



Corporate Governance Report

For the year 2021

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 (Amakin) is committed to continuously reviewing and enhancing its corporate governance practices.

Shareholders

Ownership Structure as at 31 December 2021

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

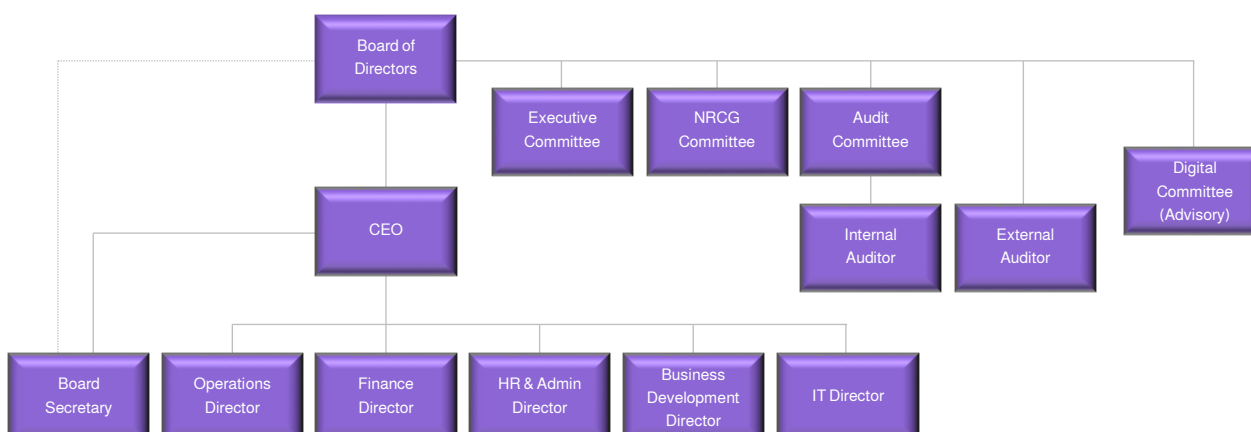
Shareholding Distribution 2021

| Category (shares) | No. of shares | No. of shareholders | Shareholding |
|----------------------|--------------------|---------------------|--------------|
| Less than 50,000 | 3,216,343 | 1,265 | 2.92% |
| 50,000 to 500,0000 | 5,400,440 | 41 | 4.89% |
| 500,000 to 5,000,000 | 24,716,957 | 11 | 22.41% |
| Above 5,000,000 | 76,983,490 | 3 | 69.78% |
| Total | 110,317,230 | 1,320 | 100% |

Governance Structure

31 December 2021

The organizational and governance structure is reviewed by the board on an annual basis.



Board of Directors

Board Charters

During 2021, the board reviewed and approved the amendments to the company's Corporate Governance Charters in line with the Corporate Governance Code of the Ministry of Industry, Commerce and Tourism (MOICT) and Volume 6 of the Central Bank of Bahrain's Rulebook on Capital Markets to ensure compliance and completeness of the governance framework. The Corporate Governance Charters clearly define the terms of reference of the board and 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 4.1.1 of the company's Corporate Governance Charters states that the size of the board must be 10 directors at a minimum at all times. The board members of Amakin come from diverse disciplines, hence forming an excellent mix which is essential 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 2021 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 Charters define 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 2021; the independence has also been reviewed for independent members who met all the independence requirements.

Board Term

All members of the existing board of directors were appointed and elected for a three-year term starting 18 July 2019 and ending 17 July 2022.

Non-executive Board Members 31 December 2021

| | Name | Role | Qualifications | Shareholding |
|---|----------------------|---------------|---|--------------|
| 1 | Amin Ahmed Alarrayed | Chairman | MBA and Bachelor's Degree in Economics | - |
| 2 | Abdulla Ahmed Kamal | Vice Chairman | ACCA, IIA, APRM and Bachelor's Degree in Accounting | - |

| | | | | |
|---|----------------------------|--------------|---|---|
| 3 | Yaser Abduljalil Alsharifi | Board Member | Bachelor's Degree in Business Administration | - |
| 4 | Areej Abdulla Abdulghaffar | Board Member | Master's Degree in Finance and Investment and Bachelor's Degree in Accounting and Finance | - |
| 5 | Bader Kassim Buallay | Board Member | Bachelor's Degree in Computing and Accounting and Finance, CFA, CAIA | - |
| 6 | Fahad Abdulrahman Alsaad | Board Member | Doctorate degree in Business Administration, MBA and Bachelor's Degree in Industrial Accounting | - |
| 7 | Wael Ezzeldeen Arafa | Board Member | Master's Degree in Finance and Bachelor's Degree in Commerce and Business Administration | - |

Independent Board Members 31 December 2021

| | Name | Role | Qualifications | Shareholding |
|---|-------------------------|--------------|---|--------------|
| 1 | Adnan Habib Hashim | Board Member | MBA, FCCA | - |
| 2 | Ali Eajaz Murtaza | Board Member | MBA, Bachelor's Degree in Finance and DMIS | - |
| 3 | Mohamed Rasheed Almaraj | Board Member | Bachelor's Degree in Finance and Accounting | - |

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 Amakin 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.

Board Performance Evaluation

The board completed the annual self-evaluation for the year 2021. 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, which were satisfactory, were reviewed by the nomination, remuneration and corporate governance committee. A summary will be presented to the shareholders at the upcoming Annual General Meeting.

Board Meetings and Attendance

According to section 4.1.6 of the company's Corporate Governance Charters, 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 2021, 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 2021

| | Name | Role | Feb 24 | May 9 | Aug 3 | Nov 9 | Dec 9 |
|----|----------------------------|---------------|--------|-------|-------|-------|-------|
| 1 | Amin Ahmed Alarrayed | Chairman | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2 | Abdulla Ahmed Kamal | Vice Chairman | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3 | Yaser Abduljalil Alsharifi | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Adnan Habib Hashim | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| 5 | Ali Eajaz Murtaza | Board Member | ✓ | ✓ | ✓ | ✓ | ✗ |
| 6 | Areej Abdulla Abdulghaffar | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| 7 | Bader Kassim Buallay | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| 8 | Fahad Abdulrahman Alsaad | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| 9 | Mohamed Rasheed Almaraj | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |
| 10 | Wael Ezzeldeen Arafa | Board Member | ✓ | ✓ | ✓ | ✓ | ✓ |

All meetings were held virtually

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 and is subject to the shareholders' approval at the Annual General Meeting. Details of these amounts for the year 2021 are outlined in the table below:

| | Name | Fixed remuneration | | | | Variable remuneration | | | | End-of-service award | Total (without expense allowance) | Expense allowance | | |
|------------------------------|-------------------------|--|---|----------|-------|-----------------------|--|-------|-----------------|----------------------|--------------------------------------|-------------------|-------|-------|
| | | Chairperson and board members remuneration | Total sitting fees for board and committee meetings | Salaries | Other | Total | Chairperson and board members remuneration | Bonus | Incentive plans | | | | Other | Total |
| Independent directors | | | | | | | | | | | | | | |
| 1 | Adnan Habib Hashim | - | 4,500 | - | - | 4,500 | 2,407 | - | - | - | 2,407 | - | 6,907 | - |
| 2 | Ali Eajaz Murtaza | - | 4,000 | - | - | 4,000 | 2,407 | - | - | - | 2,407 | - | 6,407 | - |
| 3 | Mohamed Rasheed Almaraj | - | 5,500 | - | - | 5,500 | 2,407 | - | - | - | 2,407 | - | 7,907 | - |

| Non-executive / Non-independent directors | | | | | | | | | | | | | | |
|---|-----------------------------|---|-------|---|---|-------|-------|---|---|---|-------|---|-------|---|
| 1 | Amin Ahmed Alarrayed | - | 5,750 | - | - | 5,750 | 3,609 | - | - | - | 3,609 | - | 9,359 | - |
| 2 | Abdulla Ahmed Kamal* | - | 4,500 | - | - | 4,500 | 2,407 | - | - | - | 2,407 | - | 6,907 | - |
| 3 | Yaser Abduljalil Alsharifi | - | 4,500 | - | - | 4,500 | 2,407 | - | - | - | 2,407 | - | 6,907 | - |
| 4 | Areej Abdulla Abdulghaffar* | - | 4,500 | - | - | 4,500 | 2,407 | - | - | - | 2,407 | - | 6,907 | - |
| 5 | Bader Kassim Buallay* | - | 4,500 | - | - | 4,500 | 2,407 | - | - | - | 2,407 | - | 6,907 | - |
| 6 | Fahad Abdulrahman Alsaad | - | 4,500 | - | - | 4,500 | 2,407 | - | - | - | 2,407 | - | 6,907 | - |
| 7 | Wael Ezzeldeen Arafa | - | 4,500 | - | - | 4,500 | 2,407 | - | - | - | 2,407 | - | 6,907 | - |

* Board members representing the Social Insurance Organization receive the fixed remuneration only, the variable remuneration is paid to SIO.

Board Committees

Consistent with MOICT's Corporate Governance Code and best practice, Amakin's board has four committees with clear terms of reference set out in separate charters in the company's approved Corporate Governance Charters. 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 Charters, 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 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 2021

| | Name | Role | Feb 1 | Apr 21 | Jul 15 | Oct 13 |
|---|-------------------------|------------------|-------|--------|--------|--------|
| 1 | Abdulla Ahmed Kamal | Chairman | ✓ | ✓ | ✓ | ✓ |
| 2 | Bader Kassim Buallay | Committee Member | ✓ | ✓ | ✓ | ✓ |
| 3 | Ali Eajaz Murtaza | Committee Member | ✓ | ✓ | ✓ | ✓ |
| 4 | Mohamed Rasheed Almaraj | Committee Member | ✓ | ✓ | ✓ | ✓ |

All meetings were held virtually except for the last meeting which was held in person

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 processes, and the monitoring of compliance with the company's policies, code of conduct and the applicable laws and regulations.

Audit Committee Attendance 2021

| | Name | Role | Feb 16 | May 3 | Jul 26 | Nov 1 |
|---|----------------------------|------------------|--------|-------|--------|-------|
| 1 | Yaser Abduljalil Alsharifi | Chairman | ✓ | ✓ | ✓ | ✓ |
| 2 | Adnan Habib Hashim | Committee Member | ✓ | ✓ | ✓ | ✓ |
| 3 | Areej Abdulla Abdulghaffar | Committee Member | ✓ | ✓ | ✓ | ✓ |

All meetings were held virtually

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 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 2021

| | Name | Role | Feb 10 | Apr 27 | Jul 13 | Oct 17 |
|---|--------------------------|------------------|--------|--------|--------|--------|
| 1 | Amin Ahmed Alarrayed | Chairman | ✓ | ✓ | ✓ | ✓ |
| 2 | Fahad Abdulrahman Alsaad | Committee Member | ✓ | ✓ | ✓ | ✓ |
| 3 | Wael Ezzeldeen Arafa | Committee Member | ✓ | ✓ | ✓ | ✓ |

All meetings were held virtually

Digital Committee

The Digital Committee was formed as an advisory committee to the board and its role is to advise the board on the digital strategy that supports the business objectives of the company and to identify and execute digital opportunities to help grow the business.

Digital Committee Attendance 2021

| | Name | Role | Aug 5 | Sep 30 |
|---|-------------------------------------|------------------|-------|--------|
| 1 | Mohamed Rasheed Almaraj | Chairman | ✓ | ✓ |
| 2 | Tariq Ali Aljowder ⁽¹⁾ | Committee Member | ✓ | ✓ |
| 3 | Ehsan Ali Al-Kooheji ⁽¹⁾ | Committee Member | ✓ | ✓ |

All meetings were held in person

⁽¹⁾ Executive members have no voting powers and are not paid for their membership

Executive Management

The Chief Executive Officer of Amakin 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.

| | Name | Position | Joining date |
|---|--------------------------|-------------------------------|-------------------|
| 1 | Tariq Ali Aljowder | Chief Executive Officer | 20 December 2016 |
| 2 | Aqeel Hasan Abdulrahim | Operations Director | 10 September 2018 |
| 3 | Hassan Ali AlShoala | Finance Director | 10 December 2020 |
| 4 | Ehsan Ali Al-Kooheji | IT Director | 28 February 2021 |
| 5 | Abdulla Isa Qudrat | Business Development Director | 25 April 2021 |
| 6 | Sajeda Abdulla AlShehabi | Human Resources Manager | 8 December 2019 |

Management Compensation

Remuneration of the top 6 executives, including CEO and Finance Director:

| Total salaries and allowances | Total bonus | Any other cash/in-kind compensation | Total compensation paid |
|-------------------------------|-------------|-------------------------------------|-------------------------|
| 293,530 | 41,165 | 4,653 | 339,348 |

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 at each board meeting to disclose new or amended conflicts of interest.

Details of approved transactions are included in note 29 of the financial statements for the year ended 31 December 2021, which will be reported to the shareholders at the Annual General Meeting.

Related Party Transactions 31 December 2021

| | Transaction | Nature of relationship | Name of related party | Amount (BHD) |
|---|-------------------------|------------------------|--|--------------|
| 1 | Other car park income | Shareholder | Bahrain Real Estate Investment (Edamah) B.S.C. (C) | 111,490 |
| 2 | Lease rent | Shareholder | Bahrain Real Estate Investment (Edamah) B.S.C. (C) | 80,387 |
| 3 | Directors' remuneration | Board members | Board members | 25,272 |

| | | | | |
|---|--|----------------------|----------------------|---------|
| 4 | Directors' sitting fees | Board members | Board members | 46,750 |
| 5 | Salaries and bonuses of executive management | Executive management | Executive management | 334,695 |
| 6 | Long-term benefits of executive management | Executive management | Executive management | 4,653 |

Code of Conduct

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 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 Officer

The Corporate Governance Officer is responsible for 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. Ms. Fatima Altajir was appointed 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 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

The appointment of the external auditor is recommended by the Audit Committee to the board which then requests the shareholders' approval at the Annual General Meeting.

According to article 23 of the regulation issued in August 2021 concerning the external auditors, public companies may appoint an external auditor for one financial year, renewable for the same period and not exceeding 5 consecutive financial years; the partner responsible for auditing the company's financials should be rotated after 3 financial years.

Based on this regulation, which is consistent with MOICT's Corporate Governance Code, the board of directors recommended the re-appointment of BDO Public Accountants as the company's external auditor for the year 2021, subject to the shareholders' approval at the AGM. Details of the audit fees can be provided upon request.

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

| 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 in the next page |
| 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 in the next page |
| Principle 4: The company shall have effective procedures for appointment, training, and evaluation of the directors. | | ✓ | | See note 3 in the next page |
| Principle 5: The company shall remunerate directors and senior officers fairly and responsibly. | | ✓ | | See note 4 in the next page |
| 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 in the next page |
| 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 | ✓ | | | |

Explanation of Non-Compliance Items

| | | |
|--------|--|--|
| 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 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 2021. 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 2021, the company provided 24/7 free parking to the Bahrain Response Team at the hotline 444, and supported the national awareness campaign on Covid-19 by allocating slots on the company's LED ads display for awareness messages. |



Amin Ahmed Alarrayed
Chairman
14 March 2022