



# **CORPORATE GOVERNANCE**

## **REPORT 2017**



## Contents

Statement of the Company Corporate Governance Procedures .....	3
Dealings of the Board of Directors, Their Spouses and Children in Securities of the Company During 2017 .....	4
Composition of the Board of Directors .....	4
Women representation .....	7
Statement of the Total Board of Directors' Remuneration Paid in 2016. ....	7
Statement of the Total Board of Directors' Remuneration Proposed for the year 2017. ....	7
Statement of the Allowances Paid for the Board and Committee Meeting Attendance for the year 2017. ....	7
Board meetings held during the Financial Year of 2017 .....	8
Duties and responsibilities of the Executive Management authorised by the Board of Directors .....	9
Details of transaction made with related parties .....	9
Organisational Structure of the Company as at 31 <sup>st</sup> December 2017 .....	10
Senior Executive Officers of the Company .....	10
External Auditor .....	11
Audit Committee .....	11
Nominations & Remunerations Committee .....	14
The Committee of follow-up and supervision of Insiders' Trading .....	17
Internal Control System.....	19
Statement of Cash and In-kind Contributions of the company during 2017, for the purpose of local community development and conservation of the environment.....	21
General Information.....	22
Statement of comparative performance of company's shares with the indicator of the public market and the indicator of the same sector related to the company during 2017.....	22
Distribution of Shareholders' Ownership Equity as of 31st December 2017 (Individuals, companies, governments) classified as following: Local, Gulf, Arab or Foreign.....	23
Statement of shareholders owning more than 5% of Company's capital as at 31st December 2017 ..	23
Distribution of shareholders according to the shares numbers as of 31/12/2017, as per following....	23
The adopted procedures for the investor relations regulations .....	23
Special Resolutions reviewed in the General Assembly held during 2017 and actions taken thereon.....	24
Statement of Substantial Events of the Company during 2017 .....	24
Statement of Emiratization percentage at the company during 2017.....	24
Statement of the projects or innovations accomplished by the company or still under development during 2017 .....	25

## Statement of the Company Corporate Governance Procedures

RAK Insurance believes that the key contributor to a long-term business success is a clear and a well-defined Corporate Governance Policy and Procedures. It is in this framework that RAK Insurance strives to promote a culture that encompasses strong corporate governance, sound business practices and highest ethical standard.

RAK Insurance ensures that The Chairman of Authority's Board of Director Resolution No. (7.R.M) of 2016 concerning the Standards for Institutional Discipline and Governance of Public Shareholding Companies is aligned with the Company's governance policies, procedures and practices.

The Company is committed to maintaining a high standard of Corporate Governance practices; devoting its time and effort to continuously identifying best business practices and setting clear policies for implementation across the organisation. These practices will safeguard smooth, effective and transparent operation that will attract future additional investment and guarantee the protection of its shareholders' rights.

The Board's primary role is to protect and enhance long-term stakeholder values; including shareholders and clients. The Board is responsible in setting the overall Company strategy and has oversight of executive management to ensure that highest standards of corporate governance practices are followed within the organisation.

Day-to-day operation is delegated to the executive management, led by the Chief Executive Officer. The executive management team is accountable for the performance of the Company and measured against set corporate goals and targets. The posts of Chairman and Chief Executive Officer of the Company are separate to have a clear distinction between the Chairman's role to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business.

The Board established four committees and delegates its power and authorities from time to time (as permitted by the laws, regulations and Company's Articles of Association) to ensure that the operational efficiency and specific issues are being handled with diligence and scrutiny. Each committee has its specific duties and authorities defined in each of its terms of reference duly approved by the Board.

RAK Insurance, through its robust Corporate Governance, provides confidence that the Company's overall business performance is properly monitored and ensures that its Directors, management and staff are acting to best serve the interests of the Company and its stakeholders.

## Dealings of the Board of Directors, Their Spouses and Children in Securities of the Company During 2017

Name	Position/Relationship Nature	Shares owned as of 31/12/2016	Total shares sold	Total shares purchased
Mohammed Ahmed Essa Al Naeem	Board Vice Chairman son	0	Not applicable	1920

## Composition of the Board of Directors

The individuals comprising RAK Insurance Board of Directors is a mix of skills, knowledge, experience and professional backgrounds contributing to the diversity appropriate for the organisation's circumstances.

**The Board of Directors consists of 5 members:** the Chairman of the Board and majority of the Directors are of UAE nationality; three members are independent and two non-independent; all members are non-executive. As per the Company's Articles of Association, the Board should hold its meetings at least four times in a year and may convene for additional meetings when the need arises upon the invitation of the Chairman or the Vice-chairman in his absence. A meeting will only be held if a quorum has been reached.

The Company's General Assembly held on 4<sup>th</sup> April 2017 has, after completing all necessary legal and regulatory procedures, elected by secret ballot the Board members for the period from 2017 to 2019. The Board members elected are as follows:

- Salem Ali Al Sharhan
- Ahmed Essa Al Naeem
- Peter William England
- Shaikha Fatima Al Qassimi
- Jasem Ahmed Al Nuaimi

## Composition of the Board of Directors from 1<sup>st</sup> January 2017 up to 4<sup>th</sup> April 2017

SN	Name	Category	Experience / Qualifications	Term of service as of first election	Memberships and positions at any other joint stock companies	Positions at any other important regulator, governmental or commercial places
1	Salem Ali Al Sharhan	Independent / Non executive	Holding a BS in Accountancy, UAE University	3 years and 8 Months	<ul style="list-style-type: none"> <li>Board Member - RAK Bank</li> </ul>	<ul style="list-style-type: none"> <li>Board Member - DIFC</li> <li>Board Member - American University of Ras Al Khaimah</li> </ul>
2	Ahmed Essa Al Naeem	Non Independent / Non Executive	Holding a BS in Electrical and Communications Engineering	11 years	<ul style="list-style-type: none"> <li>Vice Chairman - United Insurance Company</li> <li>Board Member - RAK Bank</li> <li>Board Member - Gulf Pharmaceutical Industries</li> </ul>	<ul style="list-style-type: none"> <li>Chairman - RAK Trade Centre</li> </ul>
3	Peter William England	Non Independent / Non executive	Master's Degree - Business Administration	2 years and 4 months	<ul style="list-style-type: none"> <li>Chief Executive Officer - RAK Bank</li> </ul>	None
4	Allan Griffiths	Independent / Non executive	Business Management Qualifications	1 year and 7 months	Board Member - RAK Bank	<ul style="list-style-type: none"> <li>Board Member: Care Australia; IOOF Investment Management Ltd.; IOOF Holdings Pty Ltd; IOOF Group Ltd; Questor Financial Services Pty Ltd; Westpac Life Insurance Services Ltd; St George Life Ltd.; Westpac General Insurance Ltd; Westpac Lenders Mortgage Insurance Ltd.</li> </ul>
5	Shaikha Fatima Al Qassimi	Independent / Non executive	Bachelor's degree in Business and Management	2 years and 2 months		None

## Composition of the Board of Directors from 4<sup>th</sup> April 2017 up to 31<sup>st</sup> December 2017

SN	Name	Category	Experience / Qualifications	Term of service as of first election	Memberships and positions at any other joint stock companies	Positions at any other important regulator, governmental or commercial places
1	Salem Ali Al Sharhan	Independent / Non executive	Holding a BS in Accountancy, UAE University	3 years and 8 Months	<ul style="list-style-type: none"> <li>Board Member – RAK Bank</li> </ul>	<ul style="list-style-type: none"> <li>Board Member – DIFC</li> <li>Board Member – American University of Ras Al Khaimah</li> </ul>
2	Ahmed Issa Al Naeem	Non Independent / Non Executive	Holding a BS in Electrical and Communications Engineering	11 years	<ul style="list-style-type: none"> <li>Vice Chairman – United Insurance Company</li> <li>Board Member – RAK Bank</li> <li>Board Member – Gulf Pharmaceutical Industries</li> </ul>	<ul style="list-style-type: none"> <li>Chairman - RAK Trade Centre</li> </ul>
3	Peter William England	Non Independent / Non executive	Master's degree- Business Administration	2 years and 4 months	Chief Executive Officer - RAK Bank	None
4	*Shaikha Fatima Al Qassimi	Independent / Non executive	Bachelor's degree in Business and Management	2 years and 2 months		None
5	Jasem Ahmed Al Nuaimi	Independent / Non executive	Bachelor's	9 months	Vice President ADNOC - Al Hosn Gas	None

\*Shaikha Fatima Al Qassimi presented her resignation on 25<sup>th</sup> October 2017. The Board meeting held on the 4<sup>th</sup> of February 2018 has appointed Ms. Aarefa Al Falahi as replacement for Shaikha Fatima Al Qassimi and this appointment will be submitted to the coming Annual General Assembly to approve the appointment or to appointment another member in accordance with the Chairman of Authority's Board of Director Resolution No. (7.R.M) of 2016 concerning the Standards for Institutional Discipline and Governance of Public Shareholding Companies.

## Women representation

RAK Insurance believes that good corporate decision-making requires the ability to hear and consider different points of view which comes from people who have different backgrounds, experiences and perspectives. Shaikha Fatima Al Qassimi had been appointed as Board member from August 2015 to October 2017 date on which she presented her resignation to the Board. The Board of Directors has, during its meeting held on 4<sup>th</sup> February 2018, appointed Ms. Aarefa Al Falahi as replacement for Shaikha Fatima Al Qassimi in accordance with SCA Resolution No. (7.R.M) of 2016. Therefore, the Women represents 20% of the Company's Board of Directors.

## Statement of the Total Board of Directors' Remuneration Paid in 2016.

The Board of Directors remuneration for the financial year ending 31<sup>st</sup> December 2016, has been fixed at AED 1.5 million - pursuant to Article 169 of the Federal Law no 2 of 2015 on Commercial Companies, Article 21 of the Chairman of Authority's Board of Directors' Resolution No. (7 R.M) of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies, and as per Article 38 of the Company's Article of Association. This was approved in the General Assembly Meeting on 4<sup>th</sup> April 2017 and subsequently paid.

## Statement of the Total Board of Directors' Remuneration Proposed for the year 2017.

An amount of AED 1.46 million shall be presented for approval at the upcoming Annual General Meeting to be held on the 07<sup>th</sup> March 2018 as the Board of Directors remuneration for the year ended on 31<sup>st</sup> December 2017.

## Statement of the Allowances Paid for the Board and Committee Meeting Attendance for the year 2017.

No attendance fee nor allowance have been paid to any of the members of the Board of Directors for 2017.

## Board meetings held during the Financial Year of 2017

During the year 2017, RAK Insurance's Board of Directors held five (5) meetings. The detailed agenda along with the explanatory documents were circulated in advance.

The details of attendance of the Directors at the Board meetings are given below.

### From 1<sup>st</sup> January 2017 up to 3<sup>rd</sup> April 2017

SN	Name	Meeting Dates - 2017		Total number of attendance
		February- 8		
1	Salem Ali Al Sharhan	↗		1
2	Ahmed Essa Al Naeem	↗		1
3	Allan Griffiths	↗		1
4	Peter England	↗		1
5	Shaikha Fatima Al Qassimi	↗		1

↗: Attended

### From 4<sup>th</sup> April 2017 (date of election of the new Board members) up to 31<sup>st</sup> December 2017

SN	Name	Meetings Dates - 2017				Total number of attendance
		April -4	May - 11	September- 20	December- 4	
1	Salem Ali Al Sharhan	↗	↗	↗	↗	4
2	Ahmed Issa Al Naeem	↗	↗	↗	↗	4
3	Jasem Ahmed Al Nuaimi	↗	↗	↗	↗	4
4	Peter England	↗	↗	↗	↗	4
5	*Shaikha Fatima Al Qassimi	□	↗	□	□□□	1

↗: Attended; □□□: Not attended; N/A: Not Applicable

\*Shaikha Fatima Al Qassimi presented her resignation on 25<sup>th</sup> October 2017.



## Duties and responsibilities of the Executive Management authorised by the Board of Directors

The Executive Management supports the Chief Executive Officer (CEO) in the preparation of strategies, budget, policies and procedures, and handling of significant or fundamental operative matters as well as ensuring proper internal communications.

The CEO operates in accordance with the authority delegated to him by the Board of Directors through a Power of Attorney. The CEO, with support from the Executive Management team, is responsible for the day-to-day management of the business, in line with the annual Strategy Plan approved by the Board of Directors.

The major duties and responsibilities delegated to the Executive Management by virtue of a Power of Attorney are as follows:

1. Transact, manage, carry on and do all commercial, financial and Insurance matters and powers requisite and necessary or in any matter connected with or having reference to the business and affairs of the Company's operations inside of the United Arab Emirates as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority matrix.
2. Manage the accounts of the Company with any Bank(s) as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority Matrix.
3. Represent the Company in all financial agreements approved by the Board of Directors as per the provisions of the power of attorney and in the limits mentioned in the Delegation of Authority Matrix.
4. Settle, compromise, discharge or compound as per the provisions of the Power of Attorney and in the limits mentioned in the Delegation of Authority Matrix.
5. Purchase or take on leases for residential, business and other premises and facilities for the business of the Company compound as per the provisions of the Power of attorney and in the limits mentioned in the Delegation of Authority matrix.

The duration of the above-mentioned duties and responsibilities will be presented to the next Board meeting for approval.

## Details of transaction made with related parties

During the year 2017, the Company entered into the following transactions with related parties:

Related Parties	Premiums Written	Claims Paid
Board Members and Shareholders	AED 75,776,027	AED 7,170,415

## Organisational Structure of the Company as at 31<sup>st</sup> December 2017



## Senior Executive Officers of the Company

SN	Position	Date of appointment	Total salaries and allowances paid in 2017 (AED)	Bonuses paid in 2017	Any other Bonuses in cash/in kind for 2017 or due to be paid in the future
1	Chief Executive Officer	15-Jan-13	1,350,000	Nil	These bonuses will be determined after review and approval by the Board
2	Chief Financial Officer	20-Oct-15	660,000	Nil	
3	Chief Legal Officer	21-Feb-16	660,000	Nil	
4	Chief Distribution Officer	01-Oct-13	616,800	Nil	
5	Chief Operating Officer	30-Mar-14	540,960	Nil	
6	Chief Risk and Compliance Officer	07-Dec-14	384,000	Nil	
7	General Manager (RAK Life Insurance)	02-Jun-13	425,952	Nil	
8	General manager (RAK General Insurance)	02-Nov-96	635,316	Nil	

## External Auditor

Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL) and is a leading professional services firm established in the Middle East region with uninterrupted presence since 1926.

The external auditor is completely independent from the executive management and the Board of Directors. No other external auditors were appointed other than the current external auditor during the year of 2016.

Audit Firm	Deloitte & Touche (M.E.)
Number of years as external auditor for the company	Appointed since 2016
Total fees for 2017 Audit	AED 170,000
Fees for services other than audit of financial statements for the year 2016, if any.	AED 134,000
Details of other services provided	<ol style="list-style-type: none"> <li>1. Appendix (1) – Separate FS for Life &amp; Non-Life for Insurance Authority on Quarterly basis.</li> <li>2. E-Forms – Financial and technical submission in pre-determined IA format to IA on Quarterly basis.</li> <li>3. HAAD Annual Return – Annual Return to Health Authority of Abu Dhabi</li> </ol>
Details of other services provided during 2016 by an external auditor other than the company's appointed external auditor (if any)	For 2016 Deloitte was the sole external auditor of the Company

## Audit Committee

The Audit Committee is composed of three (3) non-executives and two (2) independent directors as follows:

### From 1<sup>st</sup> January 2017 up to 3<sup>rd</sup> April 2017

Member's Name	Position	Designation
Allan Griffiths	Chairman	Independent
Peter England	Member	Non-Independent
Shaikha Fatima Al Qassimi	Member	Independent

From 4<sup>th</sup> April 2017 (date of election of the new Board members) up to 31<sup>st</sup> December 2017

Member's Name	Position	Designation
Jasem Ahmed Al Nuaimi	Chairman	Independent
Peter England	Member	Non-Independent
*Shaikha Fatima Al Qassimi	Member	Independent

\*Shaikha Fatima Al Qassimi presented her resignation on 25<sup>th</sup> October 2017.

#### Audit Committee Duties and responsibilities

The responsibilities of the Audit Committee are in line with Article (48) and Article (49) of SCA Resolution No. (7 R.M) of 2016. The Audit Committee undertakes the following duties:

##### The Financial Statements and Reporting of the Company

- Monitor and review the integrity of the Company's financial and accounting policies and procedures, including the review of significant financial reporting issues and judgements contained in the financial statements;
- Monitor the integrity of the Company's financial statements and reports (annual, semi-annual, and quarterly) and other formal announcements relating to the financial performance and review thereof as part of its normal work during the year, and the Committee shall particularly focus on the following:
  - a. The consistency of, and any changes to, accounting policies and practices, on a year on year basis;
  - b. Highlighting the aspects that are subject to the management's discretion;
  - c. Methods used to account for significant and unusual transactions;
  - d. Substantial amendments resulting from audit work;
  - e. Supposing continuity of the Company's business;
  - f. Commitment to the accounting standards approved by the Authority;
  - g. Commitment to the listing and disclosure rules and any other legal requirements related to preparation of financial reports; and
  - h. Clarity and completeness of disclosure in financial reports.
- Coordinate with the Company's Board of Directors, Senior Executive Management, and the financial manager or the manager doing such role in the Company, for the purpose of performing its duties;
- Consider important and unusual disclosures that are or shall be mentioned in such reports and accounts, the committee shall also pay the required attention to any issues brought up by the financial manager, the manager doing such role, compliance officer, or the auditor;
- Review, and challenge where necessary, the actions, estimates and judgements of management (and any changes in them), in relation to the interim and annual financial statements before submission to the Board, paying particular attention to:
  - disclosures and estimates requiring a major element of judgement;
  - the extent to which the financial statements are affected by any unusual transactions in the year, the methods used to account for any significant or unusual transactions where different approaches are possible, and how such transactions are disclosed;
  - the clarity and completeness of disclosures, and the context within which financial statements are made;
  - compliance with accounting standards;
  - compliance with legal and regulatory requirements;
  - the going concern assumption;
  - the representation letter to the auditors; and
  - all material information presented with the financial statements including the business review, and corporate governance statements relating to the audit and risk management.

- Wherever practicable, the Committee should review other statements containing financial information (which require Board approval, in advance of their consideration by the Board, subject always to not being inconsistent with the obligation to comply with prompt reporting obligations);
- Review any significant adjustments to financial reporting resulting from the audit, and resolve any disagreements between management and the external auditors regarding financial reporting;
- Review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy. The review undertaken by the Committee should assess whether the narrative is consistent with the accounting information;
- Submit reports and recommendations to the Board of Directors concerning the above mentioned responsibilities; and
- Consider any other issues determined by the Board of Directors.

#### Number of Audit Committee meetings held during the financial year of 2017

During the year 2017, RAK Insurance held five (5) Audit meetings. The details of attendance are as follows:

##### From 1<sup>st</sup> January 2017 up to 3<sup>rd</sup> April 2017

No.	Name	Meetings Dates - 2017		Total number of attendance
		Feb-06		
1	Allan Griffiths	✓		1
2	Peter William England	✓		1
3	Shaikha Fatima Al Qassimi	✓		1

✓: Attended; □: Not attended; N/A: Not Applicable

##### From 4<sup>th</sup> April 2017 (date of election of the new Board members) up to 31<sup>st</sup> December 2017

No.	Name	Meetings Dates - 2017				Total number of attendance
		May-10	Jul-30	September -07	Nov-12	
1	Jasem Ahmed Al Nuaimi	✓	✓	✓	✓	4
2	Peter William England	✓	✓	✓	✓	4
3	*Shaikha Fatima Al Qassimi	✓	✓	□	□	2

✓: Attended; □: Not attended; N/A: Not Applicable

\*Shaikha Fatima Al Qassimi presented her resignation on 25<sup>th</sup> October 2017.

## Nominations & Remunerations Committee

The Nomination & Remunerations Committee is composed of three (3) non-executives and two (2) independent directors as follows:

### From 1<sup>st</sup> January 2017 up to 3<sup>rd</sup> April 2017

Member's Name	Position	Designation
Allan Griffiths	Chairman	Independent
Peter England	Member	Non-Independent
Shaikha Fatima Al Qassimi	Member	Independent

### From 4<sup>th</sup> April 2017 (date of election of the new Board members) up to 31<sup>st</sup> December 2017

Member's Name	Position	Designation
Jasem Ahmed Al Nuaimi	Chairman	Independent
Peter England	Member	Non-Independent
*Shaikha Fatima Al Qassimi	Member	Independent

\*Shaikha Fatima Al Qassimi presented her resignation on 25<sup>th</sup> October 2017.

### Nominations & Remunerations Committee duties and responsibilities

The scope of work of REMCO is to review and to recommend to the Board any decision in relation to its duties.

The duties of the Committee shall be as follows:

- Setting and recommending to the Board a policy for nomination for Board and Executive Management membership with the aim of varying between the two genders respecting formation of both and encouraging female nominees through offering privileges and training and motivational programs, and submitting a copy of such policy to the Securities & Commodities Authority and any amendments thereof;
- Regulating and following up the procedures of nomination for Board membership in accordance with the applicable laws and the provisions of the Chairman of the Securities & Commodities Authority's Board of Directors' Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies;
- Constantly verifying independence of independent Board members;
- If the committee finds out that one of the members has lost independence, the committee shall bring the issue before the Board of Directors to serve a registered letter to such member at his/her address registered at the company, clarifying the reasons for the loss of independency; such member shall reply to the Board of Directors within fifteen days from the date of receiving notice thereof, and the Board of Directors shall issue a decision as to whether such member is independent or otherwise in its first meeting following reception of the board member's reply or elapse of the period mentioned in the previous paragraph without replying;
- With due diligence to Article (145) of the Federal Law no. (2) on 2015 concerning on Commercial Companies, if the Board of Directors' decision of a member's loss of independence affects the minimum percentage of independent Board members, the Board shall appoint an independent member to replace such member in case the latter submits his/her resignation for losing independence; if such member refuses to submit his/her resignation, the Board of Directors shall

- bring the issue before the general assembly to issue the decision of approval of appointing another Board member or open the door for nomination to elect a new Board member;
- Setting and recommending to the Board of Directors for approval the policy on which basis bonuses, privileges, incentives, and salaries shall be granted to the company's Board members and staff (the Remuneration Policy), reviewing such policy annually, and ensuring that the bonuses and privileges offered to the senior executive management are reasonable and in line with the company's performance;
  - Annual review of the skills required for Board membership and preparation of the required capabilities and qualifications for Board membership including the time a member shall need to allocate to do his/her duties as a Board member;
  - Review of the structure of the Board of Directors and submitting recommendation to the Board respecting the changes that may be made;
  - Determining and recommending to the Board of Directors the company's need of competencies at the level of the Senior Executive Management and the staff and the basis for selection thereof;
  - Setting and recommending to the Board of Directors the policy of human resources and training in the company, monitoring implementation of such policy, and review thereof on annual basis;
  - Review and recommend to the Board of Directors the Board Secretary's job description and duties;
  - Consider all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code of Conduct and associated guidance. The objective of such shall be to attract, retain and motivate staff of the quality required to run and work with the company successfully;
  - Delegate to the Chief Executive Officer the recruitment of and setting the individual compensation for all staff that do not report directly to the Chief Executive Officer and in line with the approved Remuneration Policy.
  - Review and recommend to the Board any staff appointment that reports directly to the Chief Executive Officer and determine with the Chief Executive Officer the need for qualified staff at the level of Senior Management and agree the basis of their selection;
  - To carry out exit interviews on Senior Management who report directly to the Chief Executive Officer;
  - Review and recommend to the Board the annual Training and Development policy;
  - Review and recommend to the Board the Human Resource Plan and Budget
  - To help fulfil its obligations the committee shall have the full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary;
  - Approve and recommend to the Board the staff compensation budget;
  - Recommend to the Board for approval the annual compensation for the Chief Executive Officer;
  - Recommend to the Board for approval the annual bonus scheme and payment for the Chief Executive Officer;
  - Establish and recommend to the Board selection criteria, selecting, appointing and setting the Terms of Reference for any remuneration consultants who advise the committee.
  - Determine and recommend to the Board the design of, and determine targets for, any performance-related pay schemes operated by the company and approve the total annual payments made under such schemes.
  - Review the design of all share incentive plans for approval by the board and shareholders. For any such plans, determine and recommend to the Board each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, Board Secretary and other designated Senior Executives and the performance targets to be used.
  - Review and approve the policy for authorising claims for expenses from the Directors.
  - Work and liaise as necessary with all other Board committees.
  - Any other matters determined and considered appropriate by the Board of Directors.

### Number of Nominations & Remunerations Committee meetings held during the Financial Year of 2017

During the year 2017, RAK Insurance held two (2) Nominations & Remunerations Committee meetings. The details of attendance are as follows:

#### From 1<sup>st</sup> January 2017 up to 3<sup>rd</sup> April 2017

No.	Name	Meetings Date	Total numbers of attendance
		February 6	
1	Allan Griffiths	✓	1
2	Peter William England	✓	1
3	Shaikha Fatima Al Qassimi	✓	1

✓: Attended

#### From 4<sup>th</sup> April 2017 (date of election of the new Board members) up to 31<sup>st</sup> December 2017

No.	Name	Meetings Dates	Total numbers of attendance
		September 7	
1	Jasem Ahmed Al Nuaimi	✓	1
2	Peter William England	✓	1
3	* Shaikha Fatima Al Qassimi	☐	0

✓: Attended; ☐: Not attended

\*Shaikha Fatima Al Qassimi presented her resignation on 25<sup>th</sup> October 2017.



## The Committee of follow-up and supervision of Insiders' Trading

The Committee of follow-up and supervision of Insiders' Trading is composed of three (3) non-executives and two (2) independent directors as follows:

### From 1<sup>st</sup> January 2017 up to 4<sup>th</sup> April 2017

Member's Name	Position	Designation
Allan Griffiths	Chairman	Independent
Peter England	Member	Non-Independent
Shaikha Fatima Al Qassimi	Member	Independent

### From 4<sup>th</sup> April 2017 (date of election of the new Board members) up to 31<sup>st</sup> December 2017

Member's Name	Position	Designation
Jasem Ahmed Al Nuaimi	Chairman	Independent
Peter England	Member	Non-Independent
*Shaikha Fatima Al Qassimi	Member	Independent

\*Shaikha Fatima Al Qassimi presented her resignation on 25<sup>th</sup> October 2017.

### Meetings of the Committee of follow-up and supervision of Insiders' Trading:

During the year 2017, The Committee of follow-up and supervision of insiders' trading held two (2) meetings. The details of attendance are as follows:

No.	Name	Meetings Dates - 2017		Total numbers of attendance
		May 10	November 12	
1	Jasem Ahmed Al Nuaimi	✓	✓	2
2	Peter William England	✓	✓	2
3	*Shaikha Fatima Al Qassimi	✓	N/A	1

✓: Attended; N/A: Not Applicable

\*Shaikha Fatima Al Qassimi presented her resignation on 25<sup>th</sup> October 2017.

### The Committee of follow-up and supervision of Insiders' Trading duties and responsibilities

The duties of the Committee are in accordance with Article (12) of SCA Resolution. The Committee undertakes the following duties:

- Manage, follow-up and supervise Insiders' Trading and their ownerships.
- Prepare and maintain a special and comprehensive register for all insiders, including persons who can be considered as insiders on temporary basis and who are entitled to or have access to inside information of the Company prior to publication.
- Submit period statements and reports to the Board of Directors and to SCA and Abu Dhabi Securities Exchange as and when required.
- Submit and recommend to the Board the rules regarding the trading of Board members and employees of the company in the securities issued by the Company or its mother company, subsidiary or its sisters companies.
- Consider any other issues determined by the Board of Directors.

### Summary report on the Committee's activities during 2017

The Committee held two meetings during 2017. The first meeting was held on 10<sup>th</sup> May 2017 and the results of this meeting were as follows:

- Receive the Terms of Reference of the Insiders' Committee.
- Approve and recommend to the Board the rules and guidelines for Insiders' Trading in the securities.
- Review and approve the register of the Insiders' Committee.
- Review and approve the report on the Insiders' transactions during Q1 of 2017.

The Committee held a second meeting on 12<sup>th</sup> November 2017 and the results of this meeting were as follows:

- Approve the minutes from the previous Insiders' Committee meeting held on 10<sup>th</sup> May 2017.
- Update on the paper on Insiders' Committee Code, Register and Trading.
- Review and approve the Insiders register for the second half of year 2017.
- Review and approve the updated report on the Insiders' transactions during Q2 & Q3 till 15<sup>th</sup> October 2017.
- Review and approve the revised Insiders' Committee Code - Rules & Guidelines.

## Internal Control System

In response to the requirement of Article 8 of the Ministerial Resolution No. 518 of 2009, Internal Control, The Compliance and Internal Control function of the Company was established in 2010. The provisions pertaining to Article 50 of The Chairman of Authority's Board of Director's Resolution No. (7.R.M) of 2016 is also complied. The Board of Directors acknowledges its responsibility for the application, review and efficiency of RAK Insurance's internal control system. The Audit Committee along with an in-house internal controls member of staff ensures internal controls are adequate within the Company.

### A- Internal Control

The Internal Control function of the Company is developed with a disciplined approach to evaluate and improve effectiveness of the internal policies as well as to monitor and control business risks. Below is an overview of the Internal Control process.

**Internal Control Plan:** An Annual Internal Control plan, approved by the Audit Committee, is drawn at the start of the internal control year with focus of key functions/departments that will be evaluated during the year.

**Internal Control Reports:** Internal reviews are being conducted all throughout the year and reports are being issued periodically. The reports being presented to the Audit Committee on a quarterly basis summarises the observations/areas for improvement, implications (as high/medium/low risk), management responses and recommendations after discussions with the senior management.

**Internal Control follow-up:** Quarterly Internal Control follow-ups are conducted on previous reports, to ascertain implementation of agreed changes. The follow-up findings is presented through follow-up reports to the Audit Committee.

Mr. Dipu Krishnan has been appointed as the Senior Internal Audit/Controls Manager on 1<sup>st</sup> December 2016, he holds an MBA degree and is a competent professional with more than 10 years of experience in Auditing Operations, Risk Management, Compliance, Credit Control and Client Relationship Management.

### B- Chief Executive Officer

Andrew Smith is the Chief Executive Officer of the Company. He is an established head of business with significant experience in conventional and Islamic insurance across the UK and Middle East. An insightful strategic thinker with a proven track record of developing and executing successful business plans and building long term sustainable businesses across the Middle East. Andrew has developed, maintained and enhanced long term business relationships with Board level and regional regulatory bodies as well as a proven implementer of strategic business plans.

Andrew has extensive experience in corporate governance and he has chaired and managed a number of executive governance committees that led to improvements internally and recognition of the company by local regulators. Andrew's experience span across all areas of an organisation ranging from fiscal management, market development, technical development emerging markets, and creating shareholder value.

Andrew holds a Master's Degree (MSc) from the University of Leicester, a Post Graduate Diploma in Islamic Banking & Insurance from the UK and Financial Planning Certificates from the Chartered Insurance Institute.

#### **C- Compliance Officer**

Mohammed Hasan Khan has been appointed as the Chief Risk and Compliance Officer since 13<sup>th</sup> January 2016. He joined RAK Insurance with over 16 years of experience in banking and insurance industries providing strategic, business, operating and risk management expertise.

Hasan holds a Bachelor's degree in Accounting from India and has attended executive leadership education program from Harvard Business School, USA. He also holds a Diploma in Banking and Insurance and a Post Graduate Diploma in Islamic Banking & Insurance from IIBI, UK. He is a speaker on various insurance conferences and has published articles on Risk Management, Compliance and Takaful for magazines like Islamic Finance News and Ethical Boardroom.

#### **D- The method of Internal Control management's dealing with any significant issues at the company or with those problems disclosed in the annual reports and accounts**

Audit is conducted and the relevant parameters are captured in the audit report. Further Action Taken report is prepared on a pre-determined frequency and the audit report is closed only after each audit finding is rectified. No effort is spared to review and create awareness among staff on company's policies. Risk sensitization programs are also held.

There were no significant issues during the year 2017.

### **Offenses / Violations**

RAK Insurance has not violated nor breached any regulatory rules and regulations for the fiscal year 2017. Consequently, the Company has not paid any fees or penalties for the year 2017

### **Details of irregularities committed during the financial year**

No irregularities have been committed during the Financial Year 2016-2017.

## Statement of Cash and In-kind Contributions of the company during 2017, for the purpose of local community development and conservation of the environment

RAK Insurance believes it has a social responsibility to the communities it serves.

January 2017, RAK Insurance contributed with an amount of AED 8,000 to the advertising sponsorship campaign of the "Rashid Centre for Disabled". A humanitarian foundation based in Dubai that provides assistance and services to disabled children in education and treatment areas.

The Company supported RAK Police "Traffic Campaign" with a cash amount of AED 10,000. The "Traffic Campaign" aims to increase awareness on road rules and regulations.

In support to the UAE Government's declaration of 2017 as the "Year of Giving", RAK Insurance visited Al Rahma a Charity based in Ras Al Khaimah during the Holy month of Ramadan and donated shirts for distribution to underprivileged communities. The value of the donated shirts is AED 10,000.

RAK Insurance again joined RAK Police on its "Back to School Campaign" initiative August of 2017 by participating with an amount of AED 2,000. It aims to raise funds to buy school supplies and other school materials for needy but deserving students.

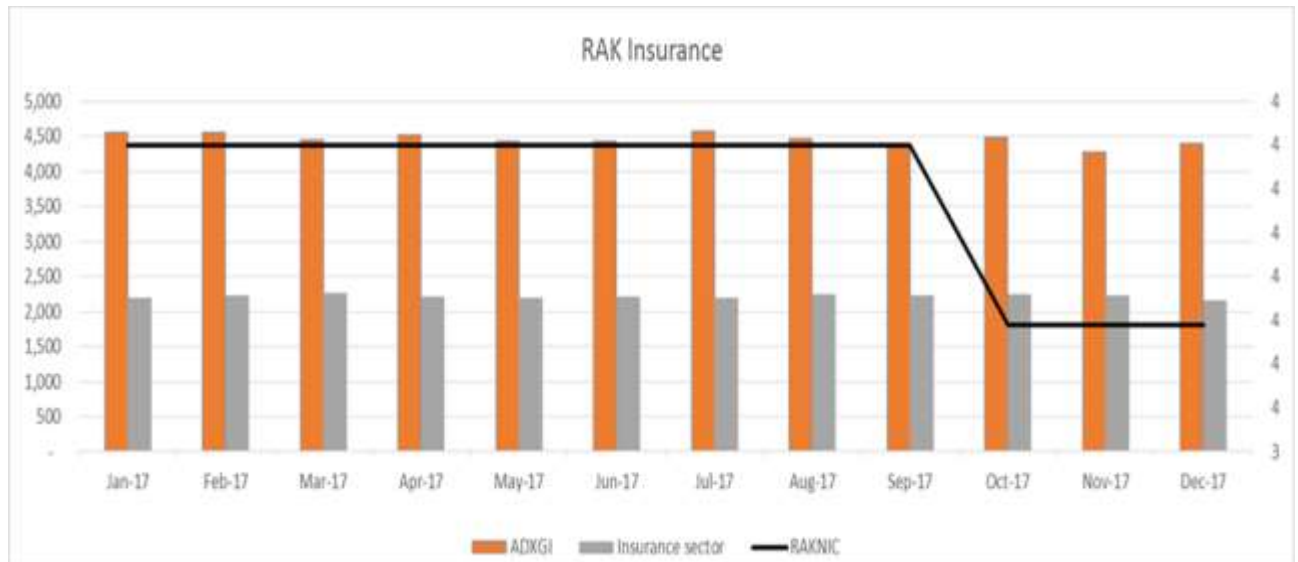
Internally, the Company adheres to protecting the environment by promoting a "greener" business like encouraging staff to restrict printing if it can be kept on screen; recycling of paper and ink cartridges; and ensuring proper disposals of waste especially used electrical items.

## General Information

Statement of **Company's market share** during the Financial Year 2017 (closing price, highest and lowest prices) at the end of each month.

Month	High Price	Lowest Price	Closing Price
January	4.1	4.1	4.1
February	4.1	4.1	4.1
March	4.1	4.1	4.1
April	4.1	4.1	4.1
May	4.1	4.1	4.1
June	4.1	4.1	4.1
July	4.1	4.1	4.1
August	4.1	4.1	4.1
September	4.1	4.1	4.1
October	3.69	3.69	3.69
November	3.69	3.69	3.69
December	3.69	3.69	3.69

Statement of comparative performance of company's shares with the indicator of the public market and the indicator of the same sector related to the company during 2017.



**Distribution of Shareholders' Ownership Equity as of 31st December 2017**  
(Individuals, companies, governments) classified as following: Local, Gulf, Arab or Foreign

No.	Shareholder Classification	Number of Shares			
		Individuals	Companies	Governments	Total
1	Local	18.04%	81.96%	0	100.00%
2	Gulf	0	0	0	0
3	Arab	0	0	0	0
4	Foreign	0	0	0	0

**Statement of shareholders owning more than 5% of Company's capital as at 31st December 2017**

No.	Name	Number of Shares	Percentage % of shares
1	National Bank of Ras Al Khaimah PSC	87154981	79.23
2	Ahmed Issa Al Naeem	14032656	12.75

**Distribution of shareholders according to the shares numbers as of 31/12/2017, as per following**

SN	Share Ownership	Shareholders number	Owned Shares	Percentage % of Shares
1	Less than 50,000	30	277,277	0.3%
2	From 50,000 to less than 500,000	8	1,132,856	1.0%
3	From 500,000 to less than 5,000,000	9	7,402,230	6.7%
4	More than 5,000,000	2	101,187,637	92%

**The adopted procedures for the investor relations regulations**

RAK Insurance contact person who will assist in all of the Investor Relations enquiries is as follows:

**Name** : Mr. Sami Zouagui  
**Email** : [investorrelations@rakinsurance.com](mailto:investorrelations@rakinsurance.com)  
**Telephone No.** : +97172273000  
**Mobile/WhatsApp No.** : +971 54 303 5506  
**Website page** : <https://www.rakinsurance.com/en/rak-investor-relations>

## Special Resolutions reviewed in the General Assembly held during 2017 and actions taken thereon

There were no Special Resolutions in the Agenda of the unique General Assembly meeting held during 2017.

## Statement of Substantial Events of the Company during 2017

- Standard and Poor's, UK - Rating of "BBB + Outlook Stable
- Ethical Boardroom Corporation UK - Best Corporate Governance - Insurance Middle East 2016

## Statement of Emiratisation percentage at the company during 2017

- RAK Insurance target points as determined by the Insurance Authority for the year 2017 is 38 points
- Achieved points as at 31<sup>st</sup> December 2017 is 38.63 points.

In accordance with Cabinet Resolution No. (267/10 & /3) of 2015 Approving the Emiratisation Strategy in the Banking and Insurance Sectors, the Insurance Authority has determined 38 points as the Emiratisation targeted points for the Company for the year 2017. The Company achieved 38.63 points as at 31<sup>st</sup> December 2017 and, therefore, the Company has fully completed the Emiratisation targeted points of the year 2017. The Company's Emiratisation percentage is almost 6%.



## Statement of the projects or innovations accomplished by the company or still under development during 2017

In line with "the National Innovation Strategy", which aims to make UAE one of the most innovative countries in the world, the Insurance Authority requested insurance companies to contribute to the national goal by appointing an "Innovation Representative/Head of Innovation" and, therefore, the Company appointed an innovation representative to remain competitive and to be in compliance with the directive of the Insurance Authority.

Innovation in the company was kick started by running a campaign inviting employees to share their innovation ideas. The 'Best Innovative' idea will be recognised by the Company along with a corresponding prize. The response to this date has been very positive.

May 2017, the Company launched its mobile application and enhanced its online portal. RAK Insurance mobile application pioneered the 'Buy Online' facility using the mobile platform for Motor and Medical Insurance. It provides up-to-date Medical Network; emergency contact services; intimation and tracking of Motor and Medical claims and an easy access to the member's virtual medical card. The app is available for both Android and iOS users.

To date, RAK Insurance mobile app is receiving positive reviews from its users.

RAK Insurance believes that the only way to move forward and to stay in the competition is by ensuring the best customer experience through innovation and technology.

**Salem Al Sharhan**  
Chairman

**Andrew Smith**  
Chief Executive Officer



RAK INSURANCE



<https://www.facebook.com/RAKInsurance/>



[https://twitter.com/RAK\\_Insurance](https://twitter.com/RAK_Insurance)



<https://www.linkedin.com/company/rak-insurance>



<https://www.youtube.com/channel/UCWBs7uTmbOGjrQNcJ32cghA>