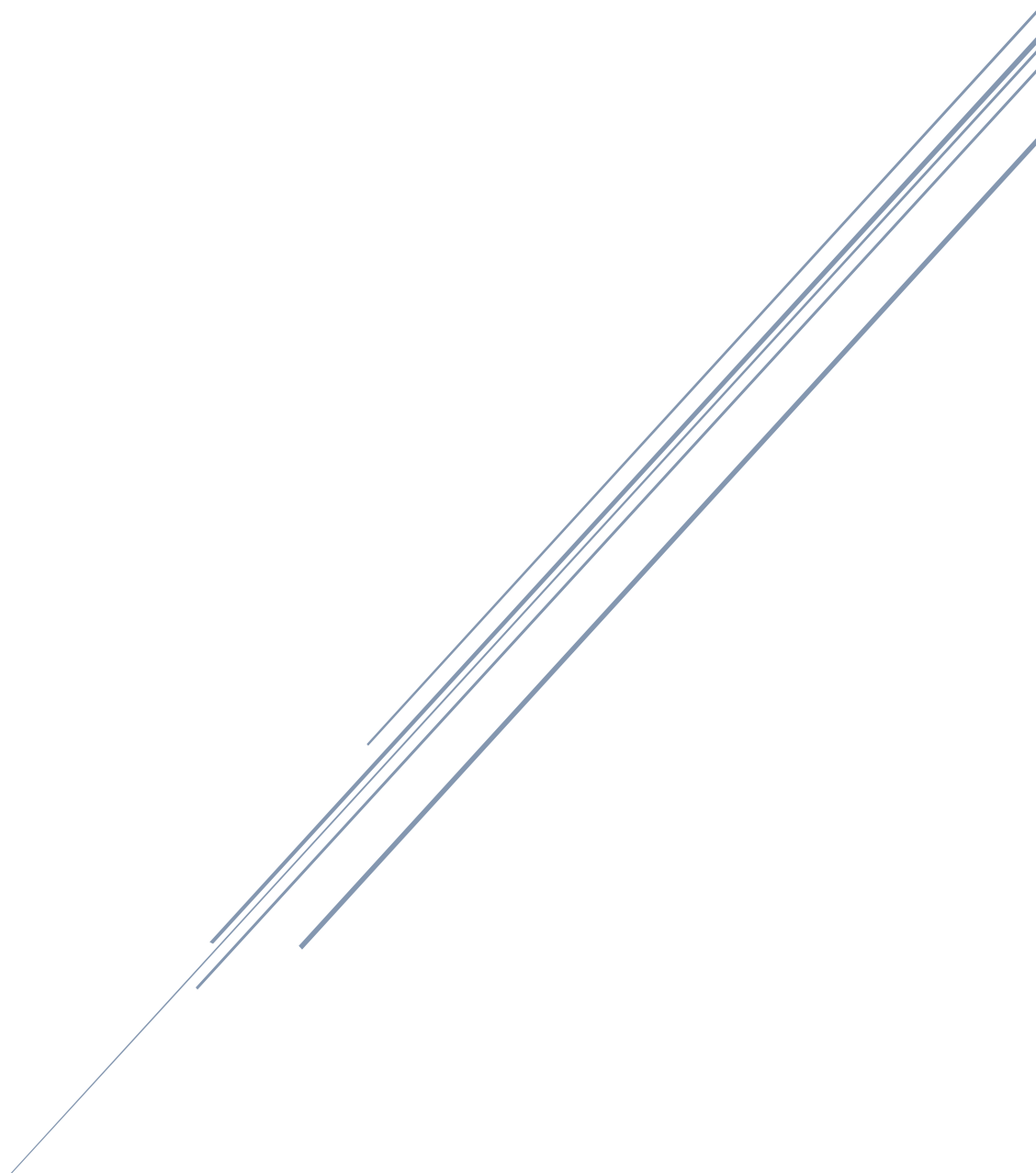




CORPORATE GOVERNANCE REPORT

For the year 2020



Corporate Governance Report

Corporate Governance is about promoting corporate fairness, transparency and accountability. It is a continuous process which aims at transforming corporations into more democratic entities with a view to enhance responsible corporate management geared towards long term value creation. Bahrain Car Parks Company is committed to continuously reviewing and enhancing its corporate governance policies.

SHAREHOLDERS

Ownership structure as of 31 December 2020

	Shareholder name	No. of shares	Shareholding	Category
1	Bahrain Real Estate Investment (Edamah)	40,000,000	36.26%	Local Corporate
2	Social Insurance Organization	37,033,490	33.57%	Local Corporate
3	Kuwaiti Real Estate & Commercial Centre Co.	15,000,000	13.60%	Kuwait Corporate
4	Public	18,283,740	16.57%	Local and Arab Individual and Corporate

Shareholding distribution 2020

Category (shares)	No. of shares	No. of shareholders	Shareholding
Less than 50,000	3,211,225	1,263	2.91%
50,000 to 500,000	5,398,746	43	4.89%
500,000 to 5,000,000	24,723,769	7	22.42%
Above 5,000,000	76,983,490	3	69.78%
Total	110,317,230	1,316	100%

BOARD OF DIRECTORS

Board Charters

During 2020, the board reviewed and approved the amendments to the company's Corporate Governance Charter in light of the Corporate Governance Code of the Ministry of Industry, Commerce and Tourism and the company's Articles of Association to ensure compliance and completeness of the governance framework. The Corporate Governance Charter clearly defines the terms of reference of the board and individual committees.

Board Composition

The existing board of directors was appointed in July 2019 and consists of 10 members, none of which is executive and 3 of which are independent. Section 2.5 of the company's Corporate Governance Charter states that the size of the board must be 10 directors at a minimum at all times. The board members of Bahrain Car Parks Company come from diverse disciplines; hence forming an excellent mix which is essential



Corporate Governance Report

to effective governance. Collectively, the board members demonstrated independent and objective judgement throughout the year. The status of each director was reviewed in terms of independence and number of directorships for the year 2020 with no exceptions noted.

Board Responsibilities

The primary role of the board is to provide entrepreneurial leadership to achieve the company's goals through the implementation of strategic initiatives and ultimately maximizing the value of shareholders. The Corporate Governance Charter defines, in addition to fiduciary duties, the responsibilities of the board which mainly fall under: 1) vision and strategy, 2) management oversight, 3) financial and investment matters, 4) governance, risk and compliance management, 5) communication with stakeholders, and 6) delegation.

Independence of Directors

An independent director, as defined in the Corporate Governance Code, is a non-executive director who is fully independent in his position and decisions, and none of the independence invalidity cases mentioned in paragraph (3) of Annex 1 of the Corporate Governance Code is applicable. The Directors have disclosed their interests for the year ended 31 December 2020; the independence has also been reviewed for independent members who met all the independence requirements.

Non-executive Board Members

31 December 2020

Amin Ahmed Alarrayed	Chairman
Abdulla Ahmed Kamal	Vice Chairman
Yaser Abduljalil Alsharifi	Board Member
Fahad Abdulrahman Alsaad	Board Member
Areej Abdulla Abdulghaffar	Board Member
Bader Kassim Buallay	Board Member
Wael Ezzeldeen Arafa	Board Member

All existing directors were elected for a three-year term on 18 July 2019

Independent Board Members

31 December 2020

Mohamed Rasheed Almaraj	Board Member
Ali Eajaz Murtaza	Board Member
Adnan Habib Hashim	Board Member

All existing directors were elected for a three-year term on 18 July 2019

Where the Corporate Governance Code requires that the chairpersons of the board, the audit committee and the nomination, remuneration, and corporate governance committees should be independent, the board of Bahrain Car Parks Company elected to have non-independent members to assume these roles based on the expertise and skills required for effective leadership. More information on this is available under the compliance section of this report.

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Board Evaluation

Board evaluation is a crucial element of effective governance aimed at identifying strengths and weaknesses of the top-level leadership, enhancing the efficiency of board operations, implementing plans for future development and reassuring stakeholders, specifically shareholders, that the board is committed to continuous improvement.

In December 2020, the Corporate Governance Officer administered the annual board evaluation which was completed on a self-assessment basis. It was focused on evaluating the performance of the 1) board as a whole, 2) individual board committees, and 3) individual board members.

The results of the evaluation were very good and shall be presented to the shareholders during the upcoming Annual General Meeting as part of the corporate governance agenda item.

Board Compensation

In addition to the sitting fees paid to the board members for attending the board and committee meetings, directors' remuneration is paid in accordance with Article 188 of Bahrain Commercial Companies Law. Details of the amounts paid during the year ended 31 December 2020 are outlined in the table below:

	2020	2019
Sitting fees	BD41,000	BD35,000
Directors' remuneration	BD25,272	BD25,272

Board Meetings and Attendance

According to section 1.7 of the company's Corporate Governance Charter, 1) individual board members can only be absolved from their actions in a given financial year if they attend 75% of the board meetings, which was the case during the year 2020, 2) the board may convene using any means of teleconferencing, 3) a quorum of at least 50% is required for the meeting to be valid, 4) resolutions shall be passed by a simple majority of present members, 5) circular resolutions, except for the approval of the financial statements, may be adopted and shall only be valid with a unanimous vote.

Board Attendance Schedule 2020

		Feb 26 (P)	Jun 10 (V)	Aug 10 (V)	Nov 9 (V)	Jul 23 (UV)
Amin Ahmed Alarrayed	Chairman	✓	✓	✓	✓	✓
Abdulla Ahmed Kamal	Vice Chairman	✓	✓	✓	✓	✓
Yaser Abduljalil Alsharifi	Board Member	✓	✓	✓	✓	✓
Adnan Habib Hashim	Board Member	✓	✓	✓	✓	✓
Ali Eajaz Murtaza	Board Member	✓	✓	✓	✓	✓
Areej Abdulla Abdulghaffar	Board Member	✓	✓	✓	✓	✓
Bader Kassim Buallay	Board Member	✓	✓	✓	✓	✓
Fahad Abdulrahman Alsaad	Board Member	✓	✓	✓	✓	✓
Mohamed Rasheed Almaraj	Board Member	✓	✓	✓	✓	✓
Wael Ezzeldeen Arafa	Board Member	✓	✓	✓	✓	✓

Attendance mode and category: In person (P) | Virtual (V) | Unpaid virtual meeting (UV)

Corporate Governance Report

BOARD COMMITTEES

Consistent with the industry's best practice, the board has established three committees with clear terms of reference set out in separate charters in the company's approved Corporate Governance Charter. The main role of the committees is to assist the board in looking at specific matters that require specialized areas of expertise and accordingly provide recommendations to the board for approval. The general rules, according to the Corporate Governance Charter, 1) committees must consist of a minimum of three directors, 2) committees shall have four meetings at a minimum during the financial year, 3) participation in committee meetings via virtual means of communication is allowed.

Executive Committee

The role of the Executive Committee is to implement the Board's fiduciary, strategic, and progressive plans, policies, and decisions consistent with the organization's vision, mission and values. During 2020, the Executive Committee had four official meetings in addition to a number of progress meetings held to ensure implementation of key strategic initiatives.

Executive Committee Attendance Schedule 2020

		Feb 3 (P)	Apr 28 (V)	Jul 15 (V)	Oct 13 (V)	Aug 19 Oct 7 Dec 23 (UV)
Abdulla Ahmed Kamal	Chairman	✓	✓	✓	✓	✓
Ali Ejaz Murtaza	Committee Member	✓	✓	✓	✓	✓
Bader Kassim Buallay	Committee Member	✓	✓	✓	✓	✓
Mohamed Rasheed Almaraj	Committee Member	✓	✓	✓	✓	✓

Attendance mode and category: In person (P) | Virtual (V) | Unpaid virtual meeting (UV)

Audit Committee

The role of the Audit Committee is focused on the financial reporting process, the system of internal controls, the external and internal audit process, and the monitoring of compliance with the company's policies, code of conduct and the applicable laws and regulations.

Audit Committee Attendance Schedule 2020

		Feb 19 (P)	Jun 3 (V)	Jul 28 (V)	Oct 27 (V)	Oct 19 (UV)
Yaser Abduljalil Alsharifi	Chairman	✓	✓	✓	✓	✓
Adnan Habib Hashim	Committee Member	✓	✓	✓	✓	✓
Areej Abdulla Abdulghaffar	Committee Member	✓	✓	✓	✓	✓

Attendance mode and category: In person (P) | Virtual (V) | Unpaid virtual meeting (UV)

Nomination, Remuneration and Corporate Governance Committee

The role of the Nomination, Remuneration and Corporate Governance Committee is to develop and recommend the framework for the nomination of board membership and selection of executive directors, periodically review the board size and composition and the organizational structure, review the board



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induction and evaluation processes, develop and review the remuneration policies of the board and senior management, and improve and monitor the implementation of the corporate governance framework.

NRCG Committee Attendance 2020

		Feb 12 (P)	May 4 (V)	Jul 21 (V)	Oct 20 (V)
Amin Ahmed Alarrayed	Chairman	✓	✓	✓	✓
Fahad Abdulrahman Alsaad	Committee Member	✓	✓	✓	✓
Wael Ezzeldeen Arafa	Committee Member	✓	✓	✓	✓

Attendance mode and category: In person (P) | Virtual (V)

EXECUTIVE MANAGEMENT

The Chief Executive Officer of Bahrain Car Parks Company with the senior management team lead the day-to-day operations and collaborate with the rest of the team to achieve the objectives set out by the board. On a yearly basis, the organizational and governance structure is reviewed by the board.

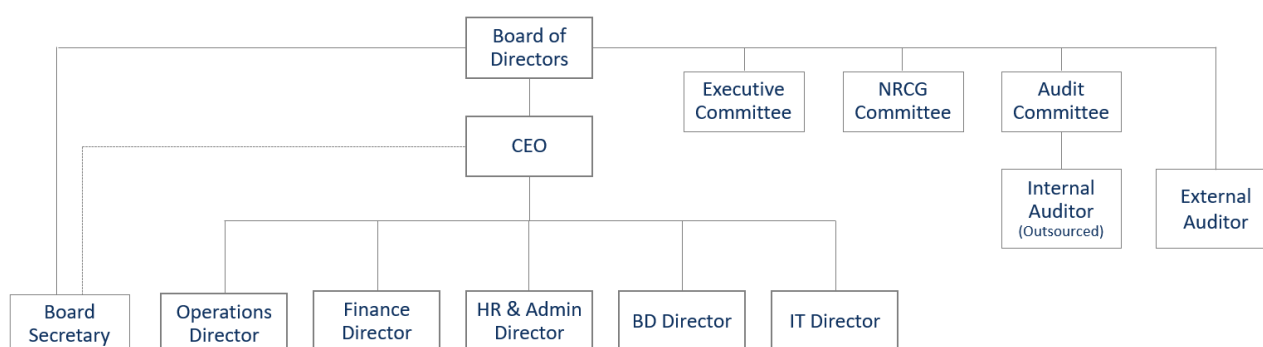
Name	Position
1 Tariq Ali Aljowder	Chief Executive Officer
2 Aqeel Hasan Abdulrahim	Operations Director
3 Mahmood Husain Yasin ⁽¹⁾	Finance Director
4 Hassan Ali Alshoala ⁽²⁾	Finance Director

⁽¹⁾ Resigned in October 2020

⁽²⁾ Joined in December 2020

Governance Structure

31 December 2020



Corporate Governance Report

INTERNAL CONTROLS, POLICIES AND PROCEDURES

Conflict of Interest and Related Party Transactions

With regards to conflict of interest, directors should notify the board in writing as soon as they become aware of any potential conflict of interest. Also, they are given the opportunity in each board meeting to disclose new or amended conflicts of interest.

Consistent with the Corporate Governance Code and the company's Corporate Governance Charter, the board should unanimously and formally approve any related party transaction. Details of approved transactions are included in note 29 of the financial statements for the year ended 31 December 2020, which shall be reported to the shareholders in the upcoming Annual General Meeting.

Related Party Transactions

31 December 2020

Transaction	Nature of relationship	Name of related party	Amount (BD)
Other car parks income	Shareholder	Bahrain Real Estate Investment (Edamah) B.S.C (c)	51,778
Lease rent expenses	Shareholder	Bahrain Real Estate Investment (Edamah) B.S.C (c)	128,501
Directors' remuneration	Key management personnel	Key management personnel	25,272
Directors' sitting fees	Key management personnel	Key management personnel	39,000
Salaries and bonuses to key management personnel	Key management personnel	Key management personnel	267,507
Long-term benefits to key management personnel	Key management personnel	Key management personnel	4,490

Code of Conduct

The Code of Conduct was approved by the board in June 2020. This code sets out the minimum standards of behavior that are expected across the company from all employees and senior management. It covers areas related to ethical decision making, confidentiality and insider trading, conduct with competitors and suppliers, public communications, financial crime, data protection and relationship with different stakeholders.

Whistleblowing Policy

The Whistleblowing Policy was approved by the board in June 2020. The purpose of this policy is to encourage a culture where misconduct is not tolerated and the Code of Conduct and the company's policies are respected and adhered to.

In the event where employees are faced with or become aware of any actions or behaviors that would qualify as misconduct, they are encouraged to report these incidents to the Chairman of the Audit Committee or in exceptional circumstances, the Chairman of the board.



Corporate Governance Report

Corporate Governance Officer

The Corporate Governance Officer is responsible of carrying out the tasks related to ensuring and verifying the company's compliance with the corporate governance laws, regulations and resolutions issued by the regulatory bodies. Bahrain Car Parks Company appointed Ms. Fatima Altajir as the company's Corporate Governance Officer in October 2020. Ms. Altajir holds a B.SC. in Accounting.

ANNUAL GENERAL MEETING

It is the responsibility of the Board of Directors to report to the shareholders on the following matters for their approval during the Annual General Meeting:

- Board of Directors' report of the company's business and activities
- Audited financial statements
- Board's recommendation in relation to the allocation of net profit
- Board's recommended remuneration
- Company's Corporate Governance Report
- Related party transactions

APPOINTMENT AND REMUNERATION OF THE EXTERNAL AUDITOR

For public joint stock companies, the Corporate Governance Code requires that the external auditor is appointed for a term of one financial year, to be renewed for similar periods not exceeding five consecutive financial years; the external auditor may not be appointed thereafter except after the lapse of two consecutive financial years. Additionally, the partner responsible for auditing the company shall be rotated once every three years at a maximum. Details about the company's external auditor are outlined in the table below.

Details of the Company's External Auditor for 2020

Audit firm	BDO
Term of service as the company's external auditor	18 years
Name of the partner in charge	Mr. Nath Venkitachalam
Partner's years of service at the audit firm	3 years
Total audit fees for the financial statements for the year 2020	Can be provided upon request after the approval of the Board of Directors
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2020	BD 3,800

Corporate Governance Report

COMPLIANCE

Through the Comply or Explain Approach

The company has been continuously improving its governance charters, policies and practices to achieve full compliance with the Corporate Governance Code. The implementation of the code is based on the comply or explain approach, where the company in the case on non-compliance should provide a valid justification.

Compliance with the Principles of the Corporate Governance Code

	Non-compliant	Partially compliant	Fully compliant	Explanation
Principle 1: The company shall be headed by an effective, collegial and expert board		✓		See note 1 below
Principle 2: The directors and executive management shall have full loyalty to the company			✓	
Principle 3: The board shall have rigorous controls for financial audit and reporting, internal control, and compliance with the law		✓		See note 2 below
Principle 4: The company shall have effective procedures for appointment, training, and evaluation of the directors		✓		See note 3 below
Principle 5: The company shall remunerate directors and senior officers fairly and responsibly		✓		See note 4 below
Principle 6: The board shall establish a clear and efficient management structure for the company and define the job titles, powers, roles and responsibilities			✓	
Principle 7: The company shall communicate with shareholders, encourage their participation, and respect their rights			✓	
Principle 8: The company shall disclose its corporate governance		✓		See note 5 below
Principle 9: Companies which offer Islamic services shall adhere to the principles of Islamic Shari'a			N/A	
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	✓			See note 6 below

Corporate Governance Report

Explanation of Non-Compliance Items

			Reasons for non-compliance
Note 1	Principle 1	The Chairman of the board shall be an independent director	Considering the new strategic direction set forth by the board, the Chairman, who is non-independent, was elected based on the expertise and skills required for effective leadership and governance.
Note 1	Principle 1	New directors shall receive a formal induction to introduce the company and the senior management team	There were no additional appointments of board directors in 2020. Where the company has not yet finalized its board induction program, board members are presented with all the information they need to make well-rounded decisions and have access to the senior management through the Chairman of the Audit Committee.
Note 2	Principle 3	Majority of the Audit Committee members and the Chairman of the committee shall be independent	The Audit Committee consists of two non-executive members and one independent member with the Chairman being non-independent. Considering the nature of the board's composition, appointed vs. independent, the board decided to elect the committee members and Chairman who have the expertise and skills required to fulfill the committee's duties.
Note 3	Principle 4	Majority of the Nomination Committee members and the Chairman of the committee shall be independent	The NRCG Committee consists of non-executive members; all are non-independent. Considering the nature of the board's composition, appointed vs. independent, the board decided to elect the committee members and Chairman who have the expertise and skills required to fulfill the committee's duties.
Note 3	Principle 4	New directors shall receive a formal induction to introduce the company and the senior management team	There were no additional appointments of board directors in 2020. Where the company has not yet finalized its board induction program, board members are presented with all the information they need to make well-rounded decisions and have access to the senior management through the Chairman of the Audit Committee.
Note 4	Principle 5	Majority of the Remuneration Committee members and the Chairman of the committee shall be independent	The NRCG Committee consists of non-executive members; all are non-independent. Considering the nature of the board's composition, appointed vs. independent, the board decided to elect the committee members and Chairman who have the expertise and skills required to fulfill the committee's duties.
Note 5	Principle 8	All Corporate Governance Committee members shall be independent	The NRCG Committee consists of non-executive members; all are non-independent. Considering the nature of the board's composition, appointed vs. independent, the board decided to elect the committee members and Chairman who have the expertise and skills required to fulfill the committee's duties.
Note 6	Principle 11	The company shall seek through social responsibility to exercise its role as a good citizen	Although the company has not yet designed a strategy for social responsibility, it is considered one of the pioneers in supporting people with special needs in the Kingdom. Additionally, during 2020, the company contributed to the relief campaign "Feena Khair" in support of the government efforts in the face of Covid19, and provided 24/7 free parking to the Bahrain Response Team at the hotline 444 starting March 2020.