

CORPORATE GOVERNANCE REPORT

For the year ended 31st December 2020

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company has a policy of benchmarking against established best practice in the field of corporate governance. The Board has adopted core values and standards which set out the behaviors expected of staff in their dealings with shareholders, customers, colleagues, brokers and other stakeholders of the Company. One of the core values communicated within the Company is a belief that the highest standard of integrity is essential in business. The governance of the Company remains under constant review, in order to enhance compliance levels according to international standards and best practice. The direct responsibility of the Board of Directors is to endeavor to be in line with policies of regulatory authorities and statutory requirements.

2. COMMUNICATION STRATEGY

The Company has a clear policy in relation to its communication with its stakeholders, shareholders, employees, customers, government bodies, regulators and society. Shareholders are invited by the Chairman of the Board to attend the Annual General Meeting in the presence of the Chairman and other directors including the Executive Committee Chairman, the Audit & Compliance Committee Chairman, the Nomination, Remuneration & Governance Committee Chairman, the Risk Committee Chairman and the External Auditors, who are available to answer any questions raised by shareholders or media representatives with regard to the operations and performance of the Company. Additionally, the Company is cognizant and fully aware of its regulatory and statutory obligations regarding dissemination of information to its stakeholders. Without prejudice to the disclosure standards, guidelines on key persons and other requirements of the relevant statutory bodies, financial and non-financial information is provided by the Company on all events that merit announcement, either on its website: www.gigbh.com or through local newspapers or other means of communication. The financials and annual reports of the Company are made available on the Company's website.

3. SHAREHOLDERS INFORMATION

BKIC's shares are listed on the Bahrain Bourse and Boursa Kuwait. The Company has issued 143,000,000 equity shares, each with a face value of 100 fils. All shares are fully paid.

Shareholders

Name	Nationality	No. of shares	% of Holding
Citizens of the Kingdom of Bahrain and Others	-	33,919,882	23.72
Gulf Insurance Group (KSC)	Kuwait	80,253,818	56.12
Warba Insurance Company (KSC)	Kuwait	19,066,664	13.33
Bank of Bahrain & Kuwait (BSC)	Bahrain	9,759,636	6.83

Distribution schedule of each class of equity

Category	No. of Shares	No. of Shareholders	% of Outstanding Shares
Less than 1%	27,519,028	3,704	19.24
1% up to less than 5%	6,400,854	1	4.48
5% up to less than 10%	9,759,636	1	6.83
10% up to less than 20%	19,066,664	1	13.33
20% and above	80,253,818	1	56.12
Total	143,000,000	3,708	100

4. BOARD OF DIRECTORS INFORMATION

BOARD COMPOSITION

The Board composition is based on the Company's Memorandum of Association and Articles of Association and comprises of ten Members. The Board represents a mix of high-level professional skills and expertise. Furthermore, in compliance with the corporate governance requirements, the Board Committees consist of Members with adequate professional background and experience. The Board periodically reviews its composition and the contribution of its Directors and Committees.

The appointment of Directors is subject to prior approval of the Central Bank of Bahrain (CBB). The classification of 'executive' Directors, 'non-executive' Directors and 'independent' Directors is as per definitions stipulated by the CBB.

Status of Executive, Non-Executive and Independent Directors as at year end 2020:

- **Executive Directors** **3**
- **Non-Executive Directors** **3**
- **Independent** **4**

Directors are elected / appointed by the shareholders at the AGM. Election or re-election of a Director at the AGM shall be accompanied by a recommendation from the Board, based on a recommendation from the Nomination, Remuneration and Governance Committee with specific information such as biographical and professional qualifications and other directorships held.

The Board is supported by the Board Secretary who provides professional and administrative support to the general assembly, the Board, its committees and members. The appointment of the Board Secretary is subject to the approval of the Board. The Secretary is also assigned with the responsibility of liaising with the regulatory agencies in both Bahrain and Kuwait.

DIRECTORS' ROLES AND RESPONSIBILITIES

The Company is governed through its Board of Directors. The Board's main roles are to create value to shareholders, to provide entrepreneurial leadership of the Company, to approve Company's strategic objectives and to ensure that the necessary financial and other resources are made available to enable them to meet those objectives.

The Board, which meets at least four times a year, has a schedule of matters reserved for its approval.

The specific responsibilities reserved to the Board include:

- Reviewing Company strategy and approving the annual budget for revenues and capital expenditure;
- Reviewing operational and financial performance;
- Approving acquisitions and divestments;
- Reviewing the Company's systems of financial control and risk management;
- Ensuring that appropriate management development and succession plans are in place;
- Approving appointments to the Board and the Company Secretary; and
- Ensuring that a satisfactory dialogue takes place with shareholders.

DIRECTOR'S INDUCTION AND PROFESSIONAL DEVELOPMENT

The Board is required to be up to date with current business, insurance industry, regulatory and legislative developments and trends that will affect the Company's business operations. Immediately after appointment, the Company will provide a formal induction, if necessary. Meetings will also be arranged with Executive Management and the Company's Heads of Departments. This will foster a better understanding of the business environment and markets in which the Company operates. A continuing awareness programme is essential and it may take many different forms, through distribution of

publications, workshops, presentations at Board meetings and attendance at conferences encompassing topics on directorship, business, insurance industry and regulatory developments.

The development programmes arranged for the Board members during 2020:

1. **Digital Transformation - 28/10/2020**
2. **Corporate Governance and Strategy - 16/11/2020**
3. **Risk Management – The Critical Role of the Board in Effective Oversight - 10/12/2020**
4. **Cyber Security - 29/12/2020**

Number of development programme hours attended by board members, arranged by the Company or otherwise:

Name of Director	Total number of hours
Mr. Murad Ali Murad	36
Mr. Khalid Saoud Al Hasan	15
Mr. Hassan Mohammed Zainalabedin	15
Dr. Emad Jawad Bukhamseen	30.5
Mr. Bijan Khosrowshahi	15
Mr. Shawqi Ali Fakhroo	15
Mr. Mohamed Ebrahim Zainal	15
Mr. Thamer Ebrahim Arab	15
Mr. Mubarak Othman Al Ayyar	124
Mr. Mohamed Ahmed Al Rayes	112

BOARD AND COMMITTEE EVALUATION

The Board performs a self-evaluation on an annual basis. The Board annually reviews its Charter and its own effectiveness; and initiates suitable steps for any amendments. The Board will also review self-evaluations of the individual Board members and the Board Committees and consider appropriately any recommendations arising out of such evaluation.

REMUNERATION OF DIRECTORS

The Board of directors is paid an annual remuneration as approved by the shareholders at the annual general meeting which is governed by the Bahrain Commercial Companies Law No. 21 for the year 2001 and its amendments. Directors remuneration is accounted as an expense as per International accounting standards and CBB regulations, the payment of which is subject to approval by the shareholders at the annual general meeting. In addition, the members are paid sitting fees and other compensations for the various sub-committees of the Board of directors as per the approved Directors' Compensation policy.

WHISTLE BLOWING POLICY

The Board has reviewed and approved the whistle blowing policy with designated officials to whom the employee can approach. The policy provides adequate protection to the employees for any reports in good faith. The Board's Audit & Compliance Committee oversees this policy.

CODE OF CONDUCT

The Board has reviewed and approved a Code of Conduct for the Company's Directors. The Board has also approved the new Code of Ethics for the Executive Management and employees in Q4 of 2020. These codes outline areas of conflict of interest, confidentiality and the responsibilities of signatories to adhere to best practices.

POLICY ON EMPLOYMENT OF RELATIVES

The Board have approved the policy on employment of relatives which states that in order to maintain the integrity of the Audit/ Control and Management Systems, the Management, in general, does not encourage the employment of “closed related” persons. “Closed related” in this context will include spouses, parents, children, siblings, in-laws and members of the same household.

This policy is a part of the approved HR Policy.

KEY PERSONS TRADING POLICY

The Company has established a “Key Persons Trading Policy” to ensure that insiders are aware of the legal and administrative requirements regarding holding and trading of BKIC shares, with the primary objective of preventing abuse of inside information. “Key Persons” are defined to include the Directors, Executive Management, designated employees and any person or firm connected to the identified key persons. Responsibility for ensuring compliance with the Key Persons Trading Policy is entrusted to the Secretary to the Board.

The policy covers the regulation of Bahrain Bourse relating to key persons.

CONFLICT OF INTEREST POLICY

The Board has also approved the policy for dealing with situations involving ‘Conflict of Interest’ of Directors. In the event of the Board or its Committees considering any issues involving Conflict of Interest of Directors, the decisions are taken by the full Board / Committees. The concerned Director abstains from the discussion / voting process. These events are recorded in the Board / Committees proceedings. The Directors are required to inform the entire Board of Conflicts of Interest (potential or otherwise) in their activities with, and commitments to, other organisations as they arise and abstain from voting on the matter. This disclosure includes all material facts in the case of a contract or transaction involving the Director.

CORPORATE SOCIAL RESPONSIBILITY

BKIC’s contribution towards the well being of the community is an integral part of its corporate role. This corporate social responsibility is translated by the Company through an annual appropriation of a budget allocated for donations to finance community related projects and initiatives. The projects varying in nature fall into any one of the following fields; education & scientific centers, medical centers & facilities, social activity, public awareness programs and environment protection programs.

5. DISCLOSURES RELATING TO BOARD OF DIRECTORS

DIRECTOR’S PROFILE

Mr. Murad Ali Murad (*Independent*)

Chairman

Director since 28 March 2004

Fellow Member of Chartered Institute of Management Accountants, UK

Directors’ external appointments:

- Chairman of Bank of Bahrain & Kuwait (BSC), Bahrain
- Chairman of Al Janabya Company WLL (Family Company), Bahrain
- Deputy Chairman of Bahrain Institute of Banking and Finance (BIBF), Bahrain

Mr. Khalid Saoud Al Hasan (*Executive*)

Vice Chairman

Director since 28 March 2006

Bachelor degree in Political Science and Economics from Kuwait University, Kuwait

Directors’ external appointments:

- Chairman of Kuwait Insurance Federation (KIF), Kuwait
- Board Member of Arab Reinsurance Co., Lebanon

- Board Member of Chief Executive Officer of Gulf Insurance Group (KSC), Kuwait
- Board Member in many of Gulf Insurance Groups' Subsidiaries

Mr. Hassan Mohammed Zainalabedin (*Independent*)

Board Member

Director since 1975 (inception)

Bachelor Degree in Economics from Cairo University, Egypt

Directors' external appointments:

- Chairman of SYSCON Trading and Mechanical Services Co, WLL, Bahrain
- Chairman of ZEN Trading and Contracting Co., WLL, Bahrain
- Chairman of FAZ Trading and Supplies Co., WLL, Bahrain

Dr. Emad Jawad Bukhamseen (*Non-Executive*)

Board Member

Director since 7 August 2005

Ph.D. in Hotel and Tourism Industry from American University, UK

Doctor in Business Administration from European School of Management (DBA), UK

Master of Business Administration and Economics from University of Liverpool, UK

Bachelor of Financing Accounting from Beirut College, Lebanon

Bachelor of Business Administration from Brad Ford College, America

Directors' external appointments:

- Chairman of Al-Arabiya Real Estate Company –Kuwait
- Chairman of Layan Real Estate LLC, Dubai
- Chairman of Gourmania International, Kuwait, Dubai and London
- Chairman of Al-Baraka Media Group, Kuwait
- Chairman of National Arabic Company for Restaurant Management, Kuwait
- Chairman of Al Huda Medical Services Co., Kuwait
- Chairman of Bukhamseen Square Real Estate Company / Mandarin Oriental
- Chairman of Bukhamseen Aviation Group, Kuwait
- Chairman of Kuwait International Automobile Club, Kuwait
- Chairman, Managing Director & CEO of Al Arabia.com-Real Estate Marketing, Kuwait
- Chairman & Partner of Interiors Collaborative (Interiors Design), Kuwait
- Chairman of Al Baraka Kuwait General Trading & Contracting Company, Kuwait
- Chairman of Bukhamseen General Trading & Contracting Company, Kuwait
- Chairman of Arab National Company for Tourism Facilities Management (Marafick National), Kuwait
- Chairman of Kuwait Bararie Trading Company, Lebanon
- Vice Chairman & CEO of Bukhamseen Group Holding Company, Kuwait
- Vice Chairman & CEO of Bukhamseen Group Co. for Real Estate, Tourism, General Trade and Contracting LLC, Iraq
- Vice Chairman of Arabiya Real Estate Investment Co., Egypt
- Vice Chairman of Sharm Dreams Company for Real Estate Development, Egypt
- Vice Chairman of Landmark Company for Real Estate Development, Egypt
- Vice Chairman of Kuwait International Education Company, Kuwait
- Vice Chairman of Jawad Bukhamseen & Sons Charity House, Kuwait
- Vice Chairman of World Union of Arab Bankers, Lebanon
- Board Member of Kuwait Clearing Company, Kuwait
- Board Member & CEO of Al Houda Hotels for Travels & Tourism Co, Kuwait
- Board Member of Misr International Towers / Holiday Inn, Maadi, Egypt
- Board Member of U.S. Chamber of Commerce for the benefit of US-Iraq Benefit Initiative
- Board Member of Safir Al Sayedha Zeinab Hotel - Damascus, Syria
- Partner & General Manager of MNA Group (Contractor and Interior Design)
- Consultant of Arabian Beverages Company, Kuwait, Saudi Arabia, Bahrain, Egypt, Qatar & Iraq

Mr. Shawqi Ali Fakhroo *(Non-Executive)*

Board Member

Director since 25 February 2008

Directors' external appointments:

- Chairman and Managing Director of Ali Bin Yousif Fakhro & Sons WLL, Bahrain
- Chairman and Managing Director of Shawki Ali Fakhroo & Sons WLL, Bahrain
- Chairman and Managing Director of Fakhroo Trading Agencies WLL, Bahrain
- Chairman and Managing Director of Fakhroo Investment WLL, Bahrain
- Chairman of Mohammed Fakhroo & Brothers WLL, Bahrain
- Chairman of Fakhroo Information Technology Service WLL, Bahrain
- Chairman of Shutdown Maintenance Services WLL, Bahrain
- Vice Chairman of BMMI (BSC), Bahrain
- Board Member of Zallaq Resort Co. (BSC), Bahrain
- Board Member of Bahrain Cinema Co. (BSC), Bahrain
- Member of the Board of Trustees of Alosra Charity Foundation
- Member of the Board of Trustees of Bahrain Philanthropic Society

Mr. Bijan Khosrowshahi *(Non-Executive)*

Board Member

Director since 28 February 2011

MBA and Bachelor Degree in Mechanical Engineering from Drexel University, USA

Directors' external appointments:

- President and CEO of Fairfax International, London
- Board Member of Gulf Insurance Group, Kuwait
- Board Member of Gulf Insurance & Reinsurance Company (GIRI), Kuwait
- Board Member of Arab Misr Insurance Group, Egypt
- Board Member of Arab Orient Insurance Company, Jordan
- Board Member of Gulf Sigorta A.S., Turkey
- Board Member of Alliance Insurance P.S.C., Dubai
- Board Member of Jordan Kuwait Bank, Jordan
- Board Member of Commercial International Bank (CIB), Egypt
- Board Member of Colonnade Insurance S.A., Luxembourg
- Board Member of Southbridge Compañía de Seguros Generales S.A., Chile
- Board Member of La Meridional Compañía Argentina de Seguros S.A., Argentina
- Board Member of SBS Seguros Colombia S.A., Colombia

Mr. Mohamed Ebrahim Zainal *(Independent)*

Board Member

Director since 5 March 2014

Masters of Business Administration from University of Strathclyde, Glasgow, UK

BSc. in Management Information Systems from University of Texas, Arlington, USA

Directors' external appointments:

- Board Member of Mohamed Ali Zainal Abdulla BSC ©, Bahrain
- Board Member of Zainal Enterprises WLL, Bahrain

Mr. Thamer Ebrahim Arab *(Executive)*

Board Member

Director since 23rd March 2017

BSc. in Computer Science from California University, America

Directors' external appointments:

- Deputy CEO for Support Departments in Gulf Insurance & Reinsurance Company (GIRI), Kuwait

- Board Member of United Networks Group, Kuwait
- Secretary to the Board of Gulf Insurance Group, Kuwait

Mr. Mubarak Othman Al Ayyar *(Executive)*

Board Member

Director since 23rd March 2017

BSc. in Management from Ajman University of Science & Technology, UAE

CII in Insurance from the Chartered Insurance Institute, UK

Directors' external appointments:

- Director of Distribution in Gulf Insurance & Reinsurance Company (GIRI), Kuwait
- Manager of Reinsurance Department in Gulf Insurance & Reinsurance Company (GIRI), Kuwait
- Board Member of Egyptian Life Takaful, Egypt
- Vice Chairman in Gulf Takaful Insurance Company, Kuwait
- Chairman in Gulf Leading Real Estate Company (K.S.C.C), Kuwait

Mr. Mohamed Ahmed Al Rayes *(Independent)*

Board Member

Director since 25th March 2020

Master of Business in Finance from the University of Otago, New Zealand

Bachelor in Finance from the University of Otago, New Zealand

Directors' external appointments:

- Assistant General Manager - Investment and Private Banking in Bank of Bahrain and Kuwait "BBK" (BSC), Bahrain
- Chairman of BBK Geojit Securities (KSC), Kuwait
- Member of the Supervisory Committee of the Bahrain Liquidity Fund, Bahrain
- Member of the Supervisory Committee of Sakana Holistic Housing Solutions, Bahrain
- Member of the Supervisory Board of the Bahrain Bourse Guarantee Contribution Fund, Bahrain

DIRECTOR'S AND RELATED PARTIES' INTERESTS

The number of shares held by Directors as of 31st December 2020 was as follows:

Name of Directors	Type of shares	31 Dec 2020	31 Dec 2019
Mr. Murad Ali Murad	Ordinary	286,000	286,000
Mr. Hassan Mohammed Zainalabedin**	Ordinary	937,752	924,056
Mrs. Shahnaz Ishaq Abdulrahman Ishaq*	Ordinary	4,414	4,414
Mr. Faisal Hassan Mohammed Zainalabedin*	Ordinary	59,564	59,564
Syscon Trading & Mechanical Services Co*	Ordinary	301,546	301,546
Mr. Shawqi Ali Fakhroo	Ordinary	500,934	500,934
Mr. Ali Shawqi Ali Fakhroo*	Ordinary	13,088	13,088
Inheritors of Ali Bin Yusuf Fakhroo*	Ordinary	843,106	843,106
Mr. Mohamed Ebrahim Ali Zainal	Ordinary	113,095	113,095
Mohammed Ali Zainal Abdulla BSC (MAZA)*	Ordinary	6,400,854	6,166,486
Dr. Abdulla Salah Saleh Sultan***	Ordinary	32,692	-

* Related Party. Mohammed Ali Zainal Abdulla BSC (MAZA) purchased 234,368 shares during 2020.

** Mr. Hassan Mohammed Zainalabedin purchased 13,696 shares on 1st October 2020. Other Board members did not trade in the shares of the company during the financial year ended 31 December 2020.

*** The Chief Executive officer purchased 32,692 shares on 15th October 2020. The General Managers and other members holding positions of approved status within the company do not hold any shares of the Company in their names or in the names of their families.

6. BOARD MEETINGS

As per the charter of the Board, the directors are required to meet at least 4 times in a given financial year to discharge its responsibilities effectively.

BOARD MEETINGS AND RECORD OF ATTENDANCE

During the year 2020, the Board of Directors met six times, and a record of the member's attendance at the meetings is set below:

Name of Director	Title	19 Feb	25 Mar	5 May	29 Jul	5 Nov	21 Dec	Meetings Attended	% of Meetings attended
Mr. Murad Ali Murad	Chairman	√	√	√	√	√	√	6	100
Mr. Khalid Saoud Al Hasan	Vice Chairman	√	√	√	√	√	√	6	100
Mr. Hassan Mohammed Zainalabedin	Board Member	-	√	√	√	√	√	5	83
Dr. Emad Jawad Bukhamseen	Board Member	√	√	√	√	√	√	6	100
Mr. Bijan Khosrowshahi	Board Member	√	√	√	√	√	√	6	100
Mr. Shawqi Ali Fakhroo	Board Member	√	√	√	√	√	√	6	100
Mr. Mohamed Ebrahim Zainal	Board Member	√	√	√	√	√	√	6	100
Mr. Thamer Ebrahim Arab	Board Member	√	√	√	√	√	√	6	100
Mr. Mubarak Othman Al Ayyar	Board Member	√	√	√	√	√	-	5	83
Mr. Mohamed Ahmed Al Rayes (Appointed on 25 th March 2020)	Board Member	-	√	√	√	√	√	5	83

The summary of final decisions taken on Key Matters discussed during the meetings is also stated below:

Meeting Date	Key Matters Discussed	Final Decision
19 th Feb 2020	The consolidated financials at 31 st December 2019.	Approved
19 th Feb 2020	Recommendation to AGM to distribute cash dividends of 15% of the paid-up capital and to transfer of BD 213,636 to statutory reserve.	Approved
19 th Feb 2020	Recommendation to AGM to re-appoint Ernst & Young as external auditors for year 2020.	Approved
19 th Feb 2020	Appointment of Grant Thornton as internal auditors for year 2020.	Approved
19 th Feb 2020	The directors' remunerations for the year 2019.	Approved
19 th Feb 2020	The employees' bonus for the year 2019.	Approved

19 th Feb 2020	Appointment of Dr. Abdulla Sultan as the Company's new CEO.	Approved
25 th Mar 2020	Amended the Authorized Signatories List.	Approved
25 th Mar 2020	The annual fees of External Auditors for 2020.	Approved
5 th May 2020	The exemption from the preparation and publication of the financial results for the first quarter of 2020, as per the circular issued by the CBB.	Approved
5 th May 2020	The Company's Contribution of BD 100,000 to the National Efforts to Combat COVID-19.	Approved
29 th Jul 2020	The consolidated financials at 30 th June 2020.	Approved
29 th Jul 2020	The new Board Charter.	Approved
29 th Jul 2020	The final offer to obtain a share in Health 360 Ancillary Services	Approved
29 th Jul 2020	The new risk appetite framework.	Approved
29 th Jul 2020	Amend the investment policy.	Approved
29 th Jul 2020	The new comprehensive business continuity plan.	Approved
29 th Jul 2020	The new credit policy.	Approved
5 th Nov 2020	The consolidated financials at 30 th September 2020.	Approved
5 th Nov 2020	Transfer of accumulated cash dividends to Bahrain Clear.	Approved
5 th Nov 2020	The Purchase of Seef Star Building.	Approved
5 th Nov 2020	The appointment of independent consultant for evaluating the performance of the BOD and its committees for the year 2020.	Approved
5 th Nov 2020	The new bonus deferral scheme.	Approved
5 th Nov 2020	The new HR policy.	Approved
21 st Dec 2020	The Company's Strategy and the Budget for the year 2021.	Approved

7. BOARD COMMITTEES

Board committees are formed, and their members are appointed by the Board of Directors at the beginning of each Board term. They are considered the high-level link between the Board and the Executive Management. The objective of these committees is to assist the Board in monitoring the actual operations of the Company, by reviewing issues that are submitted by management to the Board and making recommendations to the Board for their final review.

The Board reserves the right to form temporary committees and discontinue them from time to time and as it deems necessary. Further, the members of the Board are provided with copies of meeting minutes of the said committees, as required by the regulators.

BOARD COMMITTEES' RESPONSIBILITIES, MEETINGS AND RECORD OF ATTENDANCE

Executive Committee

The Board has delegated the following responsibilities to the Executive Committee:

- The development and recommendation of strategic plans for consideration by the Board that reflect the long-term objectives and priorities established by the Board;
- Implementation of the strategies and policies of the Company as determined by the Board;
- Monitoring of the operational and financial results against plans and budgets;
- Monitoring the quality and effectiveness of the investment process against objectives and guidelines;
- Prioritizing allocation of capital, technical and human resources;

The members of the Executive Committee and their attendance at the three meetings held during the year were as follows:

Name of Director	Title	19 Feb	27 Jul	3 Nov	Meetings Attended
Mr. Khalid Saoud Al Hasan	Chairman	√	√	√	3

Dr. Emad Jawad Bukhamseen	Vice Chairman	√	√	√	3
Mr. Bijan Khosrowshahi	Member	√	√	√	3
Mr. Mubarak Othman Al Ayyar	Member	√	√	√	3
Mr. Mohamed Ahmed Al Rayes (Appointed on 25 th March 2020)	Member	-	√	√	2

Audit & Compliance Committee

The Board has delegated the following responsibilities to the Audit & Compliance Committee:

- Reviewing the Company's draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's detailed reports thereon;
- Reviewing the appropriateness of the Company's accounting policies and other operational procedures;
- Reviewing regularly the potential impact in the Company's financial statements of certain matters such as impairment of fixed asset values and proposed changes in International Financial Reporting Standards and International Accounting Standards applicable to the Company;
- Reviewing compliance of requirements specified in the Rulebook issued by the Central Bank of Bahrain;
- Reviewing and approving the terms of engagement for the audit;
- Reviewing an annual report on the Company's systems of internal control and its effectiveness, reporting to the Board on the results of the review and receiving regular updates on key risk areas of financial control; and
- Reviewing the internal audit functions terms of reference, its work programme and quarterly reports on its work during the year.

Under its terms of reference, the Audit & Compliance Committee monitors the integrity of the Company's financial statements and any formal announcements relating to the Company's performance. The Committee is responsible for monitoring the effectiveness of the external audit and internal process.

It is responsible for ensuring that an appropriate relationship between the Company and the external auditors is maintained. It also reviews annually the Company's systems of internal control and the processes for monitoring and evaluating the risks facing the Company. The Committee reviews the effectiveness of the internal audit and is responsible for approving, upon the recommendation of the Chief Executive Officer, the appointment and termination of the internal auditors. The Committee reviews its charter and its effectiveness annually and recommends to the Board, any changes required as a result of the review.

The Committee meets with the Directors and management, and as and when considered required with both the external and internal auditors.

The internal audit function is outsourced to Grant Thornton, Bahrain who conduct their procedures as per the agreed terms of reference and provide their periodic reports directly to the Audit & Compliance Committee.

Fines & penalties

The Company did not pay any fines or penalties to regulatory or governmental agencies during the year.

The members of the Audit & Compliance Committee and their attendance at the three meetings held during the year were as follows:

Name of Director	Title	18 Feb	28 Jul	4 Nov	Meetings Attended
Mr. Hassan Mohammed Zainalabedin	Chairman	√	√	√	3
Mr. Shawqi Ali Fakhroo	Vice Chairman	√	√	√	3
Mr. Mohamed Ebrahim Zainal	Member	-	√	√	2
Mr. Thamer Ebrahim Arab	Member	√	√	√	3

Nomination, Remuneration & Governance Committee

The Board has delegated the following responsibilities to the Nomination, Remuneration & Governance Committee:

- Assist the Board of Directors in identifying and nominating individuals qualified to serve as Board and committee members of the Board.
- Recommend the remuneration and rewards policy for the Company and in particular, for the directors and senior management team, and lead the performance review of Board and committees.
- Enhance the company's governance and compliance levels according to international standards and best practice to be in line with policies of regulatory authorities and statutory.

The members of the Nomination, Remuneration & Governance Committee and their attendance at the three meetings held during the year were as follows:

Name of Director	Title	2 Feb	22 Oct	28 Oct	Meetings Attended
Mr. Murad Ali Murad	Chairman	√	√	√	3
Mr. Khalid Saoud Al Hasan	Vice Chairman	√	√	√	3
Mr. Hassan Mohammed Zainalabedin	Member	√	√	√	3
Mr. Mohamed Ahmed Al Rayes (Appointed on 25 th March 2020)	Member	-	√	√	2

Risk Committee

The Board has delegated the following responsibilities to the Risk Committee:

- Assist the board in the preparation, review and approval of risk management policies & procedures and strategies in addition to setting acceptable limits & adequate internal controls and ensure the execution of these policies and strategies which commensurate with the size and nature of the business activity.
- Assist the board to identify and assess the acceptable level of risk in the company (Risk Appetite), and make sure that the company does not exceed the level of risk approved by the board. Further, the board shall evaluate the same according to the group's Risk Appetite toward its subsidiaries.
- Evaluate the systems and techniques of risk management for identifying, measuring and monitoring various risks that the company is exposed or may be exposed to, in order to determine its deficiencies.
- Supervise the implementation of the company's risk strategy, and RM framework, including coverage of all aspects of major and minor risks.
- Monitor the company's financial strength supported by strong capital adequacy, to ensure its ability to meet all its obligations towards all stakeholders.

The members of the Risk Committee and their attendance at the three meetings held during the year were as follows:

Name of Director	Title	6 Feb	16 Jul	3 Dec	Meetings Attended
Mr. Thamer Ebrahim Arab	Chairman	√	√	√	3
Mr. Mohamed Ebrahim Zainal	Vice Chairman	√	√	√	3
Mr. Mohamed Ahmed Al Rayes (Appointed on 25 th March 2020)	Member	-	√	√	2
Dr. Abdulla Salah Sultan	Member	√	√	√	3

8. RISK MANAGEMENT, COMPLIANCE AND ANTI-MONEY LAUNDERING

Bahrain Kuwait Insurance Company BSC is fully aware of its responsibilities in observing all regulatory provisions and the best international practices in relation to its functioning. It is committed to complying with the international best practices on risk management, compliance and anti-money laundering as reflected by the requirements of the Central Bank of Bahrain.

The Company has Risk Management, Compliance and Anti-Money Laundering Officers. These functions are independent of business lines and the day-to-day running of the various business areas and are separate from the Internal Audit function. In addition, following a rigorous review to ensure compliance with the regulatory requirements in regard of these functions, the Risk Management, Compliance and Anti-Money Laundering Officers now reports directly to the Chief Executive Officer and has full access to the Board of Directors through the Board Audit & Compliance Committee as well as the Risk Committee.

The Company retains an approved Anti-Money Laundering Policy, which contains Customer Due Diligence measures, procedures for identifying and reporting suspicious transactions, an annual awareness programme for staff training, record keeping requirements and documentation. The Internal and External Auditors regularly carry out an independent review of Anti Money Laundering controls for the attention of the Central Bank.

9. SOLVENCY

Solvency margin requirements are determined in accordance with the regulatory requirements established by the Central Bank of Bahrain and are calculated with reference to a prescribed premium and claims basis. Where these calculations resulting solvency margin requirements falling below the minimum fund size prescribed by regulations, such minimum fund size is considered as the required margin of solvency. Summarised solvency position of the Company is given below:

	31 December 2020 BD '000	31 December 2019 BD '000
Capital available	23,594	16,083
Solvency margin required	7,541	8,606
Total excess of capital available over the solvency margin required	16,052	7,477

10. AUDITORS

The Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Company. This includes monitoring the use of the auditors for audit and non-audit services, and also the budget of the total fees paid to the auditors.

Details with regards to the audit and non-audit fees for 2020, paid by the Company are stated below:

Audit fees	BD 73,707
Non-audit fees	BD 44,678

11. THE ROLES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The division of responsibilities between the Chairman of the Board and the Chief Executive Officer is clearly defined and has been approved by the Board. The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organizing the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman has no involvement in the day to day business of the Company. The Chairman facilitates the effective contribution of Directors and constructive relations between them, ensures that the directors receive accurate, timely and clear information and effective communication with shareholders.

The Chief Executive has direct charge of the Company on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Company.

SENIOR MANAGEMENT'S PROFILE

Dr. Abdulla Salah Sultan

Chief Executive Officer

Joined BKIC on 2nd May 2019

Academic & Professional Qualification:

- Fellow of the Chartered Insurance Institute (FCII) - Chartered Insurance Institute, UK
- Associate in Risk Management (ARM) - The Institutes, Pennsylvania, USA
- Certified Catastrophe Modeler (CCM) - AIR Institute, Boston, USA
- Doctor of Business Administration (DBA) - Swiss Business School, Switzerland
- Master of Business Administration (MBA) - University of Strathclyde, UK
- Master of Science in Applied Research (Msc) – Swiss Business School, Switzerland
- Bachelor of Science (Bsc) in Marketing with concentration in Finance – NYIT, USA

Assignments Held:

- Board Member of United Insurance Co., Bahrain
- Board Member of Bahrain Insurance Association, Bahrain
- Board Member of gig Egypt Takaful (Property), Egypt
- Ex- Group COO- Doha Insurance Group (DIG), Qatar
- Ex-Member of Board Technical Committee- Mena Re Life, Lebanon
- Ex-Board Member- International Casualty & Energy, UK
- Ex-Board Member- Yemeni Qatari Insurance
- Ex-Member of Board Technical Committee- Mena Re, Dubai
- A. Director in charge of GCC, Levant, Turkey, CIS & CEE, Int'l & Retro- Arab Insurance Group (Arig), Bahrain
- Ex- Asset Management Analyst- Montic Capital, Bahrain
- Ex- Investment Treasury Support- United Gulf Bank (UGB), Bahrain
- ~16 years of experience mainly in management of Insurance and Reinsurance corporations

Bahrain Office

Mr. Waleed Ahmed Mahmood

General Manager – Commercial

Joined BKIC on 1st February 2005

Academic & Professional Qualification:

- Chartered Insurer and an Associate of Chartered Insurance Institute, UK
- Master of Business Administration, Westminster University, UK
- Bachelor in Industrial Management (Marketing) from King Fahad University of Petroleum & Minerals, KSA

Assignments Held:

- Board Member of Gulf Assist, Bahrain
- More the 30 years of experience, of which 24 years have been in Insurance Industry

Mr. Ali Ebrahim Noor
Chief Operating Officer

Joined BKIC on 4th February 2018

Professional Qualification:

- Insurance Dip Cert

Assignments Held:

- Board Member of Health 360° Ancillary Services W.L.L, Bahrain
- Expertise in the fields of Medical, Life, Business Development, Marketing and distribution Channels
- Involved in Digital Transformation of the company's processes
- 27 years of substantial experience in Insurance Industry

Mr. R. Sundaram
Chief Financial Officer

Joined BKIC on 28th September 2013

Academic & Professional Qualification:

- B.Sc. with Mathematics
- Associate of the Institute of Chartered Accountants of India
- Associate of Chartered Insurance Institute, UK
- Associate of Insurance Institute of India
- Intermediate of Institute of Company Secretaries of India

Assignments Held:

- Heads the Finance and Accounts Department of BKIC
- More than 36 years of experience in Insurance/Reinsurance Sectors

Mr. Ahmed A. Rahman Bucheeri
Chief Investment Officer

Joined BKIC on 1st December 2011

Academic & Professional Qualification:

- Chartered Alternative Investment Analyst
- Commercial studies Diploma
- Treasury and capital markets Diploma
- Investment representative program (Series 7)

Assignments Held:

- Board Member of Takaful International Company, Bahrain
- Board Member INVITA Claims Management Company, Bahrain
- Manages investments and treasury of BKIC
- 21 years of experience in banking and investments

Mr. Manoj Badoni
Chief Underwriting Officer

Joined BKIC on 10th August 2016

Academic & Professional Qualification:

- Masters in Economics (MA)
- Fellow of Insurance Institute of India (FII)

Assignments Held:

- Responsible for Underwriting & Claims of Property, Engineering, Liability, Marine, Life & Medical Lines of business
- 33 years of experience in General Insurance Industry which includes FAC Reinsurance Underwriting

Kuwait Office

Abdulla Rabia Mohamed

General Manager

Joined BKIC on 20th January 1990

Academic & Professional Qualification:

- Diploma in Motor Vehicle Engineering

Assignments Held:

- Board Member of Takaful International Company, Bahrain
- Holds the overall responsibility of all functions of general management of BKIC Kuwait office
- 39 years of substantial experience in Insurance Sector all over GCC, of which 29 years have been in Insurance Industry in Kuwait Market

K. Gandhi

Chief Underwriting Officer

Joined BKIC on 2nd July 2006

Academic & Professional Qualification:

- Post Graduate in Engineering
- Associate of Indian Institute of Bankers, India
- Master of Business Administration

Assignments Held:

- Holds the overall functional responsibility of Underwriting, Claims and Reinsurance of Non-Life Division
- Actively involved in serving major Corporate Clients and assists Deputy CEO in the day-to-day General Administration and Management of the Technical functions of the Company
- More than 36 years of experience in Insurance Industry, out of which 19 years in Gulf

12. ORGANISATIONAL STRUCTURE

