

Corporate Governance Framework

Corporate Governance Mission

Seera is committed to effective corporate governance, as this is a key aspect of the Bank's strategic direction and encompasses the Bank's overall operating mission. More specifically:

- The Bank aspires to the highest standards of ethical conduct: doing what it says; reporting results with accuracy and transparency; and maintaining compliance with the laws, rules and regulations that govern the Bank's business.
- A key doctrine of the Bank is good governance. In addition to its commitment towards meeting legal and regulatory governance requirements, the Bank seeks to establish and maintain good governance. The Bank is however aware that good corporate governance is not an end in itself, but that it facilitates the Bank's capacity to define and achieve its purposes.
- Corporate governance establishes how the shareholders, Board of Directors and management interact in determining the direction and performance of the Bank. Good governance holds management accountable to the Board and the Board accountable to the owners and other stakeholders. The Board is ultimately responsible to ensure that an adequate, effective, comprehensive, and transparent corporate governance process is in place.
- The Bank's shareholders have entrusted the Board of Directors to provide central leadership to the Bank, establish its objectives and develop the strategies that direct the ongoing activities of the Bank to achieve these objectives. Directors shall determine the future of the Bank and protect its assets and reputation. They will consider how their decisions relate to "stakeholders" and the regulatory framework. Directors shall apply skill and care in exercising their duties to the Bank and are subject to fiduciary duties. Directors shall be accountable to the shareholders of the Bank for the Bank's performance and can be removed from office by them.
- Management is responsible for implementing the direction set by the Board of Directors. Management will ensure that the Board of Directors are appropriately informed and involved in carrying out this mission.

Objectives

The primary objectives of this document is to outline the Corporate Governance Framework which will ensure that corporate governance:

- Forms an integral part of the Bank's strategic direction;
- Sets and enforces clear lines of responsibilities and accountability throughout the organization;
- Ensures that there is appropriate oversight by the Board of Directors and senior management;
- Safeguards the interests of stakeholders and other third parties;
- Ensures that the Bank's operations are effectively and efficiently managed;
- Fulfils regulatory requirements;
- Ensures that the Bank conducts its activities in a Shari'a compliant manner; and
- Enforces a high level of standards.

Effective corporate governance entails the deployment of several key instruments which govern the operations of the Banks. These include:

- Board of Directors and Board Committees
- Shari'a Supervisory Board
- Management Committees
- Key support roles such as Shari'a compliance, compliance and internal audit
- Policies and procedures

These elements are established in line with the Central Bank of Bahrain's rule book applicable to wholesale Shari'a compliant financial institutions. The principles and rules outlined in each of the corporate governance elements are in line with those of the CBB. These have been addressed in more detail in the documents that relate to these elements.

Board of Directors

The Board of Directors is responsible for overseeing the management and business affairs of the Bank and making all major policy decisions of the Bank. Seera has in place charters which clearly define the role of the Board of Directors, its committees and the way they operate as well as the Chairman's role. The aim is to ensure that Seera is headed by an effective, collegial and informed Board of Directors. One of the key characteristics of this board is to have a sufficient presence of independent and non-executive directors to help ensure Board independence.

To facilitate the Board in carrying out its responsibilities, the Board established committees which focus on key aspects of governance. The Board of Directors has the following committees in place:

Executive Committee

Considers specific matters delegated to it by the Board and makes recommendations to the Board or decisions based on authorities specifically delegated by the Board. The committee meets on an as needed basis.

Audit Committee

In line with the requirement for the Board to have rigorous controls for financial audit and reporting, internal control, and compliance with law, the Board has established an Audit Committee. The committee assists the Board in discharging its oversight responsibilities relating to the integrity of the Bank's financial statements and financial reporting process and the Bank's systems of internal accounting and financial controls, the annual independent audit of the Bank's financial statements and all matters related to external and internal auditors, compliance by the Bank with legal and regulatory requirements and compliance with the Bank's code of conduct.

Nomination and Remuneration Committee

The Bank will utilize rigorous and transparent procedures for appointment, training and evaluation of the Board and ensure that the approved persons are remunerated fairly. The Nomination and Remuneration Committee is responsible for identifying individuals to become Board members, developing procedure for remuneration policy for the Board and senior management and leads the Board in its annual evaluation of the Board performance. The Committee also evaluates the skills and expertise of the directors and recommends changes and training accordingly.

Shari'a Compliance

In line with the Bank's mandate, Seera conducts its activities in compliance with Shari'a principles. The Shari'a Board - an independent body of specialized

jurists in Islamic commercial jurisprudence - is entrusted with the duty of directing, reviewing and supervising the activities of the Bank in order to ensure that the Bank is in compliance with Shari'a rules and principles. The Shari'a Board is responsible for forming and expressing an opinion on the extent to which the Bank's activities are in compliance with Shari'a, reviewing of contracts, policies and processes, products and Bank's memorandum and articles of association to ensure they are in line with the Shari'a principles and of monitoring and reviewing Shari'a Compliance Department's performance.

Seera has put in place a Shari'a Compliance function within the Bank that is responsible for carrying out the internal Shari'a review which is an integral part of the governance of the Bank. The Shari'a Compliance function operates under the policies established by the Bank. The Head of Shari'a Compliance works closely with the Bank's Shari'a Supervisory Board to provide guidance to the Bank on a day-to-day basis.

Management Committees

Seera has established key management committees to oversee particular aspects of the business. The membership of these committees typically includes senior managers from respective functions. Responsibilities of the committees are outlined in their charters. The key committees include:

Management Investment Committee

The committee is tasked to review and evaluate all major business transactions and decisions being considered by Seera including new investments, financing, exits or major strategic, operational or management changes for Seera's investment portfolio.

Asset, Liability and Risk Management Committee

The Asset, Liability and Risk Management Committee's mandate is to assist the Board of Directors and Executive Committee in performing their risk management oversight function. The committee is responsible for management of risks associated with investment, credit, market, operational, liquidity and profit rate within the guidelines laid by the Board of Directors and regulatory requirements.

The Management forms other committees to address specific aspects of the business or initiatives.

Approval Authorities Guidelines

The Guidelines outline the process by which authorities are approved, administered, delegated, revised and communicated and include a list of approved authorities and their associated limits allowing authority limits to

be delegated to certain officers and committees to allow business processes to be executed effectively, efficiently and as per established procedures.

Internal Audit

Internal Audit provides independent and objective appraisal of all the activities of the Bank aiming to add value, improve operational efficiency, risk management and internal control systems. Its approach is in line with the Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. Internal Audit helps the Bank accomplish its objectives by evaluating and improving the effectiveness of risk management, control and governance processes, and by providing objective analyses and recommendations to improve the Bank's activities.

Compliance

Seera is committed to comply with all applicable regulatory provisions and to adopt industry best practices and will have rigorous controls for compliance with law. In this regards, Seera has established an Independent Compliance Department to act as a focal point for regulatory compliance and to ensure appropriate implementation of the Compliance Framework approved by the Board.

Anti-Money Laundering

Seera recognizes money laundering and terrorist financing as significant risks to the financial sector. The Bank therefore has adopted an Anti-Money Laundering & Combating Financing of Terrorism (AML & CFT) Program, based on Bahrain's AML & CFT Law and regulation and the FATF 40+9 Recommendations. This includes the appointment of a Money Laundering Reporting Officer (MLRO), approved AML & CFT policies and procedures manual, employee training programs, and independent audit of the program by Internal Audit. In addition, External Auditors also perform independent procedures on an annual basis to check Seera's AML & CFT compliance. The Bank's AML & CFT program is also inspected by the Central Bank of Bahrain.

Risk Management

Seera's activities involve the measurement, evaluation, acceptance and management of some degree of risk, or combination of risks. The most important risk categories that the Bank is exposed to are investment risk, credit risk, liquidity risk, market risk, operational and reputational risks. Risk is inherent in banking and Seera will make choices about the amount of risk it will accept, keeping in mind the trade-off between risk and return. Therefore, the Bank will only accept risk when it perceives the probable rewards to be commensurate with the level of risk involved. The risk decisions made by Seera are primarily a function of policies and practices laid down by the Board

of Directors, underpinned by the strength and clarity of the corporate culture, and the efficiency of internal control systems.

Code of Conduct

It is critical that all approved persons and employees have full loyalty to the Bank. To help ensure this, Seera has developed and implemented a Code of Conduct. The Code of Conduct outlines the principles, policies and laws that govern the Bank's activities. The Code addresses key areas of conduct for Board members and other approved persons, and employees and addresses areas of personal integrity, working to the letter and spirit of the law, protecting information and assets, dealing with conflict of interest and ensuring independent decision making, personal trading in securities and prohibition of insider trading, community involvement, and raising concerns.

Policies and Procedures

Seera has a broad range of policies and procedures that regulate key aspects of the Bank's business ranging from accounting and risk management to human resources and corporate communications. Seera discloses information related to its corporate governance. To this effect, Seera has a Public Disclosure policy . Other unique policies and procedures also enhance corporate governance such as the whistle blower policy and Board of Directors evaluation.

Management Structure

A clear and efficient and Board approved management structure is maintained by the Bank. Seera's organization chart which is communicated to the CBB clearly defines the reporting lines and maintains segregation of duties between respective departments. Job descriptions are maintained for all staff members to ensure that responsibilities are clearly defined and an annual performance appraisal is conducted for all staff to ensure that responsibilities are met. The Bank's key positions are approved by CBB as "Approved Persons". Seera's Internal Control effectiveness including maintenance of adequate segregation of duties is regularly reviewed by independent parties and their findings are reported to the Board and/or its delegated Committees. The Compliance, Risk Management and Financial Reporting functions are independent of business lines and have reporting lines to the Board or its delegated Committees.

Compensation

Seera remunerates approved persons fairly and responsibly. Management compensation at Seera is through a pay and benefits system. A bonus system is in place and is based on both the business and individual performance.

Shari'a Board compensation is designed to reward them for their valuable contribution to the business and involves an annual fixed component and a variable one which is based on the number of Shari'a Board meetings.

Board members are not currently paid any remuneration. Board compensation at Seera is designed to cover Board member travel expenses associated with their role on the Board of Directors and the Board Committees that they serve on and is linked directly to attendance.

Shareholder Information

Seera is committed to communicating with shareholders, encourages their participation and respects their rights. Shareholders are encouraged to seek information about Seera and to actively participate in shareholder meetings. Shareholder requests for information are addressed by the Shareholder Relations area at the Bank.

Public Disclosures

The Bank has a public disclosure policy which is intended to provide Bank stake holders with relevant, accessible and accurate information on a timely basis. The information disclosed by the Bank will be governed by this policy. Seera's website is a primary vehicle by which this is achieved. The Bank's website in both English and Arabic is updated on an ongoing basis with the latest public information such as financials and press releases. Financial information is maintained on the website for a minimum of 3 years.