

Naseej B.S.C. (c) Commercial Registration No. 72492

Corporate Governance Report for the year 2020

1- Description of the actions taken to complete the Corporate Governance Code during the year 2020 and how they were applied.

Naseej is committed to upholding the highest standards of corporate governance in full compliance with all relevant local governing laws and regulations; and in line with international best practice. The Company has developed a Corporate Governance Framework to ensure adoption of the highest standards of ethical conduct, transparent disclosure and operational effectiveness; while protecting the rights and interests of all stakeholders.

The Framework has been designed in accordance with the 10 Principles of the revised Corporate Governance Code of the Kingdom of Bahrain, which was issued by the Ministry of Industry, Commerce & Tourism in October 2018. Ensuring adoption and implementation of the Code, and adherence to the Company's Corporate Governance Framework, is the direct responsibility of the Board of Directors.

2- Description of the transactions of the directors, their spouses and sons on the Company's shares during the year 2020 according to the following table:

There were no transactions related to the directors, their spouses and sons on the Company's shares during the year 2020.

3- Composition of the Board:

a. Description of the current Board composition according to the following table:

#	Name	Type (executive, non-executive or independent)	Experience	Qualification	The period of his term as a director of the Company starting from the date of his first election or appointment	Directorships and positions in other companies	Positions in any other key regulatory, government or commercial entities.
1	Shaikh Hamed Mohamed Al-Khalifa	Chairman of the Board of Directors Independent & Non-Executive Chairman of Remuneration, Nomination & Governance Committee	Bahrain's former chief urban planner offering comprehensive background in community-based planning, project management and policy and program development. Formerly the General Director of Urban Planning in the Kingdom of Bahrain (for 9 years), was also an Investment	<ul style="list-style-type: none"> • BS in Systems Analysis Engineering with a minor in Economics from the George Washington University, USA. • Masters in Engineering Management with a concentration in economics, finance, and cost engineering from the George Washington University, USA. 	Since 2018	<p>Chairman:</p> <ul style="list-style-type: none"> • Riffa Palms Real Estate <p>Deputy Chairman:</p> <ul style="list-style-type: none"> • Bahrain Air Space Agency <p>Board Member:</p> <ul style="list-style-type: none"> • Telecommunications Regulatory Authority <p>Formerly:</p> <ul style="list-style-type: none"> • General Director of Urban Planning. Ministry of Urban Planning & Municipalities • Investment Manager - Real Estate, Mumtalakat • Project Manager, Economic Development Board 	

			Manager at Mumtalakat overlooking the real estate portfolio, and formerly served at the Board of Durrat Al-Bahrain and Southern Tourism Company.			<p>Board Member:</p> <ul style="list-style-type: none"> Durrat Al-Bahrain and Southern Tourism Company 	
2	Abdulkarim Bucheery	<p>Vice Chairman</p> <p>Non-Independent & Non-Executive</p> <p>Chairman of the Executive Committee</p>	<p>Over 40 years of experience in the banking and finance fields.</p>	<ul style="list-style-type: none"> BSc in Economic Science Stream from the University of Aleppo, Syria. 	Since 2018	<p>Currently:</p> <ul style="list-style-type: none"> Director and Co-Partner of KMH Management Solutions <p>Chairman:</p> <ul style="list-style-type: none"> Bahrain Bourse Bahrain Clear Al Ubaf Bank – Audit and Risk Committee Management Council of Montreal Cars Co. Bahrain Association of Friends of Psychiatric Patients <p>Board Member:</p> <ul style="list-style-type: none"> Deposit Protection Board, CBB INJAZ Bahrain Tamkeen Nasser Centre for Rehabilitation and Vocational Training Becon International School Bahrain International Federation of Business and Professional Women <p>Formerly:</p> <ul style="list-style-type: none"> Chief Executive Officer, BBK 	
3	Abdulelah Alqasimi	<p>Non-Independent Non-Executive Director</p> <p>Chairman of Audit & Risk Committee</p>	<p>Over 38 years of experience in Engineering, Finance, Economics, Training and labor & trade union issues.</p>	<ul style="list-style-type: none"> MSc in Health Facility Planning from University of North London, UK BSc in Civil Engineering from Queen Mary College, University of London, UK Diploma in Health Care Management from Royal College of Surgeons in Ireland, Bahrain 	Since 2014	<p>Currently:</p> <p>Chairman:</p> <ul style="list-style-type: none"> Saudi Solidarity Takaful Co <p>Board Member:</p> <ul style="list-style-type: none"> Ithmaar Holding IB Capital (Ithmaar) Solidarity Group Holding Faysal Bank Limited (Pakistan) Ithmaar Bank <p>Formerly:</p> <ul style="list-style-type: none"> CEO, Labour Fund (Tamkeen) Deputy CEO, Labour Fund Project at Bahrain 	

						<p>Economic Development Board</p> <ul style="list-style-type: none"> • Undersecretary for Training, Ministry of Labour • Director of Engineering, Ministry of Health 	
4	Abdulhakeem Almutawa	<p>Non-Independent Non-Executive Director</p> <p>Member of Audit & Risk Committee</p>	<p>Over 38 years of experience in banking and finance, and airline and aviation industries. Currently the Deputy Chief Executive Officer, Banking Group at Ithmaar Bank Bahrain.</p>	<ul style="list-style-type: none"> • MBA from the University of Bahrain; • BSc in Engineering from the University of Texas, Austin. 	Since 2013	<p>Currently:</p> <ul style="list-style-type: none"> • Deputy CEO, Banking Group, Ithmaar Bank <p>Board Member:</p> <ul style="list-style-type: none"> • Bahrain Airport Company; • Gulf Air Holding; • Gulf Aviation Academy; • Ithmaar Development Company; • Cityview Real Estate Co.; • Dilmunia Fund Co.; • First Solidarity, (Jordan) • Bahrain Airport Services 	
5	Bashar Almutawa	<p>Non-Independent Non-Executive Director</p> <p>Member of Executive Committee</p>	<p>Over 20 years of work experience in the banking and finance fields. Currently the Managing Director of Noon Investment Company Bahrain.</p>	<ul style="list-style-type: none"> • BSc in Finance & Economics from Babson College, Boston USA 	Since 2009	<p>Currently:</p> <ul style="list-style-type: none"> • Managing Director, Noon Investment Company <p>Board Member:</p> <ul style="list-style-type: none"> • Sanad Investment Company • Najd Consulting • Noon Investment Company <p>Formerly:</p> <ul style="list-style-type: none"> • Consultant, KPMG Fakhro, Bahrain 	
6	Dr. Khalid Abdulla	<p>Non-Independent Non-Executive Director</p> <p>Member of Executive Committee</p>	<p>Over 31 years of banking and finance experience and infrastructural development in Bahrain. Currently the General Manager at Eskan Bank.</p>	<ul style="list-style-type: none"> • Master of Science Degree in Economic Development from the University of East Anglia, UK; • Doctorate of Philosophy in Economics from Exeter University, UK. 	Since 2013	<p>Currently:</p> <ul style="list-style-type: none"> • General Manager, Eskan Bank <p>Founding Member:</p> <ul style="list-style-type: none"> • Bahrain Economic Society <p>Formerly:</p> <ul style="list-style-type: none"> • CEO, Inoest BSC • CEO, Reef Real Estate Finance Co • AGM positions at BBK • Assistant Professor and Chairman of Department of Economics & Finance, University of Bahrain 	
7	Khalil Almeer	<p>Independent Non-Executive Director</p> <p>Member of Remuneration, Nomination & Governance Committee</p>	<p>Over 34 years of experience in corporate banking, gained in senior roles at National Bank of Bahrain and Bank of Bahrain and Kuwait.</p>	<ul style="list-style-type: none"> • Bachelor of Science in Business Administration (BSC) from the University of Bahrain. • Attended the Gulf Executive Development Program at 	Since 2015	<p>Board Member:</p> <ul style="list-style-type: none"> • Solidarity Saudi Arabia. • Bahrain Middle East Bank <p>Formerly:</p> <ul style="list-style-type: none"> • Chief Executive Officer, Khaleeji Commercial Bank • Head of Corporate Banking Division ,BBK 	

		<p>Governance Committee</p> <p>Member of Audit & Risk Committee</p>	<p>of Bahrain and Kuwait.</p>	<ul style="list-style-type: none"> • Attended the Gulf Executive Development Program at Darden Graduate School of Business in University of Virginia (USA) and the Senior International Bankers Program of the International Centre for Banking and Finance Services at Manchester Business School (UK) 		<ul style="list-style-type: none"> • Head of Corporate Banking Division ,BBK 	
8	Mohammed Khalil Alsayed	<p>Managing Director</p> <p>Non-Independent Executive Director</p> <p>Member of Remuneration, Nomination & Governance Committee</p>	<p>Over 35 years of experience in Engineering, Project Management and Real Estate Development. Currently the Managing Director of Naseej BSC and the Chief Executive Officer of Ithmaar Development Company.</p>	<ul style="list-style-type: none"> • MSc in Structural Engineering from the Southern Methodist University, Texas, USA; • BSc in Civil Engineering from the University of Arkansas, USA; and an Advanced Diploma in Project Management from RMIT University, Australia. 	Since 2009	<p>Currently:</p> <ul style="list-style-type: none"> • Vice Chairman & CEO of Ithmaar Development Company <p>Chairman:</p> <ul style="list-style-type: none"> • Dilmunia Health Island Company • Olive VFM Holding Company • Chase Manara WLL • IDC Properties BSC <p>Directorship:</p> <ul style="list-style-type: none"> • Sharaka for Housing Projects BSC • Naseej Projects Co. S.P.C • Naseej Rabat WLL <p>Managing Director:</p> <ul style="list-style-type: none"> • Naseej BSC • HI One SPC • HI Four SPC <p>Founding Member:</p> <ul style="list-style-type: none"> • Arabian Gulf Chapter of Project Management Institute, USA <p>Member:</p> <ul style="list-style-type: none"> • Bahrain Society of Engineers • American Society of Civil Engineers • Society of American Value Engineers • American Management Association <p>Formerly:</p> <ul style="list-style-type: none"> • Undersecretary, Ministry of Works & Housing • Chairman of the Council for Regulating the Practice of Engineering Profession • President of the Bahrain Society of Engineers (for two consecutive terms) 	

9	Ahmed AbdulQader Saleh Taqi	<p>Non-Independent Non-Executive Director</p> <p>Member of Audit and Risk Committee</p>	<p>Over 20 years of experience in the local and international banking firms in the field of Retail & Wholesale Banking.</p>	<p>Master of Business Administration (MBA), University of Glamorgan, UK. Completed several executive development programs, such as: Communicating for Impact, Harvard Business School – USA, Leadership Development Program, University of Virginia – Darden School of Business – USA, Leadership in a Digital World, City, University of London - Cass Business School – UK.</p>	<p>Since 2020</p>	<ul style="list-style-type: none"> • Currently: Department Head, Remedial Management, Wholesale Banking Group, BBK. • Previous Experience: Served in several leadership and management positions at local and international banking firms. 	
10	Saqr Shaheen	<p>Non-Independent Non-Executive Director</p> <p>Member of Executive Committee</p>	<p>Over 33 years of experience in the Real Estate and industrial sector. Currently the Managing Director & Chief Executive Officer of Shaheen Group of companies</p>	<ul style="list-style-type: none"> • Master of Science in Industrial and Systems Engineering San Jose State University, California, U.S.A. • BSc in Industrial Engineering from the University of Miami, Florida, U.S.A. 	<p>Since 20 November 2012</p>	<ul style="list-style-type: none"> • Currently: Managing Director & CEO, Shaheen Group, Bahrain • Board Member: <ul style="list-style-type: none"> • Gulf Services Company • Awal Products Group • Hilti Bahrain • Abrasive Technologies Industries Company 	

b. Description of the following:

1. Total remunerations paid to the directors for the (last) year 2019.
For the year 2019, Directors' total remuneration was BD 105,000.
2. The proposed total remunerations to be paid to the directors for the year 2020, which will be presented at the annual general meeting for approval.
For the year 2020, Directors' proposed total remuneration is BD 92,000, which will be presented for Shareholders' approval at the Annual General Meeting to be held on 29 June 2021.
3. Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2020 according to the following table:

#	Name	Sitting fees paid for attendance of the Board's committees		
		Name of committee	Sitting fees amount	No. of meetings
1	Hamed Mohamed Al-Khalifa	Board of Directors	BD 14,000	4
		Remuneration, Nomination & Governance Committee	BD 2,000	2
2	Abdulkarim Bucheery	Board of Directors	BD 10,000	4
		Executive Committee	BD 6,000	6
3	Abdulelah Alqasimi	Board of Directors	BD 10,000	4
		Audit & Risk Committee	BD 4,000	4
4	Abdulhakeem Almutawa	Board of Directors	BD 10,000	4
		Audit & Risk Committee	BD 3,000	4
5	Bashar Almutawa	Board of Directors	BD 10,000	4
		Executive Committee	BD 4,500	6
6	Dr. Khalid Abdulla	Board of Directors	BD 10,000	4
		Executive Committee	BD 4,500	6
7	Khalil Almeer	Board of Directors	BD 10,000	4
		Remuneration, Nomination & Governance Committee	BD 1,500	2
		Audit & Risk Committee	BD 3,000	4
8	Mohammed Khalil Alsayed	Board of Directors	BD 10,000	4
		Remuneration, Nomination & Governance Committee	BD 1,500	2
9	Reyadh Sater	Board of Directors	BD 2,500	1
		Executive Committee	BD 2,250	3
10	Saqer Shaheen	Board of Directors	BD 10,000	4
		Executive Committee	BD 4,500	6
11	Ahmed Abdulqader Taqi	Board of Directors	BD 7,500	4
		Audit & Risk Committee	BD 750	1

- c. Number and dates of the Board's meetings held during the financial year 2020, in addition to the number of times directors attended in person or by visual communication and a description of the directors present by proxy.

Meeting No.	Board Meeting Date	No. of Directors Attending in person	No. of Directors Attending by phone	No. of Directors present by proxy
1	26 April 2020	10	0	None
2	07 July 2020	10	0	None
3	10 September 2020	10	0	None
4	08 December 2020	10	0	None

- d. Description of the Board's duties and competences carried out on its behalf by the Executive Management by delegation of authority, specifying the duration and validity of the delegation.

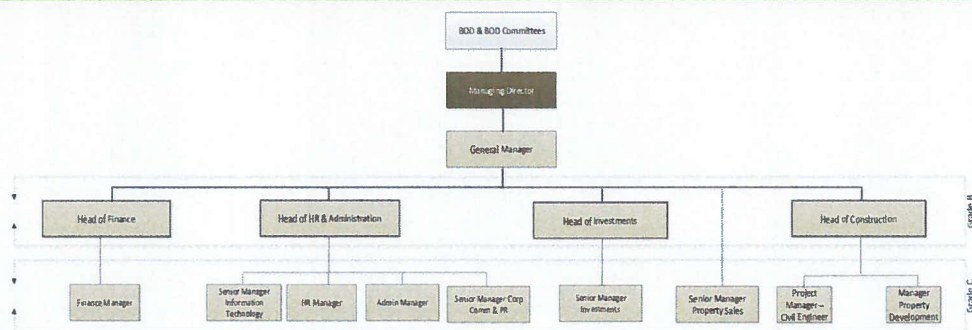
The Board carries its duties and competences as per the Board charter and no duties of the Board have been carried out on its behalf by the Executive Management by delegation of authority.

- e. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction.

Name	Relationship	Amount	Type of Transaction
Ithmaar Bank	Shareholder	3,770,000	Income from bank deposits/placements
Olive VFM Company	Shareholder related	64,260	Facility Management for Jumana apartments

- f. The Company's organizational structure, including the first and second grades at a minimum and including the Company's general manager and/or chief executive officer, deputy general manager and managers.

Naseej Organisation Chart



- g. Total remunerations paid to the key executive officers (the top five employees), including salaries, benefits, allowances, increases, stock options, end-of-service benefits, pensions, etc.

BD 374,529

4- External Auditors:

- a. Providing shareholders with the auditor's profile and overview of its professional performance.

Deloitte & Touche (M.E.), Bahrain are external auditors of the Company. Deloitte in Bahrain was established in 1955 and is part of Deloitte & Touche (M.E.). Deloitte & Touche (M.E.) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL). Through the years the variety of high quality of services delivered by Deloitte Bahrain has been instrumental in the setting up of a wide range of small, medium and large businesses (including some banks and insurance companies) on the island.

- b. Fees and charges for the audit or services provided by the external auditor during the year 2020, in addition to a description of the auditor's years of service as the Company's external auditor. According to the following table:

Name of the audit firm	Deloitte & Touche (M.E.), Bahrain
Years of service as the Company's external auditor	4 years
Name of the partner in charge of the Company's audit	Mr. Irshad Mahmood
The partner's years of service as the partner in charge of the Company's audit	4 years
Total audit fees for the financial statements for the year 2020 (BD)	12,705
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2020 (BD) if any. In the absence of such fees, this shall be expressly stated	Nil

5- Audit & Risk Committee (ARC):

a. Names, competences and duties of the audit committee's members.

#	Name	
1	Abdulelah Alqasimi	Chairman
2	Abdulhakeem Almutawa	Member
3	Khalil Almeer	Member
4	Ahmed Taqi	Member

Competencies:

The BOD must satisfy itself that at least a majority of the Committee members have financial literacy qualifications as set out in the Bahrain Corporate Governance Code, which includes:

- an ability to read and understand corporate financial statements including the balance sheet, income statement and cash flow statement and changes in shareholders' equity;
- an understanding of the accounting principles which are applicable to the Company's financial statements;
- experience in evaluating financial statements that have a level of accounting complexity comparable to that which can be expected in the Company's business;
- an understanding of internal controls and procedures for financial reporting; and
- an understanding of the Audit and Risk Committee's function and importance.

Duties:

General Responsibilities:

- Have regard to the Laws of Bahrain and any approved Company policies relative to the matters under consideration;
- Carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions;
- Carry out any other responsibilities and duties delegated to it by the BOD related to the purposes of the Committee;
- Remain flexible, to best react to changing conditions and to be in the best position to ensure to the BOD and stakeholders of the Company that the Company's governance principles, policies, standards and practices are upheld and maintained in all matters before it, so as to optimally assist the BOD and the Company's Management to effectively and efficiently promote the best interests of the Company by appropriately balancing the interests of its stakeholders;
- May not delegate any of its decision making responsibilities to Management;
- May study or investigate any matter of interest or concern that it deems appropriate or relevant to the matters before it for review;
- Maintain effective working relationships and open avenue for communication between the BOD, Management, and the Internal and External Auditors.
- If necessary, institute special investigations as and when required and hire special counsel or experts to assist; and
- Review any other matter referred to it by either the BOD or the Chairperson.

Internal Control:

- Obtain explanation from management and internal auditors and external auditors on whether NASEEJ's financial and operating controls are adequate and functioning effectively.
- Ensure that the Company's operations, individually and collectively are measured, monitored and controlled by appropriate effective and prudent risk management framework/system that

commensurate with the scope of the Company's activities and are supported by an appropriate control environment.

- Monitor and review the standards of risk management and the effectiveness and integrity of internal control systems, including the procedures for ensuring that material business risks, fraud and related matters, are properly identified and managed.
- Review compliance systems to ensure compliance with legislation including relevant filings and compliance with the accounting standards.
- Ensure management is accountable for the security of computer systems and applications, and the business continuity and disaster recovery plans.
- Confirm with the internal and external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues and ensure that audit / control recommendations by internal and external auditors are promptly implemented.

Financial Reporting:

- Examine all formal announcements relating to financial performance including annual and half yearly financial statements, or quarterly, as may be required as a publicly quoted company, and all preliminary financial announcements before submission to the BOD including:
 - Considering the appropriateness and application of accounting policies, compliance with accounting standards, stock exchange, legal and regulatory requirements, including any changes in accounting standards in the period;
 - Considering any significant adjustments proposed by the Auditor during their review and any matters of significant disagreement between Auditor and management;
 - Considering and concluding on the treatment of any other major judgmental items;
 - Considering the appropriateness of the going concern assumption;
 - Reviewing the disclosure of the principal Audits in the business and the associated corporate governance statement regarding internal controls and compliance with the Bahrain Corporate Governance Code;
 - Reviewing the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context; and
 - Considering whether the financial statements provide a true and fair view.
- Prepare a report for inclusion in the Annual Report detailing:
 - A summary of the role of the ARC;
 - The names and qualifications of all members of the ARC during the period;
 - The number of ARC meetings; and
 - The way the ARC has discharged its responsibilities.
- Ensure processes are established and maintained to address critical financial reporting risks and transparency of financial reporting.
- Monitor the integrity of the Company's financial statements (including annual and interim reports, preliminary result announcements and any other formal announcements relating to the Company's financial performance), reviewing significant financial reporting issues and judgments which they contain.
- Review and challenge, where necessary, the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company.
- Review proposed professional and regulatory pronouncements regarding accounting policies and financial reporting and assess their impact on the Company's financial statements.
- Discuss with management and the external auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
- Review any legal matters, which could significantly impact the financial statements.
- Examine the process of preparation of annual and interim financial statements including adherence to accounting standards.
- Review Management's assessment of the effectiveness of the Company's internal control structure and procedures for financial reporting.

- Pay particular attention to complex and/or unusual transactions as well as judgmental areas involving commitments and contingencies.
- Meet with Management and the external auditors to review the financial statements, the results of the audit, management letter and the annual report before its release.
- Determine the appropriateness of the going concern assumption as the basis on which the accounts are prepared.
- Monitor the adequacy of management reporting processes.

External Audit:

- Recommend to the BOD for approval by the shareholders the appointment of the external Auditor and monitor thereafter the relationship including:
 - Considering the audit fee, and fees for non-audit work;
 - Approving their engagement letter, including any issued at the start of an audit;
 - Considering the nature, scope and materiality of the audit, ensure that there are no restrictions on the audit scope;
 - Reviewing the external Auditor's management letter and management's response;
 - Agreeing with the BOD, a policy on the employment of former employees of the Auditor;
 - Monitoring the Auditor's compliance with relevant ethical and professional guidance on the rotation of partners;
 - Seeking reassurance that the auditors and their staff have no financial, business, employment or family and other personal relationship with the company which could adversely affect the auditor's independence and objectivity;
 - Defining a formal policy to specify the types of non-audit work that the Auditor is excluded from; can be engaged without referral to the Committee; and for which a case by case decision is necessary; and
 - Reviewing the effectiveness and objectivity of the audit process on an annual basis, the quality control procedures and consider the expertise and resources of the Auditor. The annual transparency report of the audit firm should also be considered, when published.
- Meet at least annually with the external Auditor, without management being present, to discuss their remit and any issues arising from the audit.
- Consider communications from the external Auditor on audit planning and finds and on any material weaknesses in account and internal control systems that come to the Auditor's attention.
- Assess periodically the Audits associated with the possible withdrawal of the Auditor from the market and consider whether any mitigating action is appropriate.
- Oversee the selection and compensation process for new auditors and if auditors resign, the Committee shall investigate the issues leading to the resignation and decide whether any action is required.
- Consider and make recommendations to the BOD, to be presented to shareholders for approval at the Shareholder Meeting, in relation to the appointment, compensation and re-appointment and removal of the Company's external auditors. The external auditor shall report directly to the Committee.
- Assess independence, accountability and effectiveness of the external auditor.
- Review the external auditors proposed audit scope, plan and approach, engagement letter, letters of representation (giving particular consideration to matters that relate to non-standard issues) as well as ensure there are no unjustified restrictions or limitations on the scope of work and access to requested information.
- Review and ensure that significant findings and recommendations of the audit with the external auditors are received and discussed on a timely basis. This shall include, but will not be limited to, the following:
 - A discussion of any major issues which arose during the audit;
 - Accounting and audit judgments; and
 - Levels of errors identified during the audit.
- Ensure that Management responds to recommendations by the external auditors.

- Review all significant adjustments resulting from the external audit.
- Approve the non-audit services policy for the Company documenting the prohibited and pre-approved non-audit services that may be provided by the external auditors.
- Ensure that the external auditors do not carry out any non-audit services which may affect their impartiality or independence.
- Ensure that the external auditors attend the AGM to read their report to the Shareholders and answer their questions and queries regarding the financial statements for the year end.

Internal Audit:

- Monitor and review the company's internal controls and Audit management including:
 - Reviewing the internal control and Audit management systems; and
 - Considering reports from the management on the effectiveness of the systems they have established and the conclusion of any test carried out by internal or external auditors.
- Monitor and review the effectiveness of the company's internal audit function including:
 - At least annually, reviewing and approving the internal audit programme;
 - Approve the appointment, replacement, reassignment or dismissal of the Head of Internal Audit or outsourced service provider.
 - Considering the terms of reference for internal audit;
 - Reviewing internal audit reports and procedures to ensure implementation of recommendations including management responses thereto;
 - Assessing the adequacy of resourcing of the internal audit function;
 - Considering the terms of the outsourcing arrangements for the conduct of the internal audit programme; and
 - Meeting at least annually with the head of the internal audit function without management being present to discuss their remit and any issues arising from audits they have carried out. Notwithstanding that the head of the internal audit function will have direct access to the Chairmen of the Committee at all times.
- Set up an internal audit function, whether in-house or outsourced, which shall report directly to the Committee, with an administrative reporting line to the MD/GM for day to day matters as deemed appropriate.
- Review the qualifications and effectiveness of internal audit personnel.
- Review and approve the internal audit strategy, annual internal audit plan (preferably risk based) and the audit methodologies adopted by the internal audit function, and to ensure that adequate resources and budget are available for its successful completion.
- Review the activities and performance of the internal audit function and ensure there are no unjustified restrictions or limitations on the scope of work.
- The Committee is responsible for approving all reports and documentation pertaining to the Internal Audit function.
- Review internal audit and its relationship with the external auditors, including plans, performance and co-ordination of activities.
- Review the activities, resources and the operational effectiveness of internal audit, and where appropriate, make recommendations to the BOD.
- Meet separately with the Head of Internal Audit to discuss any matters that ARC or auditors believe should be discussed privately.
- Review and discuss the internal audit findings, recommendations that have been reported to management and the progress of the related corrective actions and management's responsiveness.
- Ensure audit recommendations / corrective actions are implemented by Management promptly.
- Evaluate the performance of internal audit function [internal audit assessment and external quality assurance review process at least once every 5 years] and any recommendations with respect to improving the performance of or strengthening of the internal audit function.

Risk Management:

- Consider, review, amend and recommend to the BOD, the Company's Risk management strategy and policy, financial policies and procedures, delegated authority levels, expenditure and tender policies.
- Consider, review, amend and recommend to the BOD, the Company's credit risk, debt levels, interest risk, liquidity risk and operational risk exposure in relation to the BOD's risk appetite and the Company's capital adequacy.
- Identify, consider and report to the BOD and thereafter inform the Management of the Company of the investment, equity and risk criteria for the Company's business and investment activities.
- Undertake Risk management audits and assessments of specific business activities of the Company both on pre and post commitment, as may be requested by the BOD from time to time.
- Review and be satisfied that the Company's risk management strategy and policies are fairly represented in the Company's Annual Report.
- Be responsible for selecting and appointing any risk management consultants who advise the Committee.

Compliance with Corporate Policies:

- Evaluate the adequacy and effectiveness of the Company's procedures and systems for ensuring compliance with legal and regulatory requirements and internal policies.
- The Committee shall review annually with the Internal Auditor the adequacy and appropriateness of the Company's compliance with the Corporate Policies issued from time to time as well as the Code of Conduct.
- Receive and discuss reports from management on an annual basis and/or as needed basis relating to:
 - Compliance, including regulatory and fiduciary compliance;
 - Significant reported ethics violations;
 - Fraud and operating loss;
 - Technology and information security;
 - The Company's insurance; and
 - Any other reports or documents the Committee considers appropriate.
- Ensure compliance with laws, regulations, ethical and other issues including:
 - Reviewing with the group's lawyer and others any legal, tax or regulatory matter that may have a material impact on the group's operations or financial statements;
 - Ensuring that the Company maintains suitable arrangements for its employees to raise concerns, in confidence, about possible wrongdoings in financial report, or other matters and that these arrangements provide for independent investigation, appropriate follow up action and appropriate escalation to the Committee for its review;
 - Considering fraud or ethical issues;
 - In areas where the ARC has responsibility for monitor compliance with internal policies and procedures review the relevant policies annually or when there is a significant change and assess compliance with those policies on an annual basis;
 - Considering other topics as defined by the BOD;
 - Monitoring and evaluate the performance of the ARC and make recommendations to the BOD with regard to any necessary adjustments; and
 - Reporting its activities to the BOD on a regular basis and review these terms of reference on an annual basis.

Whistle Blowing Programme:

- ARC must review and oversee the implementation of whistle blowing programme and, ensure that whistle-blowers are heard and their rights are safeguarded.
- Review the whistleblowing complaints/allegations received by the designated contact.
- Substantiate whistleblowing complaints/allegations reported by the Designated Contact and decide on the course of action.
- Depending on the nature of investigation required, approve the internal or outsourced team to perform the investigation.

- Review the investigation report submitted and decide on the course of action to be taken, and inform the BOD, if necessary.
- Communicate to the Designated Contact and Whistle-blower, on the decision taken on the complaint/allegation after investigation, to be updated in the whistleblowing log.

Review of Legal and Regulatory Compliance

- The Committee shall periodically review with management, including the Legal Advisor and the Internal Auditor any correspondence with, or other action by, regulators or governmental agencies and any employee complaints or published reports that raise concerns regarding the Company's financial statements, accounting or auditing matters or compliance with the laws, particularly the Environmental Law, Commercial Company Law and Labour Laws.
- Monitor whether regulatory returns etc., are submitted on time.
- Review the effectiveness of the system for monitoring compliance with legal and regulatory requirements and the results of management's investigations and follow-up (including disciplinary action) of any fraudulent actions or non-compliance.

- b. Number and dates of meetings held by the audit committee during the year to discuss issues related to financial statements and any other matters and the number of times members attended the meetings in person.

Meeting No.	Meeting Date	No. of Directors Attending in person	No. of Directors Attending by phone	No. of Directors present by proxy
1	20 April 2020	3	0	None
2	29 June 2020	3	0	None
3	07 September 2020	3	0	None
4	01 December 2020	3	0	None

6- Remuneration Nomination and Governance Committee (RNGC):

- a. Names, competences and duties of the RNGC committee's members.

#	Name	
1	Sh. Hamed Al-Khalifa	Chairman
2	Mohammed Khalil Alsayed	Member
3	Khalil Almeer	Member

Duties:

General Responsibilities

- Have regard to the Laws of Bahrain and any approved Company policies relative to the matters under consideration;
- Carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions;
- Carry out any other responsibilities and duties delegated to it by the BOD related to the purposes of the Committee;

- Remain flexible, to best react to changing conditions and to be in the best position to ensure to the BOD and stakeholders of the Company that the Company's governance principles, policies, standards and practices are upheld and maintained in all matters before it, so as to optimally assist the BOD and the Company's Management to effectively and efficiently promote the best interests of the Company by appropriately balancing the interests of its stakeholders;
- May not delegate any of its decision making responsibilities to Management; and
- May study or investigate any matter of interest or concern that it deems appropriate or relevant to the matters before it for review.

Nomination responsibilities

- Evaluate and make recommendations to the BOD about:
 - The BOD's and its Committees motivations as a fiduciary of the Company, including the attendance of the members of same to the BOD's and its Committees meetings;
 - The BOD's and its Committees relevant knowledge and proficiency to be effective in its role;
 - The BOD's independence from management and other stakeholders and its accountability to the Shareholders;
 - The BOD's diligence and attentiveness in applying governance best practices and responding to the requirements of the business;
 - The BOD's oversight and monitoring of management and planning for management succession;
 - The BOD's focus on strategic critical success factors such as its most critical issues and risks;
 - The appropriateness and clarity of allocated roles and responsibilities between the BOD and management;
 - The committee TORs and their ongoing evaluation;
 - The performance of the committees relative to their TORs;
 - The BOD's performance;
 - The improvements based on findings from all BOD and BOD committee performance assessments; and new or special committees of the BOD that may be necessary to properly address ethical, legal and/or other matters that may arise.
 - The adequacy of the constituent documents of the Company;
 - The attendance at meetings by members of the BOD and their Committees and the establishment of a minimum attendance requirement to provide for such continuing attendance of any of these meetings;
 - Consider, amend and review the Company's HR policies, HR Documents, employment code of ethics mandates, employment grading structure and others such related documents relating to employment and thereafter approve such documents;
 - Consider, amend and review the Company's HR budgets, recruitment strategies, recruitment procedures, recruitment programmes and organisation charts relative to the Company's business and establishment plans and others such related documents and thereafter approve such documents;
 - Interview all proposed Grade B employees recommended by the MD/GM for such positions within the Company as may be required from time to time and instruct the MD/GM, as appropriate, to appoint or decline the employment of such Grade B employees;
 - Interview all proposed temporary individual consultants, equivalent to Grade B employment status, recommended by the MD/GM for such positions within the Company as may be required from time to time and instruct the MD/GM, as appropriate, to appoint or decline the employment of such Consultants; and
 - Evaluate the MD/GM's performance in light of corporate goals and objectives; and performance of all other officers of the company in consultation with the MD/GM and the Chairperson of the Board.
- Review and recommend changes to the Board size, structure, composition, duties or meeting frequency.

- Establish and supervise the Board's criteria, materiality thresholds and process for selecting new Directors including Independent Non-Executive Directors.
- Each Shareholder for their respective nominee seats will identify and nominate to the Board, individuals qualified to serve as Board members of the Company, consistent with Board criteria (subject to approval of shareholders).
- Implement procedures to secure adequate succession of Board members and the MD/GMs.
- Provide stringent criteria for re-appointment of a Director considering performance evaluation results and independence of the Director.
- Assess and articulate the minimum time and availability commitments to fulfil the roles, including Chairperson and non-executive directors. This should consider the maximum number of directorships on the boards of other companies that may be held by an individual.
- Establish the decision-making process of the Board concerning potential conflicts of interest.
- Ensure that the Secretary, on behalf of the Board, has written to all new appointees, detailing their role and time commitments, providing Charters for each committee to which they are being appointed, to undertake an induction programme and, as necessary, training, that has been produced in consultation with the Chairperson.
- Ensure each new Director has signed their Letter of Appointment.

Remuneration responsibilities

- Review and recommend to the BOD for their approval any salary increments and bonus awards for all levels of the staff;
- Review and approve any unusual or special increments and/or promotions throughout the year for any member of staff;
- In relation to any bonus scheme operated by the Company, determine annual targets and key performance indicators for, and assess performance against targets and key performance indicators by (i) the Company and (ii) the MD/GM and all grade B employees;
- Approve the grant of long term incentive awards, such as share appreciation rights and performance shares, including the monitoring of any performance conditions subject to which any long term incentive awards may be granted under any schemes adopted by the Company;
- Consider and recommend to the BOD the broad policy for the remuneration and incentivisation of the MD/GM, Directors of the BOD, members of the Leadership Team of the Company's business units and corporate units and employees of the Company including the scope of annual salary increments, bonus schemes, share option schemes, termination payments and pension arrangements;
- Review the design of all share incentive schemes, including the setting of performance conditions, to be put forward for approval by the BOD and shareholders;
- Agree the policy for authorising claims for expenses from the MD/GM and the Chairperson;
- Review and be satisfied that the Company's remuneration practices and policies are fairly represented in the Company's Annual Report;
- Be responsible for selecting and appointing any remuneration consultants who advise the Committee;
- Review and recommend to the shareholders for approving the compensation policy guidelines and working instructions of the Company in particular for the Board and Executive Directors;
- Ensure that the recruitment policies of the organisation are designed to attract and retain quality staff whilst providing appropriate accountability for performance;
- Review recommendations made by the MD/GM of the Company regarding the remuneration arrangements of the Company's senior management. Specifically, in consultation with the MD/GM, the Board will:
- Review and determine the terms of the service contracts of the Company's senior management (primarily direct reports of MD/GM);
- Review any other matters related to the remuneration, long term incentives and benefits of the Company's senior management and make recommendations to the Board accordingly;

- Evaluate the MD/GM's performance in light of corporate goals and objectives; and performance of all other officers of the company in consultation with the MD/GM and the Chairperson of the Board; and
- Ensure that the employment costs of the organisation remain within agreed budgetary guidelines.

Corporate Governance responsibilities

- Develop and recommend written corporate governance policy / guidelines covering the matters stated in the Bahrain Corporate Governance Code and other corporate governance matters deemed appropriate by the BOD;
- Recommend to the BOD, appointment of a suitable candidate as the Secretary of the BOD and Corporate Governance Officer ("CGO") for the Company, and the job description for the positions;
- Oversee and monitor the implementation of the governance policy framework by working together with the CGO;
- Provide the BOD with reports and recommendations, based on its findings, in the exercise of its duties;
- Review the annual Corporate Governance Report prepared by the CGO, and recommend to the BOD for approval;
- Ensure that all weaknesses identified during governance audits by, the Company's internal auditor or external auditors, are rectified immediately;
- Ensure that the BOD and relevant employees of the Company are provided with training on Corporate Governance, periodically;
- Review on an annual basis the Company's compliance with the respective corporate governance rules and regulations issued by the Ministry of Industry, Commerce and Tourism and ensure that proper action is taken to implement the necessary measures to close any gaps identified;
- Review and recommend to the BOD, for submission to the Shareholders for approval, the Related Party Transactions Policy for the Company;
- Approve the related party transactions, as per the delegation of authority in place.
- The establishment of corporate governance guidelines that keep abreast of developments with regard to corporate governance to enable the Committee to make recommendations to the BOD as may be appropriate, with particular relevance to developing and recommending to the BOD a Code of Conduct that complies with (applicable) values, standards and rules, that:
 - Shall address at least the following subjects: conflicts of interest; corporate opportunities; confidentiality; fair dealing; protection and proper use of company assets; compliance with laws, rules and regulations; encouraging the reporting of any illegal or unethical behavior;
 - Incorporate such issues related to the Company's senior financial officers as required by (applicable) rules;
 - At least annually, review the Code of Conduct and take such actions, as the Committee deems necessary or appropriate.
- Approving or disapproving all transactions involving the Company and any director, executive officer, senior financial officer or any related party and other questions of actual and potential conflicts of interest or appearances of impropriety or involving the Company's directors, executive officers or senior financial officers or any related party as they may arise and, when determined necessary or appropriate, to issue to such persons instructions on how to conduct himself/herself in such matters so as to ensure that the best interests of the Company are protected;
- Review the related party transactions details that will be incorporated in the Annual Report/ financial statements of the Company;
- Ensure that the external auditors perform their obligations towards related party transactions during their audit the following year;
- Review on an annual basis the Company's compliance with the BOD and BOD Committees' approved charters; and

- The Committee shall direct the Internal Auditor to conduct an annual review of compliance with the Corporate Governance Code. Any findings arising there from shall be reported by the Committee to the BOD / Shareholders.

b. Number and dates of meetings held by the committee during the financial year and the number of times members attended the meetings in person.

Meeting No.	Meeting Date	No. of Directors Attending in person	No. of Directors Attending by phone	No. of Directors present by proxy
1	21 April 2020	3	0	None
2	29 November 2020	3	0	None

7- Executive Committee (ExCom):

a. Names, competences and duties of the governance committee's members.

#	Name	
1	AbdulKarim Bucheery	Chairman
2	Bashar Almutawa	Member
3	Dr. Khalid Abdulla	Member
4	Saqer Shaheen Saqer	Member
5	Reyadh Sater (Upto June 2020)	Member

Duties:

General Responsibilities

- Have regard to the Laws of Bahrain and any approved Company policies relative to the matters under consideration.
- Carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions.
- Carry out any other responsibilities and duties delegated to it by the BOD related to the purposes of the Committee.
- Remain flexible, to best react to changing conditions and to be in the best position to ensure to the BOD and stakeholders of the Company that the Company's governance principles, policies, standards and practices are upheld and maintained in all matters before it, so as to optimally assist the BOD and the Company's Management to effectively and efficiently promote the best interests of the Company by appropriately balancing the interests of its stakeholders.
- May not delegate any of its decision making responsibilities to Management.
- May study or investigate any matter of interest or concern that it deems appropriate or relevant to the matters before it for review.

Key Responsibilities

- Consider those transactions put before it for review by the Company's management and officers and thereafter advise the Management to treat with such transactions as follows:
 - Recommend Management to proceed as the Committee may decide and direct;

- Advise Management to amend, change, resubmit or disregard those transactions as the Committee may direct or conclude.
 - Approve and instruct Management, as the Committee may decide and direct, any cash investment with the Company's shareholder banks that require a tenure greater than a particular number of calendar months as stipulated in PPM4 Delegation of Authority.
 - Consider those transactions put before it for approval by the Company's Management and Officers that as being compliant with the BOD's approved business and investment Equity IRR benchmarks and thereafter action such transactions as follows:
 - Approve and instruct Management to proceed with, as the Committee may decide and direct, those transactions that do not require a transaction or a financial obligation (Project Size) greater than the amount stipulated in PPM4 Delegation of Authority;
 - Recommend to the BOD for approval, as the Committee may decide and direct, those transactions that will require a transaction or a financial obligation (Project Size) greater than the amount stipulated in PPM4 Delegation of authorities;
 - Refer those transactions back to Management in the event that the Committee requires further confirmation that a proposed transaction is in accordance with the BODs approved business and investment IRR benchmarks.
 - NASEEJ Group Management's performance evaluation on all matters and assignment of accountability and any incentive or reward program;
 - Oversight on Management's implementation of the Company's strategy and monitoring of actual financial, operational and administrative performance of the Group against plans;
 - Review, as delegated, matters requiring decisions between BOD meetings, the outcome of which would be binding on the BOD;
 - Review any urgent matter which, in the opinion of the Chairperson of the BOD, does not permit the calling of a regular or special meeting of the BOD, and also approve the transactions as specifically delegated by the BOD on a case-to-case basis, and submit for BOD re approval and/or ratification at the BOD next meeting;
 - Partial or full asset write-offs within its delegated financial authorities;
 - Product Pricing;
 - Capital and project or other significant overhead expenditure / procurement / tender award;
 - Material issues relating to the organisational structure of the Company;
 - Treasury activities and performance;
 - Acquisitions and disposals, where delegated by the BOD;
 - Investment diversification in terms of products and markets; and
 - Disaster Recovery, Business Continuity and Crisis Management plans.
- Corporate Social Responsibility
- Allocate funds allotted for Corporate Social Responsibility (CSR) activities for each cause supported by the Company;
 - Develop an annual plan for CSR activities detailing the specific identified causes that it will support during the year to be approved by the BOD;
 - Evaluate donation/sponsorship proposals in line with the criteria provided in the CSR policy; and
 - Ensure a thorough due diligence is performed on beneficiary organizations

b. Summary of the committee performance report during the year 2020.

Meeting No.	Meeting Date	No. of Directors Attending in person	No. of Directors Attending by phone	No. of Directors present by proxy
1	26 January 2020	5	0	None
2	02 March 2020	5	0	None
3	17 May 2020	5	0	None

4	25 August 2020	4	0	None
5	25 October 2020	4	0	None
6	01 December 2020	4	0	None

8- Corporate governance officer's name, qualifications, date of appointment, and contact details.

Name:	Ahmed Alhammadi
Qualifications:	Ahmed Al Hammadi has over 35 years' experience in management, finance and accounting in the Kingdom of Bahrain. Prior to joining Naseej, he was Country Director – Bahrain for Majid Al Futtaim Group. Ahmed's previous career experience includes 13 years at Gulf Air, where he held the positions of Head of Accounts, Vice President - Finance, and Acting President and Chief Executive. He started his career as Budget Coordinator in the Ministry of Finance & National Economy, rising to the position of Chief Accountant. A Fellow member of the UK Chartered Institute of Certified Accountants, Ahmed is a Business Studies graduate of the University of Bahrain. He was a visiting lecturer for four years at the British Council, assisting students to prepare for MBA studies in Strathclyde University; and also for 15 years at the Bahrain Institute of Banking & Finance, guiding students for accreditation to the UK Chartered Institute of Bankers.
Date of Appointment:	25/7/2018
Contact Details:	Office No.16557988 Mobile No. 39699799 Email: ahmed.alhammadi@naseej.bh

9- Details of any irregularities committed during the financial year, their causes (if any), and the plan to address them in order to avoid future recurrence.
None.

10- Description of the cash and in-kind contributions made by the Company during the year 2020 for the purpose of community development and environment preservation (In the absence of contributions, it should be stated that the Company did not make any contributions), indicating the recipients of these contributions.

During 2020, Naseej continued to contribute to the sustainable economic prosperity and social well-being of the Kingdom of Bahrain through its comprehensive corporate social responsibility (CSR) programme. This provided financial and practical support for beneficiaries including the Zakat Fund of the Ministry of Justice, the Shaikh Ebrahim Centre for Culture and Research, and the Bahrain Education Trade Union. In addition, Naseej employees worked with the Royal Humanitarian Foundation to help Bahraini families in need by providing household and electronic equipment; while for the second year running, Naseej sponsored of the Bahrain Real Estate Investment Expo.

The Board of Directors extends its sincere appreciation to the wise Leadership of the Kingdom of Bahrain for their extraordinary fiscal support and public health precautionary measures in combating the impact of

COVID-19 on the economy, business community and society as a whole. In response, Naseej was pleased to support the efforts of the National Taskforce with a donation of BD 100,000 to the Feena Khair campaign. This initiative was launched by His Highness Shaikh Nasser bin Hamad Al Khalifa, His Majesty the King's Representative for Humanitarian Work and Youth Affairs, National Security Advisor, Chairman of the Supreme Council for Youth and Sports Affairs, and the Royal Humanitarian Foundation Board of Trustees' Chairman.

a. Statement of shareholders' equity as of 31/12/2020 (individuals, corporate, government or organizations) to be classified as follows: Local, Gulf, Arab, and foreign.

#	Shareholder classification	Shareholding %			
		Individuals	Corporate	Government or Organizations	Total
	Local	4.69%	62.39%	13.94%	81.02%
	Arab	2.14%	4.17%	-	6.31%
	Foreign	-	12.67%	-	12.67%
	Total	6.83%	79.23%	13.94%	100%

b. Description of the shareholders who hold 5% or more of the Company's share capital, indicating the name of the natural person who holds the shares, the final beneficiary, as at 31/12/2020 as follows:

#	Name	Number of shares held	Shareholding %	Name of the natural person, the final beneficiary
1	Ithmaar Holding B.S.C.	201,974,470	18.70%	
2	BBK B.S.C.	163,636,370	15.15%	
3	Ithmaar Development Company Ltd	129,506,280	11.99%	Ithmaar Holding B.S.C.
4	Social Insurance Organisation	117,818,190	10.91%	
5	GFH Finance Group BSC	70,648,340	6.54%	
6	Khaleeji Commercial Bank B.S.C.	67,605,400	6.26%	
7	Alfateh Investment	65,454,550	6.06%	

c. Description of how shareholders are distributed according to their respective shareholding as at 31/12/2020 as follows:

#	Shareholding (share)	No of shareholders	Number of shares held	Shareholding %
1	<50,000	0	0	0
2	50,000 to 500,000	1	146,550	0.01%
3	500,000 to 5,000,000	7	14,402,754	1.33%
4	>5,000,000	20	1,065,450,706	98.66%

h. Description of the significant events that occurred during the year 2020.

11- Compliance with the provisions of the Corporate Governance Code, as follows:

	Principle	Not Compliant	Partially Compliant	Fully Compliant	Explanation of Non-Compliance
1	The Company shall be headed by an effective, qualified and expert Board.			✓	The Chairman is no longer an Independent Director

2	The Directors and Executive Management shall have full loyalty to the Company.			✓	
3	The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.		✓		The ARC has only one Independent Director
4	The Company shall have effective procedures for appointment, training, and evaluation of the Directors.			✓	
5	The Company shall remunerate Directors and Senior Officers fairly and responsibly.			✓	
6	The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.			✓	
7	The Company shall communicate with Shareholders, encourage their participation, and respect their rights.			✓	
8	The Company shall disclose its corporate governance.			✓	
10	The Board shall ensure the integrity of the financial statements submitted to Shareholders through appointment of External Auditors.			✓	
11	The Company shall seek through social responsibility to exercise its role as a good citizen.			✓	
9 *	Companies which offer Islamic services shall adhere to the principles of Islamic Shari'a.				Not Applicable to Naseej

* Applicable only to the companies offering Islamic services.

12- Any disclosures required by the regulatory authorities.

There are no further disclosures.

Chairman Signature



Date: 31/05/2021



NASEEJ
C.R. 72492 P.O. Box: 1383
Manama, Kingdom of Bahrain ³

Official Seal of the Company