



CORPORATE GOVERNANCE DISCLOSURE

(i) Board, Board Members and Management

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 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.

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.

Election system of directors and termination process

Election/ reelection of Board members take place every three years at the meeting of the Shareholders. Termination of a Board member's mandate usually occurs by dismissal at the meeting of the Shareholders or by the member's resignation from the Board of Directors.

CORPORATE GOVERNANCE DISCLOSURE

(i) Board, Board Members and Management (continued)

Directors trading of company shares

The Directors did not trade in any shares during the year ended 31 December 2013.

Code of conduct and procedures adopted by the Board for monitoring compliance

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 Bahrain Family Leisure Company code of Business conduct and a company Whistleblower policy to monitor compliance with company ethics.

The Code of Conduct provides clear directions on conducting business internationally, interacting with governments, communities, business partners and general workplace behavior having regard to the best practice corporate governance models. The Code of Conduct sets out a behavioral framework for all employees in the context of a wide range of ethical and legal issues. The Code of Conduct will be published in the 'Corporate Governance' section of the Company's website.

The Board of Directors consists of 7 members as of 31 December 2013.

The Board has been elected in March 2013 for a period of 3 years.



CORPORATE GOVERNANCE DISCLOSURE

(i) Board, Board Members and Management (continued)

The following table summarizes the information about the profession and business title of the current Board members;

Name of Board Member	Profession	Business Title	Executive / non executive Independent / non independent	Experience in years	Qualification
1 Mr. Abdul Latif Khalid Al Aujan	Businessman	Chairman	Non Executive / Independent	44	University Degree in Commerce - England
2 Mr. Aqeel Raees	CEO Gulf Hotels Group	Vice-Chairman/ Managing Director	Executive / Non Independent	39	College Diploma in Catering and Hotel Management from Brighton Technical College in London - England
3 Mr. Adel Salman Kanoo	Businessman	Director	Non Executive / Independent	29	Master Degree in Business Administration and MSC Air Transport Management.
4 Mr. Bashar Mohd Alhasan	Businessman	Director	Non Executive / Independent	36	Bachelor Degree - Economics
5 Mr. Sharif Mohd Ahmadi	Businessman	Director	Non Executive / Independent	36	Bachelor Degree - Electrical Engineering
6 Mr. Garfield Jones	Deputy CEO Gulf Hotels Group	Director	Executive / Non Independent	32	HCIMA Part B Professional Qualification
7 Mr. Suresh Surana	CFO Gulf Hotels Group	Director	Executive / Non Independent	34	Commerce Graduate & Chartered Accountant from India (ICAI)

CORPORATE GOVERNANCE DISCLOSURE

(i) Board, Board Members and Management (continued)

	Name of board member	Number of Directorships in Listed Companies
1	Mr. Abdul Latif Khalid Al Aujan	Nil
2	Mr. Aqeel Raees	Nil
3	Mr. Adel Salman Kanoo	Nil
4	Mr. Bashar Mohd Alhasan	Nil
5	Mr. Sharif Mohd Ahmadi	Nil
6	Mr. Garfield Jones	Nil
7	Mr. Suresh Surana	Nil
8	Mr. Christophe Marziale**	Nil

**Resigned effective October, 2013

The Company should hold a minimum of 4 Board meetings during each year. During the year ended 31 December 2013, 5 Board meetings were held. The following table summarizes the information about Board of Directors meeting dates and attendance of directors at each meeting;

	Names of Directors Present	24-Feb	13-May	29-Jul	28-Oct	09-Dec
1	Mr. Abdul Latif Khalid Al Aujan	√	√	√	√	√
2	Mr. Aqeel Raees	√	√	√	√	√
3	Mr. Adel Salman Kanoo	√	√	√	√	√
4	Mr. Bashar Mohd Alhasan	√	√	√	√	√
5	Mr. Sharif Mohd Ahmadi	√	×	√	√	√
6	Mr. Garfield Jones	×	√	√	√	×
7	Mr. Suresh Surana	√	√	√	√	√
8	Mr. Christophe Marziale**	√	√	√	×	×

**Resigned effective October, 2013

Remuneration policy

Total Remuneration paid to the Board BD 9,000 as Basic Fee



CORPORATE GOVERNANCE DISCLOSURE

(i) Board, Board Members and Management (continued)

The following table summarizes the information about the profession and business title of each of the Executive Management;

Name of Executive Member	Designation	Profession	Business Title	Experience	Qualification
Mr. Peter Lyons	General Manager	Administration	GM	18	Law Degree/ BSC Food Sciences/ CPD Training
Mr. K T Pauly	Financial Controller	Administration	FC	30	Commerce Graduate
Mr. Marlon Talamayan	Operation Manager	Operations	OPN	19	Bachelor Degree - Civil Engineering
Mr. Renjith Pillai	HR & Admn Manager	Administration	HRM	21	MBA - HR & Post Graduate in Journalism

The total remuneration paid to the executive management is BD 45,313

CORPORATE GOVERNANCE DISCLOSURE

(ii) Committees

The following table summarizes the information about Board Committees, their members and objectives:

<u>Audit Committee</u>	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.	Mr. Suresh Surana	Executive / Non Independent
		Mr. Bashar Mohd Alhasan	Non-Executive / Independent
		Mr. Garfield Jones	Executive / Non Independent
		Mr. Christophe Marziale**	Executive / Non Independent

** Resigned effective October, 2013

The Company should hold a minimum of 4 Audit committee meetings during each year. During the year ended 31 December 2013, 4 Audit committee meetings were held. The following table summarizes the information about committee meeting dates and attendance of directors at each meeting;

	24 February	12 May	29 July	27 October
Mr. Suresh Surana	√	√	√	√
Mr. Bashar Mohd Alhasan	√	√	√	√
Mr. Garfield Jones	×	×	√	√
Mr. Christophe Marziale**	√	√	√	×

** Resigned effective October, 2013

Total remuneration paid to the Audit Committee members during 2013 is BD 3,950 as basic fee

<u>Nominating Committee</u>	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. Determining 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.	Mr. Abdul Latif Khalid Al Aujan	Non-Executive / Independent
		Mr. Adel Salman Kanoo	Non-Executive / Independent



CORPORATE GOVERNANCE DISCLOSURE

(ii) Committees (continued)

Remuneration Committee	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.	Mr. Sharif Mohd Ahmadi	Non-Executive / Independent
		Mr. Suresh Surana	Executive / Non Independent

The Company should hold a minimum of 2 Nominating and Remuneration committee meetings during each year. During the year ended 31 December 2013, 1 Nominating and Remuneration committee meetings was held. The following table summarizes the information about committee meeting dates and attendance of directors at the meeting;

	28-Oct
Mr. Abdul Latif Khalid Al Aujan	√
Mr. Adel Salman Kanoo	√
Mr. Sharif Mohd Ahmadi	√
Mr. Suresh Surana	√

Total remuneration paid to the Nominating & Remuneration Committee members during 2013 is BD 1,050 as basic fee

CORPORATE GOVERNANCE DISCLOSURE

(iii) Corporate Governance

Corporate governance code

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour. 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 Whistleblower policy to monitor compliance with company ethics.

We confirm that the below mentioned requirements regarding corporate governance requirements as prescribed by the Central Bank of Bahrain are in the process of being complied with:

Requirement	Rulebook reference	Status
Formal charter and terms of Reference for the board	HC – 1.2.3/1.2.4/1.2.11	In the process of being complied with
Appointment letter for each board member	HC – 1.2.9	
Orientation course for each new director	HC – 4.5	
Review of company strategy by the board on regular basis	HC - 1.2.2/1.2.3	
Formal succession plan and monitoring/evaluation of senior management performance	HC - 4.2.1/6.3.5/1.2.7	
Review of compliance with applicable regulations	HC – 2.2.1	
Formal evaluation of the Board and each Committee	HC – 1.9.1	
Formal conflict of interest policy and procedures	HC – 2.3.2	
Formal induction training to each new director	HC – 4.5.1	
Nomination and Remuneration committee should meet at least twice a year	HC – 2.3.2	
Management structure should at minimum appoint CEO	HC – 6.2.1	Board appointed MD to oversee the day to day operation of the Company.
Specific section dedicated on Company's website for shareholders rights and posting of significant documents for view	HC – 7.2.4	We are upgrading our website to post the company financials



CORPORATE GOVERNANCE DISCLOSURE

Changes to the Company corporate governance guidelines

None

Compliance with the corporate governance code

"The Board of directors has adopted the corporate governance code and a company Whistle blower policy to monitor compliance with company ethics.

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Conflict of interest:

In 2013, no instances of conflict of interest have arisen. In the instance of a conflict of interest arising 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 concerned Board member(s) also refrain from voting in any instance where a conflict of interest shall arise.

Evaluation of Board and Chairman Performance

This is discussed in the Annual General Meeting and will also be taken up as Part of Corporate Governance Code.

Means of communication with shareholders and investors

The Company is committed to providing relevant and timely information to its shareholders in accordance with its continuous disclosure obligations under the Corporate Governance Code.

Information is communicated to shareholders through the distribution of the Company's Annual Report and other communications. All releases are posted on the Company's website and released to the shareholders in a timely manner.

The Company Secretary is responsible for communications with the Shareholders and ensuring that the Company meets its continuous disclosure obligations.

Management of principal risks and uncertainties faced by the Company

The Board as a whole and management are assessing the risk from time to time. Board of Directors discuss and take proper measures for risks faced by the Company.

CORPORATE GOVERNANCE DISCLOSURE

Review of internal control processes and procedures

The Review of Internal control process and procedures is performed regularly by the company's internal auditors to ensure efficiency.