

Corporate Governance Guidelines

The Family Office Co. BSC (c)

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**Glossary**

Abbreviations	Description
AGM	Annual General Meeting
AML/CFT	Anti-Money Laundering and Combating Financing of Terrorism
ARC	Audit and Risk Committee
The Board	The Board of Directors of The Family Office
CBB	The Central Bank of Bahrain
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGNC	Compensation, Governance and Nomination Committee
Charters	Board, Board Committees and Management Committees Charters
CMA	Capital Market Authority
Code	Code of Conduct
Company Law	The Commercial Companies Law (Decree Law No. (21) of 2001 of Bahrain
CG Code / Corporate Governance Code	The Corporate Governance Code, 2018 issued by the Ministry of Industry, Commerce and Tourism of Bahrain
Deputy CEO	Deputy Chief Executive Officer
Directors	Members of the Board
EC	Executive Committee
EGM	Extraordinary General Meeting
FINMA	Swiss Financial Market Supervisory Authority
HC Module	High Level Controls Module of Volume 4 of the CBB Rulebook.
MOICT	Ministry of Industry, Commerce and Tourism of Bahrain
ORC	Operations and Risk Committee
PAM	Petiole Asset Management AG
SPV	Special Purpose Vehicle
TFO/ The Firm / Parent	The Family Office Company B.S.C. (c)
TFO KSA	The Family Office International Investment Company
UK	United Kingdom
USA	United States of America

### Version control

Version No	Version review date	Approved by Board on	Summary of changes
Version: 1	Issue Date: Feb 2016	Apr 2016	Developed
Version: 2	Feb 2017	Mar 2017	Overall Enhancement
Version: 3	Mar 2018	Mar 2018	Annual review + added the Corporate Governance Framework and register
Version: 4	Feb 2019	Mar 2019	Annual Review + <ul style="list-style-type: none"> <li>- updated the fund admin name</li> <li>- Updated list of SPV directors</li> <li>- Amended the Office manager name</li> <li>- Removed of TFO India and TFO Swiss AG details</li> </ul>
Version: 5	Mar 2020	31 Mar 2020	Annual Review
Version: 6	May 2020		Updated: <ol style="list-style-type: none"> <li>1) References to “the firm” and “the company” standardized across the board</li> <li>2) Formatting changes</li> <li>3) Update to organizational structure</li> <li>4) Aligned CGNC and ARC responsibilities according to latest approved charters</li> </ol>
Version: 7	June 2022		Review and update of overall guidelines for public disclosure.

**Vision**

*To be the trusted financial advisor that transforms the wealth management industry to sustain next-generation wealth.*

**Mission**

*We are the leading trusted financial advisor of the Gulf region. We deliver exceptional solutions that exceed client expectations. We are a sustainable and scalable organization that is dedicated to its people*

## **A. Corporate Governance - Policy Statement**

The Family Office Company B.S.C (c) is a closed joint stock company established under the laws of the Kingdom of Bahrain and licensed and regulated by the Central Bank of Bahrain. The Firm is subject to the laws and regulations of the CBB and the Ministry of Industry and Commerce and Tourism.

The Firm is a leading, trusted financial advisor in the Gulf region. It endeavors to exceed client expectations by providing exceptional solutions using a strong, value-based system of corporate governance and policies. Accountability, integrity, trust, commitment to excellence and innovation are the values upon which TFO has built its business.

TFO firmly believes in adherence to the letter and spirit of the law and in the development of a conducive corporate culture. The Firm is committed to upholding the highest standards of corporate governance and ethical conduct. TFO ensures that its Board of Directors, management and staff adopt these values in their work ethics; thereby providing the best services to clients and the greatest value to stakeholders.

The MOICT in Bahrain updated the Corporate Governance Code (“**CG Code**”) in 2018. The CBB issued a revised High-Level Controls (“**HC**”) Module in Rulebook Volume 4 (Category 1) which sets the requirements applicable to the Firm as an Investment Business Licensee with respect to (i) corporate governance principles in the Governance Code, (ii) international best practices corporate governance standards, and (iii) related high level controls and policies.

In compliance with the CG Code and the HC Module of the CBB Rulebook, the Firm has adopted the following five-point approach in relation to its corporate governance:

- 1) Provide exceptional solutions to clients in line with the applicable laws and regulations;
- 2) Promote long-term profitability, while managing risk prudently;
- 3) Meet stakeholder expectations of sound corporate governance as part of its broader responsibility towards its clients, shareholders and the communities in which it operates;
- 4) Ensure accountability in the conduct of management and the Board and their relationship to and responsibility towards the stakeholders of the Firm; and
- 5) Recruit, retain and train the best staff while ensuring that they adhere to the policies and practices of the Firm.

The Corporate Governance practices discussed in this document, along with the various charters, policies, procedures and Memorandum and Articles of Association (as amended from time to time) and the local regulations together form the Corporate Governance Framework of TFO.

The adoption and implementation of the Corporate Governance Framework is the direct responsibility of the Board, and this endeavor is in line with the requirements laid out by the regulatory/statutory requirements in Bahrain. The guidelines, charters and policies are reviewed by the Board and updated at the Board’s direction, periodically, to ensure that any changes in the applicable laws and regulations and internal practices of the Firm are well reflected in writing as well as in practice.

## **B. Corporate Governance – Overview**

### **B.1 Exceptional Solutions and Compliance**

TFO believes in providing client focused exceptional solutions/ services, in the areas of:

- building diversified portfolios following a disciplined and forward-thinking approach;
- developing innovative programs that provide access to leading managers, alternative strategies and customized solutions;
- retaining independence to maneuver between asset classes and managers based on their merits; and
- aligning interests with client's interests and objectives.

### **Restructuring of Asset Management Activities**

In 2018, the Firm took a strategic decision to reshape some of its asset management and advisory activities. Petiole Asset Management AG (“PAM”) was established as an independent asset management firm in Zurich, Switzerland, licensed as an Asset Manager by the Swiss Financial Market Supervisory Authority (“FINMA”) in July 2019. to act as the sub-investment manager for the Cayman Islands-domiciled special purpose vehicles (the “SPVs”) previously sub-advised by the Firm. Pursuant to the restructuring, PAM manages the SPVs and the Firm promotes them to its clients in line with its licenses in Bahrain and Saudi Arabia, respectively.

#### ***Saudi Arabia***

The Family Office International Investment Company (“TFO KSA”) in Riyadh, Saudi Arabia, is a 100% owned subsidiary of the Firm, established under the Companies Law of Saudi Arabia. TFO KSA is licensed by the Capital Market Authority (the “CMA”) to carry out arranging, advisory and managing investments and operating funds, with respect to securities.

The Firm has contractual arrangements with each of the above-mentioned entities to clearly define and set the scope of their arm's length relationship with the Firm.

### **B.2 Long-Term Profitability and Risk Management**

TFO aims to promote/achieve the long-term profitability, while prudently managing risks at all levels. The Firm has a Risk Management Framework which establishes an effective policy for identifying, monitoring and managing risks across all operations.

The Framework provides the basis for evaluating and monitoring the Firm's risk profile through appropriate risk mitigation strategies

The objectives of the Risk Management Framework are:

- Independent review and Board oversight;
- Defining the risk appetite whilst ensuring relevant controls are in place;
- Human resources practices intended to recruit, train and retain employees with the required specialist skills;
- Delegation of responsibility and accountability for outcomes throughout the Firm;
- Control processes, including structured management reporting;



- An operational philosophy that anticipates and mitigates risk before it occurs and reflects on the lessons learned when problems arise; and
- Awareness and commitment to a single mission, common objectives, shared values and a Code of Conduct as reviewed and updated periodically.

The Board is responsible for setting the risk appetite and tolerances and the management is responsible for the implementation of the risk appetite as approved by the Board and overseeing controls to identify and manage risk in all areas of activity, with the support of the Risk Manager, Compliance Officer and Internal Auditor. Each employee at the Firm is responsible for effective risk management of their respective areas of operation and maintaining a safe and secure environment. The Internal Auditor assesses whether appropriate risks are being identified, measured, evaluated, and managed in accordance with policies and guidance set by the Board.

### **B.3 Corporate Governance Framework**

#### **B.3.1 Corporate Governance Structure**

To ensure that the Firm meets stakeholder expectations of sound corporate governance, the following governance structure has been adopted to assist the Board in providing effective oversight over the Group's operations, including the three lines of defense:



#### **B.3.1 Accountability/Conduct of the Board and Responsibility towards the Stakeholders**

The Board is responsible for the oversight of the strategy, business, management performance, and approval of policies and decisions of the Firm.

The Board has been constituted while ensuring that the Firm complies with the local regulations, CBB regulations, CG Code and the Commercial Companies Law. The appointment and election of the Board is governed by the Firm's Memorandum and Articles of Association and the Board Charter.

#### **Board's Roles and Responsibilities**

The Board's role and responsibilities include but are not limited to:

- Promoting the success of the Firm by directing and supervising the affairs of the Firm;
- Requesting information from the group members (subsidiaries) to address group risks;
- Providing entrepreneurial leadership to the Firm within a framework of prudent and effective controls that enable risks to be assessed and managed;
- Coordinating with the Senior Management Team to set strategic aims for the Firm, ensuring that the necessary financial resources and human resources are in place for the Firm to meet its objectives, and review the Senior Management Team's performance from time to time;
- Setting values and standards for the Firm and ensuring that the Firm's obligations to its shareholders and other stakeholders are fully met;
- Exercising independent judgment for the overall benefit of the Firm and all its shareholders;
- Relying on the honesty and professional integrity of the Senior Management Team and its external advisors and auditors;
- Familiarizing with the business of the Firm through engaging and consulting the Senior Management Team on the day-to-day operations of the Firm; and
- Ensuring fiduciary duties of care and loyalty to the Firm and the shareholders.

Each Director has sufficient access to independent legal and other professional advice to comply with his/her responsibilities as a Director of the Firm.

#### Board's Responsibility towards Shareholders

The Board represents all shareholders and performs the duty of devotion and loyalty in matters relating to the Firm, safeguarding and promoting the interest of TFO..

The Firm's policy governing the Board is described in the Board Charter which is subject to an annual review. Each revision to the Board Charter becomes a part of the Board Charter and any reference to the Board Charter in these Guidelines includes every revision to the same.

To fully comply with its roles and responsibilities, the Board has formed an Audit and Risk Committee ("ARC") and a Compensation, Governance and Nomination Committee ("CGNC").

Although, the Board may delegate certain functions to committees or management, the Board does not delegate its ultimate responsibility to ensure that an adequate, effective, comprehensive and transparent corporate governance framework is in place.

#### ***B.3.2 Board Composition, Nomination and Appointment***

- The Board adheres to CBB requirements and consist of a composition of executive and non-executive directors. The Board currently consist of six (6) members of which four (4) are non-executive directors and two are (2) executive directors. Hence, more than half of TFO's Board is comprised of non-executive directors. The four non-executive directors are also independent directors.
- The Board has a healthy composition of high caliber professionals and industry experts. The Chief Executive Officer ("CEO") and Deputy CEO are also Directors on the Board. The Chairman of the Board is an independent, non-executive Director. The Board annually

reviews its composition and conducts an evaluation of its performance and performance of individual Directors, Board Committee's and their respective charters.

- The functions of the Board Chairman, Deputy Chairman and the CEO are assigned to separate individuals.
- TFO executes written appointment agreements with each of its directors clarifying their duties, powers, responsibilities, authorities, and other matters of directorship, including the term, time commitment envisaged, the committee assignment if any, remuneration and expense reimbursement entitlement (as applicable), and access to independent professional advice, when necessary.

Board members can have a maximum of two Directorships in a Financial Institutions in Bahrain. However, the Firm does not permit its Directors to hold two Directorships of investment firm licensees, nor are Directors permitted to hold more than three directorships in public companies in Bahrain, unless sufficient provisions are in place to ensure no conflict of interest exists. If such conflicts arise, an election or re-election of the director in question will not be proposed by the Board.

When proposing the re-election of any director, the Chairman of the Board confirms to the shareholders that a formal performance evaluation was performed and that the director's performance continues to be effective and is able to continue demonstrating his/ her commitment to the director role,

### ***B.3.3 Board Chairman's responsibilities and duties***

Without prejudice to the Board's role, the Chairman:

- Act's as a representative of the Firm;
- Ensures that the Directors have access to the complete and accurate information in a timely manner;
- Ensures that the Board discusses all information and items stated in the agendas for each meeting;
- Encourages the Directors to effectively exercise their roles in the best interest of TFO;
- Ensures effective communication between the Firm's shareholders and Board;
- Promotes good corporate governance practices and procedures at Board level;
- Holds meetings with non-executive and independent Directors, without the attendance of the executives, to take their views on matters related to TFO's activity (where necessary)
- Creates an environment that encourages constructive criticism on issues in which there are diverse views among Directors and develop and promote constructive relationships between the Board and executive management, without prejudice to the provisions of the Governance Code; and
- In the execution of the Board's duties, the Chairman ensures the Board has effective decision-making processes and that a framework of Committees is established with defined powers of authority and appropriately resourced to effectively execute their responsibilities.

### ***B.3.4 Board Committees***

The Board has established an ARC and a CGNC.

#### Audit and Risk Committee

There are three (3) members of the ARC who are independent non-executive Directors. All members of the committee shall have general financial knowledge, at least one of whom shall have recent and relevant financial experience. Collectively, the committee should have an understanding of all matters that are integral to the Firm. . The Chairman of the ARC is not the Chairman of the Board, or any other committee established by the Board. The CEO is not a member of the ARC.

The ARC assists the Board in fulfilling its oversight responsibilities, which includes:

- Reviewing the Firm's accounting and financial practices;
- Reviewing the quality and integrity of the accounting and financial reporting practices of the Firm;
- Reviewing the integrity of the financial controls, internal controls and financial statements of the Firm;
- Compliance of the Firm with the legal and regulatory requirements and the Code of Conduct;
- Encouraging continuous improvement of, and should foster adherence to, the company's policies, procedures, and practices at all levels.
- Promoting open communication among the independent auditor, executive management, risk management, compliance and internal audit functions, and the board of directors
- Selection, compensation, and oversight while ensuring continued independence of the external auditor appointed for the Firm; and
- Appointment, compensation, and oversight of the Internal Auditor of the Firm (whether in-house or outsourced).

The policies and detailed responsibilities of the ARC, including its composition, are more particularly described in the ARC Charter, which is also subject to an annual review and update process.

The CEO, the Chief Financial Officer ("CFO") or Head of Finance shall annually declare in writing, to the ARC and to the Board as a whole, that TFO's annual and interim financial statements present a true and fair view, in all material respects, of the Firm's financial position and results of operations in accordance with International Financial Reporting Standards.

#### Compensation, Governance and Nomination Committee

The CGNC comprises three independent members of the Board at all times and is responsible for:

- Maintenance of the Corporate Governance Framework;
- Review of the Company's Organizational Structure;
- Review of Board Compensation;
- Review of Board Performance; and

- Oversee Board Structure, Composition and Training.

The policies of the CGNC, including its composition are more particularly described in the CGNC Charter, and is also subject to an annual review and update process.

#### ***B.3.5 Company Secretary***

The Board has a secretary whose appointment and removal are subject to a resolution from the Board. The Company Secretary assists the Chairman and Directors in carrying out their duties. The secretariat responsibilities at minimum, involves:

- Coordinating among the Directors regarding attendance, documents circulation, and other matters;
- Coordinating the Board's meetings, records, books and documents;
- Recording minutes of meetings and sending them to the Board;
- Managing the corporate governance requirements related to the Board;
- Facilitating the implementation of the Board's activities and decisions;
- Ensuring access to minutes of meetings of Board committees and including them within the Board's meeting papers;
- Coordinating all logistics related to shareholders' meetings (Annual General Meeting ("AGM") / Extraordinary General Meeting ("EGM") with the Chairman; and
- Keeping records and documents relevant to the Board's activities, such as the Commercial Companies Law, articles of association, memorandum of association, commercial register and updated corporate governance rules.

#### ***B.3.6 Board Induction and Training***

Every Director is provided with a copy of Board Charter and undergoes a comprehensive and formal induction to ensure that the Director's fiduciary responsibilities are well understood and adhered to.

The CGNC conducts an annual evaluation of the skills and expertise of each Director and makes recommendations regarding new training requirements. All directors shall be responsible for continuous access and further learning about the Firm's business and governance.

All continuing Directors are invited to attend induction meetings whenever there is a new Director being inducted. All Directors are also expected to keep themselves abreast of the new developments in the Firm's business, legal, regulatory, and corporate governance.

#### ***B.3.7 Board Meetings, Decisions and Recommendations***

The Chairman takes an active lead in promoting mutual trust, open discussion, constructive dissent, and support for decisions after they have been made. Moreover:

- The Board meets at least four times during each financial year, and at least half of the Board meetings are held in Bahrain;
- Each Director attends at least 75% of the Board meetings within a financial year;
- It is not permissible for a Director to vote or attend a meeting by proxy;

- The Chairman ensures that all Directors receive an agenda, minutes of prior meetings and adequate background information in writing before each Board meeting within an adequate time and, when necessary, between Board meetings. All Directors receive the same information;
- While agendas for forthcoming Board and Committee meetings are initiated by the Company Secretary, a Director is entitled to place on the agenda for a Board or Committee meeting matters that the Director reasonably considers to be important and to require consideration by the Board or the relevant Committee;
- Board meetings are held either physically, by video conference or teleconference; and
- Board adopts decisions by circulation with the approval of all its directors to move forward with implementation, except for financial statements where the Board is to meet physically to approve.

### ***B.3.8 Remuneration***

#### Board Remuneration

The Board has adopted a remuneration matrix for Director's compensation. The CGNC is responsible for reviewing and recommending appropriate compensation for the Directors based on their attendance and performance. The remuneration matrix is included in the Board Charter and the policy for periodic review of Directors compensation is detailed in the CGNC Charter.

The total amount of remuneration payable to the Board is capped at 10% of the net profit in any one financial year after allowing for statutory reserves and after allowing for the distribution to the ordinary shareholders of a dividend totaling not less than 5% of the capital of the Firm.

The review of Directors' remuneration is a standing item on the Firm's AGM agenda.

Remuneration of non-executive directors does not include performance-related elements such as grants of shares, share options or other deferred stock-related incentive schemes, bonuses, or pension benefits.

#### Management Remuneration

Remuneration of senior management is structured so that a portion of the total is linked to investment firm licensee and individual performance and aligns their interests with the interests of the shareholders.

All share incentive plans are approved by the shareholders.

### ***B.3.9 Conflict of Interest***

The procedure for dealing with situations involving 'conflict of interest' of Directors is documented in the Board Charter. In the event of Board or its Committees considering any issues involving 'conflict of interest' of Directors, the concerned Director abstains from the discussion / voting process.

The Directors are required to inform the entire Board of (potential) conflicts of interest in their activities with, and commitments to other organizations as they arise and abstain from voting on the matter, by completing a Conflict of Interest Disclosure Statement. This disclosure includes all material facts that would affect the Directors position as a Director on the Board. Such disclosure is done annually. These matters are recorded in the minutes of

meetings. Furthermore, such related party transaction requires additional approval in the AGM of the Shareholders of the Firm.

#### ***B.3.10 Performance Assessment Framework for Directors, Board and Board Committees***

In view of the assigned duties and responsibilities, TFO has prepared a comprehensive performance assessment framework for the Directors, the Board, and the Board Committees. The assessment framework facilitates feedback from each individual Director in relation to the performance of the Board and its Committees. It also accommodates self-evaluation of each Directors role within the Board and each Committee. The framework has been developed taking into consideration the requirements of the CBB and the CG Code.

The Company Secretary initiates the process for annual performance assessment every year. Each member completes and submits the assessment forms to the Company Secretary.

The Company Secretary then collates results and prepares a report to be submitted to the Chairman of the CGNC and the Chairman of the Board. The Chairman of the CGNC and the Board review the findings and determine the course of action. A final report is submitted by the Chairman of the Board to the shareholders at every annual meeting of shareholders.

#### ***B.3.11 Delegation of Authority***

The Board reviews the delegation and sub-delegation of authority in relation to the Firm regularly, to approve authorizations and/or make any suggestions for changes in signatory levels and authorizations. Several delegations are in place, and they are:

- Contractual;
- Operational;
- Human resources;
- Investments; and
- Other Financial delegation.

#### ***B.3.14 External Auditors***

During the AGM, the shareholders appoint one or more auditors for TFO and determine their fees while taking into consideration the following:

- The auditor shall be nominated by ARC's recommendation to the Board. If the Board adopts this recommendation, it shall be included in the AGM's agenda;
- The auditor shall be a firm that is recorded in the auditor register with the Ministry;
- The auditor shall be independent from TFO and its Board;
- The auditor shall be well-qualified, competent, highly reputed and professionally experienced; and
- The partner responsible for auditing the company shall be rotated once every three years at a maximum.

The Firm's external auditors attend the AGM to answer shareholder's questions concerning the conduct and conclusion of the audit.



#### **B.4. Accountability/Conduct of the Management and Responsibility towards the Stakeholders**

The management structure at TFO reflects the hierarchy and reporting elements at various levels and direct access/reporting obligations towards the Board.

##### ***B.4.1. Management Committees***

To ensure smooth functioning of the management processes and oversee the working of each department, the Firm has established certain management committees. The hierarchy, composition and reporting requirements of these management committees are:

- The Executive Committee (“EC”) has been set up to overlook the smooth functioning of the operations. The members of the EC are the CEO and members of senior management. The EC has its own Charter and its roles and responsibilities are more particularly described in the EC Charter. The EC reports to the Board regarding matters of operations of the Firm, directly; and
- The Operations and Risk Committee (“ORC”) reports to the CEO. The ORC oversees the operations of TFO and the critical risk areas. The members of the ORC are the senior management and heads of departments. The ORC has its own charter and further information regarding the functioning and roles and responsibilities of the ORC are defined in the ORC Charter.

##### ***B.4.2 Management Succession Plan***

TFO has a Succession Plan for all the key functions and positions across the Firm in all departments. The Succession Planning Document prepared by the Human Resources Department is reviewed and approved by the Board at least annually.

#### **B. 5 Recruitment, Retention, Training of Staff and Adherence to Policies and Procedures of the Firm**

TFO recruits, retains and trains the best staff and remunerates them based on their position and responsibilities. All positions of higher responsibility must meet the requirements of the regulators and adhere to the code of conduct strictly at all times.

##### ***B.5.1 Remuneration Matrix***

TFO endeavors to hire the most suitable talent for the business with appropriate remuneration and incentives to ensure their retention. TFO ensures that the compensation structure is aligned with the best interests of the shareholders.

TFO staff who are eligible for discretionary bonuses are compensated with shares in the Employee Share Incentive Scheme of the Firm. The shares in this scheme are phantom shares. The economic benefits of the shares are dependent on the vesting requirements of the shares.

##### ***B.5.2 Approved Persons Policy***

The Firm adheres to all CBB requirements regarding the appointment of “Approved Persons” and seeks prior approval before their appointment to any controlled functions which include:

- Directors;
- Chief Executive Officer;



- Compliance Officer;
- Money Laundering Reporting Officer;
- Financial Instruments Trader;
- Investment Consultant or Investment Adviser;
- Internal Auditor; and
- Heads of all departments.

The Firm considers the Company Secretary as a member of senior management.

The CEO has authority to act generally in the Firm's name, representing the Firm's interests in concluding transactions on behalf and giving instructions to other senior managers and employees.

The Chief Financial Officer/ Head of Finance is responsible and accountable for:

- The complete, timely, reliable and accurate preparation of the Firm's financial statements, in accordance with the accounting standards and policies of the Firm (CBB- HC-3.4.1); and
- Presenting the Board with a balanced and understandable assessment of the Firm's financial situation.

The Internal Auditor's duties include providing an independent, objective review of the efficiency of the operations. This includes a review of the accuracy and reliability of the accounting records and financial reports and a review of the adequacy and effectiveness of risk management, internal controls, and governance processes.

The Compliance Officer's duties include maintaining effective systems and controls for compliance with applicable regulatory requirements in Bahrain

The Risk Manager's duties include monitoring the risks that affect the Firm and determining whether adequate controls are in place to reduce their effect in line with the risk appetite of the Firm.

### ***B.5.3 Code of Conduct***

TFO has adopted a Code of Conduct ("**Code**") for employees. All employees are required to understand and adhere to the Code. The Code for employees consists of policies regarding the following:

- Conduct themselves with integrity, honesty, leadership and professionalism in fulfilling their fiduciary responsibilities to TFO and its shareholders;
- Appropriate use of technology and company resources;
- Bribery and corruption;
- Client relationship and communication;
- Competition and treatment of competitors;
- Confidentiality of company's information;
- Conflicts of interests;
- Data protection;

- Disciplinary policy;
- Gifts; and
- Grievances and legal matters.

## **C. Important Policies**

### ***C.1 Related Party Transactions Policy***

The Board has adopted a Related Party Transactions Policy.

TFO prohibits all related party transactions unless specific approval has been secured from the Board. The Code of Conduct prohibits the Firm and its employees from entering such transactions without due approval.

Any conflict of interest arising out of such transactions is annually reported by the Firm, the Board and employees. Additionally, the Firm reports certain related party transactions to the CBB i.e., close links and controllers.

The financial statements prepared at TFO provide a high-level statement to the effect that related party transactions are prohibited without the consent of the Board.

The Board oversees that the policies and procedures in relation to related party transactions are followed by employees and the approved persons.

TFO discloses any related party transactions and the approval process for the related party transactions, in its annual report to its shareholders.

#### **Identification of Related Party Transactions**

To identify Related Party Transaction, TFO pays special attention to the substance of the relationship and not just its legal form.

#### **Disclosure of Related Party Transactions**

TFO discloses all Related Party Transactions on an annual basis to (i) the CBB (close links and controllers); and (ii) Shareholders of the Firm. All Related Party Transactions are also identified in the annual financial statements of TFO.

### ***C.2 Whistleblowing Policy***

TFO adheres to the highest standards of good governance, openness, transparency, honesty, integrity, accountability and ethical, moral and legal conduct of business operations. Protecting the integrity and reputation of the Firm requires the active support of all employees, who are required to report incidents of suspected misconduct, fraud, corruption, collusion and coercion, and other serious infringements of the rules and policies in force or any violations of the Code of Conduct, legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, and other issues of concern.

Accordingly, the Firm has adopted a Whistleblowing Policy with a view to provide an opportunity for its employees to raise their concerns without the fear of adverse response.

The Whistleblowing Policy provides an arrangement that will ensure that employees who report irregularities in good faith are afforded the utmost confidentiality and protection against any possible retaliation or reprisals, whether actual or threatened, because of their whistleblowing. The Whistleblowing Policy applies to all Directors, officers and employees, and all whistle blowing cases shall be reported to the Group Head of Audit.

### ***C.3 Communication Policy***

The Board acknowledges the importance of regular communication with shareholders and other stakeholders within the Firm. TFO has a clear policy in relation to communication with its stakeholders, shareholders, employees, customers, government bodies and regulators. Shareholders are invited by the Chairman of the Board to attend the Annual Shareholder Meetings in the presence of the Chairman and other Directors who are available to answer any questions raised by shareholders regarding the operations and performance of the Firm. Additionally, TFO is fully aware of its regulatory and statutory obligations regarding dissemination of information to its stakeholders. The Firm ensures that its stakeholders are made fully aware of any pertinent developments via regular mails, e-mails, and newsletters.

The Chairman and other Directors are in touch with Shareholders personally to solicit their views and understand their concerns and duly act upon the same. The entire Board is made aware of such communication with the shareholders and appropriate action regarding any strategy and governance issues are taken with the consent of the entire Board.

The designated spokespersons for the Firm are the Chairman of the Board, CEO and his delegates.

TFO follows both the letter and the intent of the Company Law's requirements for shareholder's meetings by observing and complying with relevant regulations,

### ***C.4 Anti-money laundering***

The Firm has adopted policies and procedures in line with the relevant regulations to combat money laundering, financing of terrorism and other financial crimes. The Money Laundering Reporting Officer arranges for annual training to be provided to all staff members about Anti-Money Laundering, Combating Financing of Terrorism and Combating Proliferation Financing ("AML/CFT/CPF") policies and procedures.

Additionally, the Firm's external auditor performs the annual agreed upon procedures for submission to the regulators.

## **D. Corporate Social Responsibility**

As a part of these Guidelines, the Board recognizes the importance of corporate social responsibility for the benefit of clients, employees, shareholders and the community at large. It applies to TFO and its subsidiary.

TFO endeavors to contribute to the social and economic development of the communities in which the Firm operates. In doing so, TFO primarily focusses on attaining better and sustainable way of life and in development of future leaders that will contribute to the development of the society. In this regard, TFO offers internships regularly to university students and graduates.

### **Current Programs**

- **Young Professionals Program:** TFO runs a Young Professionals Program from time to time to promote and develop graduates from various walks of life into the investment industry.

The most deserving graduates are given an opportunity to join the Firm and develop as investment professionals. The Firm invests substantially on training and development of these candidates and upon successful completion of the program, the Young Professionals may become regular employees.

- **Awareness Programs:** The Firm also conducts several programs from time to time for spreading awareness about investments and markets to people, often advising people about succession and estate planning. It conducts awareness programs for women about management of their wealth and property.

#### **E. Corporate Governance Disclosure**

TFO, as an investment firm licensee, ensures compliance with local regulation by mandating annual corporate governance disclosures are taken place.

Such disclosures are reviewed by the Corporate Governance Officer and the Board on an annual basis.

These Guidelines shall be available to the shareholders on the Firm's website [www.tfoco.com](http://www.tfoco.com).

#### **F. Amendment**

These Guidelines are subject to annual review and amendments, where necessary.

## Group Corporate Governance Framework

### ***Objective***

This Framework outlines the oversight responsibilities and the reporting lines between The Family Office Company B.S.C. (c) (the “**Parent**” or the “**Company**”) and its group entity(ies) as recommended by the Central of Bank of Bahrain.

The Firm is committed to sound corporate governance that will ensure that the group entities operate as efficiently as possible while providing for the appropriate level of accountability and transparency.

### ***Oversight Responsibilities***

1. The Directors of the Firm, individually and collectively, have the responsibility to exercise due monitoring and ongoing supervision of the group entities.
2. The Group Compliance Officer with the support of the local compliance officers and Internal Auditor are responsible for overseeing the regulatory requirements and the effectiveness of the entities’ controls and operations regularly.

### ***Conflict of interest***

The group entities are required to manage all transactions and business affairs that may cause conflicts of interests to prevent the interests of the clients from being unjustly impaired. Should any group entity identify a transaction that may cause conflict of interests, the conflict is reported to the CEO or the Board. The group entities are required to abide by the “Conflict of Interest” policy of the Firm.