



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

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

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

**ARABIAN SCANDINAVIAN INSURANCE COMPANY PLC- TAKAFUL -
ASCANA INSURANCE**

CORPORATE GOVERNANCE REPORT 2020



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1. THE PROCEDURES TAKEN TO COMPLETE CORPORATE GOVERNANCE SYSTEM DURING 2020 AND HOW THEY ARE APPLIED

Arabian Scandinavian Insurance Company PLC- Takaful – Ascana Insurance, has adopted this targeted and effective system, leading to the development of institutional work, upgrading disclosure and transparency requirements, establishing integrity in dealings, strengthening supervision and preserving shareholders' rights, improving performance, preserving the rights of the Insured, reducing potential risks and separating ownership and management, providing good management and skilled expertise and developing the best practices starting from the implementation of the decision No. 7/R.M. for 2016 and its amendments No. 3/R.M. for 2019 on standards of corporate discipline and corporate governance and the decision of the Chairman of the Authority Board of Directors No. (03 /R.I.) for the year 2020 concerning approval of joint-stock companies Governance Guide which was replaced with resolution No. 518 for 2009 and other decisions on governance controls and standards of institutional discipline.

The company's achievements in 2020 can be summarized as follows:

1. Ensuring compliance with internal control systems by matching provided data with data received from external auditors and allowing members of the Audit Committee to conduct their supervisory role more effectively.
2. Also, the company has committed to the arrangement with the Institute of Governance, where it has registered the Board Secretary in the governance program and the Board Secretary has been awarded a certified certificate (Certified Board Secretary) in this regard.
3. On the other hand, the Board of Directors has completed the special session designed for the members of the Board of Directors, and the BOD's was granted for the second time a certificate approved by the competent authorities stating that they have completed the specialized course of governance work and in accordance with administrative decision No. 17 for 2017 issued by the Dubai Financial Market.
4. The company's executives as well as internal control members followed up and discussed the company's risk management policy in accordance with the approved regulations by implementing a cautious and effective underwriting policy and prudent management of claims.
5. The company also provided a comprehensive explanation to its employees for the controls of corporate governance, the statement of how they are applied, and the administrative decisions governing it.
6. The Board of Directors has also followed up with the audit committee and the nominations and remuneration committee in accordance with governance provisions and regulations. They also received reports from the Internal Audit Committee and reviewed them. They met and discussed these reports with the Internal Audit Committee.
7. Company was keen to carry out its work with transparency required in respect of the commitment to the dates and methods of disclosure of financial statements, in accordance with all provisions and decisions of the Securities and Commodities Authority and Dubai Financial Market (DFM).
8. Improve the performance of the IT department by introducing and modifying new innovative systems.
9. This report is made available to all shareholders of the company in accordance with resolution No. (03/R.M.) for 2020.
10. The Annual Report and all Financial Statements are presented to the shareholders before sufficient time from the AGM meeting to enable them review it and take their decisions.



2. Statement of ownership and transactions of Board of Directors

| Member Name | Position /Relation | Owned shares as on 31/12/2020 | Total Sale | Total Purchase |
|---|--------------------|-------------------------------|------------|----------------------|
| H.H.Sheikh Butti Bin Maktoum Bin Jumaa Al Maktoum | Chairman | 28,644,000 | -- | -- |
| Ahmad Mohd Amin Al Kazim | Vice Chairman | 19,550,000 | -- | Resign on 23/06/2020 |
| Majid AlKazim | Member | 39,019,711 | -- | -- |
| Faisal Aqil Al Bastaki | Member | 77,000 | -- | -- |
| Mahmoud Hadi Hassan | Member | 1,456,143 | -- | -- |
| Khalid Al Redha | Member | 2,434,326 | 400,000 | -- |
| Dr .Mohammad Salim Al Olama | Member | 8,140 | -- | -- |

3. Board Formation

A. Statement of the current Board of Directors (BOD) composition

| No | Name | Category (Executive, Non - Executive, and Independent) | Experience | Qualifications | Period served as a BOD member of the Company since his first election date | Their memberships and positions in any other joint-stock companies | Their positions in any other important supervisory, governmental or business entities |
|----|---|--|--|---------------------------------------|--|--|---|
| 1 | His Highness Sheikh Butti Bin Maktoum Bin Jumaa Al Maktoum Independent / executive | Executive | He served as deputy commander in Central Military Area | N/A | 1998 | N/A | Ruling Family |
| 2 | Ahmad Mohammad Amin Al Kazim Managing Director / Executive | Executive Resign on 23/06/2020 | 25 years of insurance | Bachelor's in business administration | 1991 | N/A | N/A |



| | | | | | | | |
|---|---|----------------------------------|---|--|------|-----|--|
| 3 | Khalid Habib Al Redha Independent / non-executive | Non-Executive | businessman | | 2004 | N/A | N/A |
| 4 | Faisal Aqil Bastaki Independent / non-executive | Non-Executive/Independent | CEO of the Emirates Development Bank Emirates Islamic Bank | *Bachelor's in computer science and Statistics | 2006 | N/A | *CEO of the Emirates Development Bank |
| 5 | Mahmoud Mohammed Hadi | Independent / non-executive | Commercial Bank of Dubai | Master of Management | 2006 | N/A | * Currently retired and Director of Delta Company for Supply Workers on Demand |
| 6 | Majid Mohammad Amin Al Kazim | Executive | businessman | Bachelor of Management | 2000 | N/A | *Chief Executive Officer of Al Kazim Group of Companies. |
| 7 | Dr. Mohammad Salim Al Ulama | Independent non-executive | *Undersecretary of Ministry of Health & Prevention *CEO -Hospital Services Sector &Acting CEO *Director of the Executive Affairs Department (DOHMS) | *Bachelor of Medicine and Surgery *Master of Business Administration MBA *Master in science *Sheikh Mohammed Bin Rashid Governmental leadership program | 2012 | N/A | Undersecretary of Ministry of Health & Prevention |

B. Statement of the percentage of woman representation in the Board of Directors in 2020:

Unfortunately, there is no women in the BOD's currently, but the company hopes to have woman representation in the BOD's in the coming years.

C. Statement of reasons why no women were nominated for the membership of the Board of Directors:

Although the company is carrying out the procedures stipulated by law regarding nomination for membership of the Board of Directors, whether it is announced in newspapers, by registered mail, through the financial market or through the company's website, but currently there is no women nominated for the membership of the BOD's. However, 25% of Company's Shareholders are woman.

D. Statement of the following:



1. Remuneration and allowance of the Board of Directors in 2020

The remuneration of the Chairman and members of the BOD shall be based on the provisions of Article No. (21) of Resolution No. (7 / R of 2016) on the rules of governance and Article (169) of the Commercial Companies Law No. (2) for the year 2015, (Article 60 / c) so that the remuneration of members of the BOD shall consist of a percentage of the net profit provided that it shall not exceed 10% of the net profit for the fiscal year after deducting both the depreciation and the reserves.

The Company may also pay additional expenses, fees, bonus or monthly salary determined by the BOD for any of its members if such member works on any committee or makes special efforts or performs additional duties to serve the Company in addition to his normal duties as a member of the BOD of the Company. No attendance allowance may be paid to a Chairman or a member of the BOD for Board meetings.

2. The total Remuneration paid to the Board of Directors in 2019:

No remunerations have been paid to the Board of Directors for 2019

3. The total remuneration of the Board of Directors which are proposed for 2020, and will be presented in the annual general assembly meeting for approval:

(AED 1,200,000) is the total remuneration for members of the Board of Directors proposed for the year 2020, which will be presented at the Annual General Meeting for approval

4. Details of allowances, salaries or fees received by the board member other than the attendance allowances of committees and the reasons thereof.

No fees or additional salaries were paid

| Member Name | Audit Committee | Remuneration & Nomination Committee | No of Attendance | Amount Paid |
|-----------------------------|-----------------|-------------------------------------|------------------|-------------|
| Faisal Aqil Al Bastaki | 5 | 6 | 13 | NIL |
| Mahmoud Hadi Hassan | 5 | 6 | 14 | NIL |
| Khalid Al Redha | 5 | 6 | 11 | NIL |
| Dr. Mohammad Salim Al Olama | 5 | 5 | 10 | NIL |
| Total | 20 | 23 | 53 | NIL |



5. Number of the Board resolutions passed during the 2020 fiscal year, along with its meeting convention dates

| Date of Meeting | No. of Attendees | No. of Attendees by Proxy | Names of Absentness |
|-----------------|------------------|---------------------------|---|
| 11/03/2020 | 6 | NIL | H.H.Sheikh Butti Bin Maktoum Bin Jumaa Al Maktoum |
| 23/06/2020 | 6 | 1 | Dr .Mohammad Salim Al Olama |
| 5/08/2020 | 6 | NIL | NIL |
| 2/11/2020 | 5 | NIL | Faisal Aqil Al Bastaki |

6. Number of the Board resolutions held during the 2020 fiscal year by circulation.

No resolutions held by circulation during 2020

E. Statement of the BOD`s tasks and functions which were performed by the Executive Management pursuant to an authorization by the Management, stating the period and validity of the delegation

The BOD of the Company has a distinct delegation system. Articles 24 and 25 of the Articles of Association stipulate the powers and mechanism of delegation. The BOD has therefore granted all authorities in the management of the Company, conduct all acts and actions on behalf of the Company as authorized by the Company. None of these authorities and powers shall not be retained by the Companies Law or by the Articles of Association of the General Assembly. The BOD shall establish regulations concerning administrative, financial and employment matters and their financial dues. The Board of Directors shall also establish a regulation for the organization of its work and meetings and the distribution of competencies and responsibilities. Moreover, the board taking into account the provisions of the Companies Law and the implementing decisions issued by the Authority, authorizes the BOD to extend loans over a period of 3 years, sell the properties of the company or the store, mortgage the movable and immovable property of the company, discharge the Company owes its obligations or conciliation and agreement on arbitration.

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



F. Statement of the BOD's tasks and Functions Which Were Performed by the Executive Management pursuant to an authorization by the Management, stating the period and validity of the delegation

Name of Authorized Person

Power of Authorization

Khalid Ahmad Mohd Amin Al Kazim

All the necessary powers to carry out the duties of the administrative, financial, and technical requirements of the company for example:

- Daily management of the company
- Budget arrangement
- Decide the required insurance for the company
- Appointing and dismissing employees, consultants and contractors, determining their duties, bonuses, promotions and disciplinary rules.
- Representing the company in all natural and legal entities, ministries, committees, boards, references, civil departments, companies, and private entities and signing all contracts, transactions, correspondence, and documents related to the company's business.
- Follow-up the establishment, processing, and operation of the branches and the taking of procedures in their establishment, and in general the representation of the company in all the activities required for the *conduct of its business and activities or related thereto and related to its practices. In the conduct of the company's business, defending its rights, representing third parties, appointing lawyers and signing on behalf of the company all administrative, technical and legal works

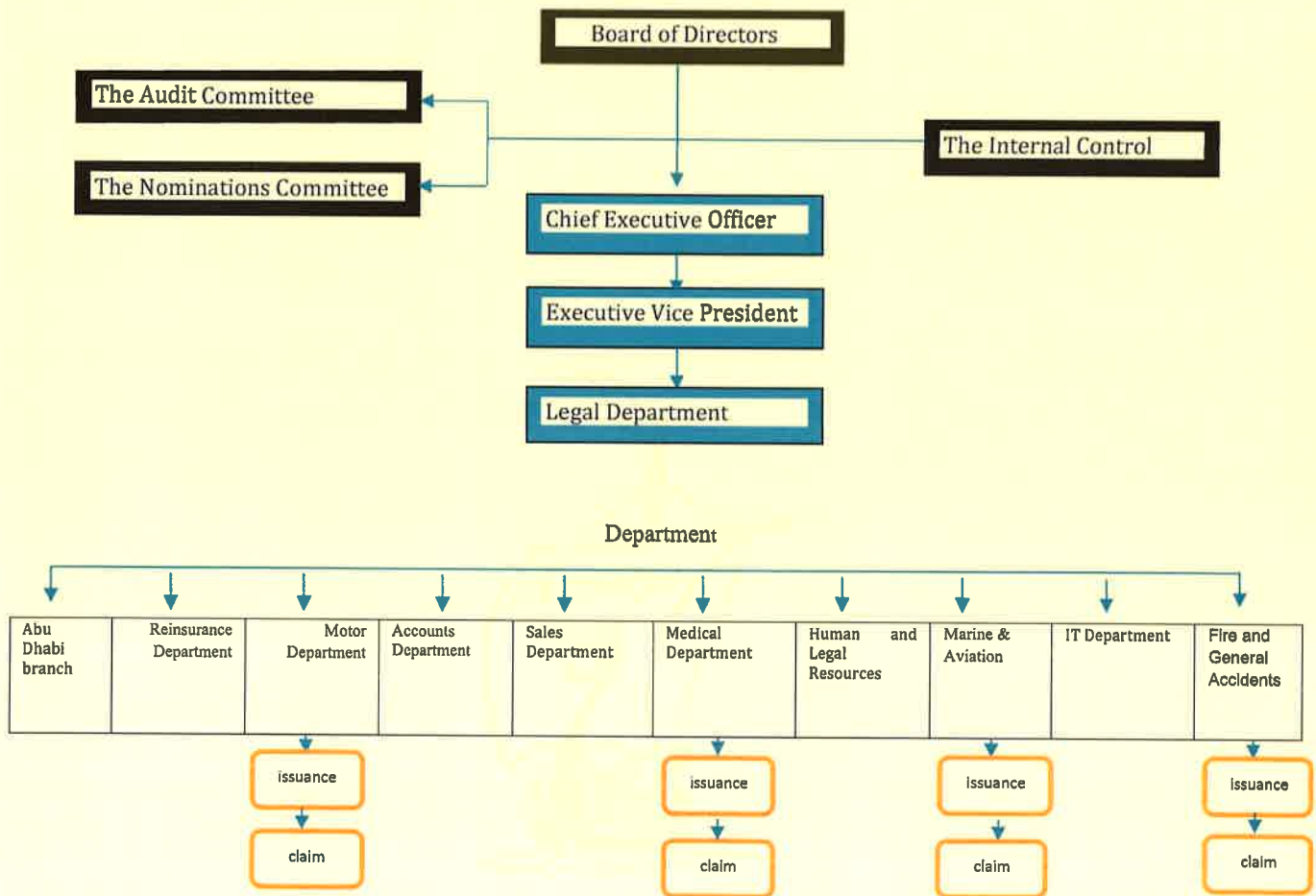
G. Statement of the details of transactions made with the related parties during 2020

Related party transactions are transactions in which any party in our company has the ability to control or exercise any material influence on the other party in making financial and operational decisions. The related party transactions create potential or actual conflicts of interest for the company and can give the impression that the work decisions are based on considerations contrary to the interests of the company and the shareholders. However, there is a certain time in which the transactions of the related parties can be in the interest of the company and its shareholders. Accordingly, related parties' transactions are subjected to the approval of our Board of Directors and the Management of the Company shall determine the terms and Conditions of such transactions. Related parties represent the major shareholders. the Board of Directors. the key management and the companies that exercise significant influence over the Company.

Details of transactions with related parties: There is no transaction with related parties



H. The complete organizational structure of the company





I. Detailed statement of the senior executives in the first and second grade levels according to the Company organizational:

| Sr. No. | Position | Appointment Date | Total Salaries and Allowances paid for 2020 | Total Bonus Paid for 2020 | Any Other Bonus / Allowances for 2020 |
|---------|----------------------------|------------------|---|---------------------------|---------------------------------------|
| 1. | CEO | 2020 | AED 930,221.60 | - | - |
| 2. | Legal & Admin. Manager | 1995 | AED 472,223.60 | - | - |
| 3. | Fire Dept. Manager | 2018 | AED 218,750.60 | - | - |
| 4. | Marine Dept. Manager | 1989 | AED 208,363.60 | - | - |
| 5. | Medical Dept. Manager | 2016 | AED 377,593.60 | - | - |
| 6. | Finance Dept. Manager | 2003 | AED 380,893.60 | - | - |
| 7. | Sales Dept. Manager | 2013 | AED 309,079.60 | - | - |
| 8. | Reinsurance Dept. Manager | 2012 | AED 320,036.60 | - | - |
| 9. | Motor Dept. Manager | 2001 | AED 333,236.60 | - | - |
| 10. | IT Dept. Manager | 2002 | AED 237,593.60 | - | - |
| 11. | Technical Manager | 1995 | AED 373,507.60 | - | - |
| 12. | Abu Dhabi Branch Manager | 2015 | AED 202,659.60 | - | - |
| 13. | Motor Underwriting Manager | 1998 | AED 141,392.60 | - | - |
| 14. | Human Resource Manager | 2019 | AED 294,064.60 | - | - |
| 15. | Corporate Services Manager | 2020 | AED 229,193.60 | - | - |



4. COMPANY'S EXTERNAL AUDITOR

A. Overview of the Company Auditor

Grant Thornton undertakes the external audit of the company, which is one of the international companies accredited in the country and they have been auditing the company's since 2018, when they were selected by the shareholders in General Assembly held on 10/04/2018

Grant Thornton is an audit firm and their independence from the company and its board of directors has been ascertained, and they perform audit work in accordance with applicable international standards. Their primary tasks are to ensure the correctness of the financial statements and monitor the company's accounts for the financial year. In order to perform their mission, they have the right to access at all times the company's records, and its books, documents, request data, clarifications, verification of the company's assets and its obligations, and it must be ascertained when preparing their report of the validity of the accounting records kept by the company, and the extent of agreement of the company's accounts with the accounting records, and they have the right to request whatever they deem necessary to perform their mission. Reviewing the balance sheet, profit and loss account, reviews the company's deals with related parties, observes the implementation of the provisions of the Companies Law and the Articles of Association, and submits the report with the results of their examination to the General Assembly and sends a copy of it to the competent authorities. They also have the right to attend the General Assembly meetings, and to ensure that the procedures that have been taken for the invitation to these meetings are correct, and the recitation of their audit report to the shareholders, notes on the company's accounts, its financial position, or any violations thereof, and that the report is independent and impartial, explaining any obstacles or interference from the board of directors that they encountered while performing their work.

B. Statement of fees and costs for the audit or services provided by the external auditor:

| Number of years auditor served as the company external auditor | Grant Thornton |
|---|-------------------|
| Number of years auditor served as the company external auditor | 3 Years |
| Total Auditor fees of 2020 (AED) | AED 175,000 |
| Fees and costs of other private services other than auditing the financial statements for 2020(AED), if any , and in case of absence of any other fees, this shall be expressly stated | No other services |
| Details and nature of the other services (if any), if there are no other services, this matter shall be stated expressly | No other services |
| Statement of the other that an external auditor other than the company accounts auditor provided during 2020(if any), in the absence of another external auditor, this matter is explicitly stated. | No other services |