



Corporate Governance Report

for the year ended 31 December 2024

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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 has 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 the 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 2024. 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 2024.

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	185	78,731,765	92.63%
Other GCC Nationalities	7	6,268,235	7.37%
Total	192	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%	188	6,195,820	7.29%
Total	192	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%

On 30 December 2024, Bahrain Kuwait Insurance Company B.S.C. acquired the shares of Kuwait Public Awqaf Foundation. The transaction was settled on 2 January 2025. Accordingly, Bahrain Kuwait Insurance Company increased its share in Takaful to 88.12%.

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 is as per the definitions stipulated by the CBB and the Company's own 'independence' criteria as approved by the Board of Directors.

Executive	5
Non-Executive	1
Independent	4

Board Member	Position	Date of Joining	Executive/ Non-Executive/ Independent
Mr. Ebrahim Mohamed Sharif Alrayis	Chairman	7-Apr-15	Independent
Mr. AbdulRahman Abdulla Mohamed	Vice Chairman	17-Jun-15	Non-Executive
Mr. Khaled Saud Al Hasan	Director	7-Apr-15	Executive
Mr. Ahmed AbdulRahman Bucheeri	Director	17-Jun-15	Executive
Mr. Osama Kamel Kishk	Director	20-Dec-17	Executive
Dr. Osama Taqi Albaharna	Director	21-Mar-18	Independent
Mr. Rashed Ali Abdulrahim	Director	21-Mar-18	Independent
Dr. Abdulla Salah Sultan	Director	7-Sep-21	Executive
Mr. Yahya Ebrahim Nooruddin	Director	27-Mar-24	Independent
Ms. Fatima Taqi Al Saffar	Director	27-Mar-24	Executive
Mr. Abdulla Rabea Mohamed Rabea	Director		Executive
	Term ended on 27-Mar-24	27-Jun-16	
Mr. Saleh Fahad Al Zouman	Director		Independent
	Term ended on 27-Mar-24	23-Mar-21	

As of 31st December 2024, the Board's representation by gender was as follows: 90% Male/ 10% Female.

The current Board term started on 27th March 2024. 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 2024, the Board of Directors' training program covered the following topics:

1. Transformative Trends, Emerging Technologies, and Potential Disruptions.
2. Cybersecurity for Board of Directors.
3. Senior Level Media and Presentation Coaching for Boards.

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 2024. 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
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 Vice Chairman 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 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
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

Director's Name	Academic & Professional Qualification	Directors' external appointments
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"> • 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 Social Insurance Organization, 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
Mr. Yahya Ebrahim Nooruddin Board Member	<ul style="list-style-type: none"> • Master's in Law from Beirut Arab University, Lebanon • Bachelor's in Law from Beirut Arab University, Lebanon • Diploma in Accounting and Finance from the Association of Chartered Certified Accountants (ACCA), UK • Marine Engineer Certificate from Arab Marine Transport Academy, Egypt 	<ul style="list-style-type: none"> • Chairman of Braxtone Insurance and Reinsurance Brokers Company W.L.L., Bahrain • Board Member of Bahrain Institute of Banking and Finance (BIBF), Bahrain
Ms. Fatema Taqi AlSaffar Board Member	<ul style="list-style-type: none"> • B.Sc. in Accounting with Honors from University of Bahrain • Associate of Chartered Certified Accountants (FCCA), UK • CMI Certificate in Management and Leadership (fCMgr), UK 	<ul style="list-style-type: none"> • Chief Financial Officer of Bahrain Kuwait Insurance Company BSC, Bahrain

Board Meetings and Attendance

During the financial year ended 31 December 2024, the Board of Directors met six times. All meetings were convened in the Kingdom of Bahrain. A record of members' attendance is set below:

	26-Feb-24	27-Mar-24	9-May-24	6-Aug-24	5-Nov-24	11-Dec-24	No. of Meetings Attended
Mr. Ebrahim Mohamed Sharif Alrayis Chairman	✓	✓	✓	✓	✓	✓	6
Mr. AbdulRahman Abdulla Mohamed Vice Chairman	✓	✓	✓	✓	✓	✓	6
Mr. Khaled Saud Al Hasan Board Member	✓	✓	✓	✓	✓	✓	6
Mr. Ahmed AbdulRahman Bucheeri Board Member	✓	✓	✓	✓	✓	✓	6
Mr. Osama Kamel Kishk Board Member	✓	✓	✓	✓	✓	✓	6
Dr. Osama Taqi Albaharna Board Member	✓	✓	✓	✓	✓	✓	6
Mr. Rashed Ali Abdulrahim Board Member	✓	✓	✓	✓	✓	✓	6
Dr. Abdulla Salah Sultan Board Member	✓	✓	✓	✓	✓	✓	6
Mr. Yahya Ebrahim Nooruddin Board Member – Joined on 27th Mar 2024	-	✓	✓	✓	✓	✓	5
Ms. Fatema Taqi AlSaffar Board Member – Joined on 27th Mar 2024	-	✓	✓	✓	✓	✓	5
Mr. Abdulla Rabea Mohamed Board Member – Term ended on 27th Mar 2024	✓	-	-	-	-	-	1
Mr. Saleh Fahad Al Zouman Board Member – Term ended on 27th Mar 2024	✓	-	-	-	-	-	1

Key matters discussed and final decisions taken

Meeting Date	Key Matters Discussed	Final Decision
26 February 2024	• The financial statements as of 31 st December 2023	Approved
	• Recommendation to the AGM to distribute cash dividend of 7.5% of the paid-up capital and transfer of BD 93,700 to statutory reserve	Approved
	• Recommendation to the AGM to approve the director's remuneration for 2023	Approved
	• Recommendation of the list of candidates for membership in the Board of Directors for the upcoming term 2024-2027 to the AGM	Approved
	• Recommendation to the AGM to reappoint Shari'a Supervisory Board members for the upcoming three-years term (2024-2027)	Approved
	• Recommendation to the AGM to appoint external auditors for the year 2024	Approved
	• Staff bonus for 2023	Approved
	• Re-appointment of the Company's actuary	Approved
	• Policies & Procedures Manuals Update	Approved
27 March 2024	• Board and Board committees' Composition	Approved
9 May 2024	• The interim financial statements as of 31 st March 2024	Approved
	• New and Updated Policies & Procedures Manuals	Approved
6 August 2024	• The interim financial statements as of 30 th June 2024	Approved
5 November 2024	• The interim financial statements as of 30 th September 2024	Approved
	• Re-appointment of Internal Auditor for the year 2025	Approved
11 December 2024	• The Company's business plan review for 2025 and 2025 budget	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 2024 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 2024.

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 also holds a Diploma CII from the Chartered Insurance Institute, London.

With over 30 years of experience in the insurance industry, he is recognized as a key professional in the field of Islamic Insurance in Bahrain. His deep expertise in Takaful markets stems from his long-standing association with the industry, beginning his distinguished career at Takaful International Company in 1989.

Mr. Al Othman has extensive experience in developing, evaluating, and analyzing business strategies, financial planning, insurance statistics, and financial statements. He currently serves as 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 2023 was BD 90,000 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 2024 is BD 110,000, which is subject to the relevant authorities' approval, and 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 2024 were BD 21,984.

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 2024 was as follows:

Executive Management salaries, benefits and end of service benefits	<u>BD 629,445</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 ("EXCOM")
- Audit Committee ("AC")
- Nomination, Remuneration and Environmental, Social & Governance Committee ("NRESGC")
- Risk Committee ("RC")

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 2024, the executive committee met four times.

		26-Feb-24	9-May-24	6-Aug-24	5-Nov-24	No. of Meetings Attended
Mr. Khaled Saud Al Hasan Executive	Chairman	✓	✓	✓	✓	4
Mr. AbdulRahman Abdulla Mohamed Non-Executive	Vice Chairman	✓	✓	✓	✓	4
Mr. Ahmed AbdulRahman Bucheeri Executive	Member	✓	✓	✓	✓	4
Dr. Abdulla Salah Sultan Executive	Member	✓	✓	✓	✓	4
Mr. Saleh Fahad Al Zouman Independent	Member Term ended on 27-Mar-24	✓	-	-	-	1

Audit Committee

Duties:

The Board has delegated the following responsibilities to the Audit 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 on 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.

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 Committee.

Meetings and Attendance:

The Audit Committee shall meet at least four times in the financial year. During the year ended 31 December 2024, the Audit Committee met four times.

		25-Feb-24	9-May-24	5-Aug-24	4-Nov-24	No. of Meetings Attended
Mr. Rashed Ali Abdulrahim Independent	Chairman	✓	✓	✓	✓	4
Dr. Osama Taqi Albaharna Independent	Vice Chairman	✓	✓	✓	✓	4
Mr. Osama Kamel Kishk Executive	Member	✓	✓	✓	✓	4
Mr. Yahya Ebrahim Nooruddin Independent	Member Joined on 27-Mar-24	-	✓	✓	✓	3
Ms. Fatema Taqi AlSaffar Executive	Member Joined on 27-Mar-24	-	✓	✓	✓	3
Mr. Abdulla Rabea Mohamed Executive	Member Term ended on 27-Mar-24	-	-	-	-	1

Nomination, Remuneration and Environmental, Social, and Governance Committee (“NRESGC”)

Duties:

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

Nomination:

- Assist the Board of Directors in identifying and nominating individuals qualified to serve as Board and committee members of the Board as well as key management.

Remuneration:

- 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 the Board and committees.

Governance:

- 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.
- Monitoring and overseeing the implementation of the corporate governance framework by working together with the executive management and Shari’a Supervisory Board.

Other ESG-related:

- Assist the Board of Directors in evaluating ESG strategies, and approving ESG initiatives, plans and budget.

Meetings and Attendance:

The NRESGC shall meet at least two times in the financial year. During the year ended 31 December 2024, the nomination and remuneration committee met twice.

		15-Feb-24	6-Aug-24	No. of Meetings Attended
Mr. Yahya Ebrahim Nooruddin Independent	Chairman Joined on 27-Mar-24	-	✓	1
Mr. Khaled Saud Al Hasan Executive	Vice Chairman	✓	✓	2
Mr. Ebrahim Mohamed Sharif Alrayis Independent	Member	✓	✓	2
Mr. Rashed Ali Abdulrahim Independent	Member	✓	✓	2
Dr. Abdulla Salah Sultan Executive	Member	✓	✓	2

The Shari’a Supervisory Board’s (“SSB”) Chairman, Shaikh Dr. Abdullatif Mahmood Al Mahmood, acts as a representative of the SSB in the NRESGC, for governance related matters.

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 and procedures and strategies in addition to setting acceptable limits and 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 2024, the risk committee met four times.

		25-Feb-24	7-May-24	5-Aug-24	4-Nov-24	No. of Meetings Attended
Dr. Osama Taqi Albaharna Independent	Chairman	✓	✓	✓	✓	4
Mr. Osama Kamel Kishk Executive	Vice Chairman	✓	✓	✓	✓	4
Mr. Ahmed AbdulRahman Bucheeri Executive	Member	✓	✓	✓	✓	4
Ms. Fatema Taqi AlSaffar Executive	Member Joined on 27-Mar-24	-	✓	✓	✓	3

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 consists 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 27th March 2024.

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 2024.

		8-Feb-24	13-Oct-24	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 Nomination, Remuneration, Environmental, Social and Governance Committee ("NRESGC"), 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 NRESGC.

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.
<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 31 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.

6. Auditors

The Audit 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 2024, paid by the Company are as follows:

Audit fees	<u>BD 36,992</u>
Non-Audit fees	<u>BD 1,818</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 the solvency margin required is as follows:

	2024	2023
Total available capital to cover required solvency margin	9,047,000	6,468,000
Total Margin required for General & Family Takaful funds	<u>5,049,000</u>	<u>4,387,000</u>
Excess Capital	3,998,000	2,081,000

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 2024.

Communication with Shareholders and Investors

The Company remains committed to 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, the 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 Committee oversees this policy.

Data Privacy & Personal Data Protection Policy

The Company is dedicated to safeguarding its stakeholders' privacy and personal information. The Company's Data Protection Policy was developed in line with the requirements of the Personal Data Protection Law in the Kingdom of Bahrain and aims at ensuring the lawful and responsible handling, collection, and storage of personal data while protecting the rights of the Company's stakeholders. The policy ensures compliance with relevant laws, encourages best practices. It also provides transparency on how personal data is processed and is integrated into the company's daily operations and covers areas like fair and lawful processing including processing conditions, limiting data to its intended purpose, minimizing data collection, ensuring accuracy, restricting data storage, consent management, security, retention, transfer, sharing, and breach reporting.

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 include 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 2024.

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

