



Corporate Governance Report

for the year ended 31 December 2023

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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, and Commerce and the High-Level Controls (HC) Module of the Central Bank of Bahrain's (CBB) Rulebook, Volumes 3 and 6. No changes occurred in HC Module of the CBB Rulebook, Volumes 3 and 6 during the year 2023. 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 2023.

2. Shareholding Information

The Company's shares are listed and publicly 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	186	78,731,765	92.63%
Other GCC Nationalities	7	6,268,235	7.37%
Total	193	85,000,000	100%

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%	189	6,195,820	7.29%
Total	193	85,000,000	100%

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. Ebrahim Mohamed Sharif Alrayis	Chairman	7-Apr-15	Non-Executive	Independent
Mr. AbdulRahman Abdulla Mohamed	Vice Chairman	17-Jun-15	Non-Executive	Independent
Mr. Khaled Saud Al Hasan	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 Taqi Albaharna	Director	21-Mar-18	Non-Executive	Independent
Mr. Rashed Ali Abdulrahim	Director	21-Mar-18	Non-Executive	Independent
Mr. Abdulla Rabea Mohamed Rabea	Director	27-Jun-16	Executive	Non-Independent
Mr. Saleh Fahad Al Zouman	Director	23-Mar-21	Non-Executive	Independent
Dr. Abdulla Salah Sultan	Director	7-Sep-21	Executive	Non-Independent

As of 31st December 2023, the Board's representation by gender was 100% Male (Nil Female representation).

The current Board term started on 23rd March 2021. 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.

Board's 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 composition of the Board and appointment of the Board 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 development 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. During the year ended 31 December 2023, the Board of Directors' training program covered the following topics:

1. Macro Outlook – Global Geopolitics and Economics Outlook.
2. Artificial Intelligence for Financial Services.
3. Technology Transformation and Sustainability.

Board and Committees Evaluation

The Board performs board and 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 the board and self-evaluations of individual Board members and the Board Committees and consider appropriately any recommendations arising out of such evaluation.

Board and board members evaluations were performed by all Board members for the year 2023. The same was reviewed by the Board and all results are satisfactory.

Directors' Profile

Director's Name	Academic & Professional Qualification	Directors' external appointments
Mr. Ebrahim Mohamed Sharif Alrayis Chairman	<ul style="list-style-type: none"> BSc. in Accounting from Beirut Arab University, Lebanon Certificate of Insurance Proficiency (CIP) from Chartered Insurance Institute, UK 	<ul style="list-style-type: none"> Board Member of United Insurance Company B.S.C. Closed, Bahrain Board Member of Supreme Council of Health, Bahrain
Mr. Abdulrahman Abdulla Mohamed Vice Chairman	<ul style="list-style-type: none"> Master's in business administration from University of Hull, UK 	<ul style="list-style-type: none"> None
Mr. Khaled Saoud Al Hasan Board Member	<ul style="list-style-type: none"> Bachelor's degree in political science and Economics from Kuwait University, Kuwait 	<ul style="list-style-type: none"> Chairman of Kuwait Insurance Federation (KIF), Kuwait Board Member of Arab Reinsurance Co., Lebanon Board Member and Chief Executive Officer of Gulf Insurance Group KSC, Kuwait Board Member in many of Gulf Insurance Groups' Subsidiaries
Mr. Ahmed Abdulrahman Bucheeri Board Member	<ul style="list-style-type: none"> Chartered Alternative Investment Analyst (CAIA) Investment representative program (Series 7) Treasury and capital markets diploma Commercial studies diploma 	<ul style="list-style-type: none"> Chief Investment Officer of Bahrain Kuwait Insurance Company BSC, Bahrain Investment Advisor of Gulf Insurance Group Member of the Investment & ALM Committee of GIG-KSA
Mr. Osama Kamel Kishk Board Member	<ul style="list-style-type: none"> Bachelor of Commerce from Helwan University in Cairo, Egypt Diploma in Modern Accounting from American University in Cairo, Egypt Master of Business Administration from Maastricht School of Management, Kuwait Certified Public Accountant (CPA), USA Certified Risk Professional (CRP), USA Certified Internal Auditor (CIA), USA 	<ul style="list-style-type: none"> Chief Financial Officer of Gulf Insurance Group KSC, Kuwait Board Member of Egyptian Takaful Property & Liability, Egypt Board Member of Egypt Life Takaful, Egypt Board Member of GIG Egypt, Egypt Independent Board Member of HSBC Management Fund, Egypt Board Member of GIG (Gulf) B.S.C. Closed, Bahrain Board Member of GIG, K.S.A

Director's Name	Academic & Professional Qualification	Directors' external appointments
Dr. Osama Taqi Albaharna Board Member	<ul style="list-style-type: none"> • Doctorate (Ph.D.) in Computer Engineering from Imperial College London, UK • Master's and bachelor's degree in computer engineering from McGill University, Canada 	<ul style="list-style-type: none"> • Managing Director of Continental Group, Bahrain and other GCC countries • Board Member of International Agencies Co. Ltd. (Intercol), Bahrain • Advisor to Technology & Digital Economy Committee at Bahrain Chamber of Commerce and Industry
Mr. Rashed Ali Abdulrahim Board Member	<ul style="list-style-type: none"> • Bachelor of Commerce (BCom) in Accounting from Beirut Arab University, Lebanon • Association of Chartered Certified Accountants (FCCA), UK 	<ul style="list-style-type: none"> • Board Member of Gulf Electronic Management Systems Company W.L.L, Bahrain
Mr. Abdulla Rabea Mohamed Board Member	<ul style="list-style-type: none"> • Diploma in Cars Engineering 	<ul style="list-style-type: none"> • Deputy Chief Executive Officer of First Takaful Company, Kuwait
Mr. Saleh Fahad Al Zouman Board Member	<ul style="list-style-type: none"> • American Institute of Certified Public Accountants (AICPA), USA • Master of Business Administration (MBA) from Ohio State University, USA • Bachelor's degree of Commerce from Kuwait University, Kuwait 	<ul style="list-style-type: none"> • None
Dr. Abdulla Salah Sultan Board Member	<ul style="list-style-type: none"> • 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 Finance (MsF) – Cass Business School, City University, UK • Master of Business Administration (MBA) - University of Strathclyde, UK • MSc. in Applied Research – Swiss Business School, Switzerland • BSc. in Marketing with concentration in Finance – NYIT, USA 	<ul style="list-style-type: none"> • Chief Executive Officer of Bahrain Kuwait Insurance Company BSC, Bahrain • Board Member of United Insurance Company BSC closed, Bahrain • Board Member of Bahrain Insurance Association, Bahrain • Board Member of GIG Egyptian Takaful (Property & Liability), Egypt • Board Member of CBB Motor Compensation Fund, Bahrain • Board Member of Gulf Assist (Europe Assistance), Bahrain • Member of Bahrain Polytechnic Strategic Advisory Committee, Bahrain • Board Member of Etlaa Properties, Bahrain

Board Meetings and Attendance

During the financial year ended 31 December 2023, the Board of Directors met five times. All meetings were convened in the Kingdom of Bahrain. A record of members' attendance is set below:

	22-Feb-23	9-May-23	8-Aug-23	7-Nov-23	12-Dec-23	No. of Meetings Attended
Mr. Ebrahim Mohamed Sharif Alrayis Chairman	✓	✓	✓	✓	✓	5
Mr. AbdulRahman Abdulla Mohamed Vice Chairman	✓	✓	✓	✓	✓	5
Mr. Khaled Saud Al Hasan Board Member	✓	✓	✓	✓	✓	5
Mr. Ahmed AbdulRahman Bucheeri Board Member	✓	✓	✓	✓	✓	5
Mr. Osama Kamel Kishk Board Member	✓	✓	✓	✓	✓	5
Dr. Osama Taqi Albaharna Board Member	✓	✓	✓	✓	✓	5
Mr. Rashed Ali Abdulrahim Board Member	✓	✓	✓	✓	✓	5
Mr. Abdulla Rabea Mohamed Board Member	✓	✓	✓	✓	✓	5
Mr. Saleh Fahad Al Zouman Board Member	✓	✓	✓	✓	✓	5
Dr. Abdulla Salah Sultan Board Member	✓	✓	✓	✓	✓	5

Key matters discussed and final decisions taken

Meeting Date	Key Matters Discussed	Final Decision
22 February 2023	• The financial statements as of 31 st December 2022	Approved
	• Recommendation to the AGM to distribute cash dividend of 5% of the paid-up capital and transfer of BD 100,205 to statutory reserve	Approved
	• Recommendation to the AGM to approve the director's remuneration for 2022	Approved
	• Recommendation to the AGM to re-appoint the external auditors for the year 2023	Approved
	• Staff bonus for 2022	Approved
	• Re-appointment of the Company's actuary	Approved
	• Policies & Procedures Manuals Update	Approved
9 May 2023	• The interim financial statements as of 31 st March 2023	Approved
	• New policies & Procedures Manuals	Approved
	• Policies & Procedures Manuals Update	Approved
8 August 2023	• The interim financial statements as of 30 th June 2023	Approved
	• Policies & Procedures Manuals Update	Approved
7 November 2023	• The interim financial statements as of 30 th September 2023	Approved
12 December 2023	• The Company's business plan review for 2024-2025 and budget for 2024	Approved

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 2023 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 2023.

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

Essam Al Ansari is the Chief Executive Officer of Takaful International Co. B.S.C. His professional career covers more than 30 years of extensive experience in the insurance and reinsurance industry; having held positions in Executive Management Cadre, his responsibilities included steering the company to a path of profitability, implementing its vision, mission and fulfilling short-term and long-term objectives, changing demands of the market while maintaining Company’s leadership role in the Industry, overseeing the company’s financial performance, investments and other business ventures.

He is currently the Board Director of Bahrain Insurance Association and Board Director in Gulf Takaful Insurance Company K.S.C.C. (GIG-Kuwait -Takaful).

He is a Fellow of the Chartered Insurance Institute (FCII) - United Kingdom and Fellow CIP from Australian and New Zealand Institute of Insurance and Finance.

Mr. Abdulaziz Al Othman – Deputy Chief Executive Officer

Mr. Al Othman holds a master’s degree in business administration from the University of Hull – UK and has been 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 Islamic Insurance in Bahrain supported by his extensive experience in the Islamic Insurance business acquired through the long association of over 30 years in the insurance industry with in-depth understanding of Takaful Markets. His distinguished career in Takaful International Company began in 1989. He is well experienced in developing, evaluating, and analyzing strategies, business planning and insurance statistics and financial statements. Mr. Al Othman is the Vice Chairman of Health 360 Ancillary Services W.L.L., Bahrain.

Board of Directors and Executive Management Remuneration

Board members are paid sitting fees for Board committees' meetings.

The Company follows the provisions of Article 188 of Bahrain Commercial Companies Law in determining the remuneration of the Directors. Remuneration paid to the Directors for the financial year ended 31 December 2022 was BD 80,000 as approved by the relevant authorities and the shareholders in the Annual General Meeting.

The proposed total remuneration to be paid to the Directors for the financial year ended 31 December 2023 is BD 90,000, which is subject to the relevant authorities' approval, will be presented for the shareholders' approval in the upcoming Annual General Meeting.

Sitting fees paid to the Directors for attendance of Board committees' meetings and other expenses during the financial year ended 31 December 2023 were BD 21,474.

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

The remuneration of Executive Management personnel, which includes the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Underwriting Officer – General Takaful, Chief Underwriting Officer – Family Takaful and Healthcare, and the Chief Underwriting Officer – Motor Takaful paid for the financial year ended 31 December 2023 was as follows:

Executive Management salaries, benefits and end of service benefits	<u>BD 525,792</u>
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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 2023, the executive committee met four times.

		22-Feb-23	8-May-23	8-Aug-23	7-Nov-23	No. of Meetings Attended
Mr. Khaled Saud Al Hasan Non-Independent	Chairman	✓	✓	✓	✓	4
Mr. AbdulRahman Abdulla Mohamed Independent	Vice Chairman	✓	✓	✓	✓	4
Mr. Ahmed AbdulRahman Bucheeri Non-Independent	Member	✓	✓	✓	✓	4
Mr. Saleh Fahad Al Zouman Independent	Member	✓	✓	✓	✓	4
Dr. Abdulla Salah Sultan 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.
- Regularly reviewing 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 AAOIFI 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 2023, the Audit and Corporate Governance Committee met four times.

		21-Feb-23	9-May-23	7-Aug -23	6-Nov-23	No. of Meetings Attended
Mr. Rashed Ali Abdulrahim Independent	Chairman	✓	✓	✓	✓	4
Dr. Osama Taqi Albaharna Independent	Vice Chairman	✓	✓	✓	✓	4
Mr. Osama Kamel Kishk Non-Independent	Member	✓	✓	✓	✓	4
Mr. Abdulla Rabea Mohamed Non-Independent	Member	✓	✓	✓	✓	4

The Shari'a Supervisory Board's ("SSB") Chairman, Shaikh Dr. Abdullatif Mahmood Al Mahmood, acts as a representative of the SSB in the Audit and Corporate Governance Committee. Shaikh Dr. Osama Bahar, SSB Member, attended the Committee's meeting held on 21st February 2023 on behalf of the SSB's chairman.

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 2023, the nomination and remuneration committee met once only. The committee's meeting scheduled on 8th August 2023 was cancelled because there were no items on the agenda for discussion.

		22-Feb-23	No. of Meetings Attended
Mr. Ebrahim Mohamed Sharif Alrayis Independent	Chairman	✓	1
Mr. Khaled Saud Al Hasan Non-Independent	Vice Chairman	✓	1
Mr. Rashed Ali Abdulrahim Independent	Member	✓	1
Dr. Abdulla Salah Sultan Non-Independent	Member	✓	1

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. During the year ended 31 December 2023, the board risk committee met four times.

		21-Feb-23	8-May-23	7-Aug -23	6-Nov-23	No. of Meetings Attended
Dr. Osama Taqi Albaharna Independent	Chairman	✓	✓	✓	✓	4
Mr. Osama Kamel Kishk Non-Independent	Vice Chairman	✓	×	✓	✓	3
Mr. Ahmed AbdulRahman Bucheeri Non-Independent	Member	✓	✓	✓	✓	4

5. Shari'a Supervisory Board ("SSB")

SSB Composition and Meetings

The Shari'a Supervisory Board is an independent body of specialized jurists in Shari'a compliant transactions. The SSB may include a member other than those specialized in Fiqh Al-Mua'malat, but who should be an expert in the field of Islamic financial institutions and with knowledge of Fiqh Al- Mua'malat.

The SSB members are appointed by the shareholders in the Annual General Meeting ("AGM"), upon the recommendations of the Company's Board of Directors ("BoD"), taking the CBB regulations into consideration. Shareholders may authorize the Board of Directors to fix the remuneration of SSB.

The SSB should consist of at least three members. The SSB term is three years as per the CBB rules. The SSB consist of the following members:

Board Member	Position	Date of Joining
Shaikh Dr. Abdullatif Mahmood Al Mahmood	Shari'a Supervisory Board Chairman	1989
Shaikh Esam Ishaq	Shari'a Supervisory Board Vice Chairman	24 March 2020
Shaikh Dr. Osama Bahar	Shari'a Supervisory Board Member	24 March 2020

The current SSB term started on 24th March 2021.

The SSB shall hold at least two regular meetings every financial year, and additional meetings as may be required. The SSB extends continuous support to the Company's management and Board of Directors. The SSB has met twice during the financial year ended 31st December 2023.

		7-Feb-23	28-Nov-23	No. of Meetings Attended
Shaikh Dr. Abdullatif Mahmood Al Mahmood	Chairman	✓	✓	2
Shaikh Esam Mohamed Ishaq	Vice Chairman	✓	✓	2
Shaikh Dr. Osama Mohamed Bahar	Member	✓	✓	2

SSB Roles and Responsibilities

The SSB is entrusted with the duty of directing, reviewing and supervising the activities of the Company in order to ensure its compliance with Shari'a rules and principles. The Fatwas and rulings of the SSB are binding on the Company. The SSB prepare and present an annual report to the General Assembly in the AGM, which states the SSB's opinion on the Company's overall compliance with Shari'a principles. The report shall also include opinions on administration of Zakah and other charity funds established by the Company.

The SSB appoints an Internal Shari'a Reviewer to help it in performing its duties, which include (but not limited to):

- Examining the extent of the Company's compliance, in all its activities, with Shari'a rules and principles.
- Assisting Company's management by providing guidance, advise and training relating to compliance with the Shari'a.
- Planning, executing and documenting Shari'a review procedures.

The SSB shall elect one of its members as a representative in the Audit and Corporate Governance Committee, to guide in the shari'a-related governance matters (if any) and act as a link between the SSB and the BoD. The SSB has elected the Chairman, Shaikh Dr. Abdullatif Mahmood Al Mahmood, as a representative in the Audit and Corporate Governance Committee. Shaikh Dr. Osama Bahar attended the Audit and Corporate Governance Committee's meeting held on 21st February 2023 on behalf of the SSB's chairman.

SSB Members Profiles

SSB Member's Name	Academic & Professional Qualification	Professional Experience
<p>Shaikh Dr. Abdullatif Mahmood Al Mahmood Chairman of Shari'a Supervisory Board</p>	<ul style="list-style-type: none"> • PhD degree from the Zitouna University of Sharia and Fundamentals of Religion in fiqh and Sharia Policy for his thesis (Social Insurance in the Light of Islamic Sharia). • Master's degree in Comparative fiqh from the College of Sharia and Law - Al-Azhar University. • Bachelor's degree in Islamic law from the College of Sharia and Law - Al-Azhar University. • General Diploma in education from the University of Education - Ain Shams University. 	<ul style="list-style-type: none"> • Associate Professor and Head of the Department of Arabic Language and Islamic Studies until 2005 in the University of Bahrain. • Participated in the membership of Sharia supervisory boards in several Islamic banks and insurance and reinsurance companies, as well as chairing several Sharia supervisory boards. • A member of several Islamic fiqh academies and an expert in the International Islamic Fiqh Academy of the Organization of the Islamic Conference. • Chairman of the Islamic Association of Bahrain. • Published several books on insurance, education, and Islamic studies and research. He co-authored several Islamic education books for the Ministry of Education in Bahrain and the University of Bahrain. He has refereed and non-refereed research papers and working papers for seminars and workshops, and participated in many fiqh, educational, economic, intellectual, social and cultural conferences and seminars.
<p>Shaikh Esam Mohamed Ishaq Vice Chairman of Shari'a Supervisory Board</p>	<ul style="list-style-type: none"> • Bachelor's degree from McGill University, Montreal, Canada • Studies in Shari'a under the supervision of specialized Shari'a jurists • Aural permission for attribution to the prophet Mohammed (pbuh), in the Quran, Hadeeth books and others by a number of specialized Shari'a jurists 	<ul style="list-style-type: none"> • Chairman and member of several Shari'a Supervisory Boards of Islamic Banks and financial institutions in Bahrain and abroad. • Member of the Sharia Board of the Maldives Monetary Authority in the State of the Maldives. • Member of the Board of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain. • Member of the Sharia Board of the International Islamic Financial Market, Bahrain. • Member of the Supreme Council for Islamic Affairs, Bahrain. • The Sharia advisor and Vice president of Discover Islam Society, Bahrain. • Participated in many specialized banking conferences and seminars. • Presented several Arabic and English training courses in Islamic finance, fiqh, theology and Quranic exegesis.

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| <p>Shaikh Dr. Osama Mohamed Bahar
Member of Shari'a Supervisory Board</p> | <ul style="list-style-type: none"> • PhD. at Lahaye University - Holland • Master's degree at Al Emam Al Awzae University, Beirut • Bachelor's degree in Islamic Sharia'a from Prince Abdul Qader University of Islamic Studies, Algeria | <ul style="list-style-type: none"> • More than 30 years of experience in Islamic Banking. • Appointed as a member of Shari'a Supervisory Board in many Islamic financial institutions the Kingdom of Bahrain. • Published several Papers and articles related to Islamic Economic studies. |
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6. 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 2023, paid by the Company are as follows:

Audit fees	<u>BD 30,174</u>
Non-Audit fees	<u>BD 1,848</u>

7. 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:

	2023	2022
Total available capital to cover required solvency margin	7,933,000	7,622,000
Total Margin required for General & Family Takaful funds	<u>4,387,000</u>	<u>4,476,000</u>
Excess Capital	3,546,000	3,146,000

Compliance and Anti-Money Laundering

Responsibility for ensuring the Company's compliance with the rules of the CBB and all other applicable laws and regulations resides with the Governance, Risk Management, Compliance & Shari'a Control Manager.

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.

There were no major related party transactions during the year ended 31 December 2023.

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 and social media channels.

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 in the Kingdom of Bahrain during the year ended 31 December 2023.

Environmental, Social and Governance (“ESG”) Framework

An ESG Framework that sets down the ESG goals and objectives for the Company has been established and approved by the Board of Directors in line with the local regulations and global sustainable development goals. It reflects the Board of Director’s commitment towards responsible and sustainable development of the stakeholders by establishing governance framework to monitor and report on ESG performance of the Company.

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.

Detailed reporting on ESG is done separately in the ESG Report.

8. Organizational Chart

