

Corporate Governance Report for the year 2022

Gulf Hotels Group: 950

1. Description of the actions taken to complete the Corporate Governance Code during the year 2022 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 2022.

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 2022 according to the following table:

#	Name	Position/kinship	Shares held as at 31/12/2022	Total Sale Transaction	Total Purchase Transaction
1	Mr. Farouk Yousuf Almoayyed	Chairman	4,234,297	None	None
2	Mr. Fawzi Ahmed Kanoo	Vice Chairman	198,900	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. 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	59	Mechanical Engineer	1974	<ul style="list-style-type: none"> • 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 • Ibn Khuldoon National School- Chairman, Board of Trustees 	<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	52	Bachelor of Science in Business	1991	<ul style="list-style-type: none"> • Abdulrahman Jassim Kanoo co. • APM Terminal Bahrain 	None

				Administration, Southwest Texas State University, USA		<ul style="list-style-type: none"> • Bahrain Ship Repairing & Eng • National Bank of Bahrain • 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 • Hapag-Lloyd Bahrain Co. • Hapag-Lloyd Saudi Co. • United Travel & Shipping Agency • Kanoo Construction Co. Bahrain • Kanoo Travel Agency • Kanoo Peninsular Shipping Holding Co. (KPSH) W.L.L • Kanoo Property Management Co. 	
3	Mr. Khalid Mohammed Kanoo	Non-Executive/ Non-Independent	53	Bachelor of Arts	1998	<ul style="list-style-type: none"> • Acacia Investment • AkzoNoble Saudia Arabia • Arabian Pioneer Lines Shipping Services limited 	None

						<ul style="list-style-type: none"> • 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 • 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 • Moka co. • Saudi Arabian Lube Additives co. • The K-Hotel – Bahrain • United Travel & Shipping Agency • Yusuf Bin Ahmed Kanoo Co. WLL • Yusuf Bin Ahmed Kanoo (holding) Co. (Closed) • Yusuf Bin Ahmed Kanoo Company Limited KSA 	
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						<ul style="list-style-type: none"> • Yusuf Bin Ahmed Kanoo (LLC) Dubai • Kanoo Property Management Company WLL • Yusuf Bin Ahmed Kanoo(Holdings) Limited – DIFC • Kanoo Global Travel Holding Limited – DIFC • Kanoo Industrial Co. Ltd KSA 	
4	Mr. Ahmed Janahi	Non-Executive/ Non-Independent	23	Bachelor Degree in Chemical Engineering and MBA	2016	<ul style="list-style-type: none"> • ARC Logistics Profile II Co. • Cranemere Group Limited • African & Eastern Co. • Bahrain Family Leisure Co. 	None
5	Mr. Oliver Harnisch	Non-Executive/ Non-Independent	38	MBA MSc in organizational Behavior, CHA	2020	PIF SHC, Riyadh, KSA PIF HRC, Riyadh, KSA RAK Hospitality, UAE SAAC Jeddah, KSA	None
6	Andrew Day	Non-Executive/ Non-Independent	31	HND, Business and finance & qualified pilot	2021	<ul style="list-style-type: none"> • Bramerton condiments ltd • Longbottom Ltd • VIN DU Ltd 	None
7	Mr. Khalid Taqi	Non-Executive/ Non-Independent	16	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/ Independent	55	Higher National Diploma in Hospitality & Hotel	2007	<ul style="list-style-type: none"> • Tourism Services Company • Bahrain Airport Hotel Company 	None

				Management UK			
9	Mr. Adel Maskati	Non-Executive/ Independent	44	Master Degree in Engineering	2016	<ul style="list-style-type: none"> • United Paper Industries • Abu Dhabi National Paper Mill- UAE • Maskati Bros. & Co. • Jordan Bahrain Paper Industries Co. – Jordan • Al Wasat Publishing & Distribution Co. • Husain Mahdi Maskati & Sons • Al Maskati Investment WLL • Enmaa Investment Co. WLL 	None
10	Mr. Jassim Abdulaal	Non-Executive/ Independent	32	Member Institute of Chartered accountants in England and Wales (ICAEW)	2010	<ul style="list-style-type: none"> • Bahrain Financial Harbour Holding Co BSC@ • Financial Centre Development Co BSC @ 	<ul style="list-style-type: none"> • LMRA – Audit Committee. • Health Insurance Fund

b. There is no representation of women in GHG Board.

c. Description of the following:

1. Total Remunerations paid to the directors for the year 2022 BD 180,000.
2. The proposed total remunerations to be paid to the directors for the year 2022, which will be presented at the annual general meeting for approval.

3. Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2022 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	6,000	4
2	Mr. Fawzi Ahmed Kanoo	Board	6,000	4
3	Mr. Khalid Mohammed Kanoo	Board	3,000	2
4	Mr. Ahmed Janahi	Board	6,000	4
5	Mr. Oliver Harnisch	Board	6,000	4
6	Mr. Andrew John Day	Board	6,000	4
7	Mr. Khalid Taqi	Board	6,000	4
8	Mr. Mohammed Jassim Buzizi	Board	6,000	4
9	Mr. Adel Maskati	Board	6,000	4
10	Mr. Jassim Abdulaal	Board	6,000	4
1	Mr. Fawzi Ahmed Kanoo	Executive	2,000	5
2	Mr. Ahmed Janahi	Executive	2,000	5
3	Mr. Mohammed Jassim Buzizi	Executive	2,000	5
4	Mr. Khalid Taqi	Executive	2,000	5
1	Mr. Jassim Abdulaal	Audit	1,600	4
2	Mr. Khalid Mohammed Kanoo	Audit	1,600	4
3	Mr. Adel Maskati	Audit	1,600	4
4	Mr. Andrew Day	Audit	1,600	4
1	Mr. Farouk Yousuf Almoayyed	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
4	Mr. Oliver Harnisch	NRC	800	2
1	Mr. Farouk Yousuf Almoayyed	CGC	800	2
2	Mr. Jassim Abdulaal	CGC	800	2
3	Mr. Oliver Harnisch	CGC	800	2
1	Mr. Fawzi Ahmed Kanoo	SC	800	2
2	Mr. Ahmed Janahi	SC	800	2
3	Mr. Khalid Taqi	SC	800	2
4	Mr. Olivier Harnisch	SC	800	2
5	Mr. Andrew John Day	SC	800	2
6	Mr. Mohammed Jassim Buzizi	SC	800	2
7	Mr. Jassim Abdulaal	SC	800	2

Comprehensive statement of Chairman and Member of Board for 2022 (fees and Remuneration).

#	Board of Director	Setting Fee	Remuneration	Bonus Share	Expenses
1	Mr. Farouk Yousuf Almoayyed	8,400	22,500	-	-
2	Mr. Fawzi Ahmed Kanoo	8,800	17,500	-	-
3	Mr. Khalid Mohammed Kanoo	4,600	17,500	-	-
4	Mr. Ahmed Janahi	9,600	17,500	-	-
5	Mr. Oliver Harnisch	8,400	17,500	-	2,963
6	Mr. Andrew John Day	8,400	17,500		1,996
7	Mr. Khalid Taqi	9,600	17,500	-	-
8	Mr. Mohammed Jassim Buzizi	9,600	17,500	-	18,000
9	Mr. Adel Maskati	7,600	17,500	-	-
10	Mr. Jassim Abdulaal	10,000	17,500	-	-
	Grand Total	85,000	180,000	-	22,959

- d. Number and dates of the Board's meetings held during the financial year 2022, 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 →	27 th Feb 2022	9 th May 2022	10 th Aug 2022	13 th Nov 2022
1	Mr. Farouk Yousuf Almoayyed	Yes	Yes	Yes	Yes
2	Mr. Fawzi Ahmed Kanoo	Yes	Yes	Yes	Yes
3	Mr. Khalid Mohammed Kanoo	Yes	Yes	No	No
4	Mr. Ahmed Janahi	Yes	Yes	Yes	Yes
5	Mr. Oliver Harnisch	Yes	Yes	Yes	Yes
6	Mr. John Day	Yes	Yes	Yes	Yes
7	Mr. Khalid Taqi	Yes	Yes	Yes	Yes
8	Mr. Mohammed Jassim Buzizi	Yes	Yes	Yes	Yes
9	Mr. Adel Maskati	Yes	Yes	Yes	Yes
10	Mr. Jassim Abdulaal	Yes	Yes	Yes	Yes

- e. 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.

f. 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
Major shareholders and their affiliates	527,404	318,660	239,377	77,167	-	82,047	2,917	54,147
Associates	241,409	48,757	38,366	-	1,662,411	13,755	680,658	16,288
Directors and related affiliates	53,983	60,696	-	-	-	7,150	-	26,685
Total	843,796	428,113	277,743	77,167	1,662,411	102,952	683,575	97,060

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- h. Total remunerations paid to the key executive officers during the year 2022 is **BD 572,448**

Details	CEO	CFO	GMVP	DFBS	DRDO	TSD	Total
Salaries	169,808	68,380	95,109	45,637	41,710	35,759	456,403
Bonus paid in 2022	66,000	13,475	18,095	6,783	5,696	5,996	116,045
Share in Profits	-	-	-	-	-	-	-
Attendance/ Representation Allowances	-	-	-	-	-	-	-
Expenses	-	-	-	-	-	-	-
Total	235,808	81,855	113,204	52,420	47,406	41,755	572,448

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 2022, 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	5 years
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	4 years
Total audit fees for the financial statements for the year 2022 (BD)	BD 31,850
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2022 (BD) if any. In the absence of such fees, this shall be expressly stated. (fee against VAT Consultation)	6,600

5. Executive committee

Reviews, 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. 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	24 th Jan 2022	26 th Apr 2022	27 th Jul 2022	16 th Oct 2022	3 rd Nov 2022
Mr. Fawzi Kanoo	Yes	Yes	Yes	Yes	Yes
Mr. Ahmed Janahi	Yes	Yes	Yes	Yes	Yes
Mr. Khalid Taqi	Yes	Yes	Yes	Yes	Yes
Mr. Mohammed Buzizi	Yes	Yes	Yes	Yes	Yes

Total sitting fee paid to the Executive Committee members during 2022 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/ Independent
Mr. Khalid Kanoo	Non-Executive/ Non-Independent
Mr. Adel Maskati	Non-Executive/ Independent
Mr. Andrew John Day	Non-Executive/ Non-Independent

During the year ended 31st December 2022, 4 audit committee meetings were held. The following table summarizes the information about committee meeting dates and attendance of the directors:

Name	23 rd Feb 2022	8 th May 2022	4 th Aug 2022	10 th Nov 2022
Mr. Jassim Abdulaal	Yes	Yes	Yes	Yes
Mr. Khalid Kanoo	Yes	Yes	Yes	Yes
Mr. Adel Maskati	Yes	Yes	Yes	Yes
Mr. Andrew Day	Yes	Yes	Yes	Yes

Total sitting fee paid to the Audit Committee members during 2022 amounted to BD 6,400/-.

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. Ahmed Janahi	Non-Executive/ Non-Independent
Mr. Khalid Taqi	Non-Executive/ Non-Independent

Name	8 th Mar 2022	19 th Oct 2022
Mr. Farouk Yousuf Almoayyed	Yes	Yes
Mr. Ahmed Janahi	Yes	Yes
Mr. Khalid Taqi	Yes	Yes

Total sitting fee paid to the Investment Committee members during 2022 amounted to BD 2,400/-.

8. 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	8 th Mar 2022	19 th Oct 2022
Mr. Farouk Almoayyed	Yes	Yes
Mr. Mohammed Jassim Buzizi	Yes	Yes
Mr. Jassim Abdulaal	Yes	Yes
Mr. Oliver Harnisch	Yes	Yes

Total sitting fee paid to the Nominating & Remuneration Committee members during 2022 amounted to BD 3,200/-.

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. Oliver Harnisch	Non-Executive/ Non-Independent
Mr. Mr. Jassim Abdulaal	Non-Executive/ Independent

Name	8 th Mar 2022	19 th Oct 2022
Mr. Farouk Almoayyed	Yes	Yes
Mr. Jassim Abdulaal	Yes	Yes
Mr. Oliver Harnisch	Yes	Yes

Total sitting fee paid to the Corporate Governance Committee during 2022 amounted to BD 2,400/-.

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 2022.

12. Cash and in-kind contributions made by the company during the year 2022.

#	Description	Cash in BHD and in Kind
1	Bahraini Catalyst Disabilities Association	1,000
2	SKAL	1,000
3	Al Areen Wild Park	1,000
4	Bahrain Mobility International	1,000
5	Childcare Homes	1,000
6	Bahrain Association for Parents & friends of Disabilities	1,000
7	Muharraq Social Welfare Centre	2,000
8	Bahrain Deaf Society	1,000
9	Bahrain Parents Care Society	1,000
10	Bahrain Society For The Prevention of Cruelty To Animals	1,000
11	The Friendship Society For The Blind	1,000
12	The Saudi-Bahraini Institute For The Blind	1,000
13	Uco Parents Care Center	1,000
14	Injaz Bahrain	11,310
15	Arab Asian Weighting-Championship	5,000
16	Dar Alkarama For Social Welfare	500
	Total Donations	30,810

a. Shareholder equity as of 31st December 2022:

Shareholder classification	Shareholding %			
	Individuals	Corporate	Government or Organizations	Total
Local	21.31%	62.57%	12.97%	96.85%
Arab	3.0%			3.00%
Foreign	0.15%			0.15%
Total	24.46%	62.57%	12.97%	100%

b. Shareholder who holds 5% or more of the company share capital as of 31st December 2022:

#	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	3,491	9,241,693	4.09%
2	50,000 to 500,000	171	28,514,677	12.62%
3	500,000 to 5,000,000	38	51,486,086	22.78%
4	>5,000,000	8	136,752,407	60.51%

d. Significant events that occurred during the year 2022

No significant events occurred during the year 2022.

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	

Farouk Yousuf Almoayyed

Chairman of the Board

Gulf Hotels Group