

Corporate Governance Report  
SALAMA - Islamic Arab Insurance Company  
For the fiscal year ended on 31/12/2018

Stemming from the belief of the Board of Directors of SALAMA-Islamic Arab Insurance P.S.C that the proper application of the principles of corporate governance helps achieve institutional discipline in the management of the Company in accordance with the international standards and methods, by determining the responsibilities and duties of the members of the Board of Directors and the Executive Management of the Company, taking into consideration the protection of the rights of shareholders and stakeholders, which in turn contribute to achieving high, sustainable and fair growth rates, and ensuring the stability and development of the Market, raising investment rates, the Board has assumed the responsibility to implement the principles of corporate governance. Such principles include the provision of an effective control environment, development of an effective internal control system with active participation by the non-executive members, formation of an Audit Committee from the non-executive members, grant the Internal Control Department independence and full powers, abstention from transactions which are flawed by conflict of interest, and introduction of the codes of professional conduct.

The Board has always endeavored to monitor the Company's compliance with the governance controls, in accordance with the instructions and regulations issued by the different regulatory authorities. The Board also ensures that the Company adheres to the standards of disclosure and transparency, ensuring complete accuracy of all information which the Company is required to provide, whenever and however required.

**1. The Procedures taken to update the Corporate Governance System during 2018, and the method of application:**

The Company implemented all that was stated in Resolution No. (M.R/7) of 2016 by the Chairman of the Board of Directors of Emirates Securities and Commodities Authority concerning the Standards for Institutional Discipline and Governance of Public Joint-Stock Companies. The Company adhered to all the instructions and directives issued by the Authority in this regard by carrying out the following:

1. Developing a corporate governance manual which includes all the regulatory matters and procedures relating to the Board of Directors, the mechanism of its meetings, the committees emerging from the Board, in terms of their formation and meetings, and all matters relating to internal control.
2. The Board took the necessary resolutions to form the Investment Committee, Risk & Audit Committee and the Nominations and Remuneration Committee and determined the competencies and powers of each. Accordingly, the committees commenced their activities, each according to their competencies and scope of work, as hereinafter mentioned with regards to the meetings of the committees.
3. The Board set the rules of conduct as to the transactions of the Board members, the general managers and the employees in the securities issued by the Company. It also followed-up the adherence of Management to these rules as follows:
  - 3.1 The members of the Board of Directors, the CEO, the general managers and the executive officers may not trade in the shares of their companies for short terms with the aim of speculation, either on a daily or weekly basis.
  - 3.2 They may not trade in such shares with the aim of misleading other investors and influencing the prices of their companies, either directly or indirectly.



- 3.3 They may not trade in the shares of their companies when they receive information about any significant events or resolutions that would influence the Company's share prices. In such case, they are not allowed to sell or purchase except after the lapse of at least one day from the date the event or resolution takes place or is announced.
- 3.4 The members of the Board of Directors, the general managers and the executive officers may not sell, purchase or transfer the shares of their companies within 15 days before the expiration of the fiscal quarter of the Company and until the announcement and publishing of the initial financial statements of that quarter.
- 3.5 Any members of the Board, the general managers and the executive directors authorized by the Board to give statements to the press shall ensure that the statements and information they give confirm to reality and reflect the true position of the Company, taking into consideration that the Board forbids any of the Company's managers to make any statements or give any information when the authorization is restricted to the Chairman of the Board and the Vice Chairman/the CEO exclusively.
- 3.6 They may not state or leak information as to the Company's intention to raise or reduce its capital, or disclose any significant event which may result in speculation over the shares and influence the price of the share in the market.
- 3.7 No member of the Board or employee may deal in the securities of the Company in the market based on information not known to the shareholders and not announced to the Company, or the outcome of its activities and other information are not announced, which when known would result in a substantive impact on the price of the share. All transactions made in violation of this regulation shall be null and void, and the violator shall be subject to the penalties applicable by the established rules and instructions.
- 3.8 Insiders who have access to internal information may not disclose the same to any other person of no established legal capacity authorizing such person to become knowledgeable of such information.
- 3.9 Each Board member shall, upon election and receiving the duties there of, submit a written statement concerning the securities they own or which are owned by their spouse and minor children, as well as the contribution of such member and that of the spouse and minor children at any intermediary. They shall also give a written statement of any change to the abovementioned within a period not exceeding one week from the date of becoming knowledgeable of the change. The CEO of the Company and the deputies thereof shall also make the same statement.
- 3.10 The Board has the right to oblige any of the employees of the Company to disclose the activities thereof in securities, and to submit any statements in connection to such activities. In the process of carrying out its duties, the Board has also the right to order the conduct of any investigation deemed necessary in implementation of the provisions of these rules.
- 3.11 The Board has the right to oblige any of the employees of the Company to disclose the activities thereof in securities, and to submit any statements in connection to such activities. In the process of carrying out its duties, the Board has also the right to order the conduct of any investigation deemed necessary in implementation of the provisions of these rules.
- 3.12 No person may spread rumors regarding the sale or purchase of shares with the aim of achieving illicit gain.

II. A Statement of the transactions of the members of the Board of Directors, their spouses and their children in the securities of the Company during 2018:

No.	Name	Position	Shares owned as on 31/12/2018	Total of Sale Transactions	Total of Purchase Transactions
1	Sheikh Khalid bin Zayed Al Neyhan	Chairman of the Board of Directors	No shares registered under his name, or the name of his wife or children	N/A	N/A
2	Dr. Saleh Jameel Malaikah	Vice Chairman of the Board of Directors and Managing Director	No shares registered under his name, or the name of his wife or children	N/A	N/A
3	Mr. Marwan Ahmed Al Ghurair	Member of the Board of Directors	No shares registered under his name, or the name of his wife or children	N/A	N/A
	Mr. Soheil Al-Zahri	Resigned	No shares registered under his name, or the name of his wife or children	N/A	N/A
	Eng. Hussein Beyari	Resigned	No shares registered under his name, or the name of his wife or children	N/A	N/A
4	Mr. Mustafa Ghazi Kheriba	Member of the Board of Directors	No shares registered under his name, or the name of his wife or children	N/A	N/A
5	Mr. Fraih Saeed Al Qubaisi	Member of the Board of Directors	No shares registered under his name, or the name of his wife or children	N/A	N/A



III. The Composition of the Board of Directors:

A. A statement of the composition of the current Board of Directors:

Due to accepting the resignations of the members Mr. Suhail Al-Dhahri and Mr. Hussein Beyari, the Company followed the procedures provided for in the law to open the door to candidacy for the Board membership and suggest the election/re-election of the Board of Directors in the Ordinary General Assembly meeting held on 16 December 2018 and in the second meeting held on 23 December 2018, due to the absence of the quorum of the Assembly in the aforementioned first meeting. Two candidates nominated themselves for membership of the Board of Directors and the elections resulted in the election of the new Board, namely:

No.	Name	Category (executive/ non-executive/ independent)	Expertise	Qualifications	The period spent as Member of the Board of Directors of the Company from the date of the first election	Their memberships and positions in other Joint-stock Companies	Their positions in any other significant regulatory, governmental or commercial post.
1	<b>Sheikh Khalid bin Zayed Al Nehyan – the Chairman of the Board of Directors</b>	Independent Non-Executive Director	-The Chairman of the Board of Directors and Founder of Bin Zayed Group which works in the local and international markets in the fields of real estate, contracting, trading, technical development and investment. -The Chairman of the Board of Directors of Al Firdous Holdings. -Member of the Board of Directors of Majed Al Futtain Holding LLC. -The Chairman of the Board of Directors of Rochester Institute of Technology NY in Dubai.	-BA in Business Administration from Boston University  -PhD in Financial Affairs from Michigan State University	08/04/2002	N/A	N/A

2	Dr. Saleh Jameel Malaikah – Vice Chairman of the Board and Managing Director	Independent Non-Executive Director	<ul style="list-style-type: none"> <li>-Member of the Trustees Board of the international organization Junior Achievement</li> <li>-The Chairman of the Board of Directors of Injaz Al Arab-UAE and Head of the Middle East and Africa Zone.</li> <li>-The Vice Chairman of the Board of Directors of Human Appeal International.</li> <li>-The President of UAE Sailing and Rowing Federation</li> <li>-The Chairman of the Board of Directors of RUSD International Holding Group in the KSA.</li> <li>-The Chairman of the Board of SALAMA KSA, Taajeer, and Al-Awwal (all are Saudi companies).</li> <li>-Egyptian Saudi Insurance House (Egypt)</li> </ul>	<ul style="list-style-type: none"> <li>-PhD in Business Administration (Investment – Finance) from Michigan University in 1990.</li> <li>-MA in Business Administration from King Fahd University in 1984.</li> <li>-BA in Civil Engineering from the University of Petroleum and Minerals in 1981.</li> </ul>	08/04/2002	N/A	N/A
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3	Mr. Marwan Al Ghurair – Member of the Board of Directors	Independent Non-Executive Director	<ul style="list-style-type: none"> <li>-The Chairman of the Board of Directors of Dubai National School.</li> <li>-The Board of Samkan Investment.</li> <li>-The Board of Fenan Investment.</li> <li>-Member of the Board of Directors of Venture Capital Bank for Investment</li> </ul>	-BA in Business Administration	08/04/2002	N/A	N/A
4	Mr. Fraih Saeed Al Qubaisi – Member of the Board of Directors	Independent Non-Executive Director	<ul style="list-style-type: none"> <li>-Al Qubaisi has professional achievements which contributed to the service of the nation throughout his career in the government sector for over 20 years.</li> <li>-He has distinguished administrative expertise in the field of corporate management in several sectors, including the real estate development sector, the finance and business sector and the technological sector. Al Qubaisi assumed many positions and duties in the private business sector, on top of which:               <ul style="list-style-type: none"> <li>-Member of the Board of Directors of Esraq Properties Company.</li> <li>-Chairman of the Board of Integrated Securities Investment.</li> <li>-Member of the Board of Gulf Finance.</li> <li>-Managing Director of City Engineering, affiliate of Shuaa Capital.</li> </ul> </li> <li>-Al-Qubaisy is always eager to support the youth who desire and hope to realize their dreams to enter the field of</li> </ul>	-BA in Police Sciences and Law from the Police College in Abu Dhabi.	23/12/2018	N/A	N/A



5	<p><b>Mr. Mustafa Ghazi Kheriba – Member of the Board of Directors</b></p>	<p>Independent Non-Executive Director</p>	<p>trading and gathering expertise by adopting, training and qualifying many national figures in a calculated manner so that they become one of the richest sources of economy for the country.</p> <p>-Mustafa Kheriba is the COO in Abu Dhabi Financial Group (ADFG) and the Executive Director of Abu Dhabi Capital Management (ADCM), in charge of managing the investments of the Group.</p> <p>-Kheriba is in charge of managing the daily operations and the business development and monitoring in ADFG and its affiliates. He supervises the conclusion of deals and finance activities. He directly manages the key investments of the Group. In addition to the aforementioned duties, he holds the position of Executive Director of Integrated Alternative Finance; Spadille Ltd; Northacre; Reem Finance; and Integrated Securities. All in addition to his position as Non-Executive Director in Qannas Investment (QIL). He is also a member of the Board and Managing Director of Gulf Finance in UAE and KSA. He is member in the Board of Directors of “Shuaa Capital”, the</p>	<p>-BA in Economics and Business Communications from Toronto University.</p> <p>-MA in Business Administration from Ohio Dominican University.</p> <p>- His name was listed among the top 50 managers in the Middle East and North Africa in MENA FM Magazine for the years 2015 and 2016, owing to his efforts and expertise in the field of financial services and</p>	23/12/2018	N/A	N/A
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		Khaleeji Commercial Bank, GFH Financial Group and "AD Corp"	investment companies in the GCC countries, the USA, and Canada.			
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**B. The representation of women in the Board of Directors for 2018:**

No representation of women in the Board of Directors for 2018.

**C. The reasons why no women were candidates for the membership of the Board:**

The Company duly announced the opening of the door to candidacy for the Board of Directors elections candidacy via the set forth methods before convening the General Assembly's meeting in November and December 2018 when the last elections of the Board were held. As mentioned previously, only two of the candidates who won the highest votes nominated for membership. Hence, no women were candidates for the membership of the Board.

**D. The Remunerations of the Board Members:**

1. The total of remunerations paid to the members of the Board of Directors for 2018: N/A
2. The total of remunerations suggested for the members of the Board of Directors for 2018, and which will be discussed and ratified in the annual meeting of the General Assembly: N/A
3. A detailed statement of allowances paid to the Board members in 2018 for attending the sessions of the committees emerging from the Board, is according to the following table:

No.	Name	Allowances for attending the sessions of the committees emerging from the Board	
		The Committee	The allowance
1	Sheikh Khalid Bin Zayed Al Nehyan	The Board of Directors	18,000
2	Dr. Saleh Malaikah	The Board of Directors	30,000
3	Mr. Marwan Al Ghurair	The Board of Directors	18,000
4	Mr. Soheil Al-Zahri	Resigned	9,000
5	Eng. Hussein Beyari	Resigned	25,000
	Mr. Mustafa Ghazi Kheriba	The Board of Directors	--
	Mr. Fraih Saeed Al Qobaisi	The Board of Directors	--



E. The number and dates of the Board meetings held during the fiscal year 2018 and the number of attendances in person of all the members and a statement of the members attending by proxy:

1	Name of the Member	Meeting (1) 29/03/2018	Meeting (2) 30/03/2018	Meeting (3) 15/05/2018	Meeting (4) 14/08/2018	Meeting (5) 15/10/2018	Meeting (6) 12/11/2018
	Sheikh Khalid Bin Zayed Al Nehyan	In person	In person	In person	In person	In person	In person
2	Dr. Saleh Malaikah	In person	In person	In person	In person	In person	In person
3	Mr. Marwan Al Ghurair	In person	In person	In person	In person	In person	In person
4	Mr. Soheil Al-Zahri	In person	In person	In person	Absent	Absent	Resigned
5	Eng. Hussein Beyari	In person	In person	In person	In person	In person	Resigned
	Mr. Mustafa Ghazi Kheriba	Not appointed	Not appointed	Not appointed	Not appointed	Not appointed	Not appointed
	Mr. Fraih Saeed Al Qobaisi	Not appointed	Not appointed	Not appointed	Not appointed	Not appointed	Not appointed

F. A statement of the duties and competencies of the Board carried out by the Executive Management upon authorization from the Board of Directors to the Management with setting the duration and validity of the authorization:

1. The authorization given by the Board of Directors to the Vice Chairman of the Board of Directors and the CEO:

Dr. Saleh Malaikah, the Vice Chairman of the Board of Directors and the Managing Director, was given General Power of Attorney by the Board of Directors which enable him to manage the Company, to be an actual and legal representative of the Company in the country, and to act on behalf of the Company and under its name take all actions required to conduct the daily businesses of the Company. He also has the right to authorize others to practice some or all of the given powers. The Board of Directors decided, after his reelection, upon the General Assembly's meeting held in April 2017, that the authorization given to the Vice Chairman of the Board of Directors shall continue without the need for amendment or to issue a new power of attorney. This authorization is for an indefinite period until it is revoked upon a subsequent resolution.

2. The authorization given by the Chairman of the Board of Directors to the CEO:

The Chairman of the Board of Directors gave Mr. Parvaiz Siddiq a Power of Attorney by the Board, by which Mr. Parvaiz is able to sign documents relating to the businesses of the Company; to conclude contracts of all types; to take all legal actions on behalf of the Company, including litigation, filing reports and receipts; arbitration procedures and settlement, the authorization of legal experts, attorneys and advisors; and the

right to authorize others to practice some or all of the given powers. This authorization is for an indefinite period until it is revoked upon a subsequent resolution.

3. **The authorization given by the Board of Directors to the persons authorized to deal with the Securities and Commodities Authority and Dubai Financial Market for purposes of liaison and disclosure:**

In addition to the Chairman of the Board of Directors and the Vice Chairman of the Board of Directors/ the CEO, the CEO, the Assistant General Manager for Financial Affairs and the head of the Legal and Compliance Department are authorized to disclose the financial statements of the Company to the Financial Market and the Securities and Commodities Authority and to liaise with them. The authorization is renewed annually.

4. **The authorization given by the Board of Directors to the Assistant General Manager for Financial and Administrative Affairs:**

To represent the Company in signing documents and contracts at the departments of labor and immigration, and economy, the Ministry of Economy, and the Securities and Commodities Authority; to sign and renew lease contracts and all relevant documents. Additionally, he is one of the personnel authorized to disclose the financial statements of the Company. This authorization is for an indefinite period until it is revoked upon a subsequent resolution.

A. **A detailed statement of the transactions made with the related parties (stakeholders) indicating the nature of the relation and the type of the transaction during 2018:**

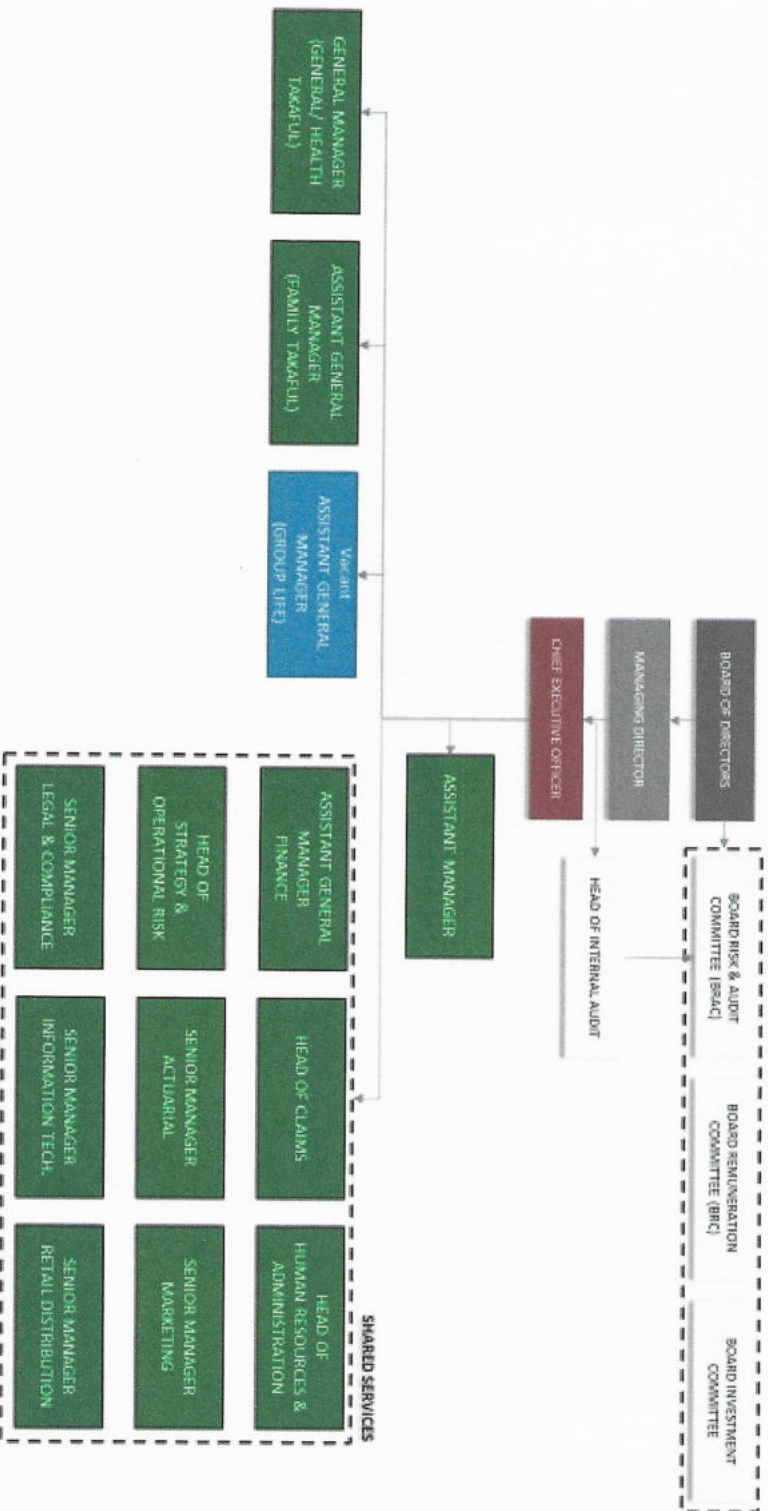
Details	AED in Thousands
General and Administrative Expenses	2,501
Investments available for Sale	
The Investment Fund and the externally managed portfolio	68,432
Cash and Bank Balances	
Investments in RUSD Deposits	74,440
The amount due on the related parties	
Bin Zayed Group	13,863
Other entities under the management of the common group	12
The amount due to the related parties	
Other entities under the management of the common group	1

Taking into consideration that all the above-mentioned transactions were made with our affiliate companies.



B. The organizational structure of the Company shall include at least the first and second lines, provided that it includes the CEO, the COO and the directors working in the Company:

**SALAMA – Islamic Arab Insurance Company  
ORGANIZATION STRUCTURE 2018**



C. A detailed statement of the senior executive personnel of the first and second lines as per the organizational structure of the Company, their positions, their appointment dates, and the total salaries and bonuses paid to them, according to the following table:

No.	Position	Date of Appointment	Total of the Salaries and Allowances paid for 2018 (in AED)	Total of Bonuses paid for 2018 (in AED)	Any other bonuses in cash/in-kind for 2018 or due in the future
1	Mr. Parvaiz Siddiq, the CEO	1-Feb-2016	1,270,440.00	N/A	N/A
2	Mr. Muhammed Ashraf Abedi – Head of Internal Audit	18-Sep-2016	567,868.00	N/A	N/A
3	Mr. Saurabh Saran -GM (General Takaful & Health)	08-May-2016	838,548.00	N/A	N/A
4	Mr. Debashish Maitra – AGM (Family Takaful)	23-Nov-2011	867,708.00	N/A	N/A
5	Mr. Khaled Barakat – S. Manager Legal & Compliance	06-Nov-2016	428,512.00	N/A	N/A
6	Mr. Syed Ali Raza – AGM (Finance and Accounts)	07-Mar-2004	606,452.00	N/A	N/A
7	Mr. Khurram Hafiz – AGM (Corporate Strategic Relationship)	09-Dec-2010	317,052.00	N/A	N/A
8	Mrs. Laila Yousif Othman – Head of Human Resources and Administration	01-Feb-2017	367,764.00	N/A	N/A
9	Mr. Kishore Bajaj – Head of Risk and Strategy	18-Apr-2016	444,900.00	N/A	N/A
10	Mr. Asif Khan – Head of Claims	22-Mar-2016	374,708.00	N/A	N/A
11	Ms. Sadia Khanam Noori – S. Marketing Manager	13-Jan-2013	341,692.00	N/A	N/A
12	Mr. Talha Tanveer – S. Actuary Manager	09-Jun-2010	485,208.00	N/A	N/A
13	Mr. Lindsay D'mello – S. IT Manager	25-Sep-2007	351,580.00	N/A	N/A
14	Mr. Puneet Patra – S. Motor Underwriting Manager	04-Dec-2018	30,069.00	N/A	N/A

No bonuses were paid for 2018. The expected date for payment of bonuses, if they are paid, is after 30/04/2019.



#### 4. The External Auditor:

- a. A summary on the Company's Accounts Auditor for the shareholders:  
KPMG was established in the UAE in 1974. Over 700 professional employees work in the firm through seven offices in the region. KPMG is one of the leading auditing firms in the region which provide to its clients auditing services for accounts and taxes and advisory services to determine and manage risks.  
Over decades, KPMG played a key and leading role in its field of specialization in the area to provide to its clients the independent advice in the right time to help in decision making. The firm also enjoys the trust of several major institutions in the area and the world, especially financial institutions, such as banks and insurance companies.
- b. A statement of the fees and costs of auditing or the services rendered by the External Auditor, which shall include the details and nature of the services and the due compensations, with a statement of the other services which another external auditor other than the External Auditor of the Company's accounts rendered during 2018, as well as a statement of the number of years spent as an External Auditor of the Company, according to the following table:

Name of the Auditing Office	KPMG	Other
The number of years spent as external auditor of the Company's accounts	14	N/A
The total of auditing fees of the financial statements of 2017 (in AED)	480,000	N/A
Assistance and advice in fulfilling some of the requirements of the statutory and regulatory bodies in the State in accordance with the directives of these bodies	85,000	N/A
The fees and costs of other special services other than that of auditing the financial statements of 2017 (in AED), if any. If none, this shall be stated explicitly	N/A	N/A
The details and nature of other services rendered (if any). If none, this shall be stated explicitly	--	N/A
Other services rendered by <b>another external accounts auditor</b> other than the Company's auditor during 2017 (if any). If none, this shall be stated explicitly	--	N/A

The external auditors did not make any qualified opinion for the interim and annual financial statement for 2018.

#### 5. Audit Committee:

- a. **Names of the members of the Audit committee, its competencies and assigned duties:**  
After electing the Board of Directors on the 25<sup>th</sup> of April 2018, the Board held a meeting and decided to reform an audit committee of the following members of the Board:



- 1) Mr. Marwan Al Ghurair Chairman
- 2) Mr. Sohail Al-Zahri Member
- 3) Mr. Hussein Beyari Member
- 4) Mr. Aref Abdulaziz (External Independent Member) appointed in accordance with the controls of governance. The Board decided, in its meeting held on 27/03/2017, to authorize the Audit committee to choose and appoint an independent member of financial and actuarial expertise in accordance with the best practices in the field of auditing and corporate governance based on the recommendation of the Audit committee, provided that the appointment resolution by the Committee is approved subsequently. Since the Committee chose Mr. Aref Abdulaziz to be an independent member of the Audit committee, the Board approved the resolution of the Committee which appointed the aforementioned member on 14/08/2018.
- 5) The Board of Directors assigned the Management with using the services of Ernst & Young, one of the top international auditing institutions, to render additional services in the field of internal auditing to support the internal audit team of the Company to ensure further quality and transparency in the audit works during 2018.  
The Committee is in charge of the following tasks and duties and all that was stated in the aforementioned ministerial resolution and any resolutions issued in its amendment or replacement, as well as the procedural rules of corporate governance:
  - (1) Setting and implementing the policy of concluding the contract with the external accounts auditor and filing a report to the Board of Directors determining the matters in regards of which it deems necessary to take action, and providing recommendations regarding the necessary steps to be taken.
  - (2) Monitoring and supervising the independence and objectivity of the external accounts auditor and discussing with the auditor with regards to the nature and scope of the auditing process and how effective it is according to the approved auditing standards.
  - (3) Supervising the integrity of the financial statements and reports of the Company (the annual, semi-annual and quarterly reports) and reviewing them as part of its regular job during the year and after closing the accounts of any quarter, with special focus on the following:
    - (3.1) Any changes in the accounting policies and practices.
    - (3.2) Highlighting the aspects subject to the discretion of the Management.
    - (3.3) The substantive changes resulting from the audit.
    - (3.4) The Company's assumption of going concern
    - (3.5) Adherence to accounting standards laid down by the Authority.
    - (3.6) Adherence to the rules of inclusion and disclosure and other legal requirements related to the preparation of financial reports.



- (4) Coordinating with the Board of Directors of the Company, the executive management, and the financial manager or the director in charge of the same duties in the Company towards carrying out its duties. The Committee shall convene a meeting with the auditors of the Company at least once per year.
- (5) Considering any significant and unusual matters that are mentioned or should be mentioned in these reports and accounts; accordingly, giving the necessary attention to any matters raised by the financial manager of the Company or the manager in charge of the same duties, the compliance controller, or the accounts auditors.
- (6) Examining the financial control, internal control and risk management systems in the Company.
- (7) Discussing the internal control system with the Management and ensuring that the Management performs its duty towards establishing an effective internal control system.
- (8) Considering the results of the key investigations in the internal control matters assigned to the Committee by the Board of Directors or upon an initiative of the Committee and the approval of the Management.
- (9) Ensuring the presence of coordination between the internal auditor and the external auditor; ensuring the availability of necessary resources for the internal audit body; and reviewing and monitoring the effectiveness of that body.
- (10) Reviewing the financial and accounting policies and procedures in the Company.
- (11) Reviewing the message and action plan of the external auditor as well as any essential questions raised by the auditor to the executive management concerning the accounting registers, the financial accounts, or the control systems, as well as answering and approving such questions.
- (12) Ensuring that the Board of Directors responds in a timely manner to the requests for clarifications and essential matters raised in the message of the external accounts auditor.
- (13) Setting the controls which enable the employees of the Company to report any potential violation in the financial reports the internal control or other matters confidentially, and the sufficient steps to conduct independent and fair investigations in these violations.
- (14) Monitoring the extent to which the Company adheres to the code of professional conduct.
- (15) Ensuring the implementation of the rules of conduct of its duties, and the powers granted to it by the Board of Directors.
- (16) Submitting a report to the Board of Directors regarding the matters contained in this section.
- (17) Considering any other subjects as determined by the Board of Directors.

b. The number of meetings and dates of the meetings held by the Audit committee throughout the year to discuss matters related to the financial statements and any other matters, and the number of attendances in person by the members in the meetings held:

No.	Name of the Member	The First Meeting (1) 29/03/2018	The Second Meeting (2) 15/05/2018	The Third Meeting (3) 14/08/2018	The Fourth Meeting (4) 12/11/2018
1	Mr. Marwan Al Ghurair	Attended in person	Attended in person	Attended in person	Attended in person
2	Mr. Sohail Al Zahri	Attended in person	Attended in person	Attended in person	Attended in person
3	Eng. Hussein Beyari	Attended in person	Attended in person	Absent	Resigned
4	Mr. Aref Abdulaziz	Attended in person	Attended in person	Absent	Resigned

This, taking into consideration that the members did not receive any bonuses for attending the sessions of the Committee.

#### 6. Nominations and Remuneration Committee:

##### a. The names of the members of the Nominations and Remuneration Committee, their competencies and assigned tasks:

After the election of the Board of Directors on the 25<sup>th</sup> of April 2018, the Board met and decided to form the Nominations and Remuneration Committee from the following Board members:

- 1) Mr. Marwan Al Gharir the Chairman
- 2) Mr. Sohail Al Zahri a member
- 3) Mr. Hussein Beyari a member

The Committee is in charge of the following tasks and duties and all that was stated in the aforementioned ministerial resolution and any resolutions issued in its amendment or replacement, as well as the procedural rules of corporate governance:

- (1) Setting the standards and requirements as to the minimum expertise, qualifications and skills required for membership of the Board of Directors, including specifying the time that should be dedicated by the member to the work of the Board. Such standards and requirements shall be ratified by the Board of Directors.
- (2) Ensuring the independence of independent members on a regular basis. If the Committee finds out that one of the members lost the independence requirement, the matter shall be brought to the Board of Directors of the Company who shall serve the member a registered letter to the address thereof registered at the Company of the reasons by which the qualification for being independent was lost. Such member shall reply to the Board of Directors within fifteen days from the day of being notified.
- (3) The Board of Directors shall issue a resolution to consider the member as independent or independent in the first meeting following the reply of the member or the lapse of the period referred to in the previous period without a reply.



- (4) If the loss of this qualification by the member won't result in violating the minimum of independent members in the Board of Directors, this matter shall be considered when forming the committees.
- (5) Without prejudice to the provisions of Article (102) of the Companies Law, if the resolution of the Board has to state the reasons or justification for disqualification of independence of the member will affect the minimum as to the necessary percentage of independent members in the Board, the Board of Directors of the Company shall appoint an independent member to replace the said member, provided that the matter of appointment is discussed in the first meeting General Assembly of the Company to consider approving the resolution of the Board of Directors.
- (6) Regulating and monitoring the procedures of nomination for the membership of the Board of Directors in accordance with the applicable laws and regulations and the provisions of this resolution.
- (7) Adopting objective criteria to evaluate the effectiveness of the contribution of each member and each committee of the Board of Directors, as well as the performance of executive managers, taking into consideration adherence to regulatory requirements. The Board of Directors shall ratify the evaluation standards.
- (8) Ensuring that all the members of the Board of Directors receive ongoing training and qualification, through a program designed for that purpose, in order to keep up with the latest developments in the Takaful services industry. The Committee, upon request, provides the members of the Board of Directors with information concerning some of the important issues in the Company.
- (9) Giving recommendations to the Board of Directors as to the cancellation, appointment or dismissal of the General Manager or any manager in any department of the Company if such manager proves to be inefficient and in default as to the performance the manager's duties and responsibilities.
- (10) Ensuring the presence of clear policies as to remuneration, compensations and salaries, and any other benefits for the Board of Directors and executive managers, in line with their expertise and qualifications. Such policies are ratified by the Board of Directors and reviewed annually by the Committee. There must be balance when specifying the remunerations, compensations and salaries so that they encourage qualified persons, without exaggeration. The scale for these salaries and remunerations shall be within the scope determined by the Company's policy, and not related to short-term performance with the aim of avoiding the encouragement of risk beyond acceptable limits.
- (11) A report should be filed by the Director of Human Resources, at least once per year, to ensure the presence, sufficiency, fairness and clarity of the recruitment and evaluation mechanism for the employees, the policy for remunerations and salaries, and the policy for ongoing training and qualification in manner that ensures the attraction and retention of qualified persons to work in the Company.

b. **The number and dates of meetings held by the Nominations and Remuneration Committee during the year, and the number of attendances in persons by the members in the meetings held.**

The Nominations and Remuneration Committee held one meeting on 14/08/2018 which was attended by all the members. The Committee discussed and approved the bonuses given to the employees for the performance throughout 2017, as well as the Company's efforts in the field of nationalization, examining the efforts for developing and updating the human resources policies of the Company, taking into consideration that the members did not receive any bonuses for attending the said meeting.

## 7. Investment Committee:

a. **The names of the members of the Investment Committee, their competencies and assigned tasks:**

After the election of the Board of Directors on the 25<sup>th</sup> of April 2018, the Board met and decided to form the Investment Committee from the following Board members:

- |                                   |              |
|-----------------------------------|--------------|
| 4) Sh. Khaled Bin Zayed Al Nehyan | the Chairman |
| 5) Dr. Saleh Malalkah             | a member     |
| 6) Mr. Naseer Khan                | a member     |

The Committee is in charge of the following tasks and duties and all that was stated in the aforementioned ministerial resolution and any resolutions issued in its amendment or replacement, as well as the procedural rules of corporate governance:

- (1) Establishing the investment strategy and policy for approval by the Board of Directors;
- (2) Setting the investment guidelines;
- (3) Reviewing / monitoring the investments;
- (4) In conjunction with the Audit Committee, determining the scope of the rigorous audit procedures that include full coverage of the investment activities to ensure timely identification of internal control weaknesses and operating system deficiencies; and
- (5) Assisting the Board of Directors in its evaluation of the adequacy and efficiency of the investment policies, procedures, practices and controls applied in the day-today management of its business through an audit report (either independent internal or external) that is to be submitted to the Audit Committee.



b. The number of meetings and dates of the meetings held by the Investment Committee throughout the year to discuss matters related to the financial statements and any other matters, and the number of attendances in person by the members in the meetings held:

No.	Name of the Member	The First Meeting (1) 29/03/2018	The Third Meeting (3) 14/08/2018	The Fourth Meeting (4) 12/11/2018
1	Sh. Khaled Bin Zayed Al Nehyan	Attended in person	Attended in person	Attended in person
2	Dr. Saleh Malaikeh	Attended in person	Attended in person	Attended in person
3	Mr. Naseer Khan	Attended in person	Absent	Resigned

This, taking into consideration that the members did not receive any bonuses for attending the sessions of the Committee.

#### 8. The Committee for Follow-up and Supervision of Insiders' Transactions:

After the election of the Board of Directors in the General Assembly held in April 2018, the Internal Control Department assumed the duties of supervising the transactions of insiders during 2018 to carry out the following:

- (1) Follow-up the implementation of the code for the transactions of the Company's Board members and employees in securities issued by the Company.
- (2) Developing a special register for all insiders, including the persons who may be considered as temporary insiders and who have the right or access to the internal information of the Company before it is made public. The register includes also previous and subsequent disclosures of insiders.
- (3) Following-up how other bodies have access to the internal data and information of the Company and its clients.
- (4) Maintaining strict confidentiality of the Company's information and data of significant impact ensuring against the exploitation of such information and data.
- (5) Obtaining the signatures on the representations required to be made by insider parties acknowledging that they possess critical internal information and data relating to the Company and its clients; that they bear the legal consequences if they leak such information or data; and that they are obliged to notify the Company of any trading by them in the Company's securities.

#### 9. The Internal Control System:

a. An acknowledgement by the Board of its responsibility for the internal control system of the Company, reviewing its mechanism and ensuring its effectiveness:

The Board of Directors acknowledges responsibility for the implementation, review and effectiveness of the internal control systems.

- f. **A statement of the actions taken concerning the controls of investors relations, stating the following:**
- Name and contact details of the investor's relations officer:  
Mr. Ali Hussain Ismail  
Tel: +971 4 4040202  
Fax: +971 4 3577996  
Email: [ali.ismail@salama.ae](mailto:ali.ismail@salama.ae)
  - The link to the investor's relations page on the Company's website: <http://www.salama.ae/investorforum/aspix>
- g. **A statement of the resolutions discussed in the General Assembly held during 2018 and actions taken in their regard:**  
All ordinary resolutions were made and implemented. No special resolutions were discussed in the meeting.
- h. **A statement of the significant events encountered by the Company during 2018:**  
The significant event which would affect the shareholders of the Company is the acquisition by ADFG and Goldlocks Fund of 30% of the Company's shares through the purchase of 371 million shares to the amount of 42 Fils per share.



Sheikh Khalid bin Zayed bin Saqr Al Nehyan  
Date: 24/4/2019