



وطنية للتكافل
watania

National Takaful Company P.S.C. Watania

Corporate Governance Report

2019

Table of Contents

No.	Content	Page No
1	Introduction	3
2	Implement and accomplish the Corporate Governance requirements	3
3	Transactions of the Members of the Board of Directors and their spouses and children in the Company' securities during 2018	4
4	Formation of the Board of Directors	6
5	External Auditor	13
6	Audit Committee	14
7	Nomination & Remuneration Committee	17
8	Insider Trading Supervision Committee	18
9	Executive & Investment Committee	19
10	Internal Control System	20
11	Violations committed during the Year 2018	22
12	Contributions made by the Company during the Year 2018 toward the local community development and environmental conservation	22
13	General Information	24

Introduction:

The National Takaful Company P.S.C. "Watania", and since its establishment 12/7/2011, has proceeded to put systems and principles of corporate governance and disciplines amongst its priorities via preparing its articles of association which correspond to the regulations and principles stated in the ministerial resolution no. 518 of 2009 and its amendments and the provisions of the whole system; in addition, taking several measures that guarantee the implementation of the corporate governance in a sound and integral manner starting with preparing the internal list relative to governance and its implementation, the formation of committees emanating from the board of directors, the establishment of an administration to exercise internal control and set up a list of professional conduct and rules that govern the dealings of the members of the board of directors and the company's employees specialized in securities issued from the company and the issuance of procedural regulations relative to corporate governance in addition to implementing the latest administrative systems in practicing its commercial activities according to the provisions of the Islamic Sharia. The board of directors, via taking this bundle of special governance measures since the inception of the company, aims at activating the standards of governance scientifically, protecting the shareholders, developing investment and contributing actively in boosting economic growth in a balanced way to maintain stability. As such, the company would have contributed to rendering service to the society through its contribution in offering guarantees for the different commercial activities to achieve economic prosperity to its overall performance as follows:

1. The Company's Implementation of the Principles of Governance:

The Company in order to abide by and implement the Articles of Association as well as Chairman of Authority's Board of Directors Resolution No. (7 R.M) of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies and amendments thereof took several steps to form the applicable basis and carried out the following:

A. To prepare the Internal Listing to Implement the Standards of Governance:

Believing in the importance and efficiency of the governance, the company translated its keenness to implement governance procedures practically through preparing an internal listing to implement standards of governance which included the main guidelines, standards, principles and ad hoc measures related to the board of directors and the executive management related to the listing of the corporate governance public shareholding according to the related laws and Ministerial Resolutions.

It is worth noting that the company's articles of association have been duly prepared and adopted by official sources after the issuance of the ad hoc Ministerial Resolution related to corporate governance, knowing that most of the companies are implementing this resolution which enabled the establishment and the preparation of the company's ad hoc articles of association that correspond completely to the governance resolutions in line with the provisions of article (16) paragraph (2) of the Ministerial Resolution (518/2009) related to corporate governance and control.

B. To prepare the Charter of Professional Conduct:

Pursuant to the provisions stated in the aforementioned resolution, the company has prepared the regulations of the professional conduct related to the National Takaful Company and activated it amongst the members of the board of directors, the employees and the clients. It included in its item's regulations related to the dealings of the members of the board of directors in securities. It also included so many other items that would ensure, throughout its activation, lifting up the company to the highest levels of professional transparency and credibility contributing, as such, to the development of the company's effective economic performance.

C. Review of Governance Procedures:

Review the Governance Procedures as a whole by the Internal Control Department and Compliance Officer periodically to harmonize internal governance systems with legislation modified from time to time.

2. Transactions of the Members of the Board of Directors and their Spouses and Children in the Company' Securities During 2019:

A. Board members abide by the provisions of the Decision No. (2/R) of 2001 concerning the Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities issued by the Securities and Commodities Authority (SCA) and in accordance with the provisions of Article No. 14 of Board of Directors Decision No. 2/2001, where:

- The Chairman and the members of the Board of Directors of a Company whose Securities are listed on the Market, and its Chief Executive Officer, and any of its employees who have knowledge of fundamental information of the Company, shall not deal by themselves or through others in Securities issued by such company, or Securities issued by a parent, subsidiary, allied or affiliate company of such company, during the following periods:

- Ten (10) business days prior to the announcement of any significant information which would result in the share price increasing or decreasing unless the information was a result of sudden unforeseen circumstances.
- Fifteen (15) days prior to the end of each financial quarter, semi-annual or annual financial period until the publication of the Company's financial statements comprising the statement of financial position, the statement of income, the statement of cash flows, the statement of changes in the shareholders equity and the clarifications on the financial statements in accordance with International Financial Standards (IFRS), which are issued after the External Auditor's report is drafted and are signed by the Company's Board of Directors or the Authorized signatory in case of being quarterly, or are approved by the General Assembly along with the Auditor's report and Board of Directors report in case of being annual financials.
- The provisions of the Decision No. (2/R) of 2001 Concerning the Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities shall be taken into consideration if any of the above-mentioned persons traded, personally or through a third party, in the stocks of the Company itself, mother company, subsidiary, affiliate or sister company,. Any stock trading transaction contradicting the same shall be null and void.

Board of Directors acknowledged to disclose any stock trading transaction as described above.

B. Transactions of the Members of the Board of Directors and their Spouses and Children in the Company' Securities During 2019:

No	Name	Positon	Shares held as at 31/12/2019	Total Sale Transaciton	Total Purchase Transacions
1	H.E Ali Saeed Bin Harmel Al Dhaheri	Chairman	18,254,279	47,781	341,252
2	Eng. Usama Mohamed Al Barwani	Vice Chairmna	-	-	-
3	Dr. Mohamed Ali Al Barwani	Board Member	-	-	-
4	Mr. Abdallah Malik Osseiran	Board Member	-	-	-
5	Mr. Saleh Nasser Al Riyami	Board Member	-	-	-
6	Mr. Mohammed Nayel Al Shami	Board Member	-	-	-
7	Mr. Youssef Sami Al Alami	Board Member	-	-	-

4- Formation of the Board of Directors:

The Board of Directors is composed of seven members who have the expertise and the skills that enable them to manage the company. They also have high capabilities that enable them to thoroughly read and understand the financial data due to their long experience in insurance and business management. All of the above made them qualified and capable of taking necessary decisions to achieve the interests of the shareholders such as to agree on the strategic plans and the investments and the budget and the company's financial status as a whole. We shall go through hereafter the names of the members of the board of directors, their educational certificates and practical expertise along with the positions that they are occupying in other joint stock companies and the sub committees of the board where the members participate in its establishment in line with the standards of governance and the mission of every committee:

a. Statement of the current Board of Directors composition and membership characteristics and experience:

Name	Experience and Qualifications	Position / Category	Membership Duration
Dr. Ali Saeed Bin Harmel Al Dhaheeri	Ph.D. from Dorham University in United kingdom, MBA from the American University in Washington. He is also a member of the Board of Directors of a number of local companies: Abu Dhabi University, Magna Investment, Emirates International Hospital and a number of other positions including, and previously held the position of Board Member and Managing Director of ADNEC Axel London.	Chairman Non -Executive Non-Independent	Since 23/3/2017
Eng. Usama Mohamed Al Barwani	Bachelor's degree in Petroleum Engineering from the University of Tulsa, Oklahoma, USA, and a Master's degree in Energy, Commerce and Finance from the Business School of City Case University in London. He is also the Managing Director of United Engineering Services, and is a member of the Board of Directors of Arcapita Bank of Bahrain, a Bahraini Islamic Commercial Bank, and a member of Oshino, the world leader in luxury yachts. Recently, Eng. Osama was appointed as Honorary Consul of the Republic of Uganda in the Sultanate of Oman.	Vice Chairman Non -Executive Non-Independent	Since 9/4/2018
Dr. Mohamed Ali Al Barwani	Bachelor of Science from the University of Miami in USA and a master's degree and Honorary Ph.D in Petroleum Engineering from the University of Heriot-Watt in the United Kingdom. He is the founder and chairman of the Mohammed Al Barwani Holding Group and has held several positions in the Sultanate of Oman. He served as a non-executive board member in a number of publicly traded companies, Oman Air, Al Madina Insurance Company, National Bank of Oman, Shell Oman Marketing and a leasing company in Oman.	Board Member Non -Executive Non-Independent	Since 11/2/2015

Mr. Abdallah Malik Osseiran	Holds a Bachelor of Business Administration from the Lebanese American University (LAU) & Banking Diploma from the US). He is a board member of Abu Dhabi University Holding Company, Board member of Khwarizmi Holding Company, Acting Chairman for Abu Dhabi University Holding Audit Committee and Vice Chairman for Abu Dhabi University Finance Committee. He is the Managing Director for Magna Investment in Abu Dhabi since January 2006 that controls a number of entities in key sectors with investments covering, Education, Hospitality, Financials, Real estate, Private Equity, and Venture Capital.	Board Member Non-Executive Independent	Since 11/4/2016
Mr. Saleh Nasser Al Riyami	Bachelor of Business Administration from the American College of Atlanta and has more than 20 years of experience in administrative work and investment expert. He held several positions in the Sultanate of Oman, including investment expert at the rank of Director General of the Office of the Minister of the Royal Court Diwan, Chairman of the Board of Directors of Oman Ceramics Company SAOG, Chairman of the Audit and Auditing Committee, Member of the Executive Committee of Tajer Finance Company SAOG, Director of Al Madina Insurance Company SAOG and Chairman of the Board of Directors of the Vision Fund for the Oman Stock Exchange and Vice Chairman of the Fund Hills.	Board Member Non-Executive Independent	Since 9/4/2018
Mr. Mohammed Nayel Al Shamsi	He holds a Bachelor's degree in Business Administration from Emirates University. He is the General Manager of Nael and Bin Hermel, one of the largest companies in the contracting sector. In addition, he held the position of General Manager for a diverse group of companies in the fields of contracting, education, hospitality and property management.	Board Member Non-Executive Independent	Since 26/3/2019
Mr. Youssef Sami Al Alami	Mr. Al Alami holds an MBA from Indiana University, USA, and a Bachelor's degree in Economics from the American University of Beirut. He is currently a financial advisor to the Board of Directors and a member of the Board of Directors in a number of regional investment entities. Mr. Al-Alami has spent more than forty years in corporate finance and global capital markets. Mr. Al Alami held a number of senior positions in major financial institutions in the United Arab Emirates and around the world, including Abu Dhabi Investment and National Investor Company in the United Arab Emirates, and KFTCIC in Kuwait,	Board Member Non-Executive Independent	Since 26/3/2019
Mr. Fahad Ahmed Al Shaaer	Holds a BA in Accounting from the Higher Colleges of Technology at al-Ain City. He occupies currently the position of Managing Director of Abu Dhabi National Islamic Finance (ADNIF) company. It is worthy noting that Mr. Fahd worked for almost twenty years in the Banking Sector, 12 out of the 20 years in Islamic Banking.	Board Member Non-Executive Independent	Resigned on 5/3/2019

Mrs. Rola Butros Abu Manneh	Bachelor's of Science (BS) in the University of London, Royal Holloway and Bedford New College, Mathematics & Operational Research. She was a Senior Managing Director - Head of CIB, Abu Dhabi Region, at First Abu Dhabi Bank (FAB). Previously, she was Senior Managing Director- Client Relationship within the Wholesale Banking division of National Bank of Abu Dhabi (now FAB).	Board Member Non-Executive Independent	Resigned on 5/3/2019
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b. Statement of women's representation in the Board of Directors in 2019:

There are no females in the current Board of Directors.

c. Statement of reasons for not nominating any woman as a board member:

There was a women representation in the BOD of 2018 till 26/3/2019 with a ratio of 1 member from a total of 7 board members.

d. Total remuneration paid to the members of the Board of Directors :

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

1. Article No. (30-35) of the Company's Articles of Association stipulate that the Chairman and the members of the Board of Directors shall be entitled to a percentage of the net profit provided that it doesn't exceed 10% of the profits for the financial year. The Company may also pay any additional expenses, fees, bonuses or monthly salary to the extent decided by the Board of Directors for any Board Member if (such member) works in any committee or makes special efforts or performs additional duties to serve the Company, beyond his normal duties as a Board member. An attendance allowance may not be paid to the Chairman or the Board member for the Board meetings.
2. Article No. (169) for Federal Law No. 2 of the year 2015 on Commercial Companies in the United Arab Emirates.
3. Article (21) of the Chairman of Authority's Board Direction No. 7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.
4. The proposed remunerations to be submitted by the Board of Directors to the General Assembly for approval.

▪ **Total remuneration paid to the members of the Board of Directors for the year 2018:**

At the General Assembly meeting of the Company held on 26/3/2019, the shareholders approved the remuneration for the BOD members which amounted AED 465,000 as a bonus for the financial year ended 31/12/2018.

▪ **Total remuneration proposed to be paid to the members of the Board of Directors for the year 2019, which shall be presented at the Annual General Assembly for approval:**

The remuneration for the BOD for the year 2019 amounting to AED 650,000 shall be discussed at the next General Assembly meeting, a resolution / decision will be taken, and the securities market will be updated accordingly.

▪ **Details of the allowances for attending the sessions of committees derived from the BOD which were paid to the BOD members for the year 2019:**

No.	Name	Name of Committee	Allowance Amount (Dhs. 8,000) per meeting	Number of Meetings
1	Dr. Ali Bin Harmel Al Dhaheri	Executive & Investment Committee	32,000	4
2	Eng. Usama Mohamed Al Barwani	Audit Committee Insider Trading and Supervision Committee	24,000	3
3	Dr. Mohamed Ali Al Barwani	Executive & Investment Committee Remuneration & Nomination Committee	32,000	4
4	Mr. Abdallah Malik Osseiran	Executive & Investment Committee Remuneration & Nomination Committee	32,000	4
5	Mr. Saleh Nasser Al Riyami	Audit Committee Remuneration & Nomination Committee Insider Trading and Supervision Committee	56,000	7
6	Mr. Mohammed Nayel Al Shamsi	Audit Committee Insider Trading and Supervision Committee	24,000	3
7	Mr. Youssef Sami Al Alami	Executive & Investment Committee	8,000	1

- Details of the additional allowances, salaries or fees paid to a Board member other than the allowances for attending the committees:

There were no additional allowances, salaries, or fees have been received by the BOD members.

e. Board of Directors Meetings:

The Board of Directors held the following meetings during 2019 as follows:

#	Board of Directors Number and Date of Meeting	Attendees				
		1/2019 6/2/2019	2/2019 10/3/2019	3/2019 12/5/2019	4/2019 5/8/2019 by circular	5/2019 10/11/2019
1	Dr. Ali Bin Harmel Al Dhaheer	✓	✓	✓	✓	✓
2	Eng. Usama Mohamed Al Barwani	✓	-	✓	✓	✓
3	Dr. Mohamed Ali Al Barwani	✓	✓	✓	✓	✓
4	Mr. Abdallah Malik Osseiran	✓	✓	✓	✓	✓
5	Mr. Saleh Nasser Al Riyami	✓	✓	✓	✓	✓
6	Mr. Mohammed Nayel Al Shamsi*	-	-	✓	✓	✓
7	Mr. Youssef Sami Al Alami*	-	-	✓	✓	-

* Appointed as a Board Director in 26/3/2019

- f. Number of Board resolutions issued by circulation during the 2019 fiscal year along with its meeting conversion dates:**

The Board of Directors issued one decision by passing regarding the approval of the Company's Financial Statements for the first half of the year 2019 on 5/8/2019.

g. Tasks and Functions of the Executive Administration according to the Board of Directors'

Authorization:

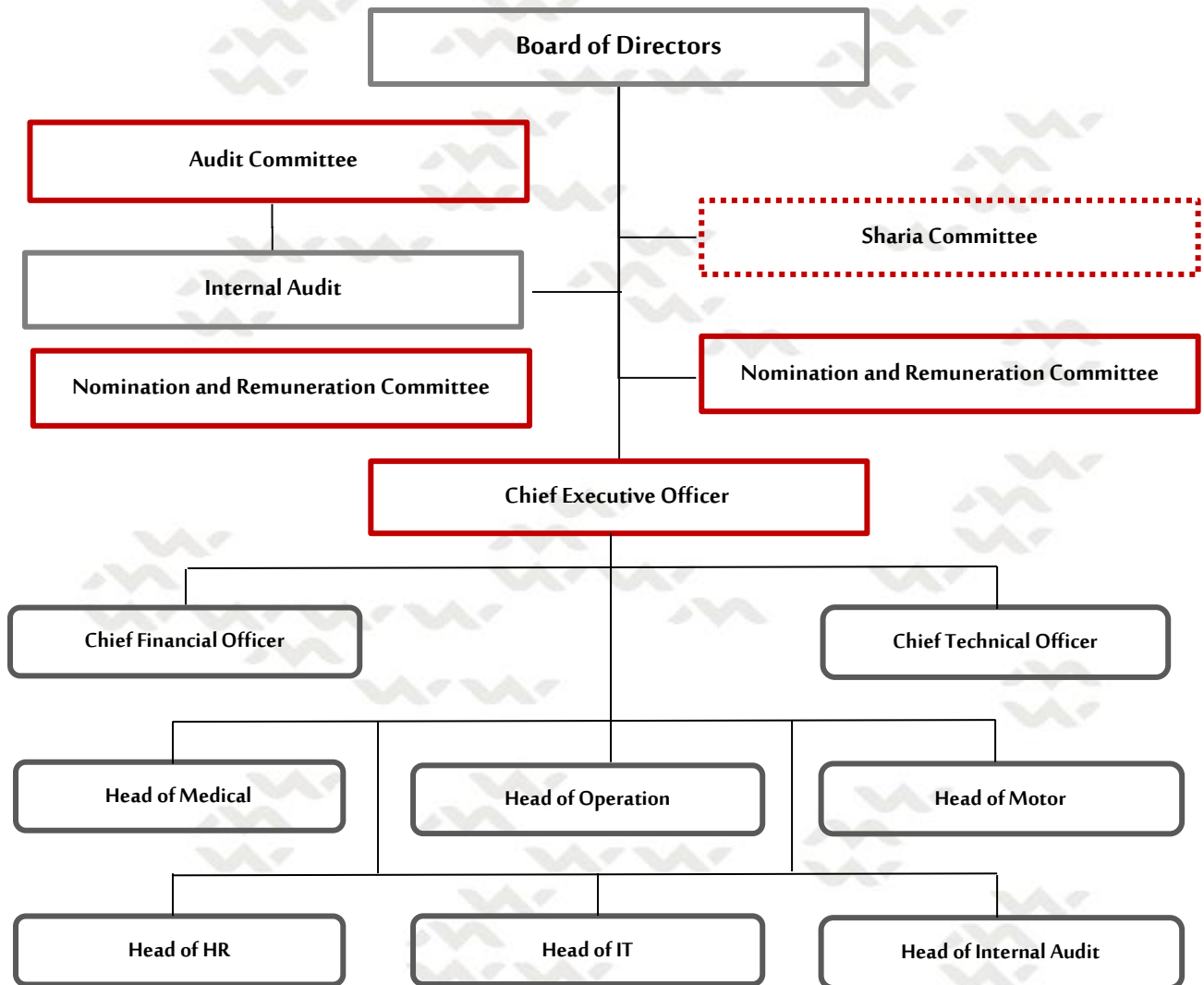
As per the authorization given to the CEO from the Board of Directors, the company's CEO is authorized to sign all documents, conclude contracts in the interest of the company and conduct all of its businesses. This Power of Attorney is ends on 01/14/2022, to do the following tasks:

1. Representing and act for the Company before all the UAE Federal and Local Governmental Departments in all its business and affairs
2. Opening, operating and managing any bank account whether inside or outside the UAE in the name of the Company and on its behalf, the same in accordance with the resolutions and regulations issued from time to time by the Board of Directors of the Company.
3. Negotiating and executing all contracts, agreements, offers, purchase orders on behalf of the Company and to participate in all tenders and work orders relating to the business of the Company.
4. Appointing and engaging employees in accordance with the Company prevailing rules and regulations, specify and vary their duties and terms of service of and to dismiss such employees in accordance with such rules and regulations.
5. Representing the Company before any Court of Law or an arbitral panel in and outside the United Arab Emirates, and to employ and appoint advocates and legal representatives by formal power of attorney and/or dismiss.
6. Delegating to any one or more persons all or any of the powers hereby conferred and to grant him the necessary power of attorney, provided that the same is carried out in accordance with the Company approved policies.

h. Transactions made with the related parties (Stakeholders):

There were no transactions made with the related parties during the year 2019.

i. The Organizational Chart of the Company:



Detailed statement of the Senior Executive staff in the first and second levels according to the Company's Organizational Chart:

Sr.	Position	Date of appointment	Total salaries and allowances paid in 2019 (AED)	Total Bonuesse paid in 2019 (AED)
1	Chief Executive Officer	01/02/2016	2,123,415.00	Not defined
3	Chief Technical Officer	01/08/2016	660,000.00	Not defined
2	Chief Financial Officer	01/04/2017	682,500.00	Not defined
4	Head of Motor	01/01/2019	570,000.00	Not defined
6	Head of Medical	01/01/2018	436,500.00	Not defined
5	Head of IT	15/03/2015	600,000.00	Not defined
7	Head of Legal	01/06/2016	470,880.00	Not defined
8	Head of Internal Audit	01/05/2015	462,000.00	Not defined
9	Head of HR	01/04/2018	241,800.00	Not defined

5- External Auditor:

The ordinary General Assembly, in its meeting held on the 26/3/2019, and according to what has been showcased before the Board of Directors, decided to appoint (Ernst & Young) as external auditors for the financial year which ended 31/12/2020, to carry out the quarterly financial revision and to audit the yearly financial data. KPMG is considered one of the biggest operating offices in the country in the field of external auditing. Its presence in the UAE for so long gave it a good reputation within the commercial milieus due to their long experience in this field. The external auditors are subjected to the supervision of an auditing committee appointed by the Board of Directors. The number of years E & Y spent as external auditor is the following:

Name of Auditing Firm	E&Y - Raed Ahmed
Number of years served as an external auditor for the Company	1 Year
Total fees for auditing the financial statements of 2019 (AED)	AED 290,750
The fees and costs of the special services other than the auditing of the financial statements in 2018 (AED)	AED 38,000
The details and nature of other services provided	IA Reports
A statement of the other services performed by an external auditor other than the Company's auditor in 2019	100,000

6- Audit Committee:

a) "Mr. Saleh Al Riyami, Audit Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness."

b) Names of Members of the Audit Committee and its functions and the Duties:

No.	Committee Members	Position in the Committee	Membership status in the BOD
1	Mr. Saleh Nasser Al Riyami	Chairman	Independent
2	Mr. Mohammed Nayel Al Shamsi*	Member	Independent
3	Eng. Usama Mohamed Al Barwani	Member	Non-Independent

* Appointed as an Audit Committee member on 12/5/2019

c) The Auditing Committee Tasks:

The committee convenes once every three months at least. Minutes of the meetings are documented by the members and the committee's rapporteur. The tasks are the following:

- Establish and apply the policy of contracting with the external auditors and submit a report to the board of directors. In the said report, specify the issues which the committee sees important to take decision accordingly, and submit recommendations on the necessary steps to be taken.

- Follow up and control the independence of the external auditor and the extent of their objectivity. Discuss the nature and scope of the auditing work and the extent of its effectiveness pursuant to the approved auditing standards.
- Monitor the integrity of company's financial statements and reports (annual, semi-annual and quarterly) and verify the same as part of its ordinary work during the year. The committee shall focus on the following:
 1. Any changes in the accounting policies and practices.
 2. Highlight the issues that are subject to management's evaluation/judgment.
 3. Substantial amendments resulting from the auditing
 4. Assuming the continuity of company's work as a going concern.
 5. Comply with the accounting standards prescribed by the Authority
 6. Comply with the rules of listing and disclosure as well as the other legal requirements related to preparation of the financial reports.
- Co-ordinate with the board of directors, executive management and the Head of Finance in the process of carrying out its assignments. The committee shall meet with the external auditor at least once a year.
- examine any important unusual issues stated in or should be stated in the reports and accounts. The committee shall give necessary attention to any issue furnished by the company's Head of Finance or compliance officer or external auditor.
- Review company's financial control, internal control and risk management systems.
- Discuss the internal control system with the management and ascertain that the management is performing its duties with regard to the establishment of an effective internal control system.
- examine the results of the main investigations related to internal control issues assigned to it by the board of directors or at the initiative of the committee with approval from the board of directors.
- Ensure coordination between internal and external auditors. Ensure availability of the necessary resources to the Internal Audit function and review/control the effectiveness of Internal Audit
- Review the financial and accounting policies and procedures of the company.
- Review the mission and action plan of the external accounts auditor and any material inquiries raised by the auditor to the management in respect of accounting records, financial accounts or control systems, respond thereto and approve the same.

- Ensure the board of directors replies within the required time to the enquiries and essential issues stated in the mission report of the external auditor.
- to develop rules that enable the employees of the Company to secretly report any potential violations in financial reports, internal control or other issues and adequate steps to conduct independent, fair investigations into these violations.
- Verify the company's extent of compliance with its code of conduct.
- Ensure application of the rules of the work related to its assignments and the powers vested in it by the board of directors.
- Submit a report to the board of directors regarding the issues stated in this charter.
- Consider any other issues as determined by the board of directors.

d) The Audit Committee conducted four meetings during 2019 , dates provided below:

	Names	1st Meeting 10/3/2019	2nd Meeting 12/5/2019	3rd Meeting 3/8/2019	4th Meeting 10/11/2019
1	Mr. Saleh Nasser Al Riyami	✓	✓	✓	✓
2	Mr. Mohammed Nayel Al Shamsi*	-	✓	✓	✓
3	Eng. Usama Mohamed Al Barwani	✓	✓	✓	-

* Appointed as an Audit Committee member on 12/5/2019

7- Nomination & Remuneration Committee:

a) "Mr. Abdullah Osseiran, Nomination and Remuneration Committee Chairman, acknowledges his responsibility for the committee system in the Company, his review of its work mechanism and ensuring its effectiveness."

b) Names of Members of the Nomination & Remuneration Committee, and its Function and the Duties:

No.	Committee Members	Position in the Committee	Membership status in the BOD
1	Mr. Abdallah Malik Osseiran	Chairman	Independent
2	Mr. Saleh Nasser Al Riyami	Member	Independent
3	Dr. Mohamed Ali Al Barwani	Member	Non-Independent

c) Duties and Responsibilities of the Nomination & Remuneration Committee:

- Verifying ongoing Independence of Independent Board members.
- Formulating and revising annually the policy on granting remunerations, benefits, incentives and salaries to board members and employees of the company.
- Determining the company's needs for qualified staff at the level of the senior executive management and employees and the basis of their selection.
- Reviewing periodically and making recommendations to the Board on Human Resources Management, Training and Compensation policies and overseeing its implementation.

d) Nomination & Remuneration Committee Meetings held during 2019:

	Names	1 st Meeting 10/3/2019
1	Mr. Abdallah Malik Osseiran	✓
2	Mr. Saleh Nasser Al Riyami	✓
3	Dr. Mohamed Ali Al Barwani	✓

8- Insider Trading Follow-up and Supervision Committee:

a) "Mr. Mohamed Al Shamsi, Insider Trading Follow-up and Supervision Committee Chairman, acknowledges his responsibility for the committee system in the Company, his review of its work mechanism and ensuring its effectiveness."

b) Names of Members of the Insider Trading Supervision Committee:

No.	Committee Members	Position in the Committee
1	Mr. Mohammed Nayel Al Shamsi*	Chairman
2	Mr. Saleh Nasser Al Riyami	Member
3	Eng. Usama Mohamed Al Barwani	Member

* Appointed as an Insider Trading Supervision Committee member on 12/5/2019

c) Duties and Functions of the Insider Trading Supervision Committee:

- 1) Inform all Insiders with the trading prohibition periods and informed by ADX or regulators.
- 2) Supervision the transactions of Insiders and their ownership of the shares of the company.
- 3) Keep a record of the transactions of the Insiders.
- 4) Update the Insiders register/ record for all Insiders on ADX portal & website.
- 5) Provide Abu Dhabi Securities Exchange with periodic reports on the transactions of the Insiders.

d) Summary of the Insiders Trading Supervision Committee's Activities in 2019:

1. A Charter of Insider Supervision Committee has been prepared and approved by the BOD at its meeting No. 2/2019 dated 12/5/2019.
2. Preparation of the "Insider Trading Policy".
3. The committee has been granted all the powers along with tasks decided by Chairman Decision of Securities and Commodities Authority No.7 R.M of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

e) Meetings of the Insiders Trading Supervision Committee's in 2019:

	Names	1 st Meeting 10/11/2019
1	Mr. Mohammed Nayel Al Shamsi	✓
2	Mr. Saleh Nasser Al Riyami	✓
3	Eng. Usama Mohamed Al Barwani	✓

9- Executive & Investment Committee:

- a) "Dr. Mohamed Al Barwani, Executive and Investment Committee Chairman, acknowledges his responsibility for the committee system in the Company, his review of its work mechanism and ensuring its effectiveness."
- b) Names of the Executive and investment Committee members, and a statement of its functions and duties assigned thereto:

No.	Committee Members	Position in the Committee
1	Dr. Mohamed Al Barwani	Chairman
2	Dr. Ali Bin Harmel Al Dhahiri	Member
3	Mr. Abdullah Osseiran	Member
4	Mr. Yousef Al Alami	Member

- c) The Board of Director has set the Executive and Investment Committee in accordance with the basis of investing the rights of the participants (Takaful Policyholders) contained in the decision of the Board of Directors of Insurance Authority No 26 of 2014 regarding the financial Instructions for Takaful Companies.

f) **Meetings of the Executive and Investment Committee's in 2019:**

	Name	1/2019 6/2/2019	2/2019 10/3/2019	3/2019 12/5/2019	5/2019 10/11/2019
1	Dr. Mohamed Ali Al Barwani	✓	✓	✓	✓
2	Dr. Ali Bin Harmel Al Dhaheri	✓	✓	✓	✓
3	Mr. Abdallah Malik Osseiran	✓	✓	✓	✓
7	Mr. Youssef Sami Al Alami*	-	-	✓	-

10- Internal Control System:

a) The Internal Control Management was established 28/9/2011. It follows directly the board of directors. The Internal Control Management relies in absolute transparency, periodically, a written report to the board of directors about the procedures, results and recommendations that it is reaching. Knowing that the board, in its meeting #1/2012 convened 25/1/2012, decided to give out in details the responsibilities assigned to the Internal Control management in line with the special Ministerial Resolution related to governance.

b) **Work mechanism of the Internal Control management in the Company:**

The responsibilities of the Internal Control management are as follows:

1. To evaluate procedures of risk management in a company
2. To follow up the sound implementation of governance rules.
3. To make sure the company and the employees comply with the applicable provisions of the laws, regulations and resolutions that organize its work, policies and internal procedures.
4. To evaluate the work of the internal committees and its efficiency to reduce risks faced by the company and to relay proper recommendations to rectify the weaknesses therein.
5. To review the financial data relayed to the company's higher management used in preparing the financial statements.

6. To compare and analyze the actual financial results along with its previous estimates and to put the explanations, solutions and recommendations about it.
7. To coordinate with the company's external auditors and other control authorities regarding the provision and exchange of information, answering their explanations and remarks in cooperation with the company's relevant entities and to follow up on rectifying the violations and recommendations contained in its reports.
8. To prepare periodical reports, upon request, when necessary, regarding the process of control and auditing, relaying it to the board of directors to take decisions accordingly.
9. To impose additional controls over some departments through following up on:
 - a. Effectiveness and efficiency of the company's related activity operations
 - b. Restraints of the financial operations (payment, cashing, transfer, deduction etc.)
 - c. Accountants' accurate records
 - d. Data transfer and the company's information systems and internal programs operations
 - e. Matching the internal data with the data emanating from external sources
 - f. Matching the accounts' yearly results with the records and books
 - g. Appropriate measures taken to preserve tangible assets and records
 - h. Internal Control management dealing with any arising big problem

c) The Name and qualifications of the Head of the Internal Controls Department:

Mr. Abraham George who assumes the internal control management – of Indian nationality specialized in accounting. Holder of M. Com to be Insurance Institute of India BA in accounting from Kerala University in India 1985 and holder of professional Insurance degrees from Fellowship - The Chartered Insurance Institute in London. He assumed the internal control management at Watania insurance company with an experience of 22 years in the UAE. As for the Internal Control management mechanism, it is following up on the internal control environment along with the auditing committee on behalf of the board of directors, where the management meets with the committee almost every three months to review the reports and the suggested recommendations verifying the extent of commitment of the company's departments and entities to the higher management's instructions, the objectives and the company's special policies that the board of directors have stipulated.

d) The Name and qualifications of the Compliance Officer:

Mrs. Hubba Sabbagh was appointed as a Compliance Officer at Watania, she holds a master's degree in business management from Atlanta University, she joined the Company in 2013.

e) Internal Control Management deals with any bid Problem:

In case of an emergency or any exceptional issue that would affect the company's course of action such as big problems and others, the internal control management shall define the problem and evaluate its impact on the company then call on the auditing committee to meet urgently to discuss the problem and its reasons and the means to solve it and mitigate its impact and to put the measures aimed at limiting its impact and keeping it from recurring in the future along with relaying its recommendations to the board of directors to take the suitable decision. The company did not face any big problem during 2019.

11- Violations Committed during Financial year 2019:

No violations were committed during 2019.

12- In service of the local society:

The environmental policy that the company implements towards the local society and the social contributions:

One of the major priorities of the Board of Directors as its main objective is to preserve the company as a whole financially and administratively to achieve its objectives for which it was established and to represent, according to the nature of the activity i.e. Islamic Insurance, an effective contribution in preserving the environment and achieving the stability of the local society through giving insurance to individuals and companies, preserving their properties and covering their legal responsibilities towards others to help them continue in their endeavor to give and work hard in pushing forward the wheel of the national economy. In an effort to achieve these objectives, the company shall implement the legally determined governance principles and systems emanating from the public system and the principles of justice decided upon by the provisions of the Islamic Shariah, in addition to:

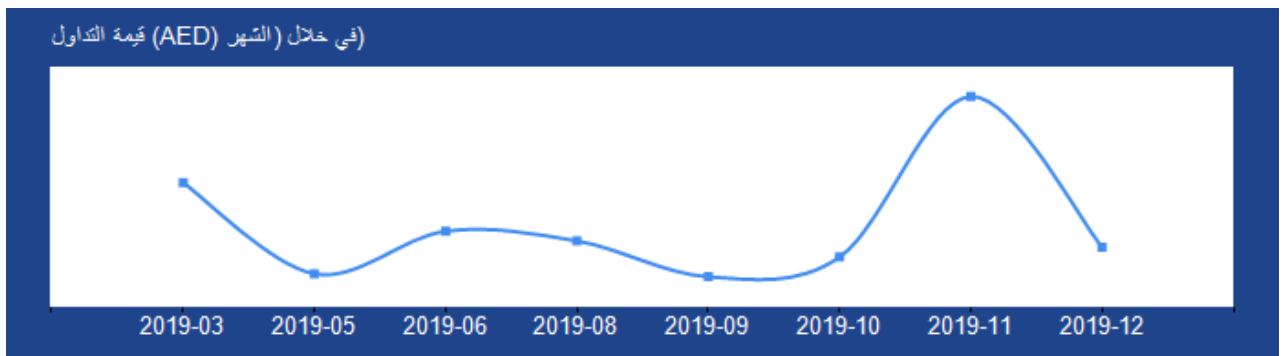
1. To commit to all systems and rules related to preserving the environment and avoiding sources of pollution in any form possible. As a result, the company forged an agreement with one of the specialized companies to recycle the company's paper wastes.
2. To commit to eliminating any source of environmental pollution that might result from the company's activities such as papers, storing properly the wreckage of cars and properties whose owners have been compensated.
3. To work on refurbishing the company, its offices and the surrounding areas by providing green spaces as much as the company's available areas allow.
4. To commit to providing firefighting tools at the company's offices and to put them at the disposal of neighboring companies in case fire erupts.
5. To contribute to the country's programs to counter-smoking, drug addiction and other scourges and social illnesses.
6. To implement the country's policy towards nationalization, contributing to the development of local human resources and providing the opportunity for the young nationals to get the training in Islamic Insurance at the company's offices.
7. To offer financial help to the poor and the needy according to whatever decision to be taken by the internal legitimate committee or the general assembly even if it were a proportion of the company's profits so as not to be in contradiction with the applicable systems and the interest of the shareholders and participants and company's potential. Knowing that no financial donation in 2019 has been given due to the company's novelty. This is what the company is planning to do in the next few years in line with its productive plan, god willing.
8. Knowing that all what has been aforementioned represents headlines that the company implements for the purpose of serving the local society.

13- General Information:

a) The Company Share Price in the Market in AED in the end of each month during 2019:

Month / 2019	Highest Price (AED)	Lowest Price (AED)	Closing Price (AED)
03	0.600	0.545	0.600
04	0.620	0.620	0.700
05	0.729	0.620	0.729
06	0.730	0.700	0.730
08	0.720	0.632	0.720
09	0.700	0.700	0.700
10	0.630	0.550	0.550
11	0.594	0.450	0.594
12	0.780	0.680	0.702

b) The Comparative Performance of the Company's shares with the market index and sector index to which the Company belongs during year 2019:



c) Shareholding Distribution as of 31/12/2019:

No.	Shareholder Category	Percentage of Shares Held			
		Individual	Companies	Government	Total
1	Local	8.050%	79.224%	0.00%	87.27%
2	GCC	0.403%	11.167%	0.00%	11.35%
3	Arab	0.33%	0.00%	0.00%	.33%
4	Foreign	1.059%	0.00%	0.00%	1.053%
	Total	9.943%	89.057%	0.00%	100%

d) Shareholding who hold 5% or more of the Company's capital as of 31/12/2019:

List of Shareholders owning more than 5%	Number of Shareholders Held	% of the Shares Held of the Company's Capital
MB UAE Investment LLC	76,500,000	% 51.00
Mangna Investment	23,854,000	%15.90
H. E Ali Saeed Bin Harmel Al Dhahiri	18,254,279	%12.17
Al Madina Insurance Company	14,303,596	%9.54

e) Shareholders Distribution by the size of equity as of 31/12/2019:

No.	Share(s)	Number of Shareholders	Number of Share Held	% of the Shares Held of the Capital
1	Less than 50,000	619	4,093,775	2.729%
2	From 50,000 to Less than 500,000	39	6,286,993	4.19%
3	From 500,000 to Less than 5,000,000	5	7,000,828	9.52%
4	More than 5,000,000	4	132,618,404	88.41%
	Total	(667)	150,000,000	100%

f) Procedures taken with respect to the Investors Relation Controls:

- Appointed as an Investor Relations Manager:
Name : Mrs. Sherwit Atwa
Tel: +971 2 613 8888
Mobile : +971 56 733 2882
E-mail: sherwit.atwa@watania.ae
- Publication of information and data disclosed by the Company by creating a section specialized for investor relations on the Company's website. Investor Relations webpage link is :
<http://www.watania.ae/about-watania/investor-relations>

g) Special Resolutions Presented to the General Assembly held in 2019 and the Procedures taken with respect thereto:

None

h) Name of the Board Secretary and the date of his /her appointment:

Name : Mr. Sherwit Atwa

Date of appointment : 1/5/2019

i) Significant Events that took place in 2019:

1. Rating of "BB+" has been reaffirmed by A. M. Best
2. Certified for ISO 9001:2015 by LRQA (Lloyds Registered Quality Assurance)

j) Emiratization Percentage in the Company as of 2019:

Watania have recruited and trained national talents to enable them to assume managerial positions in the Company, in support of the initiative of "Governmental Accelerator" launched by His Highness Sheikh Mohammed Bin Rashid Al Maktoum. The Emiratization rate has reached 12% and we are in the process of increasing this percentage.

k) Innovative Projects and Initiatives Implemented by the Company or which were under development during 2019:

- Social Media initiatives on FB, Instagram and Twitter to spread takaful product awareness
- Developed various MIS reports, most prominent one is the 'Daily P & L Report'
- User profile provisioning activity was carried out for entire staff in Core Insurance Application. This was done as part of Internal audit procedure to cross verify that user's authority matrix and access rights are based on updated job Descriptions.
- SMS Alert facility enabled for Policy Issuance and Motor Claim LPO issuance
- Implemented new Document Management System (DMS) and Integrated with Core Insurance Application. Barcoding embedded on all major business output printouts to ease the DMS uploading process.
- Project Kicked off on Digital Platform comprising of Product Configurator, Rating Engine, Rule Engine, Renewal Engine, CRM with B2B & B2C portals, Mobile App & chat bots. This is an ambitious project with nature of its scope, and it will enable Watania to take the customer/ business partners experience to a different level.
- Implementation of New Business Intelligence tool 'Tableau' project has been started.
- Migration of physical server's to virtual server's activity rolled on.
- Video conferencing facility enabled for meetings and training between the branches.



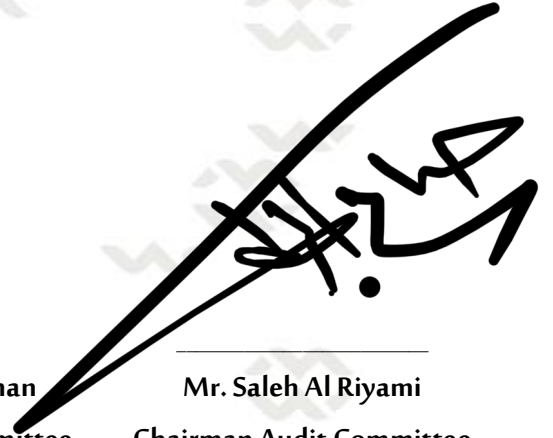
Ali Saeed Bin Harmal Al Dhaheri
Chairman of the Board of Directors



Mr. Abraham George
Head of Internal Audit



Mr. Abdullah Osseiran – Chairman
Nomination & Remuneration Committee



Mr. Saleh Al Riyami
Chairman Audit Committee

Date 1/4/2020