

Corporate Governance Guidelines

Trust Insurance Management W.L.L “TIM”

DOCUMENT OVERVIEW

This document provides a broad level overview of the adequacy, efficiency, and effectiveness of internal controls within Trust Insurance Management W.L.L “TIM” (“the Company”). It also reflects the ways in which the affairs of the Company are handled by the Board of Directors and its officers.

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INTRODUCTION

Corporate governance is the system of rules, practices, and processes by which a firm is directed and controlled. Corporate governance essentially involves balancing the interests of a Company's many stakeholders, such as shareholders, senior management executives, customers, the government, and the community.

Trust Insurance Management W.L.L (“TIM”) believes that a good corporate governance structure encourages value creation, provides accountability and accuracy in reporting results by maintaining full compliance with laws, rules, and regulations governing the Company’s operations that promote the interests of the Company’s stakeholders and benefit the long- term interests of all stakeholders.

These corporate governance guidelines are intended to guide the Board of directors, senior management, and the departmental heads and enable them to adhere to the Corporate Governance Code for the Kingdom of Bahrain, the CBB Rulebook High-level Controls Module, and best disclosure practices.

The guidelines also emphasize the duty of shareholders to carry out their roles by communicating with the company, discussing the strategic objectives which are set by the Board and have effect on their interests, and expressing their views through active attendance at the meetings of the general assemblies.

The Guidelines document the company’s commitment to maintaining good corporate governance standards and continually seek to implement the best practices in this regard. Assessment of compliance with the Guidelines is carried out annually and reported to the shareholders in the Annual General Meeting.

PRINCIPLES OF CORPORATE GOVERNANCE

As per the Corporate Governance and the corporate governance code for Kingdom of Bahrain as issued by Ministry of Industry and Commerce (“MOIC”) in 2018, there are eleven fundamental principles of corporate governance. The company has adopted ten of them which covers all aspects of the Company’s operations:

Principle 1: The Company shall be headed by an effective, qualified, and expert Board.

Principle 2: The Directors and Executive Management shall have full loyalty to the Company.

Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and Compliance with law.

Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of Directors.

Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.

Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles, and responsibilities.

Principle 7: The Board shall communicate with the shareholders, encourage their participation, and respect their rights.

Principle 8: The Company shall disclose its corporate governance structure.

Principle 9: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external Auditors.

Principle 10: The Company shall seek through social responsibility to exercise its role as a good citizen.

Below is a detailed explanation for these principles, which are required to be implemented in the Company by its Board and Officers.

PRINCIPLE 1: THE COMPANY SHALL BE HEADED BY AN EFFECTIVE, QUALIFIED, AND EXPERT BOARD.

1.1 The Board Composition

1. The Board formation, membership term and replacement of directors shall be followed in accordance with the applicable Laws and Regulations of the kingdom of Bahrain and the Company Memorandum of Association.
2. The Board will comprise at least one of independent board member, and at least half of the board should be Independent Directors.
3. The Chairman must be an independent Non-executive Director.
4. The Chairman cannot have been the CEO of TIM at any time during the previous three years.
5. The size of the Board will be determined in accordance with the applicable Laws and Regulations of the kingdom of Bahrain and the Company Memorandum of Association.
6. Collectively, the Board members should have a broad range of financial and other skills, experience, and knowledge necessary to guide the business of the TIM.
7. The Board will determine and regularly review the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed as per the applicable Laws and Regulation, and when a needed change requires amendment of TIM Memorandum of Association accordingly.
8. Independent Directors will be engaged through a letter of appointment and TIM should have a written appointment agreement with each director which recites the directors' powers and duties and other matters relating to his/her appointment including the term, the time commitment envisaged, the committee assignment, if any, his/her remuneration and expense reimbursement entitlement, and his/her access to independent professional advice when that is needed.

1.2 Board's role and responsibilities

- The directors shall be responsible, both individually and collectively, before the shareholders for achieving the company's objectives and purposes. They shall be primarily concerned with the interests of the company, which shall take precedence over any other interests, including the interests of the shareholders represented by them.
- The Board shall represent all shareholders and shall perform the duty of devotion and loyalty in managing of the company and everything that would safeguard and promote the interests of the company and maximize its value.
- The Board's roles and responsibilities shall include, but not be limited to, the following:
 1. Adopting the commercial and financial policies associated with the company's business performance and achievement of its objectives.

2. Drawing, overseeing and periodically reviewing the company's plans, policies, strategies and key objectives.
3. Setting and generally supervising the regulations and systems of the company's internal control.
4. Determining the company's optimal capital structure, strategies, and financial objectives and approving annual budgets.
5. Monitoring the company's major capital expenditures and possessing and disposing assets.
6. Approving the company's annual financial statements and presenting them to the general assembly.
7. Monitoring the executive management's activities and ensuring that the operations run smoothly to achieve the company's objectives and that they do not conflict with the applicable Laws and Regulations.
8. Determining the types of remunerations for senior executives and directors, subject to the approval of the shareholders' general assembly, taking into consideration the provision of Article (188) of the Commercial Companies Law.
9. Setting a mechanism to regulate transactions with related parties in order to minimize conflicts of interest.
10. Setting standards and values governing the company's business.
11. Ensuring the application of an appropriate control and risk management systems by setting framework of the risks that the company might face, creating an environment that is aware of risk management knowledge at the company level, and transparently presenting it to company's related parties and stakeholders.
12. Assuring equitable treatment of shareholders, including the minority shareholders.
13. Setting internal regulations which determine the Board's duties and responsibilities, including the obligations and responsibilities of the directors, which the Board shall not be exempt therefrom even if it delegates certain duties to other bodies or individuals. The Board shall avoid issuance of general authorizations or authorizations with an unlimited duration.
14. The Board shall adopt a reasonable policy in delegating the authorities to the executive management, and the delegation of authority regulations shall cover various financial, administrative, employees' affairs and other functions necessary to operate and manage the company efficiently.

1.3 The Chairman's responsibilities and duties:

- Without prejudice to the Board's role, the Chairman shall:
 1. Represent the company before others.

2. Ensure that the directors have access to the complete and accurate information in a timely manner.
3. Ensure that the Board discusses all information and items stated in the agendas for each meeting.
4. Encourage the directors to effectively exercise their roles in the best interest of the company.
5. Ensure effective communication between the company's shareholders and Board.
6. Prepare agendas for the Board meetings and general assembly meetings (annual general meetings / extraordinary general meetings).
7. Hold meetings with non-executive and independent directors, without the attendance of the executives, to take their views on matters related to the company's activity.
8. The Chairman shall create an environment that encourages constructive criticism on issues in which there is a divergence of views among directors and develop and promote constructive relationships between the Board and executive management.

1.4 The Secretary:

The Board shall have a secretary who may be appointed or removed by a resolution from the Board. The secretary shall be selected from among the directors or outside the Board. He shall assist the Chairman and directors in carrying out their duties. The secretary competences shall involve:

1. Facilitating the implementation of the Board's activities and decisions.
2. Coordinating the Board's meetings, records, books, and documents.
3. Recording minutes of meetings and sending them to the Board.
4. Managing the corporate governance requirements related to the Board.
5. Coordinating among the directors regarding attendance, documents circulation, and other matters.
6. Coordinating all logistics related to shareholders' meetings (General Assembly Meeting/ Extraordinary General Meeting) with the Chairman.
7. Keeping records and documents relevant to the Board's activities, such as the Commercial Companies Law, articles of association, memorandum of association, commercial register and updated corporate governance rules.

1.5 The Board's meetings, decisions and recommendations

- The Board shall convene their meetings on a periodic and regular basis, but in no event less than four (4) meetings in the financial year. The Board shall take its decisions and recommendations by a majority of the directors' present. In the event of a tie, the Chairman shall cast the deciding vote. The director shall attend all meetings and contribute to the

discussions effectively. If the director is unable to attend, the procedures prescribed by the Board shall be followed to obtain a permission for absence from the meeting.

- The Chairman shall ensure that all directors receive an agenda, minutes of previous meetings, and adequate information in writing as background of the meeting's subject matters before the meeting being held within an adequate time and when necessary during the meetings.
- All directors shall receive the same Board information, in due course, and they shall bear the legal responsibility for personal follow-up, ensure that they receive adequate and appropriate information and study it carefully.
- The Board may hold its meetings by telephone or visual communication (videoconferencing) or accept any director's remote participation in the deliberations of its meetings, subject to the provisions of the Commercial Companies Law. The Board shall set controls on the use of modern means of communication in meetings and remote participation of directors.
- Except for decisions concerning the approval of the company's financial statements, the Board may adopt its decisions by circulation with the approval of all its directors and move forward for implementation. However, these decisions shall be included for approval in the agenda of the meeting immediately following the circulation. The Board may establish mechanisms, conditions, and controls to circulate and manage its decisions. Circular decisions shall not be considered as a meeting, and the minimum number of Board meetings specified in the articles of association shall therefore be adhered to.
- The cumulative secret ballot shall be used for the election of the directors.

1.6 Directors' Independence

- The Board shall be composed of individuals who have the competence and independence to be able to demonstrate judiciousness, experience, objectivity, and impartiality in looking into the company's affairs and to ensure complete independence of the executive management and key shareholders.
- No director or small group of directors shall be allowed to dominate the decision making and recommendation process in the Board, nor shall any director have absolute powers and authorities over the decision-making mechanism of the Board.
- The executive directors shall inform the Board of all business and financial information within their competence as officers. They shall recognize that their role as directors is different from their role as company's officials.
- The non-executive directors shall be fully independent of the executive management and shall objectively and constructively scrutinize and challenge it, including the administrative performance of executive members.

1.7 The Board's representation of all shareholders

- Each director shall consider himself as a representative of all shareholders and shall act accordingly. The Board shall avoid having representatives of specific groups or interests within its directorship. Further, the controlling shareholders shall be aware of their responsibilities to other shareholders, which are direct and separate from the responsibilities of the Board.
- At least one-third of the Board shall consist of independent directors to secure the interests of the minority shareholders and ensure their representation in the Board.

1.8 Directors' accessibility to external consulting opinions

- The Board shall ensure, whenever necessary, that its directors have access to external consulting opinions, whether legal or technical, in matters related to the company and its expenses, provided that there is no conflict of interest when the directors decide the necessary of obtaining external consulting opinions, in order to carry out their duties and responsibilities as directors.
- Each director shall also have access to the company's secretary, who shall be responsible for reporting to the Board regarding the Board's procedures related to this matter.
- In case of any director having concerns or comments on serious matters related to the company's management or subject presented and not resolved at the Board meeting, the director shall consider seeking advice from an external consultant and shall ensure that these concerns or comments are recorded in the Board minutes, indicating any action taken or to be taken in response thereto.
- The non-executive director shall provide a written statement to the Chairman, for circulation to the board, if he has any special concerns of any serious matter that may have a material impact on the company.

1.9 Communications between directors and executive management.

- The Board shall encourage the executive management to be involved in the subjects under consideration of the Board, as well as the administrative officers by virtue of their responsibilities or the individuals nominated to hold senior management positions in the company, who the chief executive office believes that they should have access to communicate with the directors.
- Non-executive directors shall have free access to the executive management beyond the scope of the Board meetings. Such access shall be through the Chairman of the Board or chief executive officer. The Board shall explain this policy to the executive management in order to demonstrate the authorities of each director and executive management.

1.10 Evaluation of the board.

- The Board shall conduct an evaluation of its performance and the performance of all directors at least once a year. The evaluation process shall include:
 1. Evaluating the Board's method of operation.
 2. Reviewing each director's performance, attendance at the Board's and the effectiveness of the director's participation in the discussions and decision-making process.
 3. Reviewing the current composition of the Board in comparison with the required composition, taking into consideration maintaining an appropriate balance of skills and experiences related to the activities of the company, and moving forward towards gradual change and continuous updating of the Board and its directors.
 4. Evaluations shall be organized and carried out with the assistance of an internal committee under the Board and, where necessary, external experts. The Board shall be responsible for the evaluation.
 5. The Board shall report to the shareholders participating in the general assembly meetings that the required performance evaluation has been conducted.

PRINCIPLE 2: THE DIRECTORS AND EXECUTIVE MANAGEMENT SHALL HAVE FULL LOYALTY TO THE COMPANY

2.1 Personal accountability

- The directors and executive management shall possess knowledge of the legal and regulatory frameworks within which the Company operates and shall understand that they personally accountable to the company and shareholders in case of breach of duty of loyalty to the company.
- The duty of loyalty to the company shall include that the directors and executive management shall exercise their duties with honesty and integrity towards the economy and society in general and the company in particular, put the company's interest ahead of their own self-interests, not use their positions to achieve personal interests, maintain the confidentiality of information, not disclose it to any person or party, and avoid using it for personal gains.
- The directors shall disclose to the company their directorship in any other company, any acts they perform directly or indirectly that compete with the company, names of the companies and entities in which they are engaged or exercise any other tasks, time allotted thereto, and any change as soon as it occurs.

2.2 Dealing with related parties

- The company shall pursue the maximum transparency and clarity with regard to dealing with related parties. The related-party transactions are intended to transfer resources, services or obligations between the company and its related parties, whether or not for consideration.
- The person is a related party if:
 1. He is a director in the company, parent company, subsidiaries, or associates during the last 12 months.
 2. He has a significant impact on the company and its performance.
 3. He is a member of the company's or parent company's key management personnel, including the chief executive officer, general manager, or any employee who reports directly to the company's Board.
 4. He owns or controls 10% or more of the voting rights in the company, parent company, subsidiaries or associates.
 5. He is a first-degree relative of any person mentioned in items (1, 2, 3 and 4) of this paragraph (Second).
 6. He is affiliated with any of the entities listed below and any entity in which he solely holds at least 25% of the voting rights.
- The entity is a related party if:
 1. It is a member of the same business group, that is, a parent company, subsidiary, or associate.
 2. It is a joint venture of the company or its associates.
 3. It represents fund or post services benefits project for the company's employees of the company or its associates.
 4. The persons referred to above, individually, or jointly, hold at least 25% of the voting rights or the rights to direct or control its decisions.
 5. All transactions with related parties shall be reviewed by the company's corporate governance officer and audit committee prior to implementation.
 6. In the case of transactions to which the company enters into an agreement with the related parties, shall be approved by the Board prior to implementation.

2.3 Avoidance of conflicts of interest

- The directors, key shareholders, senior executives, and other employees of the company shall avoid cases that lead to conflicts of interest with the company and deal with such cases in accordance with the provisions of the Commercial Companies Law.
- The Board's internal regulations shall state that any director or member of the executive management who enters into a transaction involving a conflict of interest shall need the approval of the Board.

2.4 Disclosure of conflicts of interest.

- Each officer or director in the company who, himself or the party he represents in the Board, have a joint or conflicting interest in a transaction presented to the board for a decision shall disclose it to the Board and prove it in the minutes of meeting. He shall not be entitled to participate in the deliberation, discussion and voting of the decision on these transactions. The disclosure shall include the essence of the transaction and its impact on the integrity of the company's decisions and transactions, rather than the legal form.
- The Chairman shall report to the general assembly the results of the related-party transactions approved by the Board at the first meeting following the implementation of the transaction, and the reporting shall be on a case-by-case basis (i.e., according to transaction and related parties) and accompanied by a report from the external auditor.
- In the company's annual report, the details of the related-party transactions and the classification of the amounts due to these parties and the receivables therefrom shall be disclosed to the shareholders. The company's auditors - in the following year - shall ensure that the related parties perform all their obligations relating to these transactions and any transactions to which they were a party. Reference shall be made to international standards and other laws relevant to financial reporting to calibrate and disclose such transactions.
- The Board shall establish a written and clear policy to deal with the existing or potential conflicts of interest which may affect the performance of the company's directors, executive management members or other employees when dealing with the company or other stakeholders, and the directors shall be requested to make an annual declaration confirming the absence of any conflict of interest.

2.5 Criteria and determinants of professional conduct and ethical values.

- The company shall develop a code of ethics that includes the criteria and determinants of professional conduct and ethical values to consolidate the ethical concepts and values of the company, and to contribute to the proper performance of the tasks entrusted to the Board, executive management, and all employees. The code shall include a set of criteria and determinants that address, at a minimum, the following:
 1. Each director and executive management member shall be committed to all laws and regulations, represent all shareholders, and only serve the interests of the company, shareholders and other stakeholders, rather than the interest of a specific group only.
 2. The directors and executive management members shall not use their official power to achieve their own self-interests or interests of others.
 3. The company's assets and resources shall not be used to achieve personal interests. Instead, they shall be used optimally to achieve the company's objectives.
 4. A well-organized system and clear mechanism shall be established to prevent directors

and employees from using their positions to exploit the information they have accessed to for their personal interests, and to prohibit the disclosure of information and data concerning the company, except in cases where disclosure is allowed or in response to legal requirements.

5. Procedures shall be established to govern operations with related parties in order to minimize conflicts of interest.
6. Procedures shall be established to govern the relationship with the stakeholders so as to ensure that the company's obligations towards them are fulfilled, their rights are preserved, the necessary information is provided thereto and good relationships are established therewith, particularly mechanisms to compensate stakeholders in the event of violation of their rights that are recognized by the regulations and protected by contracts as well as mechanisms to settle dispute and disagreements which may arise between the company and its stakeholders, and to maintain the confidentiality of their information.
7. There shall be a clear segregation between the company's interests and directors' interests, through establishment of mechanisms to put the company's over the directors' interests.
8. The director shall disclose to the Board any direct or indirect common interests with the company.
9. The director shall be prohibited from participating in the discussion, expressing opinion or voting on any subjects presented to the Board, in which he has a direct or indirect common interest with the company.
10. A system of recruitment practices shall be established, especially the employment of relatives.
11. A whistleblowing program shall be developed to report violation and guarantee confidentiality of reporting.
12. A policy shall be set in regard to the benefits received by the directors or the employees or the gifts offered to the clients.

PRINCIPLE 3: THE BOARD SHALL HAVE RIGOROUS CONTROLS FOR FINANCIAL AUDIT AND REPORTING, INTERNAL CONTROL, AND COMPLIANCE WITH LAW

3.1 Board responsibilities

- In order to ensure that the Board have Rigorous Controls for Financial Audit and Reporting, Internal Control, and Compliance with Law, the Board is responsible among others to:
 - Review the Company's accounting and financial practices.
 - Review the credibility of the company's financial control, internal control, and financial statements.

- Review the Company's compliance with legal requirements.
- Recommend the appointment, compensation, and oversight of the Company's external auditor.
- Oversee and coordinate the implementation of the Company Corporate Governance Framework and review and recommend from time-to-time changes in the corporate governance policy framework of the Company, if and when required based on regulatory requirement or industry best practices.

3.2 Whistleblowing program

- The Board shall establish a whistleblowing program that allows the company's employees to report internally their concerns about any improper or suspicious practices in financial reports, internal control systems or any other matters, and make appropriate arrangements for an independent and fair investigation of such practices, while ensuring the confidentiality of such reporting in order to protect them against any adverse reaction or damage that may result from the reporting of such practices. Under the program, concerns the observation can be communicated directly to any Board member, or to an identified officer or employee who will report directly to the Board.

3.3 CEO and CFO certification of financial statements

- The Company's CEO and CFO must state in writing to the Board as a whole that the Company's interim and annual financial statements present a true and fair view, in all material respects, of the Company's financial condition and results of operations in accordance with applicable accounting standards.

PRINCIPLE 4: THE COMPANY MUST HAVE EFFECTIVE PROCEDURES FOR APPOINTMENT, TRAINING, AND EVALUATION OF THE DIRECTORS.

4.1 Board nomination to shareholders

- The Board will identify persons qualified to become members of the Board of Directors or Chief Executive Officer, Chief Financial Officer, Board Secretary, and any other officers of the conventional Company licensee considered appropriate by the Board.
- Make recommendations to the whole Board of Directors including recommendations of candidates for Board membership to be included by the Board of Directors on the agenda for the next annual shareholder meeting.
- Each proposal by the Board to the shareholders for election or re-election of a director shall be accompanied by a summary of the advice from the Board, and the following specific information:

- The term to be served, which may not exceed three years.
- Biographical details and professional qualifications.
- In the case of an independent director, a statement that the Board has determined that the criteria of determining independence have been met.
- Any other directorships held.
- Particulars of other positions which involve significant time commitments; and
- Details of relationships between:
 - The candidate and the Company, and
 - The candidate and other directors of the Company.
- The Chairman of the Board should confirm to shareholders when proposing re-election of a Director that, following a formal performance evaluation, the director's performance continues to be effective and demonstrates commitment to the role.
 - Nominations proposed by the Board to the shareholders for the election or re-election of directors shall be accompanied by a recommendation of the Board, a summary of the nomination committee's report on these nominations, and the following information:
 - The term of directorship, which shall not exceed three years and it is not required to limit the re-election for further term.
 - Personal details and professional qualifications.
 - In the case of an independent director, a statement shall be prepared that the Board has determined that the independent criteria have been met.
 - Any other board membership held in other companies.
 - Details of other positions which involve significant time commitments.
 - Details of the relationships between the candidate and the company, and between the candidate and other directors.
 - When proposing the re-election of any director, the Chairman shall confirm to the shareholders that, following the formal performance evaluation, the director's performance continues to be effective and to demonstrate a clear commitment to the role. Any term beyond six years (e.g., two three-year terms) for a director shall be subject to particularly rigorous review and shall consider the need for progressive refreshing of the Board. Serving more than six years shall be sufficient or appropriate to assess the independency of non-executive directors.

4.2 Induction and training of directors

- The Chairman shall ensure that each new director receives a formal and tailored induction to ensure effective participation in the Board's activities from the beginning of his term.
- This induction shall include meetings with senior management, visits to the company's facilities, knowledge of strategic plans and financial management, accounting and risk management-related matters, compliance programs, and access to the reports of the internal

auditor, independent external auditor, and legal counsel.

- All directors shall be responsible for continuous access and further learning about the company's business and governance.
- The executive management shall consult with the Chairman to organize programs and presentations for directors regarding the company's activities, which may include the attendance of relevant specialized conferences and management meetings on a regular basis.

PRINCIPLE 5: THE COMPANY SHALL REMUNERATE DIRECTORS AND SENIOR OFFICERS FAIRLY AND RESPONSIBLY

- Remuneration of Directors must be sufficient enough to attract, retain and motivate persons of the quality needed to run the Company successfully, but the Company must avoid paying more than is necessary for that purpose.
- Remuneration of Non-Executive Directors must not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or pension benefits.
- Remuneration of senior management must be structured so that a portion thereof is linked to the company and individual performance and the employees' interests are aligned with the shareholders' interests. Such remuneration may include bonus shares, share options or any other deferred benefits under the incentive schemes, bonuses savings, and pension benefits which are not based on salary.
- If a senior manager is also a Director, his/her remuneration, as a senior manager must consider compensation received in his/her capacity as a Director.
- All share incentive plans must be approved by the shareholders.
- All performance-based incentives should be awarded under written objective performance standards which have been approved by the Board and are designed to enhance shareholder and the Company's value, and under which shares should not vest and options should not be exercisable within less than two years of the date of award of the incentive.
- All plans for performance-based incentives should be approved by the shareholders, but the approval should be only of the plan itself and not of the grant to specific individuals of benefits under the plan.

PRINCIPLE 6: THE BOARD SHALL ESTABLISH A CLEAR AND EFFICIENT MANAGEMENT STRUCTURE FOR THE COMPANY AND DEFINE THE JOB TITLES, POWERS, ROLES AND RESPONSIBILITIES.

6.1 Establishment of management structure

- The Board shall appoint and supervise executives whose authorities shall include management and operation of the company's day-to-day activities and reporting to the Board. These officers shall include at a minimum:

- Chief executive officer.
- Chief financial officer.
- corporate secretary.
- Internal auditor.
- Any other officer, as the Board considers appropriate.
- The Board should ensure that senior management authority includes management and operation of current activities of the Company, reporting to and under the direction of the Board.

6.2 Job Titles, Authorities, Roles and Responsibilities:

- The Board shall adopt by-laws prescribing each senior officer's title, authorities, duties, and internal reporting responsibilities.
- The Company's Chief Executive Officer ("CEO") has the authority to act generally in the Company's name, representing the Company's interests in concluding transactions on the Company's behalf and giving instructions to other senior managers and Company employees. The Chief Executive Officer in conjunction with the Board is also responsible to maintain a clear mapping of the risks faced by the business and document the organizational and other controls maintained to meet those risks.
- The chief financial officer shall be responsible and accountable for the timely preparation of the company's financial statements, in accordance with the accounting standards and policies of the company; and for realistically and clearly reporting to the Board on the company's financial position.
- The internal auditor's duties shall include providing an independent and objective review of the efficiency of the company's operations. This shall include a review of the accuracy and reliability of the company's accounting records and financial reports as well as a review of the adequacy and effectiveness of the company's risk management, control, and governance processes.
- The Board has also specified limits that it wishes to set on the authority of the CEO or other senior managers, including monetary maximums for transactions that they may authorize without separate Board approval.
- The corporate secretary should be given general responsibility for reviewing the Company's procedures and advising the Board directly on such matters. Whenever practical, the corporate secretary should be a person with legal or similar professional experience and training.
- At least annually, the Board shall review and concur in a succession plan addressing the policies and principles for selecting a successor to the CEO, both in emergencies and in the normal course of business.

6.3 Board's Additional Authorities and Duties

- The Board shall review, at least once a year, and approve the succession plan which involves the policies and principles for selecting the successor of the chief executive officer, both in emergencies and in the ordinary course of business. The succession plan shall include an assessment of the experience, performance, skills, and career paths of potential candidates for the chief executive officer position.
- The Board may also place any limits it deems appropriate on the authorities of the chief executive officer or any other officer, such as the maximum financial limit for transactions authorized to be carried out without the Board approval.

PRINCIPLE 7: THE COMPANY SHALL COMMUNICATE WITH SHAREHOLDERS, ENCOURAGE THEIR PARTICIPATION, AND RESPECT THEIR RIGHTS.

7.1 Shareholder Empowerment

The company's general management framework shall create an appropriate environment for shareholders to participate effectively in the company's general assemblies, access to the information that allows them to exercise their rights and respond to inquiries and enable them to contribute to the election of the appropriate directors.

7.2 Conduct of Shareholders' Meetings

- The Board observes the letter and the intent of the Company Law's requirements for shareholder meetings. Among other things:
 - The invitations to shareholders' ordinary and extraordinary general assembly meetings shall be clear and not misleading and shall include an explanation of the items to be discussed at these meetings.
 - The Board shall encourage the greatest possible number of shareholders to attend general assembly meetings by choosing the appropriate place and time for holding such meetings.
 - The company shall give the shareholders the opportunity to vote without discrimination, keep them informed of all the rules governing the voting procedures and the information relating to the voting rights on a regular basis, and avoid any action that hinders the use of this right. The shareholder may appoint, in writing, a proxy who is not a director and not a member of the company to attend the general assembly meetings, provided that the proxy shall be treated as the principal in the discussion and voting. The proxy agreement shall list all agenda items and shall specify the shareholder's vote (such as, "yes", "no" or "abstain").
 - Prior to the general assembly meeting, shareholders shall have adequate access to information on agenda items, particularly the Board' report, auditor's report, financial

statements, and corporate governance report, to enable them to make informed decisions thereof.

- The Board shall include each substantially separate topic in a separate agenda item to ensure that unrelated issues are not bundled together under one item and shall not put the transactions and contracts in which directors have a direct or indirect interest in one item to ensure that each item is voted separately.
- In meetings where directors are to be elected or removed, the board shall ensure that each person has been voted for separately, so that the shareholders can evaluate each person individually.
- The shareholders shall have the right to discuss the issues on the agenda of the general assembly meeting, including corporate governance, and to ask questions thereon to the directors and external auditor. These questions shall be answered to the extent that they do not jeopardize the company's interest.
- The minutes of the general assembly meeting shall be made available to shareholders. The company shall provide the competent authority with a copy thereof within fifteen days from the date of the meeting.
- Disclosure of all material facts shall be made to the shareholders by the Chairman prior to any vote by the shareholders.
- The company shall require all directors to attend the meeting of the shareholders and answer all of their questions, in particular, ensure the attendance of the chairmen of the audit and remuneration committees and the fact that they are ready to answer appropriate questions regarding matters within their committee's responsibility and competence.
- The company shall work on considering the possibility of developing electronic means for shareholders' communications including appointment of proxies. For confidential proprietary information, the company shall grant a controlled access to such information to its shareholders.

7.3 Direct Shareholder Communication

- The chairman of the Board must maintain continuing personal contact with the major shareholders to solicit their views and understand their concerns. The chairman must ensure that the views of shareholders are communicated to the Board as a whole. The chairman must discuss governance and strategy major shareholders.

7.4 Controlling Shareholders

- The Chairman and other directors shall actively encourage the controlling shareholders to use their position responsibly and to fully respect the rights of minority shareholders.

PRINCIPLE 8: THE COMPANY SHALL DISCLOSE ITS CORPORATE GOVERNANCE

- The Board has adopted these written corporate governance guidelines covering the matters stated in the corporate governance code and other corporate governance matters deemed appropriate.
- The Company should publish the guidelines on its website.
- At each annual meeting, the Board must report on the Company's compliance with its corporate governance guidelines and explain the extent to which it has varied them or believes that any variance or noncompliance was justified.

PRINCIPLE 9: THE BOARD SHALL ENSURE THE INTEGRITY OF THE FINANCIAL STATEMENTS SUBMITTED TO SHAREHOLDERS THROUGH APPOINTMENT OF EXTERNAL AUDITORS

9.1 Selection of External Auditor

- The general assembly meeting shall appoint one or more auditors for the company and determine their fees upon the proposal of the Board, while taking into consideration the following requirements:
 - The auditor shall be nominated by the Board. It shall be included in the general assembly meeting's agenda.
 - The auditor shall be recorded in the auditor register with the Ministry of Industry, Commerce and Tourism.
 - The auditor shall be independent from the company and its Board.
 - The auditor shall be well-qualified, competent, highly reputed, and professionally experienced.
 - The partner responsible for auditing the company shall be rotated once every three years at a maximum.

9.2 External Auditor's Obligations

- During the audit of the Company accounts, the auditor shall:
 - Examine the administrative, financial, internal control and governance systems within the company to ensure that they are suitable for the proper and effective functioning of the company and the preservation of its funds; and
 - Ensure that the company complies with the regulatory governance requirements, taking into consideration the "Comply or Explain" principle.
- The auditor shall prove the fulfilment of the above-mentioned obligations in a special paragraph in its professional opinion in all financial reports or solvency letters issued thereby, as the case may be.

- Obligations related to the audit-related activities, the auditor shall:
 - Monitor the company's business, give an opinion on the validity of the company's financial statements and request to adjust them if there is any impact on their validity.
 - Verify the company's ownership of assets and legality of obligations.
 - Attend the general assembly meetings, read its report to the shareholders, and answer their questions and queries regarding the financial statements for the year end.
 - Notify the Board of the violations discovered or suspected. In the event that the detected or suspected breach is serious, it shall provide the regulatory authorities with a copy of the report prepared for this purpose without the permission of the company or the Board.
 - Refrain from carrying out additional non-audit activities which may affect its impartiality or independence.
 - Carry out the duties assigned thereto independently and impartially.

PRINCIPLE 10: THE COMPANY SHALL SEEK THROUGH SOCIAL RESPONSIBILITY TO EXERCISE ITS ROLE AS A GOOD CITIZEN

10.1 Formulation of Social Responsibility Policy:

- The company - represented by the Board - shall draw up its own internal code to deal with the requirements of social responsibility.

10.2 Disclosure of Social Responsibility:

- The Company shall provide, in its annual report, a report on corporate social responsibility activities. The report shall explain these activities and the amounts spent thereon and measure their impact and sustainability if any.

EXCEPTIONS TO THE DOCUMENTS

There are no exceptions on the implementation of these guidelines, all directors and staff of the Company are required to follow these guidelines.

OWNER OF THE DOCUMENT

This document is owned by the Board of directors who will be in charge of updating/ reviewing/ monitoring this document, as required.

GUIDELINES TRAINING AND AWARENESS

The guidelines will be made available to all employees via the Company's website and the Company will ensure to provide the necessary training and guidelines in this matter.

LEVEL OF ACCESS TO THE DOCUMENT

There are no restrictions to accessing this document, it can be viewed by all employees in TIM, auditors, and regulators.

Appendix A – Definition

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| Associate | An entity in which the company holds 20% of the share capital. |
| Board | Board of Director of Trust Insurance Management W.L.L. |
| CBB | Central Bank of Bahrain. |
| CEO | Chief Executive Officer of Trust insurance Management W.L.L. |
| CFO | Chief Finance Officer of Trust insurance Management W.L.L. |
| Chairman | Chairman of the Board of Director of Trust Insurance Management W.L.L. |
| Commercial Companies Law | The Commercial Companies Law promulgated by Legislative Decree No. 21 of 2001. |
| Controller | A natural or legal person who, either alone or with his associates: (a) Holds 10% or more of the issued and paid-up capital in the Company or parent undertaking; or (b) Is able to exercise more than 10% of the voting power over the Company or the parent undertaking. |
| Controlling Shareholder | Any shareholder, which holds 10% or more of the share capital or is able to exercise or control the exercise of 10% or more of the voting power of the company. |
| Corporate Governance | A methodology to lead, guide and control the company's business. It includes mechanisms to regulate the various relationships between the Board, executives, shareholders, and stakeholders by establishing special rules and procedures to facilitate decision making as well as follow-up foundations to evaluate and monitor performance and to ensure transparency and credibility, for the purpose of protecting the rights of shareholders and stakeholders and achieving justice, competitiveness, and transparency. |
| Executive Directors | A director who is an officer or employee, or is otherwise involved in day-to-day management, of either: a) The Company. b) Another company which is a controller of the TIM. c) Another company of which TIM is a controller; or d) Another company which is controlled by a controller of the TIM. |
| Executive Management | The executive management of the company |
| HC | High Level Controls Module of Volume 3 of the CBB rulebook. |

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| Independent Director | <p>A director of the Company who, or whose family shareholders either separately or together with him or each other, does not have any material pecuniary relationships or transactions with the TIM (not counting director's remuneration for this purpose) and in particular who, during the one year preceding the time in question met all the following conditions:</p> <p>(a) Was not an employee of TIM.</p> <p>(b) Did not:</p> <ul style="list-style-type: none"> (i) Make to, or receive from, TIM payments of more than 31,000 BD or equivalent (not counting director's remuneration). (ii) Own more than a 10% share or other ownership interest, directly or indirectly, in an entity that made to or received from TIM payments of more than such amount. (iii) Act as a general partner, manager, director or officer of a partnership or company that made to or received from TIM payments of more than such amount. (iv) Have any significant contractual or business relationship with TIM which could be seen to materially interfere with the person's capacity to act in an independent manner, <p>(c) Did not own directly or indirectly (including for this purpose ownership by any family member or related person) 5% or more of the shares of any type or class of the TIM.</p> <p>(d) Was not engaged directly or indirectly as an auditor or professional advisor for TIM.</p> <p>(e) Was not an associate of a Director or a member of senior management of TIM; and</p> <p>(f) Was not an associate of a Director, member of senior management or board member of TIM's controller.</p> |
| Non-executive Directors | Means any director who is not an executive director. |
| Officer | A director, member of the Executive Management, Chief Executive, Head of Function or any other similar position within TIM, or a person purporting to act in that capacity. |
| Parent Company | An entity that holds more than 50% of the company's share capital. |
| Relatives | Father, mother, brother, sister, sons, spouse, father-in-law, mother-in-law, and spouse's sons. |
| Remuneration | Amounts, allowances, profits, and equivalents, performance-related periodic or annual bonuses, short or long-term incentive schemes, and any other in-kind benefits. The reasonable expenses incurred by the company for a director for the purpose of performing his work duties shall not be considered as remuneration. |
| Secretary | The secretary of the Board of Director of Trust Insurance Management W.L.L. |
| Shareholder | Any individual or company, which holds shares in the company. |
| Stakeholders | Individuals and groups affected by the company's business, such as workers, employees, suppliers, customers, banks, society, and government. |
| Subsidiary | An entity in which the company holds more than 50% of the share capital. |
| TIM/Company | Trust Insurance Management W.L.L. |