



# Corporate Governance Report

For the year 2022

**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 2022

|   | Shareholder name                                   | No. of shares | Shareholding | Category                                   |
|---|--|---------------|--------------|--|
| 1 | Bahrain Real Estate Investment (Edamah) B.S.C. (C) | 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 2022

| Category (shares)    | No. of shares      | No. of shareholders | Shareholding |
|----------------------|--------------------|---------------------|--------------|
| Less than 50,000     | 3,428,738          | 1,286               | 3.11%        |
| 50,000 to 500,0000   | 6,159,545          | 41                  | 5.58%        |
| 500,000 to 5,000,000 | 8,695,457          | 5                   | 7.88%        |
| Above 5,000,000      | 92,033,490         | 3                   | 83.43%       |
| <b>Total</b>         | <b>110,317,230</b> | <b>1,335</b>        | <b>100%</b>  |

## Governance Structure

### 31 December 2022

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



## **Board of Directors**

### **Board Charters**

During 2022, the board reviewed and approved proposed amendments to the company's Corporate Governance Charters in line with the Corporate Governance Code of the Ministry of Industry and Commerce (MOIC) 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 board of directors was elected/appointed in March 2022 for a three-year term 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 2022 with no exceptions noted.

As of 31st December 2022, the Board's representation by gender was 10% female and 90% male representation (2021: the Board's representation by gender was 10% female and 90% male representation).

### **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 for 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 their 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 2022. Independence of the directors has also been reviewed for independent members and they met all independence requirements.

### **Board Term**

All members of the existing board of directors were appointed and elected for a three-year term starting 30 March 2022 and ending 29 March 2025.

### Non-executive Board Members 31 December 2022

|   | 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 | Areej Abdulla Abdulghaffar*** | Board Member  | Master's Degree in Finance and Investment and Bachelor's Degree in Accounting and Finance                   | -            |
| 4 | Bader Kassim Buallay***       | Board Member  | Bachelor's Degree in Computing and Accounting and Finance, CFA, CAIA  | -            |
| 5 | Fahad Abdulrahman Alsaad***   | Board Member  | Doctorate degree in Business Administration, MBA and Bachelor's Degree in Industrial Accounting             | -            |
| 6 | Wael Ezzeldeen Arafa***       | Board Member  | Master's Degree in Finance and Bachelor's Degree in Commerce and Business Administration                    | -            |
| 7 | Khalifa Hassan Al Jalahma**   | Board Member  | Master Degree of Business Administration (MBA) and a Bachelor's Degree in Corporate Finance and Accounting. | -            |
| 8 | Yaser Abduljalil Alsharifi*   | Board Member  | Bachelor's Degree in Business Administration  | -            |

\*Term completed by Board member on 29 March 2022

\*\* Board member appointed on 30 March 2022

\*\*\* Board member reappointed for the second term on 30 March 2022

### Independent Board Members 31 December 2022

|   | Name                          | Role         | Qualifications                                 | Shareholding |
|---|-------------------------------|--------------|--|--------------|
| 1 | Adnan Habib Hashim***         | Board Member | MBA, FCCA                                      | -            |
| 2 | Mohamed Rasheed Almaraj***    | Board Member | Bachelor's Degree in Finance and Accounting    | -            |
| 3 | Ahmed Nazar Sadiq Albaharna** | Board Member | Bachelor Degree in Communications Engineering. | -            |
| 4 | Ali Ejaz Murtaza*             | Board Member | MBA, Bachelor's Degree in Finance and DMIS     | -            |

\*Term completed by Board member on 29 March 2022

\*\* Board member elected on 30 March 2022

\*\*\* Board member reelected for the second term on 30 March 2022

Where the Corporate Governance Code requires that the chairpersons of the board 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 2022. 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 2022, 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 2022

|    | Name                          | Role          | Feb 27 | April 3 | May 11 | Aug 4 | Nov 10 | Jan 10/23 |
|----|-------------------------------|---------------|--------|---------|--------|-------|--------|-----------|
| 1  | Amin Ahmed Alarrayed***       | Chairman      | ✓      | ✓       | ✓      | ✓     | ✓      | ✓         |
| 2  | Abdulla Ahmed Kamal***        | Vice Chairman | ✓      | ✓       | ✓      | ✓     | ✓      | ✓         |
| 3  | Adnan Habib Hashim***         | Board Member  | ✓      | ✓       | ✓      | ✓     | ✓      | ✓         |
| 4  | Mohamed Rasheed Almaraj***    | Board Member  | X      | ✓       | ✓      | ✓     | ✓      | ✓         |
| 5  | Areej Abdulla Abdulghaffar*** | Board Member  | ✓      | ✓       | ✓      | ✓     | ✓      | ✓         |
| 6  | Bader Kassim Buallay***       | Board Member  | ✓      | ✓       | ✓      | ✓     | ✓      | ✓         |
| 7  | Fahad Abdulrahman Alsaad***   | Board Member  | ✓      | ✓       | ✓      | ✓     | ✓      | ✓         |
| 8  | Wael Ezzeldeen Arafa***       | Board Member  | ✓      | ✓       | ✓      | ✓     | ✓      | X         |
| 9  | Ahmed Nazar Sadiq Albaharna** | Board Member  | -      | ✓       | ✓      | ✓     | ✓      | ✓         |
| 10 | Khalifa Hassan Al-Jalahma**   | Board Member  | -      | ✓       | ✓      | ✓     | ✓      | ✓         |

|    |                             |              |   |   |   |   |   |   |
|----|-----------------------------|--------------|---|---|---|---|---|---|
| 11 | Yaser Abduljalil Alsharifi* | Board Member | ✓ | - | - | - | - | - |
| 12 | Ali Eajaz Murtaza*          | Board Member | ✓ | - | - | - | - | - |

All meetings were held physically & virtually

\*Term completed by Board member on 29 March 2022

\*\* Board member appointed/elected on 30 March 2022

\*\*\* Board member reappointed/re-elected for the second term on 30 March 2022

## 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. The paid amounts for the year 2021 was BHD 36,750. Details of the proposed amounts for the year 2022 are outlined in the table below:

|  | Name                               | Fixed remuneration <sup>(b)</sup>       |   |          |       | Variable remuneration <sup>(c)</sup> |   |       |                 | End-of-service award | Aggregate amount<br>(Does not include expense allowance) | Expense allowance |        |       |
|--|------------------------------------|---|---|----------|-------|--------------------------------------|---|-------|-----------------|----------------------|--|-------------------|--------|-------|
|  |                                    | Remuneration of the chairperson and BOD | Total sitting fees for board and committee meetings | Salaries | Other | Total                                | Remuneration of the chairperson and BOD | Bonus | Incentive plans |                      |  |                   | Other  | Total |
| <b>Independent directors</b>                     |                                    |   |   |          |       |                                      |   |       |                 |                      |  |                   |        |       |
| 1  | Adnan Habib Hashim***              | -                                       | 5,000   | -        | -     | 5,000                                | 5,000                                   | -     | -               | -                    | 5,000  | -                 | 10,000 | -     |
| 2  | Mohamed Rasheed Almaraj***         | -                                       | 7,500   | -        | -     | 7,500                                | 5,000                                   | -     | -               | -                    | 5,000  | -                 | 12,500 | -     |
| 3  | Ahmed Nazar Sadiq Albaharna**      | -                                       | 6,000   | -        | -     | 6,000                                | 5,000                                   | -     | -               | -                    | 5,000  | -                 | 11,000 | -     |
| 4  | Ali Eajaz Murtaza*                 | -                                       | 1,000   | -        | -     | 1,000                                | -                                       | -     | -               | -                    | -  | -                 | 1,000  | -     |
| <b>Non-executive / Non-independent directors</b> |                                    |   |   |          |       |                                      |   |       |                 |                      |  |                   |        |       |
| 1  | Amin Ahmed Alarrayed***            | -                                       | 6,500   | -        | -     | 6,500                                | 7,500                                   | -     | -               | -                    | 7,500  | -                 | 14,000 | -     |
| 2  | Abdulla Ahmed Kamal (a) ***        | -                                       | 5,000   | -        | -     | 5,000                                | 5,000                                   | -     | -               | -                    | 5,000  | -                 | 10,000 | -     |
| 3  | Areej Abdulla Abdulghaffar (a) *** | -                                       | 5,000   | -        | -     | 5,000                                | 5,000                                   | -     | -               | -                    | 5,000  | -                 | 10,000 | -     |
| 4  | Bader Kassim Buallay (a) ***       | -                                       | 5,500   | -        | -     | 5,500                                | 5,000                                   | -     | -               | -                    | 5,000  | -                 | 10,500 | -     |
| 5  | Fahad Abdulrahman Alsaad***        | -                                       | 5,000   | -        | -     | 5,000                                | 5,000                                   | -     | -               | -                    | 5,000  | -                 | 10,000 | -     |
| 6  | Wael Ezzeldeen Arafa***            | -                                       | 4,500   | -        | -     | 4,500                                | 5,000                                   | -     | -               | -                    | 5,000  | -                 | 9,500  | -     |

|   |                             |   |       |   |   |       |       |   |   |   |       |   |       |   |
|---|-----------------------------|---|-------|---|---|-------|-------|---|---|---|-------|---|-------|---|
| 7 | Khalifa Hassan Al Jalahma** |   | 4,500 | - | - | 4,500 | 5,000 | - | - | - | 5,000 | - | 9,500 |   |
| 8 | Yaser Abduljalil Alsharifi* | - | 1,000 | - | - | 1,000 | -     | - | - | - | -     | - | 1,000 | - |

(a) Board members representing the Social Insurance Organization (SIO) receive the fixed remuneration only, the variable remuneration is paid to Social Insurance Organization (SIO). Variable remuneration for the year 2022 will be paid in the year 2023, subject to the approvals of the Ministry of Industry and Commerce and shareholders' during the Annual General Meeting.

(b) Fixed remunerations for the year ended 31 December 2022 relating to allowances for attending Board and committee meetings were paid during the year.

(c) The proposed variable remuneration for the year ended 31 December 2022 will be paid during 2023 subject to the approval of the Ministry of Industry and Commerce, in addition to the approval of the shareholders in the Annual General Meeting.

\*Term completed by Board member on 29 March 2022

\*\* Board member appointed/elected on 30 March 2022

\*\*\* Board member reappointed/re-elected for the second term on 30 March 2022

## Board Committees

Consistent with MOIC's Corporate Governance Code and best practice, Amakin's board has three committees and one advisory committee 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 members, 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 2022, the Executive Committee had five official meetings in addition to a number of progress meetings held to ensure implementation of key strategic initiatives.

### Executive Committee Attendance 2022

|   | Name                        | Role             | Feb 10 | Apr 12 | Jul 15 | Sep 14 | Oct 20 |
|---|-----------------------------|------------------|--------|--------|--------|--------|--------|
| 1 | Abdulla Ahmed Kamal***      | Chairman         | ✓      | ✓      | ✗      | ✓      | ✓      |
| 2 | Bader Kassim Buallay***     | Committee Member | ✓      | ✓      | ✓      | ✓      | ✓      |
| 3 | Mohamed Rasheed Almaraj***  | Committee Member | ✓      | ✓      | ✓      | ✓      | ✓      |
| 4 | Khalifa Hassan Al Jalahma** | Committee Member | -      | ✓      | ✓      | ✓      | ✓      |
| 5 | Ali Eajaz Murtaza*          | Committee Member | ✓      | -      | -      | -      | -      |

All meetings were held physically & virtually

\*Term completed by Board member on 29 March 2022

\*\* Board member appointed/elected on 30 March 2022

\*\*\* Board member reappointed/re-elected for the second term on 30 March 2022

### Audit & Risk Committee

The role of the Audit & Risk 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. On 18 August 2022, committee members changed: Fahad Abdulrahman Alsaad (Non-Executive Director) was appointed to the Audit and Risk committee and left the Nomination, Remuneration and Corporate Government Committee (NRCG). Ahmed Nazar Sadiq Albaharna (Independent Director) was appointed to the Nomination, Remuneration and Corporate Government committee (NRCG) and left the Audit and Risk committee.

### Audit & Risk Committee Attendance 2022

|   | Name                          | Role             | Feb 17 | May 3 | Jul 28 | Nov 3 |
|---|-------------------------------|------------------|--------|-------|--------|-------|
| 1 | Adnan Habib Hashim***         | Chairman         | ✓      | ✓     | ✓      | ✓     |
| 2 | Wael Ezzeldeen Arafa***       | Committee Member | -      | ✓     | ✓      | ✓     |
| 3 | Ahmed Nazar Sadiq Albaharna** | Committee Member | -      | ✓     | ✓      | -     |
| 4 | Fahad Abdulrahman Alsaad***   | Committee Member | -      | -     | -      | ✓     |
| 5 | Areej Abdulla Abdulghaffar*** | Committee Member | ✓      | -     | -      | -     |
| 6 | Yaser Abduljalil Alsharifi*   | Chairman         | ✓      | -     | -      | -     |

All meetings were held physically & virtually

\*Term completed by Board member on 29 March 2022

\*\* Board member appointed/elected on 30 March 2022

\*\*\* Board member reappointed/reelected for the second term on 30 March 2022

### 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. On 18 August 2022, committee members changed: Fahad Abdulrahman Alsaad (Non-Executive Director) was appointed to the Audit and Risk committee and left the Nomination, Remuneration and Corporate Government Committee (NRCG). Ahmed Nazar Sadiq Albaharna (Independent Director) was appointed to the Nomination, Remuneration and Corporate Government committee (NRCG) and left the Audit and Risk committee.

### NRCG Committee Attendance 2022

|   | Name                          | Role             | Feb 15 | Apr 14 | Jul 4 | Oct 24 |
|---|-------------------------------|------------------|--------|--------|-------|--------|
| 1 | Amin Ahmed Alarrayed***       | Chairman         | ✓      | ✓      | ✓     | ✓      |
| 2 | Areej Abdulla Abdulghaffar*** | Committee Member | -      | ✓      | ✓     | ✓      |



|   |                                  |                  |   |   |   |   |
|---|----------------------------------|------------------|---|---|---|---|
| 3 | Fahad Abdulrahman<br>Alsaad***   | Committee Member | ✓ | ✓ | ✓ | - |
| 4 | Wael Ezzeldeen Arafa***          | Committee Member | ✓ | - | - | - |
| 5 | Ahmed Nazar Sadiq<br>Albaharna** | Committee Member | - | - | - | ✓ |

All meetings were held physically & virtually

\*Term completed by Board member on 29 March 2022

\*\* Board member appointed/elected on 30 March 2022

\*\*\* Board member reappointed/re-elected for the second term on 30 March 2022

### Digital Advisory 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 2022

|   | Name                                | Role                         | Jan 27 | April 25 | July 25 | Sep 21 | Oct 30 |
|---|-------------------------------------|------------------------------|--------|----------|---------|--------|--------|
| 1 | Mohamed Rasheed<br>Almaraj***       | Chairman                     | ✓      | ✓        | ✓       | ✓      | ✓      |
| 2 | Ahmed Nazar<br>Albaharna**          | Committee Member             | -      | ✓        | ✓       | ✓      | ✓      |
| 3 | Frank Beckmenn                      | Advisory Committee<br>Member | ✓      | ✓        | ✓       | ✓      | ✓      |
| 4 | Tariq Ali Aljowder <sup>(1)</sup>   | Committee Member             | ✓      | ✓        | ✓       | ✓      | ✓      |
| 5 | Ehsan Ali Al-Kooheji <sup>(1)</sup> | Committee Member             | ✓      | ✓        | ✓       | ✓      | ✓      |

All meetings were held physically & virtually

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

\*\* Board member appointed/elected on 30 March 2022

\*\*\* Board member reappointed/re-elected for the second term on 30 March 2022

## 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       | 08 December 2019  |

\*Resigned 4 August 2022

## Management Compensation

Remuneration of the top 6 executives, including CEO, Finance Director, Operations Director, Business Development Director, IT Director and HR Manager:

| Total paid salaries and allowances | Total paid remuneration (Bonus) | Any other cash/in-kind remuneration for 2022 | Aggregate Amount |
|------------------------------------|---------------------------------|--|------------------|
| 323,112                            | 45,703                          | 5,553  | 374,368          |

## 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 2022, which will be reported to the shareholders at the Annual General Meeting.

### Related Party Transactions 31 December 2022

|   | 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) | 129,509      |
| 2 | Lease rent expenses                              | Shareholder            | Bahrain Real Estate Investment (Edamah) B.S.C. (C) | 54,119       |
| 3 | Directors' remuneration                          | Board members          | Board members                                      | 89,250       |
| 4 | Directors' sitting fees                          | Board members          | Board members                                      | 56,500       |
| 5 | Salaries and bonuses to key management personnel | Executive management   | Executive management                               | 368,815      |
| 6 | Long-term benefits to key management personnel   | Executive management   | Executive management                               | 5,553        |

**Amounts due from a related party:**

|   | <b>Name of the related party</b>                  | <b>Nature of relationship</b> | <b>Amount (BHD)</b> |
|---|---|-------------------------------|---------------------|
| 1 | Bahrain Real Estate Investment (Edamah) B.S.C (c) | Shareholder                   | 25,602              |

**Amounts due from a related party:**

|   | <b>Name of the related party</b>                  | <b>Nature of relationship</b> | <b>Amount (BHD)</b> |
|---|---|-------------------------------|---------------------|
| 1 | Bahrain Real Estate Investment (Edamah) B.S.C (c) | Shareholder                   | 153,301             |

**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 of compliance 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 & Risk 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. The Board Secretary was the company’s Corporate Governance Officer till June 2022. Mr. Tariq Aljowder was appointed as the company’s Corporate Governance Officer in July 2022 on temporary basis till the onboarding of the new Board Secretary.

## 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 & balances

## **APPOINTMENT AND REMUNERATION OF THE EXTERNAL AUDITOR**

The appointment of the external auditor is recommended by the Audit & Risk 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 MOIC'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 2023, based to the shareholders' approval at the AGM. 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 services as the Company's external auditor. According to the following:

|  |                             |
|--|-----------------------------|
| Name of the Audit Firm   | <b>BDO</b>                  |
| Years of service as the Company's external auditor   | <b>Since 2002, 21 years</b> |
| Name of the partner in charge of the Company's audit   | <b>Mr. Samson George</b>    |
| The partner's year of service as the partner in charge of the Company's audit  | <b>1 year</b>               |
| Total audit fees for the financial year 2022   | <b>BHD 6,850</b>            |
| Other special fees and charges for non-audit services other than auditing the financial statements for the year 2022 | <b>BHD 2,200</b>            |

## 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                 |
|---|---------------|---------------------|-----------------|-----------------------------|
| <b>Principle 1:</b> The company shall be headed by an effective, collegial and expert board.  |               | ✓                   |                 | See note 1 in the next page |
| <b>Principle 2:</b> The directors and executive management shall have full loyalty to the company.  |               |                     | ✓               |                             |
| <b>Principle 3:</b> 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 |
| <b>Principle 4:</b> The company shall have effective procedures for appointment, training, and evaluation of the directors.   |               | ✓                   |                 | See note 3 in the next page |
| <b>Principle 5:</b> The company shall remunerate directors and senior officers fairly and responsibly.  |               | ✓                   |                 | See note 4 in the next page |
| <b>Principle 6:</b> The board shall establish a clear and efficient management structure for the company and define the job titles, powers, roles and responsibilities. |               |                     | ✓               |                             |
| <b>Principle 7:</b> The company shall communicate with shareholders, encourage their participation, and respect their rights.   |               |                     | ✓               |                             |
| <b>Principle 8:</b> The company shall disclose its corporate governance.  |               | ✓                   |                 | See note 5 in the next page |
| <b>Principle 9:</b> Companies which offer Islamic services shall adhere to the principles of Islamic Shari'a.   |               | N/A                 |                 |                             |
| <b>Principle 10:</b> The board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.               |               |                     | ✓               |                             |
| <b>Principle 11:</b> The company shall seek through social responsibility to exercise its role as a good citizen  |               | ✓                   |                 | See note 6 in the next page |

### Explanation of Non-Compliance Items

|        |   |  |
|--------|---|--|
| Note 1 | <b>Principle 1:</b> 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 | <b>Principle 3:</b> Majority of the Audit Committee members and the Chairman of the committee shall be independent.       | The Audit & Risk Committee Chairman is independent. The Committee consists of two non-executive members. Considering the nature of the board's composition, appointed vs. independent, the board decided to elect the committee members who have the expertise and skills required to fulfill the committee's duties.  |
| Note 3 | <b>Principle 4:</b> Majority of the Nomination Committee members and the Chairman of the committee shall be independent   | The NRCG Committee consists of two non-executive members; with one independent director. 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 4 | <b>Principle 5:</b> Majority of the Remuneration Committee members and the Chairman of the committee shall be independent | The NRCG Committee consists of two non-executive members; with one independent director. 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 | <b>Principle 8:</b> All Corporate Governance Committee members shall be independent                                       | The NRCG Committee consists of two non-executive members; with one independent director. 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 | <b>Principle 11:</b> The company shall seek through social responsibility to exercise its role as a good citizen          | The company has approved the Corporate Social Responsibility Policy and is in the process of designing and approving the 2023 strategy for social responsibility. Amakin is considered one of the pioneers in supporting people of determination in the Kingdom. Additionally, during 2022, the company paid BHD 20,000 towards equipping Salmaniya Park with equipment for people of determination. |



**Amin Ahmed Alarrayed**  
Chairman  
9 March 2022