

## **Report on the Company's compliance with the Corporate Governance - 2021**

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 counsel, 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 Compliance & AML department, in which a continuous compliance monitoring program 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 2021

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

#### **1- Description of the actions taken to complete the Corporate Governance Code during the year 2021 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

**Board of Directors & Executive Management Shares – January to December 2021**

Name of Shareholder	Title	Number of Shares As At 01/01/2021	Number of Shares As At 31/12/2021	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	687,794	-
Jehad Yusuf Amin	Board Member	3,200,000	3,330,192	130,192
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	-

**Executive Management**

Sameer AlWazzan	CEO	114,741	114,741	-
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**2- Description of the transactions of the directors, their spouses and sons on the Company's shares during the year 2021 according to the following table:**

#	Name	Position/kinship	Shares held as at 31/12/2021	Total sale transaction	Total purchase transaction
1	Jehad Yusuf Amin	Board Member	3,330,192	-	130,192

**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 and Directorship in different sectors	-B.E. (Mechanical), Loughborough (Engg) college, England (1966)	March 2008 till date	<b>Chairman:</b> <ul style="list-style-type: none"> <li>Y.K. Almoayyed &amp; Sons B.S.C. (c), Bahrain</li> <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> </ul>	

						<ul style="list-style-type: none"> <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> <p><b>Honorary Chairman:</b></p> <ul style="list-style-type: none"> <li>• Almoayyed International Group</li> </ul> <p><b>Director:</b></p> <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 Directors hip in different sectors	Certificate in Commercial Studies, The University of Westminster	March 1999 till date	<p><b>Chairman:</b></p> <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> </ul>	

						<ul style="list-style-type: none"> <li>• Dawani Properties W.L.L., Bahrain</li> <li>• Tominna Trading W.L.L., Bahrain</li> <li>• Legend Paints Company W.L.L., Bahrain</li> <li>• Collection W.L.L., 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> <li>• Bahrain Foundation Construction Company, Bahrain</li> </ul>	
3	Abdulrahman Mohamed Juma	non-executive	<ul style="list-style-type: none"> <li>- More than 20 years in insurance businesses</li> <li>- Director in Bahrain Insurance</li> </ul>	Mechanical Engineer Graduate of 1975 from North London University, England	March 1999 till date	<p><b>President:</b></p> <ul style="list-style-type: none"> <li>• Abdulrahman bin Mohamed Juma &amp; Sons W.L.L., Bahrain</li> </ul> <p><b>Chairman &amp; Managing Director:</b></p>	

			ce for 3 years, then in Bahrain National Insurance since 1999 till date			<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 Yusuf Amin	non-executive	20 years	Business man	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> <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> </ul>	



						<ul style="list-style-type: none"> <li>• Bahrain Duty Free Complex, 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. (1993-present)	- 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 Services, Bahrain</li> </ul> <b>Director and Partner:</b> <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> <li>• Fakhroo Trading Agencies, Bahrain</li> </ul> <b>Board Member:</b> <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> </ul>	

						<ul style="list-style-type: none"> <li>• National Poultry Company B.S.C, Bahrain</li> </ul>	
6	<b>Sami Mohamed Sharif Zainal</b>	<b>non-executive</b>	<ul style="list-style-type: none"> <li>-Credit Officer, Arab Investment Company (1988-1991)</li> <li>-Marketing Director, MAZA (1991-present)</li> </ul>	<ul style="list-style-type: none"> <li>-BBA, ST. Edward's University, USA (1988)</li> <li>-MBA, Bahrain University (1994)</li> </ul>	<b>March 2008 till date</b>	<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>	<b>Independent</b>	<ul style="list-style-type: none"> <li>- Chairman, Columbus IT Middle East (2005-present)</li> <li>- Managing Director, Algosaibi Information</li> </ul>	<ul style="list-style-type: none"> <li>- BSBA in International Business, The American University (1988-1992)</li> <li>- MBA in International Finance and Marketing</li> </ul>	<b>March 2008 till date</b>	<b>Vice Chairman:</b> <ul style="list-style-type: none"> <li>• Khalifa A. Algosaibi Investment Co. CJSC, Dammam, Saudi Arabia</li> </ul>	

			<b>System Company W.L.L (1998-present)</b>	<b>g, The American University (1995-1997)</b>			
<b>8</b>	<b>Redha Abdulla faraj</b>	<b>independent</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 Accountants (FCCA), UK  Member of British Institute of Management (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> <li>• National Finance House, Bahrain</li> </ul> <b>Founder of:</b> <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>	<ul style="list-style-type: none"> <li>• Member-Shura Council</li> <li>• Director – Minors Estate Guardianship Council</li> </ul>
<b>9</b>	<b>Talal Fuad Kanoo</b>	<b>non-executive</b>	<b>- Member of the Board of Directors</b>	<b>- Bachelor of Business</b>	<b>March 2008 till date</b>	<b>Chairman:</b> <ul style="list-style-type: none"> <li>• National Finance House B.S.C. (c), Bahrain</li> </ul>	

			<b>: Ebrahim Khalil K. Kanoo BSC (c)</b> <b>- Budget Director: Ebrahim K. Kanoo BSC (c)</b> <b>- General Manager : Human Resources &amp; Administration, Ebrahim K. Kanoo BSC (c)</b> <b>- Sales Manager : Toyota &amp; Lexus</b>	<b>Administration – Management, The American University, Washington D.C.</b>		<b>Managing Director:</b> <ul style="list-style-type: none"> <li>• E. K. Kanoo B.S.C (c), Bahrain</li> </ul> <b>Director:</b> <ul style="list-style-type: none"> <li>• Supreme Council for Youth &amp; Sports, Bahrain</li> <li>• Injaz, Bahrain</li> </ul>	
10	Ali Hasan Mahmood	non-executive	<b>- Managing Director &amp; Partner, Hasan Habib s/o Mahmood (1975-present)</b> <b>- Managing Director &amp; Owner / Partner, Al Jazeera Shipping</b>	<b>-Bachelors in Business Administration and Marketing , UK</b>	<b>March 1999 till date</b>	<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>	<b>Vice Chairman:</b> <ul style="list-style-type: none"> <li>• Jaffaria Waqf Directorate, Bahrain</li> </ul>

			<b>Company (1987-present)</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> <li>• Al Jazeera Shipping Agencies, Bahrain</li> <li>• Al Jazeera Marine Services L.L.C., Sharjah, UAE</li> </ul> <p><b>Director:</b></p> <ul style="list-style-type: none"> <li>• Bahrain Specialist Hospital, Bahrain</li> </ul> <p><b>Member:</b></p> <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 2020 (BD 181,500).**

2. The proposed total remunerations to be paid to the directors for the year 2021, which will be presented at the annual general meeting for approval (BD 160,000).
3. Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2021 according to the following table:

#	Name	Sitting fees paid for attendance of the Board's committees		
		Name of committee	Sitting fees amount	No. of meetings
1	Redha Abdulla Faraj	Audit, Compliance and Risk Committee (ACRC)	BD 500	4
2	Ayad Saad Algosaibi	Audit, Compliance and Risk Committee (ACRC)	BD 400	4
3	Abdulrahman Mohamed Juma	Audit, Compliance and Risk Committee (ACRC)	BD 400	3
4	Ali Hasan Mahmood	Audit, Compliance and Risk Committee (ACRC)	BD 400	4

#	Name	Sitting fees paid for attendance of the Board's committees		
		Name of committee	Sitting fees amount	No. of meetings
1	Farooq Yusuf Almoayyed	Nomination, Remuneration and Corporate Governance Committee (NRCG)	BD 500	2
2	Abdulhusain Khalil Dewani	Nomination, Remuneration and Corporate Governance Committee (NRCG)	BD 400	2
3	Abdulrahman Mohamed Juma	Nomination, Remuneration and Corporate Governance Committee (NRCG)	BD 400	2
4	Jehad Yusuf Amin	Nomination, Remuneration and Corporate Governance Committee (NRCG)	BD 400	2
5	Redha Abdulla Faraj	Nomination, Remuneration and Corporate Governance Committee (NRCG)	BD 400	2

#	Name	Sitting fees paid for attendance of the Board's committees		
		Name of committee	Sitting fees amount	No. of meetings
1	Ghassan Qasim fakhroo	Executive and Investment Committee (EIC)	BD 500	4
2	Sami Mohamed Sharif Zainal	Executive and Investment Committee (EIC)	BD 400	4
3	Jehad Yusuf Amin	Executive and Investment Committee (EIC)	BD 400	4
4	Ayad Saad Khalifa Algosaibi	Executive and Investment Committee (EIC)	BD 400	4

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount (Does not include expense allowance)	Expenses Allowance
	Remuneration of the chairman and BOD	Total allowance for Board and committee	Salaries	Others	Total	Remuneration of the chairman and BOD	Bonus	Incentive plans	Others	Total			
First: Independent Directors:													
1- Farooq Yusuf Almoayyed	25,000	6,000	-	1,382	32,382	-	-	-	-	-	-	32,382	-
2- Jehad Yusuf Amin	15,000	7,400	-	514	22,914	-	-	-	-	-	-	22,914	-
3- Ayad Saad Algosaihi	15,000	8,200	-	514	23,714	-	-	-	-	-	-	23,714	-
4- Redha Abdulla Faraj	15,000	7,800	-	1,382	24,182	-	-	-	-	-	-	24,182	-
Second: Non-Executive Directors:													
1- Abdulhussain Khalil Dewani	15,000	5,800	-	1,382	22,182	-	-	-	-	-	-	22,182	-
2- Abdulrahman Mohamed Juma	15,000	7,000	-	1,382	23,382	-	-	-	-	-	-	23,382	-
3- Sami Mohamed Sharif Zainal	15,000	6,600	-	514	22,114	-	-	-	-	-	-	22,114	-
4- Ghassan Qassim Fakhroo	15,000	7,000	-	514	22,514	-	-	-	-	-	-	22,514	-
5- Ali Hasan Mahmood	15,000	6,600	-	1,382	22,982	-	-	-	-	-	-	22,982	-
6- Talal Fuad Kanoo	15,000	5,000	-	514	20,514	-	-	-	-	-	-	20,514	-
Third: Executive Directors:													
1- -	-	-	-	-	-	-	-	-	-	-	-	-	-
2- -	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	160,000	67,400	-	9,480	236,880	-	-	-	-	-	-	236,880	-



- c. Number and dates of the Board's meetings held during the financial year 2021, 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	22 Feb	11 May	10 Aug	4 Oct	11 Nov	1 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 Algosaibi</b>	Board Member	✓	✓	✓	✓	✓	✓
<b>Ghassan Qasim Mohd Fakhroo</b>	Board Member	✓	✓	✓	✓	✓	✓
<b>Talal Fuad Kanoo</b>	Board Member	✓	✓	✓	✓	✓	x
<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.

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

- a.1 Identifying the accounts of all related party including personal and associate companies
- a.2 Identifying and listing all transactions and balances related to the identified accounts
- a.3 Obtain the approval of the Board on quarterly basis
- a.4 Discussed and approved by the shareholders annually at the Annual General Assembly Meeting (AGM)

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

2021	Associates	Key management personnel	Companies under Directors control	Total
Insurance receivables	106	2	470	578
Other assets	8	-	-	8
Retirement and saving plan obligation	653	-	70	723
Insurance payables	9	-	45	54
Other liabilities	-	-	679	679

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

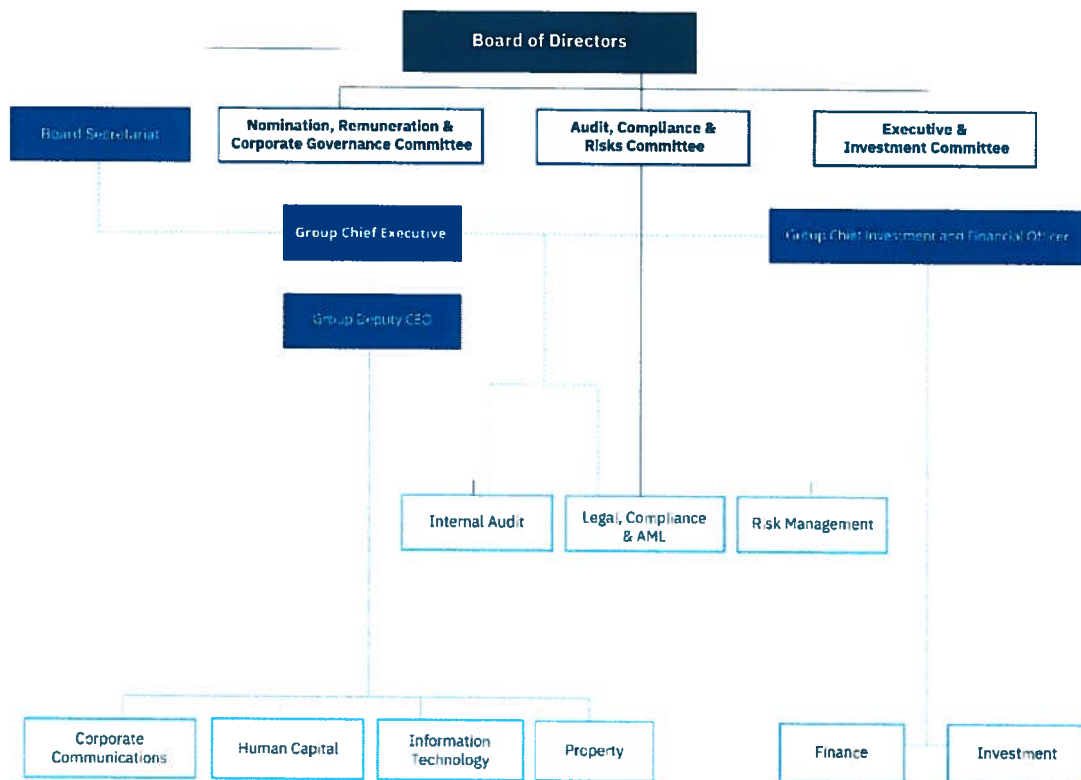
2021	Associates	Key management personnel	Companies under Directors control	Total
Gross insurance premiums	584	9	1,483	2,076
Gross claims paid	381	29	356	766
Claims recoveries	118	-	-	118
Commission and fee expenses	5	-	-	5
Retirement and saving plan contributions received	88	-	6	94
Retirement and saving plan benefits paid	57	-	-	57
General and administration expenses	145	1,000	260	1,405
Dividend received	651	-	-	651
Purchase of equipment	-	-	2	2

**b. 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”.

- c. 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.

## 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 six employees), including salaries, benefits, allowances, increases, stock options, end-of-service benefits, pensions, etc.

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ In kind remuneration for 2021	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer	501,720	166,000	64,210	731,930
<b>Other remunerations:</b> <i>* It includes in-kind benefits – specific amount - remuneration for technical, administrative and advisory works (if any).</i> <i>** It includes the board member's share of the profits - Granted shares (insert the value) (if any).</i>				
<b>Notes:</b> 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.				

#### 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

At the recommendation of the Board of Directors, the shareholders appointed KPMG as external auditor for the 2021 financial statements, the auditor's review of the 2021 half-yearly and audit the year-end financial statements.

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 Company's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes auditors' 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 the financial statements.

KPMG auditors are independent of the Company 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 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.

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>	23 years
<b>Name of the partner in charge of the Company's audit</b>	Mr. Jaffar AlQubaiti
<b>The partner's years of service as the partner in charge of the Company's audit</b>	1 year
<b>Total audit fees for the financial statements for the year 2020 (BD)</b>	BD 12,950
<b>Other special fees and charges for non-audit services other than auditing the financial statements for the year 2021 (BD)</b>	BD 3,700



## **5- Audit, Compliance and Risk 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.

Audit, Compliance and Risk Committee shall meet at least four (4) times a year

Members	Title	16 Feb	6 May	5 Aug	4 Nov
Redha Abdulla Faraj	Chairman	✓	✓	✓	✓
Ayad Saad Khalifa Algosaibi	Vice Chairman	✓	✓	✓	✓
Abdulrahman Mohamed Juma	Member	✓	✓	✓	x
Ali Hassan Mahmood	Member	✓	✓	✓	✓

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

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

Committee members:

- 1- Farooq Yusuf Almoayyed
- 2- Abdulhussain Khalil Dewani
- 3- Jehad Yusuf Amin
- 4- Redha Abdulla Faraj

### 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.**

Nomination, Remuneration and Corporate Governance Committee (NRCG) shall meet at least twice a year

Members	Title	22 Feb	11 Nov
<b>Farooq Yusuf Almoayyed</b>	Chairman	✓	✓
<b>Abdulhusain Khalil Dewani</b>	Vice Chairman	✓	✓
<b>Abdulrahman Mohamed Juma</b>	Member	✓	✓
<b>Jehad Yusuf Amin</b>	Member	✓	✓
<b>Redha Abdulla Faraj</b>	Member	✓	✓

**a. Summary of the committee performance report during the year 2021.**

The committee has met twice during 2021 as follows:

- First meeting held on 22<sup>nd</sup> February 2021
- Second meeting held on 11<sup>th</sup> November 2021

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

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

Committee members:

1. Ghassan Qasim Fakhroo
2. Sami Mohamed Sharif Zainal
3. Jehad Yusuf Amin
4. Ayad Saad Khalifa Algosaibi

### 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.**

Executive and Investment Committee (EIC) shall meet at least four (4) times a year

Members	Title	3 May	24 Jun	3 Oct	28 Nov
<b>Ghassan Qasim Fakhroo</b>	Chairman	✓	✓	✓	✓
<b>Sami Mohamed Sharif Zainal</b>	Vice Chairman	✓	✓	✓	✓
<b>Jehad Yusuf Amin</b>	Member	✓	✓	✓	✓
<b>Ayad Saad Khalifa Algosaihi</b>	Member	✓	✓	✓	✓

**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 2021 for the purpose of community development and environment preservation (In the**

**10- Description of the cash and in-kind contributions made by the Company during the year 2021 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
NIL	NIL	NIL	NIL	NIL

**a. Statement of shareholders' equity as of 31/12/2021 (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	57.76%	26.84%	0.23%	84.83%
2	Arab	2.03%	13.10%	-	15.13%
3	Foreign	0.04%	-	-	0.04%
4	Total	59.83%	39.94%	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 31/12/2021 as follows:**

#	Name	Number of shares held	Shareholding %	Name of the natural person, the final	Nationality
1	National Insurance Company	7,808,734	6.55%	NA	Iraqi
2	Abdulhameed Zainal Mohamed Zainal	7,625,839	6.40%	NA	Bahraini
3	Bahrain National Holding	6,566,756	5.51%	NA	Bahraini

Nationality	No of shareholders	No of shares	% of shareholding
BAHRAINI	607	101,092,874	84.83%
EMARATI	4	81,500	0.07%
KUWAITI	2	15,133	0.01%
QATARI	2	4,318	0.00%
SAUDI	11	2,311,423	1.94%
INDIAN	3	46,127	0.04%
IRAQI	3	15,617,467	13.10%
MOROCCON	1	6,158	0.01%
Total	633	119,175,000	100.00%

**c. Description of how shareholders are distributed according to their respective shareholding as at 31/12/2021 as follows:**

#	Shareholding (share)	No of shareholders	Number of shares held	Shareholding %
1	<50,000	<50,000	6,042,396	5.07%
2	50,000 to 500,000	50,000 to 500,000	21,403,578	17.96%
3	500,000 to 5,000,000	500,000 to 5,000,000	69,727,697	58.51%
4	>5,000,000	>5,000,000	22,001,329	18.46%

**d. Description of the significant events that occurred during the year 2021.**

Annual Ordinary General Assembly Meeting & Extra 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:**