

## Al Sagr National Insurance Company

### Corporate Governance Report for 2018

#### First: Procedures performed to complete Corporate Governance system in 2018

Chairman of SCA's Board of Directors' Decision No. (7) of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies was issued to replace the Ministerial Decision No. (518) of 2009. Al Sagr National Insurance Company (ASNIC) pursued the steps mentioned below pursuant to the articles set out in the new decision to achieve the governance system objectives, represented in institutional discipline:

- The Board of Directors held five meetings in 2018 where it discussed the current situation of ASNIC and recording and maintenance of minutes of meetings in a manner to facilitate access thereto.
- Audit Committee held 4 meetings in 2018.
- Nomination and Remuneration Committee held its meeting on 26/09/2018.
- Investment Committee held two meetings
- Arrangements have been conducted with Hawkamah Corporate Governance Institute as per the Authority's requirements as the Secretary of the Board of Directors of ASNIC received an accredited certificate from Hawkamah and Dubai Financial Market after passing the required tests.
- Further, a meeting will be arranged between Hawkamah Management and the Board members within the period scheduled for 2019.
- ASNIC internal control reports were discussed. Further, the internal control activities have been assessed as it aims at ensuring integration and coordination between the various functions in the company and the Management which enables the company to achieve its objectives.

- A thorough governance report was developed which demonstrates to the shareholders the role assumed by ASNIC Management to achieve institutional discipline and protect the rights of the shareholders and stakeholders.
- Executive Management complied with the BOD's recommendations.
- The BOD complied with the disclosure and transparency principles pursuant to the applicable laws.
- The General Assembly meeting was convened during the statutory period and minutes of this meeting were taken and signed by the Chairman, external auditor, and the minutes taker.
- Statements have been updated on the Investor Relations section at ASNIC's website which contains financial statements, minutes of the BOD and General Assembly meetings, in addition to governance reports and other data of interest to the investors.

Second: List of the transactions of ASNIC Board of Directors, and their spouses and children, in ASNIC securities in 2018:

- The Board of Directors' dealings in securities are governed by the SCA's Board of Directors' Decision No. (2) of 2001 concerning the Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities where the Chairman and the members of the Board of Directors of the company, and its general director, and any of its employees who has knowledge of fundamental data of the company, may not deal by themselves or for their accounts through others in the securities of the company, or securities of the parent, subsidiary, allied or sister company of such company, during the following periods:
  - i. Ten (10) working 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.
  - ii. Fifteen (15) days prior to the end of the financial quarterly, semi-annual or annual period until the disclosure of the financial statements.
- Provisions of the law shall be observed when any of the aforesaid persons deals by himself or for his accounts through others in the securities of the company, or securities of the parent, subsidiary, allied or sister company of such company, and any dealing conducted in violation of this provision shall be null and void. ASNIC abides by the provisions of the laws which regulate the dealings of the members of boards of directors of the listed companies and other insiders in accordance with the provisions of Article (2-4) of the regulations concerning the market.
- Under the provisions of the law, and the regulations and decisions issued thereunder concerning their dealings in securities, the members of ASNIC Board



of Directors acknowledged their compliance with the SCA's Board of Directors' Decision No. (2) of 2001 concerning the Regulations as to Trading and dealing in ASNIC securities in 2018.

- Members of the Board comply with the disclosure and transparency requirements set forth in the laws when they deal in securities.
- Chairman and the members of the Board of Directors of ASNIC, and its general director, and any of its employees refrain from dealing in ASNIC securities, by themselves or for their accounts through others, unless they disclose through the financial market the purchase or sale transaction, and quantities and prices thereof, and obtain the consent of the market director on the transaction.
- Further, the aforesaid persons shall inform the market in advance of any dealing in the securities of the parent, subsidiary, or sister company in case such company is listed on the market.
- Dealings of the board members in ASNIC securities in 2018:
  - The members of the board of directors and relatives thereof (spouses and children) have not exercised dealings in ASNIC securities in 2018.

### Third: Board of Directors Formation

#### (a) BOD formation:

<b>Name</b>	<b>Title</b>	<b>Class</b>		<b>Experience &amp; Qualifications</b>	<b>Membersh ip Duration</b>
Majid Abdulla Al Sari	Chairman	Independent	Non-Executive	Holder of a university degree, and he serves as a manager of several commercial companies	15 years
Khalid Abdulla Omran Tariam	Vice Chairman	Independent	Non-Executive	Chairman, Editor-in-Chief, and Director-General of Dar AlKhaleej for Press, Printing and Publishing. Owner of Global Private Group	24 years
Amjad Mohamed Yusri Al Dweik	Director	Independent	Non-Executive	Graduated from the University of Southern California, major business administration. Owner of several commercial companies	28 years

				commercial companies	
Mohamed Sami Shakhshir	Director	Non-Independent	Executive	He serves as the CEO of ASNIC. He has more than 47 years of experience in the insurance field. Holder of Bachelor's degree in law from Beirut Arab University	11 years

**Supplement of (a) - List of the Memberships and Offices held by ASNIC BOD members in other companies and institutions**

<b>Name</b>	<b>Item</b>
Majid Abdulla Al Sari	Chairman of Fal Oil Co. Ltd. Managing Director of Investment Group Pvt Ltd. Vice-Chairman of Gulf General Investment Co. Member of BOD of Industrial Investments Company (Riviera Pool)
Khalid Abdulla Omran Tariam	Chairman, Editor-in-Chief, and Director- General of Da AlKhaleej for Press, Printing and Publishing. Chairman of Global Private Group Director-General of Gulf Economic Co. Ltd.
Amjad Mohamed Yusri Al Dweik	Vice-Chairman of Invest Bank
Mohamed Ali Sari	Deputy Director-General of GGICO
Mohamed Sami Shakhshir	None

(b) & (c). There are no female members in the BOD, noting that no nomination requests have been submitted to ASNIC from women.

#### **(d) BOD Remunerations**

Remunerations of BOD members are calculated based on Article (21) of the Chairman of SCA's Board of Directors' Decision No. (7/R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Joint-Stock Companies and Article (169) of the Commercial Companies Law No. (2) of 2015 where the annual remuneration shall be paid subject to the following conditions:

- Profits have been generated for the ending fiscal year.
  - Deduction of the expenses, depreciations, and reserves.
  - Remuneration may not exceed 10% of the net profit of the ending fiscal year after satisfying the previous items.
  - Approval of the General Assembly in the annual meeting for the ending fiscal year.
  - Deduction of any penalty enforced on ASNIC due to violations committed by the BOD of the law or regulations. However, ASNIC General Assembly may decide not to deduct such penalties if it discovered that they were not resulted from an error on the part of the BOD.
  - Remuneration of the Board members shall comprise of a percentage of the net profit. ASNIC may also pay additional expenses and fees, in the amount determined by the BOD, to any member if such member serves in any committees or exerts special efforts or performs additional duties to serve ASNIC beside his normal duties as a Board member.
- i. Total remunerations disbursed to the Board members in 2017 amounted to AED2 million.
  - ii. Note: BOD proposed the remunerations for 2018 in the amount of/350,000/ Dirhams per member.
  - iii. Members of the BOD and sub-committees have not received any allowances for attending BOD meetings in 2018.



**(e) ASNIC Board of Directors convened five meetings in 2018 as shown below:**

No.	Date	Attendants	Absence
1	15/02/2018	Majid Abdulla Al Sari - Khalid Abdulla Omran Tariam - Amjad Mohamed Yusri Al Dweik- Mohamed Ali Sari- Mohamed Sami Rawhi Shakhshir	None
2	25/3/2018	Majid Abdulla Al Sari - Khalid Abdulla Omran Tariam - Amjad Mohamed Yusri Al Dweik- Mohamed Ali Sari- Mohamed Sami Rawhi Shakhshir	None
3	19/08/2018	Majid Abdulla Al Sari - Khalid Abdulla Omran Tariam - Amjad Mohamed Yusri Al Dweik- Mohamed Ali Sari- Mohamed Sami Rawhi Shakhshir	None
4	26/09/2018	Majid Abdulla Al Sari - Khalid Abdulla Omran Tariam - Mohamed Ali Sari- Amjad Mohamed Yusri Al Dweik- Mohamed Sami Rawhi Shakhshir	None
5	21/11/2018	Majid Abdulla Al Sari - Khalid Abdulla Omran Tariam - Mohamed Ali Sari- Amjad Mohamed Yusri Al Dweik- Mohamed Sami Rawhi Shakhshir	None

**(f) Duties and Functions delegated by the BOD to the Executive Management:**

The Executive Management is delegated by the BOD to perform the following:

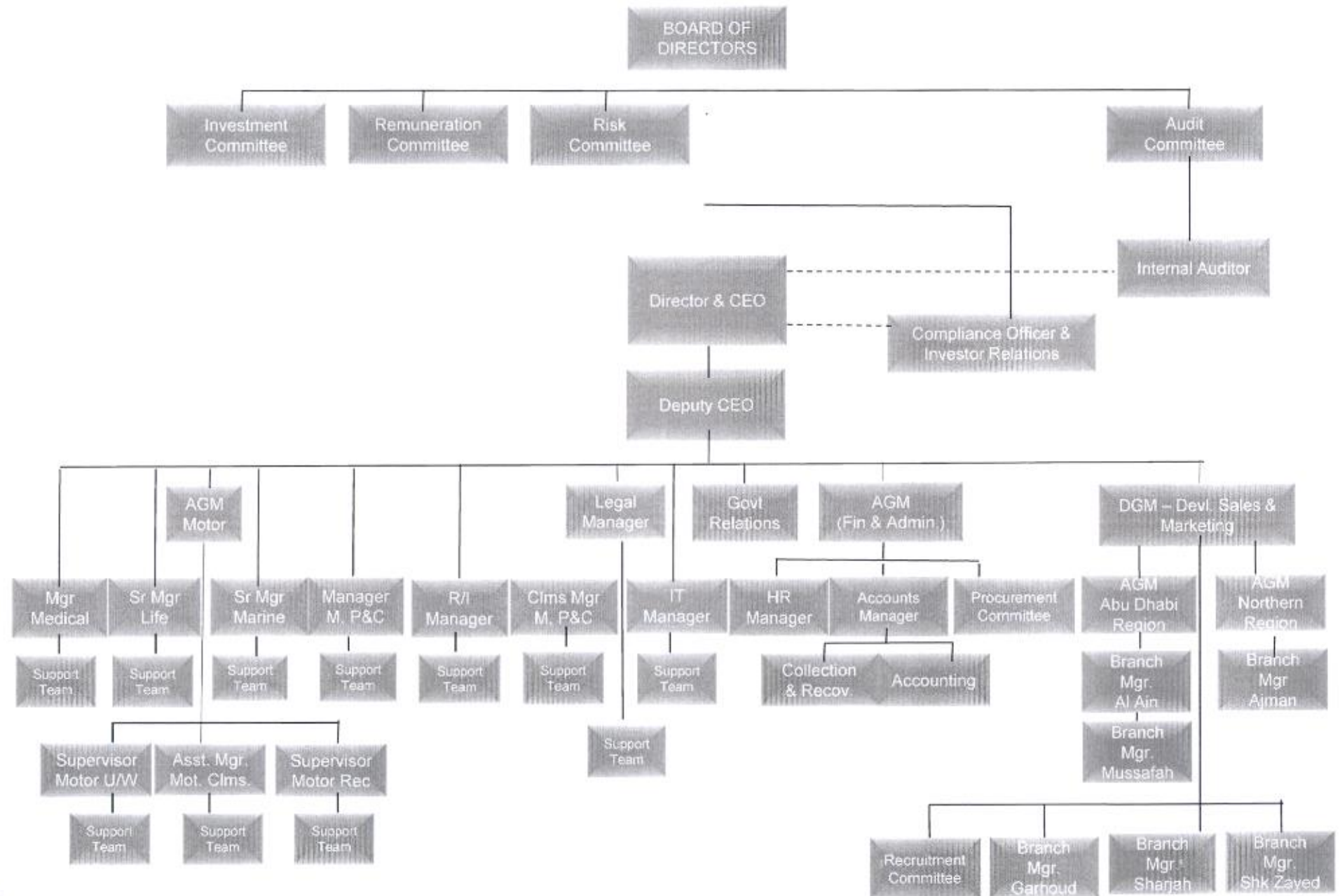
<b>Name of Delegated Person</b>	Mohamed Sami Shakhshir
<b>Delegation Period</b>	Not determined
<b>Delegation Power</b>	<ul style="list-style-type: none"> <li>• Management of ASNIC</li> <li>• Deposit and withdraw from ASNIC current bank accounts, conclude and sign contracts and agreements, and register related financial</li> </ul>

	<p>disposals.</p> <ul style="list-style-type: none"> <li>• Follow up and issue regular financial reports to be submitted to ASNIC Board of Directors.</li> <li>• Represent ASNIC before the competent authorities and official departments.</li> <li>• Sign on behalf of ASNIC on all the transactions, records, and documents related thereto with the ministries, courts, municipalities, NGOs, chambers of commerce and industry, and the departments of residence, traffic, police, labor, and immigration at the airports.</li> <li>• Appoint and remove employees as per the policy of the BOD and its committees.</li> <li>• Sell and market ASNIC production.</li> <li>• Lease offices for the branches and procure all the supplies.</li> <li>• Pay salaries and compensations to ASNIC employees and staff.</li> <li>• Approve payment of indemnities for the sums due as a result of realization of insurance risks.</li> </ul>
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(g) No transactions have been concluded with related parties.

(h) ASNIC Organization Chart for 2018: in the next page.

# AL SAGR NATIONAL INS. CO. ORGANIZATION CHART





**(i)- Names of Senior Executive Officials:**

S.	Name	Position	Date of Appointment	Total Salaries and Remunerations Paid for the Year 2018 (AED)	Total Paid Bonuses for the Year 2018 (AED)	Other Remunerations
1	Mohamad Sami Shakhshir	Director and CEO	01/01/1995	1,920,000	N/A	N/A
2	Ayman Elhout	Deputy-CEO	02/02/2014	620,000	N/A	N/A
3	Abdul Mohsen Jaber	Deputy General Manager for Sales and Marketing Development	14/05/2012	540,000	N/A	N/A
4	John Mathahi	Assistant General Manager for Financial and Administration Affairs	29/09/1984	566,400	N/A	N/A
5	Faraj Alomari	Assistant General Manager – Motor Department	10/11/1998	540,000	N/A	N/A
6	Suzan Rizk	Manager – medical Dept.	20/07/2008	276,000	N/A	N/A

7	Santhoush Kumar	S. Manager – life Dept.	5/11/2006	403,800	N/A	N/A
8	Kishor vinkat	Manager – marine Dept.	08/07/2018	186,000	N/A	N/A
9	Mostafa Ajina	Manager – General Ins.	22/04/2018	400,000	N/A	N/A
10	Ahmed Bsiso	Manager- Re.Insurance	07/11/1995	380,000	N/A	N/A
11	Ram Kumar	Manager – Claim Dept.	06/10/2013	408,000	N/A	N/A
12	Varghese Mathew	Manager -IT	30/10/1995	386,000	N/A	N/A
13	Riya Juna	Manager - HR	09/09/2018	76,000	N/A	N/A
14	Hanly Varghese	Manager – Accounts	01/02/2005	246,000	N/A	N/A
15	Mahmoud Jawad	AGM	13/03/1998	660,000	N/A	N/A
16	Faisal Omari	AGM	27/05/2012	378,000	N/A	N/A
17	Ramadan Ramadan	Governmental Relations Manager	01/03/1989	222,000	N/A	N/A

- Mr. Ayman Elhout has resigned on 11/04/2018

#### **Fourth – External Auditor:**

- a- **KBMG Company Profile:** it is considered one of the largest professional services company in the world, and it is one of the top four leading companies in such industry.

Around 123 thousand employees work for it; distributed on a network of countries reaching 145 countries, and provide three major types of services namely: auditing, taxing services, and consultancy services. Established in the United Arab Emirates in the Year 1973.

- b- Illustrative schedule of the fees and details of work of the external auditor.

<b>Auditing Office Name</b>	<b>KBMG</b>
Number of years spent as an external auditor of the company	5 Years
Total fees of the financial auditing for the Year 2018 (AED)	Their fees were fixed to 290,000 AED
Wages and other special services costs other than the auditing of financial statements of the Year 2018 (AED)	N/A
Details and nature of the other services provided	N/A
Details of the other services that another external accounts auditor provided during the Year 2018	N/A



- c- There was no qualification by the external auditor on the periodical or annual financial statements of the Year 2018

**Fifth – Auditing Committee:**

1. The auditing committee comprises the below named Messer:

- Mr. Khaled Abdullah Omran Tariam – Head of Committee – Expert of Financial and Accounting Affairs.
- Mr. Amjad Mohamed Yusri Al Dweik – Member and Deputy Head.
- Mr. Mohamed Ali Sari– Member.

The committee shall include all specialties and missions stated in Article 48 of the Securities Commission Resolution 7/2016 on Governance Controls, as follows:

1. Review of the company financial and accounting policies and procedures.
2. Monitoring the accuracy of the company (annual, semi-annual, and quarterly) financial details and reports, and focusing on the following:
  - Any change of the accounting policies.
  - Highlighting the aspects subject to the BOD consideration.
  - Core amendments resulting from auditing.
  - Supposition of the company as a going concern.
  - Compliance with the accounting standards prescribed by the commission.
  - Compliance with the disclosure and listing rules.
3. Coordination with the company BOD, executive management, and the financial manager for implementation of the missions.
4. Consideration of any core and extraordinary provisions to be listed in such reports and accounts.

5. Providing the BOD with proper recommendations on election, resignation, or revoking the external auditor; in case of non-approval of the BOD on the auditing committee recommendations on this regards, the BOD shall embed in the governance report a declaration explaining the recommendations of the auditing committee and the reasons that called the BOD not to consider them.
6. Setting the policy of contracting with the external accounts auditor and reference of a report to the BOD specifying the matters that deemed to be necessary for taking a resolution in their regards with suitable recommendations.
7. Ensuring the fulfillment of the external auditor of the conditions included in the laws, regulations, and resolutions applicable and the company Articles of Association, and following-up and monitoring its independence.
8. Meeting with the company external accounts auditor without the presence of any of the persons in the higher executive Management or who represent them at least one time in the year and discussing it on the nature and scope of auditing operations, and their efficiency pursuant to the approved auditing standards.
9. Deliberation of all what relates to the external accounts auditor, action plan, and correspondence with the company, notes, suggestions, qualifications, and any core enquiries suggested by the external audit to the higher executive management on the accounting registers, financial accounts, monitoring regulations, and following up the company management response to the same, and provision of the necessary facilities for performing his work.
10. Verification of the BOD response in due time on the core enquiries and matters proposed in the external audit letter.
11. Review and evaluation of the internal control system and risk management in the company.
12. Discussion of the internal control system with the BOD and verification of performing their duties in forming an active system of the internal control.

13. Considering the results of the main investigations in the internal control matters.
14. Review of the auditor evaluation of the internal control and verification of the existence of coordination between the internal and external audit.
15. Ensuring the availability of the necessary resources for the management of internal control and monitoring effectiveness of such management.
16. Studying and evaluating of the internal control report and following up the implementation of the corrective procedures of the notes contained therein.
17. Putting controls that enable the company employees to report any possible violations in the financial reports, internal control, and other matters under confidential manner, and the sufficient steps for performing independent investigations for such violations.
18. Monitoring the company compliance with the rules of the professional behavior.
19. Review of the related parties transactions with the company and verification of non-existence of any conflict of interest and advise the BOD prior to signing them.
20. Ensuring the application of the work rules related to its missions and the authorizations vested unto them by the BOD.
21. Reporting to the BOD of the matters contained in this article.
22. Considering any other matters specified by the BOD.



## 2. Details of the auditing committee meetings held during the Year 2018:

SN	Attendees	Date
1	All Members	15/02/2018
2	All Members	25/03/2018
3	All Members	19/08/2018
4	All Members	26/09/2018

### Sixth – Nomination and Remuneration Committee:

a- The nominations and remunerations committee was formed by the below named Messers:

- 1- Mr. Mohammed Ali AL Sari – Committee Head.
- 2- Mr. Khaled Abdullah Omran Tariam – Deputy-head.
- 3- Mr. Amjad Mohammad Yousri Al Dwaik – Member.

- The committee shall perform the missions stipulated in Article No. 47 of the Securities and Commodities Authority resolution, namely:

- 1- Putting a special policy for the nomination of membership of the board of directors and the executive management.
- 2- Organization and following up the nominations procedures.
- 3- Ensuring the independence of the independent members.
- 4- Presentation of the loss of independence to the board.
- 5- Preparation of the remunerations, privileges, and bonuses policy.
- 6- Annual review of the required needs of the proper skills for the membership of the BOD.
- 7- Review of the BOD structure.

- 8- Specification of the company needs of qualifications.
- 9- Preparation of the human resources policy.
- 10- Any other topics specified by the BOD.

b- Details of the nominations and remuneration committee meetings held during the Year 2018:

SN	Attendees	Date
1	All Members	26/09/2018

#### **Seventh – Committee of following up and supervising over Insiders' transactions**

- Mr. Rawad Shaker and Jomon Kuruvilla are in charge of following up and supervising transactions of the insiders.
- The missions vested to such position shall be summarized to preparation of a special register for the insiders and reporting to the market when any transactions occur.
- The committee has reviewed the transactions of the company securities periodically and no transactions were found to occur by the insiders during the Year 2018.

#### **Eighth – Investments Committee:**

a- The investments committee was formed of the below named Messers:

Majid Abdulla Al Sari – Head of Committee

Amjad Mohamed Yusri Al Dweik- Deputy Head

Mohamed Sami Shakhshir- Member

b- The committee shall put the investment rules and policies, and monitor the investments and submit periodic reports to the BOD.

**a- Details of the committee meetings during the Year 2018:**

SN	Attendees	Date
1	All Members	15/02/2018
2	All Members	19/08/2018

**Ninth – Internal control System:**

a- The BOD confirmed its responsibility of the company internal control system, and confirmed its direct responsibility of reviewing it and its efficiency.

b- The unit director's name and qualifications: Jomon Kurovilla – Internal Auditor, holds ICAI certificate from India in 2004, and has 18 years of experience in accounts auditing; he was appointed on 01/02/2010.

c- Compliance officer name and qualifications: Rawad Shaker – Licence of Economics and Accounting, Secretary of BOD accredited by Governance Institute; appointed on 01/11/2010.

d- In case of any major risks were found in the company, the internal control unit shall perform a search and verification operation to know the following:

- Reasons of the problem occurrence and persons responsible for such occurrence.
- risk result on administrative, financial and operative aspects.
- Problem addressing method.



- Putting the effective procedures to prevention or limitation of the possible occurrence of such problem in the future.
- The company internal control department shall prepare a detailed report that ensures all the points stated hereinabove and filing it immediately to the executive management of the company then listing it within the report submitted quarterly to the audit committee.
- The company did not encounter any major problems in the Year 2018.

#### **Tenth – No violations were committed during the Year 2018**

##### **11 – Company's contribution in preserving the environment and community development**

- Holding educational lectures of the employees in the insurance domain.
- Sponsoring activities for people with special needs.

##### **12- Company share value in the market during the Year 2018.**

- a- Highest , Lowest , and the closing rate (Next Page – Schedule 1)
- b- Comparative performance by Dubai Financial Market (Schedule 2)

Table 1 .

no	MonthName	Month_High	Month_Low	Month_Close
1	Jan 2018	No Trading	No Trading	4.550
2	Feb 2018	4.100	2.430	2.430
3	Mar 2018	2.190	2.190	2.190
4	Apr 2018	No Trading	No Trading	2.190
5	May 2018	1.980	1.980	1.980
6	Jun 2018	No Trading	No Trading	1.980
7	Jul 2018	No Trading	No Trading	1.980
8	Aug 2018	1.850	1.850	1.850
9	Sep 2018	No Trading	No Trading	1.850
10	Oct 2018	No Trading	No Trading	1.850
11	Nov 2018	No Trading	No Trading	1.850
12	Dec 2018	No Trading	No Trading	1.850

Table 2 .

no	Month_Year	ASNIC	DFMGI	INSURANCE
1	Jan 2018	4.55	3394.36	1570.84
2	Feb 2018	2.43	3244.12	1484.05
3	Mar 2018	2.19	3108.53	1423.65
4	Apr 2018	2.19	3065.96	1412.76
5	May 2018	1.98	2964.13	1445.06
6	Jun 2018	1.98	2821	1391.19
7	Jul 2018	1.98	2955.95	1405.03
8	Aug 2018	1.85	2840.16	1403.56
9	Sep 2018	1.85	2834.95	1676.64
10	Oct 2018	1.85	2784.6	1811.71
11	Nov 2018	1.85	2668.66	1535.35
12	Dec 2018	1.85	2529.75	1410.15



c- Statement of shareholders ownership contribution as on 31/12/2018 (individuals – corporates - Governments) classified as (Local – Gulf – Arab - Foreign)

SN	Shareholder Classification	Percentage of Shares Held			
		Individuals	Corporates	Government	Total
1	Local	28.50%	71.50%	0%	100%
2	Gulf	-	-	-	-
3	Arab	-	-	-	-
4	Foreign	-	-	-	-
	<b>Total</b>	<b>28.50%</b>	<b>71.50%</b>	<b>0%</b>	<b>100%</b>

d- Details of shareholders holding 5% or more of the company capital as on 31/12/2018

SN	Name	No. of Shares	Percentage
1	KHALID ABDULLAH OMRAN TREIM	11,526,986	5.01%
2	GULF GENERAL INVESTMENTS COMPANY	108,287,754	47.08%
3	AMJAD MOHAMMAD YOUSRI MAHMOUD ALDWEIK	11,500,000	5%
4	AYMAN MOHAMMAD YOUSRI MAHMOUD ALDWEIK	11,500,000	5%
5	NEAR EAST INVESTMENT COMPANY	20,125,000	8.75%
6	INMAA UAE GENERAL TRADING	17,250,000	7.50%

e- Shareholders Distribution Method Statement pursuant to the ownership volume as on 31/12/2018 pursuant to the below schedule:

SN	Shareholding (Shares)	No. of Shareholders	No. of Shares Held	Percentage of Shares Held in the Capital
1	Less than 50,000	7	12,550	0.0055%
2	From 50,000 to less than 500,000	1	327,196	0.14%
3	From 500,000 to less than 5,000,000	7	24,342,028	10.58%
4	More than 5,000,000	10	205,318,226	89.27%

**f- Investors Relations:**

- A new section for investors' relation was added to the company website including all details that are of interest to the investors such as the financial details, BOD meeting minutes, general assemblies, governance reports, and any relevant details.
- 2018 details were updated.
- The link of Investors rights' guideline issued by Securities and Commodities Authority was added.
- Investors Relations Officer Name: rawad shaker
- Email: [rawad.shaker@alsagrins.ae](mailto:rawad.shaker@alsagrins.ae)
- Link Address: [http://www.alsagrins.ae/?page\\_id=477](http://www.alsagrins.ae/?page_id=477)

g- Special resolutions previewed by the general assembly held in the Year 2018.

- N/A

h- Name of BOD Secretary: rawad shaker, was appointed on 01/11/2010.

- i- The company did not encounter any substantial events in the Year 2018.
- j- Emiratization percentage reached 2.70% at the end of the Year 2018.
- k- The innovative projects and initiatives during the Year 2018 are still under study.

13 – Additional disclosures of the Year 2019 until date of preparation of the report:

Kindly find attached at the end of the report.

Date

31-03-2019

MAJID ABDALLA ALSARI

Chairman





### **Disclosures of the Year 2019 until Date of Preparation of the Report**

- The Assistant Director General of Financial and Administrative affairs Mr. Mathai submitted his resignation on 31/01/2019.
- The Director and CEO Mr. Mohamad Sami Shakhshir has expressed his wish to resign starting from 01/05/2019, and the BOD approved the same.
- Mr. Abdul Mohsen Jaber was appointed as a General Manager of the company.
- The company organizational structure was amended as detailed on the next page:

