

## CORPORATE GOVERNANCE REPORT 2024

Bahrain Commercial Facilities Company B.S.C. (BCFC) is licensed by the Central Bank of Bahrain (CBB) as a 'Financing Company' regulated under Rulebook Volume 5 'Specialized Licensees' category. BCFC is also a listed company on Bahrain Bourse and the provisions of Rulebook Volume 6 apply to it as a capital market participant. The corporate governance provisions relate to the High-Level Controls (Module HC) of the respective Rulebook Volumes.

BCFC is committed to the best practices of corporate governance in line with the legal and regulatory requirements. Maintenance of high standards in corporate governance is an intrinsic part of the Company's pursuit of its business activities and its subsidiaries. To uphold its commitment to the highest standards of corporate governance, BCFC has formulated comprehensive policies designed to ensure compliance with applicable legal and regulatory requirements. These Policies highlight the areas the Company and its employees have to comply with in relation to the corporate governance and disclosure requirements, particularly with reference to Corporate Governance Code of the Ministry of Industry and Commerce (MOIC), applicable regulatory requirements under HC Modules of Rulebook Volumes 5 and 6 (whichever applies) and any other rules, regulations and Directives issued on this matter and the Memorandum and Articles of association of the Company.

### A. Shareholder Information

Details of the Company's capital, shareholders and distribution of equity shares are disclosed under Note 18 to the Consolidated Financial Statements for the year ended 31 December 2024.

The Company has only one class of equity shares, and the holders of these shares have equal voting rights. Out of the total shareholders, 98% (2023: 98%) are Bahraini individuals or corporates and 2% (2023: 2%) are other nationalities.

### B. Board of Directors

The Board is constituted of ten directors, divided into independent, non-executive and executive members. The members are appointed and elected for a three-year term unless terminated earlier in accordance with applicable laws or as per the Company's Memorandum and Articles of Association or the Board of Directors Charter. Additionally, as per the High-Level Controls Module (Module HC) of the CBB Rulebook, which requires disclosure of the percentage of women's representation on the board of directors of listed companies in 2024, the BCFC Board of Directors is comprised of one female Board member who represents 10% of the overall Board composition and the Board fosters this direction to promote diversity in the future. Furthermore, the independent Directors represent 50% of the Board composition. The Board represents a mix of high-caliber professional skills and expertise. Any newly appointed/elected director undergoes a comprehensive, formal, and tailored induction to ensure the director's fiduciary responsibilities are well understood and appreciated. In this regard, it is worth mentioning that training of the Board Members, as approved persons holding controlled functions in the Company, has always been at the forefront of the responsibilities of the Company, which ensures proper Continuous Professional Development (CPD) Training is extended to all Directors as per the CBB Training and Competency Module (Module TC). In this respect, the majority of the Board members (80%) fulfilled their training and competency requirements for the year ended 31 December 2024, in accordance with the regulatory directive. The reasons for not fulfilling the requirements were attributed to illnesses. To fulfill some of its responsibilities, the Board has in place an Executive Committee, a Nomination, Remuneration, Sustainability and Governance Committee ("NRSG"), Audit, Risk and Compliance Committee ("ARCC") and Board-Independent Directors Committee whose compositions consist of members with adequate professional background and experience. The Board annually reviews its own composition and Charter and conducts a comprehensive

evaluation of its performance, the performances, and contributions of all Committees vis-à-vis their respective charters and the performance, effectiveness, and contribution of each board member. The performance evaluations employ a robust methodology that includes both qualitative and quantitative measures. Qualitative measures involve self-assessments and peer reviews and feedback, while quantitative measures include performance metrics and benchmarks. These evaluations are conducted through written forms or reports made at the last scheduled meeting of the calendar year. The final performance appraisal report is then reviewed and recommended by the Nomination, Remuneration, Sustainability and Governance Committee for the approval of the Board. The BCFC Board of Directors gives the final approval at the first meeting of the calendar year where the Company's year-end results are approved for publication. This rigorous evaluation process not only ensures accountability but also enhances governance practices by identifying areas for improvement and fostering a culture of continuous development and excellence. The overall rating of the Board, Board Committees and Boards of the portfolio companies was 3.95 out 4.

The Board is responsible for the preparation and fair representation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for establishing such internal controls as the Board determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors of Bahrain Commercial Facilities Company B.S.C. are under an obligation to exercise their individual and collective business judgment objectively, transparently and in good faith in what they reasonably believe to be in the best interest of the Company, its shareholders, and stakeholders. The Board of Directors oversees the process of disclosure and communications to internal and external stakeholders. The Board of Directors ensures that disclosures are fair, transparent, and comprehensive; and reflect the character of the Company and the nature and complexity of risks inherent in the business activities of the Company. The Board of Directors and Senior Management oversee and ensure that Information and Cyber Security controls are periodically evaluated for adequacy.

In compliance with the local statutory and regulatory requirements, the Board of Directors oversees the exercise of corporate powers and ensures that the Company's business and affairs are well managed to meet its stated goals and objectives. Maintenance of the highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards, receives considerable attention by the Board of Directors.

The types of material transactions that require the Board of Directors' approval cover a wide area ranging from strategic plans, investment decisions, major expenditures, policy approvals, credit limits, donations to governance matters.

The Company strives to promote the highest standard of professional ethical norms and values towards its stakeholders (including without limitation, its customers, employees, regulators and the community). The Board has approved a Code of Conduct (the Code) that applies to the Directors and another one dedicated for the Executive Management and staff. It is in the best interest of the company and shareholders to bind all the concerned to the highest standards of professionalism and due diligence in discharging their duties. The code includes areas pertaining to the "whistle blowing" procedure, conflict of interest, related parties' transactions, obligations of integrity and loyalty, confidentiality and the responsibilities of all those concerned to adhere to best practices and high standards in ethical norms and values.

Furthermore, directors as approved persons abide by their fiduciary duties of care and owe loyalty not to use property of the Company for their personal needs as though it was their own property, not to disclose confidential information or use it for their personal profit, not to take business opportunities for themselves that constitute direct and material conflicts of interest, not to compete directly or indirectly in business with the Company; and to declare their conflict and abstain from participating in any deliberation in or voting on any transaction contemplated between the Company and a company in which they have personal interests.

In compliance with the regulatory requirements, below are the numbers of shares held by the Company's directors, in their capacity as approved persons, and the connected persons as at 31<sup>st</sup> December 2024 as follows:

<b>Directors *</b>	<b>Type of Shares</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Mr. AbdulRahman Yusuf Fakhro, Chairperson	Ordinary	1,071,718	991,718
Mr. Reyadh Yusuf Hasan Sater, Vice Chairperson	Ordinary	Nil	Nil
Sh. Salman Bin Isa Al-Khalifa, Director	Ordinary	Nil	Nil
Mr. Yaser Abduljalil Alsharifi, Director	Ordinary	Nil	Nil
Mr. AbdulAziz Abdulla Al-Ahmed, Director	Ordinary	Nil	Nil
Mr. Yusuf Saleh Khalaf, Director	Ordinary	Nil	Nil
Mrs. Najla Mohamed Al Shirawi, Director	Ordinary	Nil	Nil
Mr. Ebrahim Abdulla Buhindi, Director	Ordinary	Nil	Nil
Mr. Mohamed Abdulla Isa, Director	Ordinary	Nil	Nil
Mr. Mishal Ali Mohamed Alhellow, Director	Ordinary	Nil	Nil

\* The Board of Directors and their connected persons, with the exception of Mr. AbdulRahman Yusuf Fakhro, did not trade in the shares of the Company during the financial year ending 31<sup>st</sup> December 2024.

Annual confirmations as well as an on-going obligation update regarding the profiles, directorships, conflicts and personal interests of the Board of Directors are sought from the Board of Directors. The process of declaration of interests takes place on an annual basis and as part of the public disclosure requirements in the Company's Annual Report. The Board Secretary writes to all the Directors, requesting them to confirm and/or update their existing directorships and profiles. Upon receiving their responses, profiles, directorships, conflicts and personal interests of the Board of Directors are disclosed in the annual report at the end of each financial year. Similar confirmations and declarations are also applied at the time of election and nomination or appointment of a new Board of Director, when candidates fill in and submit the CBB forms together with their declarations of interest in other enterprises and these declarations are refreshed thereafter with necessary information on an annual and regular basis to fully adhere to the applicable CBB Rulebook provisions.

The Board of Directors meets at least four times in each financial year upon the summons of the Chairperson of the Board or his Deputy (in case of absence or disability) or at least two of its members. A quorum shall be attained if one half plus one of the members are present. In 2024, the Board of Directors convened six ordinary meetings. The meetings were attended as follows:

<b>Board of Directors</b>	<b>29 Jan.</b>	<b>28 Feb. &lt;4&gt;</b>	<b>12 May. &lt;5&gt;</b>	<b>31 Jul.</b>	<b>30 Oct.</b>	<b>12 Dec.</b>	<b>Total</b>	<b>Attendance Percentage</b>
Mr. AbdulRahman Yusuf Fakhro, Chairperson	✓	✓	✓	✓	✓	✓	6	100%
Mr. Reyadh Yusuf Hasan Sater, Vice Chairperson <1>	✓	✓	Virtual	✓	Virtual	Virtual	6	100%
Sh. Salman Bin Isa Al-Khalifa, Director	✓	✓	✓	✓	✓	✓	6	100%
Dr. AbdulRahman Ali Saif, Vice Chairperson <2>	✓	✓	✓	✓			4	100%
Mr. Yaser Abduljalil Alsharifi, Director <3>					✓	✓	2	100%
Mr. AbdulAziz Abdulla Al-Ahmed, Director	✓	✓	✓	✓	✓	Virtual	6	100%
Mr. Yusuf Saleh Khalaf, Director	✓	✓	✓	✓	✓	✓	6	100%
Mrs. Najla Mohamed Al Shirawi, Director	✓	✓	✓	✓	Virtual	✓	6	100%

Mr. Ebrahim Abdulla Buhindi, Director	✓	✓	✓	✓	✓	Absent	5	83.3%
Mr. Mohamed Abdulla Isa, Director	✓	✓	✓	✓	✓	✓	6	100%
Mr. Mishal Ali Mohamed Alhellow, Director	✓	✓	✓	✓	✓	✓	6	100%

1. Appointed as Vice Chairperson of the Board at the BCFC Board meeting on 30 October 2024.
2. Retired from his position as Group Chief Executive of Bank of Bahrain and Kuwait B.S.C. ("BBK") on 18 August 2024.
3. Appointed as a Director on 29 October 2024, succeeding Dr. AbdulRahman Saif upon his retirement from the Bank of Bahrain and Kuwait B.S.C. ("BBK").
4. A senior management member informed the Board of a potential commercial partnership between the company and another well-renowned organization. Due to a perceived conflict of interest, the conflicted senior management member, who serves as a Board Member in that organization, absented themselves from the discussion and approval process. After discussions, the Board authorized the partnership to be in accordance with legal and regulatory requirements at arms' length basis on commercial terms.
5. Several Board Members declared a conflict of interest regarding an agenda item. They absented themselves from the discussion and decision-making process on this matter.

Additionally, where there is a potential for conflict of interest, or there is a need for impartiality in relation to a subject or proposed transaction where a conflict of interest exists, the Board shall form ad hoc Board sub-committees, comprising of a sufficient number of non-banking and non-conflicted Board members capable of exercising independent, objective judgment. This is to ensure that the Board members discharge their duties with a high degree of integrity and loyalty, taking into account applicable laws, codes and regulations. In this regard, the Board disclosed the areas that featured discussions and decision-making where potential conflicts of interest might engage, and where the respective members absented themselves to avoid conflict of interest. In 2024, the Board formed two Board ad hoc Sub-committees to review and approve the refinancing proposals for the loan maturities in 2024. The Board ad hoc sub-committee convened and the meetings were attended as follows:

Board Sub-Committee Meetings	09 Apr.	22 Dec.
Mr. AbdulRahman Yusuf Fakhro, Chairperson	✓	Virtual
Mr. Reyadh Yusuf Hasan Sater, Vice Chairperson	✓	Virtual
Sh. Salman Bin Isa Al-Khalifa, Member	✓	Virtual
Mrs. Najla Mohamed Al Shirawi, Member	Virtual	Virtual

### C. Key Persons Dealing Policy

The Company has in place a Key Persons Dealing Policy to ensure that insiders are fully aware of the regulatory requirements regarding dealing with BCFC shares, with the objective of preventing abuse of inside information. A Key Person is defined as a natural person or a juristic person that possesses or has access to price-sensitive information, from time to time, by nature of their duties performed. Key persons are Board of Directors, senior management and other persons or third parties as decided by the Company's Board. The Group's Head of Compliance maintains at all times an updated Register of Key Persons and makes immediate notification to Bahrain Bourse of their dealings in the Company's shares.

### D. Board of Directors Committees

## 1. Executive Committee

In accordance with Article (19) and (20) of the Company's Articles of Association and Article (1.6) Paragraph (1) of the Board of Directors Charter, the Executive Committee is delegated with a defined scope of duties and authorities in relation to BCFC, TRESKO and TISCO and to review and make recommendations to the whole Board in respect of the aforementioned scope of duties and authorities as per the Executive Committee Charter.

The Executive Committee is comprised of a minimum of three members, who are not members of the ARCC, appointed by the Board of Directors and at least one member shall be independent. Currently and as disclosed last year, the Committee has in place four members, one of whom is an independent member [who is already a member of the ARCC] and is not in line with the Company's policy. This internal requirement for an independent member within the Committee composition was substantiated as necessary to ensure independence. This was communicated with the relevant department and obtained CBB approval. In accordance with its charter, the Executive Committee has the role of reviewing reports and activities, taking decisions on issues within its defined authorities and recommending to the Board of Directors on other issues that are above its authorities, where applicable. These responsibilities and authorities cover a wide area ranging from credit approvals, write-offs, strategy, business planning, donations, signing and investment authorities.

To ensure full discharge of duties, the Executive Committee shall convene its meetings regularly as required, but with a minimum of four meetings per annum. In 2024, the Executive Committee held four ordinary meetings and one unscheduled meeting. The meetings were attended as follows:

<i>Committee Member</i>	<i>21 Apr.</i>	<i>08 May. &lt;1&gt;</i>	<i>09 Jul.</i>	<i>02 Oct.</i>	<i>27 Nov.</i>	<i>Total</i>	<i>Attendance Percentage</i>
<i>Sh. Salman Bin Isa Al-Khalifa, Chairperson</i>	✓	✓	✓	✓	✓	5	100%
<i>Dr. AbdulRahman Ali Saif, Vice Chairperson &lt;2&gt;</i>	✓	Virtual	✓			3	100%
<i>Mr. Yaser Abduljalil Alsharifi, Vice Chairperson &lt;3&gt;</i>					✓	1	100%
<i>Mr. AbdulAziz Abdulla Al-Ahmed, Member</i>	✓	Virtual	✓	✓	Virtual	5	100%
<i>Mr. Ebrahim Abdulla Buhindi, Member</i>	Absent	✓	✓	✓	✓	4	80%

1. An unscheduled meeting was held to discuss a few agenda items including one that required the Committee's attention and decision before making a final recommendation to the Board.
2. Retired from his position as Group Chief Executive of Bank of Bahrain and Kuwait B.S.C. ("BBK") on 18 August 2024.
3. Appointed as a Director on 29 October 2024, succeeding Dr. Abdulrahman Saif upon his retirement from Bank of Bahrain and Kuwait B.S.C. ("BBK") and appointed as a Vice Chairperson of the Executive Committee at the Executive Committee meeting held on 27 November 2024.

## 2. Audit, Risk and Compliance Committee ("ARCC")

In accordance with Article (19) and (20) of the Company's Articles of Association, and with the objective of assisting the Board of Directors (the Board) in fulfilling its responsibilities and duties, the Audit, Risk and Compliance Committee is delegated with defined scope of roles and authorities related to Company's Audit, Risk Management and Compliance matters, in accordance with the relevant rules and regulations.

The Committee must have at least three directors of which the majority must be independent and have no conflict of interest with any other duties they have and must be appointed by the Board of Director for a three-year term. The Committee will elect a Chairperson and Vice Chairperson. The Chairperson of the Committee must be an independent director under the criteria stated in the Corporate Governance Code. However, and as disclosed last year, the Committee composition was not in line with the

requirements, since the majority of the committee members were not independent directors, this was communicated with the relevant department and obtained CBB approval. The CEO and other Senior Management of the Company must not be members of the Committee.

The Board Audit, Risk and Compliance Committee (“ARCC”) assists the Board of Directors, in overseeing the responsibilities for the financial reporting process, the system of internal control and the audit process, monitoring compliances with the Company’s policies and procedures and overall risks related to the Group’s operations and matters pertaining to anti-money laundering relevant to regulatory requirements. Consistent with this function, the Committee encourages continuous improvement of, and fosters adherence to, the Company’s policies, procedures, and sound practices at all levels.

The Committee must receive internal and external audit, risk management and compliance reports and ensure that Senior Management is taking necessary corrective actions in a timely manner to address any control weaknesses, non-compliance with policies, laws and regulations, and other problems identified by external auditors, the Chief Internal Audit, Head of Risk Management, and Head of Compliance and other control functions.

The Committee directs the role and assesses the performance of the Internal Audit, Risk Management, Compliance and Anti-Money Laundering Departments. The Committee is also responsible for developing and recommending to the Board risk related policies and the Company’s risk management framework reviewing those policies at least once a year in compliance with the regulatory requirements, additionally reviewing and recommending to the Board all policies related to the operations of the Company. The Committee reviews and recommends any amendments to the Company’s Memorandum and Articles of Associations in consultation with a legal counsel. The Committee reviews and challenges where necessary, the actions and judgment of management, in relation to the interim and annual financial statements before submission to the Board.

Additionally, the Chief Executive Officer and Chief Financial Officer shall certify in writing to the ARCC Committee and the Board as a whole the Company’s interim and annual financial information / statements.

The Committee is authorized by the Board to seek appropriate professional advice inside and outside of the Company as and when it considers this necessary at the Company’s expense. To ensure full discharge of duties, the Committee shall convene its meetings regularly as required, but with a minimum of four meetings per annum. In 2024, the Audit, Risk and Compliance Committee held five ordinary meetings. The meetings were attended as follows:

<i>Committee Member</i>	<i>20 Feb.</i>	<i>05 May.</i>	<i>24 Jul.</i>	<i>23 Oct.</i>	<i>08 Dec.</i>	<i>Total</i>	<i>Attendance Percentage</i>
<i>Mr. Yusuf Saleh Khalaf, Chairperson</i>	✓	✓	✓	✓	✓	5	100%
<i>Mr. Mishal Ali Mohamed Alhellow, Vice Chairperson</i>	✓	✓	✓	✓	<i>Virtual</i>	5	100%
<i>Mr. Ebrahim Abdulla Buhindi, Member</i>	✓	✓	<i>Absent &lt;1&gt;</i>	✓	<i>Absent &lt;1&gt;</i>	3	60%
<i>Mr. Mohamed Abdulla Isa, Member</i>	✓	✓	<i>Virtual</i>	<i>Virtual</i>	<i>Virtual</i>	5	100%

1. *Apology for absence was received due to illness.*

### 3. Nomination, Remuneration, Sustainability and Governance Committee (“NRSG”)

The Nomination, Remuneration, Sustainability and Governance Committee is comprised of at least three directors, appointed by the Board. The Nomination, Remuneration, Sustainability and Governance Committee provides advice and makes recommendations to the Board on matters related to the nomination and appointment of Directors,



memberships to all Committees of the Board, Directors to the Boards and memberships of Executive Committees of the Company's subsidiaries, the Chief Executive Officer or his delegate and controlled functions under Bahrain Credit, the General Managers or his Delegate of all the subsidiaries of the Group and the Secretary to the Board.

The Nomination, Remuneration, Sustainability and Governance Committee reviews and makes recommendations to the Board on all matters of remuneration and compensation of Directors and the remuneration of the Chief Executive Officer, General Managers or their delegates of the subsidiaries and the Secretary to the Board, the bonus, share option, redundancy, and termination payment policies of the Company. The Committee assesses the roles of the Chief Executive Officer or his delegates, all the General Managers or their delegates of the subsidiaries, and Secretary to the Board. Moreover, the Committee reviews and approves the salary and bonus payments for the CEO's direct reports. The Committee also ensures that failure is not rewarded and that the duty to mitigate loss is fully recognized. Additionally, the Committee determines the policy for the disclosure of Directors and Executive Management's remuneration for approval of the Board of BCFC.

The Committee evaluates and recommends Corporate Governance policies, practices, and guidelines applicable to the Board and the Company. The Committee also reviews and makes recommendations to the Board on all matters relevant to Corporate Governance to coordinate and integrate the implementation of the governance policy framework. In addition, the Board of Directors delegates their responsibilities towards Environmental, Social and Governance (ESG) as outlined in the Group's ESG policy.

The Board of Directors also appoints the role of the Group's Corporate Governance Officer in order to assist the NRSG Committee in fulfilling its responsibilities and duties pertaining to the process of reviewing on an annual basis the Corporate Governance disclosure guidelines in the Company's annual report to ensure that the scope of the disclosure is in line with the Corporate Governance Code, High Level Control Module, Public Disclosure Module, and other Corporate Governance matters., He/she also assesses the Board and the Committee's composition and carries out an annual test of directors' independence and subsequently reports the results to the NRSG Committee. In addition, the Group's Corporate Governance Officer provides support in the process of evaluating and recommending Corporate Governance policies, practices, and guidelines applicable to the Board and the Company.

The Committee shall meet as necessary to ensure full discharge of duties based upon a request of the Chairperson, Vice Chairperson or the Chief Executive Officer. The Committee shall convene not less than two meetings each year. In 2024, the Nomination, Remuneration, Sustainability and Governance Committee convened two ordinary meetings and two unscheduled meetings. The meetings were attended as follows:

<i>Committee Member</i>	<i>28 Jan.</i>	<i>14 Feb. &lt;1&gt;</i>	<i>10 Jun. &lt;1&gt;</i>	<i>11 Dec.</i>	<i>Total</i>	<i>Attendance Percentage</i>
<i>Mr. AbdulRahman Yusuf Fakhro, Chairperson</i>	✓	✓	✓	✓	4	100%
<i>Mrs. Najla Mohamed Al Shirawi, Vice Chairperson</i>	✓	✓	<i>Virtually</i>	<i>Virtually</i>	4	100%
<i>Mr. Ebrahim Abdulla Buhindi, Member</i>	✓	✓	<i>Absent</i>	✓	3	75%

1. Unscheduled meetings were held to discuss various agenda items that required the Committee's attention and decisions before making final recommendations to the Board.

#### 4. BCFC Board-Independent Directors Committee

The Committee shall comprise of three or more independent directors selected by the Board (after nomination by the Nomination, Remuneration, sustainability and Governance (NRSG) Committee, who should be free from any responsibility or relationship that, in the opinion of the Board would interfere with the exercise of his/her independent judgment as a member of this Committee. The Chairperson of the Committee shall be an Independent Director and the appointed Secretary or the Secretary to the Board or Assistant Secretary to the Board shall serve as Secretary to the Committee.

The primary objective of the Committee is to assist the Board of Directors in managing potential conflicts of interest between the strategy and interests of controlling shareholders and the Company, ensuring impartiality in all cases. The Committee also ensures that majority shareholders consider the needs of minority shareholders and other stakeholders. Additionally, if there are multiple controlling shareholders (more than 10%) who can act together, the Committee is responsible for safeguarding the interests of all shareholders and key stakeholders.

The Committee shall meet annually or more frequently as circumstances warrant to address various matters. These include reviewing and recommending items referred by the Board that may involve conflicts of interest, identifying controlling shareholders at the start of the year to pinpoint significant transactions or investments for discussion, and conducting an annual review of key transactions or activities approved by the Board to ensure they benefit all stakeholders, not just majority shareholders. Additionally, the Committee is responsible for protecting the interests of minority shareholders, allowing individual members to propose discussion items if any actions or approvals potentially infringe on minority shareholders' rights.

The Committee is authorized by the Board to conduct or authorize investigations and reviews within its scope of responsibility. It can seek information from any officer or employee of the Company or its subsidiaries, as well as from external parties, and may obtain outside legal or independent advice at the Company's expense. The Committee is entitled to review the workings of the Management Committees of both the Parent and Subsidiary companies. It makes recommendations to the Board for approval or final decision but has no executive powers regarding its findings. The independence of each Independent Board Member shall be reviewed annually by the Board, based on disclosed interests, and each Independent Member must provide the Board with necessary and updated information for this purpose.

To ensure full discharge of duties, the BCFC Board-Independent Directors Committee held two unscheduled meetings in 2024. The meetings were attended as follows:

<i>Committee Member</i>	<i>12 May.</i>	<i>06 Oct.</i>	<i>Total</i>	<i>Attendance Percentage</i>
<i>Mr. AbdulRahman Yusuf Fakhro, Chairperson</i>	✓	✓	2	100%
<i>Mr. Reyadh Yusuf Hasan Sater, Member</i>	✓	✓	2	100%
<i>Mr. Yusuf Saleh Khalaf, Member</i>	✓	✓	2	100%
<i>Mrs. Najla Mohamed Al Shirawi, Member</i>	✓	✓	2	100%
<i>Mr. Ebrahim Abdulla Buhindi, Member</i>	✓	✓	2	100%

## **E. Risk Management**

BCFC is committed to uphold the highest standards of risk management in alignment with the international best practices on risk management as reflected by the regulatory requirements of the Central Bank of Bahrain, recognizing the critical importance of risk management in maintaining its financial stability and supporting its strategic objectives. The ultimate responsibility for Risk Management in the Group remains with the Board of Directors. The Board approves appropriate credit, liquidity, market, and operational and any other risk policies based on the advice and recommendations of the Board Audit, Risk and Compliance Committee. These policies are designed to ensure that the Group effectively identifies, assesses, and mitigates risks while remaining agile in a dynamic market environment.

The Company has a Head of Risk Management which is independent of business lines and the day-to-day running of the various business areas and is separate from the Internal Audit and Compliance function, ensuring a clear segregation of duties and enhancing the integrity of the risk management framework. In addition, the Head of the



Risk Management Department reports directly to the Board Audit, Risk and Compliance Committee, has full access to the Board of Directors, and administratively to the Chief Executive Officer.

The Group's risk management policies are in place to identify and analyze risks, define risk tolerance, establish appropriate limits and controls, and monitor risk and compliance. Risk management policies are reviewed on a regular basis to ensure they remain relevant in light of changing market conditions, regulatory requirements and the Group's strategic direction.

The Group's risk management framework is promoting a proactive and responsible risk culture across the Group. Employees are equipped with the necessary knowledge through comprehensive training programs, enabling them to understand their roles and responsibilities within the risk management framework. By embedding risk awareness into the corporate culture, creating a resilient control environment that supports sustainable growth and long-term value creation for stakeholders.

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

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

The Company has a Head of Compliance and Money Laundering Reporting Officer (MLRO). These functions are independent of business lines and the day-to-day running of the various business areas and are separate from the Internal Audit function. In addition, the Head of Compliance and Money Laundering Reporting Officer reports directly to the ARCC Committee and has full access to the Board of Directors and administratively to the Chief Executive Officer.

The Company has in place clear strategies, frameworks, and risk-based plan for compliance to identify, monitor and test compliance and money laundering risks, and put right controls on a regular and in an ongoing basis. The Company also retains an approved Compliance and Anti-Money Laundering Policies, which are reviewed annually and when required, if there is any change or update in the regulations, reviewed by the ARCC and are approved the Board. These policies contain Customer Due Diligence measures, procedures for identifying and reporting suspicious transactions, an annual awareness programme for staff training, record keeping requirements and documentation.

The Group's Compliance and MLRO ensures implementation of applicable regulatory requirements on a group-wide level to the subsidiaries and branches. The AML is subject to annual independent review and examination by External Audit/Independent Third Party, and Internal Audit.

## **G. Environmental, Social and Governance / Sustainability:**

The Group's Risk Management Strategy is a cornerstone of our corporate governance, ensuring the prudent and effective handling of financial and non-financial risks that could impact our operations, including Environmental, Social, and Governance (ESG) factors. Guided by BCFC's Board of Directors, and in alignment with the Central Bank of Bahrain's requirements, the strategy incorporates a robust framework for risk identification, evaluation, and mitigation, supported by continuous monitoring and a proactive approach to the evolving risk landscape. Through ESG materiality assessments, measurable goals, and a cross-functional ESG taskforce, the Group integrates sustainability into its risk processes, promotion a disciplined control environment and empowering employees to contribute to long-term resilience and value creation for stakeholders.

## H. Corporate Governance:

The Group Head of Compliance also assumes the responsibilities of the Group Corporate Governance Officer and in this context, he supports the NRSG Committee in the process of reviewing on an annual basis the Corporate Governance disclosure guidelines in the Company's annual report to ensure that the scope of the disclosure is in line with the Corporate Governance Code, High Level Control Module, Public Disclosure (PD) Module, and other Corporate Governance matters. He also assesses the board and the committees composition and carries out an annual test of directors' independence and then reports the results to the NRSG Committee. In addition, he supports the process of evaluating and recommending Corporate Governance policies, practices, and guidelines applicable to the Board and the Company. The appointment of the Group Governance Officer is subject to the approval of the NRSG Committee.

## I. Internal Audit:

BCFC is committed to maintaining the highest standards of internal audit practices in alignment with its corporate governance framework, international standards, and the regulations of the Central Bank of Bahrain. The Internal Audit Department operates as an independent assurance function, reporting functionally to the Board Audit, Risk, and Compliance Committee and administratively to the Chief Executive Officer.

The Internal Audit Department plays a vital role in evaluating the effectiveness of governance, operations, and internal controls across the Group. Guided by a risk-based audit plan, the department prioritizes regulatory compliance and operational efficiency to support the Group's strategic objectives. Audit findings and progress updates are regularly presented to senior management and the Board of Directors, reinforcing a culture of accountability and transparency.

The Internal Audit Department undergoes regular external quality assurance reviews to ensure alignment with best practices and continuous improvement.

## J. Management Committees:

The Group has established a comprehensive governance framework through its management committees, designed to oversee critical areas of the Group's operations and ensure alignment with its strategic objectives. The committees play an essential role in driving effective decision-making, enhancing operational oversight, and ensuring adherence to regulatory requirements, industry standards, and best practices.

These management committees are chaired by the Chief Executive Officer (CEO), with a well-defined term of reference for each committee, outlining its specific responsibilities and decision authority. Collectively, these committees ensure robust oversight of the Group's financial and non-financial performance and address the dynamic requirements ensuring effective integration of corporate governance. The management committees meet regularly to discuss and approve critical decisions, monitor performance, and address emerging challenges.

- a. Assets and Liabilities Committee ("ALCO").
- b. Credit Committee.
- c. Risk Management Committee.

- d. Impairment and Provisioning Committee.
- e. Senior Human Resources Committee
- f. Cyber and Information Security Committee
- g. Investment Committee
- h. Write off Committee
- i. Marketing Committee
- j. Other Committees – Established to oversee specific aspects of the Group's operations, ensuring comprehensive governance and control across all areas.

## K. Remuneration Policy:

### a. Board Remuneration:

The Company's remuneration practices are aligned with the guidelines and rules of the CBB High-Level Controls, HC-5 Remuneration of Approved Person and Material Risk Takers duly prescribed under Volume 1: Conventional Banks.

The Company has in place policies and guidelines for the attendance and sitting fees payable to all the Directors in consideration of attending one or more of Board and Committee meetings in a financial year. This Policy reflects the Company's commitment to best practices of corporate governance in line with the legal and regulatory requirements and is intended to remunerate its Board and Committee members fairly and responsibly. The Policy ensures that the remuneration of Board and Committee members is sufficient to attract, retain and motivate persons of quality and desired competencies needed to run the Company successfully. The Remuneration Policy of the Company applies to all the Boards of Directors of the Parent Company, its Committees, the Boards of its Subsidiaries, and any other Committee of a subsidiary formed from time to time.

The structure and level of the compensation for the Board and Committee Members are as follows:

- (a) A fixed amount representing an annual remuneration fee approved by the Shareholders at the AGM; and
- (b) Attendance fees payable to members attending different Board-related committees' meetings.

### b. CEO and Management Remuneration:

The performance and remuneration of the CEO is reviewed by the Nomination, Remuneration, Sustainability and Governance Committee and approved by the Board. The remuneration of the Chief Executive Officer's direct reports is reviewed and approved by the Nomination, Remuneration, Sustainability and Governance Committee. Furthermore, the Board takes into consideration the following dimensions to remunerate the CEO:

- 1- The bonus is discretionary and decided by the board depending on the profitability of the Company, i.e. the bottom line not the top line.
- 2- The strength of internal controls and risk management practices.
- 3- Lending growth in each product.
- 4- Meeting all the funding requirements needed to ensure the growth of the Company.
- 5- Quality of loan portfolio and levels of non-performing loans.

6- Meeting agreed upon strategic objectives both financial objectives and non-financial objectives.

### c. Directors Remuneration

Every director shall be entitled to receive gross remuneration as Director Sitting Fees, when approved by the Annual General Meeting per annum. The Directors' remuneration shall not exceed 10% of the net profits after deducting the statutory and general reserves and distributing dividends of no less than 5% of the Company's paid-up capital to the shareholders:

- a) As per the Attendance Fees and Remuneration Policy, a director shall be also paid quarterly in arrears for his services during the term of his appointment attendance fees in consideration of attending one or more of the Board Committees;
- b) A 50% of the attendance fees shall be paid to the members of the executive management occupying memberships of the automotive companies' executive committees and TISCO Board of Directors;
- c) A 100% of the attendance fees shall be paid to the independent and non-executive directors in order attract and retain talents for the best interest of the Company;
- d) The Board shall ensure disclosure of all remuneration and benefits received by the directors during the financial year in the company's annual reports and make it available at shareholders' meetings; and
- e) The nominating shareholder shall be entitled to the amounts due to be paid to its representative on the company's Board of Directors of any kind whatsoever. The Chairperson of the Board shall pay such amounts to the treasury of the said shareholder within one week from their due date. The latter shall be empowered to fix the remuneration and salaries to be paid to such a representative.

### L. Related Party Policy

The Company has in place a policy which is set out to define the related parties, related transactions and how the Company discloses information related to conflict of interest, loans, and credit facilities. The policy applies to the Directors, Key Management Personnel, Approved Persons, Senior Management and Staff, including transactions between the Company and its Subsidiaries. It also covers within its scope credit facilities granted to, purchases made from, joint ventures and business agreements.

### M. Communication Strategy/Policy:

The Company has a clear policy in relation to communication with its stakeholders, shareholders, and employees, customers, Government bodies, Regulator and society and has approved Corporate Communication Policy Guidelines. Shareholders are invited by the Chairperson of the Board to attend the Annual General Meeting in the presence of the Chairperson and other directors including the Executive Committee Chairperson, the Nomination, Remuneration, Sustainability and Governance Chairperson, Audit, Risk and Compliance Committee Chairperson, the Chairpersons of subsidiaries' boards and the External Auditors, who are available to answer any questions raised by shareholders or media representatives with regard to the operations and performance of the Company. Additionally, the Company is cognizant and fully aware of its regulatory and statutory obligations regarding dissemination of information to its stakeholders. Without prejudice to the disclosure standards, guidelines on key persons and other requirements of the relevant statutory bodies, financial and non-financial corporate information is provided by the Company on all events that merit announcement, either on its website: [www.bahraincredit.com.bh](http://www.bahraincredit.com.bh) or through local newspapers, Bahrain Bourse website or other means of communication. The financials and annual reports of the Company; the Charters of the Board and its Committees are made available on the Company's website. The website features a specific section that is related to investors' and shareholders' relations in general and describes shareholders' rights to participate and vote at each shareholders' meeting that include

documents relating to meetings with full text of notices and minutes. Internally, electronic mail and departmental portals are used for communicating with the Company's staff on general matters and sharing information of common interest and concern. At board level, there is an easy-to-use electronic web-based portal that is aimed at automating all board works and providing Board Members with secure, real-time access to the Board's and Committees' materials and archives.

## N. Approved Persons Policy

### a. Controlled Functions

The Company adheres to all the CBB requirements regarding the "approved persons" "fit and proper" conditions Approval of the CBB is obtained prior to the appointment for controlled functions. Controlled functions (i.e., Approved Person) are those of:

1. Board Member
2. Chief Executive Officer or General Manager;
3. Deputy CEO;
4. Head of Function;
5. Compliance Officer; and
6. Money Laundering Reporting Officer.

### b. Key Functions

Each approved person must inform the entire board of (potential) conflicts of interest in their activities with, and commitments to other organisations as they arise. Board members must abstain from voting on the matter in accordance with the relevant provisions of the Company's Law (The Commercial Companies Law). This disclosure must include all material facts in the case of a contract or transaction involving the approved person. The approved persons must understand that any approval of a conflicted transaction is effective only if all material facts are known to the authorising persons and the conflicted person did not participate in the decision. In any case, all approved persons must declare in writing all of their other interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of the Company, a manager, or other form of significant participation) to the Board (or the Nominations or ARCC Committees) on an annual basis.

## O. Employment of Relatives Policy

The Company has in place a board approved policy on the employment of relatives of approved persons that are embedded in various policies. The Chief Executive Officer/General Manager of the Company shall disclose to the Board of Directors, on an annual basis, relatives of any approved persons occupying controlled functions within the Company, if any.

## P. Code of Conduct

BCFC strives to promote the highest standard of professional ethical norms and values towards its stakeholders (i.e. customers, employees, regulators and the community) including 10 Principles of Business detailed in Volume 5 of CBB Rule book and other ethical values as per the following:

- a) Principles 1 to 8 apply to approved persons in respect of the controlled function for which they have been approved.

b) Principles 1 to 8 do not apply to behaviour by an approved person with respect to any other functions or activities they may undertake. However, behaviour unconnected to their controlled function duties may nonetheless be relevant to an assessment of that person's fitness and propriety.

1. Principle 1 – Integrity

The Company must observe high standards of integrity and fair dealing. It must be honest and straightforward in their dealings with customers and provide full disclosure of all relevant information to customers, as required by CBB's and regulatory bodies' regulations and directives.

2. Principle 2 – Conflicts of Interest

The Company must take all reasonable steps to identify, and prevent or manage, conflicts of interest that could harm the interests of the customer.

3. Principle 3 – Due Skill, Care and Diligence

The Company must act with due skill, care, and diligence.

4. Principle 4 – Confidentiality

The Company must observe in full any obligations of confidentiality, including with respect to client information. This should not override lawful disclosures.

5. Principle 5 – Market Conduct

The Company must observe proper standards of Market Conduct and avoid action that would generally be viewed as improper.

6. Principle 6 – Customer Assets

The Company must take reasonable care to safeguard the Assets of Customers for which they are responsible.

7. Principle 7 – Customer Interests

The Company must pay due regard to the legitimate Interests and Information needs of its customers and communicate with them in a fair and transparent manner and, when dealing with customers who are entitled to rely on advice or discretionary decisions, must take reasonable care to ensure the suitability of such advice or decisions.

8. Principle 8 – Relations with Regulators/Supervisors

The Company must act in an open and cooperative relationship with the CBB and other regulatory/supervisory bodies whose authority they come under. It must take reasonable care to ensure that activities comply with all applicable laws and regulations.

9. Principle 9 – Adequate Resources

The Company must maintain adequate resources, whether human, financial or otherwise, sufficient to run the business in an orderly manner.

10. Principle 10 – Management, Systems & Controls



The Company must take reasonable care to ensure that affairs are managed effectively and responsibly, with appropriate Management, Systems and Controls in relation to the size and complexity of operations. The Company's systems and controls, as far as is reasonably practical, must be sufficient to manage the level of risk inherent in their business and ensure compliance with the CBB requirements.

11. For the protection of all parties with whom the Company deals with, written contracts and agreements should be provided to all parties involved.
12. The Company is committed to creating openness and transparency in the Company's operations.
13. The Company is committed to achieving customer excellence. Complaint handling procedures are in place and the results are continuously reviewed.
14. The Company should ensure that all approved persons submit their conflict of interest declarations on an annual basis. Further, the annual declarations by the approved person pertaining to conflict of interest other than dealing in shares must be updated in the Code of Conduct.

#### Q. Whistleblowing Policy

- a) This Whistle Blowing Policy is in furtherance of the desire of the Board of Directors of Bahrain Commercial Facilities Company (BCFC) and its subsidiaries to strengthen the company's system of integrity and the fight against corruption and related offences.
- b) Whistle blowing encourages and enables employees to raise serious concerns within the Company rather than overlooking a problem or 'blowing the whistle' outside.
- c) Employees are often the first to realize and detect a potential wrongdoing that may affect the company financially or from a reputational risk perspective.

#### R. General Guidelines

##### a) Business Plans

The strategic planning exercise for the Company is conducted every three years. Operating plans are created on an annual basis. The strategic plan is approved by the BCFC Board and the operating plans are reviewed by the Executive Committee/subsidiary Boards and approved by the BCFC Board. The strategy to be reviewed by the Board on an annual basis.

##### b) Board Members

The Board and its members shall continually educate themselves as to the Company's business and corporate governance. At a minimum, they individually and collectively should:

1. Act with honesty, integrity and in good faith, with due diligence and care, with a view to the best interest of the Company and its shareholders and other stakeholders;
2. Act within the scope of their responsibilities and not participate in the day-to-day management of the Company;
3. Have a proper understanding of, and competence to deal with the affairs and products of the Company and devote sufficient time to their responsibilities; and
4. To independently assess and question the policies, processes and procedures of the Company, with the intent to identify and initiate management action on issues requiring improvement. (i.e. to act as checks and balances on management).

**c) Maintenance of The Policies**

The Board shall annually review, approve and amend, if it sees necessary as part of the regulatory requirements, its Corporate Governance Policies at the first scheduled meeting of the new calendar year.

**d) Controllers**

The Company shall obtain prior approval from the CBB in respect of any changes in the Company's controllers as defined by the CBB's guidelines or otherwise comply with the notification of the CBB following the resignation/termination/retirement of a controller, as applicable.

**e) Financial Penalties**

Any financial penalty resulted from violating any of the CBB rules and regulations or as part of the rulebook shall be duly disclosed in the annual report in line with the regulatory requirements. No penalties were levied against BCFC during the year 2024.

**f) Disclosure of Write off**

Any written-off exposures equal to or in excess of BHD 100,000 should be notified to the CBB as per the specified rules and regulations.

**g) Remuneration of Board Members, Senior Management and Fees Paid to External Auditor**

The detailed remuneration paid to the Board Members individually and aggregate remuneration paid to top six senior management personnel are disclosed in the Chairperson's Report which is also published on the website of Bahrain Bourse. Ernst & Young are the Group's external auditors for the financial year ended 31 December 2024. The Group total audit and quarterly review services fees for the year ended 31 December 2024 amount to BHD 70,400/-. Other attestation services fees amount to BHD 21,787.5/- which include CBB related mandatory review requirements under the Agreed Upon Procedures engagement. Given the performance achieved by the External Auditor, BCFC will re-appoint Ernst & Young as the Group's external auditors for 2024.

**h) Others**

1. Besides fulfilling the compliance/licensing requirements, the Company strives to adopt related best practice standards issued by the Central Bank of Bahrain, Bahrain Bourse, local and/or international organizations.
2. A summary of the Corporate Governance Policies shall be produced by the Board and incorporated in the Company's annual report.