



CORPORATE GOVERNANCE STATEMENT

In recent years, there has been an increasing global trend and need towards improved corporate governance practices, accountability and responsibility. Corporate governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Corporate governance is primarily the responsibility of the Board as a group. The Board performs its duties with the support of managerial staff.

Timely and accurate disclosure of information regarding the financial situation, performance, board constitution, ownership of the company is an important part of corporate governance. Corporate governance arrangements are those through which an organization directs and controls itself and the people associated with it.

BMMI'S PHILOSOPHY ON CORPORATE GOVERNANCE

BMMI's philosophy on corporate governance envisages adherence to the highest levels of transparency, accountability and equity, in all areas of its operations and in all interactions with its stakeholders, including shareholders, employees, government and other agencies. The Company is committed to achieving the highest standards of corporate governance. It believes that all operations must be spearheaded towards attaining the final objective of enhancing shareholder value continuously.

At the core of its corporate governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. BMMI believes that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. There is active participation of Independent Directors in the Company.

The Company is committed to establish and maintain best corporate governance practices. The Company's corporate governance practices comply with the corporate governance requirements delineated in Bahrain Corporate Governance Code.

The following Corporate Governance Policy has been adopted by the Board of Directors to assist the Board in the exercise of its responsibilities. This Policy is subject to future amendments or changes as may be necessary in the light of the amendments in various regulations governing governance requirements.

THE CORPORATE GOVERNANCE POLICY

BOARD OF DIRECTORS

The Board is responsible to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging their duties the Directors shall comply with the Code of Conduct as adopted by the Board.

Directors are expected to attend and actively participate in Board Meetings and Meetings of Committees on which they serve and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

The Board is responsible for overall compliance with the corporate governance of the Company. It oversees and directs the management of the Company's business and affairs. In doing so, it must act honestly, in good faith, and in the best interests of the Company.

SIZE OF THE BOARD

As per the Articles of Association of the Company, the maximum number of Directors which the Company can appoint is 8.

BOARD COMPOSITION

The Company's Board shall have an optimum combination of Executive, Non-Executive and Independent Directors with majority of Non-Executive and Independent Directors as required by the Code of Corporate Governance enacted in the Kingdom of Bahrain.

INDEPENDENT DIRECTOR

As defined in the Corporate Governance Code, the director's independence shall become invalid in the following cases:

- a. If he holds 10% or more of the shares of the company, or the parent company or any of its subsidiaries or associates;
- b. If he is a representative of a legal person who holds 10% or more of the shares of the company, parent company or any of its subsidiaries or associates;
- c. If he has served for the two years preceding his nomination in an executive position in the company, or the parent company or any of its subsidiaries or associates;
- d. If he is a first-degree relative of any director of the company or any of the key executive management personnel of the company, parent company or any of its subsidiaries or associates;
- e. If he is a director of the parent company or any of its subsidiaries or any of the company's associates in which he is a nominee for directorship;
- f. If he, in the two years preceding his nomination, has been employed by any of the company's contracting parties (including external auditors, major suppliers, and community associations which have received substantial funding from the company or its subsidiaries);
- g. If he, in the two years preceding his nomination, has been employed by the parent company or any of its subsidiaries or associates;
- h. If he, during the year preceding the year in which his independence is reviewed, has paid to the company or received therefrom over BD 50,000 or the equivalent thereof (not counting the directors' remuneration for this purpose);
- i. If he or any of his relatives is a partner of the company's auditor or an employee thereof, or if he, during the two years preceding the date of his appointment to the Board of Directors, has been a partner or an employee of the company or the company's auditor;
- j. If he is an employee or a partner in a company that provides consulting services to the company or any of its parent, subsidiary or associate companies; and
- k. The director's independence shall not be affected by his employment with the parent company or any of its subsidiaries if any of them is a government entity or a company that at least 75% of its share capital is owned by the government or any of its subsidiaries.

APPOINTMENT OF DIRECTOR

The invitation to join the Board is extended on behalf of the Board by the Chairman of the Board. New director shall be apprised of the working of the Company and various codes of conduct adopted by the Company in its functioning. Appointment of a new director shall be made in line with BMMI's Board Charter.

In case of appointment of a new director or re-appointment of a director, the shareholders shall be provided with the following information:

- a. A brief resume of the director;
- b. Nature of his expertise in specific functional areas; and
- c. Names of companies in which the person also holds the directorship and the membership of committees of the board.

TENURE

The tenure of Executive Directors shall not exceed a period of three years on each occasion. Non-Executive/ Independent Directors shall be eligible for retirement by rotation as well as reappointment.

COMPENSATION/ SITTING FEES

EXECUTIVE DIRECTORS:

Executive Directors shall be paid remuneration within the limits envisaged by the Board. The remuneration payable shall be approved by the Board as well as the shareholders of the Company. As a policy, no sitting fees shall be payable to Executive Directors.

Non-Executive/ Independent Directors:

Non-Executive Directors/ Independent Directors are paid sitting fees for attending the Board Meeting. Fees are paid for attending Committee Meetings. The sitting fees to be paid shall be within the prescribed limits set by the Board and other applicable provisions of various regulations as the case may be.

All compensation paid to Non-Executive/ Independent Directors shall be fixed by the Board of Directors and shall be approved by shareholders in general meeting. All the details relating to the compensation so paid shall also be.

BOARD MEETINGS

The Board Meetings of the Company shall be held at least four times a year, once every quarter i.e. during the last week of January, April, October and December. The meetings of the Board will be held at the Company's registered office unless otherwise decided by the Board of Directors.

Information to be placed before Board of Directors

- a. Annual operating plans and budgets and any updates.
- b. Capital budgets and any updates.
- c. Quarterly results for the company and its operating divisions or business segments.
- d. Minutes of meetings of Audit and Risk Committee and other committees of the Board.
- e. The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- f. Show cause, demand, prosecution notices and penalty notices which are materially important
- g. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- h. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- i. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- j. Details of any joint venture or collaboration agreement.
- k. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- l. Significant labor problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- m. Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- n. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.

- o. Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- p. Other matters included in the Board of Directors' Charter.

AGENDA FOR THE MEETING

The agenda for the Board Meetings will be sent to the Directors at least 7 days prior to the Meeting. Each Board member is free to suggest the inclusion of items on the agenda. With the permission of the Chair each Board member is also free to raise at any Board Meeting matters that are not on the agenda. All information relevant to the agenda to be discussed at an upcoming Board Meeting shall be distributed in writing or electronically to all members to facilitate informed decisions at the Meeting. However, with reference to any sensitive matter on the agenda, relevant information shall be made available only at the time of the Board Meeting.

ATTENDANCE AT BOARD MEETINGS

The Board Meetings shall be attended by the Directors and on invitation of the Board by the selected executives of the Company who can provide an insight into the items being discussed. All the Executive as well as Non-Executive Directors shall make it a point to attend all meetings of the Board. In case a Director cannot attend a specific Board Meeting, he or she shall obtain leave of absence from the Board. The Board, in its sole discretion, shall also have access to any independent advisors.

PLANNING

At the Board Meeting the Board shall make strategic and operating plans for the Company. The Board shall review the plans periodically as may be necessary.

MINUTES

The minutes of all meetings of the Board shall be circulated to the Board before finalization and shall be approved in the next Board Meeting.

DUTIES AND RESPONSIBILITIES

The Board is responsible for overseeing compliance with all relevant policies and procedures by which the Company operates and ensuring that the Company operates at all times in compliance with all applicable laws and regulations adhering to the highest ethical and moral standards.

The Board monitors the financial performance of the Company and must ensure that the financial results are prepared in accordance with the generally accepted accounting principles and is reported to shareholders and regulators on a timely and regular basis. The Board must also ensure that all material developments of the Company are disclosed to the public on a timely basis in accordance with the Listing Agreement requirement.

COMMITTEES

The functioning of the Board shall be further supplemented by its Executive Committee, Audit and Risk Committee, Remuneration and Nomination Committee and Investment Committee. The Committees shall meet periodically.

THE AUDIT AND RISK COMMITTEE

The Company shall formulate an Audit and Risk Committee in compliance with the provisions of the new code of Corporate Governance which binds the constitution and functioning of the Committee.

The Audit and Risk Committee of the Company shall have minimum of three Non-Executive Directors, 2/3rd of them being Independent Directors, who shall meet all applicable legal requirements with respect to independence, financial literacy, accounting or related financial expertise etc. The members of the Audit and Risk Committee are appointed by the Board of Directors.

The Chairman of the Committee shall be an Independent Director himself who shall be present at Annual General Meeting to answer shareholder queries.

The Audit and Risk Committee Meeting shall be attended by;

- The members of the Audit and Risk Committee
- Internal Auditors
- Company Secretary to act as the secretary to the Committee
- Such other invitees at the discretion of the Chairman of the Committee

The meetings of the Audit and Risk Committee shall at least be held minimum four times a year usually preceding the Board Meeting. The quarterly financial statements shall be reviewed by the Committee before placing the same before the Board.

The management of the Company has the overall responsibility to prepare financial statements in accordance with generally accepted accounting principles. The Company's Independent Auditors has the responsibility to audit those financial statements. The Audit and Risk Committee's responsibility is one of overseeing the financial information. However, the Audit and Risk Committee has no obligation to provide any expert or other special assurance as to the Company's financial statements.

The objectives of the Audit and Risk Committee are to:

- a. Assist the Board of Directors of the Company in fulfilling its responsibilities to oversee
 - Company's financial reporting process
 - The integrity of the Company's financial statements
 - Independent Auditors' qualifications and independence
 - The performance of the Company's Internal Audit function and Independent Auditor
- b. Oversee the Company's compliance with legal and regulatory requirements
- c. Evaluate the adequacy and effectiveness of the Company's legal compliance control system.
- d. Encourage legal compliance in the observance of highest standards of ethics and integrity
- e. Prepare & recommend the annual Budget to the Board of Directors.

POWERS OF AUDIT AND RISK COMMITTEE

The Audit and Risk Committee will have the resources and other authority necessary to discharge its duties and responsibilities. The Committee is empowered:

- a. To investigate any activity within its terms of reference.
- b. To have direct access to seek information from any employee of the Company.
- c. To obtain outside legal or other professional advice and to secure attendance of outsiders with relevant expertise, if it considers necessary.
- d. To have unrestricted access to the Company's books and records.

RESPONSIBILITIES AND DUTIES

INTERNAL AUDIT

- a. Reviewing the adequacy of internal control systems with the management, external and internal auditors.
- b. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- c. Reviewing and discussing with internal auditors and management on significant issues/ findings arising from the internal audit reports and follow up thereon.
- d. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

EXTERNAL AUDIT

- e. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

- f. Discussion with external auditors before the audit commences about nature and scope of audit.
- g. Post-audit discussion with external auditors to ascertain any area of concern. Review of performance of the external auditors.

GENERAL

- h. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- i. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with the Bahrain Bourse Rules and legal requirements concerning financial statements.
 - Any related party transactions.
- j. Reviewing with the management, external and internal auditors, adequacy of internal control systems.
- k. Reviewing the Company's financial and risk management policies.
- l. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- m. Identifying and reporting of the potential risk factors with necessary remedial measures, if any.

In addition to the above, the Audit and Risk Committee will undertake such other duties as the Board of Directors delegates to it, and will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

REVIEW OF INFORMATION BY AUDIT AND RISK COMMITTEE

- a. Financial statements and draft audit report, including quarterly / half-yearly financial information.
- b. Management discussion and analysis of financial condition and results of operations.
- c. Reports relating to compliance with laws and to risk management.
- d. Records of related party transactions.
- e. The appointment, removal and terms of remuneration of the Internal Auditors shall be subject to review by the Audit and Risk Committee.

FREQUENCY OF MEETINGS

The Audit and Risk Committee will meet at least four times each year. In addition to its members, the Committee may at its discretion require the attendance of executives of the Company like Head of Finance, at its meetings. The Committee would be free to meet without the presence of any or all of such invitees if it so desires.

MINUTES

The Company Secretary will maintain minutes of the meetings of the Audit and Risk Committee.

EXECUTIVE COMMITTEE:

1. PURPOSE

The Executive Committee is appointed by the Board to exercise some of the powers and duties of the Board between Board meetings and while the Board is not in session, and implement the policy decisions of the Board.

2. COMMITTEE MEMBERSHIP

The Executive Committee should consist of no fewer than three members, as determined annually by the Board. The members of the Executive Committee shall be appointed annually by the Board may be replaced by the Board at any time. The Board shall designate the Chairperson of the Executive Committee.

3. MEETINGS

The Executive Committee shall meet as often as it determines to be necessary or appropriate. The Chairperson shall preside at each meeting and, in the absence of the Chairperson, one of the other members of the Executive Committee shall be designated as the acting chair of the meeting. The Chairperson (or acting chair) may direct appropriate members of management and staff to prepare draft agendas and related background information for each Executive Committee meeting. The draft agenda shall be reviewed and approved by the Executive Committee Chairperson (or acting chair) in advance of distribution to the other Executive Committee members. Any background materials, together with the agenda, should be distributed to the Executive Committee members in advance of the meeting. All meetings of the Executive Committee shall be held pursuant to the By-laws of the Company with regard to notice and waiver thereof, and written minutes of each meeting, in the form approved by the Executive Committee, shall be duly filed in the Company records. At the request of the Board or as the Chairperson determines necessary, reports of meetings of the Executive Committee shall be made to the Board at its next regularly scheduled meeting following the Executive Committee meeting accompanied by any recommendations to the Board approved by the Executive Committee.

4. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The basic responsibility of the members of the Executive Committee is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors, to the fullest extent permitted by law.

The Executive Committee shall have the authorities and Responsibilities assigned to it in the Executive Committee Charter.

INVESTMENT AND FINANCE COMMITTEE:

BMMI believes that a balance approach to portfolio management is required to reduce volatility and prudently maximize total return on its capital and financial resources. Total return is defined to be the result of Capital Gains, realized and unrealized, plus income derived from dividends and interests.

The Investment and Finance Committee of BMMI is responsible for approving the company's investment policies, strategies, transactions and reviewing the performance of the company's investments. The committee is also to provide assistance to the board in the review and oversight of the company's objectives, strategies and policies.

1. MEMBERSHIP AND PROCEDURES

- 2.1 The committee shall comprise of no fewer than three members designated by the Board.
- 2.2 The Board shall designate one member as the Committee Chair
- 2.3 The committee shall comprise of members that meet the independence requirements of the applicable laws, rules and procedures.
- 2.4 The members of the committee shall be appointed annually and vacancies filled or members removed by the vote of a majority of the full board.
- 2.5 A committee member may resign from committee membership without resigning from the board
- 2.6 The committee members shall have the knowledge and expertise appropriate to discharge its responsibilities

3. MEETINGS

- 3.1 The committee may fix its own rules and procedures, which shall be consistent with the company's Articles of Association and this charter.
- 3.2 The Chair or the majority of the members of the committee may call meetings of the committee. The meetings may be by telephone conference call or by any other means permitted by the Articles of Association, laws, rules and procedures.
- 3.3 The majority of the members of the committee shall constitute a quorum for the meeting.
- 3.4 The Chair of the committee shall be responsible for the leadership of the committee including preparation of agenda, presiding over meetings, making assignments and reporting the committee's

action to the Board of Directors.

- 3.5 The chair of the committee or other members designated by the chair or the committee in the chair's absence shall regularly report to the full board on the committee's proceedings and actions taken.
- 3.6 The committee shall keep written minutes of its meetings which shall be maintained with the books and records of BMMI.
- 3.7 The minutes of the meetings and the resolutions adapted by the committee shall be circulated to the full members of the board.

4. DUTIES AND RESPONSIBILITIES

The committee shall have the following duties and responsibilities:

- 4.1 Shall be responsible for the approval of the company's investment policy and shall inform the Board of any modification to the investment policy.
- 4.2 The committee shall review, authorize or approve investment transactions made by the company or its outside Investment Managers.
- 4.3 The committee shall develop selection criteria to identify and select the company's outside Investment Managers.
- 4.4 The committee shall, periodically, review the performance of the company's outside Investment Managers.
- 4.5 The committee shall approve the termination and any legal action against the company's outside Investment Manager
- 4.6 The committee shall oversee management administration of the company's investment portfolio to ensure compliance with investment policies.
- 4.7 The committee shall review any strategic investments as necessary
- 4.8 The committee shall delegate authority to the management to execute individual transaction on behalf of the company within the policies and limits approve by the committee
- 4.9 The Committee shall review and provide guidance to the Board about proposed mergers, acquisitions, divestitures and other similar transaction.
- 4.10 The Committee shall perform other responsibilities delegated to the Committee by the Board from time to time.

5. PERFORMANCE EVALUATION

- 5.1 The committee shall conduct a self evaluation of its performance annually
- 5.2 In conducting the review, the committee shall evaluate whether this charter appropriately addresses the matters that are or should be within its scope based on the changes in legislations, rules, regulations and business activities of BMMI.
- 5.3 The committee shall also address, while conducting the review that all matters that it considers relevant to its performance including but not limited to the adequacy, appropriateness and quality of information and recommendations presented by the committee to the board, the manner in which they were discussed, debated and agreed and whether the number and the duration of meetings of the committee were adequate to complete the work in thorough and thoughtful manner.
- 5.4 The committee shall present to the board the result of its evaluation, including any recommended amendments to the charter or company or board's policies and procedures.

6. OUTSIDE ADVISERS

- 6.1 The committee, may after consultation by the board, obtain advice and assistance from outside legal, investment or other consulting bodies at the company's expense as applicable or advisable.
- 6.2 The company shall provide the appropriate funding for compensation to the Advisers that the committee may choose to engage.
- 6.3 The committee may call upon the appropriate company staff for assistance in the conduct of its responsibilities.

REMUNERATION AND NOMINATION COMMITTEE:

1. PURPOSE

The company strives to provide fair compensation to its Directors and Senior Management based on their performance and contribution to the company.

2. COMMITTEE MEMBERSHIP AND MEETINGS:

The committee shall comprise of no fewer than four Board members that meet the Corporate Governance Code independence requirements and shall designate one member as the Committee Chair. The Remuneration Committee shall meet twice a year or as required and the majority of the members of the committee shall constitute a quorum for the meeting.

3. DUTIES AND RESPONSIBILITIES

The committee shall have the following duties and responsibilities:

- 3.1 Compensation of Directors.
- 3.2 Compensation of Executive Management
- 3.3 Succession and Management Development
- 3.4 Other Matters to include reviewing the company's incentive/compensation, policies and plans.
- 3.5 The Committee shall conduct an annual review of compliance with the Corporate Governance Code. Any findings arising therefrom shall be reported by the Committee to the Board of Directors /Shareholders.
- 3.6 Nomination duties of the Remuneration Committee:
- 3.7 To regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- 3.8 To give full consideration to succession planning for Directors, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed in the future;
- 3.9 To be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 3.10 Before making an appointment, evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - 3.11 if required use the services of external advisers to facilitate the search;
 - 3.12 consider candidates from a wide range of backgrounds; and
 - 3.13 consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- 3.14 to keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace; to keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 3.15 To review annually the time required from non-executive Directors. Performance evaluation should be used to assess whether the non-executive Directors are spending enough time to fulfill their duties; and
- 3.16 To ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service if appropriate and involvement outside Board meetings.

The Committee shall also make recommendations to the Board concerning:

- 3.17 plans for succession for both executive and non-executive Directors and in particular for the key roles of Chairman and Chief Executive;
- 3.18 suitable candidates for the role of Independent Director;

- 3.19 the re-appointment of any non-executive Director, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- 3.20 the retirement age for Directors and its application;
- 3.21 any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company subject to the provisions of the law and their service contract; and
- 3.22 The appointment of any Director to executive or other office.

4. PERFORMANCE EVALUATION

The committee shall conduct a self-evaluation of its performance annually and address all matters that it considers relevant to its performance including but not limited to the adequacy, appropriateness and quality of information and recommendations presented by the committee to the board.

5. OUTSIDE ADVISERS

The committee may after consultation by the board obtain advice and assistance from outside legal, compensation or other consulting bodies at the company's expense as applicable or advisable.

DISCLOSURE OF THIS POLICY

This policy shall be posted on the Company's website and also shall be available in print to any shareholder requesting it.

Adopted on 26 September 2018