



ANNUAL CORPORATE GOVERNANCE DISCLOSURE (2022)

TRAFCO GROUP B.S.C.

Updated on 21 September 2023

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1. CORPORATE GOVERNANCE POLICY

Good Corporate Governance practices are significant in creating and sustaining shareholder value and ensuring appropriate disclosures and transparency. Trafco Group B.S.C.'s ('the Company') Corporate Governance Policy provides the framework for the principles of effective Corporate Governance standards across the Group.

The Board of Directors (the Board) is committed to implementing robust Corporate Governance practices and continuous review and adherence to strong corporate governance practices help enhance compliance levels according to international standards and best practice.

Trafco Group B.S.C. shall continue its endeavor to enhance shareholders value, protect their interests and defend their rights by practicing the pursuit of excellence in corporate life. The Company shall continuously strive to best serve the interests of its stakeholders including shareholders, customers, employees and the public at large.

The management is committed to ensuring that procedures and processes are in place to reflect and support the Board approved Corporate Governance related policies to ensure the highest standards of Corporate Governance throughout the Group.

2. CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR

Currently, Mrs Fatima A. Bushihri as Acting Corporate Governance Officer replacing Mr. Fahad Foolad (Feb 2022 to Dec 2022) who replaced Mr. Sameer Abdulla Alkhan (Dec 2018 to Feb 2022) continues as per the requirement of Corporate Governance Code 2018 issued by Ministry of Industry, Commerce & Tourism (MOICT). The Company's Corporate Governance Code 2018 is being reviewed and updated accordingly as and when required.

3. SHAREHOLDER INFORMATION

The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. As on 31 December 2022, the Company has issued 80,675,052 ordinary shares, each with a nominal value of 100 fils per share. All the shares are fully paid.

Shareholders are invited by the Chairman to attend the AGM. The Chairman and other Directors attend the AGM and are available to answer any questions.

The Annual General Ordinary Meetings will be held on 29 March 2023.

Major shareholders of the Company (Name of the shareholder holding 5% or more) as of 31st December 2022 is as follows:

Name of Shareholder	Number of Shares	% of Holdings	Name of the natural person, the final beneficiary
Mr. Abdulhameed Zainal Mohamed Zainal	8,433,646	10.45%	Mr. Abdulhameed Zainal Mohamed Zainal
Trafco Group BSC	6,477,475	8.03%	Trafco Group BSC (Treasury Shares)
BANZ Group BSC (C)	6,031,313	7.47%	BANZ Group BSC (C)

Shareholders as of 31 December 2022 (individuals, corporate, government or organizations) to be classified as follows:

S.No.	Shareholder Classification	Shareholding %			
		Individuals	Corporate	Government or Organizations	Total
1	Local	56.275%	40.881%	0.653%	97.809%
2	Arab	1.920%	0.124%	-	2.044%
3	Foreign	0.147%	-	-	0.147%
	Total	58.342%	41.005%	0.653%	100.00%

Description of how shareholders are distributed according to their respective shareholding as at 31 December 2022 as follows:

S.No.	Shareholding (shares)	Number of Shareholders	Number of shares held	Shareholding %
1	Less than 50,000	2,692	10,719,832	13.29%
2	50,000 to 500,000	171	23,587,231	29.24%
3	500,000 to 5,000,000	20	25,425,553	31.51%
4	More than 5,000,000	3	20,942,434	25.96%

Description of the significant events that occurred during the year 2022 as follows:

During the year there was no significant impact.

4. COMPANY'S BOARD, DIRECTORS AND MANAGEMENT

4.1. Board Procedure

The Board procedure is clearly defined by the Charter of the Board. The Company has the practice of circulation of agenda and other supporting documents well in advance to enable the directors to deliberate and decide on all matters listed in the agenda to constantly enhance the performance of the Group.

4.2. Board and Directors' Responsibilities

The specific responsibilities of the Board include:

1. Monitoring the overall business performance;
2. Monitoring the performance of the executive management to ensure that the executives are compensated fairly;
3. Monitoring management performance and succession plan for Senior Management;
4. Accurate preparation of the quarterly and annual consolidated financial statements and ensure that financial statements are free from errors and frauds;
5. Monitoring conflicts of interest and preventing abusive related party transactions;
6. Convening and preparing for the shareholders meetings;
7. Recommending dividends to shareholders and ensure its execution;
8. Adapting, implementing and monitoring compliance with the Company's Code of Business Conduct;
9. Disclosure of financial information to the Government Authorities and the public within the stipulated time;
10. Reviewing the Group's objectives and policies relating to social responsibilities; and
11. Overseeing the direction and management of the company in accordance with Commercial Companies Law and other Rules and Regulations ordained by the Government of Bahrain.

4.3. Material Transactions that require the Board approval

The following material transactions require review of the Board of Directors, evaluation and approval:

1. The Company strategy;
2. The annual budget, capital expenditure budget, major contracts, diversification plans/divestment;
3. The financial statements;
4. Major resource allocations and capital investments; and
5. Management responsibilities and training, development and succession plan for Senior Management.

4.4. Director's profiles (Directorships of other Boards)

The following members of the Board of Directors are also the member of the other listed companies in the Kingdom of Bahrain:

S.No.	Name of Director	Designation	Directorships and positions in other listed companies	Positions in any other key regulatory, government or commercial entities.
1.	Mr. Yusuf Saleh Abdulla Alsaleh	Director	Delmon Poultry Company B.S.C.	Chairman of the Board of Jaffaria Waqf Directorate (Ministry of Justice & Islamic Affairs & WAQF)
2.	Dr. Esam Abdulla Yousif Fakhro	Vice Chairman Chairman Chairman	National Bank of Bahrain B.S.C. Bahrain Cinema Company (Cineco) B.S.C. Bahrain Islamic Bank B.S.C.	None
3.	Mr. A. Redha Mohamed Redha Aldailami	Director	Delmon Poultry Company B.S.C.	None
4.	Mr. Jehad Yusuf Abdulla Amin	Director Director Vice Chairman Director Director	Bahrain Duty Free Complex B.S.C. Bahrain National Holdings B.S.C. Banader Hotels Company B.S.C. BMMI B.S.C. Bahrain Cinema Company (Cineco) B.S.C.	None

4.5. Status of Directorships and Board Composition

Sl no	Name of Director	Type (executive/ non-executive and independent/ non-independent)	Experience	Qualification	The period of his term as a director of the Company starting from the date of his first election or appointment
1	Mr. Ebrahim Mohamed Ali Zainal	Chairman / Non - Executive / Non - Independent	58	Businessman	1978
2	Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman / Non - Executive / Non - Independent	59	Businessman	1978
3	Dr. Esam Abdulla Yousif Fakhro	Director and Executive Committee member / Non - Executive / Non - Independent	55	Businessman	1995
4	Mr. A. Redha Mohamed Redha Aldailami	Director / Non - Executive / Non - Independent	67	Businessman	1981
5	Mr. Fuad Ebrahim Khalil Kanoo	Director / Non - Executive / Non - Independent	60	Businessman	1994
6	Mr. Ali Yusuf A. Rahman A. Rahim	Director / Non - Executive / Non - Independent	57	Businessman	1994
7	Mr. Sami Mohammed Yusuf Jalal	Director / Non - Executive / Non - Independent	49	Businessman	1995
8	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Director / Non - Executive / Non - Independent	53	Businessman	1995
9	Mr. Jihad Yusuf Abdulla Amin	Director and Executive Committee member / Non - Executive / Non - Independent	44	Businessman	1998
10	Mr. Sofyan Khalid Almoayed (from 30 th March 2022)	Director / Non - Executive / Non - Independent	27	Businessman	2022
11	Mr. Khalid A. Rahman Khalil Almoayed (upto 30 th March 2022)	Director and Executive Committee member / Non - Executive / Non - Independent	55	Businessman	1978

There is no Female board member in the current Board.

4.6. Election and Termination of Appointment of Directors

Directors are elected for 3 years term. Elections take place in accordance with the Memorandum and Articles of Association of the Company and the Bahrain Commercial Companies Law. There is no maximum age limit at which a Director must retire from the Board. Each Director's term of appointment expires, pursuant to the terms of his Letter of Appointment and/or the provisions of the law.

During the AGM held on 30th March 2022, board of directors' elections were conducted and out of 10 directors 9 directors were re-elected for a new term of 3 years except Mr. Khalid A. Rahman Khalil Almoayed not opted for reelection. Mr. Sofyan Khalid Almoayed has been elected and appointed as a new board member for a term of 3 years.

4.7. Induction and Training of Directors

The Company has a formal induction program in place, which is designed for each new Director. The induction program includes i) an introductory pack containing, amongst other things, the Company Overview, Organisational Chart, Terms of Reference of the Board and Board Committees and key policies; ii) presentations on significant financial, strategic and risk issues; and iii) orientation meetings with key management. All continuing Directors are also invited to attend orientation meetings.

Following the elections of the board of directors, the newly appointed director Mr. Sofyan Khalid Almoayed has been provided induction and training by the Group CEO with a pre-designed induction program covering the requisite topics along with an introduction touring to all Trafco Group subsidiaries and meeting with key management.

4.8. Directors Ownership of Company's shares

Sl no	Name	Type of Shares	Number of shares held as at 31/12/2022	Percentage %
1	Mr. Ebrahim Mohamed Ali Zainal	Ordinary Shares	2,089,728	2.59%
2	Mr. Yusuf Saleh Abdulla Alsaleh	Ordinary Shares	702,238	0.87%
3	Dr. Esam Abdulla Yousif Fakhro	Ordinary Shares	1,583,161	1.96%
4	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Ordinary Shares	311,115	0.39%
5	Mr. Sami Mohammed Yusuf Jalal	Ordinary Shares	203,901	0.25%
6	Mr. Jihad Yusuf Abdulla Amin	Ordinary Shares	1,251,144	1.55%
7	Mr. A. Redha Mohamed Redha Aldailami	Ordinary Shares	332,817	0.41%
8	Mr. Ali Yusuf A. Rahman A. Rahim	Ordinary Shares	149,660	0.19%
9	Mr. Fuad Ebrahim Khalil Kanoo	Ordinary Shares	179,757	0.22%
10	Mr. Sofyan Khalid Almoayed	Ordinary Shares	50,000	0.06%
Total Number of shares held by Directors			6,853,521	8.50%

4.9. Director's Trading of Shares during the year

During the year, the following Board Member disposed / purchased additional shares in the Company:

Name	Position/ Kinship	Number of shares held as at 31/12/2021	Number of shares disposed	Additional shares purchased	Number of shares held as at 31/12/2022
Mr. Jihad Yusuf Abdulla Amin	Director	1,060,000	-	191,144	1,251,144
Mr. Sofyan Khalid Almoayed	Director	-	-	50,000	50,000

4.10. Board Meetings

The Group should hold a minimum of four Board meetings during each year. The following table summarizes the information about the members' attendance in the Board of Directors meetings:

Meetings of Board of Directors held in 2022: **Eight**

Name of Director	Business Title	5th Jan 2022	27th Feb 2022	10th Mar 2022	30th Mar 2022	20th Apr 2022	9th May 2022	11th Aug 2022	7th Nov 2022	% Attended
Mr Ebrahim Mohamed Ali Zainal	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	Vice Chairman	✓	✓	✓	✓	✓	✓	✓	✓	100%
Dr Esam Abdulla Yousif Fakhro	Director and Executive Committee Member	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr Ebrahim Salahuddin Ahmed Ebrahim	Director	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr Sami Mohamed Yusuf Jalal	Director	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr Jihad Yusuf Abdulla Amin	Director and Executive Committee Member	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr A.Redha Mohamed Redha Aldailami	Director	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim	Director	✓	✓	✓	✓	✓	✓	×	✓	88%
Mr Fuad Ebrahim Khalil Kanoo	Director	✓	✓	✓	✓	✓	✓	✓	✓	100%
Mr Khalid A.Rahman Khalil Almoayed* (upto 30 March 2022)	Director and Executive Committee Member	×	×	×	▪	▪	▪	▪	▪	0%
Mr. Sofyan Khalid Almoayed (from 30 March 2022)	Director	▪	▪	▪	✓	✓	✓	×	✓	80%

* Mr Khalid A.Rahman Khalil Almoayed was not able to attend minimum 75% due to his health condition and not opted for re-election of directorship.

4.11. Remuneration Policy of Board of Directors

Article 188 of the Commercial Companies Law No.21 of 2001 explains the method of payment of remuneration to the directors. The remuneration policy is based on attendance fees and basic fees paid to the members of the Board of Directors.

Total proposed remuneration to the directors, subject to AGM approval, for the year 2022 amounted to BD 102,500/- (Year 2021: BD 92,250) and attendance fees paid for the year 2022 to the directors and other allowances for administrative services to the Chairman as per the table below:

Board of directors' remuneration details

(Amount in BD)

Name	Fixed remunerations					Variable remunerations					End-of-service award	Aggregate amount	Expenses Allowance
	Remunerations of the chairman and BOD	Total allowance for attending Board & committee meetings	Salaries	Others	Total	Remunerations of the chairman and BOD	Bonus	Incentive plans	Others	Total		(Does not include expense allowance)	
First: Independent Directors:													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Second: Non-Executive Directors:													
Mr. Ebrahim Mohamed Ali Zainal	-	5,850	-	18,000	23,850	10,000	-	-	-	10,000	-	33,850	-
Mr. Yusuf Saleh Abdulla Alsaleh	-	5,850	-	-	5,850	12,500	-	-	-	12,500	-	18,350	-
Dr. Esam Abdulla Yousif Fakhro	-	5,850	-	-	5,850	10,000	-	-	-	10,000	-	15,850	-
Mr. Jihad Yusuf Abdulla Amin	-	6,300	-	-	6,300	10,000	-	-	-	10,000	-	16,300	-
Mr. Ebrahim Salahuddin Ahmed Ebrahim	-	5,850	-	-	5,850	10,000	-	-	-	10,000	-	15,850	-
Mr. Sami Mohammed Yusuf Jalal	-	3,600	-	-	3,600	10,000	-	-	-	10,000	-	13,600	-
Mr. A. Redha Mohamed Redha Aldailami	-	5,850	-	-	5,850	10,000	-	-	-	10,000	-	15,850	-
Mr. Ali Yusuf A. Rahman A. Rahim	-	4,950	-	-	4,950	10,000	-	-	-	10,000	-	14,950	-
Mr. Fuad Ebrahim Khalil Kanoo	-	3,600	-	-	3,600	10,000	-	-	-	10,000	-	13,600	-
Mr. Sofyan Khalid Almoayed	-	3,600	-	-	3,600	10,000	-	-	-	10,000	-	13,600	-
Third: Executive Directors:													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	51,300	-	18,000	69,300	102,500	-	-	-	102,500	-	171,800	-

4.12. Management

The following table summarises the information about the profession, designation/business title, experience in years and the qualifications of the Senior Management:

S. No	Name of members of senior management	Designation	Experience in years	Qualification
1.	Mr. Azzam Moutragi	Group Chief Executive Officer	37	Master's Degree in Business Administration
2.	Mr. R. Balasubramanian	Group Financial Controller	35	Fellow Member – Institute of Chartered Accountants of India
3.	Mr. Aloysius Noronha	Operation Manager	31	Master's Degree in Business Administration (Marketing)
4.	Mr. Sequeira Francisco	Maintenance Manager	38	Diploma in Mechanical Engineering and Post Graduate Diploma in Production & Maintenance Management
5.	Mrs. Layla Darwish	Group Human Resource Manager	32	Education Diploma in Secretarial Studies
6.	Mr. Wael Ahmed	Stores Manager	28	-

The remuneration paid to the Senior Management during the year was as follows:

Executive management remuneration details

(Amounts in BD)

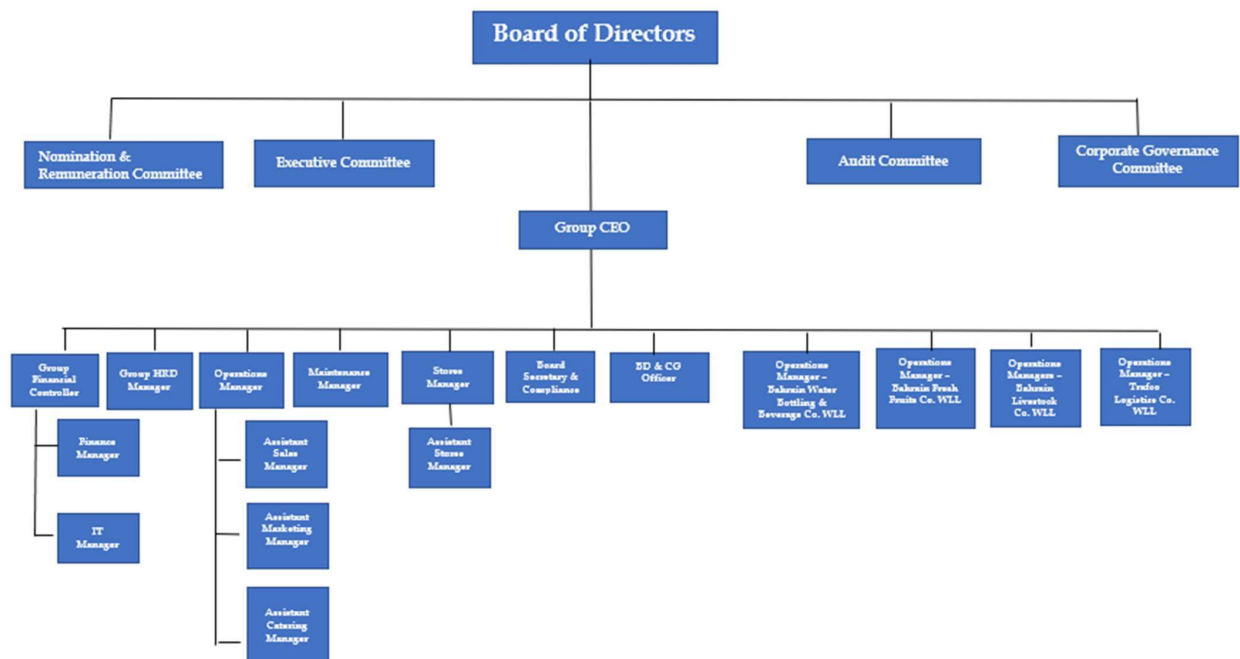
Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2022	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer.	197,581	13,902	11,336	222,819

4.13. Code of Conduct/ Code of Ethics

The Company has the Code of Conduct/Code of Ethics policy describing the standards expected from each and every employee of the Group.

- Each and every employee should protect the assets of the Group.
- Group has to act on the customers' complaints promptly and courteously.
- No employee should take bribe from any outside person on behalf of the Group.
- The Group will not disclose the information about the customers/business associates to any other person/entities.
- The employees are not supposed to disclose information about the Group either during or after the service to any outside person/entities.

5. COMPANY ORGANIZATIONAL STRUCTURE



6. COMMITTEES

The Committees are constituted by the Board for good corporate governance. Scope of authority and responsibilities are clearly defined by the Charters of the respective Committee. Committees put forward suggestions and recommendations to the Board as and when deem necessary. Minutes of the Committee meetings are distributed to the members of the Board periodically. The Board constantly evaluates the composition of the committees in the light of requirements of Law and for the successful functioning of the Company.

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

Board's Committee	Objective	Members	Independent/ Non-independent
Audit Committee	<p>The Audit Committee is responsible for:</p> <p>1) Monitoring the integrity of the financial reporting process, Trafco systems of Internal Control, review of the consolidated financial statements and reports, compliance of the board with legal and regulatory requirements and the performance of the Company's Internal Audit function.</p> <p>2) To recommend the appointment of external auditors, agreeing their compensation, overseeing their independence, and preparing reports required to be prepared by the Committee pursuant to Central Bank of Bahrain, Bahrain Bourse, Bahrain Commercial Companies Law and other regulatory authorities in the Kingdom of Bahrain.</p>	<p>1. Mr Ebrahim Salahuddin Ahmed Ebrahim (Chairman)</p> <p>2. Mr Jehad Yusuf Abdulla Amin (upto 30 March 2022)</p> <p>3. Mr A. Redha Mohamed Redha Aldailami</p> <p>4. Mr Ali Yusuf A. Rahman A. Rahim</p> <p>5. Mr Sofyan Khalid Almoayed (from 30 March 2022)</p>	<p>Non-Executive / Non - Independent</p> <p>Non-Executive / Non-Independent</p> <p>Non-Executive / Non - Independent</p> <p>Non-Executive / Non-Independent</p> <p>Non-Executive / Non-Independent</p>

Board's Committee	Objective	Members	Independent/ Non-independent
Executive Committee (Investment & Finance)	The Executive Committee is formed to discuss matters with the Company's management regarding senior staffing, financial performance, strategies, and all other issues as directed by the Board	1. Mr Ebrahim Mohamed Ali Zainal 2. Mr Yusuf Saleh Abdulla Alsaleh 3. Dr Esam Abdulla Yousif Fakhro 4. Mr Khalid A.Rahman Khalil Almoayed (upto 30 March 2022) 5. Mr Jehad Yusuf Abdullah Amin (from 30 March 2022)	Non – Executive / Non-Independent Non –Executive / Non-Independent Non-Executive / Non -Independent Non – Executive / Non-Independent Non – Executive / Non-Independent
Nomination and Remuneration Committee	Review and advise the Board of Directors on the Board's composition, new directors' nominations in addition to Board and Senior Management remuneration.	1. Mr Ebrahim Mohamed Ali Zainal (Chairman) 2. Mr Yusuf Saleh Abdulla Alsaleh 3. Dr Esam Abdulla Yousif Fakhro 4. Mr Khalid A.Rahman Khalil Almoayed (upto 30 March 2022) 5. Mr Jehad Yusuf Abdullah Amin (from 30 March 2022)	Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non-Independent Non-Executive / Non -Independent Non-Executive / Non -Independent

Board's Committee	Objective	Members	Independent/ Non-independent
Corporate Governance committee	To review and ensure compliance with Corporate Governance Code framework and guidelines.	1. Mr Ebrahim Salahuddin Ahmed Ebrahim (Chairman) 2. Mr Jehad Yusuf Abdulla Amin (upto 30 March 2022) 3. Mr A. Redha Mohamed Redha Aldailami 4. Mr Ali Yusuf A.Rahman A.Rahim 5. Mr Sofyan Khalid Almoayed (from 30 March 2022)	Non-executive / Non-Independent Non-executive / Non-Independent Non-executive / Non-Independent Non-executive / Non-Independent Non-executive / Non-Independent

Audit Committee:

Mr. Ebrahim Salahuddin Ahmed Ebrahim is the Chairman of the Audit Committee. The Audit Committee comprises of four directors. The Charter of the Audit Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Audit Committee Members:

- 1- Review the Company's accounting and financial practices.
- 2- Review the credibility of the Company's financial control, internal control and financial statements.
- 3- Review and approve the Company's financial statements before presenting the same to the Board.
- 4- Discuss the significant accounting and financial policies and reporting issues for the financial year.
- 5- Review the Company's compliance with legal requirements.
- 6- Consider and recommend to the Board the appointment, resignation, or dismissal of an external auditor, determine the audit fees and compensations and oversee the auditor's work.
- 7- Discuss the significant observations of external and internal Auditors and the response from the management.
- 8- Review the company's risk management and internal audit functions.
- 9- Ensure the existence of appropriate policies, procedures, systems, internal controls and guidelines in the Company.

10- Deal with any concerns arising from the 'whistleblower' program adopted by the Board to allow for concerns to be raised confidentially.

The Company should hold a minimum of **four** Audit Committee meetings during each year. During the year, **four** meetings of the Audit Committee were held. The following table summarises the information about the members attendance in the Audit Committee meetings:

Members	22-Feb-2022	28-Apr-2022	02-Aug-2022	01-Nov-2022	% Attended
Mr Ebrahim Salahuddin Ahmed Ebrahim	✓	✓	✓	✓	100%
Mr A. Redha Mohamed Redha Aldailami	✓	✓	✓	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim	✓	✓	x	✓	75%
Mr Jehad Yusuf Abdulla Amin (upto 30 March 2022)	✓				100%
Mr Sofyan Khalid Almoayed (from 30 March 2022)		✓	✓	✓	100%

Executive Committee:

Mr. Ebrahim Mohamed Ali Zainal is the Chairman of the Executive Committee. The Executive Committee comprises of four directors. The Charter of the Executive Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Executive Committee Members:

- 1- Address specific matters delegated to it by the Board of Directors.
- 2- Make recommendations thereon to the Board and make decisions based on authorities specifically delegated by the Board.
- 3- Review and approve business and investment opportunities and proposals, credit, major procurement, and outsourcing matters, as may be delegated by the Board.

The Company should hold a minimum of four Executive Committee meetings during each year. During the year, **four** meetings of the Executive Committee were held. The following table summarises the information about the members attendance in the Executive Committee meetings:

Members	02-Jun-22	04-Oct-22	01-Dec-22	26-Dec-22	% Attended
Mr Ebrahim Mohamed Ali Zainal	✓	✓	✓	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	✓	✓	✓	✓	100%
Dr Esam Abdulla Yousif Fakhro	✓	✓	✓	✓	100%
Mr Jehad Yusuf Abdullah Amin	✓	✓	✓	✓	100%

Nomination and Remuneration Committee:

Mr. Ebrahim Mohamed Ali Zainal is the Chairman of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee comprises of four directors. The Charter of the Nomination and Remuneration Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Nomination and Remuneration Committee Members:

- 1- Review the structure of the Board, periodically evaluate the directors' performance, and make recommendations to the Board on the necessary changes that should be made to address weaknesses to achieve the company's interests.
- 2- Ensure that adequate policies and procedures are in place for the evaluation of the performance of executive management.
- 3- Review the remuneration & sitting fees of the directors and making recommendations to the Board about their decision.
- 4- Approval of succession plans of senior management before the plans are presented to the Board for approval.

The Company should hold a minimum of two Nomination and Remuneration Committee meetings during each year. During the year, **three** meetings of the Nomination and Remuneration Committee were held. The following table summarises the information about the members attendance in the Nomination and Remuneration Committee meetings:

Members	02-Jun-2022	04-Oct-2022	26-Dec-2022	% Attended
Mr Ebrahim Mohamed Ali Zainal	✓	✓	✓	100%
Mr Yusuf Saleh Abdulla Alsaleh	✓	✓	✓	100%
Dr Esam Abdulla Yousif Fakhro	✓	✓	✓	100%
Mr Jihad Yusuf Abdullah Amin	✓	✓	✓	100%

Corporate Governance Committee:

Mr Ebrahim Salahuddin Ahmed Ebrahim is the Chairman of the Corporate Governance Committee. Corporate Governance Committee comprises of four directors. The Charter of the Corporate Governance Committee specifies the roles and responsibilities assigned to the Committee.

Competences of the Corporate Governance Committee Members:

- 1- Assist the board in developing Company's Corporate Governance policy framework and recommending changes from time to time to the framework developed.
- 2- Ensure the Company's practices conform to its corporate governance policy and is aligned to good governance practices.

The Company should hold a minimum of one Corporate Governance Committee meeting during each year. During the year, **one** meeting of the Corporate Governance Committee was held. The following table summarises the information about the members attendance in the Corporate Governance Committee meetings:

Members	01-Nov-2022	% Attended
Mr Ebrahim Salahuddin Ahmed Ebrahim	✓	100%
Mr A.Redha Mohamed Redha Aldailami	✓	100%
Mr Ali Yusuf A.Rahman A.Rahim	✓	100%
Mr Sofyan Khalid Almoayed	✓	100%

7. CORPORATE GOVERNANCE

Actions taken to complete the Corporate Governance Code

The Board and the Company's employees are expected to maintain the highest level of corporate ethics and personal behaviour. The Company has established the Code which provides an ethical and legal framework for all employees in the conduct of its business. The Code also 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 and a Whistleblower Policy to monitor compliance with the ethical requirements of the Code. The Code provides clear directions on conducting business internationally, interacting with the Government entities, communities, business partners and general workplace behaviour having regard to the best practice of corporate governance models and ethics. The Code also sets out a behavioural framework for all employees in the context of a wide range of ethical and legal issues.

Compliances with the corporate governance code

Management and Board of Directors ensure compliance with corporate governance framework and guidelines to ensure compliance with the Corporate Governance Code and did not note any non-compliance during the year ended 2022 other than those reported under point 16 of this report.

8. CORPORATE GOVERNANCE OFFICER

S.No.	Name	Date of Appointment	Contact Details
1	Mrs. Fatima Bushihri	29/12/2022	Phone: +973-17729000 e-mail: fatima@trafco.com

9. IRREGULARITIES COMMITTED DURING THE FINANCIAL YEAR

There are no irregularities committed during the year 2022.

10. EXTERNAL AUDITORS

Fees and charges for the audit 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 is as follows:

Name of the audit firm	Ernst & Young – Middle East
Years of service as the Company's external auditor	23 years
Name of the partner in charge of the Company's audit	Kazim Merchant
The partner's years of service as the partner in charge of the Company's audit	Fourth year
Total audit fees for the financial statements for the year 2022 (in BD)	BD 27,500
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2022 (in BD) if any.	BD 2,750

11. CONFLICT OF INTEREST

No conflicts of interest arose during the year ending 2022. 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 in the discussion of such transaction or resolution to be taken. Members of the Board of Directors or its Committees usually inform the Board of a potential conflict of interest prior to the discussion of any transaction or resolution and concerned member(s) refrain from voting on these transactions or resolution where a conflict of interest arise.

12. RELATED PARTY TRANSACTIONS

All related party transactions are done on an arm's length basis and approved by the management of the Group. No employee or director or member of executive management can trade the shares with material information which is not made public. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction is detailed in section 17. All transaction listed in section 17 is with common directors except Bahrain Livestock Company B.S.C. (c) which was an Associate till 31st May 2022.

13. MEANS OF COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company is committed to providing relevant and timely information to its shareholders, investors, and regulators in accordance with its continuous disclosure obligations defined in the Code. Information is communicated to shareholders and regulators through the distribution of the Company's Annual Report and other information released about the significant matters through the Company's website in a timely manner. The Board Secretary is responsible for communications with the shareholders and regulators, ensuring that the Company meets its continuous disclosures obligations as defined in the Code.

14. EVALUATION OF BOARD PERFORMANCE

The shareholders evaluate the performance of the Board of Directors and absolve them from liability in the Annual General Meeting. The Board of Directors evaluates the performance of the Chairman and Group CEO in the Board of Directors meeting.

During the year, 2022, evaluation was done in the following ways:

The Board has introduced annual performance evaluations of Board, its Committees, individual directors and executive management in accordance with their respective terms of reference and appointment agreements with the aim of improving the effectiveness and contributions towards the Group.

The evaluation is designed to determine whether the Board, its Committees, individual directors and executive management continues to be capable of providing the high level judgment required and are informed and up to date with the business and its goals and understand the context within which it operates.

15. CONTRIBUTIONS TOWARDS COMMUNITY DEVELOPMENT AND ESG

During the year 2022, the total contribution to Charitable societies and others BD 49,330.

A. ENVIRONMENTAL

- a. Forever Green Campaign - planted more than 3000 various plants across Bahrain.
- b. Using Electric Forklift instead of Diesel Forklift to avoid environmental pollution.
- c. Installed Solar system in the Hidd warehouse.

B. SOCIAL

- a. Major Donations:
 - i. Mohammed Bin Khalifa Cardiac Centre
 - ii. Public Commission for the Protection of Marine Resources, Environment & Wildlife.
 - iii. National Institute of Disable.
 - iv. Bahrain Down Syndrome Society
 - v. Bahrain Kidney Patients Friendship Society
 - vi. Bahrain Diabetes Society
 - vii. Bahrain Cancer Society
 - viii. The National Initiative for Agricultural Development – Al Ghouse Park.
- b. Cash donations to 51 registered Societies and Associations.
- c. 1,303 number of Ramadan baskets distributed to the societies during Ramadan.
- d. Donation to needy staff's family medical and other expenses.
- e. Introduced policy for staff's children university education fee reimbursement.

C. GOVERNANCE

- a. Annual Disclosure of Corporate Governance in the Annual Report.
- b. Board Committees to Oversee and monitor adherence to best Corporate Governances practices and compliances.

16. COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

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.		✓		
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 law.		✓		
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors.		✓		
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly			✓	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, authority, 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.		✓		
Principle 9: The Company which offers Islamic services shall adhere to the principles of Islamic shari'a.			NA	
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.			✓	

* Partially complaints are explained in the following pages

Trafco Group B.S.C. currently complies with all the provisions of the Code with the exception of following:

1. The Corporate Governance Code requires that the Chairman of the Board of Directors should be an Independent Director. Mr. Ebrahim Mohamed Ali Zainal is a non-independent director as the Company has different business transactions with some of the entities in which he is a director. However, this does not dilute the highest standards of corporate governance that the company maintains as a) business transactions are entered into on arms' length basis by the relative management, b) Existence of efficient system of management of conflict of interest in Board decisions and c) in case of motions in which some directors are interested, the concerned directors refrain from the discussion as well as in voting to pass the motion as resolution. Highest standards of corporate governance and policies are followed for managing the conflict of interest without any type of lacunae in the implementation. Therefore, Mr. Ebrahim Mohamed Ali Zainal status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.
2. The Corporate Governance Code provides that no director of the Company shall hold more than 5 directorships in public companies in Bahrain, with the provision that no conflict of interest may exist, and the Board should not propose the election/ re-election of any such director. Mr. Jehad Yousif Amin Director of the Company hold more than five directorships in Bahraini Public shareholding companies but his directorships in more than five Bahraini Public shareholding Companies does not dilute the *sanctum sanctorum* of the interests of the Company and does not affect the effectiveness and efficiency of the Board of Directors as Mr. Jehad Yousif Amin is an active member of the Board and provides required attention in discharge of his responsibilities as a director of the company and there exists no conflict of interest between his directorships in other Companies and his directorship in Trafco Group BSC.
3. The Corporate Governance Code provides that the Chairman of the Nomination and Remuneration Committee should be an Independent Director. Mr. Ebrahim Mohamed Ali Zainal is a non- independent director as the Company has different business transactions with some of the entities in which he is a director. However, this does not dilute the highest standards of corporate governance that the company maintains. Therefore, Mr. Ebrahim Mohamed Ali Zainal status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.

4. The Corporate Governance Code provides that the Chairman of the Audit Committee should be an Independent Director. Mr. Ebrahim Salahuddin Ahmed Ebrahim is a non-independent director as per the provision Appendix (1) (3) (e) of the code as he is a Nominee director in Subsidiary Companies wholly owned by Trafco Group BSC. He is also the Chairman in Corporate Governance Committee. However, this does not dilute the highest standards of corporate governance that the company maintains. Therefore, Mr. Ebrahim Salahuddin Ahmed Ebrahim status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.
5. Most of the Company Directors' are representing in group subsidiary companies wholly or partially owned by Trafco Group BSC to have close monitoring and those accounts are consolidated at Group level, hence most of them treated as non-Independent directors as per the Appendix (1) (3) (e) of the code. However, this does not dilute the highest standards of corporate governance that the company maintains.

17. ANNEXURE 1: RELATED PARTY TRANSACTIONS:

Related party details for the year 2022

1. TRAFCO - Trafco Group B.S.C
2. ADC - Awal Dairy Company W.L.L.
3. BWBC - Bahrain Water Bottling & Beverages Company W.L.L.
4. BFFC - Bahrain Fresh Fruits Company W.L.L.
5. TLC - Trafco Logistics Company W.L.L.
6. BLSC - Bahrain Livestock Company W.L.L (w.e.f. 1st June 2022)

Abdulla Yusif Fakhro & Sons BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	349	-	-	-	349
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	127	-	-	-	127
Payables	317	-	601	-	-	-	918
Other expenses	2,494	-	1,279	-	-	350	4,123

Alosra Supermarket WLL	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	61,453	-	-	17,958	-	-	79,411
Purchases	220	-	-	-	-	-	220
Other income	-	-	-	-	-	-	-
Receivables	36,224	-	-	370	-	-	36,594
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain National Holding BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	24,808	7,807	-	-	-	-	32,615
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain Cinema Company BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	300	-	-	-	-	-	300
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain Duty Free Shop Complex (BSC)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	3,300	-	-	-	-	-	3,300
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain Livestock Company (upto 31 May 2022)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,871	-	29	268	-	-	8,169
Purchases	751	-	-	-	-	-	751
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Banader Hotels Company BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	2,068	-	-	-	-	1,714	3,781
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	501	-	-	-	-	620	1,121
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

BANZ Group BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	270,184	-	-	-	-	-	270,184
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

BANZ Trading & Contracting WLL	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	2,636	-	-	-	2,636
Purchases	3,003	-	6,240	-	11,241	-	20,484
Other income	-	-	-	-	-	-	-
Receivables	-	-	900	-	-	-	900
Payables	94	-	-	-	2,053	-	2,147
Other expenses	-	-	-	-	-	-	-

BMMI BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	96,637	20,650	-	-	-	-	117,287
Purchases	12,857	-	-	-	-	-	12,857
Other income	55,185	-	-	-	-	-	55,185
Receivables	51,141	6,898	-	-	-	-	58,039
Payables	5,633	-	-	-	-	-	5,633
Other expenses	-	-	-	-	-	-	-

Delmon Poultry Company BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	15,797	-	-	-	-	-	15,797
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Ebrahim K Kanoo BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	22,489	-	-	-	22,489
Purchases	-	-	-	-	9,066	-	9,066
Other income	-	-	-	-	-	-	-
Receivables	-	-	9,989	-	-	-	9,989
Payables	743	-	828	30	4,283	-	5,884
Other expenses	4,795	-	1,766	930	-	-	7,491

Mohamed Ali Zainal Abdulla BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,814	53,295	-	-	-	-	61,109
Purchases	764	239,622	-	-	-	3,200	243,586
Other income	-	-	-	-	-	-	-
Receivables	-	14,905	-	-	-	-	14,905
Payables	32	6,750	-	-	-	605	7,387
Other expenses	-	-	-	-	-	-	-

Mohamed Jalal & Sons Company	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	152,074	-	-	53,720	-	496	206,290
Purchases	14,213	-	-	-	-	-	14,213
Other income	-	-	-	-	-	-	-
Receivables	94,337	-	-	17,381	-	496	112,214
Payables	828	-	-	-	-	-	828
Other expenses	-	-	41	-	-	-	41

Motor City Holding BSC (C)	TRAFKO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	558	-	-	-	558
Purchases	-	-	-	-	-	252	252
Other income	-	-	-	-	-	-	-
Receivables	-	-	369	-	-	-	369
Payables	-	-	1,000	219	-	-	1,219
Other expenses	171	-	1,243	1,888	-	-	3,302

National Transport Company	TRAFKO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	700	-	-	-	-	700
Other expenses	-	4,200	-	-	-	-	4,200

Saleh Alsaleh Company WLL	TRAFKO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	8,488	-	-	8,590	-	-	17,078
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	22	-	-	2,790	-	-	2,812
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

The Food Supply Company	TRAFKO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,000	19,604	3,019	-	19	-	29,642
Purchases	11,618	-	26,626	-	-	-	38,244
Other income	-	-	-	-	-	-	-
Receivables	19,385	12,026	1,863	-	21	-	33,295
Payables	8,666	-	9,238	-	-	-	17,904
Other expenses	-	-	-	-	-	-	-

United Paper industries	TRAFKO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	7,561	274,525	102,197	-	-	-	384,283
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	64,092	39,783	-	-	-	103,875
Other expenses	-	-	-	-	-	2,266	2,266

Yousuf Abdul Rahman Engineer	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,491	-	-	-	-	-	7,491
Purchases	255	8,867	-	-	-	-	9,122
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	30,274	-	-	-	-	30,274
Other expenses	-	163,034	-	402	-	-	163,436

Ebrahim Salahuddin	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	1,200	-	-	-	-	-	1,200
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Jehad Yousif Amin	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	600	-	-	-	-	-	600
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

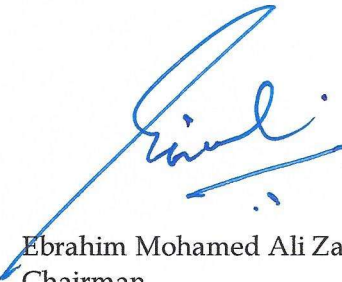
Khalid A.Rahman Almoayed	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	1,337	-	-	-	-	-	1,337
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	26	-	-	-	-	-	26
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Yousif Saleh Al Saleh	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	36	-	-	-	-	-	36
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	29	-	-	-	-	-	29
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Associates company	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,871	-	29	268	-	-	8,169
Purchases	751	-	-	-	-	-	751
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Common directorship	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	346,198	93,549	29,051	80,268	19	2,210	551,295
Purchases	50,490	523,014	135,063	-	20,308	3,452	732,326
Other income	369,574	7,807	-	-	-	-	377,381
Receivables	201,664	33,829	13,247	20,541	21	1,116	270,418
Payables	16,312	101,816	51,451	249	6,336	605	176,769
Other expenses	7,460	167,234	4,329	3,220	-	2,616	184,859

Description	Sales	Purchase of goods and services	Expenses	Other Income	Due from related parties	Due to related parties
	BD	BD	BD	BD	BD	BD
Associated companies	8,169	751	-	-	-	-
Common directors	551,295	732,326	184,859	377,381	270,418	176,769
Total	559,464	733,077	184,859	377,381	270,418	176,769


 Ebrahim Mohamed Ali Zainal
 Chairman
 21-September-2023