

THE FAMILY OFFICE CO. BSC (c)

Corporate Governance Guidelines

May 2024

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Glossary

Abbreviations	Description
AGM	Annual General Meeting
AML/CFT	Anti-Money Laundering and Combating Financing of Terrorism
AoA	Articles of Association
ARC	Audit and Risk Committee
BCCL	Bahrain Commercial Companies Law
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 of the Firm
CG Code / Corporate Governance Code	The Corporate Governance Code, 2022 issued by the Ministry of Industry, Commerce of Bahrain
DoA	Delegation of Authority
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
Group	TFO and its group entities
Group entities	TFO's subsidiaries and branches
KPIs	Key Performance Indicators
M&AoA	Memorandum and Articles of Association
MOIC	Ministry of Industry and Commerce, Bahrain
ORC	Operations and Risk Committee
PAM	Petiole Asset Management AG
Senior Management	CEO, Executive Committee and Head of functions
SLA	Service Level Agreement
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	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"> - updated the fund admin name - Updated list of SPV directors - Amended the Office manager name - Removed of TFO India and TFO Swiss AG details
Version: 5	Mar 2020	31 Mar 2020	Annual Review
Version: 6	May 2020		Updated: <ol style="list-style-type: none"> 1) References to “the firm” and “the company” standardized across the board 2) Formatting changes 3) Update to organizational structure 4) Aligned CGNC and ARC responsibilities according to latest approved charters
Version: 7	June 2022		Review and update of overall guidelines for public disclosure.
Version: 8	May 2024		Review and update of Group Corporate Governance Framework

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 Corporate Governance guidelines outlines the oversight responsibilities and the reporting lines between The Family Office Company B.S.C. (c) ("**TFO**" or the "**Parent**" or the "**Firm**") and its subsidiaries and branches ("**Group entities**") (together "**the Group**") as recommended by the Central Bank of Bahrain (the "**CBB**").

The Firm is subject to the laws and regulations of CBB and the Ministry of Industry and Commerce (the "**MOIC**") of Bahrain.

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, Senior Management and staff adopt these values in their work ethics; thereby providing the best services to clients and the greatest value to stakeholders.

The MOIC in Bahrain updated the Corporate Governance Code (the "**CG Code**") in 2022. The CBB issued a revised High-Level Controls Module (the "**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 (the "**M&AoA**"), 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 (the “**PAM**”) was established as an independent asset management firm in Zurich, Switzerland, licensed as an Asset Manager by the Swiss Financial Market Supervisory Authority (the “**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 (the “**TFO KSA**”) in Riyadh, Saudi Arabia, is a wholly 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.

United Arab Emirates

The Family Office Co. BSC(c) (the “**TFO DIFC**”) in the Dubai International Financial Center (“**DIFC**”), United Arab Emirates, is a branch of the Firm, established under the Companies Law of the DIFC. TFO DIFC holds a PIB Category 4 license from the Dubai financial Services Authority in the DIFC to carry out ‘Arranging Deals in Investments’ and ‘Advising on Financial Products’.

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 Risk Management 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 Bahrain Commercial Companies Law (the "BCCL"). The appointment and election of the Board is governed by the Firm's M&AoA 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 entities 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 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'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 and its external advisors and auditors;

- Familiarizing with the business of the Firm through engaging and consulting the Senior Management 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 the Firm.

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 Board Committees or Senior 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**") is also a Director on the Board. The Chairperson 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 Committees' and their respective Charters.
- The functions of the Board Chairperson, Vice Chairperson and the CEO are assigned to separate individuals.
- The Firm 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 Chairperson of the Board confirms to the shareholders that a formal performance evaluation was conducted, 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 Chairperson's responsibilities and duties

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

- Acts 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 the Firm;
- 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 the Firm's activity (where necessary);
- Creates an environment that encourages constructive criticism on issues in which there are diverse views among Directors and develops and promotes 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 Chairperson 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

Audit and Risk Committee (ARC)

There are three (3) members of the ARC who are Non-Executive Independent Directors. All members of the Committee have general financial knowledge and have recent and relevant financial experience. Collectively, the committee should have an understanding of all matters that are integral to the Firm. The Chairperson of the ARC is not the Chairperson 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 Firm'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 and 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 the Firm'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 (CGNC)

There are three (3) members of the CGNC who are Non-Executive Independent Directors. The CGNC is responsible for:

- Maintenance of the Corporate Governance Framework;
- Review of the Firm'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, which 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 Chairperson 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 Chairperson; and
- Keeping records and documents relevant to the Board's activities, such as the BCCL, M&AoA, 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 Chairperson 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 Chairperson 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. If the Firm incurs a loss, the Board may still be granted their remuneration, only subject to MOIC's approval.

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 Chairperson of the CGNC and the Chairperson of the Board. The Chairperson of the CGNC and the Board review the findings and determine the course of action. A final report is submitted by the Chairperson of the Board to the shareholders at AGM.

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 the Firm 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 the Firm and its Board;
- The auditor shall be well-qualified, competent, highly reputed and professionally experienced; and
- The partner responsible for auditing the Firm 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 the Firm 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 (the “EC”) has been set up to oversee 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 (the “ORC”) reports to the CEO. The ORC oversees the operations of the Firm and the critical risk areas. The members of the ORC are the Senior Management, which shall comprise of the CEO, Executive Committee and Heads of Functions. 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

The Firm 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

The Firm 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

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

The Firm’s 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 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:

- Ensuring the complete, timely, reliable and accurate preparation of the Firm's financial statements, in accordance with the accounting standards and policies of the Firm; 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 Firm's 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

The Firm has adopted a Code of Conduct (the "**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 Firm resources;
- Bribery and corruption;
- Client relationship and communication;
- Competition and treatment of competitors;
- Confidentiality of Firm'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.

The Firm 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 the Firm provides 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.

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

Identification of Related Party Transactions

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

Disclosure of Related Party Transactions

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

C.2 Whistleblowing Policy

The Firm 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, 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 whistleblowing 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. The Firm has a clear policy in relation to communication with its Stakeholders, shareholders, employees, customers, government bodies and regulators. Shareholders are invited by the Chairperson of the Board to attend the AGM in the presence of the Chairperson and other Directors who are available to answer any questions raised by shareholders regarding the operations and performance of the Firm. Additionally, the Firm 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 Chairperson 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 Chairperson of the Board, CEO and his delegates.

The Firm follows both the letter and the intent of the BCCL 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 the Firm and its subsidiaries.

The Firm endeavors to contribute to the social and economic development of the communities in which the Firm operates. In doing so, the Firm 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, the Firm offers internships regularly to university students and graduates.

Current Programs

- **Young Professionals Program:** The Firm 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

The Firm, 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.

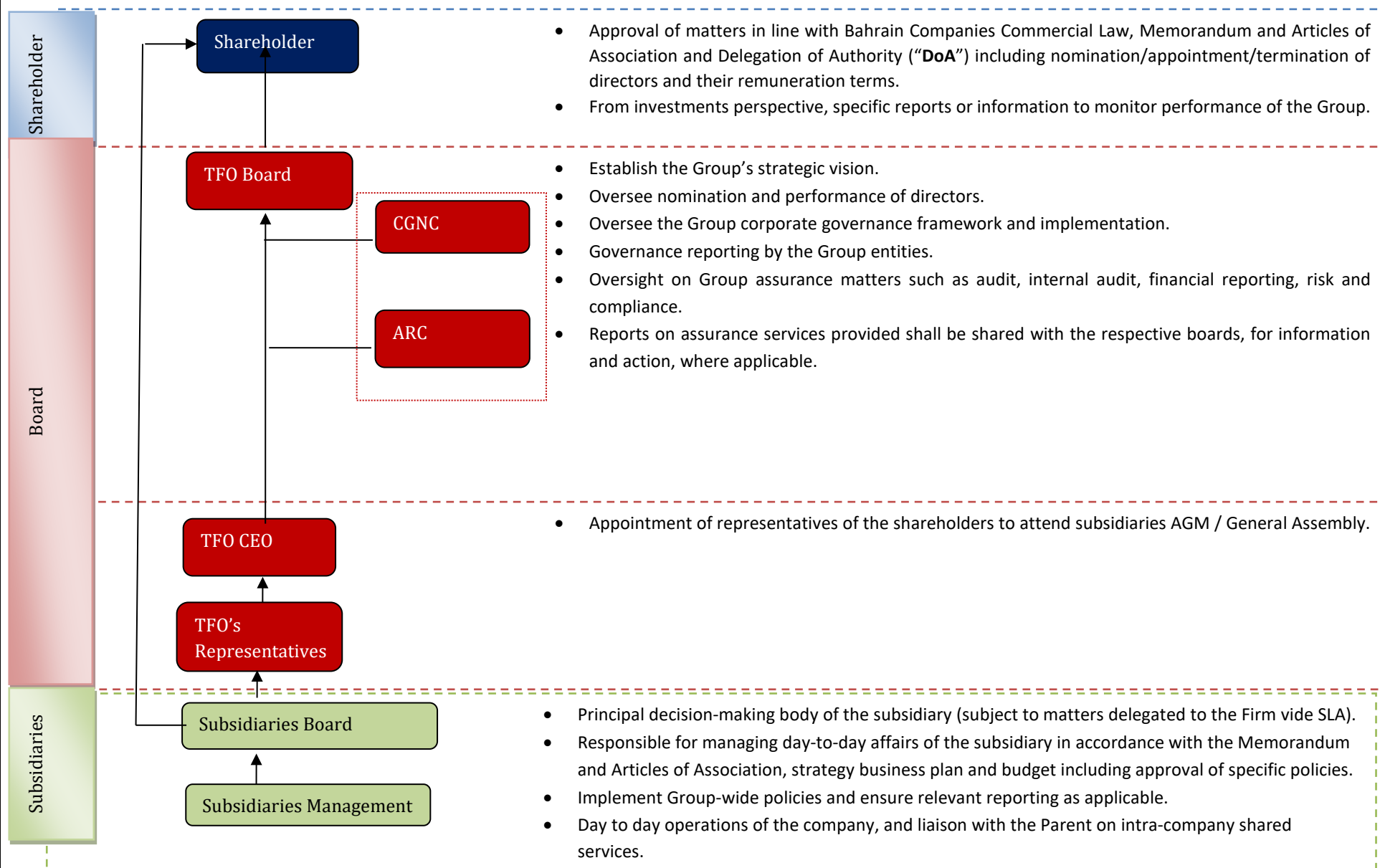
F. Amendment

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

Group Corporate Governance Framework**1. Objective**

- 1.1 The Firm is committed to sound corporate governance to ensure that the group entities operate as efficiently while providing for the appropriate level of accountability and transparency.
- 1.2 The purpose of the Framework is to:
 - a. Set out the principles of good governance that underpins the Group's activities; and
 - b. Set out the framework and operating structure for the Group entities.
- 1.3 The Framework shall be kept updated in accordance with any developments at the Firm, which may impact the governance of the Group.
- 1.4 The governance structure is depicted on the following page:

Governance Structure (Oversight on Subsidiary matters)



1.5 Accessibility

The Group Corporate Governance Framework shall be made accessible to the Firm and the respective Group entities.

1.6 Review and Approval

The Framework shall be subject to review and update by the Firm's Company Secretary, once every three years, or as and when there is a change in applicable regulations, organizational structure etc. The Company Secretary is responsible for ensuring that the Framework reflects the current Group organizational requirement.

The CGNC shall review/recommend this Framework, and the Board shall be the approving authority. The respective subsidiary boards shall review, tailor, and adopt this Framework for implementation.

1.7 Confidentiality and Distribution

An approved scanned copy of the Framework shall be maintained by the Company Secretary, with secured access to the relevant personnel. Third parties may only access the Framework subject to the Company Secretary's approval.

2. Reporting and Communication Channels

Relationship between the Firm and its group entities may be impeded due to conflict arising between the differing working environments. Thus, it is important for the development of an internal network, for communication within the Group, to ease obstacles in communication.

2.1 Information to the parent company

- i. The Firm, being the shareholder of the group entities, has a right to receive any information that would materially affect its shareholding and participate in any meetings and resolutions impacting its interest.
- ii. The shareholders shall receive relevant information on the group entities' performances through the distribution of annual reports and/or audited financial statements as required by local laws and regulations, in addition to the periodic performance reports.
- iii. The shareholders shall also endeavor to keep itself informed about the financial, social and political environment in which the group entities operate.

2.2 Corresponding Updates to TFO's Board and Committees

- i. Directors of the respective group entities shall ensure AGMs/General Assemblies are organized for applicable matters. The Firm's representatives attending these assemblies shall be determined as per **Section 6**.
- ii. Accordingly, updates received pursuant to the group entities AGMs/General Assemblies shall be further reported to the Firm's Board and Board Committees via the CEO. Such items could include:
 - Changes in organizational/legal structure;
 - Audited financial statements;

- Directors' performance and Key Performance Indicators ("KPIs"); and
- Any other pertinent matters which may be deemed as beneficial/detrimental to the Group as a whole.

2.3 Board-level Dialogue

- i. Where required, the Independent Directors and/or Chairperson of the Group entities' board may be asked to attend the Firm's Board meeting, with or without the attendance of Management, to take their views on matters related to the Firms' activities.
- ii. This may include scheduled meetings and ad hoc information exchanges through a variety of communication vehicles (e.g. e-mail, telephone, in-person meetings). The purpose of the interactions is to encourage and support timely and open dialogue between the Firm and the respective Group entities on a range of issues, including the overall Group strategies, business model and risks, the effectiveness of corporate governance at the respective entities, the culture, management issues and succession planning, and other supervisory findings or expectations that the Firm believes should be particularly relevant / important to the Group entities' Board members.
- iii. The Company Secretary may arrange for the required communication channels and, exchange of information between TFO's Board and the Group companies' Board.

2.4 Management-level Dialogue

- i. The Firm's CEO and respective Senior Management shall maintain regular communication with the Management of the respective Group entities on matters not limited to strategic alignment, budgeting, investment, capital ventures, etc.
- ii. Communications shall also include updates on the overall shared services and operational support provided between the Firm and the respective Group entities.

3. **Oversight Responsibilities**

3.1 Board of Directors

The Board of Directors shall:

- a. Have the overall responsibility for setting Group policies and monitoring their implementation.
- b. Individually and collectively, have the responsibility to exercise due monitoring and ongoing supervision of the Group entities, while respecting the independent legal and governance responsibilities that might apply to Group entities' boards.
- c. Have oversight of the Group structure and Corporate Governance Framework and ensure that roles and responsibilities at both the Firm and the Group entities' level are clearly defined, ensuring these consider the complexity, risks and significance of the Group entities.
- d. Oversee and approve the criteria for composing boards at Group level within the Group Corporate Governance framework (**see section 5**).
- e. Develop a coherent strategy and Group policy for establishing new structures and legal entities, ensuring their alignment with the Group policies and interests.
- f. Allocate sufficient resources at TFO and Group level to effectively monitor risks and, ensure compliance across the entire Group.
- g. Give special attention and exercise due care towards significant Group entities based on their risk profile, systemic importance, or relative size compared to the Firm.

- h. Assess and discuss material risks and issues that could impact the Group.
- i. Govern and operate the Group based on clear strategies and oversee Group functions, such as Internal Audit, Compliance, Risk Management, and Financial Controls, to which relevant Group entities functions must report.
- j. Maintain a productive relationship, either through the Group entity Board or direct contact, with regulators overseeing all the Group entities and overseas branches.
- k. Implement controls within the Group to identify and address potential conflicts of interest arising from transactions between the Group entities.
- l. Ensure there are no barriers in exchanging information within the Group and establish robust systems to facilitate effective information exchange for supervision and risk management.
- m. Ensure that each Group entity has adequate authority in accordance with local legislations to carry out its operations effectively.

3.2 Group Companies

The Group companies shall take guidance, follow and act in compliance with the responsibilities and guidelines set at the Group-level for the following matters:

- a. **Strategy:** Developing and executing entity level strategy and ensuring adoption and implementation within their respective entities. The Group entities shall ensure their strategy, business plan, policies, risk governance framework, corporate values and corporate governance framework align with Group-level strategy and policies.
- b. **Governance:** Adopting and ensuring adherence to Group-level governance principles and practice, as well as, assessing that the Group governance policies and frameworks are appropriate to their structure and operations. **The** Group entities Boards must make necessary adjustments where a Group policy conflicts with an applicable legal or regulatory provision or prudential rule or would be detrimental to the sound and prudent management of the Group entity.
- c. **Operations:** Identifying opportunities for economies of scale and effectively oversee collaboration with the Firm.
- d. **Risk and Compliance Management:** Collaborating with the Group in developing a risk management framework and identifying inter-dependencies and manage compliance with the Group policies and procedures.

3.3 Firm's Company Secretary

- a. The Firm's Company Secretary shall play a key role to play in administering the Board Secretariat of the Group entities, where applicable, to align the governance practices and implement best practices, including facilitating periodic corporate governance sessions for all boards.
- b. The respective Group Board Secretaries continue to hold the responsibility to discharge their assigned secretarial responsibilities.
- c. The Firm's Company Secretary shall also act as the custodian of governance and is responsible in assisting, the respective directors within the Group, to manage their duties and responsibilities.
- d. The Firm's Company Secretary shall be responsible for the coordination of induction, as well as the ongoing training programs for the Group directors. This is a fundamental role as it is important for the respective directors to be aware of what is happening within the entity they are appointed to.
- e. The Firm's Company Secretary should ensure the flow of information and training requirements are provided to the respective Board Secretaries of the Group entities (where applicable) to ensure alignment.

3.4 Service Level Agreements (SLA) / Outsourced Support Functions

Intra-company services (including services which Firm is receiving from the Group entities) provided shall be supported by an SLA.

3.5 Risk Management

- a. The Firm's Board shall ensure that the Group has adequate systems in place to identify, measure, monitor and manage the Group's key risk areas and key performance indicators, and shall adopt and follow sound policies and objectives after full deliberations.
- b. Each Group entity Board shall ensure that an appropriate risk management framework is put in place, aligning with the Group risk management policies and procedures.
- c. Risk management services such as identifying, measuring, monitoring, and reporting on potential risks impacting the business shall be managed by the Firm, with relevant reports to be shared with the Group entities for further action. Mitigation of risks will be the responsibility of risk owners be it within the Firm and/or Group entities.

3.6 Compliance

The Head of Compliance of the Firm with the support of the local Compliance Officers and Internal Auditors are responsible for overseeing the regulatory requirements and, the effectiveness of the entities' controls and operations regularly.

4. **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 respective Board and the Firm's CEO. The Group entities are required to abide by the "Conflict of Interest" policy of the Firm.

5. **Criteria for composing Boards at the Group entities level**

When forming Boards for its Group entities, the Firm's Board of Directors shall consider the following:

5.1 Independence of Directors

- a. The entity Board shall comprise majority of independent directors who have no material relationship with the entity, its affiliates, or its management.
- b. Independent directors should meet the independence criteria established by applicable laws, regulations, and stock exchange listing requirements.

5.2 Expertise and Experience

- a. Directors who possess the necessary expertise, knowledge, and experience relevant to the entity's industry, operations, and strategic objectives.
- b. Directors with a diverse range of qualifications, including but not limited to financial, legal, regulatory, operational, and technological expertise.

5.3 Diversity

- a. Diversity in its composition, including diversity in terms of gender, ethnicity, age, and professional background.
- b. The Group entity Board shall reflect the diversity of the entity's Stakeholders and the broader society.

5.4 Competency and Integrity

- a. Directors shall be individuals of high character, integrity, and ethical standards, capable of making independent and informed judgments in the best interests of the Group entity and its stakeholders.
- b. Appropriate background checks to be conducted to assess the character, reputation, and past performance of potential directors.

5.5 Board Size and Composition

- a. Maintain an appropriate size of the Board to ensure effective decision-making and oversight, considering the complexity of the Group entity's operations, the scale of the business, and regulatory requirements.
- b. The number of board positions held by executives or representatives of the Firm shall be limited to ensure independent perspectives and mitigate potential conflicts of interest.

5.6 Term Limits and Rotation

- a. Establish term limits for Directors to facilitate new ideas and perspectives.
- b. Consideration may be given to extend term limits to maintain continuity while allowing for periodic board turnover.

5.7 Board Evaluation

- a. Conduct regular assessments of its own performance, effectiveness, and the contribution of individual Directors.
- b. Evaluations may be conducted internally or with the assistance of external consultants or independent assessments.

5.8 Board Committees

- a. The establishment of Committees to facilitate focused deliberations and enhance governance and oversight.
- b. The composition, responsibilities, and reporting mechanisms of each committee shall be defined and documented.

5.9 Succession Planning

- a. The development and maintenance of a succession plan for Directors, ensuring there is an adequate number of qualified candidates for future vacancies.

5.10 Training and Development

- a. Continuing education, training programs and professional development activities to enhance the Board's knowledge, skills, and understanding of their roles and responsibilities.

6. **Annual General Meeting / General Assembly**

Respective entities within the Group shall hold an AGM/General Assembly every calendar year, and the main business conducted at the AGM/General Assembly is for the shareholders to:

- i. Approve any material change in the nature of the respective entities' business;
- ii. Approve the audited financial statements;

- iii. Approve the Director's/Manager's Report;
- iv. Approve the appointment and remuneration of Group entities' Directors; and
- v. Approve the declaration or payment of any dividend to shareholders, if relevant.

7. Nominations & Attendance of Shareholder Representatives

- 7.1 Appointing the right representative to attend the respective AGM/General Assembly is crucial in ensuring sufficient governance is in place.
- 7.2 The Firm's CEO and/or CGNC shall be responsible in determining the respective representatives responsible for attending each of the Group entities' assemblies. Should the nominated representative be unable to attend, a proxy would need to be selected, subject to the approval of the Firm's CEO and/or CGNC, where applicable.
- 7.3 The Firm's shareholders may need to be consulted on the appointment of the Group's shareholder representative(s).
- 7.4 It is expected that, in addition to the Senior Management and external auditors, all board members on each Group entity and committee chair of board committees would attend and, be available to address any specific matters arising at each Group entities' AGM.