



Gulf Union Insurance &
Reinsurance Co. BSC(c)
P.O. Box 10949, Manama
Kingdom of Bahrain

CORPORATE GOVERNANCE MANUAL

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	2 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	APPROVALS	REPLACES	

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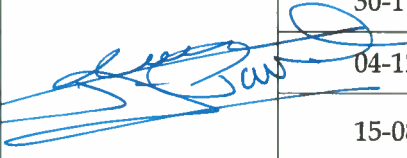
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NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	3 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08- 2011 REVISED ON 11-12-2014
SUBSECTION	REVISION/CHANGE RECORD	REPLACES	

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NEW - **ADDITION * -** **CHANGE ** -** **COMPLETE REVISION -**


	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	4 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	APPROVALS	REPLACES	

REVISION / CHANGE RECORD

Revision in 2013


REVISION	DATE	REVISION / CHANGE DESCRIPTION	SECTIONS AFFECTED
01	10-12-13	REVISION DATE IS INSERTED	1 ST PAGE
02	10-12-13	REVISION NO. INSERTED	1 ST PAGE
03	10-12-13	SHAHZAD, TONY AND PAUL DESIGNATIONS UPDATED	2 ND PAGE
04	10-12-13	IN FOOTER CHANGE IS TICKED	ALL PAGES
05	10-12-13	IN THE MANUAL THE ABBREVIATION OF "CEO" IS REPLACED BY "GCEO"	ALL PAGES
06	10-12-13	IN THE MANUAL THE WORD OF "CHIEF EXECUTIVE OFFICER" IS REPLACED BY "GROUP CHIEF EXECUTIVE OFFICER"	ALL PAGES
07	10-12-13	WORD "CODED" IS REPLACED BY "CODE"	INTRODUCTION, PARA 2
08	10-12-13	WORD "NINE (9)" IS REPLACED WITH "SEVEN (7)"	3.1 (B)
09	10-12-13	WORD "QUARTERLY" IS REPLACED BY "SEMI-ANNUAL"	3.5 (B) (i)
10	10-12-13	INSERTED "STATEMENT OF CASH FLOWS AND STATEMENT OF CHANGES IN EQUITY" AFTER PROFIT AND LOSS	6.2 (D)
11	10-12-13	DELETED PHARASE" AND THE ADEQUATE SUMMARY OF OF FINANCIAL REPORT AND FULL TEXT OF AUDIT REPORT"	6.2 (D)
12	10-12-13	DELETED WORDS "ARABIC LANGUAGE" COMING AFTER TWO DAILY	6.2 (D)
13	10-12-13	INSERTED "ONE ARABIC AND ONE ENGLISH NEWSPAPER" AFTER NEWSPAPERS	6.2 (D)
14	10-12-13	INSERTED "THE KINGDOM OF" BEFORE BAHRAIN	6.2 (D)
15	10-12-13	INSERTED A SENTENCE IDENTIFYING DATES OF REVISION AND APPROVAL OF THE MANUAL IN BoD ALONGWITH ITS EFFECTIVE DATE	9
16	10-12-13	REPLACED WORD "SHALL" WITH "MUST"	4.2 (C)
17	10-12-13	INSERTED (F) IN 4.2	4.2
18	10-12-13	INSERTED (F) IN 4.3	4.3
19	10-12-13	INSERTED (B) IN 4.4	4.4
20	10-12-13	DELETED WORDS "AND TO ASSIST MANAGING DIRECTOR" AFTER BOD.	4.5 (A)
21	10-12-13	INSERTED (B) TO (J) AND DELETED (I) TO	4.5

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	5 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	TABLE OF CONTENTS	REPLACES	

		(v)	
22	10-12-13	WORD "CEO" IS REPLACED BY "GM REPORTING TO GCEO"	5 (A)
23	10-12-13	WORD "CEO" IS REPLACED BY "GM REPORTING TO GROUP CEO"	5 PARA 2 (A)
24	10-12-13	WORD "NOMINATING" REPLACED BY "BOD EXECUTIVE"	5 PARA 3
25	10-12-13	HEADER WORD "CEO" REPLACED BY "GM"	5.1
26	10-12-13	WORD "CEO" REPLACED BY "GM"	5.1 (A)
27	10-12-13	INSERTED "THE GROUP CEO WHO REPORTS TO THE BOD EXECUTIVE COMMITTEE" AFTER "IS RESPONSIBLE TO"	5.1 (A)
28	10-12-13	DELETED "THE BOARD" BEFORE "FOR THE OVERALL MANAGEMENT"	5.1 (A)
29	10-12-13	DELETED WORD "AND TAXATION" BEFORE PAYABLE	5.2 (IV)
30	10-12-13	NUMBERING OF HEADER CORRECTED FROM 6.2.1 TO 5.2.1	5.2.1
31	10-12-13	INSERTED WORD IN HEADER "/GM" AFTER CEO	5.2.1
32	10-12-13	INSERTED "/GM" AFTER CEO	5.2.1
33	10-12-13	WORD "MANAGING DIRECTOR" IS REPLACED WITH "GROUP CHIEF EXECUTIVE OFFICER"	5.3 (B)
34	10-12-13	DELETED "GROUP RISK MANAGER" AFTER GCEO	5.7 (B)
35	10-12-13	INSERTED "AGM INFORMATION MANAGEMENT AND RISK MANAGEMENT" AFTER GCEO	5.7 (B)
35	10-12-13	REPLACED "CAPITAL MARKET LAW AND THE IMPLEMENTING RULES" WITH "APPLICABLE LAWS AND REGULATIONS"	6.1 (v)
36	10-12-13	"9" IS REPLACED WITH "7"	ATTACHEMENT I COMPOSITION (3)
37	10-12-13	POINT 55 DELETED AS IT'S THE REPETITION OF POINT 54	ATTACHEMENT I OTHER RESPONSIBILITIES (55)
38	10-12-13	POINT 74 DELETED AS IT WAS REPETITION OF POINT 71.	ATTACHEMENT I CHAIRMAN (74)
39	10-12-13	INSERTED POINT NO. D	ATTACHEMENT II OBJECTIVES (1)
40	10-12-13	INSERTED "GENERAL MANAGER / GROUP" BEFORE CHIEF EXECUTIVE OFFICER	ATTACHEMENT II, MEETINGS, (11)

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	6 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	TABLE OF CONTENTS	REPLACES	

41	10-12-13	INSERTED WORD "GROUP" BEFORE CHIEF EXECUTIVE IN THE ENIRE MANUAL	ATTACHEMENT II
42	10-12-13	REPLACED THE WORD "CEO" WITH "GCEO" IN THE ENTIRE MANUAL	ATTACHEMENT II
43	10-12-13	INSERTED POINT NO. 22 EXPLAINING DELEGATION OF FUNCTION OF NOMINATING COMMITTEE TO BOD EXECUTIVE COMMITTE	ATTACHEMENT II, COMMITTEE PERFORMANCE (22)
44	10-12-13	INSERTED WORD "GROUP" BEFORE CHIEF EXECUTIVE IN THE ENIRE MANUAL	ATTACHEMENT III
45	10-12-13	REPLACED THE WORD "CEO" WITH "GCEO" IN THE ENTIRE MANUAL	ATTACHEMENT III
46	10-12-13	INSERTED POINT NO. 22 EXPLAINING DELEGATION OF FUNCTION OF NOMINATING COMMITTEE TO BOD EXECUTIVE COMMITTE	ATTACHEMENT III, COMMITTEE PERFORMANCE (22)

Revision in 2014

REVISION	DATE	REVISION / CHANGE DESCRIPTION	SECTIONS AFFECTED
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03	04-12-14	TONY AND SHIRAZ DESIGNATIONS UPDATED	2 ND PAGE
04	04-12-14	REVISED DATE UPDATED	HEADERS
04	04-12-14	BOARD MEMBERS ARE CORRECTED	3.1 (A)
05	04-12-14	WORD "ASSURE" REPLACED WITH "ENSURE"	3.1 (D)
06	04-12-14	"NOMINATION COMMITTEE" REPLACED WITH "NOMINATING COMMITTEE"	ENTIRE MANUAL
07	04-12-14	BOARD RISK MANAGEMENT COMMITTEE AND ITS CHARTER ADDED	4.6 & ANNEXURE IV
08	04-12-14	PARA MENTIONING 2 ND REVISION AND ITS APPROVAL DATE ADDED.	9

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -


	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	7 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	TABLE OF CONTENTS	REPLACES	

Table of Contents

1.	Introduction	9
2.	Principles of Corporate Governance	11
2.1.	Principles	11
2.2.	Distribution	12
2.3.	Review and Update of the Manual	12
2.4.	Procedures for Amendment	13
2.5.	Organisation of the Manual	13
2.6.	Effective Date	13
3.	Board of Directors	14
3.1.	Composition	14
3.2.	Agreement with Directors	15
3.3.	Independent Directors	16
3.4.	Functions of the Board of Directors	17
3.5.	Responsibilities	18
3.6.	Meetings of Directors	20
3.7.	Rights	22
3.8.	Conflicts of Interest	23
3.9.	Chairman	23
3.10.	Evaluation of the Board and Committees	24
3.11.	Annual Board Review and Certification	25
4.	Board Committees	26
4.1.	Audit Committee	26
4.2.	Nominating Committee	27
4.3.	Remuneration Committee	29
4.4.	Corporate Governance Committee	30

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	8 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	TABLE OF CONTENTS	REPLACES	

4.5.	Executive Committee.....	31
4.6.	Board Risk Management Committee	31
5.	Management Structure.....	33
5.1.	General manager.....	33
5.2.	Chief Financial Officer.....	34
5.3.	Board Secretary	34
5.4.	Internal Audit.....	35
5.5.	External Audit	36
5.6.	Compliance	37
5.7.	Executive Management Committee	37
6.	Shareholders & Other Stakeholders	38
6.1.	General Right of the Shareholders.....	38
6.2.	Shareholders' Meetings.....	38
6.3.	Direct Shareholder Communication.....	40
6.4.	Equitable Treatment of Shareholders.....	40
6.5.	Stakeholders.....	40
7.	Disclosure and Transparency.....	41
8.	Review and Amendment of Manual.....	42
9.	Adoption and Effectivity	43
	Glossary	44

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	9 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	01-INTRODUCTION	REPLACES	

1. INTRODUCTION

Corporate governance “refers to a system whereby shareholders, creditors and other stakeholders of a Corporation ensure that Management enhances the value of the Corporation as it competes in an increasingly global market place”. It encompasses the entirety of the legal and factual regulatory framework for managing and supervising a Corporation. The primary goal of corporate governance is to create and sustain increased value in the Corporation for all of its stakeholders. To achieve this goal, it is necessary – among other things – to clearly set forth the principles of appropriate supervision and good management, and thereby lay the groundwork for development and implementation of value-creating activities. Moreover, it is as important that these agreed principles of governance are made transparent to all stakeholders concerned, thereby safeguarding stakeholders’ rights as well as promoting stakeholder participation in the corporate governance process.

The Central Bank of Bahrain (CBB) along with the Ministry of Industry and Commerce (MOIC) has issued a Code for Corporate Governance to establish best practices which considered as minimum standards to be applied to all operating Joint Stock companies incorporated under the Bahrain Commercial Companies Law. The Code states that initially it will apply only to public companies but is intended to be used as a model by all other companies to the extent that it applies in their circumstances. In January 2011, CBB updated its Rulebook to include those standards to follow all CBB licensees.

This Code supplements the Company Law. It does not replace the Company Law but is intended to further that Law’s objectives and to provide a help in understanding, complying with, monitoring performance under, and ensuring fair disclosure under that Law. The Company Law already mandates many corporate governance best practices. Examples are found in the Law’s rules for board and shareholder meetings, its statement of directors’ and officers’ fiduciary duties, and its rules for company shares. This Code refers to many of those principles, but it does not repeat or incorporate them all; that would not be practicable. Thus a company should be familiar with the both the Company Law and this Code.

The Code states nine fundamental Principles of corporate governance, each of which is followed by one or more numbered directives for applying the Principle, which should be complied-with by every company. Also the Code has given recommendation under each principle and these recommendations are essentially not required to comply and should be disclose or report to shareholders annually with a justification why the company has not complied with the requirements.


NEW -

ADDITION * -

CHANGE ** -

COMPLETE REVISION -

Gulf Union Insurance & Reinsurance Co. BSC(c)

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	10 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	01-INTRODUCTION	REPLACES	

The machinery for corporate governance of Gulf Union Insurance & Reinsurance Co. BSC(c) (GUIRCO) is principally contained in the Article of Association of the company as well as the Company Law. These constitutive documents lay down, among others, the basic structure of governance, and the principal duties of the Board of Directors and officers of the Company. The function of this Manual of Corporate Governance is to supplement and complement the company's Articles of Association by setting forth principles of good and transparent governance.

The Board of Directors, Management, Officers and employees of the company commit themselves to the principles and best practices of governance contained in this Manual as a guide in the attainment of its corporate goals. The company shall make a continuing effort to create awareness of good corporate governance within the organization. At the same time, the entire organization declares its continuing commitment to the Mission Statement and Vision of Gulf Union Insurance & Reinsurance Co. BSC(c) made an integral part of this Manual.

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
---------------------------------------	--	--	---

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	11 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	02- PRINCIPLES OF CORPORATE GOVERNANCE	REPLACES	

2. PRINCIPLES OF CORPORATE GOVERNANCE

2.1. PRINCIPLES

This Manual contains policies procedures and guidelines adopted by Gulf Union Insurance & Reinsurance Co. BSC(c) (GUIRICO) (herein after this procedure manual is referred to as the "Company") in order to ensure Compliance with requirements/ recommendations given under Code of Corporate Governance.

This manual is primarily prepared based on the nine principles and recommendations given under the Code of Corporate Governance. The nine principles of the Code are as follows:


- Principle 1:** The Company shall be headed by an effective, collegial and informed board.
- Principle 2:** The Directors and officers shall have full loyalty to the company.
- Principle 3:** The board shall have rigorous controls for financial audit, internal control and compliance with law.
- Principle 4:** The Company shall have rigorous procedures for appointment, training and evaluation of the board.
- Principle 5:** The Company shall remunerate directors and officers fairly and responsibly.
- Principle 6:** The board shall establish a clear and efficient management structure
- Principle 7:** The board shall communicate with shareholders and encourage their participation.
- Principle 8:** The Company shall disclose its corporate governance.
- Principle 9:** Companies which refer to themselves as "Islamic" must follow the principles of Islamic Shari'a.

NEW -

ADDITION * -

CHANGE ** -

COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	<i>12 OF 48</i>
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	<i>24-08-2011 REVISED ON 11-12-2014</i>
SUBSECTION	03- PRINCIPLES OF CORPORATE GOVERNANCE	REPLACES	

In addition to the above, this manual was prepared after considering all the requirements given under the new **High Level Control Module of CBB Rulebook Volume 3 (Insurance)**, which was issued by CBB in January 2011 in line with the requirements of the Code of Corporate Governance.

2.2. DISTRIBUTION

- 2.2.1 Once this manual is approved by the Board of Directors of the Company, it will be made available to all the relevant offices in the company.
- 2.2.2 This manual merely serves as an internal guidance to the Management and staff of the Company. It is not exhaustive of any applicable laws and regulatory requirements. For any clarifications or doubts, the provisions of relevant statutory laws or regulations shall primarily prevail upon this manual. In case there are amendments to the law, the amendment procedure prescribed will be followed.
- 2.2.3 Except as otherwise provided specifically under any of the policies, all the policies and procedures contained in this manual shall be applicable to all management and staff of the company.
- 2.2.4 This Manual contains confidential information and the distribution of the manual needs to be under the supervision of a designated officer in the Compliance Department.

2.3. REVIEW AND UPDATE OF THE MANUAL

- 2.3.1 The manual is to be reviewed annually in order to incorporate relevant changes in the statutory and regulatory requirements that are issued from time to time and also the circumstances prevailing in the company's area of operations, as may be required at any point of time.

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
---------------------------------------	--	--	---

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	13 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- PRINCIPLES OF CORPORATE GOVERNANCE	REPLACES	

2.4. PROCEDURES FOR AMENDMENT

- 2.4.1 Any changes to the manual may be initiated by any personnel and his/her suggestion(s) is/are to be forwarded to the designated officer.
- 2.4.2 The changes/amendments may arise due to:
- Change in statutory requirements.
 - Any operational requirement as approved by management.
 - Any other situation where the revised manual will bring about improved efficiency & Compliance of the Statutory or regulatory requirements.
- 2.4.3 The designated officer will review the involved changes (in liaison with the legal/internal audit departments) in order to ensure that the changes/revisions are in conformity with relevant statutory or regulatory requirements and would forwarded the same to the GM for his further review. The GM shall place the amendments/revisions along with his recommendations for the consideration of the Board. Upon Board's approval, the amendments/revisions shall be incorporated in this manual.
- 2.4.4 On the top of the manual a sign off sheet will be kept to record the approval of changes made to the manual from time to time.


2.5. ORGANISATION OF THE MANUAL

This manual is organized by Modules (chapters). Each module discusses on the policies and procedures relating to a particular subject. Each subject matter is divided into sections and the related policies and procedures are explained there under.

2.6. EFFECTIVE DATE

This manual is effective from the date of adoption as approved by the Board of Directors.

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
---------------------------------------	--	--	---

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	14 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

3. BOARD OF DIRECTORS

The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the company. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the company according to their best judgment.

3.1. COMPOSITION

- a) Memorandum and Article of Association (AOA) has adequately set out procedures for the appointment, removal and retirement of Directors.

Article of Association of the company has limited the Board of Directors to five (5).

- a) Members of the Board are appointed by the company's shareholders' votes at the AGM and their duration is limited to the period of three (3) years. Also shareholders have the right to terminate a member from the board before expiring his duration.
- b) At least half of the Board's members including the Board's chairman must be non-executive Directors.
- c) The Board must periodically assess its composition and size and, where appropriate, reconstitute itself and its committees by selecting new Directors to replace long-standing members or those whose contributions to the company or its committees is not adequate.
- d) The Board shall regularly review its size and composition to ensure that it is small enough for efficient decision making yet large enough to have members who can contribute from different specialties and viewpoints. The Board shall recommend changes in Board size to the shareholders when a needed change requires amendment of the company's Memorandum of Association.
- e) Potential non-executive directors should be made aware of their duties before their nomination, particularly as to the time commitment required.

NEW -

ADDITION * -

CHANGE ** -

COMPLETE REVISION -


	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	15 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

- f) The Nominating Committee shall regularly review the time commitment required from each non-executive director and should require each non-executive director to inform the Committee before he accepts any Board appointments to another company.
- g) The company should notify the termination of the Board member, if any, to CBB and other relevant regulatory authority with the reason for termination.
- h) As a registered company in Central Bank of Bahrain (CBB) as insurance licensee GUIRSCO conforms with the legal requirement to have independent directors who constitute more than one third (1/3) of the members of the Board. The independent directors may be identified in the annual report.
- i) A member of the Board of Directors should not hold more than three directorships in public companies in Bahrain with the provision that no conflict of interest may exist, and the Board should not propose the election or re-election of any director who does.
- j) A Board member may have a maximum of two Directorships of financial institutions inside Bahrain. However, two Directorships of licensees within the same category of licensees would not be permitted. Company may approach the CBB for exemption from this limit where the Directorships concern financial institutions within the same group.

3.2. AGREEMENT WITH DIRECTORS

- a) The company shall have a written appointment agreement with each director. The agreement shall be included the followings at minimum:
- i. the directors' powers and duties
 - ii. the terms of appointment
 - iii. the time commitment envisaged
 - iv. the committee assignment if any
 - v. his/ her remuneration and expense reimbursement entitlement
 - vi. his/ her access to independent professional advice when that is needed.

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	16 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

3.3. INDEPENDENT DIRECTORS

- b) Independent directors shall hold no interests or relationships with the company that may hinder their independence from the company or management which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.
- c) An independent director shall submit to the company Secretary a letter of confirmation stating that he holds no interests affiliated with the corporation, management or controlling shareholder at the time of his election or appointment and/or re-election as a director.
- d) Moreover, for purposes of compliance with the legal requirement on independent directors;
- i. At least 1/3 of directors are to be independent.
 - ii. The Chairman is to be independent and should not be the same person as the GCEO.
 - iii. Every director must bring independent judgment to bear in decision-making. No individual or group of directors must dominate the Board's decision-making and no one individual should have unfettered powers of decision.
 - iv. Non-executive directors must be fully independent of management and must constructively scrutinise and challenge management including the management performance of executive directors.
 - v. All directors are to be independent of conflicts of interest. Where a director has a potential or perceived conflict of interest, immediate disclosure to the Company is to be made.
 - vi. The Board should review the independence of each director at least annually in light of interests disclosed by them and their conduct. Each independent director shall provide the Board with all necessary and updated information for this purpose.
 - vii. To facilitate free and open communication among independent directors, each Board meeting should be preceded or followed with a session at which only independent directors are present, except as may otherwise be determined by the independent directors themselves.
- e) The Board must ensure that there are agreed-upon procedures for individual directors to have access to independent legal or other professional advice at the company's expense whenever they judge this necessary to discharge their responsibilities as directors.
- f) Individual directors have access to the company's corporate secretary, who must have responsibility for reporting to the Board on Board procedures. Both the

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	17 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

appointment and removal of the corporate secretary must be a matter for the Board as a whole, not for the GCEO or any other officer.

- g) Upon resignation, a non-executive director should provide a written statement to the chairman, for circulation to the Board, if he has any serious concerns which cannot be resolved concerning the running of the company or a proposed action.

3.4. FUNCTIONS OF THE BOARD OF DIRECTORS

The Board shall exert its best effort to ensure a high standard of best practice for the Corporation. To do so, it should perform all the functions which it is required to perform in the company's by-Laws, and additionally;


- a) The Board must be collegial and deliberative, to gain the benefit of each individual director's judgment and experience.
- b) Constitute an Audit Committee and such other Committees as (i.e. Executive Committee and Remuneration & Nominating Committee) are required;
- c) Select and appoint a General Manager with appropriate level of motivation, integrity, competence and professionalism;
- d) Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Corporation;
- e) Supervising the main capital expenses of the company and acquisition/ disposal of assets.
- f) Ensure that the Company complies with all relevant laws, regulations and as far as possible best business practices;
- g) Drafting a Corporate Governance Code for the company that does not contradict the provisions of the regulations, supervising and monitoring in general the effectiveness of the code and amending it whenever necessary.
- h) Recommend to the shareholders the appointment of external auditors, in accordance with the recommendation of the Audit Committee;
- i) Create a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense, which expense shall be reasonable.
- j) Laying down specific and explicit policies, standards and procedures, for the membership of the Board of Directors and implementing them after they have been approved by the AGM.
- k) Outlining a written policy that regulate the relationship with stakeholders with a view to protecting their respective rights; in particular, such policy must cover the following

NEW -

ADDITION * -

CHANGE ** -

COMPLETE REVISION -


	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	18 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

- i. Mechanisms for indemnifying the stakeholders in case of contravening their rights under the law and their respective contracts.
- ii. Mechanisms for settlement of complaints or disputes that might arise between the company and the stakeholders.
- iii. Suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them.
- iv. A code of conduct for the company's executives and employees to regulate their relationship with the stakeholders. The code shall be compatible with the proper professional and ethical standards. The Board of Directors shall lay down procedures for supervising this code and ensuring compliance therewith.

3.5. RESPONSIBILITIES

- a) All directors must understand the Board's role and responsibilities under the Commercial Companies Law and any other laws or regulations that may govern their responsibilities from time to time. In particular:
 - i. The Board's role as distinct from the role of the shareholders (who elect the Board and whose interests the Board serves) and the role of officers (whom the Board appoints and oversees); and
 - ii. The Board's fiduciary duties of care and loyalty to the company and the shareholders.
- b) The Board is primarily responsible to the shareholders for financial reporting and control, and should:
 - i. Provide to all stakeholders relevant and timely information about the Company, including but not limited to a semi-annual report and an annual report of the company's performance, position and prospects;
 - ii. Present a balanced and understandable assessment of the company's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
 - iii. Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
 - iv. Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
 - v. Maintain a sound system of internal control to safeguard stakeholders' investment and the Company's assets;

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	19 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

- vi. Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;
- vii. Require the chief audit executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management;

Other Responsibilities

- c) Approving and reviewing at least annually the overall business performance and strategy for the company;
- d) Reviewing regularly the implementation of the strategy and operational performance;
- e) Causing financial statements to be prepared which accurately disclose the company's financial position;
- f) Monitoring management performance;
- g) Assessing management framework. In assessing the management framework, the Board shall ensure the following policies and processes are in place:
 - i. Ensuring a formal and transparent Board nomination process;
 - ii. Appointing senior managers, and ensuring that they have the necessary integrity, technical and managerial competence, and experience;
 - iii. Overseeing succession planning, and minimizing undue reliance on key individuals;
 - iv. Reviewing key senior management and Board remuneration packages and ensuring such packages are consistent with the corporate values and strategy of the licensee and encourage prudent risk taking;
 - v. Monitoring and evaluating management's performance in implementing agreed strategy and business plans, and ensuring appropriate resources are available; and
 - vi. Approving budgets and reviewing performance against those budgets.
- h) Reviewing regularly the level of risk;

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	20 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

- i) Approving and reviewing at least annually systems and controls framework (including policies and procedures). In assessing the systems and controls framework, the Board to be able to demonstrate that its operations, individually and collectively;
 - i. Are measured, monitored and controlled by appropriate, effective and prudent risk management systems commensurate with the scope of the company's activities. These should pro-actively identify as well as monitor risk. The systems should produce information on a timely basis, and in a form and quality appropriate to the needs of the different recipients.
 - ii. Are supported by an appropriate control environment. The risk management and financial reporting functions must be independent of business lines and must be run by individuals not involved with the day-to-day running of the various business areas; and
 - iii. Make effective use of the work of internal and external auditors.
- j) Convening and preparing the agenda for shareholder meetings;
- k) Monitoring conflicts of interest and preventing abusive related party transactions;
- l) Assuring equitable treatment of shareholders including minority shareholders; and
- m) Setting out clearly and reviewing on a regular basis who has authority to enter the licensee into contractual obligations. The Board should set a materiality threshold considering the financial impact in relation to the company's its capital, so that contractual obligations above this set threshold are regularly reported to the Board.
- n) Setting a materiality threshold so that contractual obligations above this set threshold are regularly reported to the Board.
- o) The directors are responsible both individually and collectively for performing these responsibilities and must have sufficient expertise as a Board to understand the important issues relating to operation and control of the insurance licensee. The Board may delegate certain functions to committees or management. However, it may not delegate its ultimate responsibility to ensure that an adequate, effective, comprehensive and transparent corporate governance framework is in place.

3.6. MEETINGS OF DIRECTORS

- a) The Board shall meet frequently but in no event less than four times a year. All directors must attend the meetings whenever possible and the directors must maintain informal communication between meetings.
- b) Individual board members must attend at least 75% of all Board meetings in a given financial year to enable the Board to discharge its responsibilities effectively (see

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	21 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

table below). Voting and attendance proxies for board meetings are prohibited at all times.

Meetings per year	75% Attendance requirement
4	3
5	4
6	5
7	5
8	6
9	7
10	8

- c) The absence of Board members at Board and committee meetings is noted in the meeting minutes. In addition, Board attendance percentage is reported during any general assembly meeting when Board members stand for re-election (e.g. Board member XYZ attended 95% of scheduled meetings this year).
- d) In the event that a Board member has not attended at least 75% of Board meetings in any given financial year, the company shall immediately notify the CBB indicating which member has failed to satisfy this requirement, his level of attendance and any mitigating circumstances affecting his non-attendance.
- e) The company will make necessary action to facilitate Directors for telephonic and videoconference meetings. Participation in board meetings by means of video or telephone conferencing is regarded as attendance and may be recorded as such.
- f) To company with minimum 75% attendance requirement mentioned above, Board members must attend at least three-quarters of all Board meetings held during any twelve-month period in person. Board members who fail to attend at least three-quarters of all Board meetings in any twelve-month period shall be step down, unless there are valid reasons for his absenteeism.
- g) At least half the Board meetings of Bahraini insurance licensees in any twelve-month period must be held in the Kingdom of Bahrain.
- h) As per Article of Association of the company an attendance of four (4) members (one of them must be the Chairman or the Vice-chairman) forms a quorum.
- i) The chairman must ensure that all directors receive an agenda, minutes of prior meetings, and adequate background information in writing before each Board meeting and when necessary between meetings. All directors must receive the same Board information. At the same time, directors have a legal duty to inform themselves and they must ensure that they receive adequate and timely information and must study it carefully. Directors may assist in the development of an Agenda for Board meetings through the Chairman.

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -


	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	22 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

- j) The Board is to be given adequate notice of meetings.
- k) The Board and its Committees are to be provided with a list of scheduled meetings for the year, at the commencement of each financial year.
- l) Board papers are to be provided to directors at least five business days prior to any scheduled meeting.
- m) The Board must also maintain adequate records of its meetings, such that key decisions and how they are arrived at can be traced.
- n) Board and Committee minutes are to be accurate and circulated to the board and committee members for comments which must be received within seven days. After receiving the comments of the members, if any, and their resolution, the minutes are to be circulated for approval and signed by the board and committees members.
- o) Board and Committee meetings are to be held in accordance with the company's Constitution and any Committee Charter.
- p) The Board must encourage participation by management regarding matters the Board is considering, and also by management members who by reason of responsibilities or succession, the GCEO believes should have exposure to the directors.
- q) Each year, a one day meeting of the Board is to review and approve the strategy and business plan of the Company for the next financial year.

3.7. RIGHTS

- a) To receive all available information to be discussed at a meeting, prior to that meeting.
- b) To be given adequate time to consider and debate issues.
- c) Have access to relevant and reliable information and be entitled to obtain such resources and information from the Company, including direct access to employees, as they may require.
- d) Directors may (where not constrained by the Companies Act):
 - i. contract or enter into an arrangement with the Company;
 - ii. be present at a meeting and vote there at on a matter in which the Director has an interest; and
 - iii. hold office (except that of auditor) in any other company as approved by the Directors.

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	23 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	


3.8. CONFLICTS OF INTEREST

- a) Directors are to avoid situations where a conflict of interest with the interests of the Company may occur.
- b) Directors are to immediately notify the Company's Secretary if a material personal interest relating to the affairs of the Company arises.
- c) Directors are to absent themselves from attendance at a meeting of directors where a matter in which they have a material personal interest is being discussed, unless the directors who do not have such an interest, have voted that the director may attend because in their opinions, the nature of the interest should not disqualify the director from attending and/or voting.

3.9. CHAIRMAN

- a) The chairman must take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made.
- b) The election of the Chairman is at the discretion of the Board.
- c) The Chairman of the Board shall be an independent non-executive Director and he cannot perform the role of Group Chief Executive Officer.
- d) The chairman shall take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made.
- e) The following are the functions of the Chairman of the Board of Directors
 - i. Ensure that the Board provides leadership and vision to the entity.
 - ii. Ensure that all directors receive an agenda, minutes of prior meetings, and adequate background information in writing before each Board meeting and when necessary between meetings.
 - iii. Presiding over Board meetings and directors' Board discussions, and to ensure that they are conducted fairly and ethically.
 - iv. Ensure that Board meeting minutes accurately reflect Board decisions.
 - v. Ensure that the Board has all necessary information to make effective decisions.
 - vi. Ensure that Board and director evaluations are undertaken at least annually.
 - vii. Confirm to shareholders when proposing re-election of a director that, following a formal performance evaluation, the person's performance continues to be effective and continues to demonstrate commitment to the role.
 - viii. Guide the directors in their ongoing effectiveness and that of the Board.

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	24 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

- ix. Presiding over General Meetings to ensure that shareholders have an adequate opportunity to air their views and obtain answers.
 - x. Ensure that each new director receives a formal and tailored induction to ensure his contribution to the Board from the beginning of his term. The induction must include meetings with senior management, visits to company facilities, presentations regarding strategic plans, significant financial, accounting and risk management issues, compliance programs, its internal and external auditors and legal counsel.
- f) When a new director is inducted, the chairman of the Board, assisted by company legal counsel or compliance officer, should review the Board's role and duties with that person, particularly covering legal and regulatory requirements.

3.10. EVALUATION OF THE BOARD AND COMMITTEES

- a) At least annually the Board must conduct an evaluation of its performance and the performance of each committee and each individual director using non-mandatory template issued by CBB.
- b) The evaluation process must include:
 - i. Assessing how the Board operates, especially in light of their responsibilities
 - ii. Evaluating the performance of each committee in light of its specific purposes and responsibilities, which shall include review of the self-evaluations undertaken by each committee;
 - iii. Reviewing each director's work, his attendance at Board and committee meetings, and his constructive involvement in discussions and decision-making; and
 - iv. Reviewing the Board's current composition against its desired composition with a view toward maintaining an appropriate balance of skills and experience and a view toward planned and progressive refreshing of the Board.
- c) While the evaluation is a responsibility of the entire Board, it should be organised and assisted by an internal Board committee and, when appropriate, with the help of external experts.
- d) The Board should report to the shareholders, at each annual shareholder meeting, that evaluations have been done and report its findings.


NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	25 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	03- BOARD OF DIRECTORS	REPLACES	

3.11. ANNUAL BOARD REVIEW AND CERTIFICATION

- a) The Board must assess and document each year whether the internal corporate governance processes that it has implemented have successfully achieved their objectives, and consequently whether the Board has fulfilled its responsibilities for directing and monitoring the overall conduct of the company's affairs.
- b) The results of the review must be summarised in a written certification, to be signed by all Board members, and sent to the CBB within 3 months of the financial year-end of the Company. The Board must report any material deficiencies identified during the review, along with an action plan and timescales for their correction.
- c) The Board certification comprises a prescribed standard statement, to be signed by all Board members, attached to which should be a summary of the steps the Board has taken in carrying out the review; a summary of the results of that review, and a summary action plan (with timescales) for addressing any identified material deficiencies.
- d) The Board's review should cover the following specific matters:
 - i. That the Board has reassessed the company's objectives and plans, and has reviewed the company's corporate strategy document;
 - ii. That the Board has reassessed the company's overall risk profile, and its mapping of risks and the control environment put in place to meet those risks. The Board must comment whether the control environment remains effective and appropriate;
 - iii. That the Board has assessed the company's internal controls, to confirm that these are based on established policies and procedures approved by the Board and provide reasonable assurance of the integrity and reliability of its financial records;
 - iv. That the Board has assessed whether adherence to established internal limits and controls was continuously monitored;
 - v. That the Board has assessed that all new (or material changes to) significant policies, procedures and products introduced by the licensee since the last Board certification were appropriately reviewed and approved at the time;
 - vi. That the Board has assessed that management and staff have complied with the company's corporate code of conduct; and
 - vii. That in the period under review, the Board had received and reviewed the external auditor's management letter within six months of the (previous) financial year end, together with the company's audit committee and senior management comments on the letter and any proposed actions.

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	26 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE APPROVED	AUGUST 24, 2011
SUBSECTION	04- BOARD COMMITTEES	REPLACES	

4. BOARD COMMITTEES

The Board of Directors may create such committees as it may deem necessary to support it in the performance of its functions and in accordance with the By-Laws of the company and to aid in good governance. As a minimum, however, the Board shall be supported by the following committees;

- i. Audit Committee
- ii. Nominating Committee
- iii. Remuneration Committee
- iv. Corporate Governance Committee
- v. Executive Committee

The Board or a committee may invite non-directors to participate in, but not vote at committee meetings so that the committee may gain the benefit of their advice and expertise in financial or other areas.

Board Committees must have:


- a) Written terms of reference, which are reviewed annually;
- b) Adequate records of their meetings, such that key decisions and how they are arrived at can be traced; and
- c) Appropriate membership, which addresses potential conflicts of interest.

Committees must act only within their mandates and therefore the Board must not allow any committee to dominate or effectively replace the whole Board in its decision-making responsibility. Committees may be combined provided that no conflict of interest might arise between the duties of such committees, subject to CBB prior approval.

4.1. AUDIT COMMITTEE

- a) The Board must establish an audit committee of at least three directors of which the majority should be independent including the Chairman. The committee must:
 - i. Review the company's accounting and financial practices;
 - ii. Review the integrity of the company's financial and internal controls and financial statements;
 - iii. Review the company's compliance with legal requirements;
 - iv. Recommend the appointment, compensation and oversight of the company's external auditor; and
 - v. Recommend the appointment of the internal auditor.

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	<i>27 OF 48</i>
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	<i>24-08-2011 REVISED ON 11-12-2014</i>
SUBSECTION	04- BOARD COMMITTEES	REPLACES	

- b) The Audit Committee should ensure that the external auditor firm and its partners are truly independent of the company and have no financial or other relationship with the company. Audit findings should be used as an independent check on the information received from management about the company's operations and performance and the effectiveness of internal controls.
- c) The audit committee shall adopt a formal written charter including the terms of references of the committee.
- d) A majority of the audit committee should have the financial literacy qualifications.
- e) The Board should adopt a "whistleblower" program under which employees can confidentially raise concerns about possible improprieties in financial or legal matters. Under the program, concerns may be communicated directly to any audit committee member or, alternatively, to an identified officer or employee who will report directly to the Audit Committee on this point.

(Please refer Audit Committee Charter included under Internal Audit Manual for terms and reference of Audit Committee)

4.2. NOMINATING COMMITTEE

- a) The Board must establish a Nominating Committee of at least three directors which are only independent directors or, alternatively, only non-executive directors of whom a majority is independent directors and the chairman is an independent director.
- b) The Nominating Committee must:
 - i. Identify persons qualified to become members of the Board of directors or Group Chief Executive Officer, Chief Financial Officer, Corporate Secretary and any other approved persons of the company considered appropriate by the Board, with the exception of the appointment of the internal auditor which shall be the responsibility of the Audit Committee; and
 - ii. 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.
- c) The Nominating committee must adopt a formal written charter including the terms of references.

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
---------------------------------------	--	--	---

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	28 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	04- BOARD COMMITTEES	REPLACES	

- d) Each proposal by the Board to the shareholders for election or re-election of a director must be accompanied by a recommendation from the Board, a summary of the advice of the Nominating Committee, and the following specific information:
- i. The term to be served, which may not exceed three years (but there need not be a limit on re-election for further terms);
 - ii. Biographical details and professional qualifications;
 - iii. In the case of an independent director, a statement that the Board has determined that the criteria of independent director have been met;
 - iv. Any other directorships held;
 - v. Particulars of other positions which involve significant time commitments, and
 - vi. Details of relationships between:
 - 1) The candidate and the company, and
 - 2) The candidate and other directors of the company.
- e) The chairman of the Board should confirm to shareholders when proposing re-election of a director that, following a formal performance evaluation, the person's performance continues to be effective and continues to demonstrate commitment to the role. Any term beyond six years (e.g. two three-year terms) for a director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the Board. Serving more than six years is relevant to the determination of a non-executive director's independence.
- f) The Board of Directors has assigned the functions of the Nominating Committee to the BOD Executive Committee.

(Please refer Nominating Committee Charter attached to this report as Attachment-II to this manual for terms and reference of Nominating Committee)

4.2.1 INDUCTION AND TRAINING OF DIRECTORS

- g) When a new director is elected to the Board he shall be given an induction and training about the company to ensure his contribution to the Board from the beginning of his term.
- h) The chairman of the Board must ensure that each new director receives a formal and tailored induction.
- i) The contents of the induction shall be included:
 - i. Meetings with senior management

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
---------------------------------------	--	--	---

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	29 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	04- BOARD COMMITTEES	REPLACES	


- ii. Visits to company facilities
- iii. Presentations regarding strategic plans
- iv. Significant financial
- v. Accounting and risk management issues
- vi. Compliance programs
- vii. Internal and external auditors and legal counsel.
- j) All continuing directors must be invited to attend orientation meetings and all directors must continually educate themselves as to the company's business and corporate governance.
- k) Management, in consultation with the chairman of the Board, should hold programs and presentations to directors respecting the company's business and industry, which may include periodic attendance at conferences and management meetings. The Nominating Committee shall oversee directors' corporate governance educational activities.

4.3. REMUNERATION COMMITTEE

- a) The Board shall establish a remuneration committee of at least three directors.
- b) The remuneration committee shall include only independent directors or, alternatively, only non-executive directors of whom a majority are independent directors and the chairman is an independent director.
- c) The remuneration committee shall:
 - i. Review the company's remuneration policies for the approved persons, which must be approved by the shareholders;
 - ii. Make recommendations regarding remuneration policies and amounts for approved persons to the whole Board, taking account of total remuneration including salaries, fees, expenses and employee benefits; and
 - iii. Recommend Board member remuneration based on their attendance and performance.
- d) The remuneration committee shall adopt a formal written charter which must include terms of references.
- e) The remuneration committee may be merged with the nominating committee.
- f) The Board of Directors has assigned the functions of the Remuneration Committee to the BOD Executive Committee.

(Please refer Remuneration Committee Charter attached to this report as Attachment-III to this manual for terms and reference of Remuneration Committee)

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	30 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	04- BOARD COMMITTEES	REPLACES	

4.3.1 STANDARD FOR ALL REMUNERATION

The company shall structure its remuneration policy to attract, retain and motivate the approved persons in required quality to run the company successfully. All remunerations are inclusive with the incentives, bonuses and other rewards and they are linked with the individual performances.


Directors' Remuneration

- a) The amount of Directors remuneration to be paid for a financial shall be decided based on the provisions of Article of Association of the company and it shall be complied with all applicable laws and Regulations, including the provisions contained in Legislative Decree No. 21 of 2001, with respect to promulgating the Commercial Companies Law, capping Directors' remuneration as a percentage of net profits.
- b) Directors' remuneration shall be a standing item on the agenda of the Company's AGM and it shall be considered by shareholders at every AGM.
- c) Directors' remuneration and the policy shall be disclosed in the annual financial statements of the company.
- d) Remuneration of non-executive directors shall not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or pension benefits.

4.4. CORPORATE GOVERNANCE COMMITTEE

- a) The Board shall establish a corporate governance committee of at least three independent members which shall be responsible for developing and recommending changes from time to time in the company's corporate governance policy framework.
- b) The Board of Directors has assigned the functions of the Corporate Governance Committee to the BOD Executive Committee.

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	31 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	04- BOARD COMMITTEES	REPLACES	


4.5. EXECUTIVE COMMITTEE

- a) The Board shall appoint from among its members an Executive Committee composed of three (3) members to enhance the effectiveness of Board of Directors.
- b) The Board has delegated following executive responsibilities to the Executive Committee;
 - c) To establish the necessary policies to organize the work and to manage the company's operations.
 - d) To establish policies for the recruitment / appointment of senior staff in the company.
 - e) Based on the approval of the Chairman of the Board, to authorize the filing of court cases and defend the interests of the company before the courts whether as a plaintiff or as a defendant and enter into settlement and arbitration.
 - f) To prepare feasibility studied to establish or form or merge or control any company or organization or establishment authorized to engage in or to start activities that the company is authorized to engage in and to own and trade in shares and financial instruments of these companies, organizations or establishments and presented to the board of directors for approval.
 - g) To establish the policies and procedures to nominate board of directors members and presented to the Board of Directors for approval.
 - h) Supervise and control management's succession plans and reduce the over dependence on certain individuals.
 - i) Review of the board of directors' remuneration.
 - j) Monitor and evaluate management's performance in the implementation of the policies and approved implementation plans and ensure the existence of necessary qualifications.

4.6. BOARD RISK MANAGEMENT COMMITTEE

- a) The company shall establish a Board Risk Management Committee. The Committee will comprise three members, one of whom will be appointed to chair the Committee.
- b) Board Risk management committee shall have the following responsibilities:
 - i. Formulate Risk Management Strategy and Policies (overall risk policy and policies specifically for each Business Unit), submit to Board for approval and oversee the implementation thereof once approved.

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	32 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	04- BOARD COMMITTEES	REPLACES	

- ii. Assist the Board in defining the risk appetite of the company and in updating the company's risk appetite in line with changing external and internal circumstances.
- iii. Oversee the development of the company's risk register and oversee the development of a framework to ensure that they are maintained up to date.
- iv. Oversee the development of the company's risk management processes (including the contingency and business continuity processes) and advice the BoD on areas of weakness that need to be addressed.
- v. Advise BoD on the emergence of new risks and relative prioritization of existing risk.
- vi. Approves any changes in the company's policies and procedures and internal controls.
- vii. Promote a risk aware culture within the Company including organizing training sessions regarding risk management.
- viii. Prepare ad hoc and annual reports on risk for the Board and stakeholders. Collate the views of the external auditors and company actuary in preparing such reports.
- ix. Oversee the development and implementation of a framework to identify and analyze the financial impact of loss on the Company.

(Please refer Board Risk Management Committee Charter attached to this report as Attachment-IV to this manual for terms and reference of Board Risk Committee Committee)

NEW - **ADDITION * -** **CHANGE ** -** **COMPLETE REVISION -**

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	33 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	05-MANAGEMENT STRUCTURE	REPLACES	

5. MANAGEMENT STRUCTURE

The Board shall approve and review the company's management structure and responsibilities annually.

The Board shall appoint the following senior management at a minimum:

- a) A General Manager reporting to Group Chief Executive Officer;
- b) A Chief Financial Officer (CFO);
- c) A corporate secretary;
- d) An internal auditor; and
- e) A compliance officer
- f) Other approved persons as the Board considers appropriate and as a minimum occupying controlled functions of the company.

Management is primarily accountable to the Board for the operations of the Company. As part of its accountability, it is also obligated to provide the Board with complete, adequate information on the operations and affairs of the Corporation in a timely manner.

With the consultation of the BOD Executive Committee and GCEO, to whom the other managers shall normally report, the Board shall adopt by-laws prescribing each senior manager's title, authorities, duties and internal reporting responsibilities.

The Board shall also specify any limits which it wishes to set on the authority of the GCEO or other senior managers, such as monetary maximums which they authorise without separate Board approval.

5.1. GENERAL MANAGER

- a) The General Manager is responsible to the Group Chief Executive Officer who reports to the BOD Executive Committee for the overall management and performance of the company.
- b) The GCEO shall have authority to act generally in the company's name, representing the company's interests in concluding transactions on company's behalf and giving instructions to other senior managers and company employees;
- c) GCEO manages the entity in accordance with the strategy, plans and policies as approved by the Board.
- d) GCEO is responsible for:

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	34 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	05- MANAGEMENT STRUCTURE	REPLACES	

- i. Delivering on the entity's strategic and operational plans as approved by the Board.
- ii. Referring transactions outside of his/her delegated authority to the Board.
- iii. Ensuring that all actions comply with the entity's policies and with the law.
- iv. All the actions delegated.

5.2. CHIEF FINANCIAL OFFICER

The Chief Financial Officer (CFO) is primarily responsible and accountable for:

- i. The complete, timely, reliable and accurate preparation of the company's financial statements, in accordance with the accounting standards and policies of the company
- ii. Presenting the Board with a balanced and understandable assessment of the company's financial position
- iii. Formulation of the annual financial budget for the Company.
- iv. Controlling the Accounting, Treasury, Accounts Receivable and Payable activities of the Company.
- v. Effective identification and management of the Risk Management Policy.

5.2.1 GCEO / GM AND CFO CERTIFICATION OF FINANCIAL STATEMENTS


To encourage management accountability for the financial statements required by the directors, the company's GCEO / GM and chief financial officer must state in writing to the audit committee and 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.

5.3. BOARD SECRETARY

The Board Secretary has the following functions:

- a) serve as an adviser to the directors on their responsibilities and obligations;
- b) keep the minutes of meetings of the shareholders, the Board of Directors, the Executive Committee, and all other committees in a book or books kept for that

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	35 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	05- MANAGEMENT STRUCTURE	REPLACES	

- purpose, and shall furnish copies thereof to the Chairman, the Group Chief Executive Officer and other members of the Board as appropriate;
- c) keep in safe custody the seal of the company and affix it to any instrument requiring the same;
 - d) have charge of the shares certificate book and such other books and papers as the Board may direct;
 - e) attend to the giving and serving of notices of Board and shareholder meetings;
 - f) be fully informed and be part of the scheduling process of other activities of the Board;
 - g) prepare an annual schedule of board meetings and the regular agendas of meetings, and put the Board on notice of such agenda at every meeting;
 - h) oversee the adequate flow of information to the Board prior to meetings;
 - i) The Board Secretary shall have such other responsibilities as the Board of Directors may impose upon him.

5.4. INTERNAL AUDIT

- a) The company shall establish an internal audit department in group level which shall be independent from senior management and controlling shareholders.
- b) Internal audit team shall report to the Audit Committee of the company. The Internal Audit shall report that their activities are conducted in accordance with the Standards for the Professional Practice of Internal Auditing. Otherwise, the Head of Internal Audit shall disclose to the Board and Management that it has not yet achieved full compliance with the standards for the professional practice of internal auditing.
- c) The Internal Audit team provides independent and objective assurance and advisory services to the company designed to add value and improve on the organization's operations. It provides the Board, Management and the stockholders with reasonable assurance that the company's key organizational and procedural controls are effective, appropriate, and complied with. It reviews, audit and report on, among others;
 - i. the effectiveness of the system of organizational controls, taking into account the nature and complexity of the business and the business culture;
 - ii. the volume, size and complexity of transactions;
 - iii. the degree of risk;
 - iv. the degree of centralization and delegation of authority;
 - v. the extent and effectiveness of information technology; and

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	36 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	05- MANAGEMENT STRUCTURE	REPLACES	

- vi. the extent of regulatory compliance.
- d) Internal audit have terms of references that clearly indicate the scope and frequency of audit, reporting lines and the review and approval process applies. (Please refer internal audit manual of the company for more details)

5.5. EXTERNAL AUDIT

- a) The Board, through the Audit Committee, shall recommend to the shareholders a duly accredited external auditor who shall undertake an independent audit and shall provide an objective assurance on the way in which the financial statements shall have been prepared and presented.
- b) The External Auditor shall -
 - i. perform fair audits independently from the Company, its management and controlling shareholders, so that shareholders and other users may maintain confidence in the Company's accounting information;
 - ii. check whether any fact conflicts with the audit results in the information disclosed regularly with the audited financial statements, and demand correction, if necessary;
 - iii. attend the annual stockholders meeting and answer any questions on audit reports and on themselves, their work and their remuneration;
 - iv. perform such other functions as may be approved by the Board in its engagement of the auditor, *provided, however*, that non-audit work shall not be in conflict with the functions of the auditor as external auditor.
- c) The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which if not resolved to the satisfaction of the former auditor, would have caused making reference to the subject matter of the disagreement in connection with its report.
- d) If an external auditor believes that the statements made in an annual report, filed during his engagement are incorrect or incomplete, he shall also present his views in said reports.

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	37 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	05- MANAGEMENT STRUCTURE	REPLACES	


5.6. COMPLIANCE

- a) The Board shall establish a compliance department to the company with appropriately staffed with competent individuals to maintain effective systems and controls for compliance with applicable requirements in the Kingdom of Bahrain's legislation and those set by the CBB, and those established under any other statute or regulator to which the company is subject.
- b) A Compliance Officer shall be appointed in compliance with the CBB Rulebook Volume 3 (Insurance). Appointment of compliance officer is subject to CBB approval.
- c) Compliance officer shall have unrestricted access to the company's relevant records and report to the Board.
- d) The compliance function may not be combined with the internal audit function or any other operational function as such combination may lead to a conflict of interest.

5.7. EXECUTIVE MANAGEMENT COMMITTEE

- a) The company shall establish an Executive Management Committee to support the Group Chief Executive Officer/General Manager and to facilitate proper corporate governance by ensuring that senior management discuss key issues affecting the licensee openly and collectively.
- b) The executive management committee shall comprise with the Group Chief Executive Officer/General Manager, Group Chief Financial Officer, AGM - Information and Risk Management and the head of underwriting and other key business divisions.
- c) Executive management committee shall have the following responsibilities:
 - i. Oversight of day-to-day implementation of strategy, limits and procedures.
 - ii. Monitor the day-to-day performance of individual business lines and departments relative to targets, limits, and policies

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	38 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	06-SHAREHOLDERS & OTHER STAKEHOLDERS	REPLACES	

6. SHAREHOLDERS & OTHER STAKEHOLDERS


6.1. GENERAL RIGHT OF THE SHAREHOLDERS

- a) The shareholders shall have the rights:-
- i. to a share of the distributable profits;
 - ii. to a share of the company's assets upon liquidation;
 - iii. to attend the Annual General Meeting (AGM) and participate in deliberations and vote on relevant decisions;
 - iv. to supervise the Board of Directors activities, and file responsibility claims against board members;
 - v. to inquire and have access to information without prejudice to the company's interests and in a manner that does not contradict the applicable laws and regulations;
 - vi. right of disposition with respect to shares;
 - vii. to have secure methods of ownership registration and transferability of the shares.
- b) All shareholders have pre-emptive rights, unless there is a specific denial of this right in the Articles of Association or an amendment thereto. They shall have the right to subscribe to the capital stock of the company. The Articles of Association may lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which are protected by law so long as they are not in conflict with the Company's Act.

6.2. SHAREHOLDERS' MEETINGS

- a) Annual General Meeting (AGM) shall be held once a year at least within six months following the end of the company's financial year.
- b) The AGM shall convene upon an invitation by the Chairman of the Board of Directors at the time and place designated in the company's Article of Association.
- c) The Board of Directors shall invite an AGM to convene pursuant to a request of the auditor or a number of shareholders whose shareholdings represent at least 10% of the equity share capital.
- d) Date, place, and agenda of the AGM shall be specified and announced by a notice, at least 15 days prior to the date the meeting. Invitation for the meeting along with


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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	39 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	06-SHAREHOLDERS & OTHER STAKEHOLDERS	REPLACES	

the balance sheet, the profit and loss account, statement of cash flows, and changes in statement of equity shall be published in at least two daily newspapers one Arabic and one English newspapers in the Kingdom of Bahrain or the company's website, the company's website and Modern high tech means shall be used in communicating with shareholders.

- e) Arrangements shall be made for facilitating the participation of the greatest number of shareholders in the AGM, including *inter alia* determination of the appropriate place and time.
- f) Notices of meetings must be honest, accurate and not misleading and clearly state and, where necessary, explain the nature of the business of the meeting, and it must encourage shareholders to attend shareholder meetings and, if not possible, to participate by proxy and must refer to procedures for appointing a proxy and for directing the proxy how to vote on a particular resolution. The proxy agreement must list the agenda items and must specify the vote (such as "yes," "no" or "abstain");
- g) All material information and documentation shall be provided to shareholders on each agenda item for any shareholder meeting, including but not limited to any recommendations or dissents of directors;
- h) The Board must propose a separate resolution at any meeting on each substantially separate issue, so that unrelated issues are not "bundled" together;
- i) In meetings where directors are to be elected or removed the Board must ensure that each person is voted on separately, so that the shareholders can evaluate each person individually;
- j) The chairman of the meeting must encourage questions from shareholders, including questions regarding the company's corporate governance guidelines;
- k) The minutes of the meeting shall be made available to shareholders upon their request as soon as possible but not later than 30 days after the meeting;
- l) Disclosure of all material facts must be made to the shareholders by the Chairman prior to any vote by the shareholders.
- m) The company shall require all directors to attend and be available to answer questions from shareholders at any shareholder meeting and, in particular, ensure that the chairs of the audit, remuneration and nominating committees are ready to answer appropriate questions regarding matters within their committee's responsibility (it being understood that confidential and proprietary business information may be kept confidential).
- n) The company shall dedicate a specific section of its website to describing shareholders' rights to participate and vote at each shareholders' meeting, and shall post significant documents relating to meetings including the full text of notices and minutes.

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	40 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	06-SHAREHOLDERS & OTHER STAKEHOLDERS	REPLACES	

6.3. DIRECT SHAREHOLDER COMMUNICATION

The chairman of the Board (and other directors as appropriate) must maintain continuing personal contact with controllers 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 with controllers. Given the importance of market monitoring to enforce the “comply or explain” approach of this Module, the Board should encourage investors, particularly institutional investors, to help in evaluating the company’s corporate governance.

6.4. EQUITABLE TREATMENT OF SHAREHOLDERS


- Shareholders are to be treated equally and have the same voting rights.
- The votes of custodian/nominee holders are to be directed in accordance with the underlying shareholders’ wishes.
- General shareholders meetings are to be free from impediments affecting the ability to cast votes.

6.5. STAKEHOLDERS

Stakeholders (other than shareholders) are relevant to the success of an entity. As a general principle, management is charged with the development of policies appropriate to successfully manage these relationships.

The Board supports, as part of its Corporate Governance system that the interests of all stakeholders’ legal rights are respected; and performance enhancing mechanisms should exist for stakeholders to participate in the Corporate Governance process, and in the consultative process to ensure an effective and responsible approach to managing the Company.

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	<i>41 OF 48</i>
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	<i>24-08-2011 REVISED ON 11-12-2014</i>
SUBSECTION	07- DISCLOSURE & TRANSPARENCY	REPLACES	

7. DISCLOSURE AND TRANSPARENCY

- a) The Board of Directors oversees the process of disclosure, including corporate governance, to all stakeholders and ensures that the company's communications are fair, transparent, comprehensive and timely.
- b) The Board developed these corporate governance guidelines covering the matters stated in High level Control Module of CBB Rulebook Volume 3 (Insurance) and other corporate governance matters deemed appropriate by the Board. And these guidelines shall be published the company's website.
- c) At each AGM Board shall report the company's compliance with Corporate Governance principles and Module HC, and explain the extent if any to which it has varied them or believes that any variance or noncompliance was justified;

(Please refer to Annexure - I regarding all specific disclosures required under Corporate Governance).

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	42 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	08- REVIEW AND AMENDMENT OF MANUAL	REPLACES	

8. REVIEW AND AMENDMENT OF MANUAL


- a) The provisions of this Manual and the enforcement thereof shall be subject to yearly review unless otherwise stated by the Board.
- b) All business processes and practices being performed within any department or business unit of the company that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant state.
- c) This Manual is subject to review and amendment to take into account the company's changing needs, factual conditions prevailing in the environment and regulatory requirements.

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COMPLETE REVISION -


	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	43 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	APPENDICES	REPLACES	

9. ADOPTION AND EFFECTIVITY

This Manual was approved by the Board of Directors of the Gulf Union Insurance & Reinsurance Co. BSC(c) on August 24, 2011. It was revised in December 10, 2013 and approved by the BOD in its meeting held on 19th December 2013. It shall be effective on December 19, 2013.

In 2014, the manual was revised on December 04, 2014 and approved by the BOD in its meeting held on 11th December 2014. The updated manual shall be effective on December 11, 2014.

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	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	44 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	GLOSSARY	REPLACES	

GLOSSARY

Independent Member:

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 company (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:


- a) Was not an employee of the company;
- b) Did not:
 - Make to, or receive from, the company payments of more than 31,000 BD or equivalent (not counting director's remuneration);
 - Own more than a 10% share or other ownership interest, directly or indirectly, in an entity that made to or received from the company payments of more than such amount;
 - Act as a general partner, manager, director or officer of a partnership or company that made to or received from the company, payments of more than such amount;
 - Have any significant contractual or business relationship with the company which could be seen to materially interfere with the person's capacity to act in an independent manner,
- 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 insurance licensee;
- d) Was not engaged directly or indirectly as an auditor or professional advisor for the company, and

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ADDITION * -

CHANGE ** -

COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	PM CGM
		NO. OF PAGES	<i>45 OF 48</i>
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	<i>24-08-2011 REVISED ON 11-12-2014</i>
SUBSECTION	GLOSSARY	REPLACES	

- e) Was not an associate of a Director or a member of senior management of the company.

Executive Director: A director who is an officer or employee, or its otherwise involved in day-to-day management of the company.

Non-executive director: A Director who is not an executive Director.

Senior Manager: Refers to individuals occupying the position of GCEO or head of function.

Approved Persons: Persons undertaking certain functions in relation to CBB and require prior CBB approval. These functions (called “controlled functions”) include directors and members of senior management. The controlled functions regime supplements the licensing regime by ensuring that key persons involved in the running of company are fit and proper. Those authorised by the CBB to undertake controlled functions are called approved persons.


Shareholder: The holder of shares within the company.

Stakeholders: Any person who may be affected by the actions of a firm is a stakeholder in that firm.

Accumulative Voting: This gives each shareholder a voting rights equivalent to the number of shares he/she holds. He/she has the right to use them all for one nominee or to divide them between his/her selected nominees without any duplication of these votes.

Minority Shareholders: Those shareholders who represent a class of shareholders that does not control the company and hence they are unable to influence the company.

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	POLICIES MANUAL	REF. NO.	ANNEXURE-I
		NO. OF PAGES	46 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	ANNEXURES	REPLACES	

Corporate Governance Disclosure to Shareholders

A. Ownership of Shares

- a) Distribution of ownership by nationality
- b) Distribution of ownership by size of shareholder
- c) Ownership by Government
- d) Names of shareholders owning 5% or more and,
- e) if they act in concert, a description of the voting, shareholders' or other agreements among them relating to acting in concert, and of any other direct and indirect relationships among them or with the insurance licensee or other shareholders

B. Board, Board Members and Management

- a) Board's functions - rather than a general statement (which could be disclosed simply as the Board's legal obligations under the law) the "mandate" of the Board should be set out
- b) The types of material transactions that require Board approval
- c) Names, their capacity of representation and detailed information about the directors, including directorships of other Boards, positions, qualifications and experience (should describe each director as executive or non-executive)
- d) Number and names of independent members
- e) Board terms and the start date of each term
- f) What the Board does to induct/educate/orient new directors
- g) Director's ownership of shares
- h) Election system of directors and any termination arrangements
- i) Director's trading of insurance licensee s shares during the year
- j) Meeting dates (number of meetings during the year)
- k) Attendance of directors at each meeting
- l) Remuneration of individual members, divided into sitting fees and other remuneration (split between performance and non-performance based). Also not only the remuneration, but the remuneration policy
- m) List of senior managers and profile of each
- n) Shareholding by senior managers
- o) Remuneration paid to each person in the senior management divided in each case into salaries, perks, bonuses, gratuities, pensions and any other components
- p) Details of stock options and performance-linked incentives available to executives
- q) Whether the Board has adopted a written code of ethical business conduct, and if so the text of that code and a statement of how the Board monitors compliance.

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ANNEXURE-I
		NO. OF PAGES	47 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	ANNEXURES	REPLACES	

C. Committees

- a) Names of the Board committees
- b) Functions of each committee
- c) Members of each committee divided into independent and non-independent
- d) Minimum number of meetings per year
- e) Actual number of meetings
- f) Attendance of committees members
- g) Members' remuneration (by member)
- h) Work of committees and any significant issues arising during the period

D. Corporate Governance

- a) Separate section in the Annual Report
- b) Reference to Module HC and its principles
- c) Changes in Module HC that took place during the year


E. Auditors

- a) The charters and a list of members of the Audit (including external and internal; financial and non-financial experts), Nominating and Remuneration Committees of the Board.
- b) Audit fees
- c) Non-Audit services provided by the external and fees
- d) Reasons for any switching of auditors and reappointing of auditors

F. Other

- a) Related party transactions
- b) Approval process for related party transactions
- c) Means of communication with shareholders and investors
- d) Separate report on Management Discussion and Analysis is included in the Annual Report - in particular, this should identify and comment on the management of principal risks and uncertainties faced by the business.
- e) Review of internal control processes and procedures
- f) Announcements of the results in the press should include at least the followings
 - Balance sheet, income statement, cash flow statement, statement of comprehensive income and changes in shareholders' equity
 - Auditor
 - Auditor's signature date
 - Board approval date

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	POLICIES MANUAL	REF. NO.	ANNEXURE-I
		NO. OF PAGES	48 OF 48
SECTION	CORPORATE GOVERNANCE MANUAL	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014
SUBSECTION	ANNEXURES	REPLACES	

Set out directors responsibility with regard to the preparation of financial statements

Conflict of Interest - any issues arising must be reported, in addition describe any steps the Board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Board of Directors - whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution.

NEW - **ADDITION * -** **CHANGE ** -** **COMPLETE REVISION -**

	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	1 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

BOARD CHARTER

OVERVIEW

1. The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the company. Within their chartered authority, the directors acting as a board have the fullest powers to regulate the concerns of the company according to their best judgment.

COMPOSITION


2. Memorandum and Article of Association (AOA) has adequately set out procedures for the appointment, removal and retirement of Directors.
3. Article of Association of the company has limited the Board of Directors to five (5).
4. Members of the Board are appointed by the company's shareholders' votes at the AGM and their duration is limited to the period of three (3) years. Also shareholders have the right to terminate a member from the board before expiring his duration.
5. At least half of the Board's members including the Board's chairman must be non-executive Directors.
6. The Board must periodically assess its composition and size and, where appropriate, reconstitute itself and its committees by selecting new Directors to replace long-standing members or those whose contributions to the company or its committees is not adequate.
7. The Board shall regularly review its size and composition to assure that it is small enough for efficient decision making yet large enough to have members who can contribute from different specialties and viewpoints. The Board shall recommend changes in Board size to the shareholders when a needed change requires amendment of the company's Memorandum of Association.
8. Potential non-executive directors should be made aware of their duties before their nomination, particularly as to the time commitment required.
9. The Nominating Committee shall regularly review the time commitment required from each non-executive director and should require each non-executive director to inform the Committee before he accepts any Board appointments to another company.
10. The company should notify the termination of the Board member, if any, to CBB and other relevant regulatory authority with the reason for termination.

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COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	2 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

11. As a registered company in Central Bank of Bahrain (CBB) as insurance licensee the company conforms with the legal requirement to have independent directors who constitute more than one third (1/3) of the members of the Board. The independent directors are identified in the annual report.
12. A member of the Board of Directors should not hold more than three directorships in public companies in Bahrain with the provision that no conflict of interest may exist, and the Board should not propose the election or re-election of any director who does.
13. A Board member may have a maximum of two Directorships of financial institutions inside Bahrain. However, two Directorships of licensees within the same category of license would not be permitted. Company may approach the CBB for exemption from this limit where the Directorships concern financial institutions within the same group.


MEETINGS OF DIRECTORS

14. The Board shall meet frequently but in no event less than four times a year. All directors must attend the meetings whenever possible and the directors must maintain informal communication between meetings.
15. Individual board members must attend at least 75% of all Board meetings in a given financial year to enable the Board to discharge its responsibilities effectively (see table below). Voting and attendance proxies for board meetings are prohibited at all times.

Meetings per year	75% Attendance requirement
4	3
5	4
6	5
7	5
8	6
9	7
10	8

16. The absence of Board members at Board and committee meetings is noted in the meeting minutes. In addition, Board attendance percentage is reported during any general assembly meeting when Board members stand for re-election (e.g. Board member XYZ attended 95% of scheduled meetings this year).
17. In the event that a Board member has not attended at least 75% of Board meetings in any given financial year, the company shall immediately notify the CBB indicating which


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	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	3 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

member has failed to satisfy this requirement, his level of attendance and any mitigating circumstances affecting his non-attendance.

18. The company will make necessary action to facilitate Directors for telephonic and videoconference meetings. Participation in board meetings by means of video or telephone conferencing is regarded as attendance and may be recorded as such.
19. To company with minimum 75% attendance requirement mentioned above, Board members must attend at least three-quarters of all Board meetings held during any twelve-month period in person. Board members who fail to attend at least three-quarters of all Board meetings in any twelve-month period shall be step down, unless there are valid reasons for his absenteeism.
20. At least half the Board meetings of Bahraini insurance licensees in any twelve-month period must be held in the Kingdom of Bahrain.
21. As per Article of Association of the company an attendance of four (4) members (one of them must be the Chairman or the Vice-chairman) forms a quorum.
22. The chairman must ensure that all directors receive an agenda, minutes of prior meetings, and adequate background information in writing before each Board meeting and when necessary between meetings. All directors must receive the same Board information. At the same time, directors have a legal duty to inform themselves and they must ensure that they receive adequate and timely information and must study it carefully. Directors may assist in the development of an Agenda for Board meetings through the Chairman.
23. The Board is to be given adequate notice of meetings.
24. The Board and its Committees are to be provided with a list of scheduled meetings for the year, at the commencement of each financial year.
25. Board papers are to be provided to directors at least five business days prior to any scheduled meeting.
26. The Board must also maintain adequate records of its meetings, such that key decisions and how they are arrived at can be traced.
27. Board and Committee minutes are to be accurate and circulated to the board and committee members for comments which must be received within seven days. After receiving the comments of the members, if any, and their resolution, the minutes are to be circulated for approval and signed by the board and committees members.
28. Board and Committee meetings are to be held in accordance with the company's Constitution and any Committee Charter.
29. The Board must encourage participation by management regarding matters the Board is considering, and also by management members who by reason of responsibilities or succession, the GCEO believes should have exposure to the directors.
30. Each year, a one day meeting of the Board is to review and approve the strategy and business plan of the Company for the next financial year.

NEW - ADDITION * - CHANGE ** - COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	4 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

FUNCTIONS

The Board shall exert its best effort to ensure a high standard of best practice for the Corporation. To do so, it should perform all the functions which it is required to perform in the company's by-Laws, and additionally;


31. The Board must be collegial and deliberative, to gain the benefit of each individual director's judgment and experience.
32. Constitute an Audit Committee and such other Committees as (i.e. Executive Committee and Remuneration & Nominating Committee) are required;
33. Select and appoint a General Manager with appropriate level of motivation, integrity, competence and professionalism;
34. Adopt a professional development program for employees and officers, and succession planning for senior management and key positions in the Corporation;
35. Supervising the main capital expenses of the company and acquisition/ disposal of assets.
36. Ensure that the Company complies with all relevant laws, regulations and as far as possible best business practices;
37. Drafting a Corporate Governance Code for the company that does not contradict the provisions of the regulations, supervising and monitoring in general the effectiveness of the code and amending it whenever necessary.
38. Recommend to the shareholders the appointment of external auditors, in accordance with the recommendation of the Audit Committee;
39. Create a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense, which expense shall be reasonable.
40. Laying down specific and explicit policies, standards and procedures, for the membership of the Board of Directors and implementing them after they have been approved by the AGM.
41. Outlining a written policy that regulate the relationship with stakeholders with a view to protecting their respective rights; in particular, such policy must cover the following
 - Mechanisms for indemnifying the stakeholders in case of contravening their rights under the law and their respective contracts.
 - Mechanisms for settlement of complaints or disputes that might arise between the company and the stakeholders.

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ADDITION * -

CHANGE ** -

COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	5 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

- Suitable mechanisms for maintaining good relationships with customers and suppliers and protecting the confidentiality of information related to them.
- A code of conduct for the company's executives and employees to regulate their relationship with the stakeholders. The code shall be compatible with the proper professional and ethical standards. The Board of Directors shall lay down procedures for supervising this code and ensuring compliance therewith.

RESPONSIBILITIES


42. All directors must understand the Board's role and responsibilities under the Commercial Companies Law and any other laws or regulations that may govern their responsibilities from time to time. In particular:
- a) The Board's role as distinct from the role of the shareholders (who elect the Board and whose interests the Board serves) and the role of officers (whom the Board appoints and oversees); and
 - b) The Board's fiduciary duties of care and loyalty to the company and the shareholders.
43. The Board is primarily responsible to the shareholders for financial reporting and control, and should:
- a) Provide to all stakeholders relevant and timely information about the Company, including but not limited to a quarterly report and an annual report of the company's performance, position and prospects;
 - b) Present a balanced and understandable assessment of the company's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
 - c) Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
 - d) Report that the business is a going concern, with supporting assumptions or qualifications, if necessary;
 - e) Maintain a sound system of internal control to safeguard stakeholders' investment and the Company's assets;
 - f) Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least, the evaluation of adequacy and effectiveness of controls encompassing the organization's governance, operations,

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ADDITION * -

CHANGE ** -

COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	6 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014


information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts;

- g) Require the chief audit executive to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit Committee. Such annual report should include significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Board and senior management;

Other Responsibilities

- 44. Approving and reviewing at least annually the overall business performance and strategy for the company;
- 45. Reviewing regularly the implementation of the strategy and operational performance;
- 46. Causing financial statements to be prepared which accurately disclose the company's financial position;
- 47. Monitoring management performance;
- 48. Assessing management framework. In assessing the management framework, the Board shall ensure the following policies and processes are in place:
 - a) Ensuring a formal and transparent Board nomination process;
 - a) Appointing senior managers, and ensuring that they have the necessary integrity, technical and managerial competence, and experience;
 - b) Overseeing succession planning, and minimizing undue reliance on key individuals;
 - c) Reviewing key senior management and Board remuneration packages and ensuring such packages are consistent with the corporate values and strategy of the licensee and encourage prudent risk taking;
 - d) Monitoring and evaluating management's performance in implementing agreed strategy and business plans, and ensuring appropriate resources are available; and
 - e) Approving budgets and reviewing performance against those budgets.
- 49. Reviewing regularly the level of risk;
- 50. Approving and reviewing at least annually systems and controls framework (including policies and procedures). In assessing the systems and controls framework, the Board to be able to demonstrate that its operations, individually and collectively;
 - a) Are measured, monitored and controlled by appropriate, effective and prudent risk management systems commensurate with the scope of the company's activities. These should pro-actively identify as well as monitor risk. The systems should

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	7 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014


produce information on a timely basis, and in a form and quality appropriate to the needs of the different recipients.

- b) Are supported by an appropriate control environment. The risk management and financial reporting functions must be independent of business lines and must be run by individuals not involved with the day-to-day running of the various business areas; and
 - c) Make effective use of the work of internal and external auditors.
51. Convening and preparing the agenda for shareholder meetings;
 52. Monitoring conflicts of interest and preventing abusive related party transactions;
 53. Assuring equitable treatment of shareholders including minority shareholders; and
 54. Setting out clearly and reviewing on a regular basis who has authority to enter the licensee into contractual obligations. The Board should set a materiality threshold considering the financial impact in relation to the company's its capital, so that contractual obligations above this set threshold are regularly reported to the Board.
 55. The directors are responsible both individually and collectively for performing these responsibilities and must have sufficient expertise as a Board to understand the important issues relating to operation and control of the insurance licensee. The Board may delegate certain functions to committees or management. However, it may not delegate its ultimate responsibility to ensure that an adequate, effective, comprehensive and transparent corporate governance framework is in place.

AGREEMENT WITH DIRECTORS

56. The company shall have a written appointment agreement with each director. The agreement shall be included the followings at minimum:
 - a) the directors' powers and duties
 - b) the terms of appointment
 - c) the time commitment envisaged
 - d) the committee assignment if any
 - e) his/ her remuneration and expense reimbursement entitlement
 - f) his/ her access to independent professional advice when that is needed.


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	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	8 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

INDEPENDENT DIRECTORS

57. Independent directors shall hold no interests or relationships with the company that may hinder their independence from the company or management which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.
58. An independent director shall submit to the company Secretary a letter of confirmation stating that he holds no interests affiliated with the corporation, management or controlling shareholder at the time of his election or appointment and/or re-election as a director.
59. Moreover, for purposes of compliance with the legal requirement on independent directors;
- At least 1/3 of directors are to be independent.
 - The Chairman is to be independent and should not be the same person as the GCEO.
 - Every director must bring independent judgment to bear in decision-making. No individual or group of directors must dominate the Board's decision-making and no one individual should have unfettered powers of decision.
 - Non-executive directors must be fully independent of management and must constructively scrutinise and challenge management including the management performance of executive directors.
 - All directors are to be independent of conflicts of interest. Where a director has a potential or perceived conflict of interest, immediate disclosure to the Company is to be made.
 - The Board should review the independence of each director at least annually in light of interests disclosed by them and their conduct. Each independent director shall provide the Board with all necessary and updated information for this purpose.
 - To facilitate free and open communication among independent directors, each Board meeting should be preceded or followed with a session at which only independent directors are present, except as may otherwise be determined by the independent directors themselves.
60. The Board must ensure that there are agreed-upon procedures for individual directors to have access to independent legal or other professional advice at the company's expense whenever they judge this necessary to discharge their responsibilities as directors.
61. Individual directors have access to the company's corporate secretary, who must have responsibility for reporting to the Board on Board procedures. Both the appointment and removal of the corporate secretary must be a matter for the Board as a whole, not for the GCEO or any other officer.

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	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	9 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

62. Upon resignation, a non-executive director should provide a written statement to the chairman, for circulation to the Board, if he has any serious concerns which cannot be resolved concerning the running of the company or a proposed action.


RIGHTS OF DIRECTORS

- 63. To receive all available information to be discussed at a meeting, prior to that meeting.
- 64. To be given adequate time to consider and debate issues.
- 65. Have access to relevant and reliable information and be entitled to obtain such resources and information from the Company, including direct access to employees, as they may require.
- 66. Directors may (where not constrained by the Companies Act):
 - a) contract or enter into an arrangement with the Company;
 - b) be present at a meeting and vote thereat on a matter in which the Director has an interest; and
 - c) hold office (except that of auditor) in any other company as approved by the Directors.

CONFLICTS OF INTEREST

- 67. Directors are to avoid situations where a conflict of interest with the interests of the Company may occur.
- 68. Directors are to immediately notify the Company's Secretary if a material personal interest relating to the affairs of the Company arises.
- 69. Directors are to absent themselves from attendance at a meeting of directors where a matter in which they have a material personal interest is being discussed, unless the directors who do not have such an interest, have voted that the director may attend because in their opinions, the nature of the interest should not disqualify the director from attending and/or voting.

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	10 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

CHAIRMAN


70. The chairman must take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made.
71. The election of the Chairman is at the discretion of the Board.
72. The Chairman of the Board shall be an independent non-executive Director and he cannot perform the role of Chief Executive Officer.
73. The following are the functions of the Chairman of the Board of Directors
 - a) Ensure that the Board provides leadership and vision to the entity.
 - b) Ensure that all directors receive an agenda, minutes of prior meetings, and adequate background information in writing before each Board meeting and when necessary between meetings.
 - c) Presiding over Board meetings and directors' Board discussions, and to ensure that they are conducted fairly and ethically.
 - d) Ensure that Board meeting minutes accurately reflect Board decisions.
 - e) Ensure that the Board has all necessary information to make effective decisions.
 - f) Ensure that Board and director evaluations are undertaken at least annually.
 - g) Confirm to shareholders when proposing re-election of a director that, following a formal performance evaluation, the person's performance continues to be effective and continues to demonstrate commitment to the role.
 - h) Guide the directors in their ongoing effectiveness and that of the Board.
 - i) Presiding over General Meetings to ensure that shareholders have an adequate opportunity to air their views and obtain answers.
 - j) Ensure that each new director receives a formal and tailored induction to ensure his contribution to the Board from the beginning of his term. The induction must include meetings with senior management, visits to company facilities, presentations regarding strategic plans, significant financial, accounting and risk management issues, compliance programs, its internal and external auditors and legal counsel.
74. When a new director is inducted, the chairman of the Board, assisted by company legal counsel or compliance officer, should review the Board's role and duties with that person, particularly covering legal and regulatory requirements.

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ADDITION * -

CHANGE ** -

COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ATTACHMENT-I
		NO. OF PAGES	11 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014


EVALUATION OF THE BOARD AND COMMITTEES

75. At least annually the Board must conduct an evaluation of its performance and the performance of each committee and each individual director using non-mandatory template issued by CBB.
76. The evaluation process must include:
- Assessing how the Board operates, especially in light of their responsibilities
 - Evaluating the performance of each committee in light of its specific purposes and responsibilities, which shall include review of the self-evaluations undertaken by each committee;
 - Reviewing each director's work, his attendance at Board and committee meetings, and his constructive involvement in discussions and decision-making; and
 - Reviewing the Board's current composition against its desired composition with a view toward maintaining an appropriate balance of skills and experience and a view toward planned and progressive refreshing of the Board.
77. While the evaluation is a responsibility of the entire Board, it should be organised and assisted by an internal Board committee and, when appropriate, with the help of external experts.
78. The Board should report to the shareholders, at each annual shareholder meeting, that evaluations have been done and report its findings.

ANNUAL BOARD REVIEW AND CERTIFICATION

79. The Board must assess and document each year whether the internal corporate governance processes that it has implemented have successfully achieved their objectives, and consequently whether the Board has fulfilled its responsibilities for directing and monitoring the overall conduct of the company's affairs.
80. The results of the review must be summarised in a written certification, to be signed by all Board members, and sent to the CBB within 3 months of the financial year-end of the Company. The Board must report any material deficiencies identified during the review, along with an action plan and timescales for their correction.
81. The Board certification comprises a prescribed standard statement, to be signed by all Board members, attached to which should be a summary of the steps the Board has taken


NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	ATTACHMENT- I
		NO. OF PAGES	12 OF 12
SECTION	BOARD CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

in carrying out the review; a summary of the results of that review, and a summary action plan (with timescales) for addressing any identified material deficiencies.

82. The Board's review should cover the following specific matters:
- a) That the Board has reassessed the company's objectives and plans, and has reviewed the company's corporate strategy document;
 - b) That the Board has reassessed the company's overall risk profile, and its mapping of risks and the control environment put in place to meet those risks. The Board must comment whether the control environment remains effective and appropriate;
 - c) That the Board has assessed the company's internal controls, to confirm that these are based on established policies and procedures approved by the Board and provide reasonable assurance of the integrity and reliability of its financial records;
 - d) That the Board has assessed whether adherence to established internal limits and controls was continuously monitored;
 - e) That the Board has assessed that all new (or material changes to) significant policies, procedures and products introduced by the licensee since the last Board certification were appropriately reviewed and approved at the time;
 - f) That the Board has assessed that management and staff have complied with the company's corporate code of conduct; and
 - g) That in the period under review, the Board had received and reviewed the external auditor's management letter within six months of the (previous) financial year end, together with the company's audit committee and senior management comments on the letter and any proposed actions.

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	POLICIES MANUAL	REF. NO.	ATTACHMENT- II
		NO. OF PAGES	<i>1 OF 5</i>
SECTION	NOMINATING COMMITTEE CHARTER	DATE ISSUED	<i>24-08- 2011 REVISED ON 11-12-2014</i>

NOMINATING COMMITTEE CHARTER

OBJECTIVES

1. The primary objectives of the Nominating Committee are to assist the Board in fulfilling its corporate governance responsibilities in regard to:
 - a) Board appointments, re-elections and performance
 - b) Directors' induction programs and continuing development;
 - c) Committee memberships;
 - d) Identify persons qualified to become members of the Board of directors or Chief Executive Officer, Chief Financial Officer, Corporate Secretary and any other approved persons of the insurance licensee considered appropriate by the Board, with the exception of the appointment of the internal auditor which shall be the responsibility of the Audit Committee.

COMMITTEE MEMBERSHIP

2. The Remuneration Committee shall be appointed by the Board and comprise not less than 3 directors which include:
 - a) Only independent Directors, or
 - b) Only non-executive Directors of whom majorities are independent Directors and the chairman is an independent Director.
3. The current members of the Committee are:


Name	Position
01 Dr. Fouad Abdulsamad Al Falah	Chairman
02 Mr. Khalid Hussain Al Maskati	Member
03 Mr. Percy Albert Sequeira	Member
4. The company Secretary or a nominee appointed by the Board will act as the Secretary to the Committee, unless otherwise determined by the Committee, to ensure minutes are taken at the meeting.
5. Committee members, where possible, must;

NEW -

ADDITION * -

CHANGE ** -

COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ATTACHMENT- II
		NO. OF PAGES	<i>2 OF 5</i>
SECTION	NOMINATING COMMITTEE CHARTER	DATE ISSUED	<i>24-08- 2011 REVISED ON 11-12-2014</i>

- a) have a sound knowledge of the Company's businesses, organisation structure and related policies and procedures.
- b) have an appropriate understanding of the laws and regulations.
- c) have an appropriate understanding of corporate governance matters particularly in relation to Board and Director responsibilities and CBB best practice guidelines.


MEETINGS

6. The Committee shall meet as frequently as required but not less than two times per financial year.
7. A quorum for a meeting shall be minimum of two (2) members
8. Committee meetings are scheduled in conjunction with regular-scheduled meeting of the Board.
9. All meetings shall be conducted subject to an agenda incorporating any matters raised by other members of the Committee or referred by the Board.
10. In the absence of the Chairman, the remaining members will, when relevant, elect one of their number as Chair of the meeting.
11. The General Manager / Group Chief Executive Officer and any senior manager attend such meeting as requested by the Committee Chairman. (The Group Chief Executive Officer is not to be present when the Committee discusses issues relating to the Chief Executive Officer).
12. The Secretary shall maintain minutes of all meetings of the Committee. The minutes shall be signed by the Chairman.
13. Recommendations of the Committee are to be referred to the Board of Directors for approval.
14. Where the Committee is unable to reach consensus on a matter, the Chairman of the Committee will report this to the Board. The Board will determine whether it is appropriate that the matter be resolved by the Board or by obtaining independent advice.

COMMITTEE DUTIES AND RESPONSIBILITIES

15. The primary duties of the Nominating committee are to:
 - a) Identify persons qualified to become members of the Board of directors or Chief Executive Officer, Chief Financial Officer, Corporate Secretary and any other approved persons of the company considered appropriate by the Board, with the

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	ATTACHMENT- II
		NO. OF PAGES	3 OF 5
SECTION	NOMINATING COMMITTEE CHARTER	DATE ISSUED	24-08- 2011 REVISED ON 11-12-2014

exception of the appointment of the internal auditor which shall be the responsibility of the Audit Committee; and

- b) 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.

16. In serving duties with respect to officers the company the committee shall:

- a) Make recommendations to the Board from time to time as to changes the committee believes to be desirable in the structure and job descriptions of the officers including the GCEO, and prepare terms of reference for each vacancy stating the job responsibilities, qualifications needed and other relevant matters;
- b) Recommend persons to fill specific officer vacancies including GCEO considering criteria such as those referred to above;
- c) Design a plan for succession and replacement of officers including replacement in the event of an emergency or other unforeseeable vacancy; and
- d) If charged with responsibility with respect to company's corporate governance guidelines, the committee shall develop and recommend to the Board corporate governance guidelines, and review those guidelines at least once a year.

17. In serving those duties with respect to Board membership:

- a) The committee shall make recommendations to the Board from time to time as to changes the committee believes to be desirable to the size of the Board or any committee of the Board;
- b) Whenever a vacancy arises (including a vacancy resulting from an increase in Board size), the committee shall recommend to the Board a person to fill the vacancy either through appointment by the Board or through shareholder election;
- c) In performing the above responsibilities, the committee shall consider any criteria approved by the Board and such other factors as it deems appropriate. These may include judgment, specific skills, experience with other comparable businesses, the relation of a candidate's experience with that of other Board members, and other factors;
- d) The committee shall also consider all candidates for Board membership recommended by the shareholders and any candidates proposed by management;
- e) The committee shall identify Board members qualified to fill vacancies on any committee of the Board and recommend to the Board that such person appoint the identified person(s) to such committee;

NEW - <input type="checkbox"/>	ADDITION * - <input type="checkbox"/>	CHANGE ** - <input checked="" type="checkbox"/>	COMPLETE REVISION - <input type="checkbox"/>
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	POLICIES MANUAL	REF. NO.	ATTACHMENT- II
		NO. OF PAGES	<i>4 OF 5</i>
SECTION	NOMINATING COMMITTEE CHARTER	DATE ISSUED	<i>24-08- 2011 REVISED ON 11-12-2014</i>

- f) Review the time commitment required from Non-Executive Directors and whether Directors are meeting that commitment;
- g) Schedule regular Board performance review; and
- h) Assuring that plans are in place for orderly succession of senior management.


INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

18. The Committee shall ensure each new Director undertakes an Induction Program which enables them to gain an understanding of:
- a) The operations of the company;
 - b) The company's financial, strategic, operational and risk management position;
 - c) The culture and values of the company;
 - d) The rights, duties and responsibilities and those of the Management;
 - e) Board and Committee Meeting arrangements, including the role of Board Committees; and
 - f) Constructive and respectful relations between Board Members, and between the Management and other Stakeholders.
19. The Committee will review that Directors have access to appropriate continuing education to update and enhance their skills and knowledge.

ACCESS AND AUTHORITY

20. The committee shall have the resources and authority necessary for its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of outside legal, consulting or search firms used to identify candidates, without seeking the approval of the Board or management. The company shall provide appropriate funding for the compensation of any such persons.

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	POLICIES MANUAL	REF. NO.	ATTACHMENT- II
		NO. OF PAGES	<i>5 OF 5</i>
SECTION	NOMINATING COMMITTEE CHARTER	DATE ISSUED	<i>24-08-2011 REVISED ON 11-12-2014</i>

COMMITTEE PERFORMANCE

21. The committee shall preview and review with the Board an annual performance evaluation of the committee, which shall compare the committee's performance with the above requirements and shall recommend to the Board any improvements deemed necessary or desirable to the committee's charter. The report may be in the form of an oral report made at any regularly scheduled Board meeting.

22. The Board of Directors has delegated the function of Nominating Committee to the Board of Directors Executive Committee.

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	POLICIES MANUAL	REF. NO.	ATTACHMENT-III
		NO. OF PAGES	<i>1 OF 4</i>
SECTION	REMUNERATION COMMITTEE CHARTER	DATE ISSUED	<i>24-08-2011 REVISED ON 11-12-2014</i>

REMUNERATION COMMITTEE CHARTER

OBJECTIVES

1. The primary objectives of the Remuneration Committee are to assist the Board in fulfilling its corporate governance responsibilities in regard to remuneration matters, including:
 - a) The remuneration framework for Non-Executive Directors
 - b) The remuneration and incentive framework, including any proposed equity incentive awards for Group Chief Executive Officer, any other Executive Directors, Executive Committee Members and Senior Executives; and Staff
 - c) Recommendations and decisions on remuneration and all incentive awards for the Group Chief Executive Officer, any other Executive Directors and Executive Committee Members; Senior Executives; and Staff
 - d) Human resources policies.

COMMITTEE MEMBERSHIP

2. The Remuneration Committee shall be appointed by the Board and comprise not less than 3 directors which include:
 - a) Only independent Directors, or
 - b) Only non-executive Directors of whom majorities are independent Directors and the chairman is an independent Director.
3. The current members of the Committee are:

Name	Position
01 Dr. Fouad Abdulsamad Al Falah	Chairman
02 Mr. Khalid Hussain Al Maskati	Member
03 Mr. Percy Albert Sequeira	Member
4. The company Secretary or a nominee appointed by the Board will act as the Secretary to the Committee, unless otherwise determined by the Committee, to ensure minutes are taken at the meeting.
5. Committee members, where possible, must;

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COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ATTACHMENT-III
		NO. OF PAGES	2 OF 4
SECTION	REMUNERATION COMMITTEE CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

- a) have a sound knowledge of the Company's businesses, organisation structure and related executive/employee remuneration policies and practices.
- b) be able to demonstrate relevant knowledge at a senior management level of company remuneration and reward programmes and the setting of performance objectives, and related industry practices.
- c) have an appropriate understanding of the laws and other regulatory disclosure requirements in respect of executive and Director remuneration.
- d) have an appropriate understanding of corporate governance matters particularly in relation to Board and Director responsibilities and CBB best practice guidelines.

MEETINGS

6. The Committee shall meet as frequently as required but not less than two times per financial year.
7. A quorum for a meeting shall be minimum of two (2) members
8. Committee meetings are scheduled in conjunction with regular-scheduled meeting of the Board.
9. All meetings shall be conducted subject to an agenda incorporating any matters raised by other members of the Committee or referred by the Board.
10. In the absence of the Chairman, the remaining members will, when relevant, elect one of their number as Chair of the meeting.
11. The Group Chief Executive Officer and any senior manager attend such meeting as requested by the Committee Chairman. (The Group Chief Executive Officer is not to be present when the Committee discusses issues relating to the Group Chief Executive Officer).
12. The Secretary shall maintain minutes of all meetings of the Remuneration Committee. The minutes shall be signed by the Chairman.
13. Recommendations of the Committee are to be referred to the Board of Directors for approval.
14. Where the Committee is unable to reach consensus on a matter, the Chairman of the Committee will report this to the Board. The Board will determine whether it is appropriate that the matter be resolved by the Board or by obtaining independent advice.

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COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ATTACHMENT-III
		NO. OF PAGES	<i>3 OF 4</i>
SECTION	REMUNERATION COMMITTEE CHARTER	DATE ISSUED	<i>24-08-2011 REVISED ON 11-12-2014</i>

COMMITTEE DUTIES AND RESPONSIBILITIES

15. The committee is responsible for:
- Review the company's remuneration policies for the approved persons, which must be approved by the shareholders;
 - Make recommendations regarding remuneration policies and amounts for approved persons to the whole Board, taking account of total remuneration including salaries, fees, expenses and employee benefits; and
 - Recommend Board member remuneration based on their attendance and performance.

REMUNERATION POLICIES


16. In serving the responsibilities of the committee, the committee shall consider, and make specific recommendations to the Board on, both remuneration policy and individual remuneration packages for the GCEO, other senior officers, and staff.
17. Remuneration policy guidelines are used to determine remuneration for individual members such as performance evaluations. Officers' remuneration shall cover the following components:
- Salaries inclusive with living allowances;
 - Any performance-related plans including any stock compensation, stock options, or other deferred-benefit compensation;
 - Pension plans;
 - Fringe benefits such as non-salary perks; and
 - Termination policies including any severance payment policies; and
18. The committee shall evaluate the GCEO's performance in light of corporate goals and objectives and may consider the company's performance and shareholder return relative to comparable companies, the value of awards to GCEOs at comparable companies, and awards to the GCEO in past years.

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COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ATTACHMENT-III
		NO. OF PAGES	4 OF 4
SECTION	REMUNERATION COMMITTEE CHARTER	DATE ISSUED	24-08-2011 REVISED ON 11-12-2014

19. The committee should also be responsible for retaining and overseeing outside consultants or firms for the purpose of determining director or officer remuneration, administering remuneration plans, or related matters.

ACCESS AND AUTHORITY

20. The committee shall have the resources and authority necessary for its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of outside legal, consulting or compensation firms used to evaluate the compensation of directors, the GCEO or other officers, without seeking the approval of the Board or management. The company shall provide appropriate funding for the compensation of any such persons.

COMMITTEE PERFORMANCE


21. The committee shall conduct an annual review of its performance and effectiveness, inviting comments from all members of the Board. In the evaluation the Committee shall compare its performance with the above requirements and shall recommend to the Board any suggested changes or improvements deemed necessary or desirable to the committee's charter. The report may be in the form of an oral report made at any regularly scheduled Board meeting.
22. The Board of Directors has delegated the functions of the Remuneration Committee to the Board of Directors Executive Committee.

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COMPLETE REVISION -

	POLICIES MANUAL	REF. NO.	ATTACHMENT-IV
		NO. OF PAGES	1 OF 3
SECTION	BOARD RISK MANAGEMENT COMMITTEE CHARTER	DATE ISSUED	11-12-2014

BOARD RISK MANAGEMENT COMMITTEE CHARTER

OVERVIEW


The Enterprise Risk Management Committee determines the corporate objectives, risk appetite and aggregate risk tolerance levels. It oversees the process by which business unit management identifies and assesses risks and determines appropriate responses. It addresses enterprise-wide risks, and sets performance measure goals and key risk indicators for those risks. It is responsible for capital allocations, capital planning, and risk capital allocation and overrides. The committee also reviews capital usage and actual risk management performance versus plan.

OBJECTIVES

The Board of Directors (exercised through the Risk Committee) recognizes its responsibility for ensuring that a comprehensive Risk Management system which includes policies, programs, measures and competencies for identifying, assessing and managing risk needs to be in place to assist senior management in managing growth in a rapidly changing environment.

- In this regard, the specific objectives of the Committee include ensuring that:
- Management understands and accepts its responsibility for identifying, assessing and managing risk
- Senior Management and business unit management are strategically focused on the enterprise wide risk strategy
- Leading tools and processes are provided to the businesses to facilitate achievement of their Risk Management responsibilities
- Business unit risk assessments are performed periodically and completely
- Business unit risk mitigation activities are successful in:
 - safeguarding assets
 - maintaining appropriate standards regarding the environment and health and safety issues
 - meeting legal and regulatory obligations
 - reinforcing the values of the organization by focusing on stakeholder needs
- Proper accounting records are being maintained, appropriate accounting policies have been adopted and financial information is comprehensive and accurate
- Effective risk mitigation/control testing programs are in place and the results evaluated and acted upon

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	POLICIES MANUAL	REF. NO.	ATTACHMENT-IV
		NO. OF PAGES	2 OF 3
SECTION	BOARD RISK MANAGEMENT COMMITTEE CHARTER	DATE ISSUED	11-12-2014

ROLES & RESPONSIBILITIES

The Risk Committee's responsibilities include the following:


- Oversee development of and participation in an annual enterprise-wide risk strategy analysis.
- Develop and refine the enterprise-wide appetite/tolerance for risk.
- Reviewing performance measures against tolerances and recommending corrective action where appropriate.
- Reviewing the company's risk profile.
- Provide direction and oversight to the head of the risk department.
- Evaluate material risk exposures and report to Board.
- Evaluate enterprise-wide risk exposure reports.
- Evaluate enterprise-wide risk trending report and ensure corporate strategy is responsive to issues raised.
- Oversee the development of the company's risk management processes (including the contingency and business continuity processes) and advise the BOD on areas of weakness that need to be addressed.
- Providing policies, frameworks, methodologies, and tools to business units for the identification, assessment, and management of risks.
- Defining roles, responsibilities, and accountabilities at the executive and senior management level.
- Overall responsibility for the enterprise risk management process, including the processes used to identify, assess, respond to, and report on risk.
- Advise the BOD on the emergence of new risks and the relative prioritization of existing risks.
- Approve any changes in the company's policies and procedures and controls.
- Promote a risk aware culture within the company including organizing training sessions regarding risk management.
- Prepare the ad hoc and annual reports on risk for the BOD and stakeholders. Collate the views of the external auditor and company actuary in preparing such reports.
- Oversee the development and implementation of a framework to identify and analyze the financial impact of loss on the company.
- Communicating the risk management process to the CEO and the board.
- Oversee the role and responsibilities of the Internal Audit Team.
- Review semi-annual and annual consolidated accounts.

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	POLICIES MANUAL	REF. NO.	ATTACHMENT- IV
		NO. OF PAGES	3 OF 3
SECTION	BOARD RISK MANAGEMENT COMMITTEE CHARTER	DATE ISSUED	11-12-2014

MATERIALITY AND FOCUS

The Committee is charged with ensuring that the competency for identifying, assessing and managing risk continues to evolve in relation to the growing risk appetite of the organization. To that end, it will focus primarily on the effectiveness of enterprise risk management.

The Committee should review those risks which may be deemed material through agreement between the Committee and the head of the risk department. Materiality considerations will be based upon both immediate financial exposure to the organization's shareholders and long term material financial exposure to the organization's shareholders.

The goal of the Committee is to encourage broader thinking by management in relation to risks so that greater focus is applied to continue to evolve the organization's competencies along their risk management vision.

STRUCTURE AND MEMBERSHIP

Members of the Committee will be appointed by resolution of the Board. The Committee will comprise three members, one of whom will be appointed to chair the Committee

MEETINGS

Meetings will be held prior to Board meetings. The BOD Secretary will attend all Committee meetings and will act as Committee Secretary. The head of risk department and finance department will also attend Committee meetings. Reports of the meeting will be presented to the next Board meeting following each Committee meeting.

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