



الشركة البحرينية للترفيه العائلي ش.م.ب.

BAHRAIN FAMILY LEISURE COMPANY B.S.C.

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محل رقم ٤، مبنى ١٨٠، مجمع ٢٤٦، طريق ٢٤٥
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Corporate Governance Report for the year 2022

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 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 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.

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
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The Directors, their spouses and sons did not trade in company shares during the year ended 31 December 2022.





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3- Composition of the Board:

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

The following table summarizes the information about the profession and business title & Composition of the current Board members:

<u>Name of Board Member</u>	<u>Profession</u>	<u>Business Title</u>	<u>Non-executive / Independent</u>	<u>Experience in years</u>	<u>Qualification</u>
1 Mr. Abdul Latif Khalid Al Aujan	Businessman	Chairman	Independent	53	University Degree in Commerce - England
2 Mr. Ahmed Janahi	Senior Director	Vice-Chairman	Non- Executive	23	Bachelor Degree in Chemical Engineering and MBA
3 Mr. Garfield Jones	CEO - Gulf Hotels Group	Managing Director	Non- Executive	41	HCIMA Part B Professional Qualification
4 Mr. Adel Salman Kanoo	Businessman	Director	Independent	38	Master Degree in Business Administration and MSC Air Transport Management.
5 Mr. Bashar Mohd Alhasan	Businessman	Director	Independent	45	Bachelor Degree - Economics
6 Mr. Sharif Mohd Ahmadi	Businessman	Director	Independent	45	Bachelor Degree - Electrical Engineering
7 Mr. Charbel Sarkis	CFO Gulf Hotels Group	Director	Non- Executive	35	MBA from University of Melbourne





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The following table summarizes the information about the current Board members title, year of first election/appointment & number of years in the Board. Chairman of the Board hereby confirm to the shareholders that the Directors performance evaluation prove that the re-elected person's performance continues to be effective and carry on to demonstrate commitment to the role.

Name	Title	Nationality	First Election/ Appointment Date	Last Election/ Appointment Date	Total number of years in the Board 31-12-2022	Non-Executive/ Independent
1 Mr. Abdul Latif Khalid A-Aujan	Chairman	Bahraini	1994	23.03.2022	28 Years	Independent
2 Mr. Ahmed Janahi	Vice Chairman	Bahraini	2021	23.03.2022	2 Years	Non- Executive
3 Mr. Garfield Jones	Managing Director	British	2012	23.03.2022	10 Years	Non- Executive
4 Mr. Adel Salman Kanoo	Director	Bahraini	2000	23.03.2022	22 Years	Independent
5 Mr. Bashar Mohd Alhasan	Director	Bahraini	1997	23.03.2022	25 Years	Independent
6 Mr. Sharif Mohd Ahmadi	Director	Bahraini	2003	23.03.2022	19 Years	Independent
7 Mr. Charbel Sarkis	Director	Lebanese	2020	23.03.2022	3 Years	Non- Executive

As of 31 December 2022, BFLC has no women representation in the Board. However, we are committed to ensure Women representation in the Board through next election cycle.





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Name of Board Member

Mr. Abdul Latif Khalid Al Aujan

Mr. Ahmed Janahi

Mr. Garfield Jones

Mr. Adel Salman Kanoo

Mr. Bashar Mohd Alhasan

Mr. Sharif Mohd Ahmadi

Mr. Charbel Sarkis

Number of Directorships in Listed Companies

Nil

One

Nil

Nil

Nil

Nil

Nil





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b)

1. Total remunerations paid to the directors for the year 2022 is BD Nil.
2. No remuneration proposed for the directors for the year 2022.
3. Total meeting attendance fee, paid to the Board Members, is amounted to BD 39,050/- during the year 2022.

c) 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.

	Names of Directors Present	16-Feb	10-May	03-Aug	02-Nov	02-Nov	22-Nov	01-Dec
1	Mr. Abdul Latif Khalid Al Aujan	✓	✓	✓	✓	✓	✓	✓
2	Mr. Ahmed Janahi	✓	✓	✓	✓	✓	✓	✓
3	Mr. Garfield Jones	✓	✓	✓	✓	✓	✓	✓
4	Mr. Adel Salman Kanoo**	✓	x	x	✓	✓	✓	x
5	Mr. Bashar Mohd Alhasan	✓	✓	✓	✓	✓	✓	✓
6	Mr. Sharif Mohd Ahmadi	✓	✓	✓	✓	✓	✓	✓
7	Mr. Charbel Sarkis	✓	✓	✓	✓	✓	x	✓

Total fee paid to the Board members during 2022 amounted to BD 23,200/- as meeting attendance fees.

** Dir. Adel Salman Kanoo meeting attendance is equating to 57% and as per HC-1.3.7- Individual board members must attend at least 75% of all board meetings in a given financial year to enable the board to discharge its responsibilities effectively.

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.



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Board and Directors' Responsibilities

The Board of Directors are 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.





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e) Details of transactions with related parties (stakeholders), indicating the nature of 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.

A summary of related party transactions as on 31st December 2022 is as follows:

Related party	Related party relationship	Type of transaction	Year ended 31 December 2022	Year ended 31 December 2021
Directors	Directors	Attendance fees for attending Board meetings	39,050	39,300
Key management personnel	Key management personnel	Salaries and other short-term benefits	26,256	24,776
Gulf Hotels Group	Shareholder	AGM meeting hall rent etc. Staff expenses	758 1,263	489 nil
Abdul Latif Al Aujan Food International	Common Shareholder	Purchase of food items	14,211	5,593
Bahrain Gas W.L.L.	Common Shareholder	Purchase of cooking gas Purchase of kitchen equipment	3,730	3,439





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A summary of related party balances are as follows:

Related party relationship	31 December 2022	31 December 2021
Gulf Hotels Group B.S.C.	160	167
Abdul Latif Al Aujan Food International	5,281	1,330
Bahrain Gas W.L.L.	343	1,631
	5,784	3,138



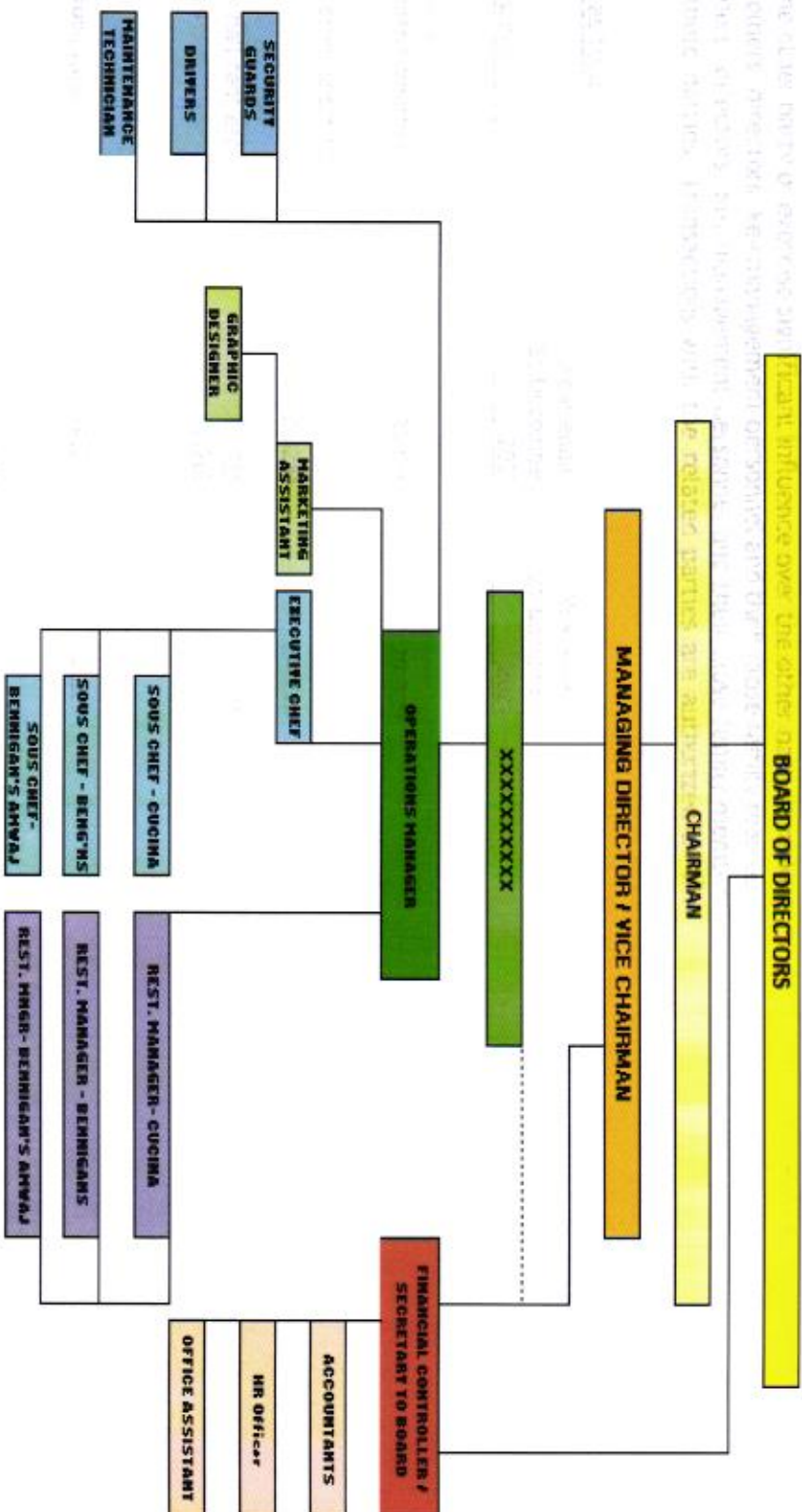


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f) The Company's organizational structure, including the first and second grades at a minimum and including the Company's Board of Directors, general manager and/or Managing Director and managers.





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g) Total remunerations paid to the key executive officers (the top two employees), including salaries, benefits, allowances, increases, stock options, end-of-service benefits, pensions, etc.

<u>Name of Executive Member</u>	<u>Designation</u>	<u>Profession</u>	<u>Business Title</u>	<u>Experience</u>
Mr. K T Pauly	Financial Controller & Board Secretary	Administration	FC & BS	39

The total remuneration paid to the executive management for the year 2022 amounted to BD 26,256/-.





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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	BDO
Years of Service as the Company's external Auditor	Since 2002, 21 years
Name of the partner in charge of the Company's audit	Mr. Nath Venkitachalam
The partner's Years of service as the partner in charge of the Company's audit	Three years
Total Audit fees for the financial statements for the year 2022 (in BD)	The information will be kept at corporate office as confidential and will produce on request after approval of Board of Directors.
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2022.	Nil





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5. Audit Committee:

a) Names, competences and duties of the audit committee's members.

Audit Committee	Reviews the internal audit program and internal control system, considers major findings of internal audit reviews, investigations, risk management and managements response. Ensures coordination among the internal and external auditors.	Mr. Charbel Sarkis	Non-Executive
		Mr. Bashar Mohd Alhasan	Independent
		Mr. Garfield Jones	Non- Executive

b) Number and dates of meetings held by the audit committee during the year to discuss issues related to financial statements and any other matters and the number of times members attended the meetings in person

	15 - February	27 - April	01 - Aug	01 - Nov.
Mr. Charbel Sarkis	✓	✓	✓	✓
Mr. Bashar Mohd Alhasan	✓	✓	✓	✓
Mr. Garfield Jones	✓	✓	✓	✓

Total fee paid to the Audit Committee members during 2022 amounted to BD 4,400/- as meeting attendance fee.





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6. Nomination & Remuneration, Corporate Governance Committee (NR & CG):

a) Names, competences and duties of the NRC committee's members:

<u>Nomination & Remuneration, Corporate Governance 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. 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.		
	Mr. Abdul Latif Khalid Al Aujan	Independent	
	Mr. Ahmed Janahi	Non-Executive	
	Mr. Adel Salman Kanno	Independent	
	Mr. Sharif Mohd Ahmadi	Independent	
	Mr. Charbel Sarkis	Non-Executive	

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.





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b) Number and dates of meetings held by the committee during the financial year and the number of times members attended the meetings in person.

Mr. Abdul Latif Khalid Al Aujan
Mr. Ahmed Janahi
Mr. Adel Salman Kanoo
Mr. Sharif Mohd Ahmadi
Mr. Charbel Sarkis

	10 - May	02 - November
Mr. Abdul Latif Khalid Al Aujan	✓	✓
Mr. Ahmed Janahi	✓	✓
Mr. Adel Salman Kanoo	X	✓
Mr. Sharif Mohd Ahmadi	✓	✓
Mr. Charbel Sarkis	✓	✓

Total fee paid to the Nominating & Remuneration Committee members during 2022 amounted to BD 3,250/- as meeting attendance fees.

7. Corporate governance officer's name, qualifications, date of appointment, and contact details.

Name	Qualification	Date of Appointment	Contact Details
Mr. K T Pauly	Commerce Graduate	11 th August, 2020	Tele: 39730151 / 17292973 Fax: 17294676 e-mail: finance@bflc.com.bh





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8. Details of any irregularities committed during the financial year, their causes (if any), and the plan to address them in order to avoid future recurrence.

There were no irregularities committed or reported during the financial year 2022.

9. Description of the cash and in-kind contributions made by the Company during the year 2022 for the purpose of community development and environment preservation (In the absence of contributions, it should be stated that the Company did not make any contributions), indicating the recipients of these contributions.

There were no cash and in-kind contributions made by the Company during the year 2022.

a. Statement of shareholders' equity as of 31/12/2022 (individuals, corporate, government or organizations) to be classified as follows: Local, Gulf, Arab, and foreign.

SHARE HOLDING %				
Shareholder Classification	Individuals	Corporate	Government or Organizations	Total
Local	39.300%	49.350%	0.25%	88.90%
Arab	10.128%	0.972%	-	11.10%
Foreign	-	-	-	-
Total	49.428%	50.322%	0.25%	100.00%





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b. Description of the shareholders who hold 5% or more of the Company's share capital, indicating the name of the natural person who holds the shares, the final beneficiary, as at 31/12/2022 as follows:

No natural person holding company shares 5% or more of the company's share capital as at 31st December 2022.

c. Description of how shareholders are distributed according to their respective shareholding as at 31/12/2022 as follows:

Serial Number	Shareholding (Share)	No. of Shareholders	Number of Shares held	Shareholding %
1	<50,000	812	3,315,647	8.289%
2	50,000 to 500,000	111	16,694,023	41.735%
3	500,000 to 5,000,000	7	9,890,330	24.726%
4	>5,000,000	1	10,100,000	25.250%
	Total	931	40,000,000	100.00%

d. Description of the significant events that occurred during the year 2022.

No significant events occurred during the year 2022.





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10.

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

Principle	Non-compliant	Partially Compliant	Fully Compliant	Explanation in case of non-compliance
Principle 1: The Company shall be headed by an effective, qualified and expert board.		Yes		Explained Below
Principle 2: The directors and executive management shall have full loyalty to the company.			Yes	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.		Yes		Explained Below
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors			Yes	
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly.			Yes	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, powers, roles and responsibilities.		Yes		Explained Below
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			Yes	
Principle 8: The Company shall disclose its corporate governance.			Yes	





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Principle 9: Companies which offer Islamic services shall adhere to the principles of Islamic Sharia. ***

Principle 10: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.

Principle 11: The Company shall seek through social responsibility to exercise its role as a good citizen.

*** Applicable only to the companies offering Islamic services.

Bahrain Family Leisure Company 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, the Company's Articles of Association (AOA) does not contain requirements for executive, non-executive and independent directors. Out of seven directors, four of them are independent directors. Mr. Garfield Jones is the Managing Director of the Company. Though Mr. Garfield Jones bears the title of Managing Director, the management of the day-to-day activities in practice is entrusted with the Management of the Company. The role of the Managing Director is the individual assigned by the Board to be the first point of contact between the Executive Management and the Board. The majorities (75%) of directors including the Chairman of the Committee are independent directors, and hence, the Board does not perceive a dilution of the independence and objectivity of the Board/Audit Committee. Rather, the inclusion of a non-executive director will provide valuable insights and a different perspective to the committee. The Company is in the process of amending the AOA.





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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 a non-executive director. The Chairman of the Audit Committee is also a member of Nomination and Remuneration Committee and Corporate Governance 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.

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 Company has not appointed a CEO and as per the Company structure, Mr. Garfield Jones is the managing director of the Company. The Board of Directors has not performed an annual review of succession plan for Managing Director. The Company does not have a CEO and the Financial Controller performs the duties that are commensurate to those of a CEO.

Principle 11:

The Company shall seek through social responsibility to exercise its role as a good citizen.

Principle 11 requires from the Company to formulate a corporate social responsibility policy and disclose the corporate social responsibility activities in the annual report. However, the Company does not formulate a corporate social responsibility policy and have not disclosed the corporate social responsibility activities in the annual report. The Company will formulate a policy for the corporate social responsibility.

Bahrain Family Leisure Company 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:





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(1) HC 1.4.6A of the CBB Rule Book Volume 6 relating to Corporate Governance requires that the Chairman and/or Deputy Chairman (of the Board) must not be the same person as the Chief Executive Officer. Mr. Garfield Jones is the Managing Director. As per HC B.3.3 "CEO" means a Company's Chief Executive Officer. Also, HC 3.2.4 of the CBB Rule Book volume 6 relating to Corporate Governance requires that the CEO must not be a member of the audit committee. Mr. Garfield Jones (Managing Director) is a member of the Audit Committee.

Though Mr. Garfield Jones bears the title of Managing Director, the management of the day-to-day activities in practice is entrusted with the Executive Management of the Company. The role of the Managing Director is the individual assigned by the Board to be the first point of contact between the Executive Management and the Board. The majorities (75%) of directors including the Chairman of the Board are independent directors, and hence, the Board does not perceive a dilution of the independence and objectivity of the Board/Audit Committee. Rather, the inclusion of an non-executive director will provide valuable insights and a different perspective to the committee.

(2) HC 7.4.4 of the CBB Rule Book Volume 6 relating to Corporate Governance requires a Company should dedicate a specific of its website to describing shareholders' rights to participate and vote to at each shareholders meeting and should post significant documents relating to meetings including the full text of notices and minutes. There is a section on the Company's website for describing shareholder's rights. Full text of notices and minutes of AGM are also posted on the website. Notice and agenda of AGM is also available on Bahrain Bourse website.

(3) HC 3.2.1 of the CBB Rule Book Volume 6 relating to Corporate Governance requires the Chairman of Audit Committee to be an independent director. The current chairman of the Audit Committee is a non-executive director.

(4) HC 1.3.5 of the CBB Rule Book Volume 6 relating to Corporate Governance requires that the Board must have no more than 15 members and no less than 5 members considering the representation of women and men in the formation of the Board. As of 31 December 2022, BFLC has no women representation in the Board. However, we are committed to ensure Women representation in the Board through next election cycle.

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.

Whistle Blower Policy

The Board of directors has adopted the corporate governance code and a company Whistle blower 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 behaviour having regard to the best practice corporate governance models. The Code of Conduct sets out a behavioural 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.



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Conflict of interest:

In 2022, 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.

11. Any disclosures required by the regulatory authorities.

No

Abdul Latif Khalid Al Aujan

Mr. Abdul Latif Khalid Al Aujan
Chairman of the Board
Date: 08/02/2023

