



الشركة العربية الإسكندنافية للتأمين (ش.م.ع) - تكافل - اسكانا للتأمين
ARABIAN SCANDINAVIAN INSURANCE COMPANY (PLC) - TAKAFUL - ASCANA INSURANCE

Incorporated with limited liability by Amiri decree
A company subject to federal law no. (6) of year 2007 of Insurance
Authority and registered in the insurance companies register under No. (6)
on 15/12/1984 Paid Up Capital Dirhams One Hundred Fifty Four Million

تأسست بموجب مرسوم أميري بضممان محدود
عركة خاصة لأحكام القانون الاتصادي رقم (٦) لسنة ٢٠٠٧ في شأن هيئة
التأمين وتنظيم أعماله. ومفيدة في سجل شركات التأمين تحت رقم (٦)
بتاريخ ١٥/١٢/١٩٨٤ م رأس المال المدفوع مائة وأربعة وخمسون مليون درهم

Arabian Scandinavian Insurance Company PLC
Takaful – Ascana Insurance

Corporate Governance Report

2018

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Arabian Scandinavian Insurance Company PLC - Takaful – Ascana Insurance

Corporate Governance Report

1-Action taken to complete the corporate governance system during 2018 and how to implement them?

Since the introduction of the Corporate Governance Regulations, Arabian Scandinavian Insurance Company(PLC)- Takaful -Ascana Ins has adopted this objective and effective system leading to the development of institutional work, improving the requirements of disclosure and transparency, establishing integrity in transactions, enhancing control and preserving shareholders' rights, and preserving the rights of the insured, reducing the potential risks and separation between ownership and management, providing good governance and skilled expertise, developing training courses, and applying best practices through implementing the provisions of Resolution No. 7 / R of 2016 on the standards of corporate discipline and governance of public Shareholding Companies, which replaced Resolution 518 of 2009 on governance controls and institutional discipline standards.

The company's achievements in 2018 can be summarized as follows:

- *- Compliance with the internal control systems and their effectiveness by matching the data issued with the external audit data and allowing the members of the committee to follow up on their monitoring role easily and effectively.
- * - The executive bodies in the company as well as members of internal control to follow up and discuss the risk management policy adopted by the company in accordance with the approved systems, through the implementation of cautious and strong accounting policy and wise management of claims.
- *-The company has also provided an explanation to its staff to tighten the rules of governance, and how to apply them, and the administrative decisions governing them.
- *- The Board of Directors also followed up the Audit Committees and the Nominations and Remuneration Committee in accordance with the provisions and controls of governance. The Board also received and discussed the reports of the Department of Internal Oversight Services and discussed them.
- * - The Company is keen to carry out its business with the transparency required in respect of the dates and methods of disclosing the financial statements while complying with all provisions and decisions of the Securities and Commodities Authority



* - Improve the performance of the IT department by introducing and modifying new innovative systems.

* - To make this report available to all shareholders of the Company in accordance with the provisions of Article (52) of Resolution No. (7 / R) for the year 2016.

* - The annual report and all financial statements are presented to shareholders prior to the convening of the general assembly, to enable the General Assembly to view them and make decisions.

2-Statement of the transactions of the members of the Board of Directors and their spouses and their sons in the securities of the company during the year 2018

There are no transactions for 2018 between members of the Board of Directors, their spouses and their children.

3- Board of Directors:

A-Composition of the current Board of Directors:

The Board of Directors is composed by qualified members (as at the date of the preparation of the report on governance) and has the highest level of experience and skills at the managerial or economic level as given below:

| No | Name | Experience | Qualifications | The duration of his term as BOD member of the Company from the date of the 1 ST election since | Their membership & positions in any public shareholding companies | Their positions in any other important regulatory, governmental or commercial |
|----|--|--|---|---|---|---|
| 1 | His Highness Sheikh Butti Bin Maktoum Bin Jumaa Al Maktoum Independent / non-executive | He served as deputy commander in Central Military Area | N/A | 1998 | N/A | Ruling Family |
| 2 | Ahmad Mohammad Amin Al Kazim Managing Director / Executive | 24 years of insurance | Bachelor's in business administration | 1991 | N/A | N/A |
| 3 | Khalid Habib Al Redha Independent / non-executive | businessman | Output | 2004 | N/A | N/A |
| 4 | Faisal Aqil Bastaki Independent / non-executive | Emirates Islamic Bank | Bachelor's in computer science and Statistics | 2006 | N/A | Executive Vice President of Retail Wealth Management Emirates Islamic Bank. |



| | | | | | | |
|---|---|---------------------------------|-------------------------------|-------------|------------|--|
| | | | | | | <p>*Chairman of Network Board Information Technology Limited. *BOD member of the UAE Islamic Financial Brokerage. * Member of the Board of Directors Emirates NBD Properties. *Currently retired</p> |
| 5 | <p>Mahmoud Mohammed Hadi Independent / non-executive</p> | <p>Commercial Bank of Dubai</p> | <p>Master of Management</p> | <p>2006</p> | <p>N/A</p> | <p>*Chief Operating Officer *Chief Manager of Banking Operations. * Special Advisor to the Chief Executive Officer, Commercial Bank of Dubai Currently retired and Director of Delta Company for Supply Workers on Demand</p> |
| 6 | <p>Majid Mohammad Amin Al Kazim Independent / non-executive</p> | <p>businessman</p> | <p>Bachelor of Management</p> | <p>2000</p> | <p>N/A</p> | <p>*Business Administration specialization marketing. *Chief Executive Officer of Al Kazim Group of Companies and Institutions.</p> |
| 7 | <p>Dr. Mohammad Salim Al Ulama Independent / non-executive</p> | | <p>Bachelor of Medicine</p> | <p>2012</p> | <p>N/A</p> | <p>Master of Public Health Sciences * - Master of Business Administration * Bachelor of Medicine / Surgery Sheikh Mohammed Bin Rashid Program *Undersecretary of the Ministry of Health For wise leadership</p> |



B- The representation of the female component in the Board of Directors for 2018:

There is no representation with regret for the female component of the BOD currently, but the company hopes to be represented by-elections in the coming years.

C- the reasons for the non-candidacy of any female member of the Board of Directors:

Although, the company performs the procedures stipulated by law in relation to candidacy for membership of the BOD either by advertising in newspapers or by registered mail or through the financial market or through the company's website, but the main reasons for not nominating the female component may be due to family reasons for each of them, In fact, ASCANA company proud of the UAE woman wherever she is. Noting that the percentage of women as shareholder constitutes 25% of the total shareholders.

D- Directors' remuneration and attendance allowances:

The remuneration of the Chairman and members of the BOD shall be based on the provisions of Article (21) of Resolution No. (7 / R of 2016) on the rules of governance and Article (169) of the Commercial Companies Law No. (2) for the year 2015, (Article 60 / c) so that the remuneration of members of the BOD shall consist of a percentage of the net profit provided that it shall not exceed 10% of the net profit for the fiscal year after deducting both the depreciation and the reserves. The Company may also pay additional expenses, fees, bonus or monthly salary determined by the BOD for any of its members if such member works on any committee or makes special efforts or performs additional duties to serve the Company above his normal duties as a member of the BOD of the Company. No attendance allowance may be paid to a Chairman or a member of the BOD for Board meetings.

1-Directors' remuneration paid for 2018:

The remuneration of Directors of the BOD paid for the year 2017 amounted to AED 400,000.

2-Total remuneration of the proposed Board of Directors for 2018 which will be presented at the AGM:

-The total remuneration of the proposed BOD for the fiscal year 2018 will be left to the General Assembly and to the extent permitted by law and as stipulated in Article (21) of the BOD Resolution No. (7) for the year 2016.

3-A statement of the attendance fees of the board of directors and the committees emanating from the board of directors for the financial year 2018:

In 2018, the Board also made no decisions regarding the disbursement of any allowances to attend meetings of the Board of Directors or the Board committees.

E- The number of meetings of the Board of Directors held during the fiscal year 2018, the dates of the meeting and the number of times the BOD attendance of all members with the statement of the members present by power of attorney:



Five meetings were held during 2018 including one meeting by circulation as follows:

1st meeting 12/02/2018

2nd meeting 28/02/2018

3rd meeting 10/04/2018

4th meeting 10/05/2018

5th meeting 05/08/2018 (circulation)

6th meeting 29/10/2018

The number of times the Board of Directors has attended the Board meetings: -

| Date | Attendance | with POA | Absence |
|-----------------------------|------------|----------|-------------------------------------|
| 12/02/2018 | 7(members) | None | None |
| 28/02/2018 | 5(members) | None | Mr.Faisal Aqil / Mr.Khalid Habib |
| 10/04/2018 | 6(members) | None | Sheikh Butti Bin Maktoum |
| 10/05/2018 | 6(members) | None | Sheikh Butti Bin Maktoum |
| 05/08/2018 (circulation) | 7(members) | None | None |
| 29/10/2018 | 6(members) | None | Sheikh Butti Bin Maktoum |

F-Statement of the functions and terms of reference of the Board of Directors carried out by the Executive Management on the authority of the Board of Directors and the period of validity of the mandate:

The BOD of the Company has a distinct delegation system. Articles 24 and 25 of the Articles of Association stipulate the powers and mechanism of delegation. The BOD has therefore granted all powers in the management of the Company, conduct all acts and actions on behalf of the Company as authorized by the Company. None of these authorities and powers shall not be retained by the Companies Law or by the Articles of Association of the General Assembly. The BOD shall establish regulations concerning administrative, financial and employees matters and their financial dues. The Board of Directors shall also establish a regulation for the organization of its work and meetings and the distribution of competencies and responsibilities. Moreover, the board taking into account the provisions of the Companies Law and the implementing decisions issued by the



Authority, authorizes the BOD to extend loans over a period of 3 years, sell the properties of the company or the store, mortgage the movable and immovable property of the company, discharge the Company owes its obligations or conciliation and agreement on arbitration.

The right to sign on behalf of the Company shall also have the exclusive right of the Chairman of the BOD or any other member authorized by the Board within the limits of the BOD `s decisions. The chairman of the board of directors may be the legal representative of the company in front of the judiciary and in relation to third parties. The chairman of the board may delegate other members of the board of directors in some of his powers, provided that the board of directors is not authorized to delegate the president of the council in all his powers in absolute terms. As the Council has the right to appoint Chief Executive Officer or General Manager of the company or several Manager or authorized agents and determine their terms of service and salaries and remuneration. The Board of Directors of the Company has assigned to the Executive Management of the Company to carry out the following tasks and functions:

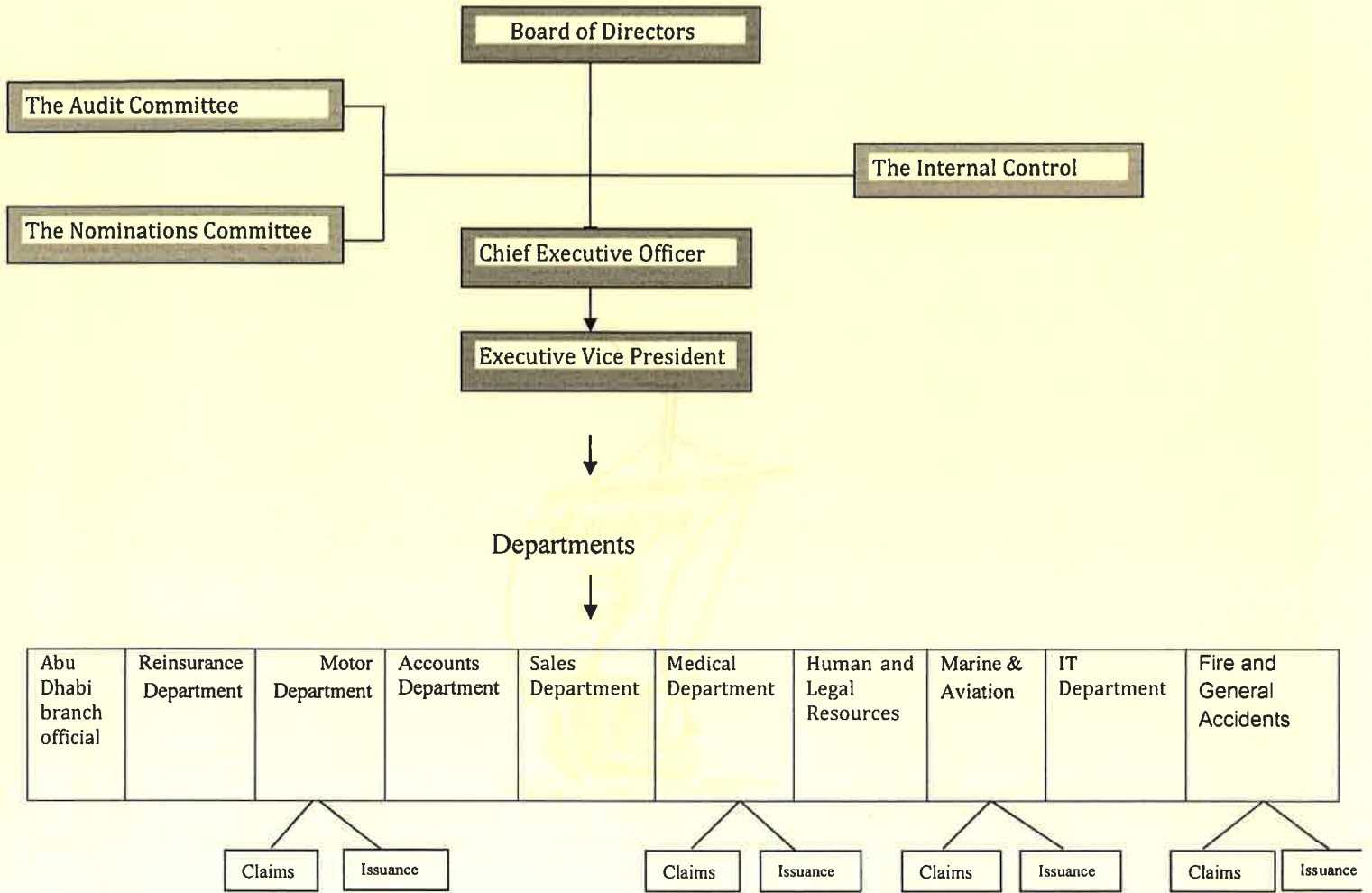
| Name of the authorized person | Delegation Authority | Period |
|-------------------------------------|--|--------|
| Ahmad Mohammad Amin Al Kazim | <p>All the necessary powers to carry out The duties of the administrative and scientific and technical requirements of the company for example:</p> <ul style="list-style-type: none"> * - Daily management of the company * - A budget arrangement * - Put the required insurance for the company * Appointing and dismissing employees, consultants and contractors, determining their duties, bonuses, promotions and disciplinary rules * Representing the company in all natural and legal entities, ministries, committees, boards, references, civil departments, companies, and private entities and signing all contracts, transactions, correspondence, and documents related to the company's business. *Follow-up the establishment, processing, and operation of the branches and the taking of procedures in their establishment, and in general the representation of the company in all the activities required for the conduct of its business and activities or related thereto and related to its practices. *In the conduct of the company's business, defending its rights, representing third parties, appointing lawyers and signing on behalf of the company all administrative, technical and legal works. | |

G-Statement of details of transactions with related parties (stakeholders)



There are no transactions between the parties.

H-Organizational Structure.



I-A detailed statement of the senior executive officers in the company in the first and second grades and their functions and dates of appointment with a statement of total salaries and bonuses paid to them:



| Position | Date of appointment | Total salaries and allowances paid for 2018 | Total of bonus paid for 2018 | cash rewards kind for the year 2017 |
|---------------------------------------|----------------------------|--|---|--|
| 1-Executive Chairman | 2002 | AED 1,870,302 | AED 109,501 | None |
| 2- Deputy General Manager | 2013 | AED 364,696 | ----- | resigned 3-2018 |
| 3- Human Resource and Legal | 1995 | AED 448,651 | None | None |
| 4- Fire Department Manager | 2010 | AED 250,107 | None | resigned 8-2018 |
| 5-Marine Department Manager | 1995 | AED351,271 | None | None |
| 6 -Medical Department Manager | 2016 | AED 375,160 | None | None |
| 7 -Accounts Department Manager | 2003 | AED 347,550 | None | None |
| 8- Sales Department Manager | 2013 | AED 306,657 | None | None |
| 9- Re-insurance Department | 2012 | AED297,259 | None | None |
| 10- Motor Department Manager | 2001 | AED321,441 | None | None |
| 11- IT Department Manager | 2002 | AED224,308 | None | None |
| 12-Operation Manager | 2018 | AED204,533 | None | None |
| 13-Abu Dhabi Branch Manager | 2015 | AED192,730 | None | None |



External Auditor:

A-A statement of the auditor of the company:

* -(Grant Thornton), is the external audit of the company, a company of international companies and approved in the country.

* - He has audited the company's accounts since 2018 and was elected by shareholders at the AGM held on 10/04/2018.

Grant Thornton has been independently verified by the Company and its BOD. The audit is carried out in accordance with international standards. Their primary functions are to verify the financial statements and to monitor the Company's accounts for the financial year, in order to perform their duties, they shall have the right at all times to access the Company's records, books and documents, request data, clarifications and verify the Company's assets and liabilities, in preparing his report, the validity of the accounting records maintained by the company must be ascertained, in the extent to which the accounts of the company agree with the accounting records and have the right to request whatever they deem necessary for the performance of his mission.

And review the company's transactions with the related parties and observe the application of the provisions of the Companies Law and the Statutes. It submits its report to the General Assembly and sends a copy thereof to the Authority and the competent authority. They also attend meetings of the General Assembly, and to confirm the correctness of the procedures followed by the company for this invitation, to read its report to the shareholders, and its observations on the company's accounts, financial position or any violations, and that his report is independent and neutral, explaining any obstacles or interventions of the BOD encountered during the performance of his work .

B- Statement of fees and costs of the audit and services provided by the External Auditor:

| Audit Office Name | Grant Thornton |
|---|-----------------------|
| Total audited fees for the financial statements for the year 2018 | 175,000AED |
| Fees and charges for other special services than audit For the financial statements for 2018 | None |
| Details and nature of other provided services | None |
| A statement of other services performed by another external auditor | None |
| The Company's auditor is not required to provide any other services in 2018 | |



C- A statement clarifying the reservations made by the Company's auditor to be included in the interim and annual financial statements for the year 2018:

No note

5- The Audit Committee:

A-The names of the members of the Audit Committee and the statement of its competence and the tasks entrusted to it :

| | |
|---------------------------|---------------------------|
| Mr. Faisal Aqil Bastaki | Chairman of the Committee |
| Mr. Mahmoud Mohamed Hadi | Member |
| Dr. Mohammed Al Ulama | Member |
| Mr. Khaled Habib Al Redha | Member |

B-Meetings of the Audit Committee:

A committee arising out of a decision issued by the BOD based on its structure and functions to the provisions of Articles 48, 49 and 46 of Resolution No. 7/2016. All members must have the knowledge in financial and accounting matters and that at least one of them has previous work experience in the field of accounting or financial matters or be a holder of a scientific qualification or a professional certificate in accounting or financial or other related fields as well as the provisions of article 46 (b).

The Audit Committee shall undertake the following duties and duties: -

1-Review financial and accounting policies and procedures.

2-Monitor the integrity of the financial statements of the company and its reports (annual, semi-annual and quarterly) and review them as part of its normal work during the year. Special emphasis should be placed on the following: -

A) Any changes in accounting policies and practices

B) To highlight areas under management's discretion

C) Significant revisions resulting from the audit

D) Assuming continuity of the company's business

E) Compliance with the inclusion and disclosure rules and other legal requirements related to the preparation of financial reports



3- Coordinating with the Company's Board of Directors, the Senior Executive Management and the Chief Financial Officer or the Manager, who performs the same duties in the Company in order to perform its duties.

4- Consideration of any significant and unusual items that are or should be reflected in such reports and accounts and shall give due consideration to any matters raised by the Company's CFO, the incumbent manager, compliance officer or auditor.

5- Recommend to the Board of Directors the selection, resignation or dismissal of the auditor.

6- Ensuring that the auditor meets the conditions stipulated in the laws, regulations, and decisions in force and the company's articles of association, and follow-up and monitoring its independence.

7- Meeting the auditor without the presence of any of the persons of the senior executive management or its representative at least once a year and discuss the nature and scope of the audit process and its effectiveness and in accordance with the approved auditing standards.

8- Develop and apply the contracting policy with the auditor and submit a report to the Board of Directors specifying the issues that it considers important to take action and recommending the steps to be taken.

9- To discuss all matters related to the work of the auditor, his work plan and correspondence with the company, his observations, suggestions, and reservations, and any substantive questions he presents to the senior executive management regarding the accounting records, financial accounts or control systems and follow up the response of the company's management to them and providing them with the necessary facilities to carry out his work.

10- Ensuring that the Board of Directors responds in a time required for the clarifications and material issues raised in the letters of the auditor.

11- Review the internal control and risk management systems of the Company,

12- Discuss the internal control system with the BOD and ensure the performance of its duty to establish an effective internal control system.

13- To consider the results of the main investigations in the internal control matters assigned to them by the BOD or at the initiative of the Committee and the approval of the BOD.

14- Review the auditor's assessment of the internal control procedures and ensure that there is coordination between the internal auditor and the external auditor.

15- Ensure the availability of resources for the internal control department and review its effectiveness.

16- Study the internal control report and follow up the implementation of the corrective measures of the observations contained therein.

17- Establish controls that enable the Company's staff to report any potential irregularities in financial reports, internal control or other matters in secret, and steps to ensure independent and fair investigations of such violations.



18- Monitor the extent to which the company is subject to the rules of professional conduct.

19-Review the transactions of related parties with the company, and ensure that there is no conflict of interest, and recommend them to the BOD before they are concluded.

20-It shall also ensure the application of the rules of work for its functions and the powers assigned to it by the BOD.

21-Submitting the reports and recommendations to the BOD on the issues mentioned earlier.

22-Consideration of any other matters that may be determined by the Board of Directors.

B-Audit Committee Meeting

* **The Committee had held its first meeting** on 28/02/2018 in the presence of Mr. Mahmoud Mohammed Hadi and Dr. Mohammad Salim Al Ulama and Mr Faisal Aqil has been absent. They have been discussed the report of the Shari'a Supervisory Committee and the report of the Internal Control Committee, and reinsurance agreements, and follow up all the tasks assigned to it.

* **The second meeting** was held on 16/4/2018 in the presence of all the members. The balance sheet was discussed, the external auditor's independence was confirmed, his work conforms to the accounting requirements, the internal control and risk management systems are reviewed, As prescribed by law.

***The third meeting** was held on 14/6/2018 in the presence of all members. The report of the internal control committee and the recommendation of the committee for transparent dialogue and the holding of training courses for some departments such as the issuing department and the claims department were also reviewed. The Board of Auditors must follow all the observations of the Shari'a Supervisory Committee, if any, and ask the Accounts Department to follow any changes in accounting policies and practices, full compliance with the accounting standards determined by the authority and fully comply with the rules of inclusion & disclosure, and other legal requests for financial reporting. The Committee has also made sure of the company's compliance with the rules of professional conduct.

* **The fourth meeting** was held on 23/07/2018 and in the presence of Mr Faisal Aqil ,Mr Mahmoud Mohammed Hadi ,Dr. Mohammad Salim Al Ulama and Mr Khalid Habib Al Redha was absent because of his presence outside the country. The internal control reports the risk management report and its contents, the financial reports were discussed. The Committee also affirmed the full compliance with the accounting standards established by the authority and the independence of the External Auditor, It has also been reviewed for transactions of related parties with the company and to ensure that there is no conflict of interest.

***The Committee also held its fifth meeting** was held on 29/10/2018 and was absent Khalid Habib Al Redha due to the excuse for personal reason and has accepted his apology by the audience where the report of the Internal Control Committee was read, The meeting was also held with the external auditors, and to assert its independence in accordance with the requirements of the law, the committee recommended that the instructions regarding the inspection reports should be followed



and the procedures of settling the claims should be followed and all proposals and opinions should be considered for the purpose of achieving a strategic plan that fulfills the aspirations of the company for the coming year and discussed the issue of the added tax and the necessity of taking all the precautions and instructions issued by the parties relations in this regard.

6-Nomination and Remuneration Committee:

A-Names of the members of the Nomination, Remuneration and their Functions:

| | |
|----------------------------|---------------------------|
| -Mr. Mahmoud Mohamed Hadi | Chairman of the Committee |
| -Mr. Faisal Aqil Bastaki | Member |
| -Mr. Khalid Habib Al Redha | Member |
| -Dr. Mohammed Al Ulama | Member |

The Committee shall abide by all the functions and competencies stipulated in Article 47 of the Chairman's Decision No. 7 / R for the year 2016, a committee formed by the Board of Directors and hold its meetings once a year or whenever necessary, its functions include:

1. To develop a policy for the nomination of BOD member and Executive Management, which aims at taking into consideration the diversity of the sexes in the formation and encouraging women through advantages and incentive and training programs.
2. Organizing and following up the procedures for nomination to the Board of Directors in accordance with the laws and regulations in force and the provisions of Resolution No. (7 / R for the year 2016).
3. Annual review of the required skills requirements for Board membership and preparation of a description of the capacities and qualifications required for membership of the Board of Directors, including the time required to be assigned by the member to the work of the Board of Directors.
4. Review the structure of the Board of Directors and make recommendations regarding possible changes.
5. Ensuring the independence of independent members of the company.
6. If the Committee finds that a member has lost the conditions of independence, it shall submit the matter to the Board to notify the member with a registered letter to its fixed address in the company. The member shall respond to the Board within 15 days from the date of notification. The Board of Directors shall issue a decision declaring the member independent or non-independent at the first meeting following the member's reply or the expiration of the period referred to in the preceding paragraph without reply.

** - Subject to the provisions of Article (145) of the Companies Law and Article (47) of the Board of Directors Resolution No. (7), If the decision of the board of directors to eliminate the reasons or justifications for independence from the member affect the minimum rate to be available from its independent members, the Board of Directors appoints an independent member to replace the member if the latter resigns to be independent from him. In case the member refuses to resign, the



board of directors shall submit the matter to the General Assembly for a decision to approve the appointment of another member or to open a candidacy for the election of a new member.

7. Setting up special policies by granting the remuneration, benefits, incentives, and salaries of the members of the Board of Directors, and its employees in the official review, and verifying that these benefits and rewards granted to the Company's senior management are reasonable and fit company performance.

8. Identify the company's needs of competencies at the level of senior executive management and employees and the bases of their selection,

9. To prepare, monitor, implement and review the human resources and training policy on an annual basis, and on any other matters determined by the Board of Directors.

B- The meetings of the Nomination and Remuneration Committee during the year and its dates and the number of times of personal attendance of the members:

-The first meeting was held on 16/04/2018 in the presence of all the members of the committee. The internal control report and recommendations on administrative affairs were also reviewed.

The needs of the company were discussed both in the senior executive management or at the general level. It also recommended that the staff should be trained technically, either in the insurance departments or the claims departments, provided that qualifying courses are held within the company by qualified persons and that they should be provided with the expense values if this is achieved.

7-Follow-up and supervision committee on insider trading:

A- Names of the members of the follow-up and supervision of the transactions of insiders and the statement of terms of reference and tasks entrusted to them:

- 1- Mr. Faisal Aqil
- 2- Mr. Mahmoud Hadi
3. Mr. Sunil Kumar

B- Summary of the report of the Committee's work during :

Limitation of supervision and follow-up on the transactions of insiders and their property in accordance with the decision of the Board of Directors of the Securities and Commodities Authority No. (7 / m. Of 2016).

Setting the rules of dealing in accordance with the legal bases and circulars issued by the DFM or SCA , or another party involved in this regard

The Committee asserts that, upon reference to the Company's records, it was proved to the Committee that there were no violations in dealing with the prescribed legal restrictions.

8-Committees approved by the Board:

A-Risk Management Committee



B-The names, terms of reference and functions assigned to the Committee:

- 1- Abdel halim Barcawi
- 2- Khalid Ahmad Al Kazim
- 3- Walid Shalab
- 4- Rusiru Thalinka
- 5- Motassem Oklah
- 6- Alla Kassas

***-The competence and functions of the Committee:**

Measuring and assessing risk and developing strategies to manage them These strategies include risk transfer, avoiding, minimizing negative impacts and accepting some or all their consequences. and reduced to acceptable levels and reduction to acceptable levels. In brief, the process of identifying, measuring, controlling and reducing the risks facing the company.

The tasks assigned to it are to map the scope of the work and the basis for the risk assessment and to identify the risks of interest and then to evaluate them in terms of their intensity in the occurrence of events and the probability of occurrence.

And has the authority to suspend activities that lead to risk (such as the suspension of a product or activity with significant actual risk)

It also has the right to put in place regulatory procedures that guarantee work to reduce both the probability of occurrence and the risk result if it occurs.

C-The number of meetings held by the Committee during the financial year, its dates and the number of times the personal attendance of all members of the Committee.

*-First Meeting was held on 14/03/2018 in the presence of all the members

*-Second Meeting was held on 26/12/2018 in the presence of all the members

9-Internal Control System

A - Approval of the Board of Directors and the mechanism of work of the Internal Control Department in the company:

Accordingly, in compliance with corporate governance and corporate governance standards, the Board of Directors acknowledges its responsibility for the Company's internal control system, It also acknowledges its review of its working mechanism and effectiveness.

* The Internal Control Department of the Company carries out its duties in accordance with the provisions of Article (50) of Resolution No. 7 / R of 2016 which replaced Ministerial Resolution No. 518 of 2009 so that it shall have enough independence to carry out its duties and directly follow the Board of Directors. The internal control system is designed to establish an evaluation of the company's risk management tools and procedures to apply its governance rules properly, and to verify the compliance of the company and its employees with the provisions of the laws regulations and decisions in force internal policies and procedures and review of the financial statements



presented to the Company's senior management, which are used in the preparation of financial statements.

1. The internal control system shall be issued by the Board of Directors after consultation with the senior executive management. The system is managed by an internal control department.
2. The Board shall also define the objectives, functions, and powers of the competent internal control department with enough independence to perform its functions and directly follow the Board of Directors,
3. The Director shall also be appointed directly by the Board.
4. The Board shall conduct an annual review to ensure the effectiveness of the Company's internal control system and to disclose its findings to shareholders in its annual report on corporate governance.
5. The annual audit includes especially the details as given below:
 - A) Key control elements including financial control operations and risk management.
 - B) Changes since the last annual review and extent of the main risks and the Company's ability to respond to changes in its business and the external environment.
 - C) The scope and quality of the Board's continuous control over risks the internal control system and the work of the internal auditor.
 - D) The number of times the Board of Directors or its committees have been informed of the results of the audit work to enable it to assess the internal control position of the Company and the effectiveness of risk management.
 - E) Cases of failure or weakness in the detected control system or unexpected contingencies that have affected or may have a material impact on the performance or financial position of the Company.
 - F) The effectiveness of the Company's financial reporting and compliance with inclusion and disclosure rules.
 - G) Verifying all transactions in terms of what if they are carried out with a related party or involving a conflict of interests or by verifying compliance with the procedures governing such transactions.

The company adopts the application of international standards of internal control in order to achieve the required objectives efficiently in accordance with the purpose for which it was found and aimed at achieving an integrated control system and in accordance with the set of controls, standards, and procedures.

** - The Internal Control Department is transparent in its reports on the extent of the company's transactions and employees in accordance with the procedures required to be followed by the company and its employees.



B. Internal Control:

is composed of six Members of university graduates, qualified and experienced and headed by Mr. Mohammed Belbeissi, in his capacity as Compliance Officer. He holds a bachelor's degree in Law and has worked in the insurance business as a consultant for 38 years and has several courses in Insurance and Takaful Insurance from 2010.

C. Compliance officer:

The Manager of the Internal Control Department also take instruction from the Board of Directors to act as Compliance Officer to verify the compliance of the Company and its employees with the laws, regulations and decisions issued to implement them, as well as their compliance with the Articles of Association of the Company and the resolutions issued by the General Assembly and the Board of Directors.

D. How the Internal Control Department deals with any significant problems in the company or those disclosed in the annual reports and accounts.

The administration has dealt with transparency and professionalism all the tasks entrusted to it by the Board of Directors and what required by law to this matter, and to inform the Board of Directors with all the details required.

In the year 2018, the company did not face any major problems to be dealt with the Internal Control Department, which in case of occurrence, the Internal Control Department will deal with them in accordance with the nature of the problem and report to the Board of the facts and solutions.

10-Details of the violations committed during the fiscal year and the reasons for them, and how to address them and avoid recurrence in the future

The Company's record with all official authorities indicates that there are no violations or excesses during 2018

11- Details of the cash and in-kind contributions made by the company during the year 2018 in the development of the community and the preservation of the environment

* The company follows an environmental and social policy which stems from its interest in preserving the safety of the local environment by reducing the use of pollution-reducing tools, reducing the amount of waste, recycling, and reuse, as well as the optimal use of resources. The company has also implemented a special system to conserve energy and reduce energy consumption Offices.

In addition to the above, the company has several social, charitable, sports and environmental contributions. In 2018, the company supported and sponsored several activities for governmental, social, educational and environmental agencies, translating it into the concept of community service.

* At the local and sports level, the company is considered one of the main sponsors of equestrian racing events in Dubai under a cash contribution as one of the sponsors and in the form of awarding prizes to the winners.



* - At the social level Takaful, the company has provided the Zakat legitimacy of charitable organizations (the UAE Red Crescent and Dar Al Khair).

* The company also through the inspection department in the Motor Department has issued its instructions to conduct the optional examination and free inspection of its customers on vehicles to be insured as an additional service to ensure that it is free from defects harmful to public health or the environment.

12- General information

A- A statement of the price of the company's shares in the market at the end of each month during the fiscal year 2018:

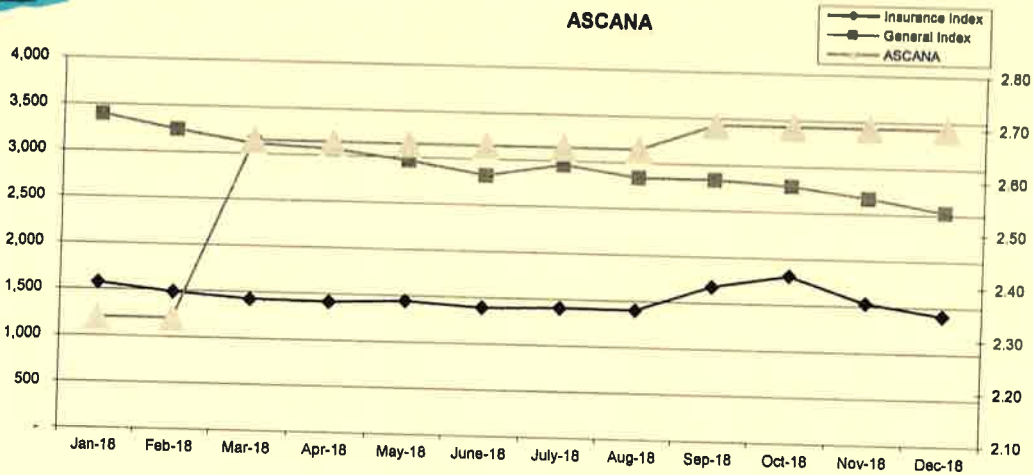
Table showing the stock price during the fiscal year 2018 indicating the highest and lowest closing price at the end of each month:

| Month | Highest Price | Lowest Price | Close Price | Month | Highest Price | Lowest Price | Close Price |
|----------|---------------|--------------|-------------|-----------|---------------|--------------|-------------|
| January | AED 3.39 | AED 1.57 | AED 2.31 | July | AED 2.95 | AED 1.40 | AED 2.65 |
| February | AED 3.24 | AED 1.48 | AED 2.31 | August | AED 2.84 | AED 1.40 | AED 2.65 |
| March | AED 3.10 | AED 1.42 | AED 2.65 | September | AED 2.83 | AED 1.67 | AED 2.70 |
| April | AED 3.06 | AED 1.41 | AED 2.65 | October | AED 2.78 | AED 1.81 | AED 2.70 |
| May | AED 2.96 | AED 1.445 | AED 2.650 | November | AED 2.66 | AED 1.535 | AED 2.70 |
| June | AED 2.821 | AED 1.391 | AED 2.650 | December | AED 2.53 | AED 1.410 | AED 2.70 |

B-A comparative performance statement of the company's shares with the general market index and the sector index to which the company belongs:

A chart showing the stock price and how it will interact with the general market index and the sector index in 2018.

| Month | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | June-18 | July-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 |
|-----------------|--------|--------|--------|--------|--------|---------|---------|--------|--------|--------|--------|--------|
| Insurance Index | 1,571 | 1,484 | 1,424 | 1,413 | 1,445 | 1,391 | 1,405 | 1,404 | 1,677 | 1,812 | 1,535 | 1,410 |
| General Index | 3,394 | 3,244 | 3,109 | 3,066 | 2,964 | 2,821 | 2,956 | 2,840 | 2,835 | 2,785 | 2,669 | 2,530 |
| ASCANA | 2.310 | 2.310 | 2.650 | 2.310 | 2.650 | 2.650 | 2.650 | 2.650 | 2.700 | 2.700 | 2.700 | 2.700 |



C- Statement of Shareholders' Equity as of 31/12/2018

All shares are owned by UAE nationals.

Statement of Shareholders' Equity as of 31/12/2018

| Shareholder classification | Shareholding Ratio | | | Total |
|----------------------------|----------------------|------------------|------------|----------------------|
| | Individual | Companies | Government | |
| Local | 99.64% | 0.36% | None | 100%. 154,000,000 |
| Total | (153,454,649 shares) | (545,351 shares) | | |

D- A statement of shareholders holding 5% or more of the Company's capital as at 31/12/2018:

| Name | Number of shares owner | Shareholding ratio of the company's capital |
|---|------------------------|---|
| 1-H. H Sheikh Butti Bin Maktoum Bin Juma Al Maktoum | 28,644,000 | 18.60% |
| 2-Mr. Ahmad Mohammad Amin Al Kazim. | 18,950,000 | 12.30% |
| 3- Mr. Majed Mohammed Amin Al Kazim. | 39,019,711 | 25.34% |
| 4- Mrs. Fawzia Abdul Razzaq Al Kazim. | 7,937,702 | 5.15% |



| | | |
|---------------------------------------|------------|--------|
| 5. Mrs. Rawia Mohammed Amin Al Kazim. | 16,435,094 | 10.67% |
| 6. Ms. Rehab Mohammed Amin Al Kadhim. | 16,435,094 | 10.67% |

E-A statement of how the shareholders are distributed according to the size of the ownership as in 2018:

| Ownership Owned | Number of Shareholders | No. of Shares | Percentage of Shares by Capital |
|--|------------------------|---------------|---------------------------------|
| 1. Less than 50,00 | 19 | 171,799 | 0.11% |
| 2. From 50,000 to less than 500,000 | 6 | 1,204,034 | 0.78% |
| 3- From 500,000 to less than 5,000,000 | 12 | 25,202,566 | 16.37% |
| 4. Over 5,000,000 | 6 | 127,421,601 | 82.74% |

F- Description of the actions taken on investor relations controls;

All data and information relating to the periodic and annual financial statements adopted by the Board, as well as the resolutions of the Board of Directors issued, and the General Assembly's decisions were placed in the hands of the Investor Relations Officer. They may be viewed by investors on the Company's website.

*** Name and contact information of the Investor Relations Officer:**

Name of the Investor Relations Officer **Ms. Rabia Hannachi**

Telephone Ex 165 /04-2825585

*** The e-mail of the investor relations page on the website**

The e-mail of the investor relations on the company website www.ascana.net

G-The special resolutions that were presented at the General Assembly in 2018 and the actions are taken thereon:

No special decisions have been made regarding the provisions of Article (29) of the Board of Directors decision No. (7) Where no AGM meeting had been held before 31/12/2018.

H-The name of the rapporteur of the board meetings and the date of his appointment:

* - Rabia Hannachi

*-appointed on 11/04/2017

*-A statement of the significant events that the company has encountered



*-Election of the Board of Directors for the next three years 2018,2019,2020

* The resignation of the general manager of the company on 1/2018

I-Percentage of Emiratisation at the company by the end of 2018:

The percentage of Emiratisation in the company is 6.5%.

J-A statement of the projects and innovative initiatives undertaken by the company or under development in 2017

The company was awarded the **Innovation Award for the year 2016**, The company also introduced an innovation project related to the development of a department called the department of happiness

The aim is to look at the transactions of customers and respond to their requests and provide services to them as well as employees of the company and hopes to get the 1st place for this year, God willing.

Adoption of the report and signature

Arabian Scandinavian Insurance Company PLC - Takaful - Ascana Ins

Chairman of the Board of Directors

Shaikh Butti Bin Maktoum Bin Juma Al Maktoum

