

Corporate Governance Report for the year 2020

Gulf Hotels Group: 950

1. Description of the actions taken to complete the Corporate Governance Code during the year 2020 and how they were applied.

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behavior. The Company has established a Code of Conduct which provides an ethical and legal framework for all employees in the conduct of its business. The Code of Conduct defines how the Company relates to its employees, shareholders and the community in which the Company operates. The Board of directors has adopted the code of Business Conduct and a company Whistle-blower policy to monitor compliance with company ethics.

There have been no changes to the Company corporate governance guidelines of the Company during 2020.

Regular meetings of the committee are held and annual evaluation of the entire team is undertaken.

2. Description of the transactions of the directors, their spouses and sons on the Company's shares during the year 2020 according to the following table:

| # | Name | Position/kinship | Shares held as at 31/12/2020 | Total Sale Transaction | Total Purchase Transaction |
|---|-----------------------------|------------------|------------------------------|------------------------|----------------------------|
| 1 | Mr. Farouk Yousuf Almoayyed | Chairman | 4,234,297 | None | None |
| 2 | Mr. Fawzi Ahmed Kanoo | Vice Chairman | 193,975 | None | None |
| 3 | Mr. Mohammed Husain Yateem | Director | 1,783,153 | 810 | None |
| 4 | Mr. Khalid Mohammed Kanoo | Director | 141,436 | None | None |
| 6 | Mr. Mohammed Jassim Buzizi | Director | 448,119 | None | None |
| 7 | Mr. Adel Maskati | Director | 56,508 | None | None |



3. Composition of the Board:

a. Description of the current Board composition according to the following table:

| # | Name | Type (Executive, non-Executive or independent) | Experience | Qualification | The period of his term as a director of the Company starting from the date of his first election or appointment | Directorships and positions in other companies | Positions in any other key regulatory, government or commercial entities. |
|---|-----------------------------|---|------------|---------------------|---|--|--|
| 1 | Mr. Farouk Yousuf Almoayyed | Non-Executive/ Non-Independent | 57 | Mechanical Engineer | 1974 | <ul style="list-style-type: none"> • Y.K. Almoayyed & Sons Group - Chairman • Ashrafs - Chairman • Ashrafs-BGDC - Chairman • Almoayyed International Group • National Concrete Co. • National Bank of Bahrain - Chairman • Bahrain Duty Free - Chairman • Bahrain National Holding B.S.C. - Chairman • Ahlia University- Chairman • Small & Medium Enterprises – Honorary Chairman | <ul style="list-style-type: none"> • Economic Development Board – Director • Real Estate Regulatory Authority (RERA), Bahrain – Representative of the Chamber of Commerce & Industry |



| | | | | | | | |
|---|-----------------------|-----------------------------------|----|--|------|---|------|
| 2 | Mr. Fawzi Ahmed Kanoo | Non-Executive/ Non-Independent | 50 | Bachelor of Science in Bus. Administration, South West Texas State University, USA | 1991 | <ul style="list-style-type: none"> • Abdulrahman Jassim Kanoo co. • AXA insurance • APM Terminal Bahrain • Bahrain Ship Repairing & Eng • Bahrain Int. Cargo Services • BDP Kanoo Chemical Logistic • Family Investment Co. • F&F Family Property Development Co. • Gulf Travel Agency • Yusuf Bin Ahmed Kanoo Co. • Yusuf Bin Ahmed Kanoo Holdings • Kanoo Family holding Co. • Kanoo Electrical Mechanical & Construction Co. • K-Soft Co. • Maersk Kanoo Bahrain • National Bank of Bahrain • Hapag-Lloyd Bahrain Co. • Hapag-Lloyd Saudi Co. • United Travel & Shipping Agency • Kanoo Construction Co. Bahrain | None |
|---|-----------------------|-----------------------------------|----|--|------|---|------|



| | | | | | | | |
|---|----------------------------|-----------------------------------|----|-----------------------------------|------|--|------|
| | | | | | | <ul style="list-style-type: none"> • Kanoo Travel Agency • United Travel & Shipping Agency • Dar Al Bahrain Contracting Co. • Kanoo Property Management Co. | |
| 3 | Mr. Mohammed Husain Yateem | Non-Executive/ Non-Independent | 49 | Master in Business Administration | 1991 | <ul style="list-style-type: none"> • A.M Yateem Bros. • Yateem Air Conditioning • Yateem Commercial • Yasamar Enterprises Co. • Paradise Reality Holding Co. • Royal Golf Club | None |
| 4 | Mr. Khalid Mohammed Kanoo | Non-Executive/ Non-Independent | 51 | Bachelor of Arts | 1998 | <ul style="list-style-type: none"> • Acacia Investment • AkzoNoble Saud Arabia • Arabian Pioneer Lines Shipping Services limited • Bahrain Family Business Association • Bahrain International Cargo Services • Bahrain Ship Repairing & Engineering Company BSC • Crestone Holding SPC • Dar Akhbar Al Khaleej Press & Publishing House Newspaper | None |



| | | | | | | | |
|--|--|--|--|--|--|---|--|
| | | | | | | <ul style="list-style-type: none">• Family Investment Company• Gulf Travel Agency• Gulf Union Insurance & Project Management Holding Co.• K-Soft Co.• Kanoo Award for Excellence• Kanoo Construction Company Bahrain• Kanoo Electrical Mechanical & Construction Co.• Kanoo Family holding Co.• Kanoo Foundation• Kanoo Industrial Co.• Kanoo Investment Committee• Kanoo Property Management Co.• Kanoo Travel Agency• Keu communication Development Co• Mercantile Shipping Agencies• Mokaan co.• Oasis Capital Bank• Obaikan Equipment & Services | |
|--|--|--|--|--|--|---|--|



| | | | | | | | |
|---|----------------------------|-----------------------------------|----|--|------|--|------|
| | | | | | | <ul style="list-style-type: none"> • Saudi Arabian Lube Additives co. • The K-Hotel – Bahrain • United Travel & Shipping Agency • Yusuf Bin Ahmed Kanoo Co. • Yusuf Bin Ahmed Kanoo (holding) • Yusuf Bin Ahmed Kanoo Co. • Zaina International Limited | |
| 5 | Mr. Ahmed Janahi | Non-Executive/ Non-Independent | 21 | Bachelor Degree in Chemical Engineering and MBA | 2016 | <ul style="list-style-type: none"> • Sothern Tourism Co. • ARC Logistics Profile II Co. • Cranemere Group Limited | None |
| 6 | Mr. Oliver Harnisch | Non-Executive/ Non-Independent | 36 | MBA MSc in organizational Behavior, CHA | 2020 | None | None |
| 7 | Mr. Khalid Taqi | Non-Executive/ Non-Independent | 14 | M.Sc. in Finance & B.Sc. in Finance | 2018 | <ul style="list-style-type: none"> • BNET • Batelco | None |
| 8 | Mr. Mohammed Jassim Buzizi | Non-Executive/ Non-Independent | 53 | Higher National Diploma in Hospitality & Hotel Management UK | 2007 | <ul style="list-style-type: none"> • Tourism Services Company • Bahrain Airport Hotel Company | None |
| 9 | Mr. Adel Maskati | Non-Executive/ Independent | 42 | Master Degree in Engineering | 2016 | <ul style="list-style-type: none"> • United Paper Industries • Abu Dhabi National Paper Mill-UAE | None |



| | | | | | | | |
|----|---------------------|---------------------------|----|--|------|--|--|
| | | | | | | <ul style="list-style-type: none"> • Maskati Bros. & Co. • Jordan Bahrain Paper Industries Co. – Jordan • Al Wasat Publishing & Distribution Co. • Husain Mahdi Maskati & Sons | |
| 10 | Mr. Jassim Abdulaal | Non-Executive/Independent | 33 | Member Institute of Chartered accountants in England and Wales (ICAEW) | 2010 | <ul style="list-style-type: none"> • Gulf Air | <ul style="list-style-type: none"> • LMRA – Audit Committee. • Health Insurance Fund |

b. Description of the following:

1. Total remunerations paid to the directors for the year 2019 is BD 180,000/- net off sitting fees.
2. No remunerations will be payable to the directors for the year 2020.
3. Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2020 according to the following table:

| # | Name | Sitting fees paid for attendance of the Board's Committees | | |
|----|-----------------------------|--|---------------------|-----------------|
| | | Name of Committee | Sitting fees amount | No. of meetings |
| 1 | Mr. Farouk Yousuf Almoayyed | Board | 9,000 | 6 |
| 2 | Mr. Fawzi Ahmed Kanoo | Board | 9,000 | 6 |
| 3 | Mr. Mohammed Husain Yateem | Board | 7,500 | 5 |
| 4 | Mr. Khalid Mohammed Kanoo | Board | 9,000 | 6 |
| 5 | Mr. Ahmed Janahi | Board | 9,000 | 6 |
| 6 | Mr. Peter Cook | Board | 3,000 | 2 |
| 7 | Mr. Oliver Harnisch | Board | 6,000 | 4 |
| 8 | Mr. Khalid Taqi | Board | 9,000 | 6 |
| 9 | Mr. Mohammed Jassim Buzizi | Board | 9,000 | 6 |
| 10 | Mr. Adel Maskati | Board | 9,000 | 6 |
| 11 | Mr. Jassim Abdulaal | Board | 9,000 | 6 |
| | | | | |
| 1 | Mr. Mohammed Husain Yateem | Executive | 2,000 | 5 |
| 2 | Mr. Fawzi Ahmed Kanoo | Executive | 2,000 | 5 |
| 3 | Mr. Ahmed Janahi | Executive | 2,000 | 5 |
| 4 | Mr. Mohammed Jassim Buzizi | Executive | 2,000 | 5 |
| | | | | |



| | | | | |
|---|-----------------------------|------------|-------|---|
| 1 | Mr. Jassim Abdulaal | Audit | 1,600 | 4 |
| 2 | Mr. Khalid Mohammed Kanoo | Audit | 1,200 | 3 |
| 3 | Mr. Khalid Taqi | Audit | 1,600 | 4 |
| 4 | Mr. Adel Maskati | Audit | 1,600 | 4 |
| | | | | |
| 1 | Mr. Farouk Yousuf Almoayyed | Investment | 800 | 2 |
| 2 | Mr. Mohammed Husain Yateem | Investment | 800 | 2 |
| 3 | Mr. Ahmed Janahi | Investment | 800 | 2 |
| 4 | Mr. Khalid Taqi | Investment | 800 | 2 |
| | | | | |
| 1 | Mr. Farouk Yousuf Almoayyed | NRC | 800 | 2 |
| 2 | Mr. Mohammed Jassim Buzizi | NRC | 800 | 2 |
| 3 | Mr. Jassim Abdulaal | NRC | 800 | 2 |
| | | | | |
| 1 | Mr. Farouk Yousuf Almoayyed | CGC | 800 | 2 |
| 2 | Mr. Peter Cook | CGC | 400 | 1 |
| 3 | Mr. Jassim Abdulaal | CGC | 800 | 2 |
| | | | | |
| | Cost Committee | | | |
| 1 | Mr. Ahmed Janahi | Adhoc | Nil | 9 |
| 2 | Mr. Khalid Taqi | Adhoc | Nil | 9 |
| 3 | Mr. Mohammed Jassim Buzizi | Adhoc | Nil | 9 |
| 4 | Mr. Jassim Abdulaal | Adhoc | Nil | 9 |

Comprehensive statement of Chairman and Member of Board for 2020 (fees and Remuneration).

| # | Board of Director | Setting Fee | Remuneration | Bonus Share | Expenses |
|----|-----------------------------|----------------|--------------|-------------|----------|
| 1 | Mr. Farouk Yousuf Almoayyed | 11,400 | - | - | - |
| 2 | Mr. Fawzi Ahmed Kanoo | 11,000 | - | - | - |
| 3 | Mr. Mohammed Husain Yateem | 10,300 | - | - | - |
| 4 | Mr. Khalid Mohammed Kanoo | 10,200 | - | - | - |
| 5 | Mr. Ahmed Janahi | 11,800 | - | - | - |
| 6 | Mr. Oliver Harnisch | 6,000 | - | - | - |
| 7 | Mr. Peter Cook | 3,400 | - | - | - |
| 8 | Mr. Khalid Taqi | 11,400 | - | - | - |
| 9 | Mr. Mohammed Jassim Buzizi | 11,800 | - | - | - |
| 10 | Mr. Adel Maskati | 10,600 | - | - | - |
| 11 | Mr. Jassim Abdulaal | 12,200 | - | - | - |
| | Grand Total | 110,100 | - | - | - |

*Remuneration has been accorded in the books of 2020 however, the board has decided not to pay the remuneration to the Board Directors for 2020.

- c. Number and dates of the Board's meetings held during the financial year 2020, in addition to the number of times directors attended in person or by visual communication and a description of the directors present by proxy.



| # | Name/ Meeting dates → | 19 th Feb 2020 | 1 st Apr 2020 | 6 th May 2020 | 11 th Aug 2020 | 10 th Oct 2020 | 23 rd Nov 2020 |
|----|-----------------------------|---------------------------|--------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| 1 | Mr. Farouk Yousuf Almoayyed | Attend | Attend | Attend | Attend | Attend | Attend |
| 2 | Mr. Fawzi Ahmed Kanoo | Attend | Attend | Attend | Attend | Attend | Attend |
| 3 | Mr. Mohammed Husain Yateem | Did not attend | Attend | Attend | Attend | Attend | Attend |
| 4 | Mr. Khalid Mohammed Kanoo | Attend | Attend | Attend | Attend | Attend | Attend |
| 5 | Mr. Ahmed Janahi | Attend | Attend | Attend | Attend | Attend | Attend |
| 6 | Mr. Oliver Harnisch | - | - | Attend | Attend | Attend | Attend |
| 7 | Mr. Peter Cook | Attend | Attend | - | - | - | - |
| 8 | Mr. Khalid Taqi | Attend | Attend | Attend | Attend | Attend | Attend |
| 9 | Mr. Mohammed Jassim Buzizi | Attend | Attend | Attend | Attend | Attend | Attend |
| 10 | Mr. Adel Maskati | Attend | Attend | Attend | Attend | Attend | Attend |
| 11 | Mr. Jassim Abdulaal | Attend | Attend | Attend | Attend | Attend | Attend |

- d. Description of the Board's duties and competences carried out on its behalf by the Executive management by delegation of authority, specifying the duration and validity of the delegation.

None

d) Description of the Board's duties and competences carried out on its behalf by the Executive Management by delegation of authority, specifying the duration and validity of the delegation.

Board and Directors' Responsibilities

The Board of Directors is accountable to shareholders for the proper and prudent investment and preservation of Shareholder interests. The Board's role and responsibilities include but not limited to:

- Monitoring the overall business performance
- Monitoring management performance and succession plan for senior management
- Monitoring conflicts of interest and preventing abusive related party transactions
- Accurate preparation of the end of year financial statements
- Convening and preparing the Shareholders' meeting
- Recommend dividend payable to Shareholders and ensure its execution
- Adapt, implement and monitor compliance with the company's code of ethics



- Review the company's objectives and policies relating to social responsibilities
- Select, interview and appoint General Manager and other selected members of the executive management

In this respect, the Directors remain individually and collectively responsible for performing all Board of Director's tasks.

Election/re-election of Board takes place every three years at the meeting of the Shareholders. Termination of a Board member's mandate at the meeting usually occurs by dismissal of the shareholders or by the member's resignation from the Board of Directors.

Material transactions requiring board approval

The following material transactions require board review, evaluation and approval:

- The company strategy
- The annual budget
- Major resource allocations and capital investments
- Management responsibilities and training, development and succession plan for Senior Management.

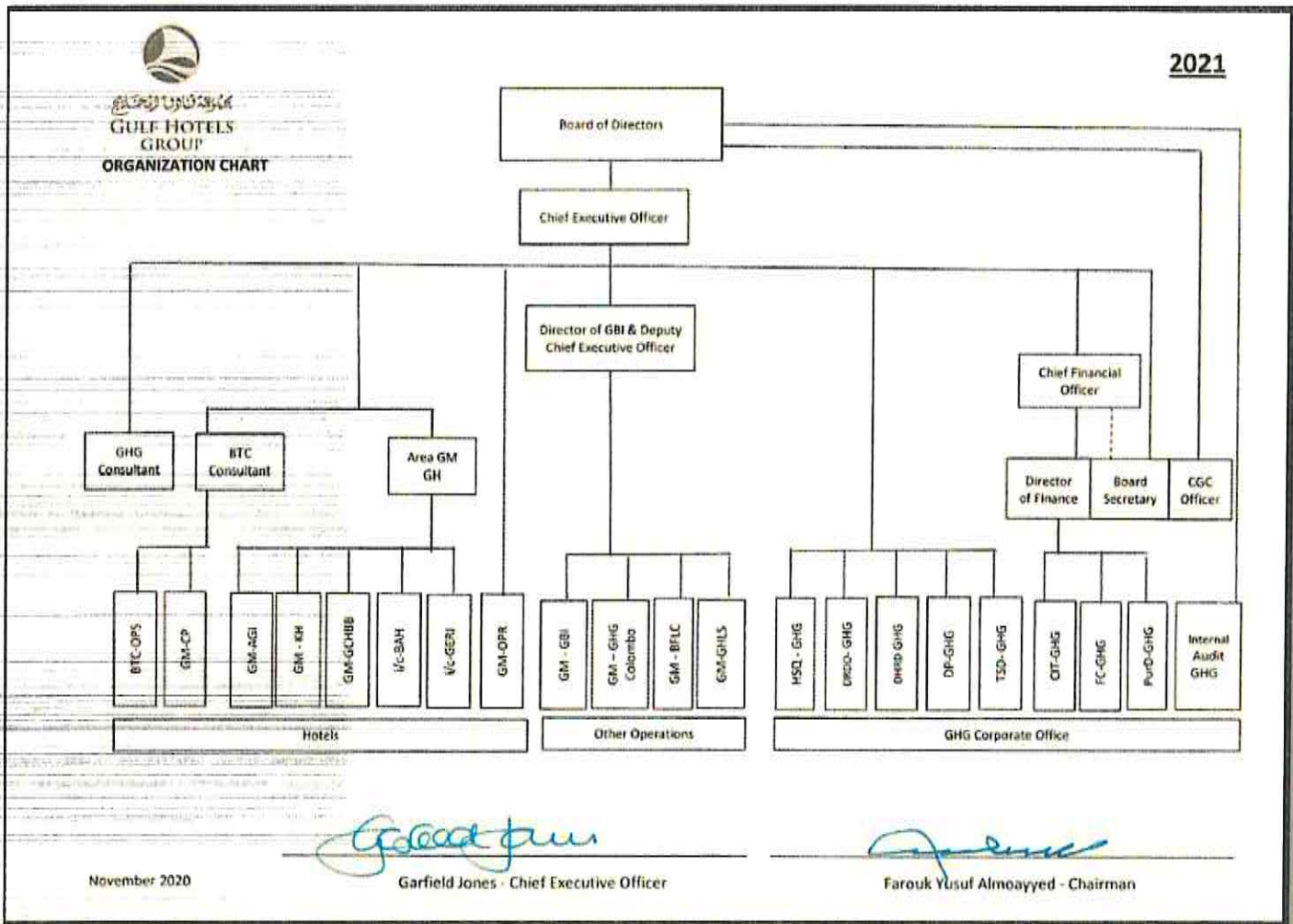
- e. Details of transactions with related parties (stakeholders), indicating the nature relationship and type of transaction.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the major shareholders, directors, key management personnel and their close family members and such other companies over which the Company or its major shareholders, directors, key management personnel and their close family members can exercise significant influence or can be significantly influenced by those parties. Transactions with the related parties are authorized by the management and are on arm's length basis.

| Related Parties | Purchases | Sales | Management fee income | Interest Expense | Share of profit from associates | Trade receivables | Other receivables | Trade payables | Bank loan |
|---|----------------|----------------|-----------------------|------------------|---------------------------------|-------------------|-------------------|----------------|-------------------|
| Major shareholders and their affiliates | 110,988 | 107,106 | 144,373 | 727,049 | - | 148,394 | 5,989 | 49,942 | 11,840,000 |
| Associates | 75,909 | 40,531 | - | - | 653,573 | 6,481 | 40,000 | - | - |
| Directors and related affiliates | 639 | 37,471 | - | - | - | 7,389 | - | 639 | - |
| Total | 187,536 | 185,108 | 144,373 | 727,049 | 653,573 | 162,264 | 45,989 | 50,581 | 11,840,000 |



f. The Company's organizational structure:



g. Total remunerations paid to the key executive officers during the year 2020. **BD 254,105**

| Details | CEO | CFO | Total |
|---------------------------------------|----------------|---------------|----------------|
| Salaries | 156,432 | 39,715 | 196,147 |
| Bonus | - | - | - |
| Share in Profits | - | - | - |
| Attendance/ Representation Allowances | - | - | - |
| Expenses | - | - | - |
| Total | 156,432 | 39,715 | 196,147 |



4. External Auditors:

- Providing shareholders with the auditor's profile and overview of its professional performance.
- Fees and charges for the audit or services provided by the external auditor during the year 2019, in addition to a description of the auditor's years of service as the Company's external auditor. According to the following table:

| | |
|---|--------------------|
| Name of the audit firm | KPMG |
| Years of service as the company's external auditor | 3 year |
| Name of the partner in charge of the company's audit | Mr. Jalil Al A'ali |
| The partner's years of service as the partner in charge of the company's audit | 2 year |
| Total audit fees for the financial statements for the year 2020 (BD) | BD 28,250 |
| Other special fees and charges for non-audit services other than auditing the financial statements for the year 2020 (BD) if any. In the absence of such fees, this shall be expressly stated. (fee against VAT Consultation) | - |

5. Executive committee

Review, approves and directs the executive management on matters raised by the board of directors such as various policies, business plans.

| Name | Type (Executive, non-Executive or independent) |
|---------------------|--|
| Mr. Mohammed Yateem | Non-Executive / Non-Independent |
| Mr. Fawzi Kanoo | Non-Executive / Non-Independent |
| Mr. Ahmed Janahi | Non-Executive / Non-Independent |
| Mr. Mohammed Buzizi | Non-Executive / Non-Independent |

| Name | 26 th Jan 2020 | 20 th Apr 2020 | 15 th Jun 2020 | 18 th Oct 2020 | 16 th Nov 2020 |
|---------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Mr. Mohammed Yateem | Yes | Yes | Yes | Yes | Yes |
| Mr. Fawzi Kanoo | Yes | Yes | Yes | Yes | Yes |
| Mr. Ahmed Janahi | Yes | Yes | Yes | Yes | Yes |
| Mr. Mohammed Buzizi | Yes | Yes | Yes | Yes | Yes |

Total sitting fee paid to the Executive Committee members during 2020 amounted to BD 8,000/-.



6. Audit Committee:

Reviews the internal audit program and internal control system, considers major findings of internal audit reviews, investigations and managements response. Ensures coordination among the internal and external auditors. Risk management plan should also be developed and adopted by the Board, and evaluated by the Committee using the guidelines as per Company Policy and Procedure.

| Name | Type (Executive, non-Executive or independent) |
|---------------------|--|
| Mr. Jassim Abdulaal | Non-Executive/ Non-Independent |
| Mr. Khalid Kanoo | Non-Executive/ Non-Independent |
| Mr. Khalid Taqi | Non-Executive/ Non-Independent |
| Mr. Adel Maskati | Non-Executive/ Non-Independent |

During the year ended 31st December 2020, 4 audit committee meetings were held. The following table summaries the information about committee meeting dates and attendance of the directors:

| Name | 16 th Feb 2020 | 4 th May 2020 | 5 th Aug 2020 | 8 th Nov 2020 |
|---------------------|---------------------------|--------------------------|--------------------------|--------------------------|
| Mr. Jassim Abdulaal | Yes | Yes | Yes | Yes |
| Mr. Khalid Kanoo | Yes | Yes | Yes | X |
| Mr. Khalid Taqi | Yes | Yes | Yes | Yes |
| Mr. Adel Maskati | Yes | Yes | Yes | Yes |

Total sitting fee paid to the Audit Committee members during 2020 amounted to BD 6,000/-.

7. Investment committee

Investment committee provides guidelines, supervision and control over investment activities, so that return from the investment activities could be maximized while covering the risk appetite. Committee shall assist the board of the group in managing investment activities of the company and is charged with:

- Reviewing investment policies and strategies
- Overseeing the investment activity of the company
- Periodic review of investment portfolio
- Critical appraisal of the investment portfolio
- Defining the investment universe of the company
- Providing foundation of the investment decisions



| Name | Type (Executive, non-Executive or independent) |
|-----------------------------|--|
| Mr. Farouk Yousuf Almoayyed | Non-Executive/ Non-Independent |
| Mr. Mohammed Husain Yateem | Non-Executive/ Non-Independent |
| Mr. Ahmed Janahi | Non-Executive/ Non-Independent |
| Mr. Khalid Taqi | Non-Executive/ Non-Independent |

| Name | 20 th Mar 2020 | 19 th Oct 2020 |
|-----------------------------|---------------------------|---------------------------|
| Mr. Farouk Yousuf Almoayyed | Yes | Yes |
| Mr. Mohammed Yateem | Yes | Yes |
| Mr. Ahmed Janahi | Yes | Yes |
| Mr. Khalid Taqi | Yes | Yes |

Total sitting fee paid to the Investment Committee members during 2020 amounted to BD 3,200/-.

8. Nomination and Remuneration Committee (NRC)

Identify persons qualified to become members of the board of directors and senior executive management of the company, with the exception of the appointment of internal auditors. Determine the appropriate size and composition of the Board and committees of the board. Making recommendations to the board on the removal and appointment of directors. Developing a succession plan for the Board and senior management and regularly reviewing the plan. Review, Recommend and Determine remuneration and incentive policies for the Board of Directors and Senior Management, having regard to prevailing market rates for similar roles and making them as attractive so as to retain and attract quality people to run the company successfully.

| Name | Type |
|----------------------------|--------------------------------|
| Mr. Farouk Almoayyed | Non-Executive/ Non-Independent |
| Mr. Mohammed Jassim Buzizi | Non-Executive/ Non-Independent |
| Mr. Jassim Abdulaal | Non-Executive/ Non-Independent |

| Name | 20 th Mar 2020 | 19 th Oct 2020 |
|----------------------------|---------------------------|---------------------------|
| Mr. Farouk Almoayyed | Yes | Yes |
| Mr. Mohammed Jassim Buzizi | Yes | Yes |
| Mr. Jassim Abdulaal | Yes | Yes |

Total sitting fee paid to the Nominating & Remuneration Committee members during 2020 amounted to BD 2,400/-.



9. Corporate Governance Committee:

Corporate governance committee is an internal system that encompasses policies, processes, people, and which makes sure the needs of shareholders and other stakeholders are met in full. This will be accomplished by directing and controlling managing activities using good business practices, objectivity, accountability and integrity. Corporate Governance Committee implements Corporate Culture of the organization, commitment of the board and senior management towards the corporate governance framework and approach of company to adhere to the code as integrity program rather than as compliance program.

| Name | Type |
|-------------------------|--------------------------------|
| Mr. Farouk Almoayyed | Non-Executive/ Non-Independent |
| Mr. Peter Cook | Non-Executive/ Non-Independent |
| Mr. Mr. Jassim Abdulaal | Non-Executive/ Non-Independent |

| Name | 20 th Mar 2020 | 19 th Oct 2020 |
|----------------------|---------------------------|---------------------------|
| Mr. Farouk Almoayyed | Yes | Yes |
| Mr. Peter Cook | Yes | Left |
| Mr. Jassim Abdulaal | Yes | Yes |

Total sitting fee paid to the Corporate Governance Committee during 2020 amounted to BD 2000/-.

10. Corporate Governance Officer:

| Name | Qualification | Date of appointment | Contact Details |
|----------------|---------------|---------------------|---|
| Shaheed Elaiwi | M.com | April 2018 | Tel 17746466, Email: Shaheed.elaiwi@gulfhotelsgroup.com |

11. Details of irregularities committed during the financial year

There were no irregularities committed or reported during the financial year 2020.

12. Cash and in-kind contributions made by the company during the year 2020.

| # | Description | Cash in BHD and in Kind |
|----|--|-------------------------|
| 1 | There is Good In Us-MOFNE-Covid19 | 200,000.00 |
| 2 | Injaz Donation | 11,310.00 |
| 3 | Zaka Fund | 3,000.00 |
| 4 | 10 Orphans | 2,400.00 |
| 5 | Bahrain Down Syndrome Society | 2,000.00 |
| 6 | Bahraini Association for Intellectual D&A | 2,000.00 |
| 7 | Charity - SKAL | 1,000.00 |
| 8 | Bahrain ADHD Charity | 1,000.00 |
| 9 | Charity Bahrain Parents Care Society | 1,000.00 |
| 10 | Charity Bahrain Deaf Society | 1,000.00 |
| 11 | Charity Saudi Bahraini for the Blind | 1,000.00 |
| 12 | Donation for Royal Humanitarian Foundation | 730.000 |
| 13 | Bahrain International Seafarers Society | 300.00 |



| | |
|-----------------|---------|
| Total Donations | 226,740 |
|-----------------|---------|

a. Shareholder equity as of 31st December 2020:

| Shareholder classification | Shareholding % | | | Total |
|----------------------------|----------------|-----------|-----------------------------|--------|
| | Individuals | Corporate | Government or Organizations | |
| Local | 23.23% | 61.02% | 12.60% | 96.85% |
| Arab | 3.03% | | | 3.03% |
| Foreign | 0.12% | | | 0.12% |
| Total | 26.38% | 61.02% | 12.6% | 100% |

b. Shareholder who hold 5% or more of the company share capital as at 31st December 2020:

| # | Name | Number of Share held | Shareholding % | Name of the natural person, the final beneficiary |
|---|--|----------------------|----------------|---|
| 1 | Bahrain Mumtalakat Holding Co. B.S.C (C) | 57,558,331 | 25.47% | Bahrain Mumtalakat Holding Co. B.S.C (C) |
| 2 | Social Insurance Organization | 28,382,960 | 12.56% | Social Insurance Organization |
| 3 | Family Investment company Ltd. | 24,428,215 | 10.81% | Family Investment company Ltd. |
| 4 | Y.K Almoayyed & Sons B.S.C (C) | 14,309,817 | 6.33% | Y.K Almoayyed & Sons B.S.C (C) |

| # | Shareholder No | Share Holder Name | Country | Nationality | Holding | % of Holding | Category |
|---|----------------|--|---------|-------------|------------|--------------|------------------------|
| 1 | BAH6157901CR | Bahrain Mumtalakat Holding Co. B.S.C (C) | BAHRAIN | BAHRAINI | 57,558,331 | 25.47% | CLOSED LOCAL COMPANIES |
| 2 | BAH1207401CR | Family Investment Company LTD. | BAHRAIN | BAHRAINI | 24,428,215 | 10.81% | PRIVATE COMPANIES |
| 3 | BAH142701CR | Y.K. Almoayyed & Sons B.S.C.(C) | BAHRAIN | BAHRAINI | 14,309,817 | 6.33% | CLOSED LOCAL COMPANIES |
| 4 | BAH80740000SG | Social Insurance Organization (GOSI) | BAHRAIN | BAHRAINI | 14,012,945 | 6.20% | GOVERNMENT |



c. Category

| # | Shareholding (Share) | No of Shareholders | Number of Share held | Shareholding % |
|---|----------------------|--------------------|----------------------|----------------|
| 1 | <50,000 | 3,643 | 9,585,082 | 4.24% |
| 2 | 50,000 to 500,000 | 170 | 26,549,173 | 11.75% |
| 3 | 500,000 to 5,000,000 | 38 | 54,293,425 | 24.02% |
| 4 | >5,000,000 | 8 | 135,567,183 | 59.99% |

d. Significant events that occurred during the year 2020

No significant events occurred during the year 2020.

13. Compliance with the provisions of the Corporate Governance Code, as follows:

| # | Principle | Non-compliant | Partially Compliant | Fully Compliant | Explanation in case of non-compliance |
|---|--|---------------|---------------------|-----------------|---------------------------------------|
| 1 | The Company shall be headed by an effective, qualified and expert board | | | Yes | |
| 2 | The directors and executive management shall have full loyalty to the company. | | | Yes | |
| 3 | The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law. | | | Yes | |
| 4 | The Company shall have effective procedures for appointment, training, and evaluation of the directors | | | Yes | |
| 5 | The company shall remunerate directors and senior officers fairly and responsibly | | | Yes | |



| | | | | | |
|----|---|--|--|-----|--|
| 6 | The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities. | | | Yes | |
| 7 | The Company shall communicate with shareholders, encourage their participation, and respect their rights. | | | Yes | |
| 8 | The Company shall disclose its corporate governance. | | | Yes | |
| 9 | The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors. | | | Yes | |
| 10 | The Company shall seek through social responsibility to exercise its role as a good citizen | | | Yes | |

Gulf Hotel Group B.S.C. currently complies with all the provisions of the Ministry of Industry and Commerce Code with the exception of the following:

Principle 1:

The Company shall be headed by an effective, qualified and expert board.

Principle 1 requires that the Company's Articles of Association (AOA) shall specify the requirements for executive, non-executive and independent directors whereas at least half of the directors shall be non-executive directors and at least three of whom shall be independent directors who meet the requirements set forth in Appendix 1 to the Code and also requires that the Chairman shall be an independent director and shall not, himself or his deputy, in any case be the Company's chief executive officer, in order to have a proper balance of powers and authorities and have greater substantive capacity for the Board of Directors to take decisions independently. However, Out of ten directors, two of them are independent directors.

Principle 3:

The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.

Principle 3 requires that the Audit Committee should consist of at least three directors and majority of them are independent, including Chairman of the Audit Committee. The current chairman of the Audit Committee is independent director. The point relating to independent directors have been discussed in the Board of Directors meeting and they are of the opinion that these do not dilute the highest standards of corporate governance that the Company maintains and at present it is not possible to keep the required Board Committee composition as required by



the Ministry of Industry and Commerce regulations. However, the Board of Directors have noted the point and commented that the Company will aim to formulate the Committees as per the regulatory requirements in due course.

Principle 6:

The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.

Principle 6 requires that the Board of Directors should perform an annual review of succession plan for the Chief Executive Officer (“CEO”). The Board of Directors has not performed an annual review of succession plan for CEO.

Principle 8:

The Company shall disclose its corporate governance.

Principle 8 requires from the Company to disclose the corporate governance code on the Company website and Corporate Governance Committee must have at least three independent directors. However, the Corporate Governance Committee consists of three directors and one is independent also, audit committee chairman in a member of CGC committee. The point relating to independent directors have been discussed in the Board of Directors meeting and they are of the opinion that these do not dilute the highest standards of corporate governance that the Company maintains and at present it is not possible to keep the required Board Committee composition as required by the Ministry of Industry and Commerce regulations. However, the Board of Directors have noted the point and commented that the Company will aim to formulate the Committees as per the regulatory requirements in due course.

Gulf Hotel Group B.S.C. currently complies with all the provisions of the Central Bank of Bahrain Volume 6 HC Module with the exception of the following:

(3) HC 1.8.6 of the CBB Rule Book Volume 6 relating to Corporate Governance requires that the board shall establish a Corporate Governance Committee of at least 3 independent directors. However, the current composition of the Corporate Governance Committee is of 3 independent and 2 non-independent directors

The above point relating to independent directors have been discussed in the Board of Directors meeting and they are of the opinion that these do not dilute the highest standards of corporate governance that the Company maintains and at present it is not possible to keep the required Board Committee composition as required by the CBB rule Book Volume VI. However, the Board of Directors have noted the point and commented that the Company will aim to formulate the Committees as per the regulatory requirements in due course.

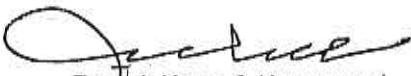


Conflict of interest:

In 2020, no instances of conflict of interest have arisen. In the instance of a conflict of interest arising as a result of any business transaction or any type of resolution to be taken, the concerned Board member shall refrain from participating at the discussion of such transaction or resolution to be taken. In this respect, BFLC Board members usually inform the Board of a potential conflict of interest prior to the discussion of any transaction or resolution. The Board member(s) concerned would also refrain from voting in any instance where a conflict of interest shall arise.

1. Any disclosures required by the regulatory authorities.

No


Farouk Yousuf Almoayyed
Chairman of the Board
Gulf Hotels Group