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ABOUT THIS REPORT

We are pleased to present our first sustainability report that presents Al Fujairah National Insurance Company's (AFNIC) environmental, social, and economic performance over the period from January to December 2020. The report also documents AFNIC's future commitments and objectives to integrate Environmental, Social and Governance (ESG) best practices across its operations.

Through this report we demonstrate our commitment towards ADX initiative to drive sustainability in alignment with UAE National Vision 2021, Abu Dhabi Economic Vision 2030 and national & global efforts on adopting Sustainable Development Goals (SDG) through all the activities in insurance value chain.

This report has been prepared in accordance with the GRI Standards: core option. It also underscores AFNIC's commitment to transparency and international best reporting practices. We report on the topics that are most material to our business and stakeholder groups. It has successfully completed the GRI's Materiality Disclosure Service. The GRI Content Index can be found at the end of the report in the Appendices.

The detailed report of board of directors, financial statement and corporate governance report are disclosed separately on ADX and are available in the investor section of our company website <https://afnic.ae/en/>

AFNIC welcomes any feedback or inquiries related to this report on any of the following channels:

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A MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

In this report, I am proud to present you with our efforts to achieve a sustainable business model, which has been the focal point of our success and growth. Our operations are aligned with the company's sustainability strategy to ensure creating shared value for all our stakeholders and achieving financial and operational profitability.

At AFNIC, we have been operating in the UAE since 1977 with success thanks to our progressively diversified operations. Our operations are aligned with the company's sustainability strategy to ensure creating shared value for all our stakeholders and achieving financial and operational profitability.

We monitor our sustainability performance in an effective way through the activities we conduct under the guidance of our Board of Directors. Our sustainability objectives are in line with the United Nations Sustainable Development Goals 2030 and UAE Vision 2021.

That will not change going forward – we will continue to secure the future of our customers and society sustainably.

In 2020, we made significant efforts to conduct business responsibly, achieve sustainable growth and maximize value for our stakeholders and our communities. We developed a sustainability framework to ensure that our operations are performed in a responsible manner. We continued to improve our recruitment processes and talent management to ensure that we always employ and retain the best talent to lead the company forward, while adhering to the principles of integrity, transparency and accountability.

Why do we consider this non-financial report so important? Because we believe that the more our efforts are recognized and the more transparent we are about our plans, the greater the chances of others being encouraged to consider adopting sustainable strategies.

Further, we believe that presenting such sustainability report will serve as catalyst for self-assessment and continued improvement in our sustainability journey.

Finally, I would like to express my gratitude to all our shareholders, customers, and employees for their loyalty and the trust they have placed in us. We will continue to grow our business and comply with the best governance practices and operate responsibly.

Sincerely Yours,

Antoine Manalouli

CEO – Al Fujairah National Insurance Co. PJSC





ABOUT AFNIC

For over four decades now, Al Fujairah National Insurance Co (AFNIC) is the only insurer in the United Arab Emirates that has its headquarters in Fujairah, situated in the Eastern part of the country. AFNIC serves a multitude of clients across a wide-spectrum of industries throughout the UAE.

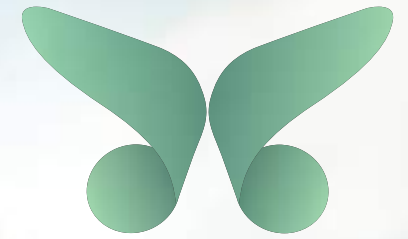
Established in 1976, under the patronage of the Ruler of Fujairah, AFNIC is a Public Joint Stock Company, registered under the Federal Company Law, and Federal Insurance Law with the Government of Fujairah as the major Shareholders (with over 80% share).

AFNIC has a wide network of full-fledged branch offices spread throughout the UAE. It has an active presence in Abu Dhabi, Dubai, Sharjah, Dibba and Fujairah, offering all their services under one roof for the convenience of customers. Customers can also avail of AFNIC's products from the Insurance ATMs (a revolutionary concept – first-of-its-kind in the world), which is available at various Petrol Stations in Dubai.

The company underwrites all classes of Property and Casualty insurances, including Motor Vehicles and Marine Vessels, to Jet Aircrafts, Port Operators' Liability, Group Life, Medical, and much more.

AFNIC is supported by a panel of strong Reinsurance securities, and is backed with expertise of over 35 years.

'Leading Rating Agency Moody's has assigned Baa1 Rating (with stable outlook) to AFNIC, which endorses our strong position.'



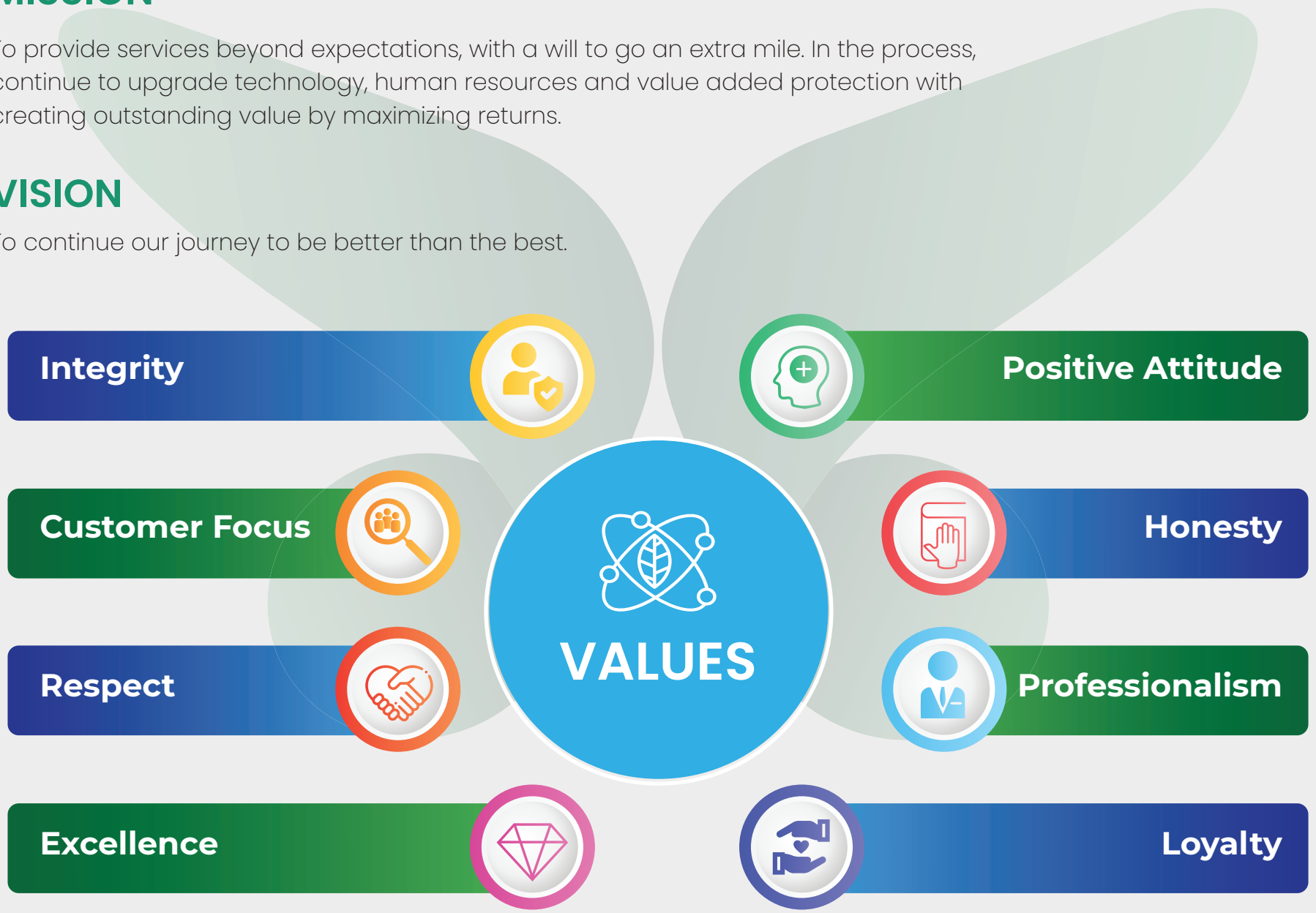
OUR CHARTER

MISSION

To provide services beyond expectations, with a will to go an extra mile. In the process, continue to upgrade technology, human resources and value added protection with creating outstanding value by maximizing returns.

VISION

To continue our journey to be better than the best.



 **2020 KEY HIGHLIGHTS**

**AED
36.9 MILLION**

18% GROWTH IN NET
PROFIT COMPARED TO
AED 31.2 MILLION IN 2019

**AED
52 MILLION**

46% GROWTH IN NET
TECHNICAL PROFIT COMPARED
TO 35 MILLION IN 2019

**AED
286 MILLION**

TOTAL PREMIUM
REVENUE IN 2020

**AED
30.52 MILLION**

8% GROWTH IN EPS COMPARED
TO 2019 AED 28.38 MILLION



**AED
113 MILLION**

NON-MOTOR GROSS
PREMIUM **27%** MORE THAN
2019 AED 8.75 MILLION

33%

OF **FEMALE** IN TOTAL
WORKFORCE

**AED
157,000**

OF TOTAL LOCAL
COMMUNITY INVESTMENTS

**2080
HOURS**

OF TRAINING PROVIDED
IN 2020, **65%** MORE WHEN
COMPARED TO 2019 (1264 HOURS)

RECOGNITION

Proud Insurers of AED 3.45 Billion Dubai TRAM project in Dubai, in addition to various other Landmark projects and properties in various parts of Dubai as well as in Fujairah.

Awarded The Excellence Award in Tolerance by the U.A.E. Insurance Authority, in recognition of our level of acceptance and high moral values

Awarded The Outstanding Company in Social Responsibility Award from the U.A.E. Insurance Authority for our continuous efforts in supporting our society.





KEY EVENTS AND CONTRIBUTIONS

2018	2019	2020
Rashid Center for Disabled	Donated Wheel Chairs to Specialist Center for children with Disabilities and Rashid Center for Disabled	Support the Ministry of Health – Donation as COVID-19 support
UAE Scout Pioneers Committee	Al Hadaf Center for Training and rehabilitation	West Asia Paralympic Federation – Donation for purchase of wheelchairs.
Al Tareq Center for rehabilitation	Donation for UAE Scout Pioneers Committee	Emirates Red Crescent: Lebanon – Relief Support
Dibba Al Fujairah center for Care and Rehabilitation of People with Disabilities	Donation to UAE Red Crescent	Al Tareq Rehabilitation and Autism Centre – Donation for care of People of Determination
Saaed traffic accidents reduction society	Rising Sun Center for Academic Support	Rashid Center for People with determination
Specialist Center for children with Disabilities	Emirates Red Crescent Orphans Initiative – Sponsored families with children and orphans for their necessities.	Specialist center for children with disabilities
	Emirates Red Crescent Donations to Impoverished Families – Necessities were provided for families facing financial difficulties	The Emirates Society for parents care & relief

SUSTAINABILITY AT AFNIC

Implementing a sustainable approach is a fundamental commitment that will continue to be embedded in AFNIC, its strategies and daily operations. AFNIC are committed to having an important role in supporting our communities, the United Nations Sustainable Development Goals 2030 and UAE Vision 2021.





OUR APPROACH TO SUSTAINABILITY

We aim to integrate ESG factors into our insurance and investment businesses. AFNIC's sustainability approach is guided by key pillars of sustainability like Corporate Integrity, Amplifying Economic Impacts, Operating Responsibly, having a Strong Workforce, maintaining and developing Valuable Relationships, and Supporting our Communities. We continuously strive to adopt programs and initiatives in line with the objectives earmarked under each pillar.

STAKEHOLDER ENGAGEMENT

Through several communication channels, AFNIC listens to, and obtains feedback from, various stakeholders that affect or are affected by our business. Their involvement directs our sustainability approach and the material issues we focus on, for action and improvement. Therefore, we aim to seek feedback by actively engaging our stakeholders to identify material issues and to address potential sustainability risks and opportunities. Our key stakeholder groups are shown in the figure below.





STAKEHOLDER ENGAGEMENT (STAKEHOLDER MAP)

KEY STAKEHOLDER GROUPS	NEEDS AND EXPECTATIONS	METHODS OF ENGAGEMENT
Customers	Innovation in products / services. Efficient and proactive customer service. Various communication channels.	Social media channels such as Twitter, Facebook, Instagram, LinkedIn, YouTube, WhatsApp 800 AFNIC (23642), Official Website. Customer service Offices, 24/7 Call Center 800 AFNIC (23642)
Shareholders and Investors	Strong balance sheet and stable cash flows. Consistent dividend paying. Enhance shareholder value by increasing capital gains. Pre-defined risk profile. Well-grounded corporate governance framework.	Annual Report. Annual Corporate Governance Report. Annual general assembly meetings. Investor relations section on official website.
Workforce	Training and development opportunities. Timely payment of wages. Accommodation and benefits. Safe and healthy workplace. Empowerment and pay equality.	Regular Training and development Programs, Monthly meetings, Intranet (Employee portal), Employees Satisfaction Survey, Open door policy, Employees Suggestions Policy.
Suppliers and Business Partners	Timely payments. Fair and respectful treatment. Integration of sustainability criteria into business processes across AFNIC operations.	Working Practices policy. Trainings & Workshops, Events, Personal contacts
Local Communities	Charitable initiatives to help lesser privileged communities. Social initiatives and programs to promote health, education, security, sports and culture. Partnerships with other organization to address social and environmental issues.	Health and education campaigns, Participation and volunteering of employees, Donations to charitable causes, Sponsorships and internships to help young people.
Regulatory Authorities	Alignment to national strategies and visions (UAE Vision 2021). Compliance with legal and regulatory requirements. Protecting customers. Transparency and disclosure.	Internal control system, Compliance Unit, External Audit, Committee of Insiders Transactions
Industry	Growth and Opportunities for the Industry. Managed Risks.	Networking Events and Conferences, Collaborations, Personal Contacts

MATERIALITY ANALYSIS

Identify: We have identified material issues that can have a significant impact on the business if they are not managed properly. These issues were identified through desk research by reviewing industry standards, peer companies and internal discussions.

Prioritize: We prioritized both internal and external stakeholders' material issues and prioritized them in terms of their perceived importance from the perspectives of both the business and stakeholders.

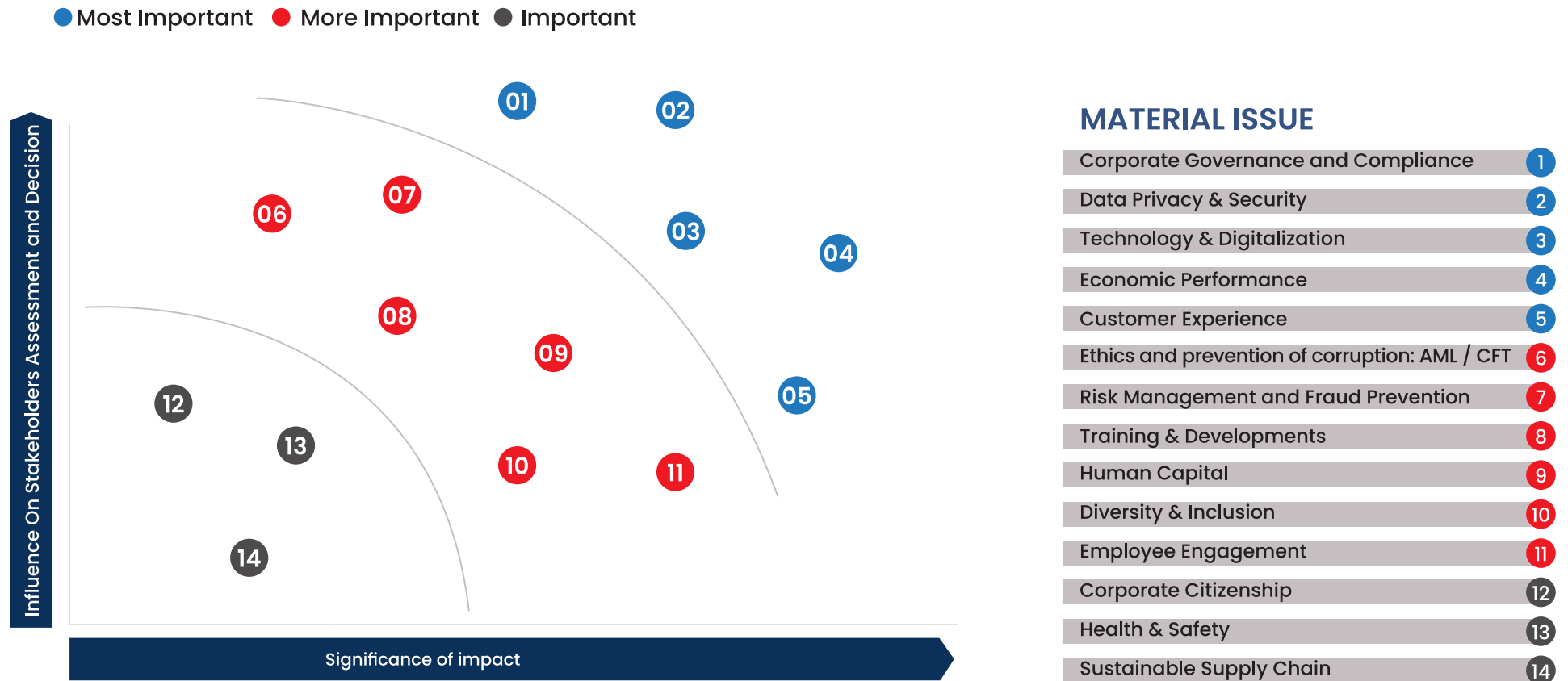
Review: The results were reviewed internally by AFNIC Sustainability report project manager and AFNIC management to ensure that the list of material issues was complete and inclusive of all stakeholders' perspectives.

01	Corporate Governance and Compliance			Training & Development	08
02	Data Privacy & Security			Human Capital	09
03	Technology & Digitalization			Diversity & Inclusion	10
04	Economic Performance			Employee Engagement	11
05	Customer Experience			Corporate Citizenship	12
06	Ethics and prevention of corruption			Health & Safety	13
07	Risk Management and Fraud Prevention			Sustainable Supply Chain	14

MATERIALITY MATRIX

We have ranked the material issues we identified from the materiality assessment in the matrix below.

This matrix reflects our understanding of the significance of each material issue based on the influence of stakeholders and the impact on our business.



SUSTAINABILITY FRAMEWORK

AFNIC's sustainability framework summarizes what sustainability means for us by identifying the key areas that need to be addressed and balanced. Sustainability at AFNIC means being **A Company with Integrity, Amplifying Economic Impacts, Operating Responsibly**, having a **Strong Workforce**, maintaining and developing **Valuable Relationships**, and **Supporting our Communities**.





ALIGNMENT TO SUSTAINABLE DEVELOPMENT GOALS

We align our sustainability efforts to national and international priorities such as the UAE Vision 2021 and the United Nations Sustainable Development Goals (UN SDG).

We have aligned our sustainability plans and efforts to support ambitious goals such as tackling climate change and limiting environmental footprint, building sustainable relationship with our stakeholders, fostering safe and empowered workplace and integrating ESG issues into our business strategy which helps us operate in a way that contributes positively to the industry, economy and our communities.

SUSTAINABLE DEVELOPMENT GOALS



UAE VISION 2021





**GOVERNANCE,
ECONOMIC
AND FINANCIAL
PERFORMANCE**



MATERIAL ISSUES COVERED:

-  **Corporate Governance and Compliance**
-  **Ethics and Prevention of Corruption:
AML & CFT**

SUSTAINABLE DEVELOPMENT GOALS:

-  **Peace, Justice and Strong Institutions**
-  **Responsible Consumption and
Production**

UAE VISION 2021 PILLARS:

-  **Competitive Knowledge Economy**
-  **Safe Public and Fair Judiciary**

CORPORATE GOVERNANCE AND COMPLIANCE

AFNIC conducts its business with the utmost transparency, accountability and integrity. We aim to maintain the highest standards of corporate governance, and work continuously to eliminate any form of bribery, corruption, financial crime, while protecting human rights. AFNIC demonstrates its responsibilities towards different stakeholders through its commitment to develop and enhance the company's transparency, and to raise the level of accountability across AFNIC's operations.

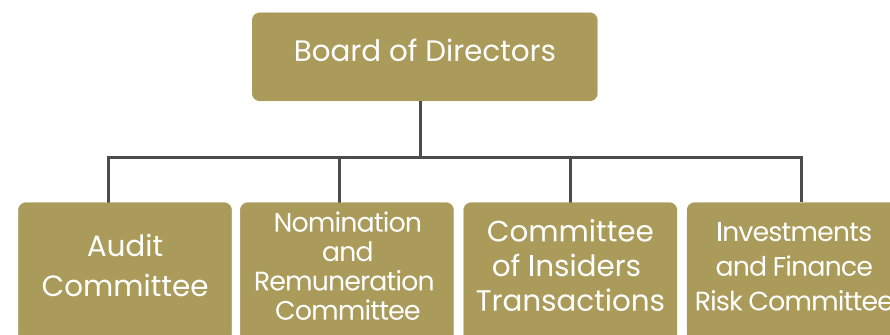
AFNIC operates through several transparency platforms such as the ADX disclosure website, and the www.afnic.ae website which articulates the company's information and disclosures as well as the Governance Report. AFNIC's governance Report serves as the most important platform for transparency and brings governance to the attention of the public and enables shareholders to get acquainted with the company. To ensure compliance and maintain the highest standards of governance, AFNIC's Board of Directors is governed by Corporate Governance Law and the company's Articles of Association.

The board is composed of non-executive directors, including the Chairman, whereas, 7 of them are independent directors. During 2020, 6 board meetings were held with an attendance rate of 100%. The board members conduct an individual self-evaluation to identify areas in which they believe could add more value to their roles and responsibilities. Although there are currently no seats occupied by females on the Board of Directors for AFNIC, it is both encouraged and expected that female candidates will also apply for future board nominations.

BOARD OF DIRECTORS			
	2018	2019	2020
Percentage of Board seats occupied by independent directors	87.50%	87.50%	87.50%
Executive members of the Board of Directors	0	0	0
Non-executive members of the Board of Directors	8	8	8
Male members of the Board of Directors	8	8	8
Independent members of the Board of Directors	7	7	7
Non-independent members of the Board of Directors	1	1	1

The remuneration of Board members is a lump sum amount submitted to the General Assembly approval annually, which amounted to AED 1,350,000 in 2019.

The Board of Directors has four committees that play a vital role in ensuring the adoption of the best governance practices. These committees are:



AUDIT COMMITTEE

The Audit Committee consists of five non-executive members. Four of them are Independent Board Members with the exception of one non-independent and one non-board member. The committee held four meetings during the year 2020.

The major Audit Committee duties include:

- Monitoring the integrity of the company financial statements and reports, and reviewing them.
- Complying with the laws of inclusion, disclosure and other legal requirements.
- Coordination with the board, Executive Management and Chief Financial Officer in order to perform its functions.
- Reviewing the financial control systems, internal control and risk management in the company.
- Considering the results of the main investigations in the internal control issues assigned to it by the Board or which are conducted with an initiative of the committee and by the approval of the Board.
- Ensuring the coordination between the internal auditor and the external auditor, ensuring the availability of resources necessary for the internal audit team and reviewing the effectiveness of such team.
- Reviewing the financial and accounting policies and procedures of the company.
- Reviewing the mission and work plan of the External Auditor and any substantial inquiries posed by the auditor to the management regarding the accounting registers, financial accounts or control systems and its refusal and approval to them.
- Monitoring the company compliance with the ethical code.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration committee has three members, all non-executive members of the Board, with one of them being a non-independent member.

The main duties of the committee are:

- Ensuring the independence of the independent members continuously.
 - Developing a policy for granting bonuses, benefits, incentives and salaries to the members of the board and the employees of the company and reviewing them annually.
 - Identifying the company needs for the competencies at the executive senior management level and the employees, as well as the bases of choosing them.
- Developing a policy for the human resources and training in the company

SUPERVISION AND FOLLOW-UP COMMITTEE OF INSIDERS TRANSACTIONS

The committee has two members and conducted one meeting in 2020.

The main duties of the committee include:

- The protection of the company information not designated for publication.
- Not disclosing the information not designated for publishing to any person outside the company.
- Monitoring the actions of the persons who have access to the main data of the company.
- Monitoring the provision of any data or providing incorrect statements or information that can affect the market value of the securities and the investor decision.

INVESTMENT AND FINANCE RISK COMMITTEE

The committee consists of four members including the Chief Executive Officer. The committee Held one meeting in 2020.

The main duties of the committee are:

- To make sure that the company assets are various and distributed sufficiently and enable the company to respond effectively to the various economic conditions including the developments in the financial market and real estate markets.
- To evaluate the unusual conditions of market.
- To enable the company to maintain its assets to cover its technical provisions and other long term insurance liabilities.
- To conduct the suitable revision to evaluate the Credit worthiness for the stakeholder parties in which the company is facing great amount of transactions thereof.
- To develop a policy and a frame work for efforts examination regarding all its investments, including the regular effort for a group of market scenarios and investment, operation and soci-economic changes.

Conducting business with integrity and honesty are indispensable values to AFNIC. AFNIC maintains the highest standards of business ethics and has strong anti-corruption policies. AFNIC has developed and adheres to many policies, including compliance with laws, conflict of interest, anti-bribery, confidentiality of information, and anti-money laundering. AFNIC upholds the highest standards of human rights. We examine the possible impact of our business on human rights and strive to create a positive influence by eliminating risks. We do not accept any kind of child labor and forced labor, and respect basic human rights in our operations with suppliers and contractors.



ETHICS AND PREVENTION OF CORRUPTION: AML & CFT



COMPLIANCE

Techniques to launder money and finance terrorism have been evolving rapidly in recent years. The international community has witnessed the use of increasingly sophisticated methods to move illicit funds through financial systems across the globe and has acknowledged the need for improved multilateral cooperation to fight these criminal activities.

AFNIC and its branch offices are firmly committed to participate in international and national efforts to combat money laundering and the funding of terrorist activities and is committed to the highest standards of Anti Money Laundering & Combating Financing of Terrorism. AFNIC requires all its employees including senior management, to adhere to all regulations and standards to prevent use of its services and products for money laundering purposes and to safeguard the interest of its customers.

In pursuance of the above objectives, AFNIC fully complies with all government decisions and directives.

AFNIC assesses the risk of money laundering and financing terrorist groups at both individual and corporate level, which includes several factors and indicators, before contracting with any new client and following the same procedure with existing clients.

AFNIC has developed and adopted policies and procedures related to AML and CFT to effectively implement the key principles of AML/CFT laws and regulations, in line with the Central Bank of UAE, by educating its employees to act as the first line of defense in combating money laundering activities.

The aim of the policy is to document overall AML-CFT Compliance framework, staff responsibilities and reporting needed to maintain an effective AML-CFT program.



We have also implemented a risk-based Anti-Money Laundering (“AML”) Compliance Program (“AML Program”) designed to comply with AML laws and regulations in the UAE and other applicable laws and regulations relating to the prevention of money laundering and terrorist financing. The AML Program consists of, among other things:

- Money Laundering Reporting Officer who is responsible for coordinating and monitoring day to day compliance with the AML Program for their entire business – Head Office as well as branches.
- AML risk assessments at customer, product, Industry, Jurisdiction & service level.
- A system of internal controls designed to facilitate ongoing compliance with applicable AML laws and regulations.
- Know-Your-Customer standards including a Customer Identification Program and Customer Due Diligence procedures reasonably designed to identify and verify all customers and, where applicable, beneficial owners, source of funds and the nature and intended purpose of the business relationship, to the extent warranted by the risk of money laundering or terrorist financing or as required by regulation;
- Performance of additional due diligence on higher risk customers, including Legal arrangements & NPOs and those who are assessed to be politically exposed persons.
- Identification and reporting of suspicious activity to appropriate regulatory authorities in accordance with applicable laws.
- AML training for appropriate Staff.
- Independent audit and compliance testing functions to review and assess the Firm for compliance with the AML Program and applicable laws.
- Record keeping and reporting requirements, including those for cash transactions and records obtained pursuant to the Customer Identification Program, which are maintained for at least 5 years after the termination of a customer relationship.
- All the principles of KYC, CDD, EDD and other enhanced tools including screening and transaction monitoring of customers’ transactions to ensure a robust process of Compliance is followed within the organization.

MATERIAL ISSUES COVERED:

 **Economic Performance**

SUSTAINABLE DEVELOPMENT GOALS:

 **Decent Work and Economic Growth**

UAE VISION 2021 PILLARS:

 **Competitive Knowledge Economy**





ECONOMIC PERFORMANCE

AFNIC is a valuable contributor to UAE's economy and aims the overall attainment of the UAE Vision 2021. We aim to achieve continual, stable financial growth and gains by maintaining low costs and high operating efficiency, while ensuring adequate capital reserves to absorb losses, continue operations, and meet obligations in the event of adverse operating and market conditions.

AFNIC also integrates technology to ensure efficiency of our operations and attain rapid growth.

For the year end 2020, despite the adverse market situation due to the COVID-19, AFNIC managed to deliver strong financial performance and maintain high credit rating. Our total revenues reached over AED 268 million. The Company achieved Net Technical profit of AED 52 million in 2020 as compared to AED 35.5 million for the previous year and our net profits attributable to shareholders were over AED 36.9 million.

This reflects steady and healthy financial outlook of the Company.

In 2020, AFNIC paid dividends of 8% of the share capital, representing a total cash dividend payout of AED 8.8 million. Also, AFNIC issued bonus shares of 10% of the share capital.

BOARD OF DIRECTORS			
	2018	2019	2020
Revenue (AED '000)	262,057	273,010	268,070
Operating Costs (AED '000)	222,083	237,483	216,017
Operating Profits (AED '000)	39,974	35,527	52,052
Dividends paid (AED '000)	10,000	10,000	8,800
Net profits attributable to shareholders (AED '000s)t	31,457	31,214	36,932
Earnings per Share (AED)	28.6	28.38	30.52

OUR PEOPLE



MATERIAL ISSUES COVERED:



UAE VISION 2021 PILLARS:



SUSTAINABLE DEVELOPMENT GOALS:





At AFNIC, we believe that our employees are one of the most valuable assets and a key facilitator to our success. Thus, we always seek to maintain a workplace that promotes diversity and inclusion and recognizes employees for good performance. AFNIC commits to build an exceptional workforce through attracting, developing, and retaining talented individuals, while increasing the rate of national employees in the workforce.

Human capital is perceived to have a relationship with economic growth, productivity, and profitability.

AFNIC recognizes the quality of Human Capital can be improved by investing in employees' training and education. The education, experience, skills, knowledge and abilities of employees have economic value for us and for the economy as a whole, thus making human capital critical to our success.

We provide our employees with training to enhance their skills, as well as a safe, healthy and inclusive work environment. AFNIC has various Human Resources policies and procedures in place, including a Code of Conduct and Ethics, Training & Development and Career development.

In 2020, the total workforce for AFNIC was 221 employees, with 27% of this workforce between 20 and 30 years of age.

On the other hand, 26 new employees were hired in AFNIC during 2020. Over 42% of the new hires were between 20 and 30 years of age. New employees are provided with various orientation programs related to the implemented HR policies and health and safety measures. New employees are also provided with access to Employee portal on AFNIC intranet, which contains all relevant policies and procedures, to facilitate them get more familiar with the company.

AFNIC, have a maternity leave policy in place. A female staff member with at least one year of continuous service is eligible for 45 calendar days' maternity leave with full pay, while females with less than one year of continuous service are eligible to 45 calendar days with half pay.



AFNIC also puts special emphasis on hiring Emirati employees and offered full support for them during COVID-19 with no local employees terminated during 2020. Moreover, AFNIC is proudly registered with the “Wajehni” program by the Ministry of Human Resources and Emiratization, which provides Emirati students from colleges and universities with private sector internship and summer training opportunities. All Emirati employees are well guided, supported and supervised by AFNIC’s Emiratization Officer.

BOARD OF DIRECTORS			
	2018	2019	2020
Total Workforce	203	220	221
Full-time employees	203	220	221
Part-time employees	0	0	0
Senior Management Employees	27	29	26
Middle Management Employees	27	29	31
Non-Management Employees	149	161	164
Trainees and Sponsored Students	4	4	2

NEW HIRES WITH AGE AND GENDER PROFILE			
	2018	2019	2020
Total new employee hires	46	28	26
Age 20-30	33	11	11
Age 31-50	11	17	15
Age 51+	2	0	0
Male	31	13	16
Female	15	15	10
Employee Turnover (%)	7.31%	5.34%	10.2%

AFNIC places a significant effort to focus on the development and growth of our workforce. We are committed to enhance the competences and knowledge of our employees by offering them various training and development programs which are recognized as necessary for performing their current role and are in line with business requirements. These include specialized training courses as well as skill-based training courses.

We also have many recognition and motivational programs to enhance employees' skills and development of their knowledge and conduct annual appraisals to evaluate the employees' skills and abilities.

Additionally, we provide employees with a career development program that is in line to their current and future job requirements, as well as customized to meet their career goals.

Following the identification of training needs, the HR & Admin Department develops an annual training plan with inputs from the Department Managers, who are also responsible to support employees in identifying specific development needs and prioritizing them. The HR & Admin Department then recommends training and development budgets, sources appropriate training and development providers and organizes training and development programs.

In 2020, AFNIC employees received a total of 2,080 hours of training with an average of 173 hours of training per employee.

TRAINING AND DEVELOPMENT			
	2018	2019	2020
Total training hours delivered (hours)	2104	1264	2080
Average training per employee (hours)	175	105	173

In 2020, a total of 652 attendees participated in 139 training sessions, which exceeds our total workforce, as each employee attended multiple courses.

SUMMARY OF TRAINING AND DEVELOPMENT COURSES DURING THE YEAR 2020			
COURSE / TRAINING NAME	NO. OF TRAININGS	NO. OF ATTENDEES	DURATION (HOURS)
Technical Trainings relevant to Insurance Industry	43	162	1000
Skills and Professional Development Trainings	50	110	480
Other Technical Trainings	39	355	520
Internal Company Trainings	7	25	80
TOTAL	139	652	2080

EMPLOYEE ENGAGEMENT

We believe that engaging with our employees is fundamental to the growth and success of our company. Therefore, we have various processes and practices to ensure persistent engagement of our employees. Such practices include employee recognition awards, employee engagement surveys and annual performance reviews.

Employees are encouraged to contribute to the Company's future success and growth by engaging and submitting suggestions that result in business improvements through:

- Solving a problem
- Reducing costs
- Introducing innovative ideas on products and services
- Improving operations or operating procedures
- Enhancing customer service levels
- Improving health and safety standards
- Reducing waste of office supplies or other resources

All suggestions are reviewed by the management and appropriate suggestions are submitted to the CEO for approval and are linked to the Employee Recognition policy.

AFNIC encourages a performance based culture by recognizing and rewarding good performance. Therefore, a performance review process is conducted annually, to identify employee strengths, worries, and areas of development. This performance review is a two-way process in which the Manager and the employee contribute jointly to the performance discussion and the evaluation results are then used to determine performance bonuses or increments.



During 2020, all AFNIC employees received performance reviews, covering employees from all departments and sections of the organization.

PERFORMANCE REVIEWS			
	2018	2019	2020
Number of employees who received a performance and career development review	203	220	221
Percentage of employees who received a performance and career development review	100%	100%	100%



DIVERSITY AND INCLUSION

AFNIC recognizes the importance of embracing diversity and inclusion among our workforce. We constantly seek to build a workforce of various backgrounds and perspectives and consider candidates for employment regardless of gender, age, religion or disability. We truly believe in promoting women’s participation in all levels of the business. In 2020, females comprised 33% of the reported total workforce and held 38% and 19% of middle management and senior management positions respectively.

At AFNIC, we encourage open communication and offer our people various feedback and input channels. For example, we have a whistle-blowing policy and a grievance mechanism that allows employees to speak up and raise their concerns.

WORKFORCE BY AGE AND GENDER			
	2018	2019	2020
Employees age 20–30	34%	29%	27%
Employees age 31–50	52%	58%	61%
Employees age 51+	14%	13%	12%
Male employees	70%	69%	67%
Female employees	30%	31%	33%
Female employees in middle management	29%	30%	38%
Female employees in senior management	18%	17%	19%



Improving the health and safety of our employees remains a high priority for us at AFNIC. Accordingly, we have implemented a set of standards to ensure the health and safety of employees. Our commitment to ensuring the health and safety of our workforce is aligned with the United Nations Sustainable Development Goal 3.

We have Health and Safety policies and procedures to help assure the safety of our offices and facilities. Furthermore, we organize awareness campaigns and provide secure working environments.

For managing health and safety standards, employees are expected to obey safety rules, exercise caution and take all reasonable steps to protect their own safety, as well as the safety of colleagues, customers and visitors. Employees are encouraged to raise any ideas, concerns or suggestions for improving health and safety standards with the relevant department.

Occupational injury and evacuation policies and procedures are also in place to manage safety risks and to compensate, in the unfortunate event of any accident / injury, in accordance with the UAE labor laws.

Moreover, emergency measures are also in place such as first aid kits and trained first aid respondents in each location as well as measures related to emergency closure of workspace due to fire, earthquake, power failure etc.

One of the biggest challenges of 2020 was the coronavirus (COVID-19), which affected societies and economies around the globe. Ever since the outbreak of the virus, AFNIC's management started to plan and implement COVID-19 preventative actions to protect AFNIC employees and the community at large, and also ensure business continuity.



Some of the measures taken by AFNIC against COVID-19 are:

- ✔ Modified / adjusted seats, furniture, and workstations to maintain social distancing of 6 feet between employees, where possible.
- ✔ Encourage employees who have symptoms of COVID-19 or who have a sick family member at home with COVID-19 to notify their supervisor and stay home.
- ✔ Regular in-person health checks (e.g., symptoms and/or temperature screening) of employees.
- ✔ Increased the frequency of routine deep cleanings, with a focus on high-touch surfaces in the workplace, such as workstations, keyboards, telephones, handrails, and doorknobs to reduce the risk of people's exposure to the virus that causes COVID-19.
- ✔ Conducted full Sanitizing treatment to all AFNIC locations.
- ✔ Educate Employees and Supervisors about Steps They Can Take to Protect Themselves at Work.
- ✔ COVID-19 tests for all AFNIC Employees.
- ✔ Adopted work from home strategy.
- ✔ Provide all branches & departments with Sanitizers, Masks and Gloves.
- ✔ Provide Hygiene kits to customers and employees.
- ✔ Arranged for vaccination with the health department for all AFNIC employees.
- ✔ Developed special considerations for elevators such as using floor markings in elevator lobbies to maintain social distancing and limiting the number of people at any time.

Ensuring a healthy and safe work environment will always remain a priority at AFNIC





CORPORATE
SOCIAL
RESPONSIBILITY



**SUSTAINABLE
DEVELOPMENT GOALS:**



No poverty

**Quality
Education**



Zero Hunger

**Sustainable Cities
and Communities**



UAE VISION 2021 PILLARS:



**Cohesive Society and
Preserved Identity**

MATERIAL ISSUES COVERED:



Corporate Citizenship



CORPORATE CITIZENSHIP

AFNIC is dedicated to supporting the prosperity of the communities where we operate by investing in initiatives aimed at enhancing people's well-being. At AFNIC, we believe that it is our responsibility and obligation to support communities and people who are facing various challenges including social, environmental, health and economic challenges. To do so, we are constantly seeking to expand our impact in communities and making a significant contribution to the society.

Despite COVID-19 challenges in 2020, AFNIC contributed a total of approximately AED 157,000 in 19 initiatives which we launched, organized and participated in, to support local communities' development.

COMMUNITY INVESTMENT			
	2018	2019	2020
Value of investment in local community (AED)	112,000	405,475	157,000
Number of initiatives taken for the society	11	31	19

Some of the charities / donations made in the year 2020 were:

- Monthly Support for 3 Families in Fujairah
- Rashid Center for People with determination
- Specialist center for children with disabilities
- Al Hadaf Center for training People with determination
- Al Tareq Rehabilitation & Autismus Centert
- GIMIC
- Police Today Magazine
- Fujairah Observers
- The Emirates Society for parents' care & relief
- UAE Scout Pioneers
- Zayed Radio for Qura'an
- Etihad Center for People with determination
- West Asia Paralympic federation
- A.R.E Club - Fujairah
- UAE Kerala Muslim culture center
- Ekata Navarathrimandapam 2020
- The Sailors Community Day

DONATIONS WITH RED CRESCENT



ORPHANS AID INITIATIVE COORDINATING WITH RED CRESCENT





RESPONSIBLE OPERATIONS, RESPECTFUL RELATIONS

MATERIAL ISSUES COVERED:

Technology & Digitalization 

Data Privacy and Security 

Customer Experience 

SUSTAINABLE DEVELOPMENT GOALS:

Industry, Innovation and Infrastructure 

Partnerships for the goals 

UAE VISION 2021 PILLARS:

 **Sustainable Environment and Infrastructure**

 **Safe Public and Fair Judiciary**

TECHNOLOGY & DIGITALIZATION

Technology has always been a core part of AFNIC. AFNIC adopts modern technology and innovative concepts as part of its effort to achieve business excellence and sustainable growth.

Digital transformation is the at the core of our strategy and encompasses a broad spectrum of initiatives, including new cloud-based products and services and the enhancement and development of our digital channels. Digital channels such as mobile apps, websites or customer portals will continue to play a major role for a better market reach and overall growth of our company.

AFNIC has prepared a clear strategy to take various initiatives, innovations and programs in the path of Digital Transformation, keeping in mind to be completely paperless by end of 2022.

The following programs are developed and running successfully in servicing our customers, keeping future sustainability purposes in mind:

- Business 2 Customer Portals
- Mobile App for all Online Products
- Automated insurance ATM
- Digital Signatures
- Dual Factor Authentication on all critical business apps
- AML production integration with Emirates ID Card reader
- SIEM Tool upgradation to Cloud based on Monitoring
- Industry leading Gateway Security to protect the Company Information Systems from bad actors
- Privilege Access Management Solution for monitoring servers / applications
- Introduced Business WhatsApp to customers for live engagement to provide immediate / efficient customer service
- Training for all AFNIC employees for understanding the path of AFNIC Digital Transformation
- Providing in-depth Cyber Security Awareness to handle all kinds of modern day threats





DATA PRIVACY AND SECURITY

Insurance organizations have to process personal data of their customers to underwrite risks and provide the most favorable services. Personal data is the lifeblood of insurance services, as only comprehensive and accurate information about clients allows insurance companies to provide viable and sustainable offerings. Therefore, data security and privacy are two foundational elements of building trust between the company and the user.

Data breaches and IT outages can generate large third-party liabilities not only from customers but from other stakeholders as well such as employees, local authorities etc.

With concerns to the above risks and to further strengthen the trust between and AFNIC and its stakeholders, we have developed and implemented multiple information system policies aiming to secure data and protect customer privacy. Some of these policies are:

- Access Control Policy
- Change Management Policy
- Clear Desk and Clear Screen Policy
- Communications Security Policy.
- Data protection & Privacy Policy
- Human Resource Security Policy
- Incident Management Policy
- Information Security Policy
- Information System Monitoring Policy
- Information Systems Continuity Management Policy
- Information Security Awareness & Training policy
- Mobile Computing Policy
- Password Management Policy
- Physical & Environmental Protection Policy
- Risk Management Policy
- Third Party Security Policy

AFNIC takes Data Privacy and Security with utmost importance to protect and secure the data of our valuable customers and continuously invests in modern day systems to better prepare for modern day threats.

- AFNIC has adopted NESA Compliance mandated by National Electronic Standards Authority (UAE) and has strategic plans to be certified for ISO 27001 by 2022
- Working on ADHICS Compliance for securing our customers information related to Medical Portfolio (plan to comply by 30th September 2021)
- All user PCs are protected with M/s Gartner Certified Behavior based threat protection (Sentinel One), to mitigate modern threats replacing traditional signature based antivirus solutions
- Secured our Perimeter Firewall with M/s Gartner Certified Perimeter firewall (Palo Alto) to handle all kind of modern day threats with controlled port access to servers
- Enabled Network Access Control to stop any intruder connecting AFNIC Networks (GENIAN NAC)
- Data loss prevention using Industry leading solution from Acronics Device Lock
- SIEM Solution for critical event detection and resolution on Servers / Firewalls
- Providing in depth Cyber Security Awareness training to all our employees to handle all kinds of modern day threats



CUSTOMER EXPERIENCE

Our customers are a top priority for AFNIC. We always seek to offer them with high quality service that meet their needs and provide them with an exceptional customer service and convenience.

AFNIC has created a 'Customer Journey' plan to enhance and provide the best customer experience. This development plan has been in continuation, with multiple options in pipeline to further enhance customer experience. Below are some of the features of the 'Customer Journey' plan:

FEATURE	BENEFITS	AVAILABILITY
Website and Social Media	<ol style="list-style-type: none"> 1) This communication tool increases visibility and access to the offered products and services to the public. 2) More than 3 Billion people worldwide are actively using social media. 3) Website Services include: <ol style="list-style-type: none"> A) Call Back service B) Blogs: updated with current activities C) Contact information 	Available
Search Engine Optimization	<ol style="list-style-type: none"> 1) SEO can help the business grow and reach objectives. 2) The company will be ranked at the top for search results made with specific keywords. 	Developing
24 Hours Call Center	<ol style="list-style-type: none"> 1) Makes customer engagement easier by providing a way to contact the company at any time. 2) Well-trained operators will answer questions, resolve issues and issue quotations in a timely and professional manner. 3) 24 Hours answering service gives round-the-clock direct access to customers to contact the company. 	Developing

FEATURE	BENEFITS	AVAILABILITY
Online Quote	<ol style="list-style-type: none"> 1) Faster and more convenient for the customer. 2) The number of customers will increase due to ease of access to their required service. 	Developing
Walk-in Customer	<ol style="list-style-type: none"> 1) The customers can experience direct customer service from the company, which can result in positive word-of-mouth promotion. 	Available
Welcome / Thank you SMS	<ol style="list-style-type: none"> 1) Texting is one of the most personal marketing tools. 2) Showing gratitude makes people feel valued 3) Showing the customer how much they are appreciated are important parts of the customer's emotional journey. 	Developing
Customer Survey SMS	<ol style="list-style-type: none"> 1) Customers surveys are the best way to make sure that the customer is satisfied and if they're not, give them the opportunity to remediate or to gather quick feedback from a broad audience. 	Developing

FEATURE	BENEFITS	AVAILABILITY
Loyalty Program Invitation	<ol style="list-style-type: none"> 1) Building Customer Loyalty programs are very effective for retaining customers. 2) The goals of the loyalty program include increasing business, improving sales, strengthening the relationship between the customer and the business, and keep the customer coming back. 	Developing
Annual Statement by Email	<ol style="list-style-type: none"> 1) It allows transparency to show customers how their data is being used, which increases trust. 2) Increases interaction with the client. 3) The clients become knowledgeable about their renewals. 	Developing
SMS on Special Occasions	<ol style="list-style-type: none"> 1) With SMS messaging we can remain and engaged with customers. 2) Expressing care and attention will create an emotional connection between the client and the company 	Developing
Claims by phone call	<ol style="list-style-type: none"> 1) Client's claim can be processed immediately 	Available
Website Call Back Service	<ol style="list-style-type: none"> 1) This well rounded customer service gives a higher chance to resolve the customers' requests quickly and efficiently. 2) Customers have increased satisfaction 	Available
Claim by Website	<ol style="list-style-type: none"> 1) It is convenient for the customer to make the claim, and for the company to register the claim. 2) Increases customer satisfaction 	Developing

FEATURE	BENEFITS	AVAILABILITY
SMS Vehicle Collection	<ol style="list-style-type: none"> 1) This sharing of information builds trust with the customer. 2) Zero entry costs for this service. 	Available
After Claims Service	<ol style="list-style-type: none"> 1) Using recommendations to develop the claims department can be utilized in reducing customer dissatisfaction 2) After claims service gives access to understand customers' feeling; how they feel after making a claim, what they expect from AFNIC and how to respond if they are disappointed. 	Developing
SMS and Phone Call Reminders	<ol style="list-style-type: none"> 1) Using SMS as an effective customer service channel to send important messages relating to a consumer renewal. 2) Phone call reminders provide a fast and convenient way to schedule reminders for renewal. 	Available

Due to COVID-19, AFNIC's operations shifted to be more online and digital. The wholly in-house AFNIC Call Centre was established, as well as the online payment facility. This allowed customers to get their policies remotely.

Throughout 2020, AFNIC has acted on enhancing customer feedback systems by collecting feedback about products and services through surveys sent by SMS. These SMS surveys are sent immediately after a policy is purchased with AFNIC. Customers are also able to provide their complaints and suggestions on the AFNIC website, Facebook, and Google. After receiving a complaint, the customer is immediately called by the Call Centre team to get the details of the complaint. If possible, the complaint is resolved at the same time, or may be escalated to the next level of authority until the situation is resolved.

AFNIC has opened many channels of communication for customers, and the employees responsible for each line of communications have been fully trained to communicate with customers:

- 1) **AFNIC Toll Free: 800 AFNIC(23642)**
- 2) **AFNIC WhatsApp: 80023642**
- 3) **AFNIC Social Media:**



- 4) **AFNIC Website Call-Back Service**
- 5) **Renewal reminder SMS**

Moreover, all calls made to the Customer Service Call Centre are recorded. Every month, samples of calls attended by each Call Centre agent are evaluated by the Call Centre supervisor and feedback is provided to them on how to improve their service.

AFNIC has looked in to a loyalty program for AFNIC's loyal customers, and it is a part of the marketing strategy. Although, the program is still in the development phase.


AFNIC employees undertake extensive training sessions to enhance their interactions with customers, while the processes of engaging with customers are audited on a regular basis to ensure customer satisfaction is achieved.

To measure AFNIC's customer satisfaction, surveys are sent to customers after the purchase of a policy to collect their feedback about AFNIC's products and services. The system used is provided by Question Pro, where all the responses are collected. Both summary reports and comprehensive reports are obtained through the Question Pro system, which enable for better analysis and process improvement.




A daily report on the customer satisfaction survey is provided to the Marketing & Sales Department Director. Any concerns regarding performance, or any negative reviews are addressed immediately by calling the customer and enquiring the concerned employee.

CUSTOMER COMPLAINTS		
	2019	2020
Total number of complaints received	99	88
Total number of complaints resolved	96	76
% number complaints resolved	97%	86%

MATERIAL ISSUES COVERED:

-  Sustainable Supply Chain
-  Risk Management
-  Fraud Prevention

SUSTAINABLE DEVELOPMENT GOALS:

-  Decent Work and Economic Growth
-  Industry, Innovation and Infrastructure
-  Responsible Consumption and Production

UAE VISION 2021 PILLARS:

-  Sustainable Environment and Infrastructure



SUSTAINABLE SUPPLY CHAIN

AFNICs' procurement procedures require all procurement activities to be performed in a fair and transparent manner. Suppliers are selected based on their ability to create the best value in terms of cost, quality and their compliance with legitimate and best practices requirements.

AFNIC has a procurement policy in place to organize and manage centralized purchasing and address transparency and fairness in supplier selection and evaluation. Providers are selected for their capability to serve the needs of the Company in the most economical and efficient manner possible. AFNIC requires all suppliers to be compliant with the UAE laws & regulations and AFNIC's procurement policies and procedures.

All procurement transactions are governed by Ethical business standards and purchases are made only from responsible providers. Providers doing business with AFNIC are monitored as to how they perform and are held to standards promoting sound and ethical business practices.

AFNIC evaluates all providers for their responsibility, business integrity, record of past performance, insurance, reputation, financial and technical resources in addition to any other measures it deems relevant.

Supporting local suppliers in the UAE boosts our contribution to the local GDP. When acquiring any products or services, the first option is always a local supplier. In 2020, 96% of the total procurement budget was spent on over 130 local suppliers.

PROCUREMENT			
	2018	2019	2020
Total number of local suppliers engaged	122	125	131
Procurement spending on local suppliers (AED '000)	58058	60680	44219
Total Procurement Spending (AED '000)	59958	62660	46219
Proportion of spending on local suppliers (%)	97%	97%	96%



RISK MANAGEMENT

AFNIC recognizes that the success of risk management determines the health and life of the business enterprise. If an organization fails to identify risks to its existence, it will be ill prepared to face any risk events.

AFNIC's risk management encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation and monitoring of the strategic, financial, operational and compliance risks to achieving its key business objectives. AFNIC seeks to minimize the adverse impact of these risks, thus enabling it to leverage market opportunities effectively and enhance its long-term competitive advantage. Our core values and ethics provide the platform for our risk management practices.

Designation of leadership roles and responsibilities is critical for effective risk management. AFNIC has precisely defined such roles and responsibilities for the executives, business managers and the Internal Control Department for developing and executing risk management policies.

The board of directors is responsible for approving key business objectives, setting risk management strategy, monitoring and approving the risk management framework, reviewing and approving the corporate risk appetite and risk tolerance.

The Management's role includes oversight of risk management practices, including identification, impact assessment, monitoring, mitigation, and reporting.

The Internal Control Department (ICD) also plays an important role in evaluating the risk management processes of an organization and advocating their continued improvement. ICD monitors these risks and reports to the management on periodic basis in respect of the identified risks. Further, the risk improvement recommendations are given to the division manager. Risk response is received from the division manager and the same is discussed with the AFNIC Management. Summary of the major risks is presented and discussed with the Board on periodic basis.



We also maintain a risk register that classifies each category of financial, non-financial and emerging risks susceptible to AFNIC. The risk register is considered as a principal monitoring tool as it facilitates a holistic examination of risks across the enterprise. The following is a snippet of the risk register maintained:

RISK TYPE	RISKS IDENTIFIED	DESCRIPTION	MANAGEMENT RESPONSE
Operational Risks	Pricing/ Premium Rating	Premium not in line with risk assumed	A detailed Rating Guideline Manual for each class of Insurance and each type of Insurance with appropriate Rating Methodology is in place.
	Inadequacy of Reinsurance Program	Risk of inadequate protection if the Reinsurance Program is not adequately planned.	We undertake proper planning of Reinsurance Protection taking into account the Requirements of the Company.
Financial Risks	Premium collections	Risk of premium collection from Brokers and Sale Division.	The account will automatically freeze in case the collection exceeds credit limit for on account clientele. Moreover, ongoing monitoring done by collection department.
	Claims payments	Unexpected spike in claims	We ensure adequacy of reserve and moreover adequate Reinsurance support is availed
IT Security Risks	Improper Database Administration	Wrong updates can lead to Database Corruption and mismatch of records which might mislead data information.	Database Administration SYS user is controlled by the IT Manager and no other user has access to make any changes.
	Network Intruders	Outsiders access to AFNIC network	Network Access control enables to block if any unknown intruder tries to connect in AFNIC Corporate Network
Compliance Risks	Non-Compliance of Regulatory Requirements	Non Compliance with any new and existing regulation can result in payment of penalties.	Comprehensive compliance monitoring by Compliance Official.

FRAUD PREVENTION

AFNIC's formal and well-written Code of Conduct clearly defines our expectations of ethical behavior. The employees are expected to act with honesty and integrity and report any instance of suspected fraud.

All instances of actual and suspected fraud are dealt with seriously and investigated appropriately. AFNIC's Code of Conduct policy clearly states dealing fairly with clients, customers and counterparties and appropriately identify and manage actual, perceived and potential conflicts of interest. The policy also states that any gifts from the customers, suppliers, associates or any party involved in doing business with AFNIC should be declared in the Gifts Declaration Form and submitted to the Human Resources Department.

AFNIC also has in place a Whistleblower policy which encourages staff to report irregularities, incidents of suspected fraud, wrongful conduct and other infringements of the rules and policies in force. 'Whistle Blower' reports are handled with sensitivity, discretion and confidentiality. AFNIC protects 'Whistle Blowers' against 'retaliation' and verifies the reported incidents in an appropriate manner and all necessary steps are undertaken to identify proper remedies. Any form of retaliation undertaken by an employee, against any person for reporting irregularity, is prohibited and considered a breach of the AFNIC's Code of Conduct and Ethics. The Whistle Blower should report any reasonable concern about wrongful conduct, including aggressive, offensive or otherwise inappropriate behavior, fraudulent or dishonest use or misuse of AFNIC resources / property, to the appropriate authority. Protected disclosures and investigatory records are kept confidential to the maximum extent possible, consistent with the need to conduct an adequate investigation.

