JEQUITYPARTNERS

Corporate Governance Guidelines

CONTENTS

1. INTRODUCTION

These Corporate Governance Guidelines (the "Guidelines") are issued pursuant to the High-Level Controls Module ("HC Module") of the Central Bank of Bahrain ("CBB") Rulebook Volume 4 and the Corporate Governance Code issued by the Ministry of Industry and Commerce. Unless otherwise specifically stated, the relevant rules and guidance apply to J Equity Partners B.S.C. (c) (the "Firm"). The Firm, along with its Board of Directors (the "BOD"), are subject to these requirements pursuant to the Commercial Companies Law ("CCL") and CBB requirements.

Accordingly, the Firm is committed to upholding the highest standard of corporate governance that is commensurate with its size, complexity, structure, economic significance, risk profile and business model in order to:

a. Promote corporate fairness, transparency and accountability;
b. Promote a high degree of integrity, ethical standards and professional conduct;
c. Promote full compliance with all applicable laws, regulations, and industry best practices; and
d. Promote a balance between risks undertaken and returns expected, taking into consideration the interests of all the stakeholders.

The Firm adopts a "Three Lines of Defence" governance model to ensure effective segregation of duties across business operations (First Line), Compliance and Risk Management functions (Second Line), and independent assurance through Internal Audit (Third Line). While the BOD retains ultimate responsibility for governance, senior management is responsible for the implementation and execution of the governance framework in line with regulatory expectations and best practices.

The Guidelines shall be in line with the Firm's Memorandum and Articles of Association, and in the event of any conflict, the terms of the Memorandum and Articles of Association shall prevail.

The Guidelines are subject to review and amendment from time to time to reflect the latest updates issued by the CBB and any other applicable regulatory authority.

2. BOARD OF DIRECTORS OVERALL RESPONSIBILITIES

2.1 RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1. The BOD of the Firm shall:
   a) Set the "tone at the top" and play a leading role in establishing the Firm's corporate culture and values, and oversee management's role in fostering and maintaining a sound corporate and risk culture;
   b) Ensure that no individual or group of directors dominates the BOD's decision-making and that no individual or group has unfettered powers of decision;
   c) Approve and oversee the development of the Firm's strategy, business plans and budget, and monitor their implementation;
   d) Actively engage in the affairs of the Firm, keep up with material changes in the Firm's business and the external environment and act in a timely manner to protect the long-term interests of the Firm;
   e) Convene and prepare the agenda for shareholder meetings;
   f) Approve and oversee the implementation of the Firm's governance framework, risk management framework, and other policies, and review relevant parts thereof, including key controls, in case a new business activity is considered, material changes to the Firm's size, complexity, business strategy, markets or regulatory requirements, or any major failure of controls;
   g) Establish, along with senior management and the Head of Risk Management, the Firm's risk appetite, considering the Firm's strategy, competitive and regulatory landscape, long-term interests, risk exposure and ability to manage risk effectively, and oversee the Firm's adherence to the risk appetite statement, risk policy and risk limits;
   h) Ensure that:
      i. Adequate systems, controls, processes and procedures are implemented by senior management in line with the BOD's approved policies;
      ii. The Firm has adequate processes to ensure full compliance with the requirements of the CBB Law, other relevant laws and the pertinent rulebooks;

i) Approve the annual financial statements and, where applicable, the interim financial statements;
j) At minimum, approve the selection and oversee the performance of the chief executive officer (CEO), Head of Finance, the Head of Risk Management & Compliance and the internal audit function;
k) Actively oversee the remuneration system's design and operation for approved persons, monitor and review executive compensation and assess its alignment with the Firm's remuneration policy, risk culture and risk appetite; and
l) Consider the legitimate interests of shareholders and other relevant stakeholders in their decision-making process.

2. The BOD may, where appropriate, delegate some of its functions, but not its responsibilities, to the BOD committees.
3. The members of the BOD shall exercise their fiduciary and other duties of care, candour and loyalty to the Firm in accordance with local laws and regulations.
4. Each BOD member shall:
   a) Understand the BOD's role and responsibilities pursuant to the CBB Rulebook, the Commercial Companies Law and any other laws or regulations that may govern their responsibilities from time to time;
   b) Consider themselves as representing all shareholders and shall act accordingly; and
   c) Ensure that they receive adequate and timely information before each meeting and study it carefully.

2.2 CORPORATE CULTURE AND VALUES

1. In order to promote a sound corporate culture, the BOD shall:
   a) Approve an appropriate code of conduct/ethics outlining acceptable practices to be followed by BOD members, senior management and other staff in the performance of their duties, and unacceptable practices/conduct;
   b) Set and adhere to corporate values that promote legal, professional, and ethical business conduct, and oversee the adherence to such values by BOD members, senior management and other employees;
   c) Promote risk awareness within a strong risk culture, convey that risk-taking beyond the BOD approved risk appetite and limits is not supported, and that all employees are responsible for operating within such parameters;
   d) Ensure that the corporate values, professional standards and codes of conduct, together with supporting policies, are adequately communicated throughout the Firm; and
   e) Ensure that all directors, senior management and other staff are aware that appropriate disciplinary or other actions will follow unacceptable behaviour, practices and transgressions.
2. Employees shall be encouraged and able to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices. This shall be facilitated through a well-communicated and BOD-approved whistleblowing policy and adequate procedures and processes, consistent with applicable laws. This includes the escalation of material concerns to the CBB.
3. The BOD of the Firm shall:
   a) Oversee the whistleblowing policy mechanism and ensure that senior management addresses legitimate issues that are raised;
   b) Take responsibility for ensuring that staff who raise concerns are protected from detrimental treatment or reprisals and that their rights are not undermined;
   c) Approve and oversee how and by whom legitimate material concerns shall be investigated and addressed such as by an objective and independent internal or external body, senior management and/or the BOD itself; and
   d) Ensure that, after verifying the validity of the allegations, the person responsible for any misconduct is held accountable and subjected to an appropriate disciplinary measure.
4. The BOD shall establish a conflict-of-interest policy for identifying and managing potential conflicts of interest related to all approved persons. The policy shall outline:

a) An approved person's duty to:

I. Avoid, to the extent possible, activities that could create conflicts of interest or the appearance of conflicts of interest. An approved person shall be considered to have a "personal interest" in a transaction with a company if they themselves, or a member of their family (i.e. spouse, father, mother, sons, daughters, brothers or sisters), or another company of which they are a director or controller, are a party to the transaction or have a material financial interest in the transaction or are expected to derive material personal benefit from the transaction (transactions and interests which are minimal in value should not be included);

II. Promptly disclose any matter that may result, or has already resulted, in a conflict of interest;

III. Abstain from getting involved in or voting on any matter where they may have a conflict of interest or where their objectivity or ability to properly fulfil duties to the Firm may be otherwise compromised. Any decision to enter into a transaction in which an approved person appears to have a material conflict of interest shall be formally and unanimously approved by the entire BOD;

IV. Act with honesty, integrity and care for the best interests of the Firm and its shareholders and other stakeholders;

V. Not use the property/assets of the Firm for their personal needs;

VI. Not misuse or misappropriate the Firm's assets or resources;

VII. Not disclose confidential information of the Firm or use it for their personal profit or interest;

VIII. Make every practicable effort to arrange their personal and business affairs to avoid a conflict of interest with the Firm;

IX. Not take business opportunities of the Firm for themselves; and

X. Not compete in business with the Firm or serve the Firm's interest in any transaction with a company in which they have a personal interest.

b) Create a rigorous review and approval process for approved persons to follow before they engage in certain activities (such as serving on another BOD) so as to ensure that such activity will not create a conflict of interest;

c) Have in place adequate requirements that ensure transactions with related parties shall be made on an arm's length basis;

d) Maintain sufficient restrictions on and/or a robust and transparent process for the employment of relatives of approved persons;

e) Have in place requirements for properly managing and disclosing conflicts of interest that cannot be prevented;

f) Have in place requirements for all approved persons to annually declare in writing all their other interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of a company, a manager or other form of significant participation) to the BOD or a designated BOD's committee;

5. Where there is a potential for conflict of interest, or there is a need for impartiality, the BOD shall assign a sufficient number of independent BOD members capable of exercising independent judgement, to address the conflict; and

6. The CEO of the Firm shall disclose to the BOD on an annual basis those individuals occupying controlled functions who are relatives of any other approved person within the Firm.

2.3 OVERSIGHT OF SENIOR MANAGEMENT

The BOD shall exercise proper oversight of senior management against formal performance and remuneration standards, consistent with the long-term strategic objectives and the financial soundness of the Firm. In doing so, the BOD shall:

a) Meet regularly with senior management;

b) Subject senior management to annual performance assessments and document the results;

c) Ensure that approved persons' collective knowledge and expertise remain appropriate given the Firm's nature of business and risk profile;

d) Ensure that senior management's actions are in full compliance with applicable laws and regulations and consistent with the strategy, business plan and policies approved by the BOD, including risk appetite;
e) Question, challenge, and critically review the explanations and information provided by senior management; and
f) Ensure that appropriate succession plans are in place for all approved persons within senior management (provided that such plans are subject to review in case of any changes to approved persons within senior management).

3. BOARD OF DIRECTORS FORMATION

3.1 BOD COMPOSITION

1. The BOD shall comprise individuals with a balance of skills, diversity and expertise, who individually and collectively possess the necessary qualifications commensurate with the size, complexity and risk profile of the Firm.
2. The BOD shall have a sufficient number of independent directors, with at least one-third of the BOD being independent.
3. If the Firm has a controller or a group of controllers acting in concert, such person(s) shall recognise their specific responsibilities to minority shareholders, given that BOD members remain responsible for the Firm's overall interests regardless of who appoints them.

3.2 BOD MEMBER SELECTION

1. The BOD shall have a clear and rigorous process for identifying, assessing and selecting BOD candidates. The BOD, not management, shall nominate the candidates for shareholders' approval.
2. BOD candidates shall:
   a) Possess the knowledge, skills, experience and, particularly in the case of non-executive directors, independence of mind necessary to discharge their responsibilities on the BOD in light of the Firm's business and risk profile;
   b) Have a record of integrity and good repute;
   c) Have sufficient time to fully carry out their responsibilities;
   d) Not have any conflicts of interest that may impede their ability to perform their duties independently and objectively and subject them to undue influence from:
      I. Other approved persons, controllers or other connected parties;
      II. Past or present positions held; or
      III. Personal, professional or other economic relationships with other approved persons (or with other entities within the group); and
   e) Not hold more than two directorships in financial institutions in Bahrain, excluding directorships in investment firm licensees, as this is not permitted.
3. BOD candidates should not hold more than three directorships in public companies in Bahrain. In case such directorships exist, there shall be no conflict of interest, and the BOD shall not propose the election or re-election of any director where such conflict exists.
4. Nominated directors of the Firm shall possess the requisite experience and competencies specified in CBB Rulebook, Fit and Proper Module ("FP Module").
5. A former CEO of the Firm, who had resigned or retired, may serve as a BOD member of the Firm but not as an independent director.
6. Each proposal by the BOD to the shareholders for the election or re-election of a director shall be accompanied by a recommendation from the BOD and the following specific information:
   a) The term to be served, which may not exceed three years;
   b) Biographical details and professional qualifications;
   c) In the case of an independent director, a statement that the BOD has determined that all applicable rules and criteria for independent directorship have been met;

d) Any other directorships held;
e) Particulars of other positions which involve significant time commitments; and
f) Details of relationships (if any) between:
   I. The candidate and the Firm, and
   II. The candidate and other approved persons of the Firm.

7. Prospective directors shall be made aware of their duties before their nomination, particularly as to the time commitment required.

3.3 BOD MEMBERS' APPOINTMENT AND INDUCTION

1. The chairperson of the BOD shall confirm to shareholders when proposing re-election of a director, that following a formal performance evaluation, the person's performance remains effective and that they continue to demonstrate commitment to the role.
2. Where an independent director has served three consecutive terms on the BOD, such director shall lose his/her independence status and shall not be classified as an independent director if reappointed.
3. The Firm shall have a written appointment agreement with each director, outlining their powers, duties, responsibilities, accountability, term, the time commitment envisaged, committee assignments (if any), remuneration, expense reimbursement entitlement and their access to independent, legal, or other professional advice at the expense of the Firm, when needed to discharge their responsibilities as directors.
4. The BOD shall ensure that:
   a) Sufficient time, budget and other resources are allocated annually for the BOD members' induction programmes;
   b) Each new director receives a formal, tailored induction and ongoing training on relevant issues which may involve internal or external resources, to ensure their effective contribution to the BOD from the start their term; and
   c) The induction programmes include meetings with senior management, visits to the Firm's facilities, presentations regarding strategic plans, significant financial, accounting and risk management issues, compliance programs, and meetings with internal and external auditors and legal counsel.
5. BOD members shall understand their oversight and corporate governance role and be able to exercise sound, objective judgment about the affairs of the Firm.
6. All continuing directors shall be invited to attend orientation meetings and all directors shall continually educate themselves as to the Firm's business and corporate governance.

4. BOD STRUCTURE AND PRACTICES

4.1 ORGANISATION AND ASSESSMENT OF BOD

1. The BOD of the Firm shall:
   a) Adopt a formal BOD charter specifying matters reserved for it, which shall include, but not be limited to, the specific requirements and responsibilities of the BOD stipulated in this Module and the in the Commercial Companies Law;
   b) Structure itself in terms of leadership, size, and the use of committees to effectively carry out its oversight and other responsibilities. This includes ensuring that the BOD has the time and means to cover all necessary subjects in sufficient depth, and engage in robust discussions of key issues;
   c) Maintain and periodically update its governance structure, organisational rules, by-laws, and other similar documents setting out its organisation, rights, responsibilities and key activities; and
   d) Carry out annual evaluations and assessments, either independently or with the assistance of external experts, of the BOD, its committees, and individual BOD members. This shall include:
      I. Assessing how the BOD operates in terms of the requirements of the CBB Rulebook and the Commercial Companies Law;
      II. Evaluating the performance of each committee considering its specific purpose and responsibilities, which shall include reviews of the self-evaluations undertaken by each committee;

III. Reviewing each director's performance, attendance at BOD and committee meetings, as well as their independence and constructive involvement in discussions and decision making;
IV. Reviewing the BOD's current structure, size, and composition, as well as committee structures and compositions, to maintain an appropriate balance of skills, diversity, and experience, and for the purpose of planned and progressive refreshing of the BOD; and
V. Recommending new directors to replace longstanding members or those whose contribution to the BOD or its committees is no longer adequate.

2. Where the BOD has serious reservations about the performance or integrity of a BOD member, or where he/she ceases to be qualified, the BOD shall take appropriate action and inform the CBB accordingly.
3. The BOD shall report to the shareholders, at each annual shareholder meeting, that evaluations have been done and report its findings.
4. Executive directors shall provide the BOD with all relevant business and financial information within their knowledge and shall recognise that their role as a director is different from their role as a member of management.
5. Non-executive directors shall be fully independent of management and shall constructively scrutinise and challenge management and executive directors.
6. The BOD shall maintain appropriate records of meeting minutes, including key points of discussions held, recommendations made, decisions taken and dissenting opinions (if any).
7. The BOD shall meet at least four times a year to be able to discharge its responsibilities effectively, and half of the BOD meetings in any financial year shall be held in the Kingdom of Bahrain.
8. Individual BOD members shall attend at least 75% of all BOD meetings in a given financial year, whether in-person or virtually (if needed), so as to enable the BOD to discharge its responsibilities effectively. Voting and attendance proxies for BOD meetings are prohibited.
9. The absence of BOD members at BOD and committee meetings shall be noted in the relevant meeting minutes. In addition, BOD attendance percentage shall be reported during any general assembly meeting when BOD members stand for re-election.
10. If a BOD member fails to attend at least 75% of BOD meetings in any given financial year, the Firm shall notify the CBB, within one month from its financial year-end, indicating which member has failed to satisfy this requirement, their level of attendance and the reason for non-attendance. The CBB shall then consider the matter and determine whether enforcement action pursuant to Article 65 of the CBB Law is appropriate.
11. BOD members may be requested to step down if they are found not to be actively participating in BOD meetings.

4.2 BOD CHAIRPERSON

The chairperson of the BOD shall:

a) Not be an executive director;
b) Not be the same person as the CEO. This also applies to the deputy chairperson;
c) Commit sufficient time to perform their role effectively;
d) Play a critical role in promoting mutual trust, efficient functioning of the BOD, open discussion, constructive dissent from decisions and constructive support for decisions after they have been made;
e) Ensure that all directors receive an agenda, minutes of prior meetings and adequate background information on each agenda item in writing well before each BOD meeting;
f) Encourage and promote critical and objective discussion and ensure that dissenting views can be freely expressed, discussed and recorded in the minutes of the BOD meeting; and
g) Ensure that BOD decisions are taken on a sound and well-informed basis.

4.3 BOD COMMITTEES

1. The Firm shall comply with the requirements of this section for each BOD committee it establishes. The BOD shall, at minimum, establish an audit committee and may establish other committees, such as Risk Committee or Remuneration Committee as and when it deems appropriate.

2. Objectivity and independence shall be ensured by the selection of appropriate BOD members in each committee.
3. Committees may be combined provided that no conflict of interest arises between the duties of such committees, and subject to the CBB's prior approval.
4. Every committee shall have a formal written charter or other instrument which sets out its roles and responsibilities, how the committee shall report to the BOD, what is expected of committee members and any tenure limits for serving on the committee.
5. Each committee shall have the resources and the authority necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees of external legal, accounting or other advisors as it deems necessary.
6. Each BOD committee shall maintain appropriate records of their deliberations and decisions in their meeting minutes, including key points of discussions held, recommendations made, decisions taken, and updates on their subsequent implementation and dissenting opinions (if any).
7. Each committee shall prepare and review, with the BOD, an annual performance evaluation of the committee and its members, and shall recommend any improvements deemed necessary or desirable to the committee's charter or composition. This shall be in the form of a written report presented at any regularly scheduled BOD meeting.
8. Members of each committee shall exercise judgment free from any personal conflicts of interest or bias.
9. The BOD should consider occasional rotation of membership and chair of the BOD committees, provided that doing so does not impair the collective skills, experience and effectiveness of these committees.
10. The BOD shall ensure coordination and information sharing between committees, particularly between the Audit, Risk, and Compliance functions, to avoid gaps or duplication in oversight.

4.4 AUDIT COMMITTEE

1. The audit committee of the Firm shall have at least three directors, of whom the majority shall be independent and have no conflict of interest with any other duties they have.
2. The Chairperson of the Audit Committee shall:
   a) Be independent; and
   b) Not be the chairperson of the BOD, unless the chairperson is considered independent.
3. CEO and other senior management of the Firm shall not be members of the audit committee. The audit committee members shall have sufficient experience in audit practices, financial reporting and accounting.
4. The audit committee shall meet at least:
   a) Four times a year.
   b) Twice a year with the external auditor.
   c) Once a year in the absence of the CEO and any executive management, but in the presence of the Head of Compliance and Internal Auditor.
5. The audit committee shall, at a minimum:
   a) Ensure that the Firm has effective and adequate policies covering all its business activities, internal audit, financial reporting, compliance, risk management, prevention of fraud and cyber security breaches, etc;
   b) Oversee the financial reporting process;
   c) Oversee and interact with the Firm's internal and external auditors;
   d) Review the integrity of the Firm's financial statements;
   e) Recommend to the BOD, based on BOD-approved objective criteria, the appointment, remuneration, dismissal and rotation of external auditors;
   f) Review and approve the internal and external audit and compliance scope;
   g) Receive internal and external audit and compliance reports and ensure that senior management is taking necessary corrective actions in a timely manner to address any control weaknesses, non-

compliance with policies, laws and regulations, and other problems identified by auditors, the head of compliance and other control functions;

h) Assess annually the extent to which the Firm is managing its compliance risks effectively;
i) Ensure the meeting agenda includes compliance and internal audit issues at least quarterly;
j) Recommend the appointment and dismissal of the heads of internal audit and compliance functions. The Firm shall also discuss the reasons for their dismissal with the CBB.
k) Make a determination, at least once a year, of the external auditor's independence;
l) Review and supervise the implementation and enforcement of the Firm's code of conduct, unless such mandate is delegated to another committee; and
m) Ensure that senior management establishes and maintains adequate and effective internal control systems, procedures and processes for the business of the Firm.

6. The Audit Committee shall oversee the effectiveness of the Firm's AML/CFT framework and ensure that all regulatory reporting obligations are fulfilled accurately and in a timely manner.
7. The Audit Committee shall review any regulatory breaches and ensure appropriate remediation actions are implemented.

4.5 RISK COMMITTEE

1. Where the Firm establishes a BOD risk committee, such committee should have at least three directors, of whom the majority, including the chairperson, should be independent. In addition, the committee members should have experience in risk management issues and practices and have no conflict of interest with any other duties they may have.
2. There should be effective communication and coordination between the audit committee and the risk committee to facilitate the exchange of information and effective coverage of all risks, including emerging risks, and any needed adjustments to the risk governance framework of the Firm.
3. The risk committee shall, at a minimum:
   a) Oversee the Firm's risk management framework and ensure its effectiveness.
   b) Review and recommend the Firm's risk appetite statement.
   c) Monitor the adherence to risk limits and thresholds.
   d) Oversee stress testing and capital adequacy, where applicable.

4.6 REMUNERATION COMMITTEE

1. Where the Firm establishes a BOD remuneration committee, such committee should have at least three directors.
2. Members of the remuneration committee should be independent of any risk-taking function or committee.
3. The remuneration committee should include only independent directors or non-executive directors, with a majority of independent directors, and the chairperson should be an independent director.
4. The remuneration committee should meet at least twice a year.
5. The remuneration committee should:
   a) Recommend to the BOD:
      I. An appropriate remuneration policy designed to reduce employees' incentives to take excessive and undue risk, which shall be approved by the shareholders; and
      II. A fair and internally transparent remuneration system, which includes relevant performance measures and effective controls;
   b) Ensure on an annual basis that the remuneration policy and its implementation:
      I. Are in full compliance with CBB requirements;
      II. Are consistent with the Firm's strategy, culture, long-term business objectives, risk appetite, performance and control environment, and that they are creating the desired incentives for managing risk, capital and liquidity.

c) Work closely with the risk committee in evaluating the incentives created by the remuneration system. The risk committee shall, without prejudice to the tasks of the remuneration committee, examine whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings;

d) Approve the remuneration packages and amounts for each approved person and material risk-taker, as well as the total variable remuneration to be distributed based on the results of the performance evaluation system and taking account of total remuneration including salaries, fees, expenses, bonuses and other employee benefits;

e) Regularly review remuneration outcomes, risk measurements, and risk outcomes for consistency with BOD's approved risk appetite;

f) Question payouts for income that cannot be realised or whose likelihood of realisation remains uncertain at the time of payout;

g) Recommend BOD member remuneration based on their attendance and in compliance with the Commercial Companies Law;

h) Evaluate practices by which remuneration is paid for potential future revenues whose timing and likelihood remain uncertain by means of both quantitative and qualitative key indicators. It shall demonstrate that its decisions are consistent with the assessment of the Firm's financial condition and future prospects; and

i) Obtain feedback on performance evaluation of the Chief Risk Officer, Chief Internal Auditor and Head of Compliance from the designated BOD committee responsible for oversight of these functions.

4.7 CORPORATE GOVERNANCE COMMITTEE

1. The Firm should assign to one of its senior management the role of a corporate governance officer who is responsible for the tasks of verifying the Firm's compliance with corporate governance rules and regulations.

2. The BOD should establish a Corporate Governance Committee for developing and recommending changes from time to time in the Firm's corporate governance policy framework. Such committee should have at least three directors, of whom the majority should be independent.

3. The corporate governance committee should:

   a) Oversee and monitor the implementation of the governance policy framework by working with the management and the Audit Committee; and

   b) Provide the BOD with reports and recommendations based on its findings in the exercise of its functions.

4. The responsibilities of the corporate governance officer may be assumed by the head of compliance and should include, at a minimum:

   a) Coordinating and following up on the Firm's compliance with corporate governance requirements;

   b) Ensuring that corporate governance policies, their implementation and related internal controls are consistent with the regulatory and legal requirements;

   c) Working closely with the BOD and/or the relevant BOD committee to improve the governance framework of the Firm; and

   d) Reviewing the annual corporate governance disclosure to ensure that its contents are in conformity with the Firm's internal policies and the CBB rulebook requirements.

5. REMUNERATION OF APPROVED PERSONS

1. The Firm shall have in place a BOD approved remuneration policy. The Firm shall ensure that all approved persons are remunerated fairly and responsibly. More specifically, the remuneration shall be sufficient to attract, retain and motivate qualified persons.

2. The performance evaluation and remuneration of senior management and staff of the Firm shall be based, among other factors, on their adherence to all relevant laws, regulations, and CBB rulebook requirements, including, but not limited to, AML/CFT requirements in the FC Module.

3. 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.

6. SENIOR MANAGEMENT

1. The BOD shall establish an adequate organisational structure that promotes accountability and transparency and facilitates effective decision-making and good governance throughout the Firm. This includes clarity on the role, authority and responsibilities of the various positions within senior management, including that of the CEO.
2. Senior management shall be subject to ongoing Fit and Proper assessments in line with CBB requirements.
3. Senior management shall:
    a) Be selected through an appropriate promotion or recruitment process which considers the qualifications and competencies required for the position in question;
    b) Have the necessary experience, competencies, personal qualities and integrity to manage the businesses and employees under their supervision;
    c) Be subject to regular training and/or relevant professional exposure through tailored interaction with industry leaders and decision makers, to maintain and enhance their competencies and stay up to date on developments relevant to their areas of responsibility;
    d) Act within the scope of their responsibilities which shall be clearly defined;
    e) Independently assess and question the policies, processes and procedures of the Firm, with the intent to identify and initiate management action on issues requiring improvement;
    f) Not interfere in the independent duties of the risk management, compliance and internal audit functions;
    g) Carry out and manage the Firm's activities in compliance with all laws and regulations, and in a manner consistent with the business strategy, risk appetite, business plans, remuneration and other policies approved by the BOD;
    h) Have a robust governance framework for all management committees;
    i) Not primarily control the remuneration system in the Firm;
    j) Actively communicate and consult with the control functions on management's major plans and activities so that the control functions can effectively discharge their responsibilities; and
    k) Provide the BOD and its committees with timely, complete, accurate and understandable information and documents so that they are equipped for upholding their responsibilities, and keep them adequately informed and updated on a timely basis about material issues including:

        I. Changes in the implementation of business strategy, risk strategy and risk appetite;
        II. The Firm's performance and financial condition;
        III. Breaches of risk limits or regulations;
        IV. Internal control failures, frauds and cyber security incidents;
        V. Legal or regulatory concerns;
        VI. Customer complaints; and
        VII. Issues raised as a result of the Firm's whistleblowing policy.

7. COMPLIANCE

1. The BOD shall:
    a) Oversee the management of the Firm's compliance risk;
    b) Establish an independent compliance function and approve an appropriate compliance framework for the Firm based on the size and complexity of its operations;
    c) Set priorities for the management of its compliance risk in a way that is consistent with its risk management strategy and structures; and
    d) Approve the Firm's compliance policy for identifying, assessing, monitoring, reporting and advising on compliance risk.
2. The compliance function and the internal audit function shall be separate.
3. The compliance function shall include oversight of Anti-Money Laundering and Counter Terrorist Financing (AML/CFT) risks. The appointment of a Money Laundering Reporting Officer (MLRO) may be combined with the Head of Compliance.
4. The compliance function shall operate independently and shall have direct and unrestricted access to the BOD and relevant committees.

5. The BOD, Audit Committee or the designated BOD committee and Senior Management shall:
   a) Ensure that, based on an agreed remedial action plan, all compliance findings are resolved within a reasonable period of time to be set based on the level and magnitude of risk;
   b) Not restrict the compliance function from reporting any irregularities or breaches that are identified as a result of its work or investigations, and shall ensure that such reporting can be done without fear of retaliation or disfavour from management, BOD members or other staff members;
   c) Ensure that the head of compliance and his/her staff are not placed in a position where there is a possible conflict of interest between their compliance responsibilities and any other responsibilities they may have;
   d) Not consider the compliance function as a cost centre; instead, it should be viewed as an activity that helps the Firm avoid enforcement action for non-compliance, enhances the Firm's reputation and promotes the right environment for better financial performance; and
   e) Ensure the compliance function's right to:
      I. Have unrestricted access to any records or files necessary to carry out its responsibilities, and the corresponding duty of the Firm's staff to co-operate in supplying this information;
      II. Conduct investigations of possible breaches of the applicable laws, regulations and the compliance policy; and
      III. Appoint, subject to the Audit Committee's approval, outside experts to perform a specific task, if appropriate.
6. The Firm shall appoint a Head of Compliance with overall responsibility for the Firm's compliance function.
7. Subject to the CBB's approval, the role of Head of Compliance may be combined with the Head of Risk.
8. The Head of Compliance shall:
   a) Report to the Audit Committee or the designated BOD committee and administratively to the CEO.
   b) Establish the operating compliance procedures and processes for identifying, assessing, monitoring, reporting and advising on compliance risk;
   c) Establish written guidance to the Firm's staff on the appropriate implementation of laws and regulations;
   d) Conduct, under the sponsorship of the CEO, awareness sessions for the Firm's staff on compliance policy requirements and issues; and
   e) Report to the Audit Committee:
      I. On a quarterly basis, the Firm's management of its compliance risk, in such a manner as to assist committee members to make an informed judgment on whether the Firm is managing its compliance risk effectively; and
      II. Immediately report any material compliance failures as they arise (e.g. failures that may attract a significant risk of legal or regulatory sanctions, material financial loss, or loss of reputation).
   f) Have a formal status with sufficient authority within the Firm;
   g) Carry out its responsibilities under a risk-based compliance programme that sets out its planned activities, such as the implementation and review of specific policies and procedures, compliance risk assessment and compliance testing;
   h) Assess in cooperation with the relevant functions, in case of new regulations, the appropriateness of the Firm's relevant policies as well as the compliance policy and related procedures and processes. It shall promptly follow up regarding any identified deficiencies, and, where necessary, formulate proposals for amendments in cooperation with the relevant functions;
   i) On a proactive basis, identify, measure, document and assess the compliance risks associated with the Firm's business activities including the development of new products and business practices, proposed establishment of new types of business or customer relationships, or material changes in the nature of such relationships.
   j) Monitor and test compliance by performing sufficient and representative compliance testing. The results of such testing shall be reported to the Audit Committee;
   k) Advise the Audit Committee and Senior Management on all relevant laws, regulations and standards in all jurisdictions in which the Firm conducts its business, and keep them informed of developments in this regard;

l) Provide the CBB with a compliance assessment report for every application/request for approval, confirming that all related legal and regulatory requirements pertaining to the request have been thoroughly reviewed, including the impact of such request on the Firm's financial position and compliance status, and a reference shall be made to any previously approved arrangements by the CBB. In cases where the requests have a potential financial impact on the Firm, a report from the financial control function in consultation with external auditors shall also be submitted as part of the compliance assessment report, whereas in case of any legal implication of such a request a legal opinion on the matter shall be submitted;

m) Act as a contact point within the Firm for compliance queries from staff members; and

n) Have sufficient and appropriate resources to carry out its functions effectively, commensurate with the size and complexity of the Firm.

9. The Head of Compliance shall:

a) Have the necessary qualifications, experience, and professional and personal qualities to enable them to carry out their specific duties;
b) Have a sound understanding of applicable laws, regulations, and standards, and their practical impact on the Firm's business activities and operations; and
c) Be subject to regular and systematic training to remain up-to-date with developments in laws, regulations and standards.

8. INTERNAL AUDIT

1. The Firm shall establish an effective and independent Internal Audit function (IAF).
2. The Audit Committee remains ultimately responsible for the IAF regardless of whether Internal Audit activities are outsourced.
3. The BOD, Audit Committee and senior management shall:

a) Promote a strong and robust internal control environment within the Firm;
b) Provide the IAF staff with full and unconditional access to all files, records, data, documents, systems, and properties of the Firm;
c) Require that all Internal Audit findings and recommendations are resolved within a reasonable period of time to be set based on the level and magnitude of risk;
d) Allocate sufficient annual budget to support the IAF's activities and plans; and
e) Inform the IAF of new developments, initiatives, projects, products and operational changes.

4. The internal audit charter shall establish, at a minimum:

a) The IAF's standing within the Firm, its authority, responsibilities and relations with other control functions in a manner that promotes the effectiveness of the function;
b) The purpose and scope of the IAF;
c) The obligation of the internal auditors to communicate the results of their engagements and a description of how and to whom this shall be done (reporting line);
d) The criteria for when and how the IAF may outsource some of its engagements to external experts;
e) The terms and conditions according to which the IAF can be called upon to provide consulting or advisory services or to carry out other special tasks without creating a conflict with its core function;
f) The requirement to comply with the international standard on internal audit issued by the Institute of Internal Auditors; and
g) Procedures for the coordination of the IAF with the external auditor.

5. The IAF shall:

a) Be independent of all functions;
b) Have sufficient standing and authority within the Firm;
c) Have sufficient skilled resources to be able to judge outcomes and make an impact at the highest level of the organisation;
d) Be able to perform its assignments on its own initiative in all areas and functions of the Firm based on the audit plan established by the IAF and approved by the audit committee;
e) Be free to report its findings and assessments internally;

f) Independently review and evaluate the effectiveness and efficiency of all functions, internal controls, risk management, internal risk and finance models, governance framework, policies, procedures, systems and processes, including the Firm's outsourced activities, and shall ensure adequate coverage of matters of regulatory interest within the audit plan;
g) Develop an independent and informed view of the risks faced by the Firm based on its access to all records and data, and professional competence;
h) Discuss its views, findings and conclusions directly with the audit committee and, if necessary, with the BOD at their routine quarterly meetings; and
i) Not be involved in designing, selecting, implementing or operating specific internal control measures. However, the independence of the IAF shall not prevent Senior Management from requesting input from the IAF on matters related to risk and internal controls. Nevertheless, the development and implementation of internal controls shall remain the responsibility of management.

6. Internal audit reports shall be provided to the audit committee without management filtering.

9. GOVERNANCE AND DISCLOSURE AS PER SHARIAH PRINCIPLES

1. In ensuring compliance with Shariah principles, the Firm shall establish a Shariah Supervisory Board ("SSB") comprised of at least three board members, to verify that its operations are Shariah compliant.
2. The Audit Committee shall communicate and co-ordinate with the Firm's SSB to ensure that information on compliance with Islamic Shariah rules and principles is reported in a timely manner.
3. The BOD shall set up a Corporate Governance Committee. In this case, the Committee shall comprise at least three members to co-ordinate and integrate the implementation of the governance policy framework.
4. The Corporate Governance Committee established shall comprise, at a minimum:
   a) An independent director to chair the Corporate Governance Committee. The chairperson of the Corporate Governance Committee should not only possess the relevant skills, such as the ability to read and understand financial statements, but should also be able to coordinate and link the complementary roles and functions of the Corporate Governance Committee and the Audit Committee;
   b) A Shariah scholar who is a SSB member for the purpose of leading the Corporate Governance Committee on Shariah-related governance issues (if any), and also to coordinate and link the complementary roles and functions of the Corporate Governance Committee and the SSB; and
   c) An independent director who can offer different skills to the committee, such as legal expertise and business proficiency, which are considered particularly relevant by the BOD for cultivating a good corporate governance culture, and deemed "Fit and Proper" by the CBB.
5. The Corporate Governance Committee shall be empowered to:
   a) Oversee and monitor the implementation of the governance policy framework by working together with the management, the Audit Committee and the SSB; and
   b) Provide the BOD with reports and recommendations based on its findings in the exercise of its functions.