



GREEN CRESCENT INSURANCE COMPANY (PJSC)

Governance Report for 2009

1.) Corporate Governance Practices:

Green Crescent Insurance Company is committed to achieving a corporate governance program that encompasses ESCA requirements and international standards. The Company's corporate governance philosophy is to provide transparency through its disclosure requirements and accountability of its Directors, thus providing shareholders information that is relevant and continuous.

The Charters for each Committee provide the roles and delegated authorities for each Committee. A Delegation of Authority manual has been established and is intended to be an integral part of the Company's total system of internal controls. Its application will be monitored as part of the internal and statutory audit procedures.

The implementation of the Corporate Governance Code is a priority for the Company in the next twelve months. At present the Company's Board Charter is being drafted and will be referenced with compliance to the Corporate Governance Code where applicable.

The rules of the Corporate Governance Code which address the composition of the Board, Board meetings, Committees, Directors' remuneration, internal control systems, shareholder rights and continuous reporting (amongst others) are being adapted into the governance program the Board is adopting.

Included in the process of implementing the Corporate Governance Code is an internal procedure to monitor and rectify any breaches of the code which have occurred over the financial year.

2.) Transactions of Directors in Securities:

The Board of Green Crescent Insurance Company is determined to apply best practice in relation to Disclosure Requirements under the Law and regulations of the country and applicable regulatory bodies. To this end, the corporate governance program will include internal reporting and monitoring of Directors' dealings in securities. Policies addressing expectations, internal and external reporting procedures, and requirements in relation to disclosure and dealing in securities will be reviewed on a regular basis. All Directors will be advised of their legal obligations and the need for timely, relevant disclosure in relation to reporting on these issues.

3.) Composition of the Board of Directors:

The Board brings to the table a wealth of experience from fields such as finance, business development, healthcare, regulatory and governmental bodies.

At present the Board comprises of 5 members in accordance with Article 22 of the Articles of Association of the Company. Composition of the Board is as follows:

- Saeed Bin Hamdan Al Nahyan, **Chairman**
- H.E. Dr. Mohammad Saeed Al Badi Al Dhaheri
- Mr. Mohamed Obaid Khalifa Jaber Al Murrer
- Mr. Carl J. Sardegna, **Chief Executive Officer**
- Dr. Sami Al Amri

The Board members were appointed for three years starting from the Company's establishment and are required to seek re-election by shareholders every three years. The Board of Directors may appoint members to fill

a vacancy during the year, and the Director so appointed must seek re-election by the shareholders at the next annual general assembly.

The Chairman and 3 of the Directors are Non-Executive Directors. The CEO is an Executive Director.

The following is a brief profile of the members of the first Board of Directors:

Saeed Bin Hamdan Bin Mohamed Al Nehayan;

His Excellency graduated from the Britannia Royal Naval College, Dartmouth in the United Kingdom. He completed his advanced training at the United States Naval Training Command in San Diego, California. He then completed the Staff Course and most recently the Command Course at the United States Naval War College in Newport, Rhode Island. He is presently a Captain in the UAE Navy and Deputy Chief of Naval Operations UAE.

H.E. Dr. Mohamed Saeed Al Badi Al Dhaheri;

H.E. Dr. Al Dhaheri is the former Chief of Services of the UAE Armed Forces and the former Minister of the Interior for the UAE.

Mr. Mohamed Obeid Jaber Al Murrer;

Mr. Al Jaber is the Chief Executive Officer of Al Jaber Group. He is a graduate of Business Administration from the UAE Higher Colleges of Technology in 1993. Prior to becoming the CEO, Mr. Al Jaber was the Chief Finance Officer of the Group. Mr. Al Jaber leads the expansion team in Al Jaber Group and is behind a number of successful joint ventures. In addition to his achievements at Al Jaber Group, Mr. Mohamed has a remarkable record of launching successful companies and businesses in various sectors of the economy. He is also currently a board member of Emirates Insurance and an ex-board member of Abu Dhabi Chamber of Commerce and Industry.

Mr. Carl J. Sardegna;

Mr. Sardegna has been Vice Chairman of the Board of FutureHealth® Corporation from 1998 through 2006. Future Health is a population risk management company that supervises healthcare for over 750,000 employees and dependents. Mr. Sardegna was also Chairman and CEO of the Maryland Blue Cross/ Blue Shield Plan covering 1.5 million members. As part of this managed care program, he created two subsidiaries, Greenspring and Paradigm. Prior to the Maryland Blue Cross/Blue Shield Plan, Mr. Sardegna served as Executive Vice President of UNUM, the country's largest provider of long term disability. He was part of its initial billion-dollar public offering changing from Union Mutual (a mutual insurance company) to a public stockholder company. Mr. Sardegna's responsibilities were largely those of IPO.

Dr. Sami Al Amri;

Dr. Al Amri is currently the President of Quantum Consulting (QC). He began his career with Ernst & Young in the Middle East in 1966 and then held a number of senior positions in Canada. He rejoined Ernst & Young in London as a Manager of Corporate Advisory Services and became a Managing Partner of Business Advisory Solutions for Ernst & Young in the Middle East. Dr. Sami has a PhD from the United Kingdom, an MBA from the United States, and B.Com from Canada. He is a member of various recognized institutes and holds the Certified Management Accountant and Certified Internal Auditor certificates.

As per the Articles of Association, remuneration of the Board of Directors of Green Crescent Insurance Company is a percentage of the Net profit, in addition the Company may pay monthly salary or fees if the Board member carries out additional duties over and above that of his/her core duties as a Board member. The Company has paid total remuneration of AED 1.5M to its Executive Directors for the year 2009.

To assist the Board with its responsibilities to provide leadership and effective governance of the Company, four Board Committees have been established. The Committees are as follows:

| EXECUTIVE COMMITTEE MEMBERS |
|---|
| Chairman: Saeed Bin Hamdan Al Nahyan |
| H.E. Dr. Mohamed Saeed Al Badi |
| Dr. Sami Al Amri |
| Carl J. Sardegna |
| AUDIT COMMITTEE MEMBERS |
| Chairman: Sameer Bagaber |
| Mohamed Obaid Khalifa Al Jaber |
| Ali Al Badi |
| Philip Basha |
| Abdullah Ahmed Gasin |
| HR COMMITTEE MEMBERS |
| Chairman: Omar Bamadhaf |
| Mohamed Obaid Khalifa Al Jaber |
| Mohamed Khouri |
| Dr. Faraj Ahnish |
| Dr. Sami Ali Al Amri |
| INVESTMENT COMMITTEE MEMBERS |
| Yusuf Alami |
| Ali Al Badi |
| Nabil Farhat |
| Robbie Zahr |
| Mohamed Al Faheem |
| Bader Ghazi Jeiroudi |

The Board of Directors met five times in the financial year of 2009 and look to increase the number of Board Meetings in 2010.

| Name | Board of Directors Meetings: 5 | Audit & Compliance Meetings: 6 | HR Meetings: 4 | EXCOM Meetings: 3 | Investment Meetings: 2 |
|---|--------------------------------------|--------------------------------------|----------------------|-------------------------|------------------------------|
| Saeed Bin Mohamed Al Nehayan | 5/5 | N/A | N/A | 3/3 | N/A |
| H.E. Dr. Mohamed Saeed Al Badi Dhaheri | 5/5 | N/A | N/A | 3/3 | N/A |
| Mr. Mohammed Obaid Al Jaber | 3/5 | 0/6 | 0/4 | N/A | N/A |
| Dr. Sami Al Amri | 5/5 | N/A | 3/4 | 3/3 | N/A |
| Mr. Carl Sardegna | 5/5 | 6/6 | 4/4 | 3/3 | 2/2 |

The Board's duties and responsibilities in relation to managing the affairs of the Company are captured in the Company's Articles of Association, Committee Charters and policies, and include, but are not limited to, the following:

- Review financial and operational performance
- Approval of business plan, financial policies, action plans, investment strategies and internal regulations and implementation guidelines
- Approval of financial statements and other reports to shareholders
- Disclosure policy for Directors and monitoring of compliance
- Committees - specify their roles, powers and responsibilities
- Authority levels and delegation of power to executive management
- Selection of CEO and other executives

The tasks and responsibilities of the Chairman of the Board of Directors shall be part of the Board Charter. It is the responsibility of the Chairman to encourage all Directors to fully and efficiently participate in handling the affairs of the Board of Directors for ensuring that the Board of Directors is working in the best interests of the Company.

Role of Chairman:

- Develop long term strategy with the CEO and the Board members
- Set board agenda, ensure Directors receive clear, timely accurate information to base decisions on
- Organise with Company Secretary the Board Committees
- Encourage active engagement by all Board members
- Leading the formal induction programs for Directors and ongoing development programs.
- Board member evaluation
- Effective communication with shareholders
- Support CEO

Role of CEO:

- Responsible for operations and financial performance
- Prepare strategy, plans, objectives and implements
- Submit acquisition/investment proposals and implements.
- Develop organization structures
- Together with Chairman communicates to shareholders

Defining the tasks for the role of the Chairman and Chief Executive Officer helps to ensure independence between the two; regular contact ensures clarity of communication. The role of the Chairman and Chief Executive Officer is complementary but both roles require clarity on their involvement and accountability.

According to the definition of the word 'independent,' the Board meets the requirement of 1/3 independent Directors. The Board is currently in the process of identifying additional potential candidates.

A dedicated investor Relations site will be included on the Company's website in the coming year, where investors will be provided with current information relating to the Company such as:

- Annual report
- Financial reports
- Corporate Governance documentation
- Press releases
- Securities information

- Speeches and interviews
- Feedback facility

Green Crescent Insurance Company intends to provide all its stakeholders with relevant, accurate and timely information with regard to its achievements, strategies and performance.

4.) External Auditor's Fee

The Company's external auditor is retained to perform an annual review of the Company. The auditor is paid on a fixed annual fee basis. The shareholders approve the auditor's fee which is recommended by the Board of Directors at the annual general meeting. Should there be additional work required that is not within the scope of the annual review, it will be reviewed and approved by the Audit and Compliance Committee on a case to case basis. The terms of the Audit and Compliance Committee include the scope of the external auditors work.

A total of AED 198,500/- was paid to the external auditors during the financial year ending 31st December, 2009, including AED 8,500/- for a special agreed upon procedures report.

5.) Audit Committee

| AUDIT COMMITTEE MEMBERS |
|---------------------------------|
| Chairman: Sameer Bagaber |
| Mohamed Obaid Khalifa Al Jaber |
| Ali Al Badi |
| Philip Basha |
| Abdullah Ahmed Gasin |

The purpose of the Audit Committee (for this section the "Committee") of the Board of Directors ("Board") is to assist the Board in its oversight of:

1. The integrity of the Company's financial statements;
2. The Company's systems of disclosure and internal control regarding finance, accounting, legal compliance and ethics that management and the Board have established;\

3. The Company's compliance with legal and regulatory requirements;
4. The qualifications and independence of the independent accountants retained by the Company (the "Auditors") for the purpose of preparing or issuing an audit report or performing other audit, review or attest services;
5. The performance of the Auditors and of the Company's internal audit function.

Authority

The Committee shall have the authority (without having to seek Board approval) and appropriate funding provided by the Company, to obtain advice and assistance from the Auditors and from outside legal, accounting and other advisors, as it deems necessary to carry out its duties. The Committee may also request the Auditors, the Company's chief internal auditor ("General Auditor") or management and any other internal or external advisors to conduct any investigations, reviews or studies of any matter within the scope of the Committee's duties and responsibilities. In connection with any such investigation, the Committee shall have unrestricted access to Company personnel and documents.

Composition

The Committee is presently comprised of one Non Executive Director, and four members who bring their accounting, financial and technical backgrounds to the Audit Committee to assist the Board in administering the Audit Committee function.

The Committee shall designate one of its Committee members as Chair who shall preside over meetings of the Committee and report Committee actions to the Board. If the Chair is not present, the Committee may designate an acting Chair.

Meeting & Other Actions

The Committee shall meet at least four times per year, with one meeting to be held at the completion of the annual audit and before the Company's annual financial statements are published, and three meetings to be scheduled at the direction of the Chair in connection with the review and release of quarterly financial results. Additional meetings may be held as needed to fulfill the Committee's responsibilities. Additional meetings may be requested by any Committee member.

The frequency, length, and agendas of meetings shall be determined by the Chair in consultation with Committee members and Company management. Any Committee member may request the inclusion of items on the agenda or raise subjects at a meeting that are not on the meeting agenda.

Periodically, the Committee shall meet with Company management, the General Auditor and the Auditors in separate executive sessions to discuss any matters that the Committee believes warrant Committee attention. The Committee shall also meet separately or with combinations of the foregoing groups in carrying out its duties and responsibilities set forth below.

A majority of the members of the Committee shall constitute a quorum for the transaction of business. Meetings shall be held at the principal offices of the Company or as directed by the Chair.

Roles and Responsibilities

The Audit Committee is entrusted with tasks and duties to assist the Board in performing its financial and governance obligations. These tasks include, but are not limited to:

- To adopt a policies for contracting or terminating the Auditor (subject to shareholder ratification if applicable), with sole authority to approve all audit engagement fees and terms and all significant non-audit engagements; to report to the Board any matters that, in the Committee's opinion, necessitate an action and to provide recommendations on the necessary steps;
- To follow up and monitor the independence and objectivity of the Auditor and to discuss with the Auditor the nature, scope and efficiency of the audit in accordance with generally accepted accounting standards;
- To monitor, and as part of its normal course of activity, revise the integrity of the financial statements and in this regard particularly to lay an emphasis on:
 - Any changes to the accounting policies and practices;
 - The aspects subjected to the management's judgment;
 - The substantial amendments resulting from the audit;
 - Ongoing concerns;

- Compliance with the accounting standards where are they set forth by any Authority; and
- Compliance with the Listing Rules, Disclose Rules and such other legal requirements as relevant to the preparation of financial reports;
- To consider the findings of principal investigations in Internal Control matters assigned thereto by the Board or carried out by the Committee's initiative with the management's approval; and
- Evaluate the adequacy and effectiveness of the Company's control system by reviewing reports from management, the General Auditor and the Auditor, and monitoring management's responses and actions to correct any noted deficiencies.

The Audit Committee has recommended that the function of internal audit be outsourced to ensure maximum efficiency and independence.

6.) HR Committee

| HR COMMITTEE MEMBERS |
|--------------------------------|
| Chairman: Omar Bamadhaf |
| Mohamed Obaid Khalifa Al Jaber |
| Mohamed Khouri |
| Dr. Faraj Ahnish |
| Dr. Sami Ali Al Amri |

The Human Resources Committee is entrusted with tasks and duties to assist the Board of Directors and senior management in performing their obligations. These tasks include, but are not limited to:

- selection and appointment of senior management and Directors
- development of organizational structure
- development, application and review of human resources and training policies
- determining Green Crescent's requirements for executive managers and employees
- succession planning for Board members and senior management
- remuneration policies and incentive plans

7.) Investment Committee

| INVESTMENT COMMITTEE MEMBERS |
|-------------------------------------|
| Yusuf Alami |
| Ali Al Badi |
| Nabil Farhat |
| Robbie Zahr |
| Mohamed Al Faheem |
| Bader Ghazi Jeiroudi |

The Chairman of this Committee is elected at each meeting. The primary purposes of the Investment Committee are to assist the Board in reviewing the Company's investment policies, strategies, transactions and performance, and in overseeing the Company's capital and financial resources. Goals and responsibilities include, but are not limited to:

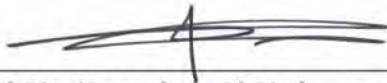
- oversee the investment policies, strategies, and programs of the Company and its subsidiaries
- delegate authority to management to execute individual investment transactions on behalf of the Company within policies and limits approved by the Committee and to approve investment transactions on behalf of the Company that exceed such delegated authority.
- review investment transactions made on behalf of the Company and its subsidiaries
- review the performance of the investment portfolios of the Company and its subsidiaries
- review the Company's Capital Plan and to review and provide guidance to the Board on significant financial policies and matters of corporate finance, including the Company's dividend policy, share repurchase program, and the issuance or retirement of debt and other securities
- review and provide guidance to the Board about proposed mergers, acquisitions, divestitures and other similar transactions
- review significant strategic capital project expenditures and management
- review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval
- perform any other responsibilities delegated to the Committee by the Board from time to time

8.) General Information

The vision of Green Crescent Insurance Company is to be the leading and highest quality health insurance provider in the region. Green Crescent will use proven international health insurance best practices, processes and technologies to consistently provide the best solutions and services to its customers

Green Crescent Insurance Company will launch a host of innovating services in the upcoming year including:

- Care Management;
- Flexible plan structures; and
- E-claims system.



Saeed Bin Hamdan Al Nahyan
Chairman