

## 1. Corporate Governance

Good Corporate Governance is an integral part of the Company's management and business philosophy. The Company subscribes fully to the principles and spirit of good Corporate Governance and embeds the principles of independence, integrity, accountability and transparency into the value system driving the Company.

The Board of Directors exercise their fiduciary responsibilities towards all stakeholders by ensuring transparency and independence in the decision making process. The Board have adopted high standards and values which set out the discipline expected of staff in their dealings with the participants, customers, shareholders, 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 continuous review, in order to enhance compliance levels according to international standards and best practice.

The Company is committed to comply with the requirements of the Corporate Governance Code issued by the Ministry of Industry, Commerce and Tourism and the High-Level Controls (HC) Module of the Central Bank of Bahrain's (CBB) Rulebook, Volume 3. Changes in HC Module that took place during the year ended 31 December 2019 are not applicable on the Company. The Company is also committed to comply with the requirements of Governance Standards as issued by the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI).

The Company maintained its full commitment to all rules and regulations issued by the Central Bank of Bahrain, without reporting any violations during the year 2019.

## 2. Shareholding

The Company's shares are listed and publically traded on Bahrain Bourse. The Company has issued 85,000,000 ordinary shares with a face value of BD 0.100 per share (issued and fully paid-up share capital of BD 8,500,000). The Company has only one class of equity shares and the holders of the shares have equal voting rights.

### Distribution of shareholding by Nationality

	Number of shareholders	Number of shares	Percentage of shareholding
Bahraini	192	78,731,765	92.65%
Other GCC Nationalities	7	6,268,235	7.35%
<b>Total</b>	<b>199</b>	<b>85,000,000</b>	<b>100%</b>

### Distribution of shareholding by Size

	Number of shareholders	Number of shares	Percentage of shareholding
More than 50%	1	69,651,974	81.94%
10% up to less than 50%	-	-	-
5% up to less than 10%	1	5,250,000	6.18%
1% up to less than 5%	2	3,902,206	4.59%
Less than 1%	195	6,195,820	7.29%
<b>Total</b>	<b>199</b>	<b>85,000,000</b>	<b>100%</b>

### Major shareholders of the Company (5% and more shareholding)

	Nationality	Number of shares	Percentage of shareholding
Bahrain Kuwait Insurance Company B.S.C.	Bahraini	69,651,974	81.94%
Kuwait Public Awqaf Foundation	Kuwaiti	5,250,000	6.18%

### 3. Board of Directors and Executive Management

#### Board Composition

The Board composition is based on the Company's Memorandum and Articles of Association. Board members, in compliance with corporate governance requirements, possess a mix of high-level professional skills and expertise. Members of board committees possess adequate professional background and experience.

The Board comprises of ten members. The classification of Executive/Non-Executive, Independent/ Non-Independent is as per the definitions stipulated by the CBB and the Company's own 'independence' criteria as approved by the Board of Directors.

Executive, Non-Independent	5
Non-Executive, Independent	5

Board Member	Position	Date of Joining	Executive/ Non-Executive	Independent/ Non-Independent
Mr. Jamal Ali Al Hazeem	Chairman	7-Apr-15	Non-Executive	Independent
Mr. AbdulRahman Abdulla Mohammed	Vice Chairman	17-Jun-15	Non-Executive	Independent
Mr. Khaled Saud Al Hasan	Director	7-Apr-15	Executive	Non-Independent
Mr. Ebrahim Mohamed Sharif Alrayes	Director	7-Apr-15	Executive	Non-Independent
Mr. Ahmed AbdulRahman Bucheeri	Director	17-Jun-15	Executive	Non-Independent
Mr. Osama Kamel Kishk	Director	20-Dec-17	Executive	Non-Independent
Dr. Osama T. Albaharna	Director	21-Mar-18	Non-Executive	Independent
Mr. Rashed Ali Abdulrahim	Director	21-Mar-18	Non-Executive	Independent
Mr. Khalid Jamal Al Muzaire	Director	17-Jun-15	Non-Executive	Independent
Mr. Abdulla Rabea Mohamed Rabea	Director	27-Jun-16	Executive	Non-Independent

The current Board term started on 21<sup>st</sup> March 2018. According to the Company's article of association, the board term is defined to be three years.

The Board periodically reviews its composition and the contribution of its members and committees.

Directors are elected/ appointed by the shareholders at the Annual General Meeting (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 and Remuneration Committee with specific information such as biographical and professional qualifications and other directorships held. The appointment of directors is subject to prior approval of the CBB.

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.

### **Directors' Roles and Responsibilities**

The Company is governed through its Board of Directors. The Board's main role is to create value addition to its participants and shareholders, to provide entrepreneurial leadership, 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 in the financial 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.

### **Directors' 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 program 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.

### **Board and Committees 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.

## Directors' Profile

	Academic & Professional Qualification	Directors' external appointments
<b>Mr. Jamal Ali Al-Hazeem</b> Chairman	<ul style="list-style-type: none"> <li>• Certified Public Accountant (CPA), USA</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of Eazy Financial Services, Bahrain</li> <li>• Executive Chairman of Fasset Holding Ltd., Abu Dhabi Global Market</li> <li>• Chairman of Oma Bahrain Co. WLL, Bahrain</li> <li>• Chairman of Jeem Holding SPC, Bahrain</li> <li>• Chairman of Jeem Food Trading WLL, Bahrain</li> <li>• Chairman of Jeem Properties WLL, Bahrain</li> <li>• Board Member of Nass Corporation, Bahrain</li> <li>• Board Member of Kuwait Company for Process Plant Construction &amp; Contracting (KCPC), Kuwait</li> </ul>
<b>Mr. Abdulrahman Abdulla Mohamed</b> Vice Chairman	<ul style="list-style-type: none"> <li>• Master in Business Administration from University of Hull, UK</li> </ul>	<ul style="list-style-type: none"> <li>• Board Member of Al Baraka Islamic Bank BSC, Bahrain</li> <li>• Vice Chairman of Bahrain Middle East Bank, Bahrain</li> </ul>
<b>Mr. Khaled Saoud Al Hasan</b> Board Member	<ul style="list-style-type: none"> <li>• Bachelor degree in Political Science and Economics from Kuwait University, Kuwait</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of Kuwait Insurance Federation (KIF), Kuwait</li> <li>• Board Member of Arab Reinsurance Co., Lebanon</li> <li>• Board Member and Chief Executive Officer of Gulf Insurance Group KSC, Kuwait</li> <li>• Board Member in many of Gulf Insurance Groups' Subsidiaries</li> </ul>
<b>Mr. Ebrahim Mohammed Sharif Alrayes</b> Board Member	<ul style="list-style-type: none"> <li>• BSc. in Accounting from Beirut Arab University, Lebanon</li> <li>• Certificate of Insurance Proficiency (CIP) from Chartered Insurance Institute, UK</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of ARAB war risks insurance syndicate (AWRIS), Bahrain</li> <li>• Board Member of United Insurance Company (UIC), Bahrain</li> <li>• Board Member of Motor Compensation Fund, Bahrain</li> <li>• Board Member of Supreme Council of Health, Bahrain</li> </ul>

	<b>Academic &amp; Professional Qualification</b>	<b>Directors' external appointments</b>
<b>Mr. Ahmed Abdulrahman Bucheeri</b> Board Member	<ul style="list-style-type: none"> <li>Chartered Alternative Investment Analyst (CAIA)</li> <li>Investment representative program (Series 7)</li> <li>Treasury and capital markets diploma</li> <li>Commercial studies diploma</li> </ul>	<ul style="list-style-type: none"> <li>Board Member INVITA Claims Management Company, Bahrain</li> <li>Chief Investment Officer of Bahrain Kuwait Insurance Company BSC, Bahrain</li> </ul>
<b>Mr. Osama Kamel Kishk</b> Board Member	<ul style="list-style-type: none"> <li>Bachelor of Commerce from Helwan University in Cairo, Egypt</li> <li>Diploma in Modern Accounting from American University in Cairo, Egypt</li> <li>Master of Business Administration from Maastricht School of Management, Kuwait</li> <li>Certified Public Accountant (CPA), USA</li> <li>Certified Risk Professional (CRP), USA</li> <li>Certified Internal Auditor (CIA), USA</li> <li>Certified Associate Business Manager (CABM), USA</li> </ul>	<ul style="list-style-type: none"> <li>Chief Financial Officer of Gulf Insurance Group KSC, Kuwait</li> <li>Board Member of Egyptian Takaful Property &amp; Liability, Egypt</li> <li>Independent Board Member of HSBC Management Fund, Egypt</li> </ul>
<b>Dr. Osama Taqi Albaharna</b> Board Member	<ul style="list-style-type: none"> <li>Doctorate (Ph.D.) in Computer Engineering from Imperial College London, UK</li> <li>Master's and Bachelor Degrees in Computer Engineering from McGill University, Canada</li> </ul>	<ul style="list-style-type: none"> <li>Managing Director of Continental Group, Bahrain and other GCC countries</li> <li>Chairman of Technology Committee at Bahrain Chamber of Commerce and Industry</li> </ul>

	<b>Academic &amp; Professional Qualification</b>	<b>Directors' external appointments</b>
<b>Mr. Rashed Ali Abdulrahim</b> Board Member	<ul style="list-style-type: none"> <li>• Association of Chartered Certified Accountants (ACCA), UK</li> </ul>	<ul style="list-style-type: none"> <li>• Board Member of Gulf Electronic Management Systems Company W.L.L, Bahrain</li> </ul>
<b>Mr. Khalid Jamal Al-Muzaire</b> Board Member	<ul style="list-style-type: none"> <li>• BSc. In Accounting from University of Kuwait, Kuwait</li> <li>• Certified Public Accountant (CPA), Kuwait</li> </ul>	<ul style="list-style-type: none"> <li>• General Manager of Refreshment Trading Company - Independent Bottler of the Coca Cola Company, Kuwait</li> </ul>
<b>Mr. Abdulla Rabia Mohamed Rabia</b> Board Member	<ul style="list-style-type: none"> <li>• Diploma in Cars Engineering</li> </ul>	<ul style="list-style-type: none"> <li>• General Manager (Kuwait Operations) of Bahrain Kuwait Insurance Company BSC, Bahrain</li> </ul>

## Board Meetings and Attendance

During the financial year ended 31 December 2019, the Board of Directors met four times. All meetings were convened in the Kingdom of Bahrain. A record of members' attendance is set below:

	13-Feb-19	22-Apr-19	23-Jul-19	21-Oct-19	No. of Meetings Attended
<b>Mr. Jamal Ali Al Hazeem</b> Chairman	✓	✓	✓	✓	4
<b>Mr. AbdulRahman Abdulla Mohammed</b> Vice Chairman	✓	✓	✓	✓	4
<b>Mr. Khaled Saud Al Hasan</b> Board Member	✓	✓	✓	✓	4
<b>Mr. Ebrahim Mohamed Sharif Alrayes</b> Board Member	✓	✓	✓	✓	4
<b>Mr. Ahmed AbdulRahman Bucheeri</b> Board Member	✓	✓	✓	✓	4
<b>Mr. Osama Kamel Kishk</b> Board Member	✓	✓	✓	✓	4
<b>Dr. Osama T. Albaharna</b> Board Member	✓	✓	✓	X	3
<b>Mr. Rashed Ali Abdulrahim</b> Board Member	✓	✓	✓	✓	4
<b>Mr. Khalid Jamal Al Muzaire</b> Board Member	✓	✓	✓	✓	4
<b>Mr. Abdulla Rabea Mohamed Rabea</b> Board Member	✓	✓	✓	✓	4

## 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 Takaful shares, with the primary objective of preventing abuse of inside information. "Key Persons" are defined to include the members of the Board of Directors, members of Shari'a Supervisory Board, Senior 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.

## Key Persons and Related Parties' Interests

The number of shares held by key persons and related parties as of 31 December 2019 was as follows:

Name	Position	No of shares	
Dr. Shaikh Abdullatif M. Al-Mahmood	Shari'a Supervisory Board Chairman	98,867	The key

persons did not trade in the shares of the company during the financial year ended 31 December 2019.

The Chief Executive Officer, Deputy Chief Executive Officer 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.

## Executive Management's Profile

### Mr. Essam Al Ansari – Chief Executive Officer

Mr. Al Ansari is a top professional in the insurance field. He is a Fellow of the Chartered Insurance Institute – London (FCII) and possesses an extensive experience of more than 30 years in insurance and reinsurance business, through his long association in the insurance and reinsurance industry in Bahrain and the Gulf region. Mr. Al Ansari has been in the Executive Management Cadre of Bahrain National Insurance Company (BNI), National Company for Cooperative Insurance (Tawuniya) – Saudi Arabia and Bahrain Kuwait Insurance Company (BKIC), before joining Takaful International Company in 2006.

### Mr. Abdulaziz Al Othman – Deputy Chief Executive Officer

Mr. Al Othman holds a Masters degree in Business Administration from the University of Hull – UK and is a Certified Accountant since 2002. He holds a Diploma CII from the Chartered Insurance Institute – London. He is considered as a key professional in the field of Takaful Insurance in Bahrain supported by his extensive experience in the Takaful Insurance business acquired through the long association of over 30 years in the insurance industry with in-depth understanding of Takaful Markets. Mr. Al-Othman began his distinguished career with Takaful International Company in 1989. He's also the Chairman of Health 360 Ancillary Services. Mr. Al Othman is well experienced in developing, evaluating and analysing strategies, business planning and insurance statistics and financial statements.



## Board of Directors and Executive Management Remuneration

Board members are paid sitting fees for Board of Directors and the various sub-committees of the Board meetings.

The remuneration of key management personnel consists of fixed monthly salaries and allowances, and other benefits like bonus, medical, life insurance cover and retirement benefits.

The remuneration of the Board of Directors and key management personnel paid during the financial year ended 31 December 2019 was as follows:

Directors sitting fees & other expenses	<u>BD 76,281</u>
Key Management salaries and benefits	<u>BD 180,283</u>
End of Service Benefits	<u>BD 18,123</u>

## Code of Conduct

The Company's Code of Conduct covers the conduct of the Company's directors and executive management. The Code binds the signatories to the highest standards of professionalism and due diligence in performance of their duties. It also covers conflicts of interest, disclosure and the confidentiality of insider information.

## 4. Board Committees' Responsibilities, Meetings and Record of Attendance

### 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.

The Board has formed four committees as follows:

- Executive Committee
- Audit and Corporate Governance Committee
- Nomination and Remuneration Committee
- Risk Committee

## Executive Committee

### Duties:

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;

### Meetings and Attendance:

The executive committee shall meet at least four times in the financial year. During the year ended 31 December 2019, the executive committee met four times:

		12-Feb-19	21-Apr-19	23-Jul-19	21-Oct-19	No. of Meetings Attended
<b>Mr. Khaled Saud Al Hasan</b> Non-Independent	Chairman	✓	✓	✓	✓	4
<b>Mr. AbdulRahman Abdulla Mohammed</b> Independent	Vice Chairman	✓	✓	✓	✓	4
<b>Mr. Abdulla Rabea Mohamed Rabea</b> Non-Independent	Member	✓	✓	✓	✓	4
<b>Mr. Ebrahim Mohamed Sharif Alrayes</b> Non-Independent	Member	✓	✓	✓	✓	4
<b>Mr. Ahmed AbdulRahman Bucheeri</b> Non-Independent	Member	✓	✓	✓	✓	4

## Audit and Corporate Governance Committee

### Duties:

The Board has delegated the following responsibilities to the Audit and Corporate Governance Committee:

- Reviewing the Company's draft financial statements and interim results statement prior to the Board approval and reviewing the external auditors details 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 matter such as impairment of fixed assets, investments, receivables and other assets values and proposed changes in AAIOIFI and International Financial Reporting Standards as applicable to the company in case not covered by AAOIFI.
- Reviewing and approving the terms of engagement for the audit
- Reviewing the annual report of the company and 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 function terms of reference, its work program and quarterly reports on its work during the year.
- Developing and making recommendations on the changes required under the company's corporate governance policy from time to time.
- Monitoring and overseeing the implementation of the corporate governance framework by working together with the executive management, nomination and remuneration committee and Shari'a supervisory board;
- Providing the Board with reports and recommendations based on its findings in the performance of its duties.

The Committee meets with Directors and management, and as and when considered necessary with both the external and internal auditors. The Company has outsourced the internal audit function to Grant Thornton – Abdulaal, who conduct their procedures on all transactions of the company as per the International Audit Standards and provides periodic reports directly to the Audit and Corporate Governance Committee.

#### Meetings and Attendance:

The Audit and Corporate Governance Committee shall meet at least four times in the financial year. During the year ended 31 December 2019, the Audit and Corporate Governance Committee met five times:

		13-Feb-19	24-Mar-19	22-Apr-19	23-Jul-19	21-Oct-19	No. of Meetings Attended
<b>Mr. Khalid Jamal Al Muzaire</b> Independent	Chairman	✓	✓	✓	✓	✓	5
<b>Mr. Rashed Ali Abdulrahim</b> Independent	Vice Chairman	✓	✓	✓	✓	✓	5
<b>Dr. Osama T. Albaharna</b> Independent	Member	✓	✓	✓	✓	X	4
<b>Mr. Osama Kamel Kishk</b> Non-Independent	Member	✓	✓	✓	✓	✓	5

### Nomination and Remuneration Committee

#### Duties:

The Board has delegated the following responsibilities to the Nomination and Remuneration 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.

#### Meetings and Attendance:

The Nomination and Remuneration Committee shall meet at least two times in the financial year. During the year ended 31 December 2019, the executive committee met on 13<sup>th</sup> of February 2019 and a second meeting was held on 8<sup>th</sup> January 2020 (postponed from 21<sup>st</sup> October 2019):

		13-Feb-19	8-Jan-20	No. of Meetings Attended
<b>Mr. Jamal Ali Al Hazeem</b> Independent	Chairman	✓	✓	2
<b>Mr. Khaled Saud Al Hasan</b> Non-Independent	Vice Chairman	✓	✓	2
<b>Mr. Rashed Ali Abdulrahim</b> Independent	Member	✓	✓	2
<b>Mr. Khalid Jamal Al Muzaire</b> Independent	Member	✓	✓	2

#### **Risk Committee**

#### Duties:

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.
- 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 Risk Management 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.

#### Meetings and Attendance:

The Risk Committee shall meet at least two times in the financial year. However, the Risk Committee was formed by the Board in its meeting dated 21 October 2019. Therefore, no meetings were held during the year ended 31 December 2019.

<b>Dr. Osama T. Albaharna</b> Independent	Member
<b>Mr. Ahmed AbdulRahman Bucheeri</b> Non-Independent	Member
<b>Mr. Osama Kamel Kishk</b> Non-Independent	Member
<b>Mr. Abdulaziz Al Othman</b> Non-Independent	Member

### 5. Auditors

The Audit and Corporate Governance Committee reviews the appointment of the external auditors, as well as their relationship with the Company on an annual basis. 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.

The audit and non-audit fees for the year ended 31 December 2019, paid by the Company are as follows:

Audit fees	<u><b>BD 20,265</b></u>
Non-Audit fees	<u><b>BD 18,826</b></u>

### 6. Other Matters

#### Capital Adequacy and Solvency Margin

Capital adequacy and solvency margin requirements are determined in accordance with the regulatory requirements established by the CBB and are calculated with reference to a prescribed contributions and claims basis. According to the CBB's rules, solvency margin is required on a combined basis for both participants' and shareholder's funds together. The capital available to cover solvency margin required is as follows:

	2019	2018
Total net available shareholders' capital to cover required solvency margin	<b>4,879,000</b>	4,439,000
Total Margin required for General & Family Takaful funds'	<u><b>4,014,000</b></u>	<u>3,986,000</u>
Excess Capital	<b>865,000</b>	453,000

### **Compliance and Anti-Money Laundering**

Responsibility for ensuring the Company's compliance with the rules of the CBB in and all other applicable laws and regulations resides with the Chief Compliance Officer, who is responsible for managing the Company's Compliance and Legal Affairs Department and is directly responsible for all compliance related issues.

The Company has in place policies and procedures to handle all aspects of anti-money laundering activities in line with regulations of the CBB. The Company conducts, on an annual basis, a thorough review of its policies, procedures, internal directives in addition to arranging specialized courses to ensure ongoing compliance.

### **Related Party Transactions**

Related parties represent major shareholders, directors and key management personnel of the Company, entities controlled, jointly controlled or significantly influenced by such parties. All transactions with such related parties are conducted on normal terms and conditions.

### **Communication with Shareholders and Investors**

The Company remains committed by communicating effectively with all its stakeholders, both internally and externally in a timely, transparent and professional manners. The Company's main communications channels include the Annual General Meeting, financial statements and annual reports, Company's website, press releases and announcements in the local media.

### **Internal Control**

The Directors have continued to review the effectiveness of the Company's system of financial and non-financial controls, including operational and compliance controls, risk management and the Company's high level internal control arrangements. These reviews have included an assessment of internal controls, and in particular internal financial controls, by the internal audit function, management assurance of the maintenance of control and reports from the external auditor on matter identified in the course of its audit work.

### **Conflict of Interest**

The Board has 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 organizations 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.

### Whistle Blowing Policy

The Board has 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 and Corporate Governance Committee oversees this policy.

### Policy on Employment of Relatives

The Board has approved the policy on employment of relatives which illustrates that the Company does not generally encourage the employment of "closely related" persons in order to maintain the integrity of the Audit, Control and Management Systems. "Closely related" persons in this context includes spouses, parents, children, siblings, in-laws and members of the same household.

### Fines and Penalties

The Company did not pay any fines or penalties to regulatory or governmental agencies during the year ended 31 December 2019.

### Corporate Social Responsibility

The Company implements ideals of Islamic Social Responsibility to the best of its ability in all aspects of its operations. In line with these ideals, the Company has applied best practice standards on Islamic Corporate Social Responsibility issued by the AAOIFI.

The Company is committed to:

- Screening prospective clients based on the criteria approved by the Shari'a Supervisory Board ("SSB").
- Maintaining highest standards of integrity in order to maintain responsible dealing with clients.
- Investing in Shari'a compliant investments.
- Treating all employees fairly and with dignity.
- Calculating the shareholders' Zakah liability in accordance with the applicable standards.
- Protecting the environment, preventing pollution and protecting the health and safety of all individuals affected by its activities including employees and others.
- Establishing a charity fund where income from impermissible sources is transferred.

**7. Organizational Chart**

