

inovest

# Corporate Governance Report

2016

# Corporate Governance Report

## 1 CORPORATE GOVERNANCE STRUCTURE

The Company is governed by the Commercial Companies Law promulgated by Legislative Decree No. 21 of 2001 ("Companies Law"), Corporate Governance Code of the Kingdom of Bahrain ("Governance Code"), the HC Module of Volume 4 of the CBB Rule Book, and the Bahrain Bourse Law of 1987, generally referred to as "Regulations".

The Company undertakes its responsibility towards its shareholders by adopting the highest standards of corporate governance. The Company believes that the sound implementation of corporate governance enhances shareholder value, and provides adequate guidelines to the Board of Directors, its committees and Executive Management, in order for them to perform their duties in a manner that best serves the Company and its shareholders. The Company seeks to achieve the highest level of transparency, accountability and efficient management through the adoption and pursuit of strategies, objectives and policies that ensure the fulfillment of its organizational and ethical responsibilities.

## 2 BOARD OF DIRECTORS

The Board of Directors is comprised of seven members. The members of the Board were elected for a term of three years, during the General Assembly meeting held on March 29<sup>th</sup> 2015. The term of the Board shall expire and will elect a new Board of Directors at the first Quarter of 2018 in the AGM meeting.

### 2.1 Election Process

The Nomination and Remuneration Committee formed by the Board of Directors reviews the skills and qualifications that the prospective members of the Board of Directors must possess. The General Assembly elects the new candidate after obtaining majority votes in the ballot held for such purpose. Responsibilities are distributed across the Board of Directors in accordance with the Company's Articles of Association and the Commercial Companies Law. Membership of the Board of Directors may be nullified in case, inter alia, the member commits a crime, breaches trust or is declared bankrupt.

### 2.2 Board's Function

The Chairman of the Board of Directors oversees the activities of Executive Management and evaluates its performance regularly, in addition to his other responsibilities, that include chairing Board meetings, monitoring the performance of the CEO, and communication with shareholders. The Board of Directors has formed certain committees with specific powers for the sake of guiding the management team, supervising the running of operations and taking decisions in the Company. The Board of Directors supervises the Company's management directly & through its various committees.

The Board of Directors has specified and segregated responsibilities between the Board and the Executive Management. The Board oversees all the activities of the Company and approves the same. It is responsible for Risk Management, the preparation of financial statements and corporate governance. The other issues that require approval of the Board include, inter alia, approval of financial statements, acquisitions and exits. The Board also ensures observance of the basic values of the Company, as prescribed in the internal policies of the Company.

The Risk Management Committee, reporting to the Board of Directors, annually reviews and updates all Company policies. In coordination with the Internal Audit Unit, the Risk Management Unit follows-up the validation and implementation of the policies and procedures under the supervision of the relevant committees. The Board of Directors is also responsible for approving Related Party transactions, subject to the schedule of Authorities adopted by the Company. The Board of Directors is also responsible for preparing the consolidated financial statements of the Company. The duties, assignments and responsibilities of the Board of Directors have been detailed within the corporate governance framework of the Company.

The members of the Board may communicate with the Company's Executive Management at all times. The CEO, in cooperation with the management team, shall monitor the Company's performance with regard to specific and (approved) objectives and shall conduct the Company's daily affairs pursuant to the policies, objectives, strategies and guidelines adopted and approved by the Board of Directors from time to time.

The Board of Directors consists of seven Independent members. The independent Board members have highly professional and specialized experience in their field of specialization and in the Real Estate Investment field.

Invest has a written appointment agreement with each member of the Board of Directors, which recites the members of Board of Director's power, and duties and other matters relating to his appointment including his term, the time commitment envisaged, the committee assignment if any, his remuneration and expense reimbursement entitlement, and his access to independent professional advice when that is needed.

### 3 MEMBERS OF THE BOARD OF DIRECTORS

The Table below shows the names of the Board of Directors members and the date of first membership

Member	Term of Appointment	Date of First Appointment	End Date of Appointment	Type of Membership	Position	Date of the End of Current Session	Notes
1. Khaled Saoud Al Sanaousi	3 Years	29 March 2015	Q1 2018	Independent	Non-Executive Directors	During Q1 2018	-
2. Fareed Soud Al-Fozan		2 June 2002					Continuous membership
3. Bashar Naser Al-Tuwaijri		29 March 2011					-
4. Bader Khalifa Al Adsani		31 March 2014					-
5. Yousef Ali AlRasheed AlBader		29 March 2015					-
6. Mohammed Ebraheem Alnughaimish		16 May 2011					-
7. Othman Al Quraishi		29 March 2015					-

### 4 DIRECTOR OWNERSHIP OF SHARES

As of 31<sup>st</sup> December 2016, non-executive Board members collectively held 1,166,150 shares in the Company.

Member	Number of Shares as at 31 December 2015	Number of Shares as at 31 December 2016	Directors Trading during the Year	% of Total Number of shares
1. Khaled Saoud Al Sanaousi	-	-	-	-
2. Fareed Soud Al-Fozan	962,650	962,650	---	0.34
3. Bashar Naser Al-Tuwaijri	78,050	---	( 78,050)	-
4. Bader Khalifa Al Adsani	100,000	100,000	---	0.03
5. Yousef Ali AlRasheed AlBader	103,500	103,500	---	0.04
6. Mohammed Ebraheem Alnughaimish	78,050	-	( 78,050)	-
7. Othman Al Quraishi	-	-	-	-
<b>Total</b>	<b>1,322,250</b>	<b>1,166,150</b>	<b>( 156,100 )</b>	<b>0.41</b>

# Corporate Governance Report

## 5 DISTRIBUTION OF SHAREHOLDING

### 5.1 Distribution of Shares per Nationality

As of 31 December 2016, the Company's records show that there were 703 shareholders who own in total 286,511,225 shares. Following is the distribution of shares in the Company per nationality:

Nationality	Number of Shares	Ownership %
Bahraini	20,732,395	7.15
Non-Bahraini	265,778,830	85.92
<b>Total</b>	<b>286,511,225</b>	<b>100</b>

### 5.2 Shareholders Who Own 5% or more of Company's Shares

The following schedule shows number and names of shareholders who own 5% of Company's shares or more:

Shareholders	Number of Shares	State	Ownership %
Gulf Investment House (GIH)	38,981,591	Kuwait	13.61
Asaad AbdulAziz Abdulla AISanad	20,969,996	Kuwait	7.32
Dubai Islamic Bank	19,748,883	UAE	6.89
Romac Real Estate Co (K.S.C.C.)	14,370,000	Kuwait	5.02

### 5.3 Distribution of Share Ownership per Quantity/Size

The following schedule shows the distribution of share ownership as of 31<sup>st</sup> December 2016 as per shareholding size:

Categories	Number of shares	Number of Shareholders	Ownership %
Less than 1%	76,879,397	680	26.83
1% up to less than 5%	115,561,358	19	40.33
5% up to less than 10%	55,088,879	3	19.23
10% up to less than 50%	38,981,591	1	13.61
<b>Total</b>	<b>286,511,225</b>	<b>703</b>	<b>100</b>

### 5.4 Ownership by Government

None of the share of the company was owned by the Government as at 31<sup>st</sup> Dec 2016.

## 6 BOARD OF DIRECTORS COMMITTEES

The Board of Directors formed four committees having specific assignments and powers:

Corporate Governance Committee Members	Position	Function	Type of Membership
Fareed Soud Al-Fozan	Chairman	Corporate Governance	Independent
Yousef Ali AlRasheed AlBader	Vice Chairman		
Khaled Saoud Al Sanaousi	Member		
Mohammed Ebraheem Alnughaimish	Member		
Shaikh Dawood Salman bin Essa	Member		

Note: Sh. Dr. Dawood Salman bin Essa joined the corporate Governance Committee on 14<sup>th</sup> 2015

Audit Committee Members	Position	Function	Type of Membership
Bader Khalifa Al Adsani	Chairman	Internal Audit External Audit Compliance Anti-Money Laundering	Independent
Bashar Naser Al-Tuwaijri	Vice Chairman		
Othman Al Quraishi	Member		

Nomination & Remuneration Committee Members	Position	Function	Type of Membership
Khaled Saoud Al Sanaousi	Chairman	Human Resource Compensation & Benefits Management Issues	Independent
Fareed Soud Al-Fozan	Vice Chairman		
Yousef Ali AlRasheed AlBader	Member		
Mohammed Ebraheem Alnughaimish	Member		

Risk Committee Members	Position	Function	Type of Membership
Othman Al Quraishi	Chairman	Risk Management Risk Management Policy	Independent
Bader Khalifa Al Adsani	Vice Chairman		
Bashar Naser Al-Tuwaijri	Member		

The meetings of the Board of Directors and those of the committees are held when needed, in accordance with the procedures issued for such purpose. The Board of Directors meets at least once every quarter. During 2016, the Board met six times and the Annual General Meeting of the Company was held on 21<sup>st</sup> March 2016.

All Inovent's Board of Directors are non-executive and Independent Directors.

# Corporate Governance Report

## **Audit Committee**

Invest's Board established an audit committee of three members. The Audit Committee members including the Chairman of the committee are independent Directors.

The Audit Committee has relevant financial ability and experience, which include:

The ability to read and understand corporate financial statements including a company's balance sheet, income statement and cash flow statement and changes in shareholders' equity.

An understanding of the accounting principles which are applicable to the company's financial statements, experience in evaluating financial statements that have a level of accounting complexity comparable to that which can be expected in the company's business, an understanding of internal controls and procedures for financial reporting, and an understanding of the audit committee's functions and importance.

The Audit Committee Meets at least 4 times a year. The Committee has a formal written charter.

## **Nomination and Remuneration Committee**

Invest's Board establish Nomination and Remuneration committee with four independent members.

The Nomination and Remuneration Committee meets at least twice a year. The Committee has a formal written charter.

## **Corporate Governance Committee:**

Invest's Board establish a corporate governance committee with five independent members.

The Corporate Governance Committee meets at least twice a year. The committee has a formal written charter

## **Risk Management Committee**

Invest's Board establish a Risk committee with three independent members.

The Board Risk Committee meets at least twice a year. The Committee has a formal written charter.

The Audit Committee held four meetings, Nomination and Remuneration Committee two meetings, the Corporate Governance Committee two meeting and the Risk Management Committee two meetings during 2016.

The Board of Directors and the committees formed by it receive periodical reports from Executive Management on all aspects of the Company's activities.

The Board also receives periodical reports from the Internal Audit Unit, Risk Management Unit, and Finance Department.

Here are the names of the members of the Board of Directors and denominated position and other position they hold:

## **Khaled Saoud AlSanaousi**

### **Board Chairman**

### **Independent**

As Chairman of the Board of Directors, Mr. AlSanaousi brings to the table over twenty years of executive experience gained from holding key management and Board level positions in institutions across the GCC. His professional road map is marked by numerous achievements and milestones, in a number of sectors.

Mr. AlSanaousi breadth of experience extends to the fields of investment, real estate, and consumer services amongst others. Within these sectors, his scope of work encompasses organizational development, strategic structuring and restructuring, deal sourcing and business development, and acquisitions.

In addition to his current post as Chairman of the Invest Board of Directors, Mr. Al Sanousi previously chaired the Board of First Energy Resources Company (Kuwait), and was an active Board member at First Investment Company (Kuwait), Saudi Projects Holding Company (KSA), and Gulf Real Estate Company (KSA),

Mr. AlSanousi graduated from Kuwait University with a Bachelor Degree in Commerce and Political Science.

**Fareed Soud Al Fozan**  
**Board Member and Vice Chairman**  
**Independent**

Mr. Al-Fozan is currently the Vice-chairman of Gulf Group Holding Company a Kuwaiti based company that owns a number of specialist companies strategically located throughout the GCC countries. He is a board member on a number of investment, real estate and financial companies, namely: Boubyan Bank (Kuwait), Gulf Real Estate (Saudi Arabia), Amlak Real Estate Co. (Kuwait) SAFCORP (Kuwait), as well as Tamcon Contracting (Bahrain) and Durrat Marina (Bahrain), both of which are associated to Inovent BSC. Mr. Al-Fozan also serves on the Trade and Transportation Committee under the Kuwait Chamber of Commerce and Industry

He is also an active participant in field of Corporate Social Responsibility (CSR) activities. Mr. Al-Fozan graduated from Kuwait University with a Bachelor Degree in Business Administration majoring in Banking and Finance.

**Bashar Naser Al Tuwajri**  
**Board Member**  
**Independent**

Mr. Bashar Al Tuwajri holds a Bachelor's Degree in Banking and Finance from the University of Kuwait (1996). Mr. Al Tuwajri joined Gulf Investment House (GIH) in 2004, rising through management ranks to currently hold the position of Chief Executive Officer.

Mr. Bashar Al Tuwajri currently serves as Vice Chairman of the Amar Finance and Leasing Co. in Kuwait, Vice Chairman of Madain Property Co. in Dubai, and Chairman of the Afkar Holding in Kuwait. Mr. Al Tuwajri is also Vice Chairman of Arkan Al-Kuwait Real Estate Company in Kuwait.

Between 1996 and 2003, Mr. Al Tuwajri held several positions at the National Bank of Kuwait (NBK) before being appointed Corporate Credit Manager. He also holds a certification as a Credit Manager from the Institute of Banking Studies in Kuwait.

**Bader Khalifa Al Adsani**  
**Board Member**  
**Independent**

Mr. Al Adsani's membership in the Inovent Board of Directors is both a quantitative and qualitative addition. In over 15 years of experience, Mr. Al Adsani has had dealings in the petroleum industry, real estate investment, management, and development. Currently, Mr. Al Adsani heads the Salhia Real Estate Company's Real Estate Management and Development team.

Mr. Al Adsani is an active board member in Inovent, AlAssima Real Estate Company, Kuwait Real Estate Union, Kuwait Green Building Council, and also represents Salhia Group in the Middle East Shopping Centers Council. He additionally chairs the board of Durrat Marina in Bahrain and is board Member at Jenan Real Estate Co. in Saudi Arabia.

Mr. Al Adsani holds a degree in Mechanical Engineering and an MBA from Kuwait University, as well as a certificate for leadership development from the Harvard Business School

**Yousif Ali AlRasheed Al Bader**  
**Board Member**  
**Independent**

Mr. Al Bader has longstanding management experience in a number of different sectors including trading, consumer services, and financial services garnered through his role at Ali Yousef Al Rasheed Trading Company, a leading Kuwaiti business that has contributed to Kuwait's national trade. Mr. Al Bader began his presence in the workplace in 1972, holding numerous important positions within the company and proving his credentials and prowess through years of outstanding performance. This culminated in him taking over the helm of the company in 1994 as General Manager. Mr. Al Bader also founded Nutrina Trading in the year 2000, a company he owns in full. In addition, Mr. Al Bader worked in the academic field as a lecturer in the Faculty of Arts at Kuwait University before leaving to attain his Master degree in the United Kingdom (1981).

Mr. Al Bader holds a Masters Degree in Management and Executive Development from United Kingdom.

# Corporate Governance Report

## Mohammed Ebraheem Alnughaimish Board Member Independent

Mr. Alnughaimish has held Board positions within several organizations, including a number of entities listed in stock exchanges within the fields of investment, real estate, services, and education across the GCC. He has further served on the Boards of organizations in the United States within the manufacturing sector, and has contributed to the founding of companies in those fields. Mr. Alnughaimish has also served on several committees stemming from his Board affiliations, including Executive Committees, Audit and Risk Management Committees, Governance, and Remunerations and Nomination Committees, amongst others.

Mr. Alnughaimish has held a number of executive management posts within the fields of Direct Investment and Private Equity as well as International Real Estate in Gulf Investment House (GIH). He more recently served as Acting CEO of Inovent, which is cross-listed in both the Bahrain and Kuwait Bourse.

Mr. Alnughaimish has worked as an investment management advisor to a number of authorities in the GCC and is currently undertaking a PhD from Southampton University (UK) specializing in the Leadership and Management. Mr. Alnughaimish holds a Master's Degree in Business Administration (MBA) from Maastricht School of Business and a Bachelor's Degree in Business from Kuwait University. He is a member of the British Association for Management (BAM) and a writer in the London-based ASharq Al-Awsat newspaper.

## Othman Al Quraishi Board Member Independent

Mr. Al Quraishi has over 25 years of experience within the fields of finance and investment, with extensive focus on management of alternative investments, as well as asset and portfolio management. Mr. Al Quraishi resigned from a significant tenure with investment industry giant, UBS, where he held the post of Executive Director of investment banking in the MENA region. During this time, Mr. Al Quraishi was pivotal to the company's strategy within the region. Prior to this, Mr. Al Quraishi held positions as manager of the investment division at the Kuwait Real Estate Bank, as an investment manager with the Kuwait Investment Authority, and as Head of Middle East - Alternative Investments at UBS.

Mr. Al Quraishi is an active board member at Inovent, and has also held Board seats at the Housing Bank for Trade and Finance (Algeria), and at the Algerian Kuwaiti Investment Fund (Algeria), and at Granfel Holdings (UK) which is owned by the Kuwait Investment Office.

Mr. Al Quraishi graduated from Oregon State College with a Bachelor Degree in Business Administration.

## 7 DATES OF MEETING OF BOARD COMMITTEES

Board of Directors: The Board of Directors held a total of six meetings during 2016.

Members	20 Jan 2016	15 Feb 2016	11 May 2016	26 Sept 2016	7 Nov 2016	Nov 30 2016	Attendance %
1.Khaled Saoud Al Sanaousi	✓	✓	✓	✓	X	✓	83%
2.Fareed Soud Al-Fozan	✓	✓	✓	X	✓	✓	83%
3.Bashar Naser Al-Tuwaijri	✓	✓	✓	✓	✓	✓	100%
4.Bader Khalifa Al Adsani	✓	✓	✓	✓	✓	✓	100%
5.Yousef Ali AlRasheed AlBader	✓	✓	✓	✓	✓	X	83%
6.Mohammed Ebraheem Alnughaimish	✓	✓	X	✓	✓	X	67%
7.Othman Al Quraishi	✓	✓	✓	✓	✓	✓	100%

Appointments and Remuneration Committee: The Appointments & Remuneration Committee held a total of two meetings during 2016.



Members	Feb 15 2016	Nov 7 2016	Attendance%
1.Khaled Saoud Al Sanaousi	✓	X	50%
2.Fareed Soud Al-Fozan	✓	✓	100%
3.Yousef Ali AlRasheed AlBader	✓	✓	100%
4.Mohammed Ebraheem Alnughaimish	✓	✓	100%

Corporate Governance Committee: The Corporate Governance Committee held a total of two meeting during 2016.

Members	Feb 15 2016	Nov 7 2016	Attendance%
1.Khaled Saoud Al Sanaousi	✓	X	50%
2.Fareed Soud Al-Fozan	✓	✓	100%
3.Yousef Ali AlRasheed AlBader	✓	✓	100%
4.Mohammed Ebraheem Alnughaimish	✓	✓	100%
5.Shaikh Dr.Dawood Salman bin Essa	✓	✓	100%

Note: Sh. Dr. Dawood Salman bin Essa joined the corporate Governance Committee on 14<sup>th</sup> May 2015

Audit Committee: The Audit Committee held a total of four meetings during 2016.

Members	Feb 15 2016	May 11 2016	Nov 7 2016	Nov 30 2016	Attendance%
1.Bader Khalifa Al Adsani	✓	✓	✓	✓	100%
2.Bashar Naser Al-Tuwajjri	✓	✓	✓	✓	100%
3.Othman Al Quraishi	✓	✓	✓	✓	100%

Risk Management Committee: The Risk Management Committee held a total of two meeting during 2016.

Members	Feb 15 2016	Nov 7 2016	Attendance%
1.Othman Al Quraishi	✓	✓	100%
2.Bader Khalifa Al Adsani	✓	✓	100%
3.Bashar Naser Al-Tuwajjri	✓	✓	100%

## 8 CODE OF ETHICS

The Board of Directors has adopted a code of ethics applying to all the staff. This code defines how to deal with cases involving conflicts of interest. It obliges all the members of the Board of Directors, Executive Committee, and all employees to follow the highest professional measures and care while performing their duties.

All Board members and employees act ethically at all times and adhere to the Company's Code of Conduct. Where a potential conflict of interest arises for a Board member, the Board member promptly informs the Board of Directors for deliberation and resolution.

Each Board member at Inovent understands that under Inovent's rules and regulations he/she is personally accountable to the company and its shareholders if he/she violates the code of ethics and legal duty of loyalty to the company.

Every effort should be made by Board members to ensure that there is no conflict of interest between their personal and business affairs and the interests of the company and its clients and shareholders.

## 9 INDUCTION AND TRAINING OF DIRECTORS

Inovent makes sure that all its Board's members have the knowledge, ability and experience to perform the functions required of a Board member. Hence, an awareness program is conducted for the new and existing Board members.

## 10 PERFORMANCE EVALUATION

In compliance with the Company Corporate Governance as well as CBB guidelines, Board carried out a formal performance evaluation for all Board of Directors members. The evaluation is aimed to assess Board effectiveness and support in identifying the need for creating an effective Board, strategic foresight, stewardship, performance evaluation, professional development, engage with Management and performance of Individual Board Members.

The Board conducts an annual evaluation of its performance and the performance of each committee and each individual director.

# Corporate Governance Report

## 11 REMUNERATION

Board of Directors' remuneration takes into consideration the Company performance as well as an assessment of compliance of individual members with their performance agreement and individual responsibilities.

The AGM determines the Board of Directors' remuneration, and it is subject to the provisions of the Commercial Companies Law and to any decisions issued by the Minister of Industry and Commerce, as well as the regulations of the Central Bank of Bahrain.

The Board of Directors establish a Remuneration Committee to review and adopt the remuneration policies, and to monitor the remuneration system and ensure its proper implementation and management, and to make recommendations concerning the remuneration of the Board of Directors in the General Assembly meeting.

## 12 COMPLIANCE WITH REGULATORY AUTHORITIES REQUIREMENTS

Being an Islamic Financial Institution, the Company observes a Policy of compliance at all times with the rules and regulations of regulatory authorities. It is Company Policy to disclose all events of non-compliance whenever they occur. Compliance has been improved through ongoing enhancement of the governance framework, the bedding-in of the comprehensive Corporate Governance Guide, in accordance with the Corporate Governance Code and CBB Rulebook HC Module, as prescribed in the Central Bank of Bahrain Rule Book. The Corporate Governance Guide includes a code of ethics for the Board and all committees under it. It also includes a Conflicts of Interest Policy, procedures for the reporting of offences, basic guiding principles for corporate governance, Board members' appointment agreement, Board members' performance evaluation Policy, and an External Advisors policy.

The Company continues to review and develop its corporate governance framework, in accordance with the changing requirements of regulatory authorities, and in compliance with global corporate governance best practice. In the interest of maintaining the highest standards of Corporate Governance at the company, and for its shareholders, the company is committed to keeping the members of the Board of Directors apprised of industry best practice, and to addressing any of their queries with regard to sound Corporate Governance.

The Company, through the Board of Directors and its committees, aims to meet the highest standards of corporate governance, in the interest of its shareholders.

## 13 SHARIA SUPERVISORY BOARD

The Sharia Supervisory Committee consists of three members who monitor compliance by the Company with the general principles and rules of Islamic Sharia, Fatwas, resolutions and guidelines issued for such purpose. The Board's reviews include examining and reviewing the evidences related to the documents and the procedures followed by the Company to ensure that all its activities and business transactions are in compliance with the principles and rules of Islamic Sharia. Following are the names of members of the Sharia Supervisory Board with a summarized profile of each.

### Shaikh Dr. Khaled Shoja'a Al-Otaibi

Shaikh Dr. Al-Otaibi holds a doctorate in Islamic Jurisprudence and its originating principles. He is a member of the Faculty of Shariah and Islamic Studies - Jurisprudence Department, and an assistant professor at the Faculty of Basic Education. His background includes memberships in numerous committees including: member in the Shariah Board of Kuwaiti House of Zakat, member of the association of Jurisprudence and Shariah in America, a former member of the council for mosques, former member of the Committee for Endowments and Awaqaf, a member of the Shariah Board for Imtiyaz, a former member of the Shariah Board for UIB (Bahrain), a former member of the Shariah Commission associated with AlMashair for Hajj and Umrah services, and a former member of the Shariah Commission for Ain, a Takaful Insurance company.

### Shaikh Dawoud Salman bin Essa

Shaikh Bin Essa holds a Bachelors degree in Shariah sciences, and is well on his way to receiving a master's degree in Islamic Economic Studies. Shaikh Bin Essa has long standing experience (since 2005) working in the fields of audit and shariah compliance within several Shariah compliant financial institutions within Kuwait. He is one of the founders of the Kuwaiti based shariah consulting company, and has been positioned as a member of the Shariah Compliance Authority in Kuwait, and is an active participant in numerous conferences and seminars on Islamic jurisprudence and specifically in shariah compliance. He serves as the General Manager of Taiba Financial Sharia Consultation.

### Shaikh Dr. Mourad Bou Daia

Shaikh Dr. Bou Daia holds several esteemed positions; as a doctorate in Islamic Jurisprudence, he is also a researcher and interpreter of the laws of jurisprudence in Kuwait, as well as teacher working in collaboration with Kuwait University's College of Sharia. Shaikh Dr. Bou Daia is a member of several shariah committees in Qatar, and in a number of committees dedicated to the knowledge and supervision of shariah laws at the Ministry of Social Welfare in Kuwait. He is an active participant in several conferences on the knowledge and interpretation of Shariah laws, in Kuwait and abroad. Shaikh Dr. Bou Daia is a published author of several research studies related to the principles of shariah law. He serves as an advisor in Taiba Financial Sharia Consultation.

## 14 EXECUTIVE MANAGEMENT'S COMMITTEES

The Board of Directors has delegated the day-to-day management of the Company's affairs to the CEO who is responsible for the implementation of the strategic plan of the Company. The CEO manages the Company through the following management committees:

Committee Name	Primary Responsibilities
Management Committee	<ul style="list-style-type: none"> <li>• Corporate Strategy</li> <li>• Performance Assessment</li> <li>• Finance</li> <li>• HR</li> <li>• Administrative Issues</li> </ul>
Assets & Liabilities Committee	<ul style="list-style-type: none"> <li>• Manage the Balance Sheet</li> <li>• Financial Management</li> <li>• Liquidity Management</li> <li>• Banking Relations</li> </ul>
Investment Management Committee	<ul style="list-style-type: none"> <li>• Review of Investments</li> <li>• Exits Processes</li> <li>• Acquisitions Processes</li> </ul>
Executive Risk and Compliance Committee	<ul style="list-style-type: none"> <li>• Risk Management Policies</li> <li>• Risk Management Strategy</li> <li>• Risk Review</li> <li>• Risk Assessment</li> <li>• Compliance Policy</li> <li>• Provisioning</li> </ul>

## 15 EXECUTIVE MANAGEMENT AND SENIOR MANAGEMENT

Following are the job titles of the members of the Executive Management of the Company:

### **Murad Al Ramadan** **Chief Executive Officer**

Mr. Murad Al Ramadan is an investment professional with well over 17 years of industry experience in financial services, Investment Banking, and real estate investment and development. Mr. Al Ramadan joined the group in 2009 as the deputy CEO and Head of Investment of Inovent's real estate investment arm Al Khaleej Development Co. (Tameer). He then held the post of Chief Investment Officer of Inovent in 2012, and was appointed Acting Chief Executive Officer in May 2015 before becoming the Chief Executive Officer in January 2016.

Prior to joining Inovent, Mr. Al Ramadan worked for Gulf Finance House (GFH) as an Investment Director where he structured and managed real estate investment transactions in excess of US\$1billion. Mr. Al Ramadan started his career in Accounting and Auditing, holding various positions and has worked for KPMG in Bahrain and Qatar.

Mr. Al Ramadan represents Inovent on a number of Boards, including his position as Chairman of Durrat Marina (Bahrain), Vice Chairman of Takhzeen Self Storage (Bahrain), and Board Member and Chairman of the Audit Committee for Gulf Real Estate Co. (Kingdom of Saudi Arabia), a Board Member in Bahrain Investment Wharf (Bahrain), and a Board Member in Tamcon contracting, amongst others.

# Corporate Governance Report

## **Yaser Al Jar** **Chief Financial Officer**

Mr. Yaser Al Jar is finance professional with over 18 years of experience, focused in the fields of assurance services, commercial banking, investment banking, and real estate. Mr. Al Jar joined the Group in August 2011 as Executive Director – Finance in Al Khaleej Development Co. (Tameer), a wholly owned subsidiary of Inovent.

Yaser started his career in 1998, in the domain of external assurance services with one of the largest international audit firms at that time. Subsequently, Yaser held a number of key positions as Financial Controller in a number of reputable financial institutions, namely Shamil Bank of Bahrain (which has today merged with Ithmaar Bank) and Qatar First Investment Bank. Mr. Al Jar has the distinguished credentials of having worked in the Islamic banking sector on numerous levels, from dealing and interacting with different type of Islamic products, to financial and investment structures, with a solid exposure to both audit and risk-based business perspectives. This is capped with a sound understanding of Shari'a (Islamic) principles in respect of the Islamic banking.

Mr. Al Jar holds a B.Sc in Accounting from the University of Bahrain. He holds CIPA and CSAA certificates from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). He is an accredited instructor of the Islamic Accounting Standards issued by AAOIFI and member of the Technical Advisory and Interpretations Committee of AAOIFI. Furthermore, Al Jar is member of the working groups originated by AAOIFI to review and formulate the Islamic Accounting Standards

## **Fahad Bushager** **Head of Investment** (effective September 1<sup>st</sup>, 2016)

Mr. Bushager joined Inovent as Head of Investment in 2016. Mr. Bushager has over 12 years of experience in the financial sector, the majority of which was dedicated to investment banking.

Before joining Inovent, Mr. Bushager held posts within a number of investment institutions, including his most recent position as Head of Investments Coverage within the GCC, South East Asia and Pacific Markets at Anfaal Capital. Within that capacity, Mr. Bushager has garnered exposure in deal shaping and structuring on both private equity and asset management fronts, fund management, risk assessment and mitigation, as well as executing deal exit strategies.

Mr. Bushager holds a BSBA (Accounting) from the American University of Sharjah, as well as being a Certified Islamic Banker (CIB), and an Executive Master's degree (Islamic Finance) from the General Council for Islamic Banks and Financial Institutions (CIBAFI).

## **Hamad Zainalabedeen** **Head of Internal Audit**

Hamad Zainalabedeen joined Inovent BSC in 2009 as the Head of Internal Audit Department. Hamad has worked in a number of local and world renowned financial institutions and professional audit firms over the last 14 years with extensive auditing experience in Islamic Investment Banks, Investment Businesses, Manufacturing Enterprises, Governmental Organizations and other sectors.

Prior to joining Inovent, Hamad held leading positions in Internal Audit at Investment Dar Bank and Gulf Finance House. Hamad also worked with Ernst & Young and Arthur Andersen as an external auditor.

Hamad holds an Executive MBA and Bachelors of Science in Accounting from the University of Bahrain.

## **16 EXECUTIVE MANAGEMENT SHAREHOLDING**

The executive & Senior Management do not hold any shares in the company.

## **17 DETAILS OF STOCK OPTIONS INCENTIVES**

No stock option based incentive scheme has been provided to senior management.

## 18 EXECUTIVE MANAGEMENT REMUNERATION

The Company Establishes management remuneration in line with approved internal policies, procedures and guidelines. The qualification of such remuneration set by the company's Board of Directors.

## 19 RELATED PARTY TRANSACTIONS

The details of related party transactions are shown under Note 28 of the Consolidated Financial Statements for the year ending 31st December 2016. For further information, the shareholders are requested to refer to Note 28.

## 20 COMPLIANCE CONTROL AND MONEY LAUNDERING COMBATING

Compliance with the principles and provisions of Islamic Sharia, and regulatory and statutory requirements are a continuous process. The Company recognizes its responsibility of compliance with all the related provisions by implementing global best practice. The Company has established a unit for regulatory control, to ensure adherence to the guidelines & rules of the Central Bank of Bahrain. This unit acts both to ensure observance of the principles of Islamic Sharia and regulatory rules, and the implementation of Compliance best practice.

The procedures for combating money laundering form a major part of compliance assignments. The Company maintains specific policies and procedures, approved by the Board of Directors, for money laundering prevention. These include a Client Due Diligence process, reporting of suspicious transactions, periodical staff awareness and training programs, & record-keeping, as well as the key policy of appointment of an officer dedicated to money laundering prevention.

Money laundering prevention Policy & Procedures are reviewed annually by external auditors, who report their findings to the Central Bank of Bahrain. The Company is committed to combating money laundering, and to implementing all AML rules, principles and guidelines issued by the Central Bank of Bahrain. Pursuant to HC Module of the CBB Rule Book (Volume 4 - HC Module) that refers to the principle of "Comply or Explain", which provides that it is necessary for the Company to interpret non-compliance events with the recommendations prescribed in the Rule Book, the Company is pleased to report that it is in the process of establishing a Compliance framework that meets the requirements of the Central Bank of Bahrain.

## 21 EXTERNAL AUDITOR

The Company shall make available information on the audit fees that are charged by the external auditor and the other services, which are provided by the external auditor to shareholders upon request, provided that disclosure of such information shall not negatively impact the interest of the Company or its market competitiveness.

The AGM held on 21<sup>st</sup> of March 2016 approved reappointing M/S Ernst & Young to conduct the review and audit of the Company's consolidated financial statements for the year ended 31<sup>st</sup> December 2016. Total fees agreed with the external auditors were BHD 61,225.