Corporate Governance Report for the year 2021

Gulf Hotels Group: 950

1. Description of the actions taken to complete the Corporate Governance Code during the year 2021 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 2021.

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 2021 according to the following table:

#	Name	Position/kinship	Shares held as at 31/12/2021	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. Khalid Mohammed Kanoo	Director	141,436	None	None
4	Mr. Mohammed Jassim Buzizi	Director	448,119	None	None
5	Mr. Adel Maskati	Director	56,508	None	None
3	Mr. Mohammed Husain Yateem (left on Oct 2021)	Director	1,783,153	810	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 staring 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	58	Mechanical Engineer	1974	• Y.K. Almoayyed & Sons Group–Chairman • Y.K. Almoayyed & Sons Property Co.–Chairman • Almoayyed Contracting 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	• Economic Development Board – Director • Real Estate Regulatory Authority (RERA), Bahrain – Representative of the Chamber of Commerce & Industry

						• Ibn Khuldoon National School-Chairman, Board of Trustees	
2	Mr. Fawzi Ahmed Kanoo	Non-Executive/ Non-Independent	51	Bachelor of Science in Bus. Administration, Southwest Texas State University, USA	1991	• Abdulrahman Jassim Kanoo co. • 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. • Yusuf Bin Ahmed Kanoo Co.,Ltd • 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 • Kanoo Travel Agency • Dar Al Bahrain Contracting Co.	None

						• Kanoo Property Management Co.	
4	Mr. Khalid Mohammed Kanoo	Non-Executive/ Non-Independent	52	Bachelor of Arts	1998	• Acacia Investment • AkzoNoble Sauid 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 • Family Investment Company • Gulf Travel Agency • Key Communications development company. • 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 Travel Agency • Mokan co. • Oasis Capital Bank • Obaikan Equipment & Services	None

						• Saudi Arabian Lube Additives co. • The K-Hotel – Bahrain • United Travel & Shipping Agency • Yusuf Bin Ahmed Kanoo Co. • Yusuf Bin Ahmed Kanoo (holding)	
5	Mr. Ahmed Janahi	Non-Executive/ Non-Independent	22	Bachelor Degree in Chemical Engineering and MBA	2016	• Sothern Tourism Co. • ARC Logistics Profile II Co. • Cranemere Group Limited • African & Eastern Co. • Bahrain Family Leisure Co.	None
6	Mr. Oliver Harnisch	Non-Executive/ Non-Independent	37	MBA MSc in organizational Behavior, CHA	2020	PIF SHC, Riyadh, KSA PIF HRC, Riyadh, KSA	None
7	Andrew Day	Non-Executive/ Non-Independent	30	HND, Business and finance & qualified pilot	Oct 2021	• Premier Inn Hotels Qatar • AV Holding • AV LLC • AV LGA LLC • Emirates CAE Flights Training LLC • Khoo Group of companies • Savero Distribution • Emirates Leisure Retail New Zealand • Prembev FZE • MMI Singaphore Pte • QOS Trading FZE • Garabedian Ethiopia • Premier Inn Hotels LLC	None

						• CCD (Nakheel) • TMMI • Independent Wines & Spirits (Thailand) Co LTD. • Emirates Leisure Retail Holding LLC • Emirates Leisure retail Australia Pty • Hudcom • Emirates Leisure Retail Singaphore Pte • ZMMI • Maritime & Mercantile International Holding LLC • Sirocco FZ • Spinneyes • OUA LLC.	
8	Mr. Khalid Taqi	Non-Executive/ Non-Independent	15	M.Sc. in Finance & B.Sc. in Finance	2018	• BNET • Batelco	None
9	Mr. Mohammed Jassim Buzizi	Non-Executive/ Independent	54	Higher National Diploma in Hospitality & Hotel Management UK	2007	• Tourism Services Company • Bahrain Airport Hotel Company	None
10	Mr. Adel Maskati	Non-Executive/ Independent	43	Master Degree in Engineering	2016	• United Paper Industries • Abu Dhabi National Paper Mill-UAE • Maskati Bros. & Co.	None

						• Jordan Bahrain Paper Industries Co. – Jordan • Al Wasat Publishing & Distribution Co. • Husain Mahdi Maskati & Sons • Al Maskati Investment WLL • Enmaa Investment Co. WLL	
11	Mr. Jassim Abdulaal	Non-Executive/ Independent	34	Member Institute of Chartered accountants in England and Wales (ICAEW)	2010	• Gulf Air	• LMRA – Audit Committee. • Health Insurance Fund

b. Description of the following:

1. No remunerations will be payable to the directors for the year 2021 BD 180,000 net off sitting fees

2. Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2021 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	7,500	5
3	Mr. Mohammed Husain Yateem (left)	Board	4,500	3
4	Mr. Khalid Mohammed Kanoo	Board	9,000	6
5	Mr. Ahmed Janahi	Board	9,000	6
6	Mr. Oliver Harnisch	Board	9,000	6
7	Mr. John Day	Board	3,000	2
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	1,200	3
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
5	Mr. Khalid Hussain Ali Mohammed Taqi	Executive	400	1
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	400	1
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. Jassim Abdulaal	CGC	800	2
	Adhoc Committee			
1	Fawzi Ahmed Ali Kanoo	Strategy	2,800	7
2	Ahmed Mohamed Ali Mohamed Janahi	Strategy	2,800	7
3	Olivier Harnisch	Strategy	2,800	7
4	Khalid Hussain Ali Mohammed Taqi	Strategy	2,800	7
5	Mohamed Jasim Mohamed Buzizi	Strategy	2,800	7
6	Jasim Hasan Yusuf Abdulaal	Strategy	2,800	7
7	Andrew John Day	Strategy		

Comprehensive statement of Chairman and Member of Board for 2021 (fees and Remuneration).

#	Board of Director	Setting Fee	Remuneration	Bonus Share	Expenses
1	Mr. Farouk Yousuf Almoayyed	11,400	22,500	-	-
2	Mr. Fawzi Ahmed Kanoo	12,300	17,500	-	-
3	Mr. Mohammed Husain Yateem	6,100	13,125	-	-
4	Mr. Khalid Mohammed Kanoo	10,200	17,500	-	-
5	Mr. Ahmed Janahi	14,600	17,500	-	-
6	Mr. Oliver Harnisch	11,800	17,500	-	-
7	Mr. John Day	3,000	4,375	-	-
8	Mr. Khalid Taqi	14,600	17,500	-	-
9	Mr. Mohammed Jassim Buzizi	14,600	17,500	-	18,000
10	Mr. Adel Maskati	10,600	17,500	-	-
11	Mr. Jassim Abdulaal	15,000	17,500	-	-
	Grand Total	**124,200**	**180,000**	-	**18,000**

*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 hence, the accrual was forwarded to year 2021.

c. Number and dates of the Board's meetings held during the financial year 2021, 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 →	28th Feb 2021	10th May 2021	4th Aug 2021	25th Aug 2021	10th Nov 2021	24th Nov 2021
1	Mr. Farouk Yousuf Almoayyed	Attend	Attend	Attend	Attend	Attend	Attend
2	Mr. Fawzi Ahmed Kanoo	Attend	Attend	Attend	-	Attend	Attend
3	Mr. Mohammed Husain Yateem	Attend	Attend	Attend	-	Left	Left
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	Attend	Attend
7	Mr. John Day (Joined -Oct 2021)	-	-	-	-	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:

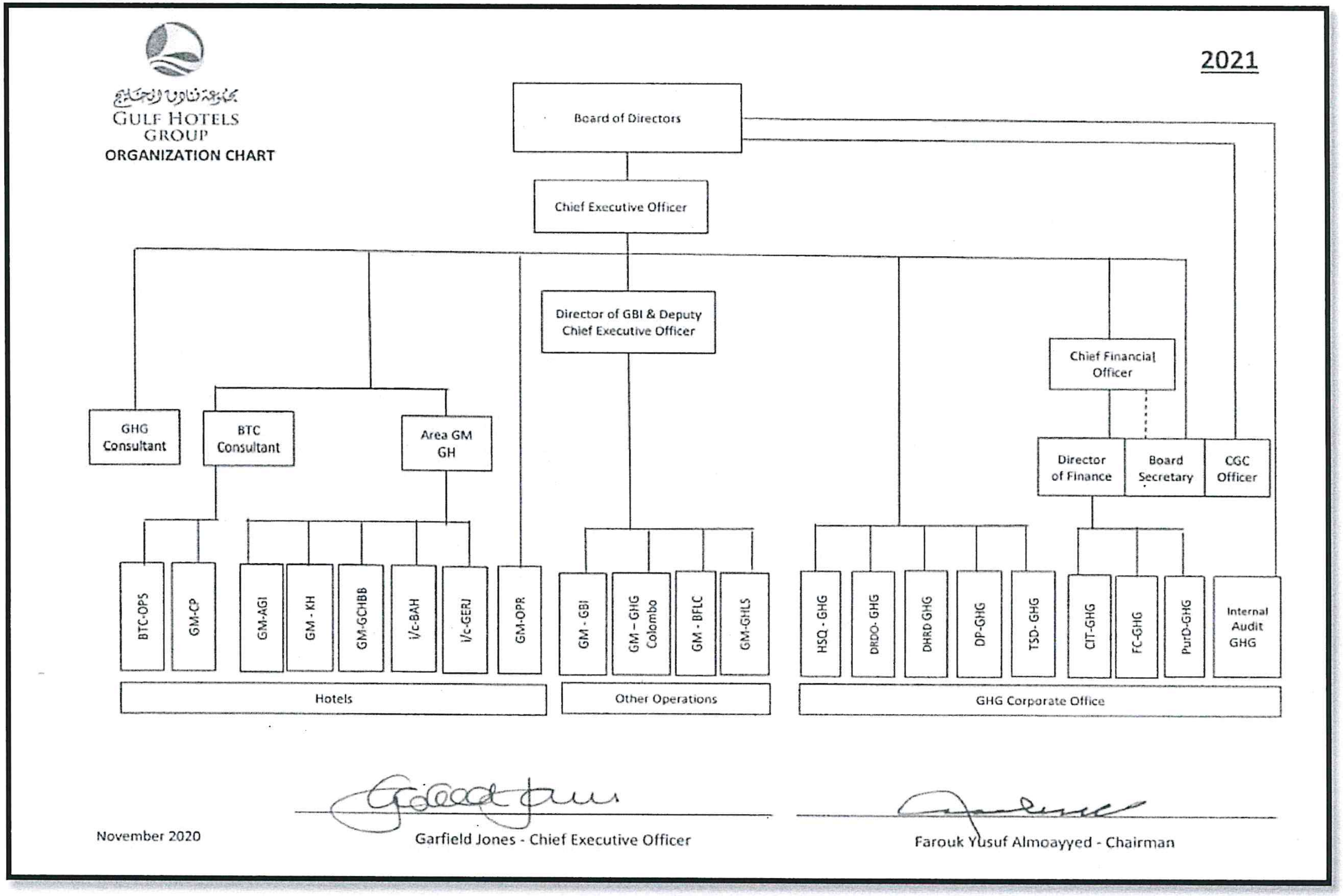
- The company strategy
- The annual budget
- Major resource allocations and capital investments
- Management responsibilities and training, development and succession plan for Senior Management.

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	347,057	129,893	125,331	389,892	-	57,030	2,917	37,186	5,382,000
Associates	310,861	82,753	-	-	968,812	26,666	690,658	35,209	-
Directors and related affiliates	39,205	45,009	-	-	-	52,931	-	2,852	-
Total	**697,123**	**257,655**	**125,331**	**389,892**	**968,812**	**136,627**	**693,575**	**75,247**	**5,382,000**

f. The Company's organizational structure:



g. Total remunerations paid to the key executive officers during the year 2021 is **BD 313,547**

Details	CEO	DECO	CFO	Total
Salaries	169,808	77,546	66,192	313,547
Bonus paid in 2021	-	-	-	-
Share in Profits	-		-	-
Attendance/ Representation Allowances	-		-	-
Expenses	-		-	-
Total	169,808	77,546	66,192	313,547

3. **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 2021, 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	4 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	3 year
Total audit fees for the financial statements for the year 2021 (BD)	BD 31,850
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2021 (BD) if any. In the absence of such fees, this shall be expressly stated. (fee against VAT Consultation)	6,600

4. **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 (left on Oct 2021)	Non-Executive/ Non-Independent
Mr. Fawzi Kanoo	Non-Executive/ Non-Independent
Mr. Ahmed Janahi	Non-Executive/ Non-Independent
Mr. Khalid Taqi	Non-Executive/ Non-Independent
Mr. Mohammed Buzizi	Non-Executive/ Independent

Name	25th Jan 2021	18th Apr 2021	12th Jul 2021	25th Oct 2021	15th Nov 2021
Mr. Mohammed Yateem (left on Oct 2021	Yes	Yes	Yes	Left	Left
Mr. Fawzi Kanoo	Yes	Yes	Yes	Yes	Yes
Mr. Ahmed Janahi	Yes	Yes	Yes	Yes	Yes
Mr. Khalid Taqi (Joint the com on Nov 2021)	-	-	-	-	Yes
Mr. Mohammed Buzizi	Yes	Yes	Yes	Yes	Yes

Total sitting fee paid to the Executive Committee members during 2021 amounted to BD 7,600/-.

5. 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. Andrew John Day	Non-Executive/ Non-Independent
Mr. Khalid Taqi	Non-Executive/ Non-Independent
Mr. Adel Maskati	Non-Executive/ Non-Independent

During the year ended 31st December 2021, 4 audit committee meetings were held. The following table summaries the information about committee meeting dates and attendance of the directors:

Name	25th Feb 2021	9th May 2021	1st Aug 2021	7th Nov 2021
Mr. Jassim Abdulaal	Yes	Yes	Yes	Yes
Mr. Khalid Kanoo	Yes	Yes	-	Yes
Mr. Khalid Taqi	Yes	Yes	Yes	Yes
Mr. Adel Maskati	Yes	Yes	Yes	Yes

Total sitting fee paid to the Audit Committee members during 2021 amounted to BD 6,000/-.

6. 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	24th Feb 2021	7th Nov 2021
Mr. Farouk Yousuf Almoayyed	Yes	Yes
Mr. Mohammed Yateem	Yes	Left
Mr. Ahmed Janahi	Yes	Yes
Mr. Khalid Taqi	Yes	Yes

Total sitting fee paid to the Investment Committee members during 2021 amounted to BD 2,800/-.

7. Nomination and Remuneration Committee (NRC)

Identify persons qualified to become members of the board of directors and senior executive management of the company, except for 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 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/ Independent
Mr. Jassim Abdulaal	Non-Executive/ Independent
Mr. Oliver Harnisch	Non-Executive/ Non-Independent

Name	24th Feb 2021	7th Nov 2021
Mr. Farouk Almoayyed	Yes	Yes
Mr. Mohammed Jassim Buzizi	Yes	Yes
Mr. Jassim Abdulaal	Yes	Yes
Mr. Oliver Harnisch	-	-

Total sitting fee paid to the Nominating & Remuneration Committee members during 2021 amounted to BD 2,400/-.

8. Corporate Governance Committee:

Corporate governance committee is an internal system that encompasses polices, 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. Oliver Harnisch	Non-Executive/ Non-Independent
Mr. Mr. Jassim Abdulaal	Non-Executive/ Independent

Name	24th Feb 2021	7th Nov 2021
Mr. Farouk Almoayyed	Yes	Yes
Mr. Jassim Abdulaal	Yes	Yes
Mr. Oliver Harnisch	-	-

Total sitting fee paid to the Corporate Governance Committee during 2021 amounted to BD 1,600/-.

9. Corporate Governance Officer:

Name	Qualification	Date of appointment	Contact Details

Shaheed Elaiwi	M.com	April 2018	Tel 17746466, Email: Shaheed.elaiwi@gulfhotelsgroup.com

10. Details of irregularities committed during the financial year

There were no irregularities committed or reported during the financial year 2021.

11. Cash and in-kind contributions made by the company during the year 2021.

#	Description	Cash in BHD and in Kind
1	SKAL 2021	1,000.00
2	AL MUSTAQBAL SOCIETY	500.00
3	BAHRAIN PHILANTHROPIC SOCIETY	5,000.00
4	Bahrain Society for SCD Patients care	2,000.00
5	Injaz Bahrain 2021	11,310.00
6	BAHRAIN ADHD SOCIETY	1,000.00
7	BAHRAIN DOWN SYNDROME SOCIETY	2,000.00
8	BAHRAIN ZAKA FUND	5,000.00
9	BAHRAIN ADHD SOCIETY	2,000.00
10	BAHRAIN HISTORICAL & ARCHAEOLOGIC	1,000.00
11	Future Society for youth	2,000.00
	Total Donations	**32,810.00**

a. **Shareholder equity as of 31st December 2021:**

Shareholder classification	**Shareholding %**			
	Individuals	**Corporate**	**Government or Organizations**	**Total**
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 holds 5% or more of the company share capital as at 31st December 2021:**

#	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)

c. **Category**

#	Shareholding (Share)	No of Shareholders	Number of Share held	Shareholding %
1	<50,000	3,514	9,488,322	4.19%
2	50,000 to 500,000	168	27,495,562	12.17%
3	500,000 to 5,000,000	38	52,421,079	23.20%
4	>5,000,000	8	136,589,900	60.44%

d. Significant events that occurred during the year 2021

No significant events occurred during the year 2021.

12. 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 though 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.

Principal 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 apart from 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 1 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.

<u>Conflict of interest:</u>

In 2021, 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, GHG 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. **<u>Any disclosures required by the regulatory authorities</u>.**

   No

Farouk Yousuf Almoayyed

Chairman of the Board

Gulf Hotels Group

GULF HOTELS GROUP
P. O. Box 580
Bahrain