain:

- Compliance with all laws, regulations, and systems enacted for environmental preservation.
- Participation in events organized for environmental conservation.
- Contribution to any event organized for this purpose.
- The company contributes to serving the community in all economic, social, and cultural activities organized by governmental or non-governmental entities.
- The company trains citizen employees for qualification and subsequently hires some of them according to the company's annual plan.
- The company has contributed to and supported some events organized to serve civil society, as follows:

### THE COMPANY CASH CONTRIBUTIONS DURING THE YEAR 2023

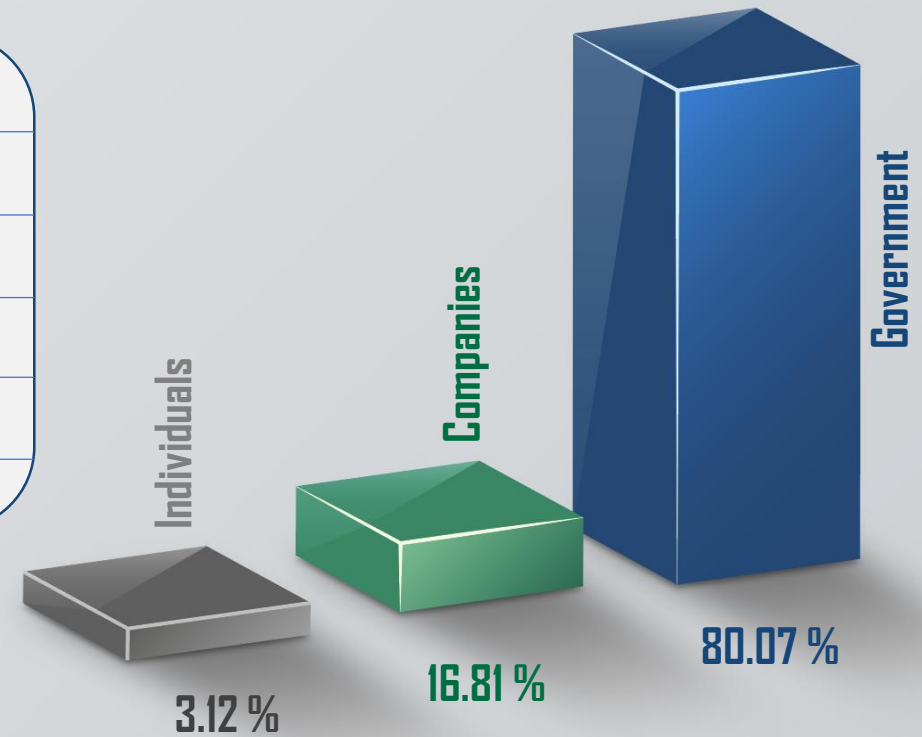
EVENTS	CONTRIBUTION VALUE IN AED
Pioneers of the Emirates Scouts	10,000
Emirates International Center for Rehabilitation and Training	1,200
Golden Care for the Orchestra Concert	18,000
<b>TOTAL</b>	<b>29,200</b>

### THE COMPANY'S STOCK PRICE IN THE MARKET ( HIGHEST AND LOWEST PRICE ) AT THE END OF EACH MONTH DURING THE YEAR 2023

The closing price of the stock on 31/12/2023 was 210 dirhams

### STATEMENT OF STAKEHOLDERS' OWNERSHIP DISTRIBUTION AS OF 12/31/2023

No	CLASSIFICATION OF SHAREHOLDER	PERCENTAGE OF OWNED SHARES %			
		INDIVIDUALS	COMPANIES	GOVERNMENT	TOTAL
1	LOCAL	3.12	16.81	80.07	100
2	ARAB	-	-	-	-
3	FOREIGN	-	-	-	-
	TOTAL	3.12	16.81	80.07	100

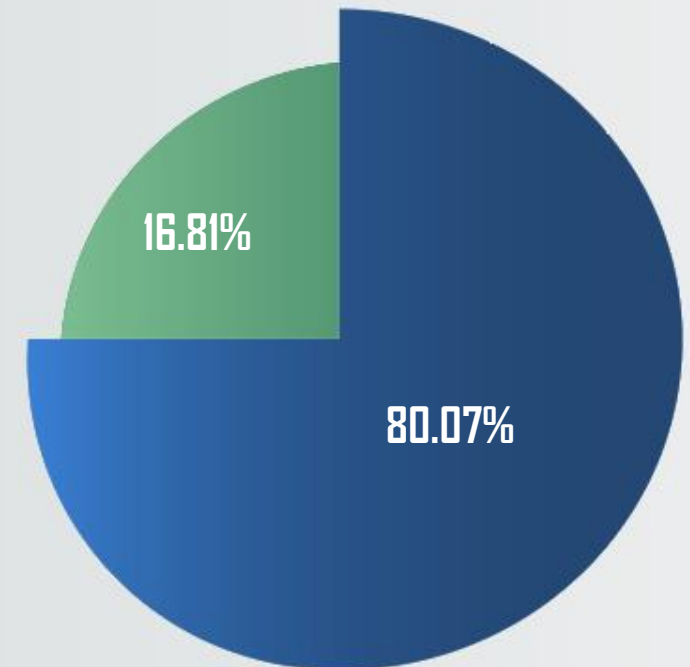


### THE COMPANY'S STOCK PRICE IN THE MARKET ( HIGHEST AND LOWEST PRICE ) AT THE END OF EACH MONTH DURING THE YEAR 2023

The closing price of the stock on 31/12/2023 was 210 dirhams

### SHAREHOLDERS OWNING 5% OR MORE OF THE COMPANY'S CAPITAL

SHAREHOLDER	NUMBER OF OWNED SHARES	PERCENTAGE OF OWNED SHARES OF CAPITAL
Industry and Economy Department Government of Fujairah	1,065,686	80.07 %
Fujairah Investment Company	223,760	16.81 %



## GENERAL INFORMATION

### STATEMENT OF THE DISTRIBUTION OF SHAREHOLDERS ACCORDING TO OWNERSHIP SIZE AS OF 31/12/2023

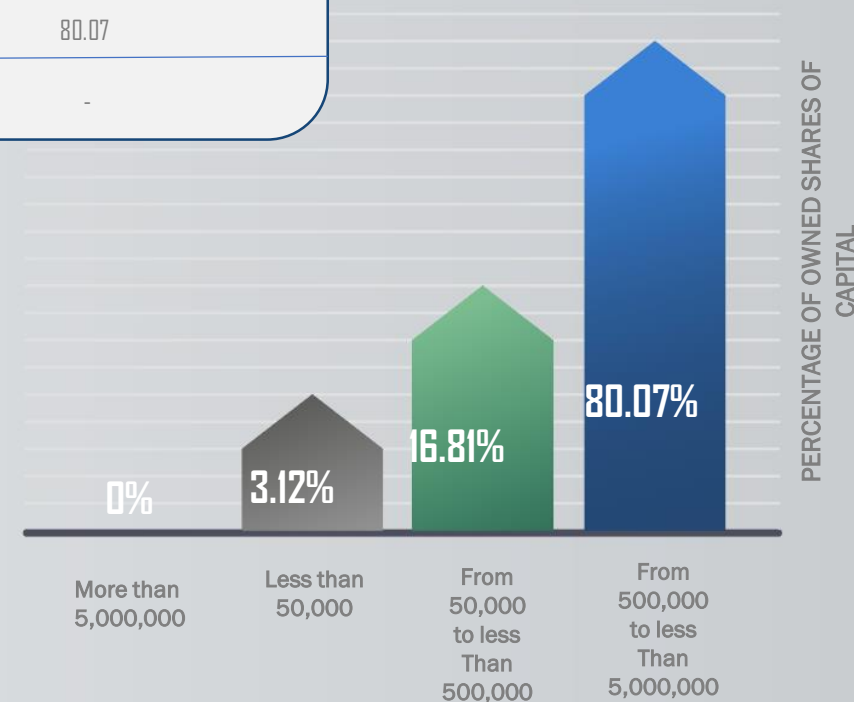
SHARE OWNERSHIP	NUMBER OF SHAREHOLDERS	NUMBER OF OWNED SHARES	PERCENTAGE OF OWNED SHARES OF CAPITAL
LESS THAN 50,000	13	41,554	3.12
FROM 50,000 TO LESS THAN 500,000	1	223,760	16.81
FROM 500,00 TO LESS THAN 5,000,000	1	1,065,686	80.07
MORE THAN 5,000,000	-	-	-

### PROCEDURES TAKEN REGARDING INVESTOR RELATIONS

The investor relations page on the company's website has been updated, including contact information for the investor relations department and efforts to provide all reports related to interim financial results, minutes of general assembly meetings, company disclosure statements, ownership ratios, shareholder profits, and any other events related to investor affairs.

### DETAILS OF INVESTOR RELATIONS OFFICER ON THE COMPANY'S

NAME	MR.EIAD FAYEZ ABSSI
EMAIL	Eiad.absi@fujinsco.ae
CONTACT NUMBER	+971 526 411 065





**THE HYPERLINK TO THE INVESTOR RELATIONS PAGE ON THE COMPANY'S WEBSITE:**

Website page: [https://afnic.ae/en/Investor\\_Relations\\_home](https://afnic.ae/en/Investor_Relations_home)

**DECISIONS PRESENTED AT THE GENERAL ASSEMBLY HELD DURING THE YEAR 2023**

- Amendment of the Articles of Association.
- Adoption of voluntary contributions for community service.

**SECRETARY OF THE BOARD OF DIRECTORS**

NAME	AWAD ALLAH ALI MOHAMMED KHIR
DATE OF APPOINTMENT	1/2/2009
EDUCATIONAL QUALIFICATIONS	BACHELOR'S DEGREE IN LAWS
PRACTICAL EXPERIENCE	LEGAL RESEARCHER FOR OVER 35 YEARS
JOB DUTIES	<ul style="list-style-type: none"> <li>• Organizing Board of Directors' meetings throughout the year.</li> <li>• Sending invitations to board members, recording minutes of board meetings, and ensuring the signing of minutes by members.</li> <li>• Maintaining digitally organized records of board minutes.</li> <li>• Facilitating procedures for conducting general assembly meetings.</li> <li>• Compiling the annual governance report.</li> <li>• Monitoring the phased and annual disclosure process.</li> </ul>

## GENERAL INFORMATION

### SIGNIFICANT EVENTS ENCOUNTERED BY THE COMPANY DURING THE YEAR 2023

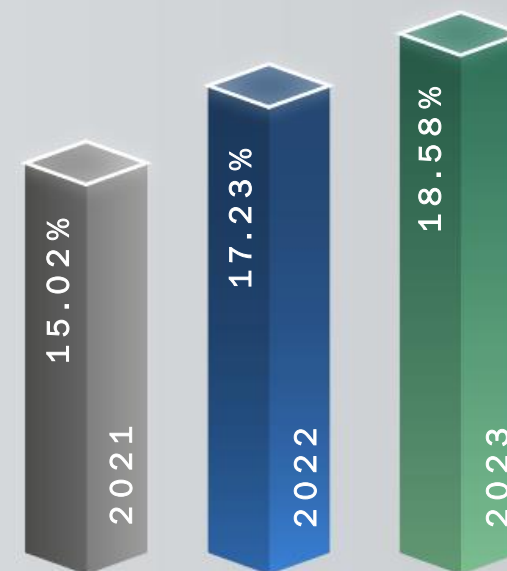
No significant events were encountered by the company during the year 2023.

### STATEMENT OF TRANSACTIONS CARRIED OUT BY THE COMPANY WITH THE RELATED PARTIES DURING THE YEAR 2023, EQUAL TO 5% OR MORE OF THE COMPANY'S CAPITAL.

No transactions were conducted with related parties during the year 2023 that were equal to 5% or more of the company's capital.

### LOCALIZATION RATIO IN THE COMPANY BY THE END OF THE YEARS 2021-2022-2023

YEAR	PERCENTAGE
2021	15.02%
2022	17.23%
2023	18.58%




### PROJECTS AND INNOVATIVE INITIATIVES UNDERTAKEN BY THE COMPANY OR UNDER DEVELOPMENT DURING THE YEAR 2023

- Development of automated insurance devices and the adoption of newer, more advanced devices that meet quality and operational efficiency requirements.
- Implementation of customer satisfaction survey devices.
- Update of the company's website to provide sufficient information for the company's customers and investors.
- Development of educational culture by securing training and development projects for employee skills and utilizing distance learning methods.

LOCALIZATION RATIO

## THE BOARD OF DIRECTORS STATEMENT

The Board of Directors of AFNIC is fully dedicated to achieving the highest level of compliance with the laws and regulations of the United Arab Emirates. Additionally, the Board affirms its commitment to ensuring compliance with all internal policies necessary to meet the regulations set forth by the Securities & Commodities Authority and the Central Bank on corporate governance, risk management, internal controls, compliance, internal audit, financial reporting, and external audit. AFNIC has partially implemented the Central Bank requirements and intends to achieve full compliance with all requirements by the end of 2024.



**Mr. Abdul Ghafour Hashem Bahrouzian**

Chairman of the Board of Directors



**Mr. Humaid Mohammed Humaid A Yamahi**

Chairman of the Nomination & Remuneration Committee



**Dr. Salem Abu Khalil Al Zaini**

Chairman of the Audit Committee



**Mr. Mohammad Sultan Abu Salem**

Manager Internal Audit