

Abu Dhabi National Insurance Company PJSC

Corporate Governance Report 2023

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01

Introduction

Abu Dhabi National Insurance Company PJSC (the "Company" or "ADNIC") is a Public Joint Stock Company listed on the Abu Dhabi Securities Exchange (ADX). The Company is registered and incorporated in Abu Dhabi, United Arab Emirates, by Law No. (4) of 1972 (as amended), and it is governed by the provisions of the Federal Law No. (48) of 2023 Concerning the Organisation of the Insurance Operations and the Federal Law No. (32) of 2021 Concerning the Commercial Companies.

The Company's principal activity is the transaction of insurance and reinsurance business of all classes and it is licensed and supervised by the Central Bank of the UAE under license No. 1. The Head Office of the Company is located at ADNIC Building No. (403), Khalifa Street, P. O. Box 839, Abu Dhabi, UAE. ADNIC has a wide network of branches, as well as sales and customer service centres, across the country in addition to a subsidiary in the UK (ADNIC International Ltd).

ADNIC is a leading multi-line regional insurance provider with long-standing expertise in providing insurance and reinsurance services to individuals and corporates across the Middle East and North Africa (MENA) region.

OUR MAIN BRANCHES & SUBSIDIARY

Dubai Branch (1)

Al Muraikhi Tower, Al Maktoum Street , P.O. Box: 11236 – Deira
Tel: 04 5154850, Fax: 04 5154910

Dubai Branch (2)

International Division
Maze Tower, Dubai - Opposite to DIFC
Tel: 04 5154850, Fax: 04 5154910

Sharjah Branch

Al Hosn Tower, Showroom No. 2, Building No. 617/A, Al Ittihad Street
P.O. Box: 3674 – Sharjah
Tel: 06 5683743, Fax: 06 5682713

Al Ain Branch

Khalaf Bin Ahmad, Al-Otaibah Building
Main Street (Sheikh Zayed Road)
P.O. Box: 1407 – Al Ain
Tel: 03 7641834, Fax: 03 7663147

Subsidiary

ADNIC International LTD.
London – UK
The Leadenhall Building
30th floor, EC3V 4AB
Tel: +44(0)2037534686/687

Mussafah Branch

ADNOC Vehicle Inspection Centre
Mussafah M4
P.O. Box: 92572 – Abu Dhabi
Tel: 02 4080696
Fax: 02 4080690

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Overview of Corporate Governance

ADNIC is fully committed to having a corporate governance framework that is compliant with all corporate governance requirements that are applicable to public joint stock companies in the UAE and consistent with the Corporate Governance Regulation & Standards for Insurance Companies issued by the Central Bank of the UAE (Circular No. 24/2022) and with the Securities and Commodities Authority's Resolution No. (3/Chairman) of 2020 Concerning the Joint Stock Companies Governance Guide (as amended), other relevant resolutions issued from time to time by the competent authorities and the international best practices in this regard.

ADNIC recognises that a well-considered and established corporate governance framework facilitates effective decision making and builds a strong relationship with the stakeholders through a transparent structure that supports high quality disclosures.

ADNIC's Board of Directors believes that good governance is critical and crucial to achieve the primary goal of creating a sound working environment, achieving better performance and long-term value for all stakeholders. Corporate governance framework enables the Company to reduce risk and manage change in line with achieving the strategic objectives.

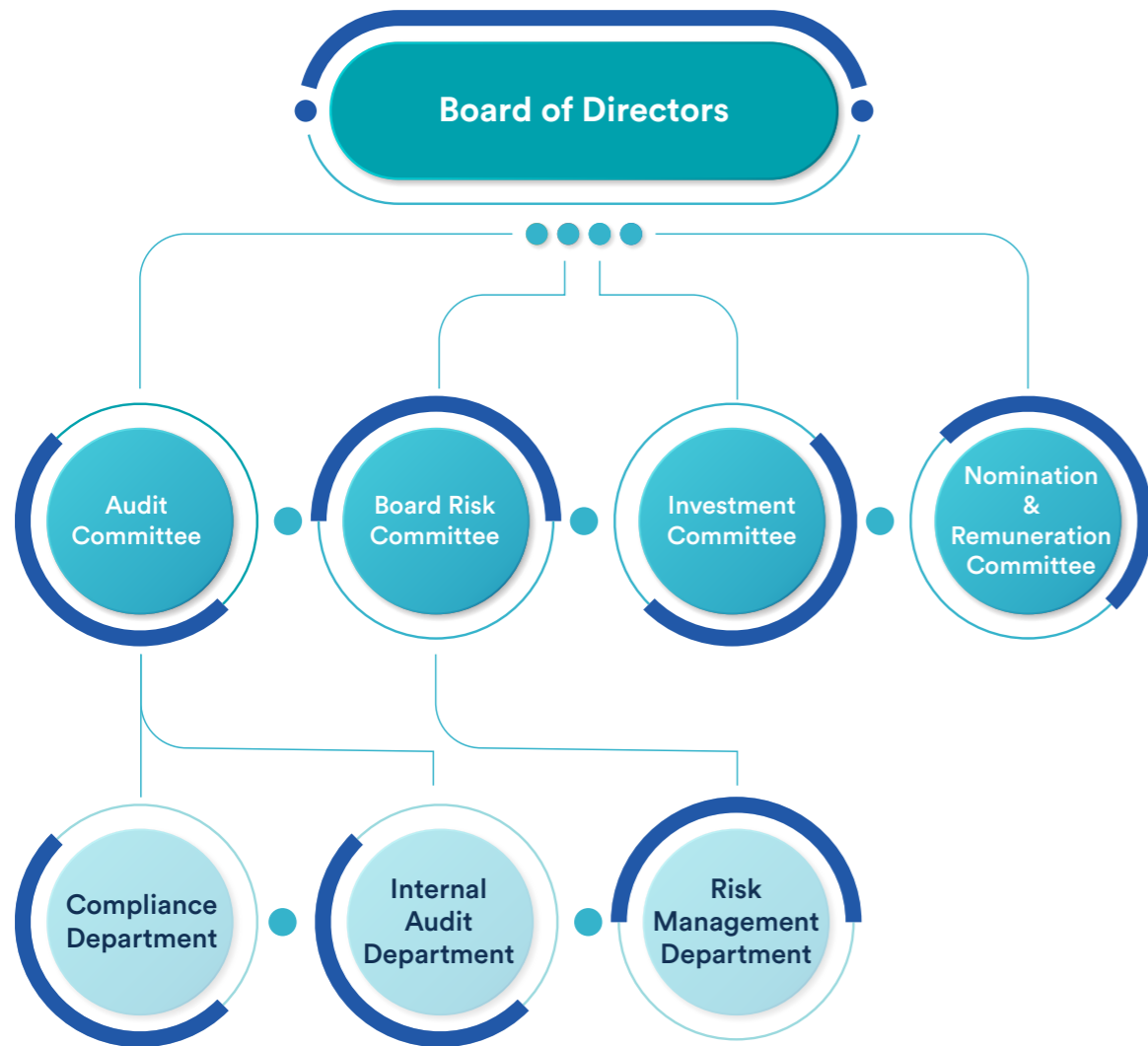
The Company ensures that all employees comply with the application of the best practices in order to maintain accountability, transparency and integrity in all transactions that enhance confidence and achieve highest levels of compliance with the corporate governance standards.



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Corporate Governance Framework

ADNIC is governed by a corporate governance framework that identifies the responsibilities and accountabilities for the Board of Directors, the Board Committees, the Executive Committee, the Management Committees, and the Company's Compliance, Risk Management and Internal Audit functions.



ADNIC's Board of Directors is the primary governing body responsible for overseeing the Company's management, ensuring the adequacy and effectiveness of the Internal Audit & Corporate Governance compliance program, approving the investments, business plan, budgets & financial statements of the Company, ensuring adequacy of the human resources required to implement the Company's strategies and ensure that the Shareholders receive accurate and proper information at the right time. The Board Committees assist the Board in fulfilling the oversight responsibility.

It is the policy of the Company that all Committees receive the right information at the right level and at the right time so that the members could make informed decisions. The Board of Directors has continued to improve the corporate governance standards at ADNIC in accordance with the guidance from the regulators. The CEO and the Executive Management work towards implementing the Company's strategies and manages the day-to-day operations in accordance with the strategic plans and activities approved by the Board of Directors. The CEO performs his duties pursuant to the authority delegated to him by the Chairman by virtue of a notarized Power of Attorney.

The Board of Directors, the Executive Management and all staff of ADNIC ensure to maintain and follow the highest standards of ethics and professional conduct at all times while carrying out their business activities. ADNIC does not accept nor condone activities or behaviour that will or might in any way conflict with any of its core values and standards.

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BOARD OF DIRECTORS

ADNIC's Board of Directors consists of 9 Directors, 5 of them are Independent. The Board of Directors was elected on 15 March 2022.

Pursuant to the Company's Articles of Association, each Director serves a three-year term, after which a Director may be re-elected for a successive term or terms.



**Sheikh Mohamed bin Saif Al-Nahyan**

Chairman of the Board of Directors – non-executive and non-independent member
Chairman – Board Risk Committee

Overview

Sheikh Mohamed bin Saif Al-Nahyan is a knowledgeable business professional with more than 15 years of experience. Sheikh Mohamed deals with Real Estate Investments and is self-managing various related projects across the UAE. He holds a Bachelor Degree in International Economics and History from the American University of Paris, France. Sheikh Mohamed has been a Board member of ADNIC since 2004.

Other appointments

- Vice Chairman of the Board of Directors – First Abu Dhabi Bank
- Member of the Business Management Committee – First Abu Dhabi Bank

**Sheikh Theyab bin Tahnoon Al-Nahyan**

Vice Chairman of the Board of Directors – non-executive and non-independent member
Chairman – Investment Committee

Overview

Sheikh Theyab bin Tahnoon Al-Nahyan graduated from the UAE University in 2003 with a Bachelor Degree in Architecture - Faculty of Engineering. Since his graduation, he has been managing a number of his family's private businesses related to trading. Sheikh Theyab has been a Board member of ADNIC since 2010.

Other appointments

- Chairman of Gulf Navigation Holding PJSC

**H.E. Sultan Rashed Al-Dhaheeri**

Board Member – non-executive and non-independent member
Member – Board Risk Committee

Overview

H.E. Sultan Rashed Al-Dhaheeri, is a successful businessman, who built a high reputation of honesty and integrity through hard work throughout the last decades. He has played a major role in contributing to the growth and prosperity of the national economy through his investments in various sectors. He has also devoted time in providing assistance and effective participation in the charities locally and internationally. H.E. was also a Board member of National Bank of Abu Dhabi (NBAD) until April 2017. H.E. Al-Dhaheeri has been a Board member of ADNIC since 1974.

Other appointments

- Owner and Manager of many big private companies in the UAE

**Mr. Abdulla Khalaf Al-Otaiba**

Board Member – non-executive and non-independent member
Member – Investment Committee

Overview

Mr. Abdulla Khalaf Al-Otaiba has demonstrated remarkable competence and performance while managing his family's business in the UAE. Mr. Al-Otaiba holds a Master Degree in Business Administration from Concordia University, Canada and a Bachelor Degree in Finance from University of South Carolina, USA. He has professional experience with National Bank of Abu Dhabi, Citibank New York and Citibank UAE. Mr. Al-Otaiba held the role of the Executive General Manager and Head of Global Banking Services for Individuals and the Commercial Banking Services in the Gulf region at National Bank of Abu Dhabi (NBAD) and he took over the business of the bank in the UAE, the GCC, Jordan and Egypt until 2017. He also held the position of the Chairman of Abu Dhabi National Islamic Finance Company and the Vice Chairman of Abu Dhabi National Properties, fully owned by National Bank of Abu Dhabi (NBAD). Mr. Al-Otaiba has been a Board member of ADNIC since 2010.

**Mr. Omar Liaqat**

Board Member – non-executive and independent member
Chairman – Audit Committee

Member – Nomination & Remuneration Committee

Member – Board Risk Committee

Overview

Mr. Omar Liaqat is the Chief Operating Officer at Abu Dhabi Investment Council Company PJSC (ADIC) and he has over thirty-five years of business experience in a wide range of areas including finance, auditing and management. He is a member of the constituent team of ADIC and previously worked for Abu Dhabi Investment Authority for nineteen years. Mr. Liaqat held the position of Board member of Abu Dhabi Commercial Bank (ADCB). His career has started in the UK as an auditor for many major international corporations and institutions. He holds a fellowship of Chartered Accountants in England and Wales. Mr. Liaqat has been a Board member of ADNIC since 2016.

Other appointments

- Chief Operating Officer - Abu Dhabi Investment Council Company PJSC

**Mr. Abdulrahman Hamad Al-Mubarak**

Board Member – non-executive and independent member
Chairman – Nomination & Remuneration Committee

Member – Investment Committee

Member – Board Risk Committee

Overview

Mr. Abdulrahman Hamad Al-Mubarak is the Executive Director of the Equity and Investment Department at Abu Dhabi Investment Council Company PJSC (ADIC). Prior to joining ADIC, he worked as an investment expert in the Far East Equity Management team of Abu Dhabi Investment Authority. Mr. Al-Mubarak holds a Bachelor's degree in Economics from the American University of Sharjah and he also holds the CFA Certificate. Mr. Al-Mubarak has been a Board member of ADNIC since 2016.

Other appointments

- Executive Director of the Equity and Investment Department - Abu Dhabi Investment Council Company PJSC

**Mr. Hazzaa Mohamed Rubayea Al-Mheiri**

Board Member – non-executive and independent member

Member – Audit Committee

Member – Nomination & Remuneration Committee

Member – Investment Committee

Overview

Mr. Hazzaa Mohamed Rubayea Al-Mheiri has professional experience with Abdul Aziz Bin Rabeeh & Sons Co. LLC (Partner since 1989), Spring Group (Executive Director since 2003), Electromechanical Company LLC (Executive Director since 2007), and ZADCO - Department of Financial Engineering in 2012. Mr. Al-Mheiri has been a Board member of ADNIC since 2016.

Other appointments

- Board Member - Holding Chain LLC

**Mr. Hamoodah Ghanem bin Hamoodah**

Board Member – non-executive and independent member

Member – Audit Committee

Member – Nomination & Remuneration Committee

Overview

Mr. Hamoodah Ghanem bin Hamoodah has been a member of the Advisory Board of Menacorp Financial Services LLC since 2013. As a member of the Advisory Board, Mr. Hamoodah played a key role in developing the strategy that made Menacorp one of the most important financial services companies in the GCC. Mr. Hamoodah holds a Diploma in Information Technology from Higher Colleges of Technology. Mr. Hamoodah has been a Board member of ADNIC since 2016.

Other appointments

- Board Member - Bin Hamoodah Trading and General Service Company LLC
- Vice Chairman and representative of Ghanem Ali Bin Hamoodah & Sons LLC in the Emirates Defense Companies Council (EDCC), affiliated to Tawazun Economic Council (Tawazun)
- Board member - Arbah Investment Company LLC

**Mrs. Futoon Hamdan Al-Mazrouei**

Board Member – non-executive and independent member

Member – Board Risk Committee

Member – Investment Committee

Overview

Mrs. Futoon Hamdan Mohamed Al-Mazrouei has 15 years of professional banking experience with two of the largest banking institutions in the UAE – First Abu Dhabi Bank and Emirates Bank.

Mrs. Al-Mazrouei holds a Bachelor Degree in Mathematics from Al Ain University in the UAE, she also completed the Executive Program in International Management from Stanford University Graduate School of Education in Singapore. Mrs. Al-Mazrouei has been a member of the Board of Directors of ADNIC since 2022.

Other appointments

- Group Head of Consumer Banking - First Abu Dhabi Bank
- Board Member at the following:
 - FAB Misr
 - FAB Islamic
 - Bank Wio
 - ADCOOP's
- Council member at Visa & Master Card

Board of Director's Remuneration

In 2023, ADNIC's shareholders approved a total remuneration of AED 5.8 million (excl. VAT) which was paid to the members of the Board of Directors for 2022. It is proposed that the remuneration for the Board of Directors for 2023 is a total of AED 5.8 million (excl. VAT). This will be presented to the Shareholders at the upcoming Annual General Assembly Meeting for approval.

In 2023, no allowances, salaries or additional fees were paid to the Board members.

Board Meetings – attendance records

In 2023, the Board of Directors met seven times. The quorum for meetings is a majority of directors, and voting during meetings is a majority of attendees. Details of those meetings (including the attendance record) are contained in the table below:

Board Member	Position on the Board	17-Jan-23	13-Feb-23	21-Mar-23	09-May-23	10-Aug-23	13-Sep-23	13-Nov-23	Total
Sheikh Mohamed bin Saif Al-Nahyan	Chairman of the Board of Directors	P	P	P	P	P*	P	P	(7/7)
Sheikh Theyab bin Tahnoon Al-Nahyan	Vice Chairman of the Board of Directors	P	P	P	A	P*	P	P	(6/7)
H.E. Sultan Rashed Al-Dhaheeri	Board Member	A	P	P	A	P*	P	P	(5/7)
Mr. Abdulla Khalaf Al-Otaiba	Board Member	P	P	P	A	P*	A	A	(4/7)
Mr. Omar Liaqat	Board Member	A	P	P	P	P*	P	P	(6/7)
Mr. Abdulrahman Hamad Al-Mubarak	Board Member	P	P	P	P	P*	P	P	(7/7)
Mr. Hazzaa Mohamed Rubayea Al-Mheiri	Board Member	A	A	A	A	P*	A	A	(1/7)
Mr. Hamoodah Ghanem bin Hamoodah	Board Member	P	P	P	P	P*	P	P	(7/7)
Mrs. Futoon Al Mazrouei	Board Member	P	P	A	P	P*	P	P	(6/7)

P – Present, P* - By Circulation, A – Absent

* The Board of Directors meeting No. 5 of 2023 on 10 August 2023 was held by circulation and the Board Directors approved the Company's Financial Statements for the Second Quarter of 2023.

Share Dealings

Purchase and sale of the Company's shares and other transactions involving our securities by directors, officers and employees are governed by our Insider Trading Policy. It is the policy of ADNIC that inside information must not be used by any of our directors, officers or employees for personal gain.

The following table sets forth the details of all purchases and sales of the Company's shares undertaken by the Board members and their relatives in 2023:

Board member	Position	Shares held at 31 Dec 2023	Total Sales Transactions	Total Purchase Transactions
Sheikh Mohamed bin Saif Al-Nahyan	Chairman	2,575,889	None	None
Sheikh Theyab bin Tahnoon Al-Nahyan	Vice Chairman	None	None	None
H.E. Sultan Rashed Al-Dhaheiri	Board Member	None	None	None
Mr. Abdulla Khalaf Al-Otaiba	Board Member	5,000	None	None
Mr. Omar Liaqat	Board Member	None	None	None
Mr. Abdulrahman Hamad Al-Mubarak	Board Member	None	None	None
Mr. Hazzaa Mohamed Rubayea Al-Mheiri	Board Member	None	None	None
Mr. Hamoodah Ghanem bin Hamoodah	Board Member	None	None	None
Mrs Futoon Hamdan Al-Mazrouei	Board Member	None	None	None

Board Committees

ADNIC's Board Committees play a crucial part in the decision-making process and they help and support the Board in the execution of its responsibilities. These Board Committees help in sharing the Board's workload, and the detailed involvement of the Board members

in the Committees allows them to get closer to the activities of the business. They are empowered to make recommendations to the Board for ultimate approval. ADNIC's Board has established four Committees. Each Committee has non-executive Director as the Committee Chairman. The Committees are required to meet in accordance with their Charters and as frequently as deemed necessary to fulfil their objectives and to allow sufficient time for discussions, review the documents of the meeting and decisions to be taken.

Audit Committee

ADNIC's Audit Committee assists the Board of Directors in discharging its responsibilities with regard to the financial reporting, external audit, internal audits and compliance functions.

Key Responsibilities: reviewing and monitoring the integrity of the annual and interim financial statements, advising on the appointment of the external auditors, supervising their independency, reviewing the effectiveness of the external audit process, reviewing the effectiveness of internal audit and compliance functions, review the effectiveness of ADNIC's risk management framework, assessment & responses to key business risks and review the effectiveness of internal audit activities.

The Audit Committee makes recommendations to the Board of Directors, who retains the ultimate responsibility for reviewing and approving such recommendations.

As part of his role as the Chairman of the Audit Committee, Mr. Omar Liaqat is responsible for ensuring the Committee's overall effectiveness and that the Committee properly complies with all of its stated objectives.

In 2023, the Audit Committee met six times. Details of those meetings (including the attendance record) are contained in the table below:

Committee member	Position	06-Feb-23	06-March-23	02-May-23	03-Aug-23	01-Nov-23	11-Dec-23
Mr. Omar Liaqat	Chairman	P	P	P	P	P	P
Mr. Hazzaa Mohamed Rubayea Al-Mheiri	Member	P	P	P	P	P	P
Mr. Hamoodah Ghanem bin Hamoodah	Member	P	P	P	P	P	P

P – Present, A – Absent

Nomination and Remuneration Committee

The Nomination and Remuneration Committee's role is two-fold. With regard to the 'Nomination' component, the Committee assists the Board in discharging its responsibilities relating to the composition of the Board and its Committees by recommending suitable persons for nomination, assessing the performance of the Board members and monitoring the independence of independent Board members. It also assists the Board in the appointment and succession planning of the senior management, and evaluates the balance of skills, knowledge, diversity and experience, as well as making appropriate recommendations to the Board on such matters.

The selection procedure entails making announcements about candidates for Board membership, having the Nomination Committee analyze applications that have been submitted, and obtaining the necessary regulatory approvals. The regulatory requirements, which include the necessary diversity of expertise, experience, and perspectives, are followed in accepting the nominations.

Three female applicants applied in 2022 for the position of Board member, but only two qualified for the election. The shareholders elected one of the two qualified female applicants to become a Board member.

The 'Remuneration' component of the Committee's role is to assist the Board in determining its responsibilities in relation to setting, recommending and monitoring the level of remuneration and verifying that the remuneration and benefits granted to the Board members and the Senior Management are reasonable and in line with the Company's performance.

Key Responsibilities: the Committee plays an effective role in reviewing the Company's recruitment, retention, training and termination policies including determining the role and capabilities required for appointments at senior management level. Moreover, the Committee develops and implements the plans and initiatives for employing UAE Nationals and for providing best service to the Company's clients through Strategic Planning.

As part of his role as the Chairman of the Nomination and Remuneration Committee, Mr. Abdulrahman Hamad Al-Mubarak is responsible for ensuring the Committee's overall effectiveness and that the Committee properly complies with all of its stated objectives.

In 2023, the Nomination and Remuneration Committee met four times. Details of those meetings (including the attendance record) are contained in the table below:

Committee member	Position	10-Jan-23	09-Feb-23	21-Mar-23	06-Apr-2023
Mr. Abdulrahman Hamad Al-Mubarak	Chairman	P	P	P	P
Mr. Omar Liaqat	Member	P	P	P	P
Mr. Hazzaa Mohamed Rubayea Al-Mheiri	Member	A	A	A	A
Mr. Hamoodah Ghanem bin Hamoodah	Member	P	P	P	P

P – Present, A – Absent

Investment Committee

The Investment Committee assists the Board of Directors in supervising, monitoring and evaluating the Company's investments. The Investment Committee governs and oversees the investment plan and strategy of the Company in the best interest of the Shareholders.

Key Responsibilities: develop the investment strategy and policy for approval by the Board of Directors, set the foundations of investment including the allocation of assets, review and monitor investments, exercise oversight on strategic investment activities related to capital utilization including but not limited to regional expansion.

As part of his role as the Chairman of the Investment Committee, Sheikh Theyab bin Tahnoon Al-Nahyan is responsible for ensuring the Committee's overall effectiveness and that the Committee properly complies with all of its stated objectives.

In 2023, the Investment Committee met five times. Details of those meetings (including the attendance record) are contained in the table below:

Committee member	Position	13-Mar-23	21-Mar-23	05-May-23	02-Aug-23	16-Oct-23
Sheikh Theyab bin Tahnoon Al-Nahyan	Chairman	P	P	P	P	P
Mr. Abdulla Khalaf Al-Otaiba	Member	A	P	A	P	A
Mr. Abdulrahman Hamad Al-Mubarak	Member	P	P	P	P	P
Mr. Hazzaa Mohamed Rubayea Al-Mheiri	Member	A	P	A	P	A
Mrs. Futoon Hamdan Al-Mazrouei	Member	A	P	P	P	P
Mr. David Beau	External Member till May 2023	P	P	P	Not Applicable	Not Applicable

P – Present, A – Absent

Board Risk Committee

The Board Risk Committee effectively assists the Board of Directors by providing leadership, direction and supervision of the risk acceptance framework, taking the risk and the management of the risk acceptance.

Key Responsibilities: recommend the risk portfolio that the Company can bear, evaluate and review the effectiveness and design of the risk management framework, its impact on the Company's activities, provide independent and objective advice to develop the policies of the Board of Directors and monitor the activities of the Company.

As part of his role as the Chairman of the Board Risk Committee, Sheikh Mohamed bin Saif Al-Nahyan is responsible for ensuring the Committee's overall effectiveness and that the Committee properly complies with all of its stated objectives.

In 2023, the Board Risk Committee met twice. Details of those meetings (including the attendance record) are contained in the table below:

Committee member	Position	9-Jan-23	06-Nov-23
Sheikh Mohamed bin Saif Al-Nahyan	Chairman	P	P
H.E. Sultan Rashed Al-Dhaheiri	Member	P	P
Mr. Omar Liaqat	Member	P	P
Mr. Abdulrahman Hamad Al-Mubarak	Member	P	P
Mrs. Futoon Hamdan Mohamed Al-Mazrouei	Member	P	P

P – Present, A – Absent

The agenda of the Board Risk Committee included the following items:

- Update on the **risk profiles of all risk categories:** Insurance, Market, Credit, Operational, Liquidity and Strategic risk.
- Update on **remediation of Credit and Operational risks of FAC reinsurance** exposure, to ensure the Company has certainty on the credit exposure.
- **Emerging Risk Register update**, to understand the potential impact on the Company.
- **IT Risk Management:** Risk updates, Core System Strategy and Capex budget.
- **Loss ratio development** (gross and net) of insurance portfolio, including variance analysis. Also discussed the return on capital per Line of Business, to provide assurance on the underlying profitability of the business portfolio. Updates on the external Underwriting reviews.
- **Solvency assessment**, including trend analysis of key investment risk drivers of solvency deterioration during the year, to drive de-risking management actions.
- Updates on **Solvency Stress Testing** to provide assurance on adequacy of capital thresholds.
- Updates on the **ADNIC Risk Appetite Framework**, including quarterly measurement of risk tolerance indicators.
- Updates on emerging **regulatory changes** – including those for Corporate Governance and Internal Controls, as well as internal governance frameworks (including a comprehensive update on the ADNIC risk management framework).
- Other items such as Aviation Analysis, Alpine Funding, Tax Update, Inorganic Growth Strategy.

Risk exposure that continues to be on the radar of the Board Risk Committee includes:

- Enhance reinsurance exposure, to fully measure and monitor the credit risk exposure.
- Profitability of certain Consumer lines of business (including Medical and Motor insurance) and market-wide pressure on rates with increased utilization, fraud, waste and abuse.
- Impact of regulatory changes on the business.
- Growth and diversification of the portfolio (organically or inorganically).
- Monitoring of IT related risks along with core system strategy and capital expenditure management.

Specific additional Risk Management actions and focus identified for the next 12 months:

- **Governance:** Enhancement in the Risk Management Framework which includes alignment of Risk Committees Scope with the CBUAE requirements, Fraud risk Framework, Third Party Risk Management, Asset & Liability Management and Subsidiaries Risk Management.
- **Capital Management:** Enhancement in the Capital Allocation Approach and the RAROC strategy for Risk Monitoring and Risk Decision Making. The strategy will incorporate optimization of capital utilization and assessment of risks using metric such as VaR or TVaR.
Build on existing Stress Testing framework, by expanding Operational Risk, Climate Change Risk, Subsidiary Risk and Market-wide scenario test (aligning with Regulatory requirements).
Assessing adequacy of Solvency, Excess Capital, and Diversification of risk across business activities including Subsidiaries.
- **Insurance Risk:** Enhance tools to review aggregation / concentration risk in commercial portfolio.
- **Market Risk:** De-risk the investment portfolio to reduce Investment Risk capital required; enhance Asset Liability Management monitoring.
- **Credit Risk:** Continue focus on optimizing accounts receivable and enhance reinsurance exposure analysis.
- **Operational Risk:** Further enhance the GRC tool to provide more assurance on risk oversight; embed RCSA process throughout business streams; continue to evolve the Risk Incident Reporting process to enhance the risk culture within the Company. Monitoring of enterprise-wide business continuity and disaster recovery program on business continuity preparedness and operational resiliency.

Key points concerning ADNIC's risk exposures and risk management strategies without breaching necessary confidential parts:

ADNIC has well diversified business exposure across different lines of business and geographies. The strategy is to limit the exposure within the risk appetite and maintain appropriate diversification benefit. The risk strategy ensures protection of policyholders, capital adequacy and supports the company objectives through setting appropriate risk limits and risk selection criteria.

The risk exposure is monitored across all the business streams and geographies. ADNIC

has a structured framework to aggregate risk and monitor concentration.

Adequate mitigation in terms of reinsurance strategy is in place to reduce and control large risk exposures.

The exposure under each risk category: Underwriting, Reserving, Market, Liquidity, Credit and Operational are managed and monitored through established risk policies and risk tolerance limits.

Information on the purpose, strategies, structures, and related risks and controls of material and complex or non-transparent activities:

The purpose is to:

- Identify, assess and manage the risks associated with business activities including all financial and non-financial risks.
- Ensure financial stability and sufficient liquidity, mitigate downside risk, support upside risk opportunities, hence increasing shareholder value.
- Comply with regulatory requirements and enhance transparency.
- Embed a culture of proactive risk management across all areas of business.

The following structure and strategies are part of the Risk Framework:

- Structured governance with clear roles and responsibilities is in place. The structure provides sufficient oversight committees and forums to monitor and manage the risk profile, as well as remediation actions.
 - Board Risk Committee (BRC) is established to oversee the effectiveness of Risk Management Framework and Policies.
 - Executive Risk Management Committee (ERC) is responsible for ensuring that the requirements of the framework are adequately embedded in the business operations and that all employees comply with the policy statements.
 - The Risk Management function is responsible for independent assessment, identification and management of ADNIC's risk profile. It also takes ownership to ensure that the Board has sufficient information to exercise their Risk Management duties. The Head of Risk Management reports directly to the Board Risk Committee and is independent from Executive Management influence.
 - The Company utilizes the 'Three Lines of Defense' model for Risk Management, where the senior management takes an active role in promoting the risk management framework:
 - Risk owners (First Line),
 - Risk oversight providers (Second line), and
 - Risk assurance providers (Third Line).

- The Risk Management Strategy is aligned with the vision to ensure sustainable longer-term profitability that benefits both the shareholders and the policyholders. The key features of the strategy are:

- a. Proactive risk identification and assessment through SWOT analysis and scenario planning.
- b. Risk analysis of trends across business such as frequency and severity of claims activity.
- c. Rigorous risk selection process and adopting to robust underwriting policies including pricing models.
- d. Implementation of strategies for diversification through product offering, reinsurance and investments.
- e. Fraud and abuse investigation function as a control and mitigation tool.
- f. Risk reporting and monitoring of key risk indicators, using data analytics to improve risk assessment.
- g. Stress and scenario testing to assess the vulnerabilities and evaluate mitigation plans.
- h. Contingency planning to respond to potential crises and disruption.
- i. Capital and reserve management to ensure solvency.

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

Forward looking statements and foreseeable risk factors:

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

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

Use of Artificial Intelligence (AI) is both adding new opportunities as well as risks. We have specific plans and strategy to utilize AI in business and mitigate associated risks.

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

The Board Secretary

Mr. Raed Khalil Haddadin has been the Board Secretary since May 2011. Mr. Haddadin has over 25 years of experience in various regulatory and legal functions related to insurance in both the public and private sectors. Mr. Haddadin served over 10 years in several executive and significant roles at the Insurance Commission of Jordan (IC), including the position of the Deputy Director General of the IC. He holds Master of Laws in International Business Legal Studies with specialization in Marine Insurance from University of Exeter (UK), Bachelor Degree in Law from Yarmouk University (Jordan), Advanced Diploma in Insurance

(ACII) from the Chartered Insurance Institute (CII) in the UK and Diploma in Life & Health Insurance (DHLI) from the Life Office Management Association (LOMA) in the USA.

The Board Secretary attends all Board meetings and provides advice and support to the Board on corporate governance and regulatory matters.

Insider Trading Supervision Committee

The Insider Trading Supervision Committee oversees the implementation of an effective process to regularly maintain an updated register for Insiders and monitor their adherence to the Insider Trading Policy.

Key Responsibilities: supervision of the transactions of insiders and their ownership of the shares of the Company, keep a record of the transactions of Insiders and provide Abu Dhabi Securities Exchange (ADX) with periodic reports on the transactions of Insiders.

As part of his role as the Chairman of the Insider Trading Supervision Committee, Mr. Mohamed Hussein Barakat is responsible for ensuring the Committee's overall effectiveness and that the Committee properly complies with all of its stated objectives.

In 2023, the Insider Trading Supervision Committee met two times. Details of the meeting (including the attendance record) are contained in the table below:

Committee member	Position	27-Sep-23	18-Dec-23
Mr. Mohamed Hussein Barakat	Chairman	P	P
Ms. Amal Salameh	Member	P	P
Ms. Fatima Al Noobi	Member	P	P

P – Present

05

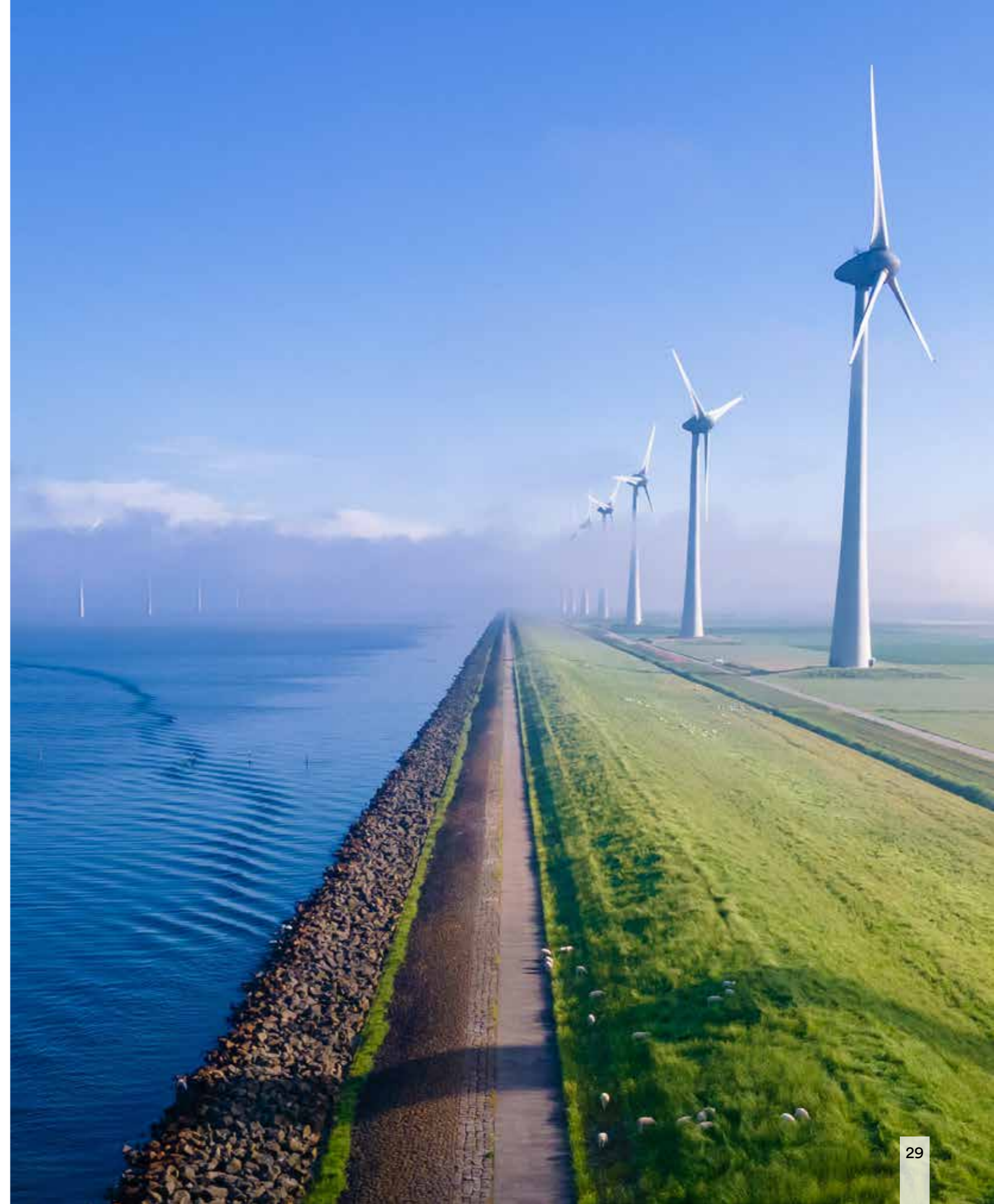
Executive Management

The Executive Management Team is responsible for managing the Company's core business operations as a whole. The CEO is supported by the Senior Executive Team who are responsible for managing the day-to-day business of ADNIC in line with the annual Business Plan approved by the Board of Directors.



All duties that form part of the daily conduct of the Company's business -including but not limited to- representation of the Company before the governmental & non-governmental entities and third parties, the conclusion of contracts on behalf of the Company and monitoring the annual budget, are part of the CEO's duties and responsibilities.

Organizational Chart of ADNIC:



Biographies and details of the total salaries & benefits paid to the Executive Management Team in 2023:

Position	Qualification	Years of Experience	Date of Appointment	Total Salaries & Allowances Paid in 2023 (AED)	Total Bonus Paid in 2023 (AED)**
Chief Executive Officer	Master of Science in Actuarial Science	25+ years	Joined on 13 Jan 2020 (Appointed as CEO on 1st March 2023)	1,697,668	221,018
Chief Executive Officer (Retired)	Bachelor of Science in Mathematics	45+ years	10 Dec 2014 Until Feb 2023	653,031	2,304,414*
EVP & Chief Claims Officer	Master of Commerce	35+ years	23 May 2007	1,061,589	162,296
EVP & Chief Underwriting and Strategic Accounts Officer	Master of Business Administration - Finance	36+ years	24 Sep 2007	1,334,235	394,384
EVP & Chief Legal and Compliance Officer (Resigned)	Master of Laws in International Business Legal Studies	24+ years	4 May 2011 Until 1 Jan 2024	1,360,014	226,974
EVP & Chief Investment Officer	Master of Business Administration	23+ years	4 Nov 2012	1,276,581	187,418
EVP & Chief Operational Services and Technology Officer	Master of Arts - Economics	22+ years	14 Jan 2018	1,163,784	167,930
EVP & Chief Human Resources Officer and Corporate Affairs	Master of Business Administration – Human Resources Management	22+ years	17 Nov 2019	1,230,855	190,228
EVP & Chief Financial Officer	Master of Business Administration	25+ years	7 Jul 2020	1,371,621	112,207
EVP & Chief Business Development Officer	Master of Science in Electrical Engineering	33+ years	9 Aug 2020	1,158,897	95,440
EVP Risk Management (Resigned)	Bachelor of Science	31+ years	13 July 2020 Until 2 April 2023	246,683	-
SVP & Head Risk Management	Bachelor of Science – Actuarial Science and Risk Management	18+ Years	Date of Joining 19 May 2013 (Current Role effective 06 April 2023)	705,000	110,000

*Includes Ex-Gratia and appreciation payments.

** 2022 Bonus paid in 2023

The HR strategy, which includes the total compensation model, as well as its design and management, have been approved by the Board of Directors.

ADNIC offers a comprehensive pay system that combines all financial perks into monthly allowances in addition to a basic salary. Basic salary and allowances make up the fixed element, and the discretionary bonus within a framework of performance-based compensation is the variable portion.

Notes:

- **Mr. Ahmad Idris** resigned from his position as Chief Executive Officer in February 2023.
- **Mr. Charalampos Mylonas** took over as Chief Executive Officer in March 2023.
- **Mr. Johannes Fourie** resigned from his position as Executive Vice President - Risk Management on 03 January 2023 (Last working date was 02 April 2023).
- **Mr. Muhammad Zafar** took over as SVP & Head Risk Management on 06 April 2023.
- **Mr. Raed Khalil Hanna Haddadin** resigned from his position as EVP & Chief Legal and Compliance Officer on 04 October 2023 (Last working date was 01 January 2024).

Transactions with Related Parties

Related parties comprise the Board members and the Key Management personnel of the Company.

Pricing policies and terms of these transactions are approved by the Management. The Company maintains transactions / balances with these related parties, which arise from commercial transactions.

Transactions / balances with the related parties as at 31 December 2023 are as follows:

Board of Directors & Key Employees	Total Amount (AED)
Insurance Transactions (Premiums / Claims)	40,065
Receivable	89,428

External Auditor

ADNIC has entrusted the external audit function to KPMG Lower Gulf Limited (Registration No. 1280, P.O. Box 7613, 19th Floor, Nation Towers 2, Abu Dhabi – UAE), one of the major firms operating in the field of professional services in the region.

KPMG has been auditing the Company's accounts since 2019 and operates independently from the Board of Directors and the Executive Management of ADNIC. For the Company's Annual Financial Statements for the year ended 31 December 2023, KPMG issued an unqualified audit opinion.

Name of the Audit Firm	KPMG Lower Gulf Limited
Number of years served as external auditor of ADNIC	Five years
Partner Name	Mr. Richard Ackland
Number of years the named partner audited ADNIC's accounts	Three years
Fees for the audit of the financial statements 2023	AED 636,560 (excl. VAT)
Fees and costs for services other than auditing the financial statements of 2023- Audit related services	AED 725,940 (excl. VAT)
Details and nature of other services provided	Audit related services
Total audit fees for 2023	AED 1,362,500 (excl. VAT)
Other services performed by an external auditor other than KPMG during 2023	None

Internal Control System

The Board of Directors is responsible for the internal control system within ADNIC and has established a number of processes and procedures which are designed to ensure the effectiveness of the internal control system.

The internal control assesses on an ongoing basis whether the controls are effective or not and whether they are operating as planned and monitors if the Management has taken action to address any deficiencies or weaknesses that are detected. In 2023, the Internal Control has not faced any significant issues in the Company.

Internal Audit

The Board of Directors has approved and implemented governance functions and structures, including an Internal Audit function that is independent of the Management and reports directly to the Company's Audit Committee. The key aim of the internal audit function is to provide assurance and advice on the adequacy of the Company's internal control environment.

ADNIC's internal audit function is headed by Mr. Abdelhamid Elewa, who was appointed as Manager - Internal Audit on 28 June 2017. He holds a Bachelor degree in Accounting from Ain Shams University, Egypt, US CPA certificate and member of AICPA, US CIA certificate and member of IIA, Fellow of the Association of Accountants and Auditors of Egypt, Certificate in Insurance (CERT CII) from the Chartered Insurance Institute. Mr. Abdelhamid Elewa is responsible for reporting the internal audit function's findings to the Executive Management and to the Audit Committee on a regular basis and during 2023, the Internal Audit Department issued eleven reports.

Compliance

ADNIC's Compliance function is responsible for ensuring that the Company conducts its business in compliance with all relevant laws and regulations.

The Compliance Department consists of the following personnel:

Mr. Ravichandran Nair, Vice President – Compliance joined ADNIC in May 2010. He worked under the Finance Department prior to joining the Compliance Department in December 2020. He holds a Bachelor's degree in Commerce and has more than 18 years of experience in insurance sector.

Mrs. Ohoud Khalfan Malaleih, Manager - Anti-Money Laundering & Compliance (Compliance Officer) joined ADNIC in November 2016. Prior to joining the Company, she worked as a lawyer for two years in a law firm and legal consultancy in UAE. She holds a Bachelor's degree in Law with a distinguish degree from Ajman University of Science and Technology and also holds a certificate from the Judicial Training Institute in UAE.

Mr. Ali Kamal, Manager - Compliance joined ADNIC in August 2022. He has around 13 years of experience working in the Banking and the Insurance industries in Lebanon and the UAE. He holds a Bachelor degree in Economics from Saint-Joseph University Lebanon. He has completed the Certified Anti-Money Laundering Specialist (CAMS) and the Certified Global Sanctions Specialist (CGSS) certificates from ACAMS in addition to several compliance certifications (Certified Specialist in AML Trade from the International Compliance Association and the Global Financial Compliance from the Chartered Institute for Securities and Investments). He has completed the Certificate in Insurance (Cert CII) from the Chartered Insurance Institute.

Violations Committed during 2023

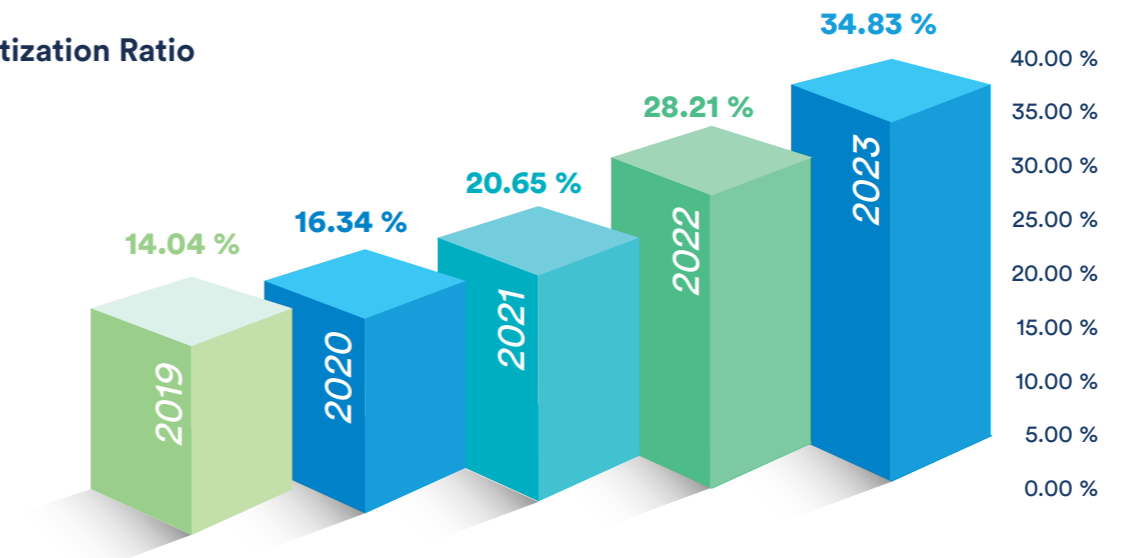
ADNIC did not commit any material violation during 2023.

Emiratization Percentage

Developing our human capital is a strategic priority, and part of our commitment to achieving the Emiratization objectives. Our UAE national employees are a great asset to ADNIC. We offer our UAE national employees targeted development opportunities to help them reach their full potentials, competent and well-informed of the insurance business.

UAE nationals are appointed as trainees within various departments of ADNIC so they can successfully complete their career development programs. As at 31 December 2023, our Emiratization rate is 34.83%, compared to a rate of 28.21%, 20.65%, 16.34% and 14.04% in 2022, 2021, 2020 and 2019, respectively.

Emiratization Ratio



Corporate Social Responsibility

At ADNIC, corporate social responsibility is an integral part of how we do business. As one of the leading regional multi-line insurance providers for corporates and individuals, being responsible is fundamental to our long-term sustainability. We are committed to creating sustainable value for our shareholders, our customers, our employees and the community. We aim at delivering on these promises every day, whether it is through our products and services, the opportunities our employees have, reducing the impact on the environment or our investments in the community. We demonstrate our commitment to corporate social responsibility through our numerous initiatives.

Our CSR efforts are not restricted to specific types of projects and our initiatives range from health to environmental and social programs. ADNIC's main guiding principle when it comes to CSR projects is securing benefits well into the future and having a substantial positive impact on the community. Our commitment to the community around the UAE is demonstrated with our continuous support to knowledge initiatives such as "Bil Arabi" by the Mohammed bin Rashid Al Maktoum Knowledge Foundation, which celebrates and highlights the importance of the Arabic language.

ADNIC has partnered with notable organisations across the Emirates to continue to enhance its sustainability and core business model. Notable examples include ADNIC's partnership with the Social Investment Fund, administered by the Authority of Social Contribution - Ma'an, which started in 2020 to support the UAE community during its fight against the pandemic. In 2023, ADNIC contributed AED 2 million to Ma'an to support societal priorities in Abu Dhabi. ADNIC has also collaborated with Emirates Nature-WWF for the third consecutive year, contributing to local conservation projects to help pave the way for the UAE to achieve its net zero goals,

as well as the Reach campaign, contributing AED 1.5 million to support its efforts to combat Neglected Tropical Diseases (NTDs).

ADNIC is also proud to work with the government to encourage UAE nationals to work in the private sector, developing a UAE national talent programme called “Emkanati”. The programme trains Emiratis in ADNIC underwriting divisions as the company is working towards enhancing the skills of its workforce to ensure they develop essential technical, behavioural and leadership skills required in their current and future roles.

In total, the Company has made social contributions amounting to AED 2,755,000 million during 2023.

General Information

Statement of Significant Events in 2023

None.

Special Resolutions Approved by the General Assembly in 2023

None.

Transactions with Related Parties Amounting More Than 5% of the Company’s Capital

None.

ADNIC Share Performance during 2023

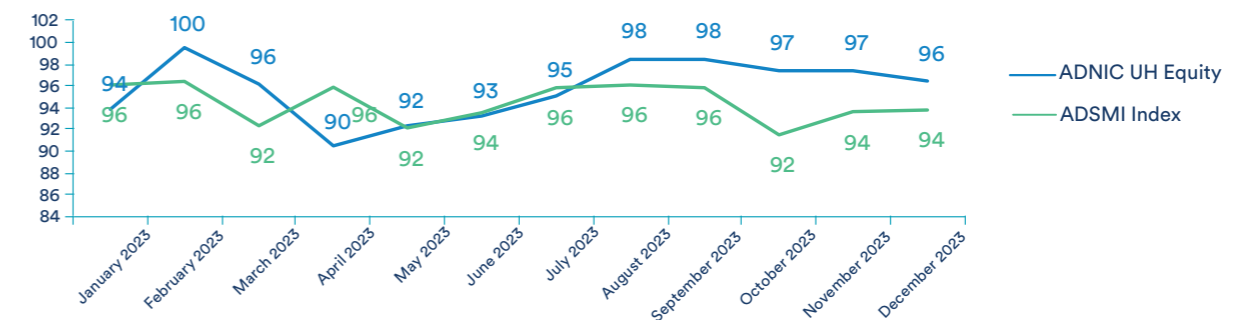
Trading of ADNIC’s shares on ADX started on 6 July 2003 under the symbol “ADNIC”. The share price at 31 December 2023 was AED 5.970 and ADNIC’s market capitalization at 31 December 2023 was AED 3.4 billion. ADNIC’s paid-up share capital is AED 570 million, divided into 570 million ordinary shares of AED 1 each.

The following tables set forth the closing, high and low Share prices at the end of each month during 2023 and the breakup of shareholding at the end of 2023:

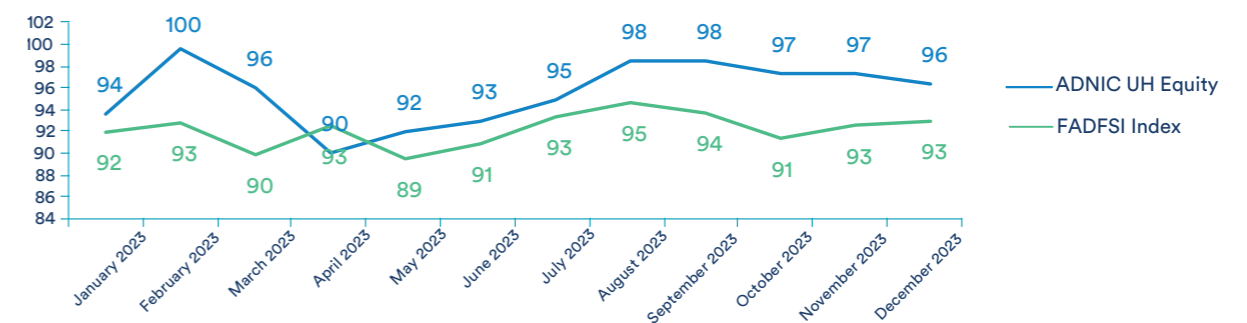
ADNIC’s Share Price

Year 2023	(AED)		
Month	High	Low	Close
January	6.18	5.73	5.80
February	6.32	5.76	6.17
March	6.19	5.77	5.95
April	6.00	5.55	5.58
May	5.77	5.56	5.70
June	5.76	5.70	5.76
July	5.90	5.75	5.88
August	6.14	5.70	6.10
September	6.15	5.88	6.10
October	6.11	5.81	6.03
November	6.19	5.97	6.03
December	6.04	5.67	5.97

Comparison of the Company’s Share Performance with Market Index During 2023



Comparison of the Company’s Share Performance with Financial Sector Index During 2023



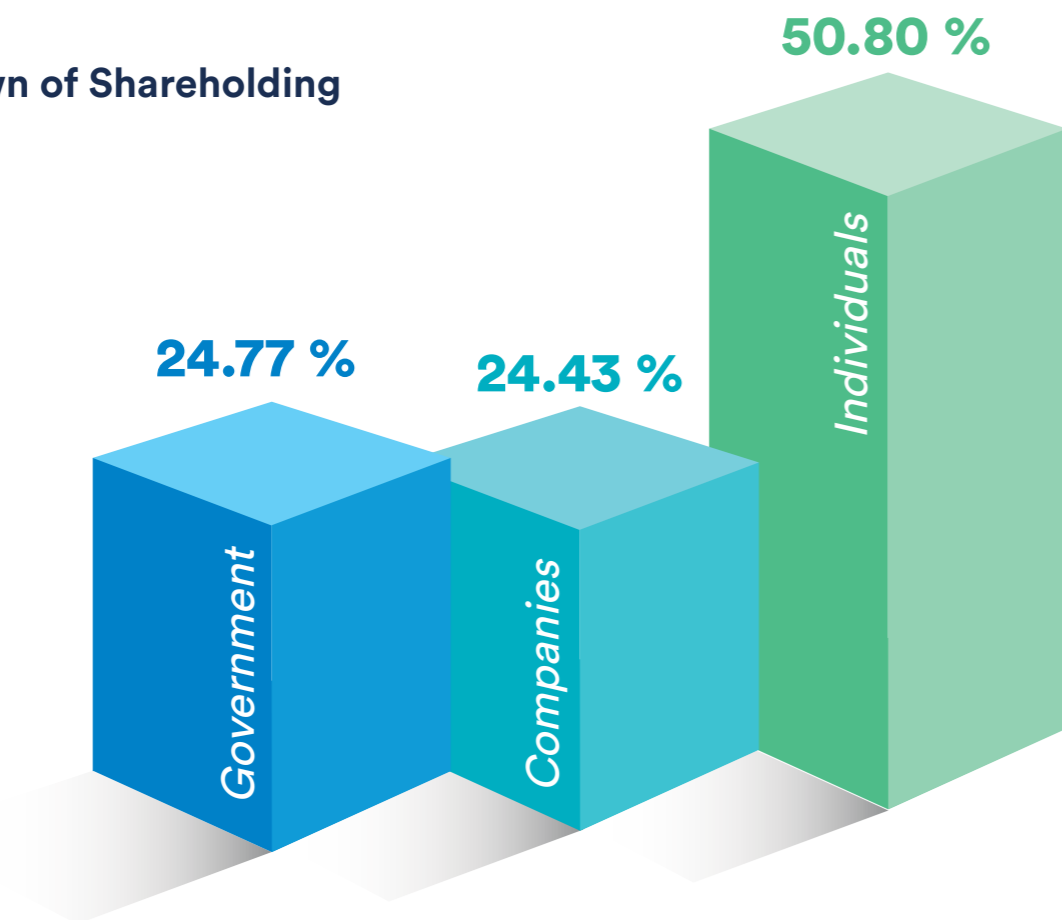
Breakdown of Shareholding

Category	Individuals	Companies	Government	Total
UAE Nationals	50.28%	20.77%	24.77%	95.82%
Arab Countries	0.45%	0.18%	0.00%	0.64%
Foreign	0.07%	3.48%	0.00%	3.54%
Total	50.80%	24.43%	24.77%	100.00%

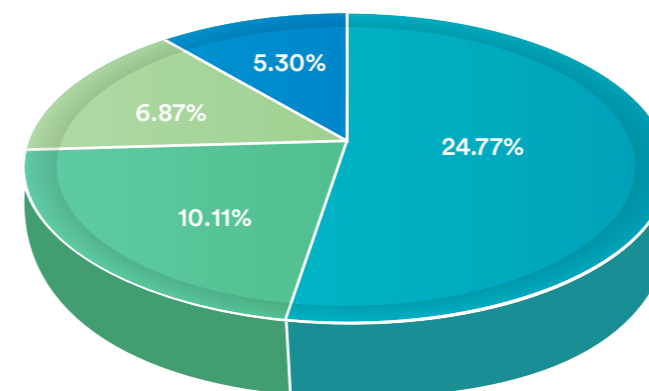
Major Shareholders (above 5%)

Shareholders	Number of Shares Held	% of the Shares Held
Mamoura Diversified Global Holding Company PJSC	141,177,038	24.77%
H.E. Khalaf bin Ahmed Al-Otaiba	57,640,139	10.11%
SBR Investment LLC	39,140,614	6.87%
Sheikh Tahnoun bin Mohammed Al-Nahyan	30,209,952	5.30%

Breakdown of Shareholding



Major Shareholders (above 5%)

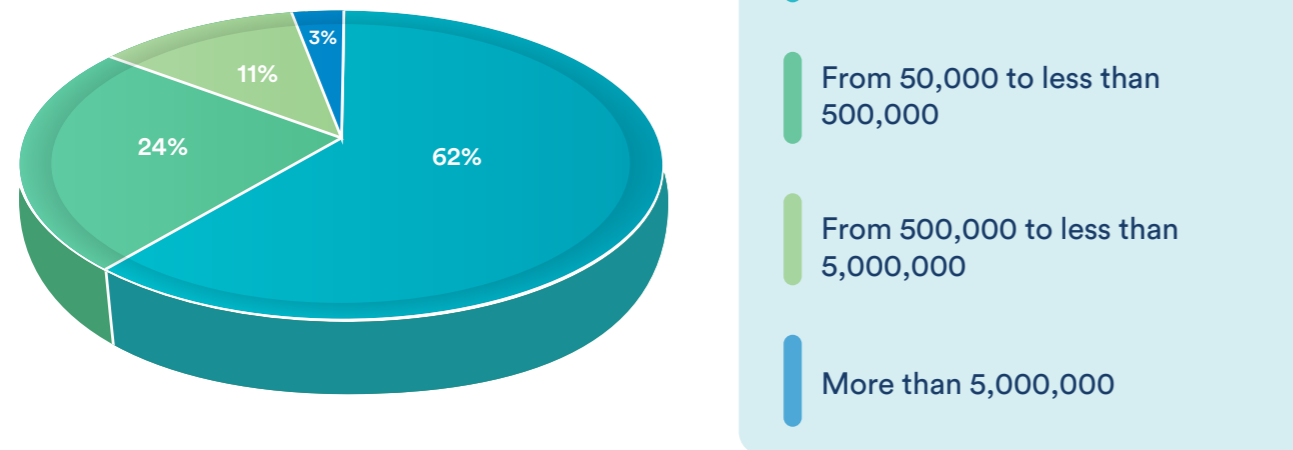


- Mamoura Diversified Global Holding Company PJSC
- H.E. Khalaf bin Ahmed Al-Otaiba
- SBR Investment LLC
- Sheikh Tahnoun bin Mohammed Al-Nahyan

Shareholding Distribution

Shares Owned	Number of Shareholders	Number of Shares Held	% of Shares Held
Less than 50,000	392	4,601,823	0.81%
From 50,000 to less than 500,000	147	23,042,065	4.04%
From 500,000 to less than 5,000,000	70	108,122,695	18.97%
More than 5,000,000	19	434,233,417	76.18%

Shareholding Distribution



Procedures Taken with respect to the Controls of Investor Relations

Throughout the year, ADNIC published quarterly and annual earnings statements and management discussion and analysis presentations to raise investors' awareness about the Company's unique value proposition and provide updates on ADNIC's growth strategy and performance.

All presentations, releases and investor information are available on our Investor Relations link <https://adnic.ae/web/guest/investor-relations>.

Investor Relations Manager: Mr. Mohamed Hussein Barakat,
 Telephone Number: +971 2 4080160, Mobile Number: +971 56 6855875,
 e-mail: mo.barakat@adnic.ae.

Innovative Projects and Initiatives Undertaken by ADNIC or under Development in 2023

- Launch of a new state of art Online Motor Portal for Motor renewals on our website which offers a unique customer journey in order to renew their policies in a few clicks.
- Introduction of UAE Pass Digital Vault Services facility on our Online portal for Motor Renewals. This is a first of its kind unique service offered by ADNIC which goes beyond simple authentication services and enables our customers to share key documents and data points from Emirates ID, Driving License and Registration card so that the renewal process and journey becomes transformed.
- Launch of a new Mobile App for our customers based on latest technology, rich user interface and adapting to various devices. The bilingual app is fully integrated with UAE Pass while offering seamless customer journeys for our medical customers.
- Rollout of multiple automated process as part of our Robotic Process Automation (RPA) platform in order to further optimise our automated processes.
- Implementation of IFRS 17 solution in order to meet regulatory requirements.
- New automation solution for our Reinsurance program to enhance our position as one of the leading Insurance and Reinsurance provider in the market.
- First Insurance Company to Launch of 24/7 Contact Centre services with one the best response time to live agents.
- Participation in the first of its kind Metaverse Accelerator program to explore customer solutions for ADNIC customers. Multiple use cases have been identified and they will be concluded in 2024.

Corporate
Governance Report
2023

Finally, the Board of Directors of ADNOC is fully committed to achieving the utmost standard of conformity with the laws and regulations of the United Arab Emirates.

The Board of Directors further affirms that all internal policies necessary to ensure adherence to the Central Bank's and the Securities & Commodities Authority's regulations and standards on corporate governance, risk management, internal controls, compliance, internal audit, financial reporting and external audit were implemented by the Company.



Sheikh Mohamed bin Saif Al-Nahyan
Chairman of the Board of Directors



Mr. Abdulrahman Hamad Al-Mubarak
Chairman of the Nomination &
Remuneration Committee



Mr. Omar Liaqat
Chairman of the Audit
Committee



Mr. Abdelhamid Elewa
Senior Manager
- Internal Audit