

## Corporate Governance



### Commitment to Strong Corporate Governance

Waha Capital's commitment to a robust corporate governance framework is essential for its long-term prosperity. This lies at the centre of its mission to create value for its shareholders and provide them and the wider market with confidence that company affairs are being managed in a fair, responsible and transparent manner.

Accordingly, Waha Capital has implemented a comprehensive corporate governance framework which is modelled on international best practice and complies with the requirements of the Emirates Securities and Commodities Authority (ESCA) and the Abu Dhabi Securities Exchange (ADX).

This framework addresses the following key topics:

- Responsibilities of the Board and individual Directors;
- Terms of reference for each of the company's three Board Committees;

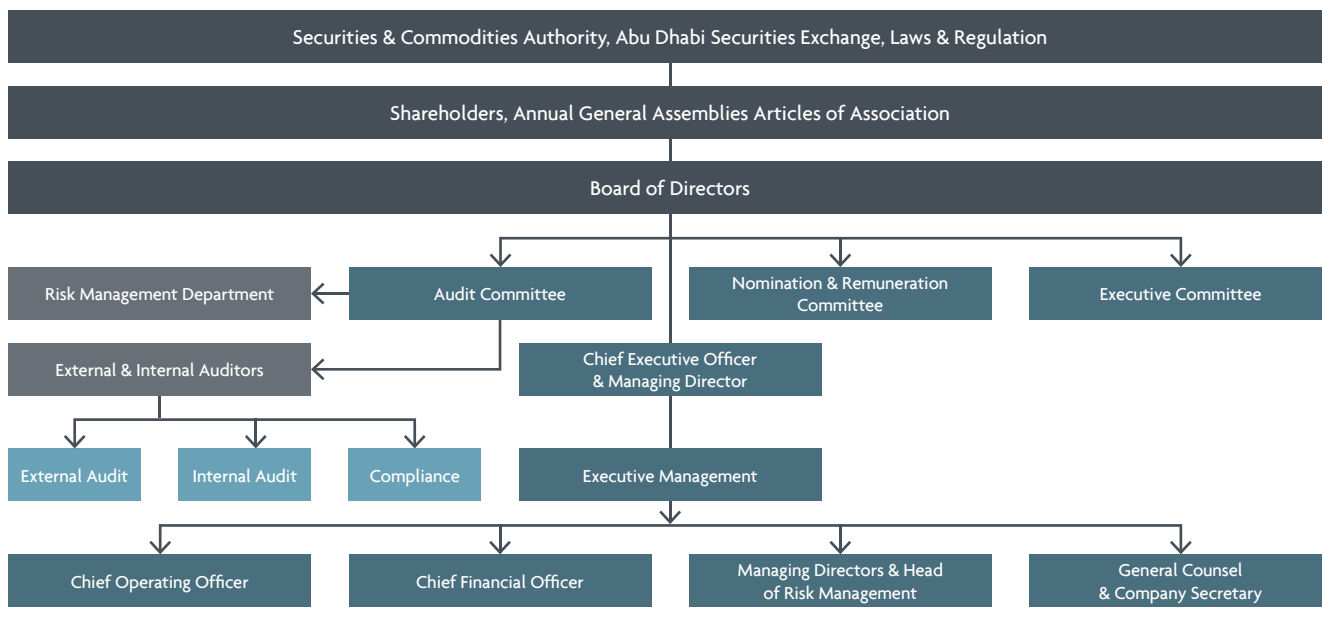
- Appropriate delegation of authority to Management;
- The Company's relationship with its shareholders;
- Internal controls, and compliance functions;
- Rules relating to the appointment of external auditors;
- The Company's Code of Conduct; and
- Share dealing policy applicable to Directors and employees.

We continue to monitor and update our corporate governance framework to ensure that it keeps abreast of regulatory changes, changes to our business and prevailing corporate governance concepts.

Further information on our corporate governance framework and practices is set out in our Corporate Governance Report for 2016, which is available on our website [www.wahacapital.ae](http://www.wahacapital.ae).

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### Corporate Governance Structure



Waha Capital's corporate governance framework is headed by the Board of Directors. The Board is ultimately responsible for ensuring that the Company complies with its legal and regulatory obligations, the Company's Memorandum and Articles of Association, and its duties to shareholders, creating and delivering sustainable value through the proper management of the company's business. The Board is assisted in this process internally by the Board Committees, the Internal Control Department, the Compliance Officer, the Risk Management Department and day-to-day by members of the Executive Management.

#### Board

The current Board of Directors was elected by the Company's shareholders in the Company's 2015 Annual General Meeting held on 24 March 2015. Accordingly, all of the Directors' terms of office will expire upon the Company's Annual General Meeting in 2018.

All of Waha Capital's Directors are considered as non-executive, except for the CEO/MD who is an Executive Director. Three of the Directors are considered as independent under ESCA's Corporate Governance Code.

To ensure their continued independence, Directors are required to disclose the nature of their positions with other organisations, including companies and public institutions, and indicate the set term of each position, when they first join the Company, and when their positions change.

#### Board Committees

The Company has established the Audit Committee, the Nomination and Remuneration Committee and Executive Committee with formal Terms of Reference (charters), which set out its responsibilities, composition and operating and reporting frameworks.

Each Committee reports regularly to the Board about their activities and the exercise of their powers, which includes updating the Board at each Board meeting of all decisions and resolutions passed by the Committees since the last Board meeting.

Annually, each Committee evaluates its workings under its relevant Terms of Reference, with a view to improving the workings of the relevant Committee or its relationship with the Board and the Board follows up the operations of the Committees to ensure that they are adhering to their Terms of Reference.

### Executive Committee

The Executive Committee acts on behalf of the Board when timing is critical. As such, it is authorised by the Board to fulfil the objects set out in the Company's Memorandum and Articles of Association, including the authorisation and negotiation of and entry into legally binding agreements on behalf of the Company. In particular, it has the following delegated authority, subject to a transaction value cap of AED 150 million:

- entering into share or asset purchase or disposal agreements;
- entering into or terminating any joint venture arrangements or shareholder agreements with another company or legal entity;
- entering into any limited or general partnership as a general partner;
- obtaining commitments to fund;
- entering into or terminating any financing under which the Company accepts a funding commitment in favour of a party outside the Company's group;
- restructuring of the Company's financing;
- entering into leasing or licensing agreements;
- entering into management agreements relating to the management of asset portfolios;
- establishing of special purpose vehicles in appropriate jurisdictions through which the Company may conduct its business; and
- entering into hedging arrangements.

### Audit Committee

The duties and responsibilities of the Audit Committee according to its approved Terms of Reference are consistent with the governance rules set forth in the Corporate Governance Code. In particular, the Audit Committee has the following key duties and responsibilities:

- overseeing the integrity of and reviewing the Company's financial statements and annual and quarterly reports;
- developing and applying the policy for contracting with external auditors, and following up and overseeing the qualifications, independence and performance of the external auditor;
- overseeing the qualifications, independence and performance of the Company's internal audit and compliance staff, and approving the annual audit plan prepared by the internal auditors;
- reviewing the external and internal auditor's management letters, reports and recommendations, and management responses, and overseeing the implementation of action steps recommended by the Audit Committee;
- reviewing the Company's financial control, internal control and risk management systems;
- overseeing the scope of the Company's compliance with its Code of Conduct and its various legal and regulatory obligations; and
- reviewing or investigating any allegations of fraud or theft which are brought to the Audit Committee's attention, which are made by or against employees or Directors and making appropriate recommendations to the Board.

### Nomination and Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee according to its approved Terms of Reference are consistent with the governance rules set forth in the Corporate Governance Code. In particular, the Nomination and Remuneration Committee has the following key duties and responsibilities:

- organising and following up the Board nomination procedures in line with the requirements of applicable laws and regulations and of the Corporate Governance Code, in addition to determining the Company's needs for qualified staff at the level of senior management and the basis for their selection;
- verifying the ongoing independence of independent Board members;
- reviewing and approving, in consultation with the Chairman of the Board and/or the Chief Executive Officer, the terms and conditions of the service contracts of Executive Directors and senior management employees;
- reviewing at least annually the remuneration (comprising basic salary, other allowances, and any performance-related element of salary or bonus) of the Company's employees including the senior management team, and remuneration proposed to be paid to the Board directors; and
- preparing a succession plan for the Board and its Committees, the Chief Executive Officer, and key members of management.

### Internal Controls Department

Waha Capital's internal control and supervisory system is established to ensure that the Board and Management are able to achieve their business objectives in a prudent manner, safeguarding the interests of the Company's shareholders and other stakeholders, whilst at the same time minimising key risks such as fraud, unauthorised business activity, misleading financial statements, uninformed risk-taking, or breach of legal or contractual obligations.

As per the approved Waha Capital Corporate Governance Manual, the Board is responsible for ensuring that the Company applies adequate internal control systems. The Board is also responsible for performing an annual review of the effectiveness of the Company's internal control system and the scope of the Company's compliance with that system.

Under a delegated authority, Management is also responsible for ensuring that adequate internal controls (both financial and operational) are in place and applied to safeguard and manage the assets of the Company in an effective and efficient manner.

Mr. Amit Choudhary is the Company's Head of Internal Control Department and Compliance Officer. Amit is a qualified accountant with over 15 years of professional experience in audit and internal controls at globally reputed accounting firms. Amit reports to the Audit Committee, and enjoys operational independence from Management.

### Internal Audit

During 2016, the Head of Internal Control carried out internal audits of several critical functions within the Company's healthcare subsidiary (AAH). The findings of these internal audit reviews were presented to the Company's Audit Committee, and recommendations were adopted for implementation by AAH management.

Additionally, due to the industry-wide increased risk of cyber security and use of information technology, an audit of the Company's Information Technology department is in progress. The findings of the audit will be presented to the Company's Audit Committee upon completion of the internal audit.

### External Audit

Deloitte & Touche (M.E.) ("Deloitte") was first appointed as Waha Capital's External Auditor at the 2012 Annual General Meeting held on 15 April 2012. They were reappointed as External Auditor in each of the 2013-2016 Annual General Meetings.

Waha Capital adopts a policy on External Auditors' independence by which the External Auditor may not, while assuming the auditing of the Company's financial statements, perform any technical, administrative or consultation services or works in connection with its assumed duties that may affect its decisions and independence or any services or works that, in the discretion of ESCA, may not be rendered by the External Auditor.

The external audit fees of Deloitte for the year 2016 amounted to AED 575,000 being for auditing services provided to Waha Capital and certain of its subsidiaries.

### Compliance

The role of the Compliance Officer is to verify compliance by the Company and its officers and employees with the applicable legal and regulatory requirements (including the resolutions issued by ESCA and the ADX), the Company's internal policies and procedures, and commitments made to third parties (including the Company's lenders and counterparties).

The Compliance Officer reports to the Audit Committee/Board on key matters of non-compliance.

### Disclosure Practices

The Company is committed to complying with all of its disclosure obligations, including to ESCA, the ADX and to shareholders, so that trading in its shares can take place in an informed market. In 2016, the Company made regular disclosures to ESCA and ADX, including in relation to its quarterly and annual financial statements, its upcoming Board meetings and decisions, the 2016 dividend, its share buy-back programme, its key investor relations materials, and key transactions and financings entered into by the Company.

### Share Dealing Policy

The Company has adopted a policy on Directors' and employees' dealing in the Company's securities, for the purpose of ensuring that the Company's Directors and employees (and their close relatives) do not deal or trade in securities issued by the Company or its subsidiary or sister companies based on undisclosed confidential information or in circumstances of conflict.

The following represents the key aspects of the Share Dealing Policy:

- No director or employee of the Company (or any subsidiary or other company controlled by Waha) may deal in Company securities whilst they are in possession of any information which could affect the price of these securities, where such information has not been disclosed to ADX.
- Trading may not take place during any black-out period, as follows:
  - A) ten working days prior to the announcement of any significant information which affects the share price by way of a rise or fall, unless the information was a result of sudden adventitious events;
  - B) from 15 March until the company's first quarter financial statements are disclosed to the ADX;
  - C) from 15 June until the company's first half financial statements are disclosed to the ADX;
  - D) from 15 September until the company's third quarter financial statements are disclosed to the ADX; and
  - E) from 15 December until the company's full year audited financial statements are disclosed to the ADX,
- Directors who are not in possession of such information as referred to above, and who are not proposing to trade in any black-out period, may only deal in the securities of the Company with the prior written consent of the Chairman (or, in his absence, the Vice-Chairman), whilst employees who are not in such possession may only do so with the prior written consent of the Chief Executive Officer & Managing Director or Chief Operating Officer (or, in their absence, the Company Secretary), which consent will normally only be given in the first two weeks after the quarterly or annual results are released to the ADX.

#### Policy Implementation Measures

The Board and the individual Directors as well as Company management understand their obligations with respect to disclosure requirements in connection with their dealings in Waha securities and are regularly informed of key dates. The Company has also given to ADX an updated list of Company insiders, to facilitate the ADX's monitoring of the Company's compliance with all applicable share dealing laws.

The Company also has an Insider Trading Committee comprising the following members of Management:

- Mr. Salem Al Noaimi – Chief Executive Officer & Managing Director;
- Mr. Alain Dib – Chief Operating Officer; and
- Mr. Safwan Said – General Counsel & Company Secretary.

The duties of this Committee are to administer the Company's Share Dealing Policy, and to regularly monitor trading in the Company's shares to reduce the risk of any unauthorised trading by the Company's Directors and employees. In 2016, the Committee did not receive any application by any Director or employee to trade in the shares of the Company.

#### Directors' Remuneration

The Company's General Assembly determines the remuneration of the Board directors on an annual basis. According to the new Commercial Companies Law (Federal Law No. 2 of 2015), the Director's remuneration cannot exceed 10 percent of the net profits of the Company, after deducting 10 percent of the net profits to the statutory reserve.

The Nomination and Remuneration Committee is also required to review, at least annually, the remuneration proposed to be paid to Directors, whether in their capacity as members of the Board or of Board Committees, and make recommendations to the Board as considered appropriate.

In 2016, the Directors were paid AED 18 million (in aggregate) in respect of the 2015 financial year. The Directors' fees for the 2016 financial year will be decided at the Company's Annual General Meeting for 2017.

No allowances were paid to Directors for their attendance of meetings of the Board or Board Committees in 2016.

Furthermore, as per the Company's Policy, Directors will not be entitled to participate in any share option plan (or other form of long-term incentive plan) of the Company.

#### Memorandum and Articles of Association

The Company's Memorandum and Articles of Association is available for viewing at the company's website: [www.wahacapital.ae](http://www.wahacapital.ae).