

## **Report on the Company's compliance with the Corporate Governance - 2020**

Bahrain National Holding Company BSC (BNH), is keen to follow and implement the Corporate Governance principles issued by the Ministry of Industry, Commerce and Tourism in 2018 and other regulations related to Corporate Governance, giving such principles a top priority and adherence to its implementation, taking into consideration the importance of such practices and principles in governing the control, administrative and institutional work, to increase confidence in the Company and protect the interests of all stakeholders. Corporate Governance Committee implements Corporate Culture of the organization, commitment of the board and senior management towards the corporate governance framework and approach of the company to adhere to the code principles. Regular meetings of the committee are held, and annual evaluation of the entire team, Board and Committees undertaken.

Furthermore, the Company is committed to continuous review and monitoring the implementation of these principles by a specialized team that prepares periodic and regular reports and whenever necessary, as well as updating the internal regulations in accordance with the latest relevant laws and rules.

### **The Board**

BNH's Board of Director consists of 10 non-executive members, elected and notified to the Central Bank of Bahrain in April 2020 for a term of 3 years. Following the election of the directors, each one signed a Letter of Appointment, setting out the terms of their tenure, duties and responsibilities, remuneration, attendance fees, code of conduct and confidentiality. The Group is committed to maintain high standards of confidentiality through all Group levels. On termination of a Director's, the Director is requested to deliver all papers, documents and other property of or related to the Group which are in the director's possession, custody or power due to the holding a Director position.

Upon joining BNH's Board of Directors, all Directors receive a formal and tailored induction to ensure contribution to the Board from the beginning of the term as a Director. The induction includes topics on compliance programs, the legal council, internal and independent auditors. In addition, the new Director will attend meetings with the senior management, visit the company facilities, receive a presentation regarding strategic plans, significant financial, accounting and risk management issues which briefs on the business profile, opportunities, challenges and risks faced by the Group.

### **Transactions for Board approval**

To carry out the daily operations of the company that required the Board approval, it has been in the Board's best interest to delegate approval authorities to its sub-committees and Members of Management; all material transactions falling outside the delegated limits are referred to the Board for approval.

### **Evaluation of the Board and Committees**

Based on the Corporate Governance requirements the Board of Directors conducted a Board evaluation on the Board, members of the Board and Committees for the year under review. The results of the evaluation indicate that all Board members have done the tasks assigned to them to the fullest, in compliance with the Corporate Governance requirements and measures required.

### **Formulation of Social Responsibility Policy**

Since its establishment, the company has exercised its social role by monitoring certain sums with the approval of the General Assembly to address this social and humanitarian role. The company has also in place a written internal code to deal with the requirements of this social responsibility in accordance with the requirements of the Corporate governance Code.

### **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.

### **Compliance Responsibility**

The responsibility for ensuring the Group's compliance with the rules, regulations and guidelines of the Central Bank of Bahrain & other regulatory authorities resides with the Compliance Officer who is responsible for managing the Group's dedicated Legal, Compliance & AML department, in which a continuous compliance monitoring programme is conducted to ensure effective compliance.

The following Governance report includes detailed information related to the Corporate Governance of the Company.

## Corporate Governance Report for the year 2020

**Bahrain National Holding - CR No. 42210**

### **1- Description of the actions taken to complete the Corporate Governance Code during the year 2020 and how they were applied.**

<b>Requirements</b>	<b>BNH Compliance Status</b>
Appointing Corporate Governance Officer	A Corporate Governance officer has been appointed
Preparing annual Corporate Governance Report	Done
Submitting a yearly Corporate Governance Report on the MOICT website	Already in practice
Having a Corporate Governance policies and procedures	Done
Discussing the Corporate Governance report during AGM's and adding it as an item in the meeting agenda	Done
Independent Directors, subject to 3 as minimum	Complied
Update definition of "Independent Director"	Done
All Directors must sign a Directors Acknowledgment form (provided by the MOICT)	Done
Each Director should only have 5 memberships in Public Shareholding companies	Complied
Forming Audit, Nomination and Remuneration, Corporate Governance committee and Assigning a Secretary for each committee	Complied
Issued template evaluation forms as a guidance	Done
Enhanced procedures for related parties' transactions	Complied
Mentioning each Agenda item separately and note combining more than one topic in one item	Already in practice
Companies must start using accumulative voting starting from August 2018	Complied
Appointing external auditors on a yearly basis for a maximum of 5 times	Noted and will be followed

**2- Description of the transactions of the directors, their spouses and sons on the Company's shares during the year 2020 according to the following table:**

#	Name	Position/kinship	Shares held as at 31/12/2019	Total inherited shares transaction	Total transferred shares transaction
1	Sami Mohamed Sharif Zainal	Board Member	64,058	12,189	105,000

- Inherited shares from Mr. Sami's late mother
- Transferred shares from Mr. Sami to his father without charges.

**3- Composition of the Board:**

a. Description of the current Board composition according to the following table:

#	Name	Type (executive, non-executive or independent)	Experience	Qualification	The period of his term as a director of the Company starting from the date of his first election or appointment	Directorships and positions in other companies	Positions in any other key regulatory, government or commercial entities.
1	Farooq Yusuf Almoayyed	non-executive	Around 40 years in Business Chairmanship	-B.E. (Mech), Loughborough (Engg)	March 2008 till date	Chairman: • Y.K. Almoayyed &	

			ip and Directorship in different sectors	college, England (1966)		<p>Sons B.S.C. (c), Bahrain</p> <ul style="list-style-type: none"> <li>• Y.K. Almoayyed &amp; Sons Property Co W.L.L., Bahrain</li> <li>• Almoayyed Contracting Group B.S.C. (c), Bahrain</li> <li>• National Bank of Bahrain B.S.C., Bahrain</li> <li>• Ashrafs, Bahrain</li> <li>• Bahrain Duty Free Shop Complex, Bahrain</li> <li>• Gulf Hotels Group, Bahrain</li> <li>• Ahlia University, Bahrain</li> <li>• Ibn Khuldoon National School – Board of Trustees, Bahrain</li> <li>• Small &amp; Medium Enterprises</li> </ul>	
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						<b>Honorary Chairman:</b> <ul style="list-style-type: none"> <li>• Almoayyed International Group</li> </ul> <b>Director:</b> <ul style="list-style-type: none"> <li>• Economic Development Board, Bahrain</li> </ul>	
2	Abdulhusain Khalil Dewani	non-executive	Around 40 years in Business Chairmanship and Directorship in different sectors		March 1999 till date	<b>Chairman:</b> <ul style="list-style-type: none"> <li>• Dawani Group Holding B.S.C., Bahrain</li> <li>• Deeko Bahrain W.L.L., Bahrain</li> <li>• Dawanco W.L.L., Bahrain</li> <li>• Dawanco Industries W.L.L., Bahrain</li> <li>• Dawani Properties W.L.L., Bahrain</li> <li>• Tominna Trading W.L.L., Bahrain</li> <li>• Legend Paints</li> </ul>	

						<p>Company W.L.L., Bahrain</p> <ul style="list-style-type: none"> <li>• Collection W.L.L., Bahrain</li> <li>• Bahrain Foundation Construction Company, Bahrain</li> <li>• Al Jazira Group, Bahrain</li> <li>• American Cultural &amp; Educational Centre, Bahrain</li> <li>• Capital Laundry W.L.L.</li> </ul> <p><b>Vice Chairman:</b></p> <ul style="list-style-type: none"> <li>• Delmon Poultry Company W.L.L., Bahrain</li> </ul>	
3	<b>Abdulrahman Mohamed Juma</b>	<b>non-executive</b>	<p>- More than 20 years in insurance business</p> <p>- Director in Bahrain Insurance for 3 years,</p>	<b>Mechanical Engineer Graduate of 1975 from North London University, England</b>	<b>March 1999 till date</b>	<p><b>President:</b></p> <ul style="list-style-type: none"> <li>• Abdulrahman bin Mohamed Juma &amp; Sons W.L.L., Bahrain</li> </ul>	

				then in Bahrain National Insurance since 1999 till date			<b>Chairman &amp; Managing Director:</b> <ul style="list-style-type: none"> <li>• UNEECO BSC (c)</li> </ul> <b>Chairman:</b> <ul style="list-style-type: none"> <li>• Prudent Solutions W.L.L.</li> <li>• Universal Laboratories W.L.L</li> </ul> <b>Vice Chairman:</b> <ul style="list-style-type: none"> <li>• Prudent, Saudi Arabia J/V</li> </ul> <b>Director:</b> <ul style="list-style-type: none"> <li>• Bin Juma Holdings</li> </ul>	
4	Jehad Amin	Yusuf	non-executive	20 years	Businessman	March 1999 till date	<b>VICE CHAIRMAN:</b> <ul style="list-style-type: none"> <li>• Banader Hotels Company B.S.C</li> </ul> <b>Director:</b> <ul style="list-style-type: none"> <li>• General Company for Trading &amp; Food industries (TRAFICO), Bahrain</li> </ul>	



						<ul style="list-style-type: none"> <li>• Bahrain Maritime &amp; Mercantile International Company (BMMI), Bahrain</li> <li>• Bahrain Livestock, Bahrain</li> <li>• Bahrain Cinema Company B.S.C, Bahrain</li> <li>• United Insurance Company, Bahrain</li> <li>• Bahrain Duty Free Complex, Bahrain</li> <li>• Metro Market Company W.L.L., Bahrain</li> </ul>	
5	Ghassan Qasim Fakhroo	non-executive	-System Engineer, ARESCON (1989-1991) -Senior System Engineer, YOKOGAWA (1991-1993) -Chief Executive, Mohamed Fakhroo & BROS.	- BSc, University of Bahrain - MBA, University of Bahrain	March 2008 till date	<b>Chief Executive:</b> <ul style="list-style-type: none"> <li>• Mohamed Fakhroo &amp; Bros., Bahrain</li> </ul> <b>Managing Director and Partner:</b> <ul style="list-style-type: none"> <li>• Fakhroo Information Technology</li> </ul>	

			(1993-present)			<p>Services, Bahrain</p> <p><b>Director and Partner:</b></p> <ul style="list-style-type: none"> <li>• Qasim Mohamed Fakhroo &amp; Sons W.L.L., Bahrain</li> <li>• Fakhroo Investment Company, Bahrain</li> <li>• Areej Trading Establishment, Bahrain</li> </ul> <p><b>Board Member:</b></p> <ul style="list-style-type: none"> <li>• Alkindi Specialized Hospital, Bahrain</li> <li>• National Institute for Industrial Training, Bahrain</li> <li>• General Poultry Company B.S.C., Bahrain</li> <li>• National Poultry Company B.S.C, Bahrain</li> </ul>	
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6	<b>Sami Mohamed Sharif Zainal</b>	non-executive	<b>-Credit Officer, Arab Investment Company (1988-1991)</b> <b>-Marketing Director, MAZA (1991-present)</b>	<b>-BBA,ST.E dward's University, USA (1988)</b> <b>-MBA, Bahrain University (1994)</b>	March 2008 till date	<b>Chairman:</b> <ul style="list-style-type: none"> <li>• General Poultry Company, Bahrain</li> </ul> <b>Director:</b> <ul style="list-style-type: none"> <li>• GCC Commercial Arbitration Centre, Bahrain</li> <li>• Zainal Enterprises, Bahrain</li> <li>• Tony Luke's, Bahrain</li> <li>• Life Marketing W.L.L., Bahrain</li> </ul> <b>Marketing Director:</b> <ul style="list-style-type: none"> <li>• Mohamed Ali Zainal Abdulla (MAZA), Bahrain</li> </ul>	
7	<b>Ayad Saad Algosaibi</b>	Independent	<b>- Chairman, Columbus IT Middle East (2005-present)</b> <b>- Managing Director, Algosaibi Information System Company</b>	<b>- BSBA in International Business, The American University (1988-1992)</b> <b>- MBA in Internatio</b>	March 2008 till date	<b>Vice Chairman:</b> <ul style="list-style-type: none"> <li>• Khalifa A. Algosaibi Investment Co. CJSC, Dammam, Saudi Arabia</li> </ul>	

			<b>W.L.L (1998-present)</b>	<b>nal Finance and Marketing , The American Universit y (1995- 1997)</b>			
<b>8</b>	<b>Redha Abdulla faraj</b>	<b>independ dent</b>	<b>1962 to 1976</b> Finance & Accounts Manager  British Petroleum (Eastern Agencies) Ltd.  <b>1976 to 1991</b> Deputy General Manager  Arab Shipbuilding and Repair Yard Company (ASRY)  <b>1991 to September 2001</b> Partner	Fellow of the Chartered Association of Certified Accountant s (FCCA), UK  Member of British Institute of Manageme nt (MBIM)	<b>March 2014 till date</b>	<b>Director:</b> <ul style="list-style-type: none"> <li>• Bahrain Maritime and Mercantile International (BMMI), Bahrain</li> <li>• Y.K. Almoayyed and Sons B.S.C.(c), Bahrain</li> <li>• Almoayyed International Group, Bahrain</li> <li>• Almoayyed Contracting Group, Bahrain</li> <li>• National Concrete Company W.L.L., Bahrain</li> <li>• Banader Hotels Company B.S.C., Bahrain</li> </ul>	<ul style="list-style-type: none"> <li>• Member- Shura Council</li> <li>• Director – Minors Estate Guardianshi p Council</li> </ul>

						<ul style="list-style-type: none"><li>• National Finance House, Bahrain</li></ul> <p><b>Founder of:</b></p> <ul style="list-style-type: none"><li>• Al Faraj Consulting Co. W.L.L., Bahrain</li><li>• Al Faraj Horizon Developments Co. W.L.L., Bahrain</li></ul>		
9	Talal Kanoo	Fuad	non-executive	<ul style="list-style-type: none"><li>- Member of the Board of Directors: Ebrahim Khalil K. Kanoo BSC (c)</li><li>- Budget Director: Ebrahim K. Kanoo BSC (c)</li><li>- General Manager: Human Resources &amp; Administration, Ebrahim K. Kanoo BSC (c)</li><li>- Sales Manager: Toyota &amp; Lexus</li></ul>	<ul style="list-style-type: none"><li>- Bachelor of Business Administration – Management, The American University, Washington D.C.</li></ul>	March 2008 till date	<p><b>Chairman:</b></p> <ul style="list-style-type: none"><li>• National Finance House B.S.C. (c), Bahrain</li><li>• Gulf Medical Diabetes Center, Bahrain</li><li>• Bahrain Basketball Association, Bahrain</li></ul> <p><b>Managing Director:</b></p> <ul style="list-style-type: none"><li>• E. K. Kanoo B.S.C (c), Bahrain</li></ul> <p><b>Director:</b></p> <ul style="list-style-type: none"><li>• Supreme Council for Youth &amp; Sports,</li></ul>	

						Bahrain • Injaz, Bahrain	
10	Ali Hasan Mahmood	non-executive	<ul style="list-style-type: none"> <li>- Managing Director &amp; Partner, Hasan Habib s/o Mahmood (1975-present)</li> <li>- Managing Director &amp; Owner / Partner, Al Jazeera Shipping Company (1987-present)</li> </ul>	- Higher National Diploma, College of Higher Education – London, U.K (1971)	March 1999 till date	<b>Chairman:</b> <ul style="list-style-type: none"> <li>• Euro Gulf Oil Energy Services, Bahrain</li> <li>• United International Décor W.L.L., Bahrain</li> <li>• Bed Center W.L.L., Bahrain</li> <li>• United Marketing International Company W.L.L., Bahrain</li> </ul> <b>Chairman and Managing Director:</b> <ul style="list-style-type: none"> <li>• Hasan &amp; Habib s/o Mahmood Group of Companies, Bahrain</li> <li>• Al Jazeera Shipping Company. W.L.L., Bahrain</li> </ul>	<b>Vice Chairman:</b> <ul style="list-style-type: none"> <li>• Jaffaria Waqf Directorate, Bahrain</li> </ul>

						<b>Director:</b> <ul style="list-style-type: none"> <li>• Bahrain Specialist Hospital, Bahrain</li> </ul> <b>Member:</b> <ul style="list-style-type: none"> <li>• Bahrain Standards and Metrology Directorate – Ministry of Industry, Commerce &amp; Tourism, Bahrain</li> <li>• Bahrain Businessmen Association, Bahrain</li> </ul>	
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b. Description of the following:

1. Total remunerations paid to the directors for the (last) year 2019 (BD 199,500).
2. The total setting fees and proposed remunerations paid/to be paid to the directors for the year 2020, which will be presented at the annual general meeting for approval. (BD 181,500), that includes the setting fees described in item 3 below.
3. Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2020 according to the following table:

#	Name	Sitting fees paid for attendance of the Board's committees			
		Title	Name of committee	Sitting fees amount	No. of meetings
1	Redha Abdulla Faraj	Chairman	Audit, Compliance & Risk Committee	BD 2000	4
2	Ayad Saad Algosaibi	Vice Chairman	Audit, Compliance & Risk Committee	BD 1600	4
3	Ali Hasan Mahmood	Member	Audit, Compliance & Risk Committee	BD 1600	3
4	Abdulrahman Mohamed Juma	Member	Audit, Compliance & Risk Committee	BD 1600	4

#	Name	Sitting fees paid for attendance of the Board's committees			
		Title	Name of committee	Sitting fees amount	No. of meetings
1	Farooq Yusuf Almoayyed	Chairman	Nomination, Remuneration and Corporate Governance Committee	BD 1000	2
2	Abdulhusain Khalil Dewani	Vice Chairman	Nomination, Remuneration and Corporate Governance Committee	BD 800	2
3	Jehad Yusuf Amin	Member	Nomination, Remuneration and Corporate Governance Committee	BD 800	2
4	Redha Abdulla Faraj	Member	Nomination, Remuneration and Corporate Governance Committee	BD 800	2
5	Abdulrahman Mohamed Juma	Member	Nomination, Remuneration and Corporate Governance Committee	BD 800	2



- c. Number and dates of the Board's meetings held during the financial year 2020, in addition to the number of times directors attended in person or by visual communication and a description of the directors present by proxy.

Board members	Title	25 Feb	13 Apr	11 May	12 Aug	9 Nov	10 Dec
<b>Farooq Yusuf Almoayyed</b>	Chairman	✓	✓	✓	✓	✓	✓
<b>Abdulhusain Khalil Dewani</b>	Vice Chairman	✓	✓	✓	✓	✓	✓
<b>Abdulrahman Mohamed Juma</b>	Board Member	✓	✓	✓	✓	✓	✓
<b>Jehad Yusuf Amin</b>	Board Member	✓	✓	✓	✓	✓	✓
<b>Sami Mohamed Sharif Zainal</b>	Board Member	✓	✓	✓	✓	✓	✓
<b>Ayad Saad Khalifa Algosaiibi</b>	Board Member	✓	✓	✓	✓	✓	✓
<b>Ghassan Qasim Mohd Fakhroo</b>	Board Member	✓	✓	✓	✓	✓	✓
<b>Talal Fuad Kanoo</b>	Board Member	✓	✓	✓	✓	✓	✓
<b>Ali Hasan Mahmood</b>	Board Member	✓	✓	✓	✓	✓	✓
<b>Redha Abdulla Faraj</b>	Board Member	✓	✓	✓	✓	✓	✓

- d. Description of the Board's duties and competences carried out on its behalf by the Executive Management by delegation of authority, specifying the duration and validity of the delegation.

### **Responsibilities:**

- 1- Adopting the commercial and financial policies associated with the company's business performance and achievement of its objectives.
- 2- Drawing, overseeing and periodically reviewing the company's plans, policies, strategies and key objectives.

- 3- Setting and generally supervising the regulations and systems of the company's internal control.
- 4- Determining the company's optimal capital structure, strategies and financial objectives and approving annual budgets.
- 5- Monitoring the company's major capital expenditures and possessing and disposing assets.
- 6- Approving the company's quarterly and annual financial statements and presenting them to the general assembly.
- 7- Monitoring the executive management's activities, and ensuring that the operations run smoothly to achieve the company's objectives and that they do not conflict with the applicable Laws and Regulations.
- 8- Forming specialized committees emerging from the BoD as required by the nature of the company's activity as provided in the regulatory requirements, and issuing the regulations of these committees.
- 9- Determining the types of remunerations for senior executives and directors, subject to the approval of the shareholders' general assembly.
- 10- Setting a mechanism to regulate transactions with related parties in order to minimize conflicts of interest.
- 11- Setting standards and values governing the company's business.
- 12- Ensuring the application of an appropriate control and risk management systems by setting framework of the risks that the company might face, creating an environment that is aware of risk management knowledge at the company level, and transparently presenting it to company's related parties and stakeholders.
- 13- Assuring equitable treatment of shareholders, including the minority shareholders.
- 14- Setting internal regulations which determine the Board's duties and responsibilities, including the obligations and responsibilities of the directors.

**a. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction.**

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 2020 are disclosed below and 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.

• **Related party balances (in thousands of BHD)**

	Parent's associates	Companies in which Directors control or jointly control	Key management personnel	Total
Insurance receivables	290	460	3	753
Other receivables	5	-	5	10
Retirement and saving plan obligation	587	62	-	649
Insurance payables	35	10	-	45
Other liabilities	-	741	-	741

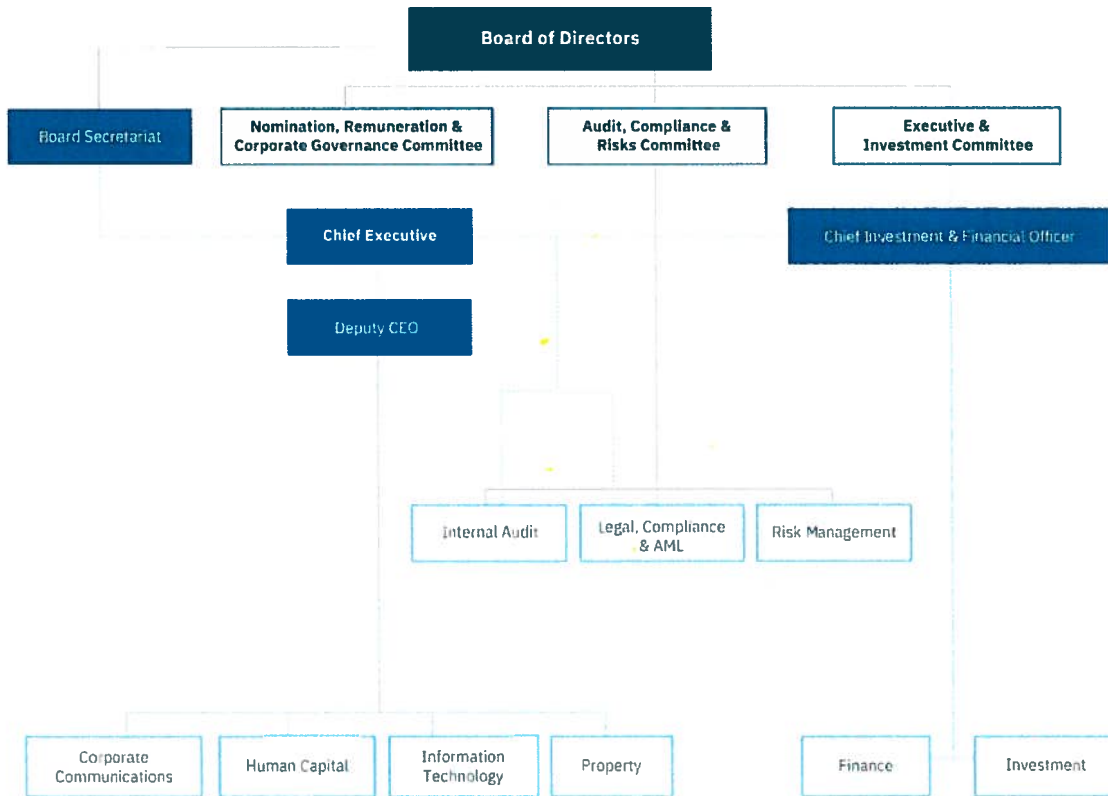
• **Transactions with related parties (in thousands of BHD)**

	Parent's associates	Companies in which Directors control or jointly control	Key management personnel	Total
Gross insurance premiums	548	1,279	8	1,835
Gross claims paid	390	279	1	670
Claims recoveries	123	-	-	123
Commission and fee expenses	11	-	-	11
Dividend received	590	-	-	590
Retirement and saving plan contributions received	85	7	-	92
Retirement and saving plan benefits paid	179	6	-	185
General and administration expenses	95	128	1,020	1,243
Purchases of property and equipment	-	59	-	59

- b. The Company's organizational structure, including the first and second grades at a minimum and including the Company's general manager and/or chief executive officer, deputy general manager and managers.

## ORGANIZATIONAL CHART

### BAHRAIN NATIONAL HOLDING



### **Senior executives and their profiles**

#### **Sameer AlWazzan – Chief Executive**

Nationality: Bahraini

An internationally recognized Veteran of the insurance industry for over 38 years.

Mr. AlWazzan held Senior management roles such as General Manager of National Insurance Company, General Manager of UNITAG Group, General Manager of Bahrain Kuwait Insurance Company, CEO of Solidarity Group and CEO of Al Khazna – UAE Insurance Company.

He also has 10 years (1982 – 1972) of experience working as an Instrument Engineer at Bahrain Petroleum Company (BAPCO).

Mr. Sameer AlWazzan is the Board Chairman and Chairman of the NRCG Committee of United Insurance Company, Board Vice-Chairman of Arabian Shield Cooperative Insurance Company (KSA) and a Board member of National Finance House and Al Kindi Specialised Hospital. He was also the Vice Chairman of Arab World Risk Insurance Syndicate – ARIS, Independent Board Member at Al Madina Insurance Company – Oman, Doha Bank Assurance Company, - Qatar, Saudi National Insurance Company – SNIC.

He was the founder and Board member of Bahrain Insurance Association and Chairman for 2 terms, Board Committee Member of the Central Bank of Bahrain (CBB) "Motor Accident Compensation Fund" and served as a Member of the Bahrain Chamber of Commerce and Industry (BCCI) "Banking & Insurance Sectors" and "Arbitration & Legal" Committees and was also of Pan Arab General Arab Insurance Federation "GAIF".

Mr. AlWazzan completed Management Studies from renowned institutions including Stanford University, California, USA, Manchester Business School, UK, Swansea Polytechnic, UK, Huddersfield Polytechnic, UK, and University of Bahrain.

He joined BNH as Group Chief Executive in January 2014.

#### **Masood Bader – Deputy Chief Executive**

Nationality: Bahraini

Masood Bader joined bni in 2010, bringing 24 years of insurance and reinsurance experience to the company. An accounting major he started his career as a Claims

Assistant with Arab Insurance Group (ARIG), working his way up to Executive Manager in charge of an international portfolio of Marine and Energy.

In the six years prior to joining bni, he worked as an Insurance and Reinsurance Broker, first for Arthur J. Gallagher Middle East as Regional Director, and then for OAN Middle East as Vice President.

Mr. Masood has held several positions within the Group including Assistant General Manager of bni, General Manager of bni, acting Deputy CEO at BNH and in 2020 he was appointed Deputy CEO of the Group.

He currently holds board memberships in iAssist Middle East.

**Anand Subramaniam – Chief Investment & Financial Officer**  
Nationality: Indian

Anand Subramaniam has over 22 years of experience in the field of investments and asset management. He holds a Chartered Financial Analyst designation from the CFA Institute, USA and an MBA and BBA from Sardar Patel University, Gujarat, India. He also holds a Chartered Alternative Investment Analyst designation from the CAIA association, USA. Prior to this, he was the Head of Investments at Bahraini Saudi Bank BSC and a Fund Manager at TAIB Bank BSC. He has previously worked with Fincorp SAOG as VP-Asset Management and Oman Arab Bank as an Investment Officer. He started his career as an equity researcher in India focusing on the IT, banking and cement sectors. He joined BNH in 2010, where he is responsible for managing the group's investment portfolio and overseeing the group's finance functions.

g. Total remunerations paid to the key executive officers (the top five employees), including salaries, benefits, allowances, increases, stock options, end-of-service benefits, pensions, etc.

- **Transactions with key management personnel**

Key management personnel of the Group comprise of the Chief Executive Officer, Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

The key management personnel compensation is as follows:

Salaries and allowances	735
Other benefits	74
Board remuneration and sitting fees	211

#### 4- External Auditors:

- a. Providing shareholders with the auditor's profile and overview of its professional performance.

KPMG Fakhro

12th Floor, Fakhro Tower

P.O. Box 710, Manama

Kingdom of Bahrain

KPMG in Bahrain was established over 50 years ago, and has grown to over 320 staff led by 10 partners. KPMG in Bahrain currently has 17 nationalities working across their teams, but they also draw on local talent. Bahrainis represent over 60% of total workforce and hold many of senior leadership positions. KPMG provides Audit, Tax and Advisory services locally, drawing on the latest thinking and best practice from around the world. KPMG works with some of Bahrain's largest public and private sector organizations across most of the core industries.

- b. Fees and charges for the audit or services provided by the external auditor during the year 2019, in addition to a description of the auditor's years of service as the Company's external auditor. According to the following table:

<b>Name of the audit firm</b>	KPMG Fakhro
<b>Years of service as the Company's external auditor</b>	22 years
<b>Name of the partner in charge of the Company's audit</b>	Mr. Balasubramanian Mahesh

The partner's years of service as the partner in charge of the Company's audit	5 years
Total audit fees for the financial statements for the year 2020 (BD)	BD 11,899
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2020 (BD)	BD 4,100

## 5- Audit Committee:

### a. Names, competences and duties of the audit committee's members.

Committee members:

- 1- Redha Abdulla Faraj – Chairman
- 2- Ayad Saad Algosaibi – Vice Chairman
- 3- Abdulrahman Mohamed Juma – Member
- 4- Ali Hasan Mahmood – Member

### **Responsibilities:**

- Oversee the selection and compensation of external auditor for appointment and approval at the Board and Annual General Meeting.
- Approve the appointment, replacement, reassignment or dismissal of the Head of Internal Audit.
- Review and approve the annual internal audit, risk and compliance plans.
- Review audited annual, quarterly and half-yearly financial statements, and discuss 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 instructions of the Board for all investigations.
- Review 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 personnel, procedures, internal controls and compliance procedures, and any risk management systems.
- Ensure processes are established and maintained to address critical financial reporting risks and transparency of financial reporting.
- Assess independence, accountability and effectiveness of external auditor.

**b. Number and dates of meetings held by the audit committee during the year to discuss issues related to financial statements and any other matters and the number of times members attended the meetings in person.**

Members	Title	17 Feb	5 May	5 Aug	5 Nov
Redha Abdulla Faraj	Chairman	✓	✓	✓	✓
Ayad Saad Khalifa Algosaibi	Vice Chairman	✓	✓	✓	✓
Abdulrahman Mohamed Juma	Member	✓	✓	✓	✓
Ali Hassan Mahmood	Member	✓	✓	✓	x

## 6- Nomination, Remuneration and Corporate Governance Committee (NRCG):

### a. Names, competences and duties of the NRC committee's members.

Committee members:

- 1- Farooq Yusuf Almoayyed
- 2- Abdulhusain Khalil Dewani
- 3- Jehad Yusuf Amin
- 4- Redha Abdulla Faraj
- 5- Abdulrahman Mohamed Juma

### Responsibilities:

- Monitor the establishment of an appropriate Corporate Governance Framework.
- Nomination of members of Board and Sub-committees CEO/GM, CFO and Corporate Secretary.
- Make necessary recommendations to the Board as 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 performance of Board members, Committees and Senior Executives.

### b. Number and dates of meetings held by the committee during the financial year and the number of times members attended the meetings in person.

Members	Title	25 Feb	13 Apr
<b>Farooq Yusuf Almoayyed</b>	Chairman	✓	✓
<b>Abdulhusain Khalil Dewani</b>	Vice Chairman	✓	✓
<b>Jehad Yusuf Amin</b>	Member	✓	✓
<b>Redha Abdulla Faraj</b>	Member	✓	✓
<b>Abdulrahman Mohamed Juma</b>	Member	✓	✓

**a. Summary of the committee performance report during the year 2020.**

The committee has met twice during 2020 as follows:

- First meeting held on 25<sup>th</sup> February 2020
- Second meeting held on 13<sup>th</sup> April 2020

**7- Executive and Investment Committee (EIC)**

**a. Names, competences and duties of the NRC committee's members.**

Committee members:

1. Abdulhusain Khalil Dewani
2. Jehad Yusuf Amin
3. Anand Subramaniam

***Responsibilities***

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

**b. Number and dates of meetings held by the committee during the financial year and the number of times members attended the meetings in person.**

Nil.

**8- Corporate governance officer's name, qualifications, date of appointment, and contact details.**

Corporate Governance Officer "Amina Jassim Ebrahim", appointed on 9<sup>th</sup> August 2018, B.Sc. in Law, Email: [amina.bushaar@bnhgroup.com](mailto:amina.bushaar@bnhgroup.com) – T: 17587308 – M: 37733472

**9-** Details of any irregularities committed during the financial year, their causes (if any), and the plan to address them in order to avoid future recurrence.

Nil

**10-** Description of the cash and in-kind contributions made by the Company during the year 2020 for the purpose of community development and environment preservation (In the absence of contributions, it should be stated that the Company did not make any contributions), indicating the recipients of these contributions.

BENFICARY	CAUSE	AMOUNT	DATE	ACCOUNT
BIBF	Digital transformation for insurance virtual forum	4000	2020	BNH
Wheelchair Purchase	Wheelchair for Employee Sayed Ahmed's Father	400	2020	BNH
Ministry of Finance and National Economy	COVID19 SUPPORT	28,600	2020	BNH
Rotary Club of Salmaniya	Raft Race 2020 silver sponsorship	1000	2020	BNH

**a. Statement of shareholders' equity as of 31/12/2020 (individuals, corporate, government or organizations) to be classified as follows: Local, Gulf, Arab, and foreign.**

#	Shareholder classification	Shareholding %			
		Individuals	Corporate	Government or Organizations	Total
1	Local	56.59%	28.23%	0.23%	85.05%
2	Arab	1.81%	13.10%	-	14.91%
3	Foreign	0.04%	-	-	0.04%
4	Total	58.44%	41.33%	0.23%	100.00%

- b. Description of the shareholders who hold 5% or more of the Company's share capital, indicating the name of the natural person who holds the shares, the final beneficiary, as at 31/12/2020 as follows:

#	Name	Number of shares held	Shareholding %	Name of the natural person, the final	Nationality
1	Abdulhameed Zainal Mohamed Zainal	7,559,507	6.34%	NA	Bahraini
2	National Insurance Company	7,808,734	6.55%	NA	Iraqi
3	Bahrain National Holding	6,566,756	5.51%	NA	Bahraini

Nationality	No of shareholders	No of shares	% of shareholding
BAHRAINI	696	101,352,857	85.05%
EMARATI	2	44,276	0.04%
KUWAITI	2	15,133	0.01%
QATARI	2	4,318	0.00%
SAUDI	7	2,083,664	1.75%
INDIAN	3	51,127	0.04%
IRAQI	3	15,617,467	13.10%
MOROCCON	1	6,158	0.01%
Total	716	119,175,000	100.00%

- c. Description of how shareholders are distributed according to their respective shareholding as at 31/12/2020 as follows:

#	Shareholding (share)	No of shareholders	Number of shares held	Shareholding %
1	<50,000	<50,000	5,470,044	4.59%
2	50,000 to 500,000	50,000 to 500,000	22,387,175	18.78%
3	500,000 to 5,000,000	500,000 to 5,000,000	69,382,784	58.22%
4	>5,000,000	>5,000,000	21,934,997	18.41%

**d. Description of the significant events that occurred during the year 2020.**

Annual Ordinary General Assembly Meeting.

**11- Compliance with the provisions of the Corporate Governance Code, as follows:**

Principle	Non-compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.			✓	
Principle 2: The directors and executive management shall have full loyalty to the company.			✓	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.			✓	
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors			✓	
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.			✓	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.			✓	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			✓	
Principle 8: The Company shall disclose its corporate governance.			✓	
Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			✓	

Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.			✓	
Principle 9: Companies which offer Islamic services shall adhere to the principles of Islamic Shari'a. *				NA

## 12- Any disclosures required by the regulatory authorities.

Nil



**Farooq Yusuf Almoayyed**  
Chairman



**Official Seal of the Company**

**Date: 7<sup>th</sup> March 2021**