



# CORPORATE GOVERNANCE

2022



# Corporate Governance

## Corporate Governance Commitment

Bahrain National Holding (“BNH” or the “Group”) commits to implement a system that is in line with the Bahrain Commercial Companies Law (“BCCL”) No. 21 of 2001 and its amendments, Corporate Governance Code of Bahrain, which was enacted by the Ministry of Industry & Commerce (“MOIC”) and endorsed by the Central Bank of Bahrain (“CBB”) in 2010; that was amended in 2018 and later in 2022, in particular to High-Level Controls (HC) Module of CBB Rulebook in relation to Companies’ Corporate Governance and the Company’s relevant policies and guidelines, which are subject to periodic reviews, noting that the last updated version was adopted and implemented on February 2022.

BNH implements the corporate governance requirements in every aspect of its operations and responsibilities and recognizes it as a system whereby the Group’s business operations are financially and commercially directed and controlled.

The governance organizational structure defines the distribution of rights and responsibilities among the various parties involved in the Group, such as Shareholders, Board of Directors, Board Committees, Executive Management, and other stakeholders. In addition, it acts as a guideline for the Group’s decision-making and strategy in order to set a model that determines its objectives, and the means that should be followed to achieve these objectives and a measure to monitor its performance.

## Regulatory Authorities

BNH and its subsidiaries: (Bahrain National Insurance Company B.S.C.(c) (“bni”), Bahrain National Life Assurance Company B.S.C.(c) (“bni”) and iAssist Middle East W.L.L. (“iAssist”) maintained their full commitment to all applicable rules and regulations issued by the Central Bank of Bahrain and other regulatory authorities, without reporting any monetary penalties during the year 2022.

## Ownership of Shares

BNH shares are listed on the Bahrain Bourse. The Group has issued 119,175,000 ordinary shares, each with a nominal value of 100 fils. All shares are fully paid.

### Statement of shareholders equity classification

#	Shareholder classification	Shareholding %			Total
		Individuals	Corporate	Government or Organizations	
1	Bahraini	56.055%	28.027%	0.229%	84.311%
2	Arab	2.049%	13.138%	-	15.188%
3	Others	0.047%	0.454%	-	0.501%
4	Total	58.151%	41.619%	0.229%	100.000%

## Corporate Governance (Continued)

### Description of shareholders according to their Nationality

Nationality	No of shareholders	No of shares	% of shareholding
BAHRAINI	652	100,478,485	84.3117%
EMARATI	4	81,500	0.0684%
KUWAITI	2	15,133	0.0127%
QATARI	2	4,318	0.0036%
SAUDI	8	2,374,660	1.9926%
INDIAN	3	56,127	0.0471%
IRAQI	3	15,617,467	13.1047%
MOROCCON	1	6,158	0.0051%
EGYPTION	1	543	0.0005%
VIRGIN ISLANDS (BRITISH)	1	540,609	0.4536%
Total	677	119,175,000	100.0000%

### Description of shareholders according to their respective shareholding

#	Shareholding (share)	No of shareholders	Number of shares held	Shareholding %
1	<50,000	495	6,187,148	5.192%
2	50,000 to 500,000	131	22,371,489	18.772%
3	500,001 to 5,000,000	49	75,181,790	63.085%
4	>5,000,001	2	15,434,573	12.951%

### Major shareholders (shareholders who hold 5% or more of BNH share capital)

#	Name	Number of shares held	Shareholding %	Name of the natural person, the final	Nationality
1	National Insurance Company	7,808,734	6.552%	NA	Iraqi
2	Abdulhameed Zainal Mohamed Zainal	7,625,839	6.399%	NA	Bahraini

## The Board

BNH's Board of Directors consists of 10 non-executive members, who were elected and approved by the Central Bank of Bahrain in April 2020 for a term of 3 years. The Board of Directors is elected by the shareholders, in order to represent the shareholders and protect the shareholders' rights and interests. Following the Board of Directors' election, each member has signed a Letter of Appointment, setting out the terms of the tenure, duties and responsibilities, remuneration, attendance fees, code of conduct, and confidentiality that is associated with such role.

Furthermore, in line with the corporate governance laws, rules, and regulations, the Board members are subject to periodic training courses, which are organized by the Group either internally or in cooperation with external training and education institutions. In addition, the Board, and Board Committees' members are subjected to an annual evaluation system in accordance with the relevant rules of governance to regularly assess the members' effectiveness and contribution.

The Board is committed to following and adhering to the Group's internal policies in relation to the business code of ethics as it is responsible for the stewardship of the Group's business and affairs on behalf of the shareholders, with a view to enhancing long-term shareholders' value while protecting the rights and interests of other stakeholders while maintaining high standards of transparency and accountability. This has been achieved through the monitoring system that the Board has put in place via its Audit, Compliance and Risk Committee (ACRC), whose Chairman represents to the Board the matters discussed in relation to compliance with the applicable laws and regulations. Moreover, in order for the Board to ensure the implementation of the transparency policy, the Board is devoted to providing open communication channels with the Group's shareholders via the Group's website, emails, the press, and its social networking sites, as well as at the periodic shareholders' meetings. The names and profiles of Directors are listed on page (8).

## Independence of Directors

An independent director is a member of the Board of Directors who does not have a material relationship with the company that can interfere with a director's judgement and is not involved with the day-to-day operations of the company. In line with the obligations of the CBB's HC Module and the Corporate Governance Code, BNH has adopted comprehensive procedures to review and determine the independence of directors on an annual basis. In 2022, four members of the Board have met the legal requirements to be categorized as 'Independent Directors'.

## Election system of Directors

The Board of Directors are elected through the secret cumulative voting in the General Assembly meeting, and cumulative voting is a method where each shareholder shall be granted voting power in proportion to number of shares he/she holds. This method ensures the achievement of the company's objectives and increase the opportunity for the minority shareholders to be represented in the Board of Directors.

# Corporate Governance (Continued)

## Termination of the Director(s)

### Termination:

BNH follows the regulations and laws set forth by MOIC, CBB, BHB, and the group's article and memorandum of association in respect to the termination of a Board Member.

Accordingly, the Director's membership of the Board may terminate in the following events:

- In accordance with Article (18) and (197) of the BCCL.
- If he was appointed or elected contrary to the provisions of the Central Bank of Bahrain rules and regulations, the Commercial Companies Law and/or the Company's article of association.
- If he forfeits any of the conditions of Membership of the Board of Directors as stated in the Company's article of association and Article (25).
- If he misuses his position as Director in carrying on personal matters or business in which he has a personal interest, or that is competitive to that of the Company or if he causes any type of actual damage to the Company or adversely affected its reputation. Termination from the Board of Directors shall not prejudice the Company's right to compensation.
- If he fails to attend at least 75% of all the Board meetings in a given financial year without lawful excuse notified in writing to the Board, and the Board shall resolve on this matter as it may deem fit.
- If he resigns or withdraws from his office, provided the foregoing shall be done in an opportune and suitable time, otherwise he shall be liable to pay compensation to the Company.
- If he accepts appointment in any other office in the Company for which he would receive salary or remuneration other than that which the Board of Directors may decide from time to time to remunerate him because of the executive nature of his duties.

### Removal of Directors:

- The general assembly may remove all, or some, of the members of the board of directors even if the company's Articles of Incorporation provides otherwise. A request for this purpose shall be submitted by a number of shareholders representing at least ten percent (10%) of the capital, and the board of directors shall submit the request to the general assembly within no more than one month from the date it is submitted, or else the Ministry of Commerce and Industry shall send out the invitation. The general assembly may not debate the removal request if it is not listed on its agenda, unless serious developments take place during the meeting. The member removed may claim compensation from the company if his removal is made without an acceptable reason or at an inopportune time.

## Board Duties

- Adopting the commercial and financial policies associated with the company's performance and achievement of its objectives, and drawing, overseeing reviewing the company's plans, policies and strategies.
- Setting and supervising the regulations and systems of the company's internal control.
- Determining the company's optimal capital structure, strategies and financial objectives and approving annual budgets.
- Approving the company's quarterly and annual financial statements.
- Monitoring the executive management's activities.
- Forming specialized committees emerging from the Board of Directors.
- Setting a mechanism to regulate transactions with related parties in order to minimize conflicts of interests.
- Assuring equitable treatment of shareholders including the minority shareholders.

## Material Transactions that require the Board's approval

Material transactions requiring approval by the Board include large credit transactions in accordance with the authority matrix approved by the Board, related party transactions and any other significant strategic, investment or major funding decisions in accordance with Board approved policies and procedures".

## Membership statistics by gender in the Board of Directors

No. of members of the BOD	Male	Percentage	Female	Percentage
10	10	100%	-	-

- In the last election of 2020, there was a female nominee who ran for a seat on the Board, but did not receive enough votes to secure the position.
- Term termination is due in March 2023. The Group is welcoming all nominees/participations of both genders in the upcoming elections.

## Corporate Governance (Continued)

### Ownership of BNH shares by the Board of Directors and Executive Management – from January to December 2022

Name of Shareholder	Title	Number of Shares As At 01/01/2022	Number of Shares As At 31/12/2022	Changes
<b>Directors</b>				
Farooq Yusuf AlMoayyed	Chairman	1,395,792	1,395,792	-
Abdulhusain Khalil Dewani	Vice Chairman	1,427,152	1,427,152	-
Abdulrahman Mohamed Juma	Board Member	687,794	730,398	42,604
Jehad Yusuf Amin	Board Member	3,330,192	3,487,762	157,570
Ali Hasan Mahmood	Board Member	530,881	530,881	-
Ayad Saad AlGosaibi	Board Member	105,000	105,000	-
Sami Mohamed Sharif Zainal	Board Member	64,058	64,058	-
Talal Fuad Kanoo	Board Member	152,037	152,037	-
Ghassan Qasim Fakhroo	Board Member	105,000	105,000	-
<b>Executive Management</b>				
Sameer Alwazzan	Group CEO	114,741	114,741	-

### Description of the transactions made by the directors, their spouses, and their sons on the Group's shares during the year 2022

#	Name	Position/kinship	Shares held as at 31/12/2022	Total sale transaction	Total purchase transaction
1	Abdulrahman Mohamed Juma	Board Member	730,398	NA	42,604
2	Jehad Yusuf Amin	Board Member	3,487,762	NA	157,570

## Directors' Attendance at Board Meetings in 2022

Board members	Title	Meeting No. 1 23-Feb	Meeting No. 2 12-May	Meeting No. 3 27-Jul	Meeting No. 4 9-Nov	Meeting No. 5 6-Dec	Attendance %
Farooq Yusuf Almoayyed	Chairman (Independent Non-Executive Director)	✓	✓	✓*	✓	✓	100%
Abdulhusain Khalil Dewani	Vice Chairman (Non-Executive Director)	✓	✓	✓	✓	✓	100%
Abdulrahman Mohamed Juma	Board Member (Non-Executive Director)	✓	✓	✓	✓	✓	100%
Jehad Yusuf Amin	Board Member (Independent Non-Executive Director)	✓	✓	✓	✓	✓	100%
Sami Mohamed Sharif Zainal	Board Member (Non-Executive Director)	✓	✓	✓	✓	✓	100%
Ayad Saad Algozaibi	Board Member (Independent Non-Executive Director)	✓	✓	✓*	✓	✓	100%
Ghassan Qasim Fakhroo	Board Member (Non-Executive Director)	✓	✓	✓	✓	✗	80%
Talal Fuad Kanoo	Board Member (Non-Executive Director)	✓	✓	✗	✓	✓	80%
Ali Hasan Mahmood	Board Member (Non-Executive Director)	✓	✓	✓*	✗	✗	60%
Redha Abdulla Faraj	Board Member (Independent Non-Executive Director)	✓	✓	✓	✓	✓	100%

\* attended remotely

- Mr. Farooq Yusuf AlMoayyed is the Chairman of the Board.
- The induction and orientation process is carried out for the Board of Directors with the assistance of the Group's Chief Executive Officer and the Corporate Secretary. The process is managed by means of continuous meetings and discussions with the Senior Management, and both External and Internal Auditors, for the purpose of increasing awareness of current issues and market trends.
- The Board of Directors is required to meet at least four times in a financial year, and Board members must attend at least 75% of meetings held during a financial year.
- The remuneration for Directors is determined by the Shareholders at the Annual General Meeting.
- BNH's Board held five meetings during the year 2022.

# Corporate Governance (Continued)

Description of the remunerations including sitting fees paid to the directors for their membership and attendance of the Board and Board's committees in the financial year 2022 according to the following table:

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board and committee meetings	Salaries	Others*	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others**	Total			
<b>Independent directors:</b>													
Farooq Yusuf Almoayyed	-	6,200	-	2,367	8,567	20,000	-	-	-	20,000	-	28,567	-
Jehad Yusuf Amin	-	9,300	-	514	9,814	10,000	-	-	-	10,000	-	19,814	-
Ayad Saad Algozaibi	-	10,200	-	514	10,714	10,000	-	-	-	10,000	-	20,714	-
Redha Abdulla Faraj	-	8,300	-	1,382	9,682	15,000	-	-	-	15,000	-	24,682	-
<b>Non-Executive Directors:</b>													
Abdulhusain Khalil Dewani	-	6,000	-	1,790	7,790	10,000	-	-	-	10,000	-	17,790	-
Abdulrahman Mohamed Juma	-	7,500	-	1,790	9,290	10,000	-	-	-	10,000	-	19,290	-
Sami Mohamed Sharif Zainal	-	8,300	-	514	8,814	10,000	-	-	-	10,000	-	18,814	-
Ghassan Qassim Fakhroo	-	9,000	-	514	9,514	10,000	-	-	-	10,000	-	19,514	-
Ali Hasan Mahmood	-	5,900	-	1,382	7,282	10,000	-	-	-	10,000	-	17,282	-
Talal Fuad Kanoo	-	5,000	-	514	5,514	10,000	-	-	-	10,000	-	15,514	-
<b>Total</b>	<b>-</b>	<b>75,700</b>	<b>-</b>	<b>11,281</b>	<b>86,981</b>	<b>115,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,000</b>	<b>-</b>	<b>201,981</b>	<b>-</b>

**Other remunerations:**

\* It includes in-kind benefits – specific amount - remuneration for technical, administrative, and advisory works (if any).

\*\* It includes the board member's share of the profits - Granted shares (insert the value) (if any).

## Board Committees

### Audit, Compliance & Risks Committee (ACRC)

#### Responsibilities

- Oversee the selection and compensation of the External Auditors, as well as their professionalism, as required for their appointment and approval by the Board at the Annual General Meeting.
- Approve the Head of Internal Audit's appointment, replacement, reassignment or dismissal.
- Review and approve the annual plans for Internal Audit, Compliance and Risk.
- Review the audited annual, quarterly, and semi-annual Financial Statements, and discuss them with the Board, and obtain its approval.
- Assist in developing the Risk Management framework.
- Ensure compliance with all relevant regulatory and legal rules.
- Carry out the instructions of the Board for all investigations.
- Review the arrangements for Whistle Blowing and ensure that whistle blowers are heard and their rights are safeguarded.
- Oversee procedures and internal controls consistent with the Corporate Governance structure.
- Monitor the effectiveness and integrity of internal control systems.
- Ensure that all ACRC members are familiar with significant accounting and reporting issues, practices, and management estimates, including recent professional and regulatory pronouncements, and understand their impact on the Financial Statements.
- Review and discuss the adequacy of internal audit's personnel, procedures, internal controls. In addition the compliance function's procedures, and any risk management systems.
- Ensure processes are established and maintained to address critical financial reporting risks and increase the transparency of financial reporting.
- Assess the independence, accountability, and effectiveness of External Auditors.

### Directors' Attendance at ACRC Meetings in 2022

Board members	Title	Meeting No. 1 15-Feb	Meeting No. 2 9-May	Meeting No. 3 26-Jul	Meeting No. 4 6-Nov	Attendance %	Sitting Fees per Meeting (BD)**	Aggregate Sitting Fees (BD)
Redha Abdulla Faraj	Chairman (Independent Non-Executive Director)	✓	✓	✓	✓	100%	600	2,300
Ayad Saad AlGosaibi	Vice Chairman (Independent Non-Executive Director)	✓*	✓	✓*	✓	100%	500	1,900
Abdulrahman Mohamed Juma	Member (Non-Executive Director)	✗	✓	✓*	✓	75%	500	1,500
Ali Hasan Mahmood	Member (Non-Executive Director)	✓*	✓*	✗	✗	50%	500	900

\* attended remotely.

\*\* The committee sitting fees has been increased by BD100 per meeting up from its previous rate by a Board resolution on 23rd February 2022.

- Mr. Redha Abdulla Faraj is the Chairman of the ACRC.
- The ACRC is required to meet at least four times in a financial year.
- BNH's ACRC held four meetings during the year 2022.

# Corporate Governance (Continued)

## Executive & Investment Committee (EIC)

### Responsibilities

- Monitor the development of the Group's strategy in accordance with the 3-year business plan.
- Guide, monitor and coordinate the management and performance of the Group in line with the approved strategies, business plan, and budget.
- Develop and monitor the investment policy as part of the overall business plan.
- Review and recommend businesses and investments opportunities.
- Assist in maintaining oversight of the Group's financial requirements. In addition to ensuring that the Group has the performance monitoring tools in place and that its Key Performance Indicators (KPI) are checked and achieved.

## Directors' Attendance at EIC Meetings in 2022

Board members	Title	Meeting No. 1 25-Jan	Meeting No. 2 6-Feb	Meeting No. 3 25-Apr	Meeting No. 4 5-Jun	Meeting No. 5 27 & 28 - Jun	Meeting No. 6 12 & 13 - Oct	Meeting No. 7 4-Dec	Attendance %	Sitting Fees per Meeting (BD)**	Aggregate Sitting Fees (BD)
Ghassan Qasim Fakhro	Chairman (Non-Executive Director)	✓	✓*	✓	✓	✓	✓	✓	100%	600	4,000
Sami Mohamed Sharif Zainal	Vice Chairman (Non-Executive Director)	✓	✓*	✓	✓	✓	✓	✓	100%	500	3,300
Jehad Yusuf Amin	Member (Independent Non-Executive Director)	✓*	✓*	✓	✓	✓	✓	✓	100%	500	3,300
Ayad Saad AlGosaibi	Member (Independent Non-Executive Director)	✓	✓*	✓	✓	✓*	✓	✓	100%	500	3,300

\* attended remotely.

\*\* The committee sitting fees has been increased by BD100 per meeting up from its previous rate by a Board resolution on 23rd February 2022.

- Mr. Ghassan Fakhro is the Chairman of the EIC.
- The EIC is required to meet at least four times in a financial year.
- BNH's EIC held seven meetings during the year 2022.

## Nomination, Remuneration & Corporate Governance Committee (NRCG)

### Responsibilities

- Monitor the establishment of an appropriate Corporate Governance framework.
- Nomination of Board and Sub-committees' members, in addition to the Group's CEOs, Deputy Group CEOs, CFO and Corporate Secretary.
- Make necessary recommendations to the Board as to changes to the Board and its Committees.
- Assist in designing a succession plan for the Board and Senior Executives.
- Recommend to the Board the remuneration policy and individual remuneration packages for all Senior Executives.
- Evaluate the Board members', Committees' and Senior Executives' performance.

### Directors' Attendance at NRCG Meetings in 2022

Board members	Title	Meeting No. 1 23-Feb	Meeting No. 2 6-Dec	Attendance %	Sitting Fees per Meeting (BD)	Aggregate Sitting Fees (BD)
Farooq Yusuf AlMoayyed	Chairman (Independent Non-Executive Director)	✓	✓	100%	600	1,200
Abdulhusain Khalil Dewani	Vice Chairman (Non-Executive Director)	✓	✓	100%	500	1,000
Jehad Yusuf Amin	Member (Independent Non-Executive Director)	✓	✓	100%	500	1,000
Redha Abdulla Faraj	Member (Independent Non-Executive Director)	✓	✓	100%	500	1,000
Abdulrahman Mohamed Juma	Member (Non-Executive Director)	✓	✓	100%	500	1,000

- Mr. Farooq Yusuf AlMoayyed is the Chairman of the NRCG.
- The NRCG is required to meet at least twice a year.
- BNH's NRCG held two meetings during the year 2022.

# Corporate Governance (Continued)

## Performance Evaluation of Board & Committees

Based on the Corporate Governance requirements, the Board conducts a self-evaluation on its performance, the performance of each committee, and the individual Director on an annual basis.

The evaluation process is carried out through the completion of a structured questionnaire against certain pre-defined rating criteria.

At BNH Group, the Nomination, Remuneration and Corporate Governance Committee is responsible for overseeing the process and results that indicate that the Board and its sub-committees have accomplished the tasks assigned to them to the fullest and have considered appropriately any recommendations arising out of such evaluation.

## The Annual General Meeting

As per the Commercial Companies Law Decree No. 21 of 2001 (and as amended), all shareholding companies shall hold an annual general meeting (AGM). AGMs are yearly meetings arranged for shareholders to discuss company matters and address raised solutions. BNH's highest decision-making body are AGMs in which shareholders have the opportunity to be aware of and evaluate the Company's participation in management of the Company. The Corporate Governance Framework encourages BNH's Directors to attend AGMs to present the annual accounts and the Board of Directors' Report. The AGM platform for the Board gather official approval from shareholders on resolutions and votes on Board elections. At the Company's last annual shareholders meeting dated 27th March 2022, 9 Directors attended the AGM via Zoom video-conference due to COVID-19 precautionary measures and governmental directives on limiting social contact. 30% dividends were paid to shareholders for the year ending 2021.

There are statutory rules that govern the notice period to convene the AGM. All notices convening AGMs must be to the shareholders, representatives and Bahrain Bourse at least 21 days before the meeting.

BNH's notice to convene the AGM is published in local newspapers and as a Bahrain Bourse announcement. The notice includes the invitation to the AGM and the agenda items.

AGMs must meet the legal quorum requirements as per the Commercial Companies Law to confirm the validity of the voting results.

BNH made the minutes of the AGM available to the shareholders and the competent authority within 15 days from the date of the meeting.

## The Extraordinary General Meeting

An extraordinary general meeting (EGM) refers to any shareholders meeting called by a company other than its scheduled annual general meeting and for specific events as stated in article (210) of the BCCL.

BNH did not require to convene EGM during 2022.

## Shareholders' Rights

BNH continuously observes the statutory obligations enforced by the BCCL and its amendments in respect of shareholder rights and general assemblies. We have dedicated a section on the Group's website, [www.bnhgroup.com](http://www.bnhgroup.com) to highlight the shareholders' rights to convene, participate and vote at each shareholder meeting and to communicate openly with the group.

## The Management

The Board has delegated responsibility for the day-to-day management of the Group's business to the Group Chief Executive Officer (Group CEO), who is supported by an experienced Senior Management team and a number of operational committees which are presented in this report. The Group CEO and senior management team's names and profiles are listed at the front of this annual report on page (18).

The total of the top 6 remunerations paid in 2022 to the key Management staff including salaries, privileges, allowances and annual bonus: BD 775,523

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	558,523	205,000	12,000	775,523

### Notes:

1. Remuneration earned if the executives are also on the Board of Directors of subsidiaries or other entities of the Group are excluded.
2. Disclosure is for the top 6 executives who are employees of the entity as on the reporting date.

# Corporate Governance (Continued)

## Operational Committees

### BNH Executive Management Committee

#### Objectives

- Provide a forum for the senior management team's ideas and opinions to be considered in issues relating to Group's policy and strategy, as well as for the exchange of inter-departmental information.
- Assure the Board that the Group's affairs are managed and overseen by a team of Senior Managers.
- Achieve standardization of policies and practices across the Group.
- Exercise such financial authorities as the Board may grant and achieve dispersion of financial authority.
- Provide a forum for the Group's future general management talent to be exposed to cross-functional or general managerial issues.
- Ensure that all Board decisions are complied with.
- Inculcate a team culture within the Group.

#### Membership

- Masood Bader, Deputy Group Chief Executive Officer, BNH – Chairman
- Anand Subramaniam, Group Chief Investment and Financial Officer, BNH – Member
- Eman Mojali, Chief Executive Officer, bni – Member
- Enas Asiri, Chief Executive Officer, bnl - Member
- Fatima AlEmadi, Board Secretary and Legal Counsel , BNH - Member
- Anantha Ramani, Senior Manager - Finance, BNH – Member
- Mohsen Ali, Senior Manager - Finance , BNH – Member
- Bashayer Dhaif, Senior Manager - Corporate Communication & ESG Officer, BNH – Member
- Sami Askar, Senior Manager - Information Technology & Digital Transformation, BNH – Member
- Maryam Al Ahmed, Senior Manager - Human Capital, BNH – Member
- Abdulla Rawanbakhsh, Assistant Manager - Internal Audit, BNH – Member
- Husain Mubarak, Facility Manager, BNH – Member (Resigned, September 2022) - Mohammed Husain, Property Assistant, BNH – Member (joined)
- Esther Pinto, Personal Assistant to the Group Chief Executive Officer, BNH – Committee Secretary

## Risk Management Committee

### Responsibilities:

- Coordinating the decision-making process to ensure consistency in the risk management responses.
- Overseeing the development and implementation of the Enterprise Risk Management Framework.
- Monitoring the on-going performance of the Enterprise Risk Management Framework.
- Ensuring that responsibility and authorities are clearly defined and that adequate resources are assigned to the Enterprise Risk Management Framework.
- Regularly reviewing the suitability of the risk management processes and risk responses.
- Providing a comprehensive view of the organization's risk profile to the Board of Directors.
- Ensuring that the Business Continuity Plan is reviewed and monitored.
- Ensuring that the corporate plan and strategy risks are periodically reviewed.
- Ensuring that the organization's insurance program is reviewed annually.
- Take risk decisions at management committee level and escalate further required risk decisions at the Board of Directors to the ACRC.
- Ensuring risk mitigation techniques and controls are implemented by various business units and support functions.

### Membership

- Sameer Alwazzan, Group Chief Executive Officer, BNH - Chairman
- Masood Bader, Deputy Group Chief Executive Officer, BNH - Member
- Anand Subramaniam, Group Chief Investment and Financial Officer, BNH – Member
- Eman Mojali, Chief Executive Officer, bni – Member
- Enas Asiri, Chief Executive Officer, bnl – Member
- Mohamed Al Abbasi, Senior Manager - Compliance & AML , bni – Member (Resigned, August 2022)
- Sami Askar, Senior Manager - Information Technology & Digital Transformation, BNH – Member
- Abdulla Rawanbakhsh, Assistant Manager - Internal Audit, BNH – Member
- Faisal Husain, Manager – Risk, Compliance and MLRO, bni - Committee Secretary

# Corporate Governance (Continued)

## Environmental, Social and Governance (ESG) Committee

The Environmental Social and Governance Committee (“ESG Committee”) purpose is to support the Group’s ongoing commitment to environmental stewardship, health and safety, diversity and inclusion, corporate social responsibility, corporate governance, and sustainability as relevant to the Group. The ESG Committee consists of a group of cross-functional executives.

### Responsibilities:

The duties and responsibilities of the ESG Committee shall be as follows:

- To set the tone and reinforce the culture within the Group regarding sustainability, promote open discussion, and integrate ESG into the Group’s processes and goals.
- Assist in the setting of the Group’s general strategy with respect to ESG matters, and to consider and recommend policies, practices, and disclosures that conform with such strategy.
- Review annual ESG plan for BOD approval.
- To assist in overseeing internal and external communications with employees, customers, investors, and other stakeholders regarding the Group’s position on or approach to ESG matters, including by coordinating and reviewing, as appropriate, draft responses, reports or other disclosures to stakeholders.
- To consider the current and emerging ESG matters that may affect the business, operations, performance, or public image of the Group.
- Monitoring global public policy trends, issues, regulatory matters, and other concerns related to ESG.
- Advising and making recommendations to the Management on actions that the Group and Committee can take to support the Group’s sustainability initiatives.
- Review ESG periodical reports and take corrective actions to enhance the Group’s evaluation and index.
- To perform such other duties, tasks, and responsibilities relevant to the purpose of the ESG Committee as may from time to time be requested by the CEO, Deputy CEOs, or the Board of Directors.
- The Committee shall be the guardian of the BNH ESG strategy and roadmap and ultimately be responsible for BNH’s overall ESG performance, and ESG reporting, including the level of involvement from other departments, management of approvals, implementation, and accountability to achieve the sustainability objectives.

### Membership:

- Bashayer Dhaif, Senior Manager - Corporate Communications and ESG Officer, BNH – Chairman
- Sami Askar, Senior Manager - Information Technology & Digital Transformation, BNH – Member
- Maryam AlAhmed - Senior Manager - Human Capital, BNH – Member
- Faisal Husain - Manager – Risk, Compliance and MLRO, bni - Member
- Husain Mubarak - Facility Manager, BNH - Member (Resigned, September 2022) – Mohammed Husain, Property Assistant, BNH – Member (Joined)
- Maryam Abdulla - Senior Officer – Deputy Compliance & DMLRO, bni - Member
- Haifa Mansoor – Senior Brand Officer, BNH - Committee Secretary

## Compliance

BNH and its subsidiaries are fully aware of their responsibilities and commitment toward regulatory requirements to ensure compliance across all business activities with the applicable rules, regulations, and guidelines of the Central Bank of Bahrain and other regulatory authorities. The responsibility for overseeing the Group's compliance lies with the independent Risk, Compliance & AML Department that directly reports to the Board's ACRC, in addition to its role of acting as a focal point with regulators. As part of its responsibility to ensure Group compliance and assess the adequacy and effectiveness of systems and controls in place, the Compliance Department has an in-house built Matrix for conducting an ongoing monitoring process (Compliance Monitoring Programme). Compliance activities are performed in accordance with an established plan, approved by the ACRC of the Board.

## Anti-Money Laundering (AML)

The Group is fully committed to complying with its obligations to combat money laundering, terrorist financing, and the proliferation of weapons. Accordingly, the Group has in place defined policies and procedures that are in line with the AML Law Decree No. (4) of 2001 and the regulations of the Central Bank of Bahrain to prohibit, prevent, detect, and report any money laundering, terrorist financing and proliferation of weapons activities through the implementation of appropriate systems, processes, and controls.

On an annual basis, the Group conducts a thorough review of its policies, procedures, and internal directives, in addition to arranging specialized courses to ensure ongoing compliance. The Group subsidiaries have submitted their 2021 external auditors' report in 2022 in accordance with the CBB requirements. With the increase of our business volume and daily transactions, the Group took a strategic direction to invest in an automated AML solution, which went live during 2022; the AML solution assists in facilitating a smooth workflow between concerned departments, enhancing current investigations, sanctions, and AML/CFT/CPF screenings, in addition to understanding our customers' behavioral patterns to ensure concerns are escalated with the appropriate authority or relevant stakeholders.

## Internal Audit

The quality of the internal control system is assessed by the Group's Internal Audit function. This function conducts independent, objective assurance activities, analyzing the structure and efficiency of the internal control system as a whole. In addition, it also examines the potential for additional value and improvement of the organization's operations. Fully compliant with all international auditing principles and standards, Internal Audit contributes to the evaluation and improvement of the effectiveness of the risk management, control, and governance processes. Therefore, internal audit activities are geared towards helping the Group to mitigate risks, and further assist in strengthening its governance processes and structures.

## External Auditors

At the recommendation of the Board of Directors, the shareholders appointed KPMG as auditor for the 2022 individual and consolidated financial statements, the auditor's review of the 2022 quarterly, half-yearly and year-end financial report.

As external auditors, KPMG audit is performed in accordance with International Standards on Auditing (ISAs) with the objectives to obtain reasonable assurance about whether the Group's consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## Corporate Governance (Continued)

KPMG auditors are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Kingdom of Bahrain, and they have fulfilled other ethical responsibilities in accordance with these requirements and the IESBA Code. In addition to external audit services, our external auditors provide number audit-related services, including Agreed-Upon procedures in accordance with the International Standard on Related Services applicable as requested by Central Bank of Bahrain and Ministry of Industry & Commerce.

### Audit and non-audit fees paid by the Group for 2022

	Amount
Audit and review fees	63,854
Non-audit fees	11,100

### Whistle Blowing Policy

In its commitment to the highest standard of good governance practice, the Group has in place a Whistle Blowing policy designed to enable employees, vendors, service providers, customers or any third party to raise any misconduct or concern with high level of confidentiality. The policy explains process for reporting any misconduct or concerns to the concerned officials without fear of any retaliation. The policy is accessible to all employees and customers or third parties through the Group's intranet and website, respectively.

### Transparency & Efficiency

In developing its Corporate Governance process guiding principles, the Group aims to maximize transparency and efficiency of the whole process for the benefit of all stakeholders, particularly in the areas of insider/key person trading, anti-money laundering, information security and the sound management of financial assets.

### Employment of Relatives

The Management, in general, does not allow the employment of "closely related" persons. However, if there is no apparent conflict of interest stemming from personal or a business relationship, such employment may be permitted by the Group CEO / Subsidiary CEO/ Board of Directors, looking into the circumstances of each case.

"Closely related" in this context will include spouses, parents, children, siblings, and in-laws (Father-in-law, Mother-in-law, Brother-in-law, Sister-in-law, Son-in-law & Daughter-in-law). Such relationships should be declared to the Group prior to the commencement of employment. Failure to do so may result in termination of the services of the concerned employee, "Employee" in this context will include all CBB approved persons, such as board of directors, Subsidiary CEO's, Head of compliance ...etc. Relatives cannot be employed within the organisation in the same department.

In case of marriage between two employees working in the same company within the Group, approval of the Group CEO/Subsidiary CEO must be obtained to continue employment in the Group after the marriage.

### Policies & Procedures

During 2022, BNH continued to regularly review and update all key policies and procedures manuals, covering critical operational areas in the Group's subsidiaries and across all functions of the organization.

## Directors & Officers Liability Insurance

The Group is insured under a Directors & Officers Insurance Policy. The adequacy of the cover is measured in terms of size of the assets and future growth expectations of the Group. It is worth mentioning that no claims have been reported during the last 10 years.

## Key Persons Trading

The Group's compliance with the latest Key Persons Trading regulations of the Central Bank of Bahrain is supervised by the ACRC which reports to the Board of Directors. The Group has submitted its Internal Audit report for the year 2022 in accordance with the requirement of the Central Bank of Bahrain.

## Code of Conduct

The Group has developed a Code of Business Ethics that governs the behavior and working practices of the Directors, Management, and staff. The compliance with the code of Business Ethics by the staff is being monitored, while Board members collectively or individually monitor compliance.

## Penalties

The Group did not pay any monetary penalties to the Central Bank of Bahrain or any other regulatory authorities during the year.

## Communications

The Group is committed to communicating effectively with all its Stakeholders – both Internal and External – in a timely, transparent and professional manner. The Group's main communications channels include the annual general meeting, quarterly/annual report, consolidated financial statements, corporate brochure, corporate website, Group intranet, press releases and announcements in the local and regional media.

## Corporate Secretary

In accordance with the Corporate Governance Code and Kingdom of Bahrain principles, the Group has a separate section dealing with the Group corporate secretariat function. The function resides with the Group corporate secretary, Fatima AlEmadi, who is responsible for ensuring the integrity of the governance framework, being responsible for the efficient administration of the Group, ensuring compliance with statutory and regulatory requirements and implementing decisions made by the Board of Directors.

The Corporate secretariat extends its support to the Board by maintaining a smooth functioning of the Board Committees and ensuring meetings are properly called and organized, and that minutes are accurately recorded.

## Succession plan

In accordance with the requirements and principles of Corporate Governance, the Board of Directors has reviewed and approved the succession plan, including the policies and principles of selecting the successor to the Group CEO, whether in case of emergency or in the context of normal business. In addition, the management in coordination with the Board of Directors has put in place a succession plan for the Senior Management individuals of the Group, which is being implemented in accordance with the plan.

# Corporate Governance (Continued)

## Complaints

The Group subsidiaries always strive for a convenient and phenomenal customer experience while providing suitable insurance services for customers. Consequently, we have adopted a customer complaint approach for concerns accessible to all customers through various channels including our branches, call centre, complaints unit and online via our websites or WhatsApp.

The complaint process consists of two process flows, (i) handling complaints; and (ii) reporting complaints. For handling the customer complaints, the subsidiaries have a dedicated Complaint Officer to facilitate receiving and acknowledging of complaints, recording information and details pertaining to complaint, investigating complaints, and responding to complaints. If the customer is not satisfied with the resolution or the complaint is not resolved within 30 calendar days, customers have the right to escalate the case to the CBB.

To facilitate engagement process with our customers, we have published an easy-to-use guide which can be found in hard copy at branches and an online version on our websites, which also assists in providing transparency on the complaint's procedure and reassurance to customers that we recognize their rights to express concerns.

## Conflict of Interests

Directors, key shareholders, senior executives, and other employees of the company shall avoid cases that lead to conflicts of interest with the company and deal with such cases in accordance with the provisions of the Commercial Companies Law and the Corporate Governance Code of Bahrain. The Board of Directors internal regulations state that any director or member of the executive management who enters a transaction involving a conflict of interest shall need the approval of the Board of Directors. Any officer or director in the company who, himself or the party he represents in the Board of Directors, have a joint or conflicting interest in a transaction presented to the board for a decision shall disclose it to the Board of Directors and prove it in the minutes of meeting. The concerned person shall not be entitled to participate in the deliberation, discussion and voting of the decision on these transactions. The disclosure shall include the essence of the transaction and its impact on the integrity of the Group's decisions and transactions, rather than the legal form. The Chairman shall report to the general assembly the results of the related-party transactions approved by the Board of Directors at the first meeting following the implementation of the transaction, and the reporting shall be on a case-by-case basis (i.e according to transaction and related parties) and accompanied by a report from the external auditor. Details of the related-party transactions and the classification of the amounts due to these parties and the receivables therefrom are disclosed to the shareholders herein. The Group's auditors shall ensure that the related parties perform all their obligations relating to these transactions and any transactions to which they were a party in the following year. Reference shall also be made to international standards and other laws relevant to financial reporting to calibrate and disclose such transactions.

## Related Parties Transactions

The Commercial Companies Law, CBB's regulations and the Group's corporate governance policy emphasize on Director's duty to avoid situations in which they may have conflicts of interest. This includes potential conflicts that may arise when a Director have other duties and business interest(s) with another company. In addition, a declaration of a conflict of interest including all material facts in a contact or a transaction. The Director's concerned then must abstain from the deliberations and voting on the relevant matter(s).

As stipulated in the Group's Corporate Governance, the concerned Directors do not participate in decisions in which they have or may have a potential conflict of interest.

Details of related party transactions involving the Group in 2022 are disclosed in Note 35 of the financial statements. The company applies enhanced procedures for related parties' transactions and has set a mechanism to regulate transactions with related parties in order to minimize conflicts of interest.

**Process of approval for related-party transactions includes:**

- Identifying the accounts of all related party including personal and associate companies.
- Identifying and listing all transactions and balances related to the identified accounts.
- Obtain the approval of the Board on quarterly basis.
- Discussed and approved by the shareholders annually at the Annual General Assembly Meeting (AGM).

**Status of compliance with CBB's High Level Controls Module**

BNH as a Bahrain Bourse listed company and the Group subsidiaries (bni and bnl) as a CBB regulated entities are required to comply with the HC Module of the CBB Rulebook, Volumes 6 and 3. The HC Module contains both Rules and Guidance; Rules must be complied with, but Guidance may either be complied with or noncompliance explained to the shareholders by way of an annual report and to the CBB.

**BNH has provided the following explanations in relation to the below Guidance in Module HC Volume 6:**

HC-1.3.6 states that No Director holds more than 3 Directorships in public companies in Bahrain with the provision that no conflict of interest may exist (which includes having an interest in companies in the same line of business), and the board should not propose the election or re-election of any director who does. Two of BNH directors, Mr. Farooq AlMoayyed and Mr. Jehad Amin hold more than three but not more than 5 directorships in public companies in Bahrain which is compliance with principle 1 of the Corporate Governance Code 2018 and there is no conflict of interests between their other directorships and that of the Group.

**Changes in HC Module during 2022**

Based on CBB Rulebook quarterly updates on Volume 6, High Level Controls Module for Capital Markets has witnessed the below summary of changes:

- HC-1.3.5 – The Board must have a composition of no less than 5 members and take into consideration the representation of women in the formation of the board. Statistics regarding the composition should be disclosed accordingly.
- HC-8.3.3 – Companies must disclose in its annual report the percentage of women and men on the board, where the absence of representation either women or men must be stated.

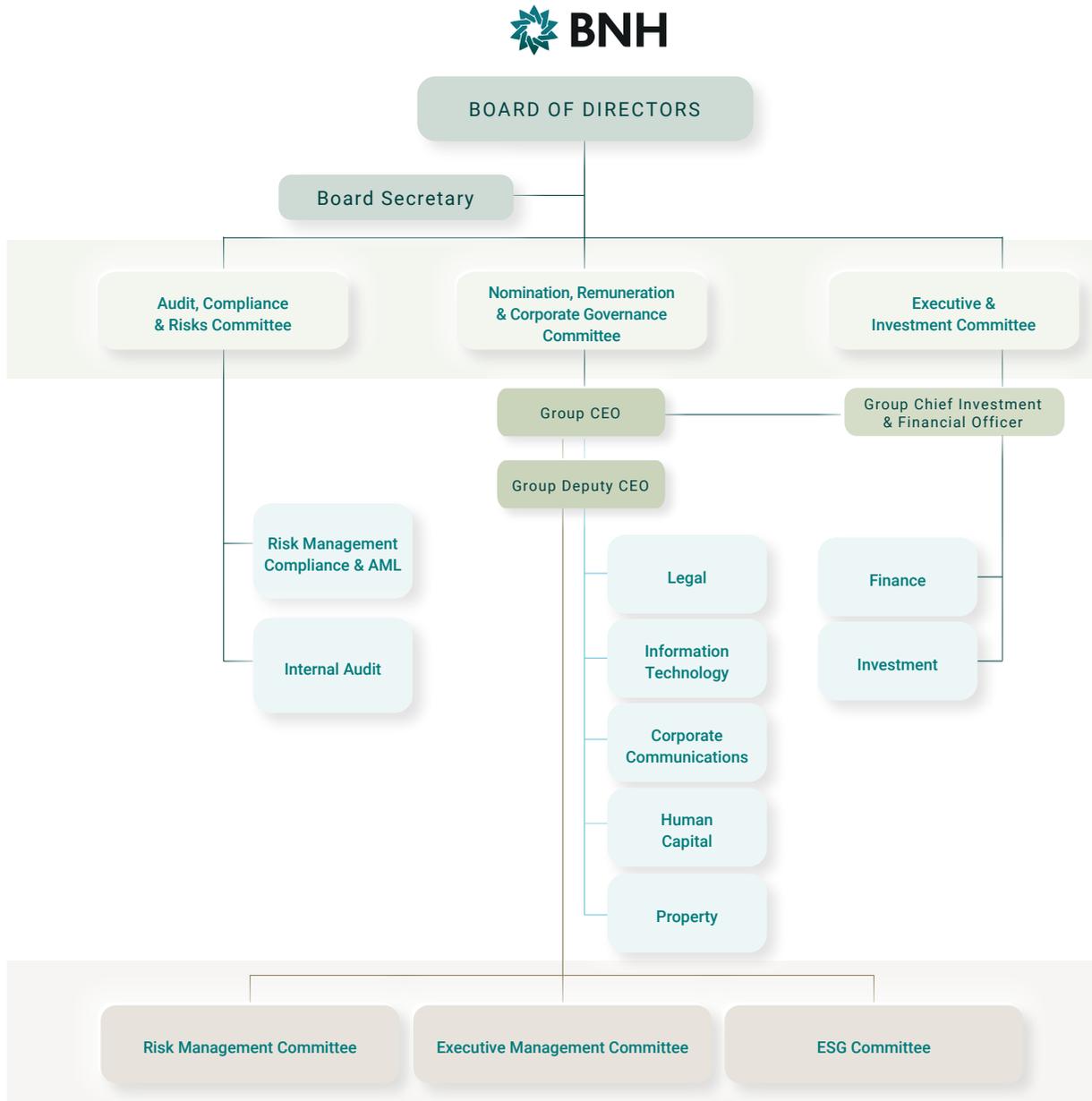
**Corporate Governance Officer**

BNH has an appointed Corporate Governance Officer in accordance to the Corporate Governance Code.

Name	Date of Appointment	Contact Details
Amina Jasim Bushaar	20-March-2022	Tel: 17587308 Email: amina.bushaar@bnhgroup.com

# Organization Structure

Bahrain National Holding (BNH)



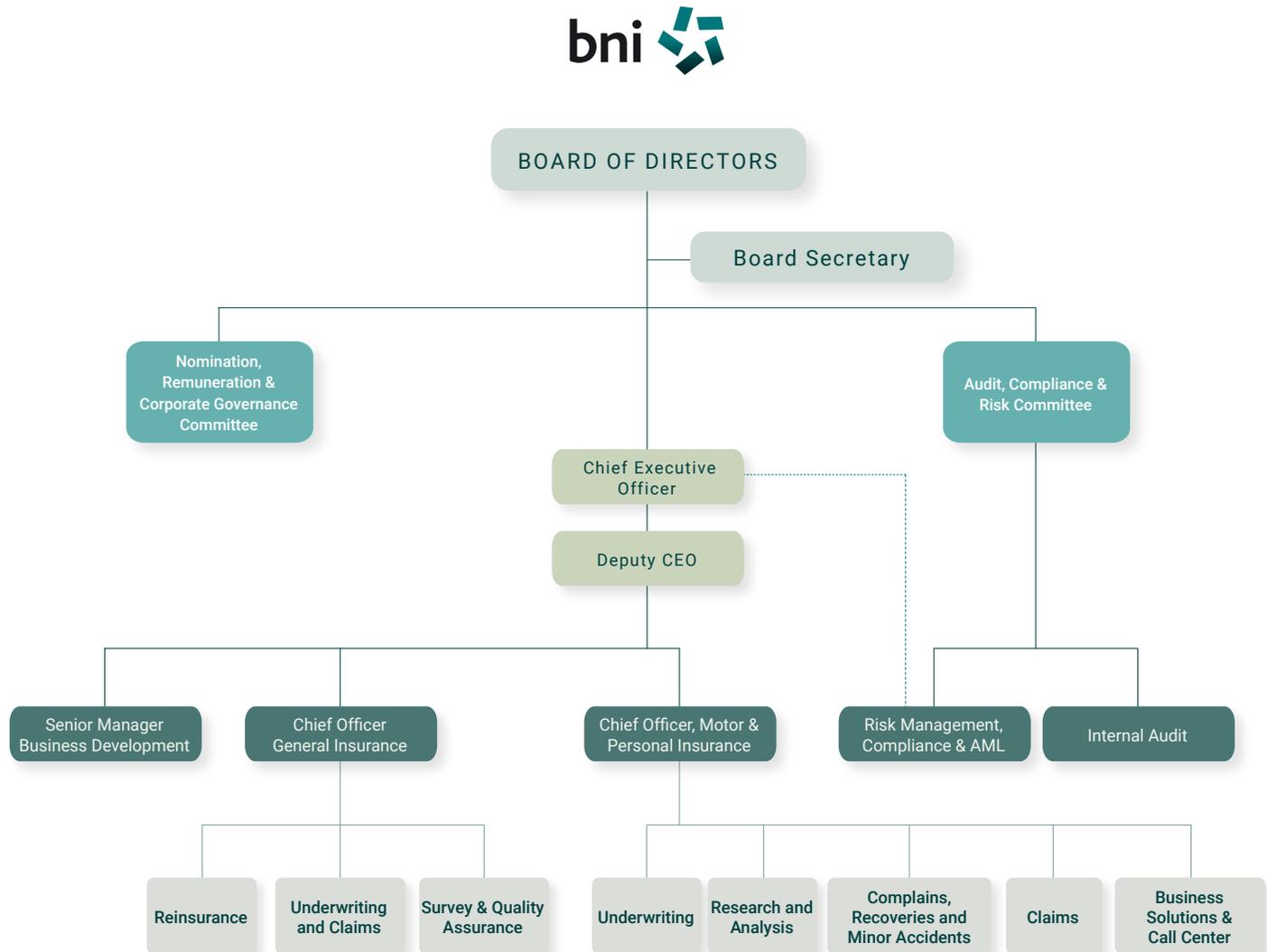
**Notes:**

1. Board Committees formed individually at each respective Company; except Executive and Investment Committee belonging to BNH, bni and bnl.
2. Management Committees are jointly formed for the Group; Parent and subsidiaries included.
3. Support functions are provided by BNH to bni and bnl through Service Level Agreement, as applicable to the operation of that company.
4. Risk, Compliance and AML is provided through Service Level Agreement between bni and BNH.



# Organization Structure

Bahrain National Insurance (bni)

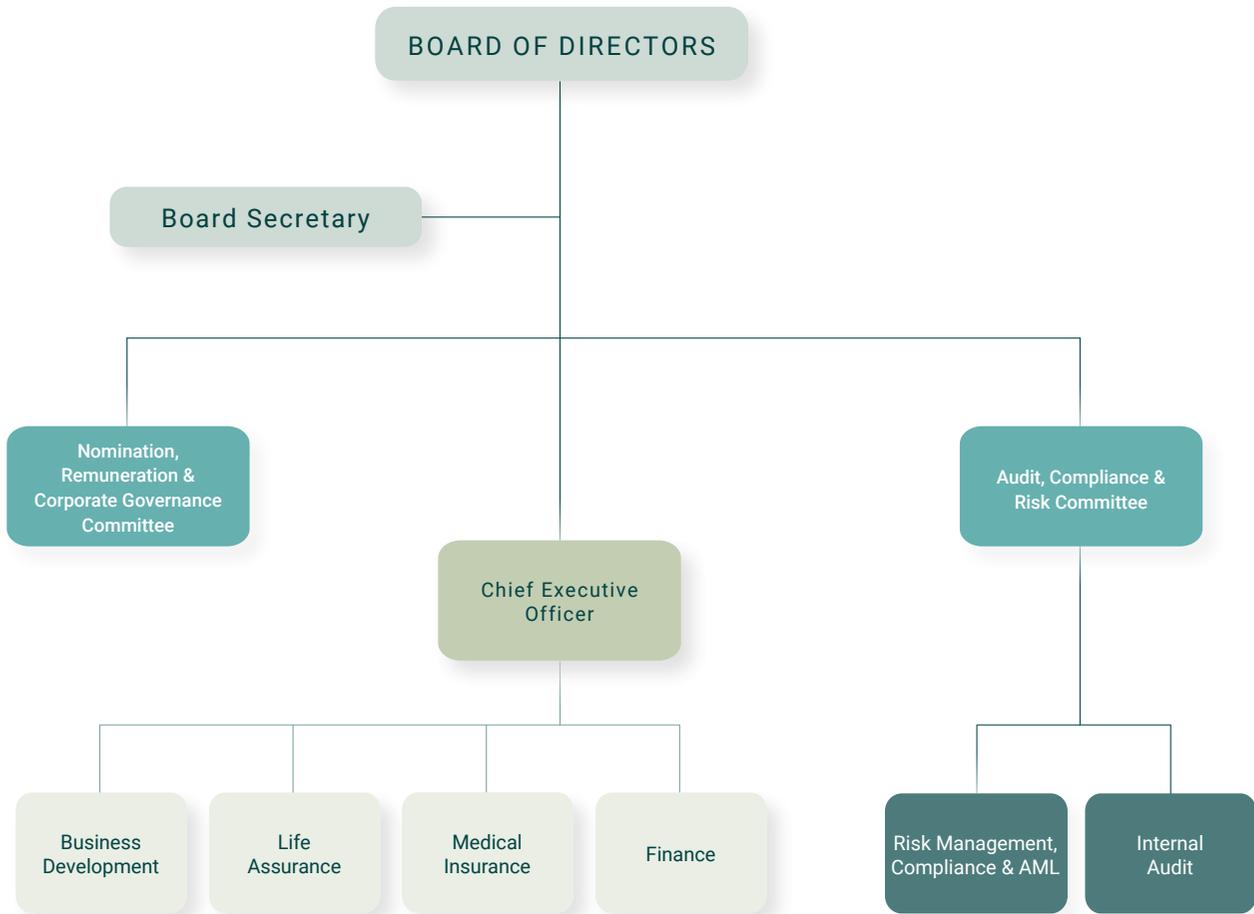


**Note:**

Internal Audit is provided through Service Level Agreement between BNH and bni.

# Organization Structure (Continued)

Bahrain National Life Assurance (bnl)



**Notes:**

1. Internal Audit is provided through Service Level Agreement between BNH and bnl.
2. Risk, Compliance and AML is provided through SLA agreement between bni and bnl.