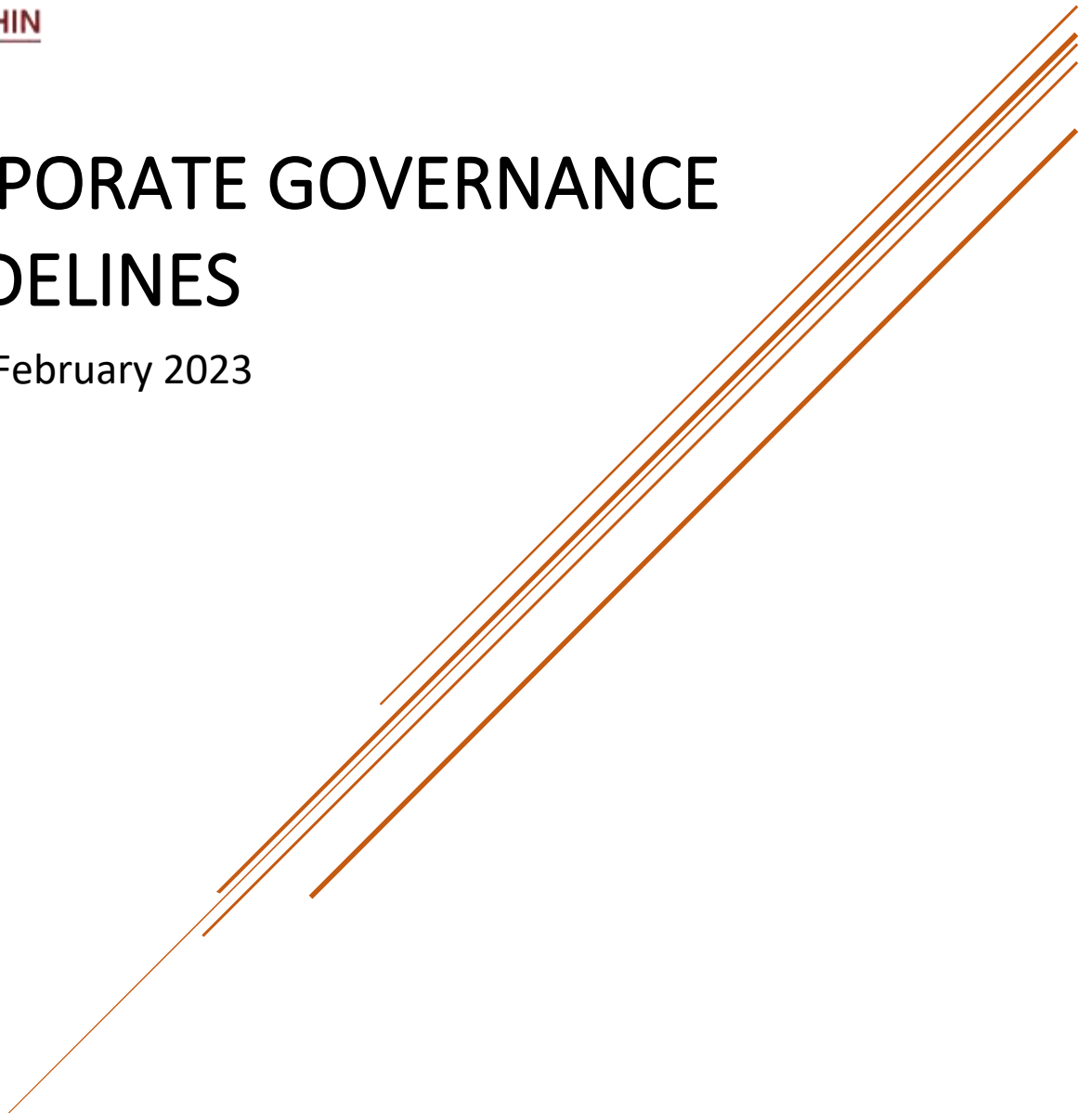




# CORPORATE GOVERNANCE GUIDELINES

V 2.1 – February 2023



## Version History

<b>Version</b>	<b>Version Date</b>	<b>Revision Summary</b>	<b>Author / Policy Owner</b>
1.0	December 2020	Development of the Policy	Risk & Compliance Department
2.0	February 2022	Annual Revision	Risk & Compliance Department
2.1	June 2022	Revision of the Committees	Board Secretary
3.0	February 2023	Annual Revision	Board Secretary

*Note: This document will be reviewed annually by the policy owner. It will also be amended on an ad hoc basis in response to any changes in the legal, regulatory and operating environment. All changes will be then submitted for approval at the next Nomination, Remuneration & Governance Committee (“NRGC”) and Board of Directors (“BOD”) meeting.*



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## **Introduction**

The Bahrain Ministry of Industry, Commerce and Tourism issued a Corporate Governance Code (the “Governance Code”), which became applicable to all joint stock companies incorporated in Bahrain on January 1, 2011 (as revised from time to time, including the revisions issued in March 2018 and September 2022), and the Central Bank of Bahrain (“CBB”) issued a High Level Controls Module in the CBB’s Rulebook 6 (“Module HC”) which became effective on September 1, 2011 and has been revised by the CBB from time to time since that date. [HC-A.2.1]

Module HC sets forth requirements that must be met by BFM and other listed companies in Bahrain with respect to (i) corporate governance principles in the Governance Code and (ii) international best practice corporate governance principles in line with the recommendations of the International Organization of Securities Commissions and the Organization for Economic Co-operation and Development. [HC-A.1.1]

These Corporate Governance Guidelines (“Guidelines”) have been adopted by the Board of Directors of BFM (the “Board”) in accordance with Module HC [HC8.2.1]. Module HC requires the adoption of written corporate governance guidelines that cover the matters stated in Module HC and any other corporate governance matters deemed appropriate by the Board.

Module HC is incorporated by reference in, and forms part of, these Guidelines except to the extent specifically noted in these Guidelines.

These Guidelines follow the format of the Governance Code by setting out the Corporate Governance principles (the “Principles”) and then elaborating upon the principles.

## **Record Retention**

The Company shall keep all records, minutes, paper and electronic documents, reports and other documents required to be kept by the Code at the Company’s Head Office for a period of no less than ten years, including minutes of meetings, Board reports, Board’s Committees reports and governance reports.

Without prejudice to the period referred to in the above paragraph, the company shall keep those records, minutes, documents, reports or documents related to lawsuits, claims or any existing investigation procedures, until the completion of these procedures.

## **Principle 1: BFM must be headed by an effective, collegial and informed Board**

### **Directors' Roles and Responsibilities**

The Board's role is distinct from that of both the shareholders of BFM, whose interests the Board represents, and the management of BFM, which the Board oversees. [HC-1.2.1]

The Board owes fiduciary duties of care and loyalty to BFM and the shareholders of BFM. [HC-1.2.1]

In recognition of its duties and responsibilities, the Board has adopted the Charter of the Board of Directors of BFM (the "Board Charter") that is attached as Annex A to these Guidelines. [HC-1.2.8]

Having regard to the importance of each Director understanding his or her duties and responsibilities, the Chairman of the Board, assisted by the Board Secretary, or other individual delegated by the Chairman of the Board, should review the Board's role and its duties and responsibilities with each newly elected Director. [HC-4.5.1]

In addition, BFM must have a written appointment director service agreement with each Director that refers to the Director's powers, duties and responsibilities, as well as other matters relating to his or her appointment, including time commitment, any committee assignment and remuneration, and his or her access to independent professional advice when that is needed. [HC-1.2.6]

### **Risk Recognition and Assessment**

The Board's responsibilities in respect of BFM's systems and controls framework is set forth in the Board Charter.

The Board should ensure that it collectively has sufficient expertise to understand and measure the risks to which BFM is exposed in its business activities. [HC1.2.7]

### **Decision Making Process**

The Board must be deliberative and collegial to gain the benefit of each Director's judgment and expertise, and the Chairman of the Board must take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made. [HC-1.3.1 and 1.3.2]



The Board must meet no less than four times during each financial year and each Director must attend at least 75% of the Board meetings within a financial year. This means that each Director must attend at least three Board meetings if the total number of meetings held during a financial year is four. [HC-1.3.3 and HC-1.3.7]

It is not permissible for a Director to attend a meeting, or to vote at such meeting, by proxy. See HC-1.3.7 for further information regarding the number of meetings required to be attended by each Director based upon the total number of Board meetings held in a financial year if more than four meetings are held in a financial year. See also HC- 1.3.8 and HC-1.3.10 for requirements relating to recording and reporting to the Central Bank of Bahrain Director non-attendance of meetings.

The Chairman of the Board is responsible for the leadership of the Board and for the efficient functioning of the Board. The Chairman of the Board must ensure that all Directors receive an agenda, minutes of prior meetings and adequate background information in writing before each Board meeting and, when necessary, between Board meetings. All Directors must receive the same Board information. [HC-1.3.4]

The Chairman of the Board shall hold meetings with non-executive and independent Directors, without the attendance of the executives, to take their views on matters related to BFM's activity. [Principle 1;c;a;7]

Subject to the receipt of timely information, a primary requirement of a Director's duty of care is that the Director study the materials provided to Directors in advance of the Board meeting and the meeting of any Committee on which the Director serves and prepares to contribute constructively in the deliberations of the Board and any such Committee.

Principle 1 of the Governance Code provides that no director may have directorships of more than five (5) Public Joint Stock Companies in the Kingdom of Bahrain and HC-1.3.6 provides in guidance that no person should hold more than three directorships of public companies in Bahrain, subject, in each case, to the provision that such directorships should not give rise to any conflict of interest.

HC-1.3.6 also provides that the Board should not propose the election or re-election of any Director who holds more than three such directorships (and, in any event, the Board may not propose the election or re-election of any Director who holds more than five such directorships). If any then current Director or candidate for election as a Director holds more than three such directorships, it is the responsibility of the BFM's Risk & Compliance Department to confirm that the CBB is aware of such multiple directorships before that

Director or candidate is proposed to the shareholders for reelection or election to the Board, as the case may be.

### **Independence of Judgment**

The duty of loyalty requires a Director to exercise the Director's powers in the interests of BFM and BFM's shareholders and not in the Director's own interests or in the interests of other persons (including family members) or organizations. Each Director must consider himself or herself as a representative of all BFM shareholders.<sup>2</sup>

See HC-1.4.2 and HC-1.4.3 relating to the obligations of executive and non-executive directors.

HC-1.4.4 provides in guidance that at least half of the Board should be comprised of non-executive directors and at least three of those persons should be independent directors. HC-1.4.5 provides in guidance that the Chairman of the Board should be an independent director.

HC-1.4.6A provides that the Chairman of the Board and/or the Deputy Chairman of the Board must not be the same person as the Chief Executive Officer.<sup>2</sup>

The board should review the independence of each director at least annually in light of interests disclosed by them. Each independent director shall provide the board with all necessary and updated information for this purpose. [HC-1.4.6]

To facilitate free and open communication among independent directors, each board meeting should be preceded or followed with a session at which only independent directors are present, except as may otherwise be determined by the independent directors themselves. [HC-1.4.8]

### **Directors' Access to Independent Advice**

As stated in the Board Charter, and consistent with the provisions of HC-1.6.1 and HC-1.6.2, each Director shall have access to the Board Secretary of BFM who has responsibility for reporting to the Board on Board procedures. Each Director also will have access to independent legal or other professional advice at BFM's expense whenever he/she judges this necessary to discharge his/her responsibilities as a director and this must be in accordance with BFM's internal policies and procedures. Such access to legal or other professional advice will be arranged by the Board Secretary upon the request of any Director.

Both the appointment and removal of the Board Secretary must be a matter for the Board, and not any member of management. The Board Secretary shall carry out the obligations set out in Principle 1 of the Governance Code.

If a Director has serious concerns which cannot be resolved regarding the management of BFM or a proposed action, that Director should consider seeking independent advice and should ensure that those concerns are recorded in the Board meeting minutes and that any dissent from a Board action is noted or delivered in writing. [HC-1.6.3]

When a non-executive Director resigns from the Board, he should provide a written statement to the Chairman of the Board, for circulation to the Board, if he has serious concerns of the nature referred to in the paragraph above. [HC-1.6.4]

### **Directors' Communications with Management**

In line with HC-1.7.1, it is the policy of the Board to encourage reporting at Board meetings by relevant members of management, who by reason of responsibilities or succession, the CEO believes should have exposure to the Directors.

In line with the guidance set forth in HC-1.7.2, non-executive Directors may have free access to management through either the CEO or the Chairman of the ACRC.

The board should be kept fully aware of the issues affecting the operations of the company

### **Committees of the Board**

Acting in accordance with BFM's Articles of Association, the Board has appointed the following Standing Committees: (i) the Audit, Compliance, and Risk Committee, (ii) the Nomination, Remuneration, and Governance Committee, and (iii) the Purchasing & Projects Committee, and (iv) the Subsidy and Commercialization Committee. The Terms of Reference of these Committees are attached as Annex B, Annex C, Annex D, and Annex E, respectively, to these Guidelines.

These Standing Committees operate with authority delegated by the Board in accordance with their respective Terms of Reference. However, the Board may not delegate its ultimate decision-making responsibility. [HC-1.8.3]



All Standing Committees should keep comprehensive minutes of their discussions and meet regularly to fulfil their mandates.

### **Evaluation of the Board and Each Committee**

HC-1.9.1 requires that the Board conduct an evaluation of its performance and the performance of each Committee and each Director at least annually.

The Board will conduct such an evaluation on an annual basis in compliance with HC-1.9.1, having regard to the evaluation process specified by HC-1.9.2. The results of such evaluations will be reported to the shareholders at the Ordinary General Meeting of Shareholders (“OGM”) held each year. [HC-1.9.4]

These evaluations will be organized by the Nomination, Remuneration, and Governance Committee, with the assistance of an external expert, if and to the extent deemed appropriate by the Nomination and Remuneration Committee.

## **Principle 2: BFM's directors and officers must have full loyalty to BFM**

### **Personal Accountability**

BFM shall conduct its business activities and transactions with complete honesty and total integrity in accordance with the highest moral, ethical and legal standards.

Each of BFM's Board members and each other BFM employee owes a duty of loyalty to BFM and its shareholders. Directors are personally accountable to BFM and the shareholders if they violate this duty of loyalty, and Directors can be personally sued for such violations.

Having regard to this duty of loyalty, the Board has signed Directors Service Agreement, which includes BFM's Code of Conduct that sets forth standards of conduct that apply to Directors. It demands that all Directors conduct their business activities with absolute propriety, and it affirms BFM's commitment to the highest moral, legal and ethical standards of conduct.

### **Conflict of Interest**

Acting in accordance with the duty of loyalty, each Director, officer, and all other BFM employees, must avoid transactions or situations in which their personal interests actually conflict with, or have the appearance of conflicting with, those of BFM, its shareholders and its customers. Directors who have a material conflict of interest in any transaction which is the subject of any discussions or decision-making must abstain from participating in such discussions or decision.

Each Officer or Director in the Company who has a joint or conflicting interest in a transaction presented to the Board for a decision, or the entity he/she represents in the Board of Directors, shall disclose such conflict to the Board, and this should be recorded in the minutes of the meeting, and he shall not participate in the deliberation or attending the meeting, discussion and voting of the decision on these transactions, the disclosure includes the essence of the transaction and the extent of its impact on the integrity of the Company's decisions and transactions, rather than the its legal form only.

Consistent with the Bahrain Commercial Companies Law, it is the policy of the Board to submit any affiliation by a Director with an entity engaged in a business that is competitive with BFM's business to the shareholders for approval each year at the AGM. In addition, any abstention from voting motivated by a conflict of interest, and the authorization of any contract or transaction involving a conflict of interest, shall also be disclosed to the shareholders each year at the OGM.[HC-2.5.1]

### **Principle 3: The Board must have rigorous controls for financial audit and reporting, internal control and compliance with law**

As noted above, the Board has established an Audit, Compliance, and Risk Committee, and its Terms of Reference are attached as Annex B to these Guidelines. The Terms of Reference are consistent with the requirements of HC-3.2.1 and Appendix A of Module HC. [HC-3.3.1]

A majority of the members of the Audit, Compliance, and Risk Committee must be independent Directors, and the CEO must not be a member of the Audit, Compliance, and Risk Committee. The chairman of the Audit, Compliance, and Risk Committee shall be an independent director. [HC-3.2.4, Resolution No. (91) of 2022, Clause (1) and Principle 3; First]

As part of the process of discharging its responsibilities in relation to overseeing BFM's systems and controls, risk management and compliance frameworks, the Audit, Compliance, and Risk Committee should receive reports from the Internal Auditor, Risk and Compliance Department, and at every meeting of the Audit, Compliance, and Risk Committee unless otherwise approved by the Audit, Compliance, and Risk Committee.

In line with the guidance set forth in HC-3.3.3, the Board has adopted Whistleblowing Procedures to encourage the disclosure of genuine concerns regarding potential wrongdoing by BFM or its employees, including financial fraud or other actions that raise questions regarding the integrity of BFM's financial statements or its accounting, auditing, internal control and reporting practices, and to ensure that potential issues are promptly and properly investigated and addressed.

To encourage management accountability for BFM's financial statements and as required by HC-3.4.1, the CEO and the Financial Controller must state in writing to the Audit, Compliance, and Risk Committee and to the Board as a whole that BFM's annual and interim financial statements present a true and fair view, in all material respects, of BFM's financial condition and results of operations in accordance with International Financial Reporting Standards. [HC-3.4.1]

## **Principle 4: BFM must have rigorous procedures for appointment, training and evaluation of the Board**

### **Nominating Committee**

The Board has delegated to the Nomination, Remuneration, and Governance Committee (“NRGC”) authority to act as the Nominating Committee of the Board, with responsibility to, among other things, identify persons qualified to become Directors, as well as senior managers of BFM. The details regarding NRGC’s responsibilities are set forth in the NRGC Terms of Reference attached as Annex C to these Guidelines.

### **Nominations of Board of Directors to the Shareholders**

According to Resolution No. (91) of 2022, Clause (1), Nominations proposed by the Board to the shareholders for the election or re-election of directors shall be accompanied by a recommendation of the Board, with summary of the NRGC's report on these nominations.

The Company shall provide the following information regarding each candidate for membership of the Board of Directors to its Shareholders:

1. The term of membership.
2. Curriculum vitae, including academic and professional qualifications.
3. In the case of an independent director, a statement shall be prepared that the Board has determined that the independent criteria have been met.
4. Disclosure of companies and other institutions in which he holds positions in or serving as board director
5. Any work he does, directly or indirectly, that constitutes competition to the Company.
6. Details of other positions occupied by the candidate and whose tasks require a significant amount of time.
7. Details of the relationship between the candidate and the Company, and between the candidate and other members of the company's board of directors.
8. Any other information specified by the Implementing Regulations of the Commercial Companies Law.

Any Board Member serves beyond six years (e.g., two three-year terms) for as a Director shall be subject to particularly rigorous review, and shall take into account the need for progressive refreshing of the Board. [Principle 4; Second; b]

## **Induction and Training of Directors**

Each new Director must be provided with a formal and tailored induction, based upon the new Director's knowledge of BFM. Unless the Director already possesses detailed knowledge relating to BFM, the induction must include, among other matters, meetings with senior management, visits to BFM's premises and presentations regarding strategic plans, significant financial, accounting and risk management issues, compliance programs, and information about BFM's internal and external auditors and legal counsel. [HC-4.5.1]

The Chairman of the Board, assisted by the Board Secretary, or any other individual delegated by the Chairman of the Board, should review the Board's role and duties with that person, particularly covering legal and regulatory requirements and Module HC.

All other Directors must be invited to attend induction meetings for new Directors and all Directors must continually educate themselves as to BFM's business and corporate governance. [HC-4.5.2]

Management, in consultation with the Chairman of the Board, should hold programmes and presentations to directors with respect to the Commercial Companies Law, BFM's Memorandum and Articles of Association, as well as the BFM's business and industry, which may include periodic attendance at conferences and management meetings. The Nominating and Remuneration Committee shall oversee directors' corporate governance educational activities. [HC-4.5.3]

## **Principle 6: The Board must establish a clear and efficient management structure.**

### **Establishment of Management Structure**

The Board must appoint at a minimum the following members of senior management:

- The Chief Executive Officer
- The Senior Financial Manager
- The Senior Risk and Compliance Manager
- The Internal Auditor
- The Board Secretary

as well as such other officers as the Board considers appropriate.

BFM has adopted By-laws which prescribe the authorities, duties and internal reporting responsibilities of each of the members of senior management listed above as well as other members of senior management appointed by the Board.

BFM has adopted a succession plan which, among other members of senior management, reflects a strategy for selecting a successor to CEO. The succession plan includes an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO.

## **Principle 7: BFM must communicate with shareholders, encourage their participation and respect their rights**

It is the policy of BFM to conduct shareholders' meetings in accordance with the requirements of Commercial Companies Law and its executive regulations, which require, among other things that:

- Notices of meetings must be honest, accurate and not misleading;
- Meetings must be held during normal business hours and at a place convenient for the greatest number of shareholders to attend;
- Provide the shareholders the opportunity to vote without discrimination, keep them informed of all the rules governing the voting procedures and the information relating to the voting rights on a regular basis, and avoid any action that hinders the use of this right;
- Notice of meetings must encourage shareholders to attend shareholder meetings and, if not possible, to participate by proxy and must refer to procedures for appointing a proxy and for directing the proxy how to vote on a particular resolution. The proxy form must list the agenda items and must specify the vote (such as “yes”, “no” or “abstain”).
- Notices of meetings must ensure that all material information and documentation is provided to shareholders on each agenda item;
- The Board must propose a separate resolution at any meeting on each substantially separate issue so that unrelated issues are not bundled together;
- The minutes of the meeting must be made available to the shareholders upon their request as soon as possible but not later than 30 days after the meeting;
- Disclosure of all material facts must be made to the shareholders by the Chairman of the Board prior to any vote by the shareholders; and
- At any meeting during which Directors are to be elected or removed, the Board must ensure that each person is voted on separately, so that the shareholders can evaluate each person individually.

All directors should attend and be available to answer questions from shareholders at any shareholder meeting. The chairs of the Board Committees should also be available to answer appropriate questions regarding matters within their respective Committee's responsibility, it

being understood that confidential and proprietary business information may be kept confidential. [HC-7.4.2]

BFM's external auditors should attend the AGM and be available to answer shareholders' questions concerning the conduct and conclusions of the audit. [HC7.4.3]

The Chairman and other Directors (as appropriate) shall maintain ongoing personal contact with key shareholders to solicit their views and understand their concerns.

The Chairman shall ensure that the views of shareholders are communicated to the Board as a whole. The Chairman shall discuss governance and strategy with key shareholders. [HC-7.5.1; Principle 7: Third]

The Board shall encourage shareholders, particularly institutional investors, to help in evaluating BFM's corporate governance. [HC-7.5.1; Principle 7: Third]

The Chairman and other Directors shall actively encourage the controlling shareholders to use their position responsibly and to fully respect the rights of minority shareholders. [HC-7.6.1; Principle 7: Fourth]

## **Shareholders Rights**

As per Resolution No. (91) of 2022, the Company shall allow the Shareholders to exercise their rights in accordance with the Commercial Companies Law and its Implementing Regulations.



## **Principle 8: BFM must disclose its corporate governance**

These Guidelines must be published on BFM's website.

At each AGM, the Board must report to the shareholders on BFM's compliance with these Guidelines, Corporate Governance Code, and Module HC, and explain the extent, if any, to which the Board has varied from the Guidelines or believes that variance or non-compliance was justified.

The Board must also report at each AGM on the corporate governance matters as per the corporate Governance Code requirements and Ministry of Industry and Commerce's template.

BFM's Corporate Governance Officer shall undertake the tasks of verifying BFM's compliance with the corporate governance rules, laws, regulations and decisions issued to implement them. The Corporate Governance Officer shall coordinate with the Nomination, Remuneration, and Governance Committee in relation to all corporate governance matters, follow up and coordinate with the concerned department on the corporate governance matters. [Principle 8: e]



**Principle 9: BFM's Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.**

**Selection of External Auditor**

The AGM shall appoint one or more auditors for BFM and determine their fees upon the proposal of the Board, while taking into consideration the requirements set out in Principle 10 of the Governance Code:

1. The External Auditor shall be appointed for a term of one financial year, to be renewed for similar periods not exceeding five (5) consecutive financial years. The external auditor may not be appointed thereafter except after the lapse of two consecutive financial years; and
2. The partner responsible for auditing the company shall be rotated changed once every three years at a maximum.

**Obligations of External Auditor**

BFM's external auditor shall observe the disclosure obligations and audit principles set out Principle 10 of the Governance Code.



## **Principle 10: BFM shall seek through social responsibility to exercise its role as a good citizen**

The Board has adopted a social responsibility policy to deal with the requirements of social responsibility.

BFM shall provide, in its annual report, a report on corporate social responsibility activities. The report shall explain these activities and the amounts spent thereon and measure their impact and sustainability.

BFM's executive management shall develop an annual strategy or plan to implement the corporate social responsibility philosophy, policies and principles towards the community.  
[Principle 11]

## Appendix (A): Terms of Reference of the Board of Directors

### Terms of Reference Board of Directors Bahrain Flour Mills Company BSC

#### 1. Introduction

This Terms of reference sets out the responsibilities of the Board of Directors (“Directors”) of Bahrain Flour Mills Company BSC. (“BFM” or the “Company”).

#### 2. Reporting Line

The Board of Directors reports to the BFM’s Shareholders.

#### 3. Board Structure

##### 3.1. Composition

- The Board constitution will be based on the Company’s Memorandum and Articles of Association.
- The Board recognizes the importance of independence and objectivity in the decision-making process.
- At least half of the Board should be non-executive directors and at least three of those persons should be independent directors.
- The Board recognizes the need for the composition to reflect a range of skills mix, expertise, high levels of professional skills and that appropriate personal qualities are prerequisite for directorships.
- The CEO shall be permanent invitees (as invited by the Chairman) to all Board meetings.

##### 3.2. Board Committees

- The Board may delegate certain responsibilities to the Board sub-committees. This is to ensure sound decision making and facilitate the conduct of business without unnecessary impediment, as the speed of decision-making in the Company is

crucial. The formation of the sub-committees and their respective terms of reference should be in accordance with the Articles of Association of the Company.

- The Board may delegate its functions without abdicating its responsibility.
- Where a Committee is formed, specific terms of reference of the committee would be established to cover matters such as the purpose, composition and functions of the committee.

#### **4. The Board's Relationship with Shareholders and Stakeholders**

- 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 Meeting (AGM) is conducted in an efficient manner and serve as a crucial mechanism in shareholder communications. Key ingredients behind this include the supply of comprehensive timely information to shareholders and the encouragement of active participation in the AGM.
- The Chairman of the Board shall attend the AGM and shall answer questions on Board activities and responsibilities.

#### **5. Board Secretary**

- The appointment and removal of the Board Secretary is a matter for the Board as a whole. The Board recognizes the fact that the secretary should be suitably qualified and capable of carrying out the duties required of the post.
- The Board Secretary is the point of contact for the Board members and management of the Company.

#### **6. Meetings**

##### **6.1. Frequency**

- The Board shall meet at least four times a year.
- The Board will meet additionally as important events and decision making require.
- The dates of the meetings for the year should be set and agreed at the beginning of the year.

## **6.2. Agenda and Invitations**

- It is the responsibility of the Board Secretary to schedule and call all meetings of the Board and provide each member of the Board with a written agenda for all meetings, at least 5 days in advance of the meeting, subject to the availability of the agenda items.
- The agenda of each meeting shall be approved by the Board Chairman.
- Meeting invitations and agendas shall be sent by e-mail or otherwise with as much advance notice as possible. However, it may be necessary from time to time to call meetings of the Committee at short notice should a decision require to be made in relation to a significant issue.

## **6.3. Quorum & Adoption of Resolutions**

### **6.3.1. Quorum**

Participation by not less than half of the Board members shall represent a quorum, provided that the number of those is not less than three and either the Chairman or Vice Chairman is present.

### **6.3.2. Adoption of Resolutions in a Meeting**

Resolutions shall be adopted by a simple majority vote of the members present. In the event of an equal vote, the Board Chairman shall cast a second, deciding vote.

### **6.3.3. Adoption of Resolutions by Circulation**

In case it is not possible to hold a meeting or if there are decisions required for urgent matters, proposed resolutions for the consideration of the Board may be circulated through the Board Secretary and the required approvals obtained in this manner. All such resolutions that are adopted by circulation in this manner shall be approved unanimously by the Board members and tabled for ratification in the minutes of the following Board meeting.

The adoption of resolutions in this manner is authorized provided that the Board is given no less than three working days to review the appropriate briefing material and the opportunity to discuss the proposed matter with management either in person or by correspondence (including post, electronic mail or fax correspondence), conference call, video call, or any other means of communication with view and sound.

Any member to whom a proposed resolution is sent to by circulation (which meets the above requirements) and who fails to respond within three working days following the date on which the proposed resolution is sent shall be considered to have approved the resolution; provided receipt of material has been confirmed.

#### **6.4. Attendance**

- Active participation & attendance at all meetings by all members is strongly encouraged.
- Recognizing that some meeting may have to be scheduled at short notice and to permit participation by all Board members by in-person visits, tele/video conference calls.
- Proxies may not be given, and substitution is not permitted.
- Non-voting guests may be invited to Board meetings by the Chairman provided their presence adds value to the decision-making process.

#### **6.5. Minutes**

- The Board shall maintain written minutes of its meetings, along with a table tracking the Board's motions and resolutions which shall be filed with the minutes of the meetings.
- Copies of the motions and resolutions shall be maintained with Board Secretary as well as circulated to concerned management to take necessary action.
- It is the responsibility of the Board Secretary to prepare the minutes of the meeting within 5 working days after the meeting date, obtain approval of the same and circulate to all members as well as concerned management as soon as possible after each meeting
- The Secretary must record in the Minutes any conflict of interest declared by any Committee member(s).
- The minutes of the meetings must include the names of the present members, names of absentees, names of guests attended, proceedings and decisions made by the Board.

## **7. Responsibilities**

- overseeing the Company's performance, strategy and business plan;
- ensuring that financial statements are prepared which accurately disclose the Company's financial position
- monitoring management performance
- convening, and preparing the agenda for, shareholders meetings
- setting up a mechanism to regulate transactions with related parties in order to minimize conflicts of interest and preventing abusive related party transactions
- selecting, monitoring and, when necessary, replacing key executives and overseeing succession planning
- aligning key Executive and Directors remuneration with the longer-term interests of the Company and the Shareholders
- ensuring a formal Directors nomination and election process
- ensuring the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards
- assuring equitable treatment of shareholders, including minority shareholders;
- the ongoing obligations in respect of the listing requirements, including but not limited to issues relating to disclosure, dissemination of price sensitive information and other communication, and the prevention of market abuse and insider trading;
- compliance with the Company's founding documentation, including but not limited to its Memorandum and Articles of Association and other relevant by-laws and resolutions
- adopting the financial and operational policies associated with the Company's business performance and achievement of its objectives
- drawing, overseeing and periodically reviewing the Company's plans, policies, strategies, and key objectives
- setting and generally supervising the regulations and systems of the Company's internal control systems
- determining the Company's optimal capital structure, strategies and financial objectives and approving annual budgets



- monitoring the Company's major capital expenditures, and possessing and disposing of assets
- approving BFM's semi-annual and annual financial statements and presenting them to the annual AGM
- approving the credit facilities, and investment activities of the company
- forming specialized committees of Board of Directors as required by the nature of the Company's activity and as provided in the regulatory requirements.
- Reviewing and approving the Authority Matrix and Delegation of Authority Limits.

#### **8. Authority**

- The Board is authorized to seek any information it requires from any employee of the Company in order to perform its duties.
- The Board is authorized to obtain any outside legal or other professional advice. The Company shall cover the expenses of the Board.

#### **9. Approval/Review of the Board Terms of reference**

- This Terms of Reference and any subsequent amendments become effective when it is approved by the Board of Directors.
- The Board shall review the Terms of Reference annually to ensure it is operating at optimal effectiveness and incorporate any changes it considers necessary.
- An amended Terms of Reference should be circulated to each Board member.

#### **10. Confidentiality**

Members of the Board and other persons who attend these Board meetings must maintain silence on all documents they receive, on the contents of deliberations and on all confidential information of the Company, particularly operating and business information that are disclosed to them in the course of their work on the Board.

#### **11. Performance Evaluation**

The Board shall preview and review an annual performance evaluation of the Board, which shall compare the Board's performance with the above requirements and shall incorporate any improvements deemed necessary or desirable to the committee's terms of reference.



## **Appendix (B): Terms of Reference of the Audit, Compliance, and Risk Committee**

### **Terms of Reference Audit, Compliance, and Risk Committee Bahrain Flour Mills Company BSC**

#### **1. Purpose**

The Board Audit, Compliance, and Risk Committee ('ACRC') of the Company is a Board sub-committee appointed to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial information, the overall risk management framework, and company's compliance with legal and regulatory requirements.

#### **2. Reporting Line**

The ACRC reports to the Board of Directors.

#### **3. Committee Structure & Composition**

##### **3.1. Size & Membership**

- The Board of Directors shall determine the size of the ACRC (which shall never be less than 3 members) and shall appoint its members.
- ACRC members shall devote the necessary time and effort to fulfill the terms of reference of the Committee.
- The CEO shall be invited to ACRC meetings. The Committee shall invite any other person as required, to attend its meetings.

##### **3.2. Composition**

- The Committee must include only independent directors or alternatively, only non-executive directors of whom a majority must be independent directors and the chairman must be an independent director.
- The Committee members will agree and elect the Chairman and Vice Chairman of the committee.
- The Company Board Secretary will act as Secretary to the Committee, unless otherwise determined by the Committee.

## **4. Meetings**

### **4.1. Frequency**

- The ACRC shall meet at least four times a year.
- The ACRC will meet additionally as important events and decision making require.
- The dates of the meetings for the year should be set and agreed at the beginning of the year. To the extent possible, meetings shall be scheduled to coincide with meetings of the Board of Directors.

### **4.2. Agenda and Invitations**

- It is the responsibility of the Secretary of the Committee to schedule and call all meetings of the committee and provide each member of the committee with a written agenda for all meetings, at least 5 days in advance of the meeting, subject to the availability of the agenda items.
- The agenda of each meeting shall be approved by the Chairman of the Committee.
- Meeting invitations and agendas shall be sent by e-mail or otherwise with as much advance notice as possible. However, it may be necessary from time to time to call meetings of the Committee at short notice should a decision require to be made in relation to a significant issue.

### **4.3. Quorum & Adoption of Resolutions**

#### **4.3.1. Quorum**

Participation by a simple majority of the Committee members shall represent a quorum, provided that either the Chairman or Vice Chairman is present.

#### **4.3.2. Adoption of Resolutions in a Meeting**

Resolutions shall be adopted by a simple majority vote of the members present. In the event of an equal vote, the Chairman of the Committee shall not cast a second, deciding vote.

#### **4.3.3. Adoption of Resolutions by Circulation**

In case it is not possible to hold a meeting or if there are decisions required for urgent matters, proposed resolutions for the consideration of the Committee may be circulated through the Committee Secretary and the required approvals obtained in this manner. All such resolutions that are adopted by circulation in this manner shall be approved unanimously by the Committee members and tabled for ratification in the minutes of the following Committee meeting.

The adoption of resolutions in this manner is authorized provided that the Committee is given no less than three working days to review the appropriate briefing material and the opportunity to discuss the proposed matter with management either in person or by correspondence (including post, electronic mail or fax correspondence), conference call, video call, or any other means of communication with view and sound.

#### **4.4. Attendance**

- Active participation & attendance at all meetings by all members is strongly encouraged.
- Recognizing that some meeting may have to be scheduled at short notice and to permit participation by all Committee members by in-person visits, tele/video conference calls.
- Proxies may not be given, and substitution is not permitted.
- Non-voting guests may be invited to Committee meetings by the Chairman provided their presence adds value to the decision-making process.

#### **4.5. Minutes**

- The Committee shall maintain written minutes of its meetings, along with a table tracking the committee's motions and resolutions which shall be filed with the minutes of the meetings and presented to the Board of Directors in the next Board meeting.
- Copies of the motions and resolutions shall be maintained with Committee Secretary as well as circulated to concerned management to take necessary action.
- It is the responsibility of the Committee Secretary to prepare the minutes of the meeting within 5 working days after the meeting date, obtain approval of the same and circulate to all members as well as concerned management as soon as possible after each meeting

- The Secretary must record in the Minutes any conflict of interest declared by any Committee member(s).
- The minutes of the meetings must include the names of the present members, names of absentees, names of guests attended, proceedings and decisions made by the Committee.

## **5. Responsibilities**

5.1. In serving those duties with respect to the External Audits and Financial Statements:

- select, appoint, remunerate or, where appropriate, terminate the external auditor, subject to ratification by the Board and the Shareholders
- review the independence of the external auditor, on an annual basis. This shall be done by:
  - determining whether its performance of any non-audit services compromised its independence
  - obtaining from the external auditor a written report listing any relationships between the external auditor and BFM or with any other person or entity that may compromise the auditor's independence
- review and discuss the audit scope and results with the external auditor, and clarifying any difficulties and obstacles that have prevented it from accessing required information or documents, as well as any disputes or disagreements with management
- review and discuss the Company's annual and interim financial statements
- coordinate the activities of the external auditor and the internal auditor, if any such activities are required
- review the CEO and the Financial Controller's certifications of the financial statements on an annual and interim basis, ensuring that such annual and interim financial statements as prepared present a true and fair view, in all material respects of the Company's financial condition and results of operations in accordance with applicable accounting standards.
- recommend any additional or specific audit required in respect of the financial statements
- discuss any management letter provided by the external auditor

- 5.2. In serving those purposes with respect to accounting and internal controls and systems:
- examine and review the internal control system and submit a written report on its opinion and recommendations on an annual basis
  - review the Company's accounting and financial practices, and the integrity of the financial control, internal control and financial statements
  - review and discuss possible improprieties in financial reporting or other matters, and ensure arrangements are in place for independent investigation and follow-up regarding such matters
- 5.3. In serving those purposes with respect to the internal auditors:
- Review and discuss and make recommendations regarding the selection, appointment and termination where appropriate of the internal auditor and the budget allocated to the internal audit.
  - approve the risk-based internal audit plan and any deviation thereto
  - review internal audit reports and follow up the implementation of the corrective measures related to the comments contained therein
  - use the audit findings as an independent check on the information received from management about the Company's operations and performance and the effectiveness of the internal controls
  - review annually with the Internal Auditor, and other members of management as appropriate, the independence of internal auditing and any unwarranted restrictions on internal audit scope, communications, access, and resources.
- 5.4. In serving those purposes with respect to the risk and compliance:
- evaluate the adequacy and effectiveness of the Company's procedures and systems for ensuring compliance with legal and regulatory requirements and internal policies
  - oversee the implementation and effective operation of the risk management framework; and ensure that the Company has in place adequate controls to identify, monitor and report the risk
  - review and recommend the authority matrix and delegation of authority limits to the board for approval

- review the risk management plan and follow up on its implementation, ensuring that the plan addresses:
  - The main risks that the Company may face and the probability of these risks occurring,
  - The mechanisms to identify, measure and follow up on these risks,
  - The mechanisms to periodically detect and report risks, including new risks,
  - The ways to mitigate, and if possible to avoid, the effects of the risks.
- conduct any special investigations it deems necessary to meet its responsibilities, including any investigation required to be conducted by the Whistleblowing Procedures

## **6. Authority**

- The ACRC is authorized to seek any information it requires from any employee of the Company in order to perform its duties.
- The ACRC is authorized to obtain any outside legal or other professional advice with the prior permission of the Board, unless such expenses fall within the Company's budget. The Company shall cover the expenses of the ACRC Committee.

## **7. Approval/Review of the Committee Terms of reference**

- This Terms of reference and any subsequent amendments become effective when it is approved by the Board of Directors.
- The Committee shall review the Terms of reference annually to ensure it is operating at optimal effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.
- An amended Terms of reference should be circulated to each Committee member.

## **8. Confidentiality**

Members of the Committee and other persons who attend these Committee meetings must maintain silence on all documents they receive, on the contents of deliberations and on all confidential information of the Company, particularly operating and business information that are disclosed to them in the course of their work on the Committee.

## **9. Performance Evaluation**

The committee shall preview and review with the board an annual performance evaluation of the committee, which shall compare the committee's performance with the above requirements and shall recommend to the board any improvements deemed necessary or desirable to the committee's terms of reference.

## **Appendix (C): Terms of Reference of the Nomination, Remuneration, & Governance Committee**

### **Terms of Reference Nomination, Remuneration, & Governance Committee Bahrain Flour Mills Company BSC**

#### **1. Purpose**

The Board Nomination, Remuneration, & Governance Committee ('NRGC') of the Company is a Board sub-committee appointed to assist the Board in formulating and reviewing the related Company's policies and rules including the administrative policy. The NRGC will handle the nomination and remuneration process including nomination, remuneration and compensation of the Board and Executive Management. The Committee will regularly review the Company's succession plan as modified from time to time. The Committee will be also responsible for the corporate governance activities. The NRGC Committee shall report its activities to the Board on regular basis.

#### **2. Reporting Line**

The NRGC reports to the Board of Directors.

#### **3. Committee Structure & Composition**

##### **3.1. Size & Membership**

- The Board of Directors shall determine the size of the NRGC (which shall never be less than 3 members) and shall appoint its members.
- NRGC members shall devote the necessary time and effort to fulfill the terms of reference of the Committee.
- The CEO shall be invited to NRGC meetings. The Committee shall invite any other person as required, to attend its meetings.

##### **3.2. Composition**

- The Committee must include only independent directors or alternatively, only non-executive directors of whom a majority must be independent directors and the chairman must be an independent director.



- The Committee members will agree and elect the Chairman and Vice Chairman of the committee.
- The Company Board Secretary will act as Secretary to the Committee, unless otherwise determined by the Committee.

## **4. Meetings**

### **4.1. Frequency**

- The NRCG shall meet at least twice a year.
- The NRCG will meet additionally as important events and decision making require.
- The dates of the meetings for the year should be set and agreed at the beginning of the year. To the extent possible, meetings shall be scheduled to coincide with meetings of the Board of Directors.

### **4.2. Agenda and Invitations**

- It is the responsibility of the Secretary of the Committee to schedule and call all meetings of the committee and provide each member of the committee with a written agenda for all meetings, at least 5 days in advance of the meeting, subject to the availability of the agenda items.
- The agenda of each meeting shall be approved by the Chairman of the Committee.
- Meeting invitations and agendas shall be sent by e-mail or otherwise with as much advance notice as possible. However, it may be necessary from time to time to call meetings of the Committee at short notice should a decision require to be made in relation to a significant issue.

### **4.3. Quorum & Adoption of Resolutions**

#### **4.3.1. Quorum**

Participation by a simple majority of the Committee members shall represent a quorum, provided that either the Chairman or Vice Chairman is present.

#### **4.3.2. Adoption of Resolutions in a Meeting**

Resolutions shall be adopted by a simple majority vote of the members present. In the event of an equal vote, the Chairman of the Committee shall not cast a second, deciding vote.

#### **4.3.3. Adoption of Resolutions by Circulation**

In case it is not possible to hold a meeting or if there are decisions required for urgent matters, proposed resolutions for the consideration of the Committee may be circulated through the Committee Secretary and the required approvals obtained in this manner. All such resolutions that are adopted by circulation in this manner shall be approved unanimously by the Committee members and tabled for ratification in the minutes of the following Committee meeting.

The adoption of resolutions in this manner is authorized provided that the Committee is given no less than three working days to review the appropriate briefing material and the opportunity to discuss the proposed matter with management either in person or by correspondence (including post, electronic mail or fax correspondence), conference call, video call, or any other means of communication with view and sound.

#### **4.4. Attendance**

- Active participation & attendance at all meetings by all members is strongly encouraged.
- Recognizing that some meeting may have to be scheduled at short notice and to permit participation by all Committee members by in-person visits, tele/video conference calls.
- Proxies may not be given, and substitution is not permitted.
- Non-voting guests may be invited to Committee meetings by the Chairman provided their presence adds value to the decision-making process.

#### **4.5. Minutes**

- The Committee shall maintain written minutes of its meetings, along with a table tracking the committee's motions and resolutions which shall be filed with the minutes of the meetings and presented to the Board of Directors in the next Board meeting.
- Copies of the motions and resolutions shall be maintained with Committee Secretary as well as circulated to concerned management to take necessary action.
- It is the responsibility of the Committee Secretary to prepare the minutes of the meeting within 5 working days after the meeting date, obtain approval of the same

and circulate to all members as well as concerned management as soon as possible after each meeting

- The Secretary must record in the Minutes any conflict of interest declared by any Committee member(s).
- The minutes of the meetings must include the names of the present members, names of absentees, names of guests attended, proceedings and decisions made by the Committee.

## **5. Responsibilities**

5.1. In serving those duties with respect to board membership:

- The committee shall make recommendations to the board from time-to-time as to changes the committee believes to be desirable to the size and composition of the board or any committee of the board;
- Whenever a vacancy arises (including a vacancy resulting from an increase in board size), the committee shall recommend to the board a person to fill the vacancy either through appointment by the board or through shareholder election
- In performing the above responsibilities, the committee shall consider any criteria approved by the board and such other factors as it deems appropriate. These may include judgment, specific skills, experience with other comparable businesses, the relation of a candidate's experience with that of other board members, and other factors
- The committee shall also consider all candidates for board membership recommended by the shareholders and any candidates proposed by management
- The committee shall identify board members qualified to fill vacancies on any committee of the board and recommend to the board that such person appoint the identified person(s) to such committee
- consider, and make recommendations to the Board regarding, remuneration to be paid to Directors based on their attendance of Board meetings and performance, subject to compliance with Article 188 of the Bahrain Commercial Companies Law;

5.2. In serving those purposes with respect to senior officers the committee shall:

- make recommendations to the board from time-to-time as to changes the committee believes to be desirable in the structure and job descriptions of the executive managers including the CEO, and prepare terms of reference for each

vacancy stating the job responsibilities, qualifications needed and other relevant matters;

- recommend persons to fill specific executive managers vacancies including CEO;
- design a plan for succession and replacement of executive managers including replacement in the event of an emergency or other unforeseeable vacancy; and
- approve, monitor and review the remuneration system to ensure the system operates as intended
- Coordinate and organize the annual evaluation of the Board and Board Committees

5.3. In serving those purposes with respect to remuneration committee shall:

- Make specific recommendations to the board on, both remuneration policy and individual remuneration packages for the CEO and other senior officers.
- Evaluate the CEO's performance in light of corporate goals and objectives and may consider the company's performance and shareholder return relative to comparable companies, the value of awards to CEOs at comparable companies, and awards to the CEO in past years.
- Retain and oversee outside consultants or firms for the purpose of determining director or officer remuneration, administering remuneration plans, or related matters.
- Ensure that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with.

5.4. In serving those purposes with respect to the corporate governance:

- Develop and recommend to the Board changes from time to time in BFM's written corporate governance guidelines, which shall constitute IBFM's corporate governance policy framework and shall include or refer to the principles and numbered directives of the Corporate Governance Code of the Kingdom of Bahrain ("Bahrain Code") and CBB Rulebook.
- Review and evaluate the adequacy of Board's and Board Committees 'Terms of Reference' annually and recommend to the Board any changes it deems appropriate.
- Review the 'Annual Corporate Governance Report' and 'Corporate Governance and Related-Parties Agreed-upon Procedures'.
- Oversee BFM's implementation of the corporate governance requirements

- Consider any report of an actual or potential conflict of interest involving any such persons and make a recommendation to the Board regarding such actual or potential conflict of interest.
- Review and approve changes to the relevant policies and procedures manuals that fall under the scope of the Committee.

## **6. Authority**

- The NRGC is authorized to seek any information it requires from any employee of the Company in order to perform its duties.
- The NRGC is authorized to obtain any outside legal or other professional advice with the prior permission of the Board, unless such expenses fall within the Company's budget. The Company shall cover the expenses of the NRGC Committee.

## **7. Approval/Review of the Committee Terms of reference**

- This Terms of reference and any subsequent amendments become effective when it is approved by the Board of Directors.
- The Committee shall review the Terms of reference annually to ensure it is operating at optimal effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.
- An amended Terms of reference should be circulated to each Committee member.

## **8. Confidentiality**

Members of the Committee and other persons who attend these Committee meetings must maintain silence on all documents they receive, on the contents of deliberations and on all confidential information of the Company, particularly operating and business information that are disclosed to them in the course of their work on the Committee.

## **9. Performance Evaluation**

The committee shall preview and review with the board an annual performance evaluation of the committee, which shall compare the committee's performance with the above requirements and shall recommend to the board any improvements deemed necessary or desirable to the committee's terms of reference.

## Appendix (D): Terms of Reference of the Purchasing & Projects Committee

### Terms of Reference Purchasing & Projects Committee Bahrain Flour Mills Company BSC

#### 1. Purpose

The Board Purchasing & Projects Committee ('PPC') of the Company is a Board sub-committee appointed to assist the Board to ensure transparency and highest ethical standards are adopted in the purchasing processes. The PPC will oversight the wheat tendering process, capital expenditures, and any other projects assigned to them by the Board. The PPC Committee shall report its activities to the Board on regular basis.

#### 2. Reporting Line

The PPC reports to the Board of Directors.

#### 3. Committee Structure & Composition

##### 3.1. Size & Membership

- The Board of Directors shall determine the size of the PPC (which shall never be less than 3 members) and shall appoint its members.
- PPC members shall devote the necessary time and effort to fulfill the terms of reference of the Committee.
- The CEO shall be invited to PPC meetings. The Committee shall invite any other person as required, to attend its meetings.

##### 3.2. Composition

- The Committee must include independent directors and non-executive directors and the chairman must be an independent director.
- The Committee members will agree and elect the Chairman and Vice Chairman of the committee.
- The Company Board Secretary will act as Secretary to the Committee, unless otherwise determined by the Committee.

## **4. Meetings**

### **4.1. Frequency**

- The PPC shall meet at least twice a year.
- The PPC will meet additionally as important events and decision making require.
- The dates of the meetings for the year should be set and agreed at the beginning of the year. To the extent possible, meetings shall be scheduled to coincide with meetings of the Board of Directors.

### **4.2. Agenda and Invitations**

- It is the responsibility of the Secretary of the Committee to schedule and call all meetings of the committee and provide each member of the committee with a written agenda for all meetings, at least 5 days in advance of the meeting, subject to the availability of the agenda items.
- The agenda of each meeting shall be approved by the Chairman of the Committee.
- Meeting invitations and agendas shall be sent by e-mail or otherwise with as much advance notice as possible. However, it may be necessary from time to time to call meetings of the Committee at short notice should a decision require to be made in relation to a significant issue.

### **4.3. Quorum & Adoption of Resolutions**

#### **4.3.1. Quorum**

Participation by a simple majority of the Committee members shall represent a quorum, provided that either the Chairman or Vice Chairman is present.

#### **4.3.2. Adoption of Resolutions in a Meeting**

Resolutions shall be adopted by a simple majority vote of the members present. In the event of an equal vote, the Chairman of the Committee shall not cast a second, deciding vote.

#### **4.3.3. Adoption of Resolutions by Circulation**

In case it is not possible to hold a meeting or if there are decisions required for urgent matters, proposed resolutions for the consideration of the Committee may be circulated through the Committee Secretary and the required approvals

obtained in this manner. All such resolutions that are adopted by circulation in this manner shall be approved unanimously by the Committee members and tabled for ratification in the minutes of the following Committee meeting.

The adoption of resolutions in this manner is authorized provided that the Committee is given no less than three working days to review the appropriate briefing material and the opportunity to discuss the proposed matter with management either in person or by correspondence (including post, electronic mail or fax correspondence), conference call, video call, or any other means of communication with view and sound.

#### **4.4. Attendance**

- Active participation & attendance at all meetings by all members is strongly encouraged.
- Recognizing that some meeting may have to be scheduled at short notice and to permit participation by all Committee members by in-person visits, tele/video conference calls.
- Proxies may not be given, and substitution is not permitted.
- Non-voting guests may be invited to Committee meetings by the Chairman provided their presence adds value to the decision-making process.
- In case it is not possible to hold a meeting, proposals for the consideration of the committee may be circulated through the Committee Secretary and required decisions obtained.
- Decisions required by circulation for urgent matters. Such decision making is authorized provided the Committee has not less than three working days to review the appropriate briefing material and the opportunity to discuss the matter with management either in person or by correspondence, including post, electronic mail or fax correspondence or conference telephone calls, or telephone with a view or video or any other means of communication with view and sound, provided that in order for resolutions taken in this manner to be valid, they shall be approved by all the members and recorded in the minutes of the following Board meeting. All members of the Committee shall be required to approve the request. Notwithstanding the decision taken in this fashion, the decisions shall be tabled for ratification at the next scheduled meeting of the Committee.



#### **4.5. Minutes**

- The Committee shall maintain written minutes of its meetings, along with a table tracking the committee's motions and resolutions which shall be filed with the minutes of the meetings and presented to the Board of Directors in the next Board meeting.
- Copies of the motions and resolutions shall be maintained with Committee Secretary as well as circulated to concerned management to take necessary action.
- It is the responsibility of the Committee Secretary to prepare the minutes of the meeting within 5 working days after the meeting date, obtain approval of the same and circulate to all members as well as concerned management as soon as possible after each meeting
- The Secretary must record in the Minutes any conflict of interest declared by any Committee member(s).
- The minutes of the meetings must include the names of the present members, names of absentees, names of guests attended, proceedings and decisions made by the Committee.

#### **5. Responsibilities**

5.1. In serving those duties with respect to wheat procurement:

- oversight the compliance with the wheat tendering policy
- review and approve the annual wheat forecast
- review and approve the wheat requestion recommendation, including the origin preference
- review and approve evaluation of the bids conducted by the Management Procurement Committee.
- Review the report of the Management Procurement Committee with regard to the bid negotiation, contract awarding, and any issues highlighted by the Management Committee.

5.2. In serving those duties with respect to the procurement for value above BD 50 thousand:

- oversight the compliance with the procurement policy
- review and approve the procurement and capital expenditures plan

- review and approve evaluation of the bids conducted by the Management Procurement Committee.
- approve the contract awarding based on the Management Procurement Committee recommendation.
- Review the report of the Management Procurement Committee with regard to the bid negotiation results, and any issues highlighted by the Management Committee.

5.3. In serving those duties with respect to projects:

- Review and approve the major project proposals, including terms of references, and the budget requirements.
- establishment of project management frameworks to ensure appropriate governance structures, capabilities and resources are in place for the efficient and cost-effective delivery of projects
- review of major project plans and the progress reports as they relate to capital works, operations, asset replacement and maintenance to achieve prudent and efficient delivery of projects within budget and agreed timeframes
- ensure the adequacy and effectiveness of internal controls and risks as they relate to major projects and investment considerations.
- Review the report of the Management Technical Committee with regard to the projects status, and any issues highlighted by the Management Committee.

## **6. Authority**

- The PPC is authorized to seek any information it requires from any employee of the Company in order to perform its duties.
- The PPC is authorized to obtain any outside legal or other professional advice with the prior permission of the Board, unless such expenses fall within the Company's budget. The Company shall cover the expenses of the PPC Committee.

## **7. Approval/Review of the Committee Terms of Reference**

- This Terms of reference and any subsequent amendments become effective when it is approved by the Board of Directors.
- The Committee shall review the Terms of reference annually to ensure it is operating at optimal effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.
- An amended Terms of reference should be circulated to each Committee member.



## **8. Confidentiality**

Members of the Committee and other persons who attend these Committee meetings must maintain silence on all documents they receive, on the contents of deliberations and on all confidential information of the Company, particularly operating and business information that are disclosed to them in the course of their work on the Committee.

## **9. Performance Evaluation**

The committee shall preview and review with the board an annual performance evaluation of the committee, which shall compare the committee's performance with the above requirements and shall recommend to the board any improvements deemed necessary or desirable to the committee's terms of reference.

## Appendix (E): Terms of Reference of the Subsidy & Commercialization Committee

### Terms of Reference Subsidy & Commercialization Committee Bahrain Flour Mills Company BSC

#### 1. Purpose

The Board Subsidy & Commercialization Committee ('SCC') of the Company is a Board sub-committee appointed to assist the Board of Directors in formulating and reviewing the commercial strategy and business development of the Company. The SCC will support the transition of BFM to a market-driven, commercially focused organization. The Committee will regularly review the progress made against the Company's strategic objectives and report activities to the Board on a regular basis.

#### 2. Reporting Line

The SCC reports to the Board of Directors.

#### 3. Committee Structure

##### 3.1. Size & Membership

- The Board of Directors shall determine the size of the SCC (which shall not be less than 3 members) and shall appoint its members.
- SCC members shall devote the necessary time and effort to fulfill the terms of reference of the Committee.
- The CEO shall be invited to SCC meetings. The Committee shall invite any other person as required, to attend its meetings.
- The Committee members will agree and elect the Chairman and Vice Chairman of the committee.
- The Committee Members will agree and elect its Secretary from the Management.

## **4. Meetings**

### **4.1. Frequency**

- The SCC shall meet at least twice a year.
- The SCC will meet additionally as important events and decision making require.
- The dates of the meetings for the year should be set and agreed at the beginning of the year. To the extent possible, meetings shall be scheduled to coincide with meetings of the Board of Directors.

### **4.2. Agenda and Invitations**

- It is the responsibility of the Secretary of the Committee to schedule and call all meetings of the committee and provide each member of the committee with a written agenda for all meetings, at least 5 days in advance of the meeting, subject to the availability of the agenda items.
- The agenda of each meeting shall be approved by the Chairman of the Committee.
- Meeting invitations and agendas shall be sent by e-mail or otherwise with as much advance notice as possible. However, it may be necessary from time to time to call meetings of the Committee at short notice should a decision require to be made in relation to a significant issue.

### **4.3. Quorum & Adoption of Resolutions**

#### **4.3.1. Quorum**

Participation by a simple majority of the Committee members shall represent a quorum, provided that either the Chairman or Vice Chairman is present.

#### **4.3.2. Adoption of Resolutions in a Meeting**

Resolutions shall be adopted by a simple majority vote of the members present. In the event of an equal vote, the Chairman of the Committee shall not cast a second, deciding vote.

#### **4.3.3. Adoption of Resolutions by Circulation**

In case it is not possible to hold a meeting or if there are decisions required for urgent matters, proposed resolutions for the consideration of the Committee may be circulated through the Committee Secretary and the required approvals

obtained in this manner. All such resolutions that are adopted by circulation in this manner shall be approved unanimously by the Committee members and tabled for ratification in the minutes of the following Committee meeting.

The adoption of resolutions in this manner is authorized provided that the Committee is given no less than three working days to review the appropriate briefing material and the opportunity to discuss the proposed matter with management either in person or by correspondence (including post, electronic mail or fax correspondence), conference call, video call, or any other means of communication with view and sound.

#### **4.4. Attendance**

- Active participation & attendance at all meetings by all members is strongly encouraged.
- Recognizing that some meeting may have to be scheduled at short notice and to permit participation by all Committee members by in-person visits, tele/video conference calls.
- Proxies may not be given, and substitution is not permitted.
- Non-voting guests may be invited to Committee meetings by the Chairman provided their presence adds value to the decision-making process.

#### **4.5. Minutes**

- The Committee shall maintain written minutes of its meetings, along with a table tracking the committee's motions and resolutions which shall be filed with the minutes of the meetings and presented to the Board of Directors in the next Board meeting.
- Copies of the motions and resolutions shall be maintained with Committee Secretary as well as circulated to concerned management to take necessary action.
- It is the responsibility of the Committee Secretary to prepare the minutes of the meeting within 5 working days after the meeting date, obtain approval of the same and circulate to all members as well as concerned management as soon as possible after each meeting
- The Secretary must record in the Minutes any conflict of interest declared by any Committee member(s).

- The minutes of the meetings must include the names of the present members, names of absentees, names of guests attended, proceedings and decisions made by the Committee.

## **5. Responsibilities**

- To oversee and guide activities relating to the Company's relationship with the Government of Bahrain as it pertains to the subsidy arrangement;
- To oversee and guide activities relating to the Company's transition to a market-driven and commercially focused organization;
- To review and oversee the development and implementation of the Company's growth strategies, including but not limited to:
  - Identification of key growth opportunities;
  - Development of new business and commercial models; and
  - Development of strategic alliances and partnerships.
- To review and provide guidance on the development of the Company's commercial strategy and its commercial planning activities;
- To review and provide guidance on the development and execution of the Company's pricing strategies, considering the implications of the current and future subsidy arrangements;
- To review and provide guidance on the management's activities in relation to the acquisition and analysis of market and competitive intelligence, and the development and execution of market-driven marketing, sales and customer service strategies using such intelligence;

## **6. Authority**

- The SCC is authorized to seek any information it requires from any employee of the Company in order to perform its duties.
- The SCC is authorized to obtain any outside legal or other professional advice with the prior permission of the Board, unless such expenses fall within the Company's budget. The Company shall cover the expenses of the SCC Committee.

## **7. Approval/Review of Committee Terms of Reference**

- This Terms of reference and any subsequent amendments become effective when it is approved by the Board of Directors.
- The Committee shall review the Terms of reference annually to ensure it is operating at optimal effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.



- An amended Terms of reference should be circulated to each Committee member.

## **8. Confidentiality**

Members of the Committee and other persons who attend these Committee meetings must maintain silence on all documents they receive, on the contents of deliberations and on all confidential information of the Company, particularly operating and business information that are disclosed to them in the course of their work on the Committee.

## **9. Performance Evaluation**

The committee shall preview and review with the board an annual performance evaluation of the committee, which shall compare the committee's performance with the above requirements and shall recommend to the board any improvements deemed necessary or desirable to the committee's terms of reference.