

Corporate Governance Policy CrediMax B.S.C. (Closed)

1. Glossary / Abbreviations

S. No.	Abbreviation	Expansion
1	CrediMax	CrediMax B.S.C. (Closed)
2	CG	Corporate Governance
3	BoD	Board of Directors
4	CE	Chief Executive
5	MOIC	Ministry of Industry & Commerce
6	CBB	Central Bank of Bahrain
7	AGM	Ordinary Annual General Assembly Meeting
8	EGM	Extraordinary Annual General Assembly Meeting

2. Introduction

2.1 Purpose of the Policy

The purpose of this Corporate Governance Policy (hereafter the “CG policy”) is to establish the Corporate Governance framework (hereafter the “CG framework”) of CrediMax. The CG framework is described by the set of relationships between the CrediMax’ management, its Board of Directors, its shareholders and other stakeholders. The CG framework is the means by which the objectives of CrediMax are established and by which achievement of those objectives can be realized and measured.

The CG policy shall align the CG practices of CrediMax with those of industry best-practice and applicable laws and regulations, and in particular the Central Bank of Bahrain “CBB” Rulebook.

The CG policy shall also serve the following purposes:

- Act as a reference guide for Board Members and new and existing staff of CrediMax
- Facilitate regular review and improvement of the CG framework
- Consolidate the related aspects of various approved Board- and Management-level charters and CrediMax’s policies which in aggregate make up the CG framework of CrediMax.

2.2 Scope and Applicability

This policy applies to CrediMax and all of its branches and fully owned subsidiaries, local and overseas, as appropriate.

This policy is to be read in conjunction with CrediMax’ Memorandum and Articles of Association, its Board and Board sub-committee charters, its Management committee charters, relevant policies of CrediMax, and parent company “BBK” Corporate Governance policy.

2.3 Intended audience

The CG policy is primarily intended for use by the Board of Directors, new and existing staff, auditors of CrediMax both internal and external, the CBB and any other governmental / or regulatory authority such as the MOIC.

2.4 Distribution and storage

The original electronic and printed versions of this CG policy are to be maintained by the Corporate Secretary.

A copy of the CG policy should be provided to Internal Audit.

Amendments to the CG policy may be required on an annual basis in accordance with changes in prevailing laws and regulations. All amendments made to the CG policy shall in particular be consulted with Internal Audit, Head of Compliance & MLRO before being approved by the BoD and then communicated to senior management. The amended version of the CG policy shall be kept as a separate copy to the original version, which shall be preserved for audit purposes. All pages superseded by new amended ones shall be added in an appendix for superseded pages.

2.5 Maintenance and approval

The CG policy shall be approved by the Board of Directors (“BoD”) of CrediMax. Extracts from the minutes of the meeting of the BoD, during which this document is approved, shall be obtained from the Secretary to the BoD and kept on record.

The CG policy shall be reviewed on a regular basis, at least once in a calendar year, by the Compliance & AML Department to ensure that it is in line with changes introduced by the CBB and any other regulatory authority (ies). In view of the dynamic internal and external environment, any other department can also request the Compliance Department for any addition or amendment to the existing policy.

Any significant modifications required arising from the review shall be discussed and evaluated by Head of Compliance & MLRO and relevant management members before it is presented to the BoD for approval.

3. Guiding Corporate Governance Philosophy

3.1 Corporate Governance in CrediMax

Corporate Governance means procedures, processes and attitudes according to which the organization is managed, directed and controlled. It describes a set of relationships between the company's management, its Board, its shareholders and other stakeholders.

The Corporate Governance framework provides the structure through which the objectives of CrediMax, the means of attaining those objectives, and the monitoring of performance of those objectives are determined. The corporate governance structure specifies the distribution of rights and responsibilities among different participants such as the Directors of the Board, Senior Management, shareholders and other stakeholders, and stipulates the authorities, procedures, and other requirements, for making decisions concerning corporate affairs. The Corporate Governance framework also influences the manner in which the objectives of the company are established and achieved.

The corporate governance structure of CrediMax is designed to enshrine the concepts of good governance as required by the CBB's Rulebook and the Ministry of Industry & Commerce “The Corporate Governance Code of the Kingdom of Bahrain issued in 2018” and the Corporate Governance Guidelines 2022.

The guidelines provided herein are to support the principles stated in any other of the company's prevailing governance documents and related policies.

3.2 CrediMax' Corporate Governance Philosophy

High standards in corporate governance are fundamental in establishing and maintaining a leading position for the company within the local card industry sector in particular and the regional and international payment industry in general. Continuous review, strengthening, and adherence to robust corporate governance practices will ensure alignment with international standards and best practice, and in so doing, CrediMax shall continue to endeavor to enhance shareholders' value and protect the interests of all its stakeholders.

The adoption and implementation of this Corporate Governance framework is the direct responsibility of the Board of Directors, in line with the regulatory and statutory requirements in the Kingdom of Bahrain and other jurisdictions in which CrediMax may operate. In addition to the Board's primary responsibility for corporate governance within CrediMax at all times, the senior management play an important part in ensuring effective governance. Senior management operates effective oversight consistent with Board Charter and ensures that corporate governance structure and policies have been properly communicated to all relevant staff of CrediMax.

4. CrediMax's guiding principles of good corporate governance are

4.1 Board operations - the Board's ability to manage its own activities

- The Board should consist of Directors representing a varied and appropriate mix of applicable skills and experience, as well as those who meet the 'fit and proper' requirements of the CBB.
- The roles and responsibilities of the Board, the composition, selection and remuneration of members, and other administrative details, are established in CrediMax's Board and various sub-committee charters.
- There should be a separation and clear division between the roles and responsibilities of the Chairman and those of the Chief Executive.
- The role of Chairman and Chief Executive must not be exercised by the same person.
- A nomination process should be designed to ensure that the appropriate balance and capability of the Board are maintained on the basis of annual evaluation of the performance of the Board as a

whole as well as individual Directors.

- There should be fair representation on the Board by Directors, including (executive, non-executive, and independent non-executive) Directors, to meet minimum CBB requirements and to facilitate objectivity in decision-making.
- There should be access to training (particularly upon induction) and Board members must have access to the advice of professional consultants where it deems necessary at the expense of CrediMax.
- Any Director who has any concern about the overall corporate governance of CrediMax shall formally report these concerns promptly to the Board and the Chief Executive.

4.2 Strategy – the Board’s role in the strategy development process

- The Board is required to participate in strategy development, including a thorough review and challenging of the strategy and any assumptions upon which it relies.
- The Board should work to ensure that the organization is able to respond quickly to changing market opportunities or conditions.
- The Board is required to understand the risks to which CrediMax is exposed.

4.3 Corporate Culture – the Board’s role in setting and communicating standards for organizational behavior

- Promote openness with management on issues for which the Board will ultimately be accountable.
- Sponsor and actively promote adherence to the organization’s defined code of conduct.
- Promote the use of incentive schemes that align the interests of the Board and Executive Management with those of the shareholders and other stakeholders.

4.4 Monitoring and evaluation – the Board’s role in monitoring Management and evaluating its performance against defined goals

- Ensure that the organization complies with relevant laws and regulations as well as with accounting, human resource and other internal policies.
- Ensure that the organization has robust governance arrangements, which include a clear organizational structure with well-defined transparent and consistent lines of responsibility and effective processes to identify, manage, monitor and report the risks to which it is or might become exposed to.
- Apply a rigorous process for evaluating and monitoring the performance of the Chief Executive and in some cases other members of senior management.

4.5 Stewardship – the Board’s responsibility towards stakeholders and accountability for their interests

- Uphold rigorous standards for individual members’ preparedness, participation and conduct.
- Protect the organization and its stakeholders from potential damage due to conflicts of interest.
- Manage stakeholder expectations regarding the safeguarding of their interests, in part by ensuring that communication is thorough, timely and transparent.

4.6 Communication

- The Board will maintain an effective communications policy that enables both the Board and management to communicate effectively with its shareholders, stakeholders and the public generally.
- It is the role of the Board to ensure that the Annual General Assembly Meeting (“AGM”) and Extraordinary General Assembly Meetings (“EGM’s”), are conducted efficiently and serve as a crucial mechanism in shareholder communications. Key ingredients behind this include providing comprehensive timely information to shareholders and encouraging active participation in the AGM’s and/or EGM’s.

5. Corporate Governance Structure

The Corporate Governance structure of CrediMax is described by responsibilities and authorities of the following:

- Board of Directors
- Board Sub-committees

- Chairman of the Board of Directors
- Chief Executive
- Management committees

Full details of the above Board and committees, including composition, membership, roles and responsibilities, authorities, nomination and remuneration etc. are to be found in the respective charters.

5.1 Board of Directors

The role of the Board of Directors is to provide effective governance of CrediMax affairs and to promote and achieve sustainable performance which has long-term growth potential. The Board also has the duty of balancing the interests of all its stakeholders while maintaining high standards of transparency and accountability.

5.2 Board Sub-Committees

CrediMax has one Board Sub-Committee – the Audit & Compliance Committee.

Due to the nature of CrediMax being a wholly owned subsidiary of the parent company “BBK”, it has been decided that the Nomination, Remuneration and Governance Committee and the Risk Committee roles and responsibilities are assigned to the Board, except for roles, responsibilities and authorities assigned by the parent company to the Nomination, Remuneration and Governance Committee of the parent Company which are listed below:

1. Election or re-election of Directors
2. Candidates qualified to become members of:
 - Board of Directors of the Company or its subsidiaries.
 - Chief Executive
3. Group Remuneration and HR policies
4. Fixed pay for Chief Executive and variable pay for the Chief Executive and the members of executive management
5. Board members remuneration

5.2.1 Audit & Compliance Committee

The purpose of the Audit & Compliance Committee is to assist the Board of Directors in maintaining oversight of the integrity of CrediMax financial reporting system and to ensure the adequacy of the organization’s internal control and risk management processes. The Committee monitors the performance of the external auditors and the internal audit function. In addition, it reviews the external auditor’s qualifications and independence. Furthermore, it overlooks CrediMax compliance with legal and regulatory requirements.

In all decisions taken by the Board and its committee, the Directors are expected to exercise their business judgment in what they reasonably believe to be in CrediMax’s best interest. In discharging this obligation, they may rely on the honesty and professional integrity of CrediMax’s Executive Management and Senior Executives affected through their delegation of authority.

5.3 Chairman of the Board of Directors

The Chairman heads the Board of Directors and takes an actively promotes mutual trust, open discussion, constructive dissent and support for decision-making by the Board. The Chairman ensures that all Directors receive an agenda, minutes of prior meetings, and adequate background information in writing between each Board meeting and when necessary between meetings. The Chairman also ensures that the views of shareholders are communicated to the Board as a whole and that the governance structure of CrediMax is communicated to shareholders.

5.4 Chief Executive

The Chairman heads the Board of Directors and takes an actively promotes mutual trust, open discussion, constructive dissent and

5.5 Management Committees

CrediMax has three Management Committees – Risk Management Committee (RMC), Human Resources Committee (HRC) and Donation Committee (DC).

5.5.1 Risk Management Committee

The Risk Management Committee defines and recommends risk parameters and benchmarks that are consistent with the organization's strategic business objectives and risk appetite. It proactively reviews CrediMax's risk profile and ensures it is within the risk parameters approved by the Board of Directors.

5.5.2 Human Resources Committee

The Human Resources Committee establishes and maintains the HR Policy and related procedures based on best practices to ensure that all matters concerning employee compensation and benefits are effectively managed. The Committee determines how to attract, retain and motivate high caliber officers consistent with the human resource needs of CrediMax so as to further enhance its performance.

In addition, it seeks to motivate management to pursue the long-term growth and success of the organization within an appropriate control framework. Furthermore, the Committee establishes a healthy culture within CrediMax, and provides a system for objectives setting and performance evaluation, and whistleblowing with due consideration for the protection of Directors and employees.

5.5.3 Donation Committee

CrediMax is committed to giving back to the community as much and as often as possible in the form of support of projects and initiatives that will make a positive change. This corporate social responsibility is translated by the company through annual appropriation of an allocated fund for donations to finance the Community-related projects and initiatives. The project & initiatives may vary in nature but ought to fall into any one of the following field's charity, culture, research, education, humanity and sports.

5.5.4 Members of Management Committees

Members	Risk Management	Human Resources	Donations
Chief Executive	X	X	X
Head of Business Development	X	X	X
Head of Business Support	X	X	X
Head of Digital Business Innovation	X	X	
Head of IT	X	X	X
Head of General Support	X	X	X
Head of Human Resources		X	
Compliance & AML Officer	X		
Operational Risk Officer	X		
Head of Fraud Control & Authorization	X		
Public Relations Specialist-Business Development			X

6. Delegation of Authority

The BoD has delegated authority limits to the Board and management committees, and to the management personnel at different levels to allow business processes to be executed effectively, efficiently and as per established procedures. These authorities are articulated through the power of attorney of the CE, the various approved policies and the approved Authorized Signatory booklet. Such delegation of authority, defines the responsibility and accountability at each authority level within CrediMax, and to ensure efficient and transparent decision-making.

The Board may also issue specific directives from time to time limiting or enhancing the financial and non-financial powers of the approving authorities, such changes being circulated through a memorandum and/or board resolution. All departments of CrediMax are required to keep proper signing authority documentation on file and ensure implementation and compliance with these authorities before proceeding.

6.1 Principles of Authorization

Authorities are granted subject to the following principles:

- Authorization must be evidenced by the person signing the activity request/execution instructions.
- Any transaction being authorized must be supported by the evidence of the required documentation, and the authorizer should document his/her observations on the transaction, if any.
- The authorities must be exercised as per the approved policies and procedures of CrediMax.
- The authorities are related to a designation/ job title and not to an individual e.g. a change in job title means new authorities relating to the new job assigned.
- The authority holder must ensure that the budget for the concerned period has a cushion for the financial commitment before committing CrediMax into the transaction. If this is not the case, separate approval will be required to exceed/revise the budget.
- Individuals must not seek to obtain personal benefit or gain by exercising authority (e.g. authorizing personal expenses, allowances, or situations where a conflict of interest may arise) and there must be controls in place to ensure that no one abuses the assigned authority.
- The authority limits must be designed in such a way that it does not create a conflict of interest between the execution and the control functions.
- Authority levels must apply to a complete transaction based on complete transaction value and shall not be deliberately circumvented by explicitly splitting a transaction into lower level/value transactions.
- Additional or unforeseen expenditure/action of an emergency nature must only be approved as an exception and shall be ratified post facto (within a maximum of 30 business days) by the actual authority holder.
- Authority must only be exercised when the authority holder is satisfied that the transaction is for the interest of the organization to the best of his/her own judgment.
- Authority must only be exercised when the authority holder is satisfied that the transaction is justified and is substantiated by the accompanying evidence.
- The approving authority must ensure that the approval document is routed through the respective functional personnel wherever cross-functional issues arise.
- All matters must be raised through the concerned executives, as per the approved organizational structure of CrediMax, while referring high-value or sensitive transactions to levels above the normal reporting line.

7. Board of Directors Code of Conduct

The Board of Directors Code of Conduct outlines the principles, policies and laws that govern the activities of CrediMax, and to which the Directors must adhere.

The purpose of this Code is to document and govern the basic standards and principles that CrediMax has adopted to promote honest and ethical business conduct among its Directors to avoid conflicts of interest and reasonably deter wrongdoing and inappropriate or illegal acts. The prescribed code does not attempt to address all the responsibilities of Directors in promoting a sound and ethical culture but is intended to provide general guidelines for the direction of Directors' behavior including their commitment to the Law and best practice standards for accounting and rules of transparency and fairness to clients of CrediMax concerning information disclosed to them. Since it is impossible to describe every potential conflict, CrediMax necessarily relies on the Directors' commitment to exercise sound judgment, to seek advice when appropriate and to adhere to the highest standards of conduct.

The Board of Directors must be committed to this Code and failure to observe these policies by the Directors may result in disciplinary action. Furthermore, violations of this Code may also be violations of the law and may result in civil or criminal penalties against the Directors. Every Director on the Board of CrediMax is expected to read and understand this Code and its application to the performance of his or her responsibilities. CrediMax will hold each of its Directors accountable for adherence to this Code. Each Director will sign an acknowledgement at the beginning of each Board Term (every 3 years) that he or she has received Code, read , understands and agrees to abide by its provisions.

The Directors through this Code of Conduct, endorse the following principles:

7.1 Confidentiality

- To keep Board discussions and deliberations confidential.
- To maintain the appropriate level of confidentiality at all times with respect to information or data pertaining to CrediMax's clients, suppliers, employees, or the organization itself.
- Not to make improper use of information gained through their position as a Director.
- To obtain approval of the Chairman prior to making any public or other third-party disclosure that could cause harm to the interests of CrediMax.

7.2 Performance of duties

- To act with professionalism and leadership in furtherance of the interests of CrediMax.
- To act with honesty, integrity and in good faith, with due diligence and care, in the best interests of CrediMax, its shareholders and other stakeholders.
- To act within the scope of their responsibilities and not participate in the day-to-day management of CrediMax.
- To have a proper understanding of, and competence to deal with, the affairs and products of CrediMax and to devote sufficient time to their responsibilities.
- To independently assess and question the policies, processes and procedures of CrediMax, with the intent to identify and initiate management action on issues requiring improvement.
- Not to agree to the business of CrediMax being carried out, or cause or allow the business to be carried out, in a manner likely to create a risk of material loss to CrediMax's creditors.
- To protect the assets of CrediMax and help maintain their value.

7.3 Decision making

- To maintain sufficient/detailed knowledge of CrediMax's business and performance to make informed decisions, relying on independent professional advice provided at the expense of CrediMax if necessary.
- To be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions of the Board.
- Not to agree to CrediMax incurring an obligation unless he/she believes at the time, on reasonable grounds, that CrediMax will be able to discharge the obligation when it is required to do so.
- Not to make any commitments on behalf of CrediMax without prior approval of the entire Board.

7.4 Prohibition Against the Use of Insider Information

- Board members are not permitted to make use of confidential information of a firm or organization's financial condition to better his / her financial investments or those of his relatives, being any member of a Board member's family including spouse, children, parents, Grandparents, brothers, sisters, parents-in-law and brothers / sisters-in-law.

7.5 Policies to Prohibit Conflicts of Interest

The Board will ensure that policies are in place that prohibit (or strictly limit) potential conflicts of interest, in cases such as related party transactions, potential misuse of corporate assets, and possible use of privileged information for personal advantage.

- A member of the Board shall not have any interest, whether directly or indirectly, in transactions or contracts made for the account of CrediMax, except as authorized at the Annual General Assembly Meeting.
- A Director shall declare to the Board any personal interest, whether direct or indirect, he/she may have in matters brought before the Board. This declaration shall be recorded in the minutes and the interested Director shall not participate in the debates or voting on the resolutions to be adopted in this respect.
- Directors shall absent themselves from any discussions or decision-making that involves a subject in which they are incapable of providing objective advice or which involves a subject or proposed conflict of interest.

- Where Board members believe that one or more members may hold a conflict of interest in any matter, the matter will be discussed by the remaining members. However, the excluded members should be informed of their exclusion prior to the decision.
- All the Board members must declare in writing all of their interests in other enterprises or activities, to the Board, on an annual basis.
- The Board shall also ensure that any decisions to enter into transactions under which Board members or any member of management would have conflicts of material interest are formally and unanimously approved by the full Board.
- Directors shall not demand or accept substantial gifts from CrediMax for himself/herself or his/her associates.
- The Chairman of the Board shall communicate to the Annual General Assembly Meeting, when it is convened, the result with respect to the transactions and contracts in which any Director has a personal interest. Such communication shall be accompanied by a special report from the auditor and CrediMax shall disclose such transactions in its financial statements in accordance with applicable accounting standards and regulations.
- Violation of such restriction shall result in claiming compensation from the member for the damages caused to CrediMax. The said provision shall not apply to ordinary transactions that CrediMax enters into with its customers. Those transactions made by way of public bidding shall also be exempted from this restraint if the member has submitted the best offer.
- All Board members are prohibited from entering into competition with CrediMax and its subsidiaries.
- All Board members and their associates are prohibited from using CrediMax privileged information, or taking advantage of business opportunities, to which CrediMax is entitled.

7.6 Other

- Not to take undue advantage of the position of Director.
- To ensure his/her personal financial affairs will never cause reputational loss to CrediMax.
- To treat fairly and with respect all of CrediMax's employees and customers with whom they interact, and to give due consideration to the health and training of employees.
- To ensure that employees, customers and suppliers of CrediMax are treated fairly.
- Not to accept or give gifts of significant value as a Director of CrediMax, except as governed by strict internal regulations.
- Not to associate himself/herself with any political group or indulge in any political activity which may affect CrediMax in any way, without prior approval of the entire Board.
- To ensure that CrediMax's printed stationery or official logo is not misused for activities not related to CrediMax.
- To protect CrediMax's assets from loss, damage, misuse and theft and to use CrediMax's assets solely for business purposes. However, the occasional use of items such as copying facilities or telephones, where the cost is insignificant, is permissible.