

ANNUAL CORPORATE GOVERNANCE DISCLOSURE

TRAFCO GROUP B.S.C.

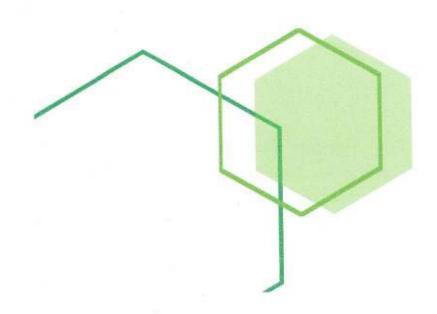






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Corporate Governance Disclosure

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 at 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

During the year, we have appointed Mr. Sameer A. Alkhan as Corporate Governance Officer as per the requirement of Corporate Governance Code 2018 issued by Ministry of Industry, Commerce & Tourism (MOICT). We engaged a consultant to review and make necessary change in the existing Corporate Governance code to comply as per new Corporate Governance Code 2018 issued by MOICT.



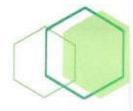












Corporate Governance Disclosure

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 2018, the Company had issued 80,675,050 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 and Extraordinary Meetings were held on 26 March 2018.

Major shareholders of the Company (Name of the shareholder holding 5% or more) as of 31st December, 2018 is as follows:

Name of Shareholder	Number of Shares	% of Holdings	Name of the natural person, the final beneficiary
Abdulhameed Zainal Mohamed Zainal	8,433,646	10.45%	Abdulhameed Zainal Mohamed Zainal

Statement of shareholders' equity as of 31 December 2018 (individuals, corporate, government or organizations) to be classified as follows:

S.No.	Shareholder		Shareholding %				
S.NO.	Classification	lassification Individuals	Corporate	Government or Organizations	Total		
1	Local	57.46	35.52	4.95	97.93		
2	Arab	1.87			1.87		
3	Foreign	0.17	0.03	_	0.20		
4	Total	59.50	35.55	4.95	100.000		

Description of how shareholders are distributed according to their respective shareholding as at 31 December 2018 as follows:

S.No.	Shareholding (share)	Number of Shareholders	Number of shares held	Shareholding %
1	Less than 50,000	2796	10,782,055	13.37
2	50,000 to 500,000	178	24,423,919	30.27
3	500,000 to 5,000,000	25	37,035,432	45.91
4	More than 5,000,000	1	8,433,646	10.45

Description of the significant events that occurred during the year 2018 as follows:

There are no significant events during the year 2018



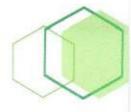












Corporate Governance Disclosure

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:

- Monitoring the overall business performance;
- Monitoring the performance of the executive management to ensure that the executives are compensated fairly;
- Monitoring management performance and succession plan for Senior Management;
- Accurate preparation of the quarterly and annual consolidated financial statements and ensure that financial statements are free from errors and frauds;
- Monitoring conflicts of interest and preventing abusive related party transactions;
- Convening and preparing for the shareholders meetings;
- Recommending dividends to shareholders and ensure its execution;
- Adapting, implementing and monitoring compliance with the Company's Code of Business Conduct;
- Disclosure of financial information to the Government Authorities and the public within the stipulated time;
- 10. Reviewing the Company's objectives and policies relating to social responsibilities; and
- 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:

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



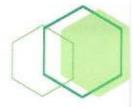












Corporate Governance Disclosure

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 companies	Positions in any other key regulatory, government or commercial entities.
1.	Mr. Ebrahim Mohamed Ali Zainal	Vice Chairman	United Paper Industries B.S.C	None
2.	Mr. Yusuf Saleh Abdulla Alsaleh	Director	Delmon Poultry Company B.S.C.	None
3.	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
4.	Mr. A. Redha Mohamed Redha Aldailami	Director	Delmon Poultry Company B.S.C.	None
5.	Mr. Sami Mohammed Jalal	Director	United Paper Industries B.S.C	None
6.	Mr. Jehad Yusuf Abdulla Amin	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 B.S.C.	None















Corporate Governance Disclosure

4.5. Status of Directorships and Board Composition

SI	Name of Director	Type (executive, non- executive or independent)	Experien ce	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 / Independent	54	Businessman	1978
2	Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman / Non – Executive / Independent	55	Businessman	1978
3	Dr. Esam Abdulla Yousif Fakhro	Director and Executive Committee member / Non - Executive / Independent	51	Businessman	1995
4	Mr. Khalid A. Rahman Khalil Almoayed	Director and Executive Committee member / Non – Executive / Independent	52	Businessman	1978
5	Mr. A. Redha Mohamed Redha Aldailami	Director / Non - Executive / Independent	62	Businessman	1981
6	Mr. Fuad Ebrahim Khalil Kanoo Yusuf Abdulla Amin	Director / Non - Executive / - Independent	56	Businessman	1994
7	Mr. Ali Yusuf A. Rahman A. Rahim	Director / Non - Executive / - Independent	53	Businessman	1994
8	Mr. Sami Mohammed Jalal	Director / Non - Executive / - Independent	45	Businessman	1995
9	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Director / Non - Executive / Independent	49	Businessman	1995
10	Mr. Jehad Yusuf Abdulla Amin	Director / Non - Executive / Independent	40	Businessman	1998















Corporate Governance Disclosure

4.5. Election and Termination of Appointment of Directors

Directors are elected for 3-year 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.

4.6. Induction and Training of Directors

The Company has a formal induction programme in place, which is designed for each new Director. The induction programme 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 as may be required. All continuing Directors are invited to attend orientation meetings.

4.7. Directors Ownership of Company's shares

S.No.	Name of Director	Type of Shares	Number of Shares	Percentage %
1.	Mr. Ebrahim Mohamed Ali Zainal	Equity Shares	1,888,137	2.34%
2.	Mr. Yusuf Saleh Abdulla Alsaleh	Equity Shares	542,227	0.67%
3.	Dr. Esam Abdulla Yousif Fakhro	Equity Shares	1,583,161	1.96%
4.	Mr. Khalid A. Rahman Khalil Almoayed	Equity Shares	457,089	0.57%
5.	Mr. A. Redha Mohamed Redha Aldailami	Equity Shares	270,184	0.33%
6.	Mr. Fuad Ebrahim Khalil Kanoo Yusuf Abdulla Amin	Equity Shares	174,757	0.22%
7.	Mr. Ali Yusuf A. Rahman A. Rahim	Equity Shares	149,660	0.19%
8.	Mr. Sami Mohammed Jalal	Equity Shares	203,901	0.25%
9.	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Equity Shares	311,115	0.39%
10.	Mr. Jehad Yusuf Abdulla Amin	Equity Shares	910,000	1.13%

4.8. 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 31/12/2017	Number of shares disposed	Additional shares purchased	Number of shares held as at 31/12/2018
Mr. Khalid A. Rahman Khalil Almoayed	Director	591,545	134,456	•	457,089
Mr. Jehad Yusuf Amin	Director	450,000		460,000	910,000



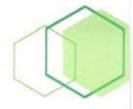












Corporate Governance Disclosure

Board Meetings

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

Meetings of Board of Directors held in 2018: Five

Name of Director	Business Title	8 Jan	19 Feb	9 May	6 Aug	7 Nov	% Attended
Mr Ebrahim Mohamed Ali Zainal	Chairman	1	1	~	~	_	100%
Mr Yusuf Saleh Abdulla Alsaleh	Vice Chairman	~	1	1	1	1	100%
Mr Khalid A.Rahman Khalil Almoayed	Director and Executive Committee Member	√	1	×	×	1	60%
Dr Esam Abdulla Yousif Fakhro	Director and Executive Committee Member	~	~	~	1	-	100%
Mr Ebrahim Salahuddin Ahmed Ebrahim	Director	1	1	~	1	1	100%
Mr Sami Mohamed Yusuf Jalal	Director	1	1	V	×	~	80%
Mr Jehad Yusuf Abdulla Amin	Director	1	1	1	1	~	100%
Mr A. Redha Mohamed Redha Aldailami	Director	1	1	1	1	~	100%
Mr Ali Yusuf A.Rahman A. Rahim	Director	~	1	1	×	1	80%
Mr Fuad Ebrahim Khalil Kanoo	Director	×	✓	1	~	_	80%

4.9. 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 remunerations paid to the directors for the year ended 31 December 2017 amounted to BD 107,625/- and directors sitting fees paid BD 38,250.

The proposed total remunerations to be paid to the directors for the year 2018, will be presented at the annual general meeting for approval.



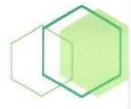












Corporate Governance Disclosure

Description of the sitting fees paid to the directors for attendance of the Board's committees for the financial year 2018 is as follows:

		Sitting fees paid for attendance of the Board's committees				
S.No.	Name	Name of committee	Sitting fees amount	Number of meetings		
1.	Mr Ebrahim Mohamed	Board meeting	2,250	5		
	Ali Zainal	Executive Committee	2,700	6		
		Nomination and Remuneration Committee	0	1		
2.	Mr Yusuf Saleh Abdulla	Board meeting	2,250	5		
	Alsaleh	Executive Committee	2,700	6		
		Nomination and Remuneration Committee	0	1		
3.	Mr Khalid A.Rahman	Board meeting	1,350	3		
	Khalil Almoayed	Executive Committee	1,800	4		
		Nomination and Remuneration Committee	0	1		
4.	Dr Esam Abdulla Yousif	Board meeting	2,250	5		
	Fakhro	Executive Committee	2,700	6		
		Nomination and Remuneration Committee	0	1		
5.	Mr Ebrahim Salahuddin	Board meeting	2,250	5		
	Ahmed Ebrahim	Audit Committee	1,800	4		
		Corporate Governance committee	450	1		
6.	Mr Sami Mohamed Yusuf Jalal	Board meeting	1,800	4		
7.	Mr Jehad Yusuf Abdulla	Board meeting	2,250	5		
	Amin	Audit Committee	1,800	4		
		Corporate Governance committee	450	1		
8.	Mr A. Redha Mohamed	Board meeting	2,250	5		
	Redha Aldailami	Audit Committee	1,800	4		
		Corporate Governance committee	450	1		
9.	Mr Ali Yusuf A.Rahman	Board meeting	1,800	4		
	A. Rahim	Audit Committee	900	2		
		Corporate Governance committee	450	1		
10.	Mr Fuad Ebrahim Khalil Kanoo	Board meeting	1,800	4		



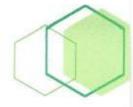












Corporate Governance Disclosure

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. S Sridhar	Group Chief Executive Officer	33	Fellow Member – Institute of Chartered Accountants of India
2.	Mr. Sameer Abdulla Alkhan	Assistant Group Chief Executive Officer	36	Diploma in Human Resources
3.	Mr. P Palanisamy	Finance Manager	14	Associate Member – Institute of Chartered Accountants of India
4.	Mr. Azzam M A Moutragi	Sales Manager	33	Master's Degree in Business Administration
5.	Mr. Sequeira Francisco	Maintenance Manager	34	Diploma in Mechanical Engineering and Post Graduate Diploma in Production & Maintenance Management
6.	Mrs. Layla Darwish	Human Resource Manager	28	Education Diploma in Secretarial Studies
7.	Mr. Wael Ahmed	Acting Stores Manager	24	-

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

Name of members of senior management	Amount (BD)
Salaries	245,515
Employees' end of service benefits	11,461
Total	256,976

4.10. 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 the information about the Group either during or after the service to any outside person/entities.



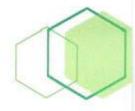






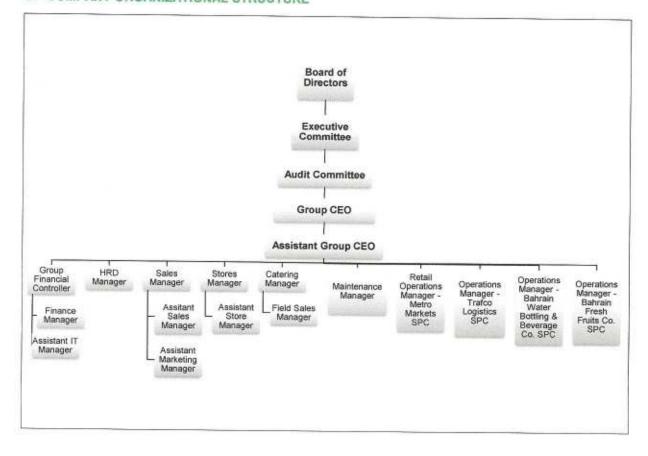






Corporate Governance Disclosure

5. COMPANY ORGANIZATIONAL STRUCTURE





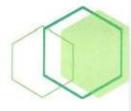












Corporate Governance Disclosure

6. COMMITTEES

The Committees are constituted by the Board for the good corporate governance. Scope of authority and responsibilities are clearly defined by the Charters of the respective Committee. Committees put forward suggestions and recommendation 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	The Audit Committee is responsible for: 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. 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.	1. Mr Ebrahim Salahuddin Ahmed Ebrahim (Chairman) 2. Mr Jehad Yusuf Abdulla Amin 3. Mr A. Redha Mohamed Redha Aldailami 4. Mr Ali Yusuf A.Rahman Rahim	Non-executive / Independent Non-executive / Independent Non-executive / Independent Non-executive / Independent		
Executive (Investment & Finance) Committee	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	Mr Ebrahim Mohamed Ali Zainal Mr Yusuf Saleh Abdulla Alsaleh Mr Khalid A.Rahman Khalil Almoayed Dr Esam Abdulla Yousif Fakhro	Non – Executive / Independent Non – Executive / Independent Non – Executive / Independent Non – Executive / Independent		



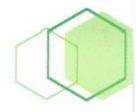












Board's Committee	Objective	Members	Independent/ Non-independen		
Nomination and Remuneration Comittee	Review and advise the Board of Directors on the Board's composition, new directors nominations in addition to Board and Senior Management	Mr Ebrahim Mohamed Ali Zainal (Chairman) Mr Yusuf Saleh Abdulla Alsaleh	Non-executive / Independent		
	remuneration.	Dr Esam Abdulla Yousif Fakhro Mr Khalid A.Rahman	Non-executive / Independent Non-executive /		
Corporate Governance committee	To review and ensure compliance with Corporate Governance Code framework and guidelines.	Khalil Almoayed 1. Mr Ebrahim Salahuddin Ahmed Ebrahim (Chairman) 2. Mr Jehad Yusuf Abdulla Amin	Independent Non-executive / Independent Non-executive / Independent		
		Mr A. Redha Mohamed Redha Aldailami Mr Ali Yusuf A.Rahman A.Rahim	Non-executive / Independent Non-executive / Independent		



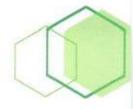












Corporate Governance Disclosure

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.
- 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 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	14 Feb	24 Apr	26 July	30 Oct	% Attended
Mr Ebrahim Salahuddin Ahmed Ebrahim	1	V	1	1	100%
Mr Jehad Yusuf Abdulla Amin	V	V	/	1	100%
Mr A. Redha Mohamed Redha Aldailami	1	/	1	1	100%
Mr Ali Yusuf A.Rahman A. Rahim	1	×	×	-	50%

During the year, total fees paid to the members of the Audit Committee was BD 6,300/-.



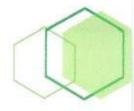












Corporate Governance Disclosure

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, **Six** meetings of the Executive Committee were held. The following table summarises the information about the members attendance in the Executive Committee meetings:

Members	15 Feb	3 May	19 Jul	14 Oct	4 Dec	30 Dec	% Attended
Mr Ebrahim Mohamed Ali Zainal		1	1	~	1	~	100%
Mr Yusuf Saleh Abdulla Alsaleh		1	1	~	1	V	100%
Mr Khalid A.Rahman Khalil Almoayed	· ·	1	×	×	1	V.	67%
Dr Esam Abdulla Yousif Fakhro		1	~	1	1	1	100%

During the year, total fees paid to the members of the Executive Committee was BD 9,900.

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.



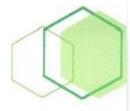












Corporate Governance Disclosure

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- Approve of succession plans of senior management before the plans is 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, one meeting 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	30 Dec	% Attended
Mr Ebrahim Mohamed Ali Zainal		100%
Mr Yusuf Saleh Abdulla Alsaleh	V	100%
Mr Khalid A.Rahman Khalil Almoayed	-	100%
Dr Esam Abdulla Yousif Fakhro	· ·	100%

During the year, no fees paid to the members of the Nomination, Remuneration Committee .

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 two Corporate Governance Committee meetings during each year. During the year, one meetings of the Corporate Governance Committee were held. The following table summarises the information about the members attendance in the Corporate Governance Committee meetings:



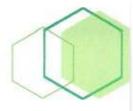












Corporate Governance Disclosure

Members	30 Oct	% Attended
Mr Ebrahim Salahuddin Ahmed Ebrahim	1	100%
Mr Jehad Yusuf Abdulla Amin	1	100%
Mr A. Redha Mohamed Redha Aldailami	✓	100%
Mr Ali Yusuf A.Rahman A. Rahim		100%

During the year, total fees paid to the members of the Corporate Governance Committee was BD 1,800.

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 years ended 2018.

8. CORPORATE GOVERNANCE OFFICER

S.No.	Name	Qualification	Date of Appointment	Contact Details		
1	Mr. Sameer Abdulla Alkhan	Diploma in Human Resources	23/12/2018	Phone: +973-17723343 e-mail: sameer@trafco.com		

9. IRREGULARITIES COMMITTED DURING THE FINANCIAL YEAR

There are no irregularities committed during the year 2018.



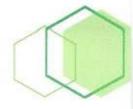












Corporate Governance Disclosure

10. EXTERNAL AUDITORS

Fees and charges for the audit services provided by the external auditor during the year 2018, 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
Years of service as the Company's external auditor	23 years
Name of the partner in charge of the Company's audit	Prasanth Govindapuram
The partner's years of service as the partner in charge of the Company's audit	First year
Total audit fees for the financial statements for the year 2018 (in BD)	
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2018 (in BD) if any. In the absence of such fees, this shall be expressly stated	Information about audit fees is available on request from Corporate Governance Officer.

11. CONFLICT OF INTEREST

No conflicts of interest arose during the years ended 2018. In the instance of a conflict of interest arising as a result of any business transaction or any type of resolution to be taken, the concerned Board member shall refrain from participating at the discussion of such transaction or resolution to be taken. 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 Company. No employee or director or member of executive management can trade the shares with the 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 point 17. All transaction listed in point 17 is with common directors except Bahrain Livestock Company B.S.C. (c) which is an Associate.



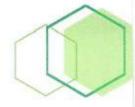












Corporate Governance Disclosure

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 releases 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, 2018, evaluation was done in the following ways:

The Board has introduced annual performance evaluations of Board, Audit committee, 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 Company.

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 ENVIRONMENT PRESERVATION

Contribution to societies and others in cash BD 31,063

Contribution in kind BD 7,037



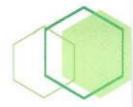












Corporate Governance Disclosure

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.			Yes	
Principle 2: The directors and executive management shall have full loyalty to the company.			Yes	
Principle 3: The Board shall have rigorous controls for financial audit and reporting, internal control, and compliance with law.			Yes	
Principle 4: The Company shall have effective procedures for appointment, training, and evaluation of the directors.			Yes	
Principle 5: The Company shall remunerate directors and senior officers fairly and responsibly			Yes	
Principle 6: The Board shall establish a clear and efficient management structure for the Company and define the job titles, authority, roles and responsibilities.			Yes	
Principle 7: The Company shall communicate with shareholders, encourage their participation, and respect their rights.			Yes	
Principle 8: The Company shall disclose its corporate governance.			Yes	
Principle 9: The Board shall ensure the integrity of the financial statements submitted to shareholders through appointment of external auditors.			Yes	
Principle 10: The Company shall seek through social responsibility to exercise its role as a good citizen.			Yes	



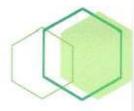












Corporate Governance Disclosure

17. ANNEXURE 1: RELATED PARTY TRANSACTIONS:

Related party details Dec 2018

1. TRAFCO

- Trafco Group B.S.C

2. ADC

- Awal Dairy Co. W.L.L.

3. BWBC

- Bahrain Water Bottling & Beverage Co. S.P.C

4. BFFC

- Bahrain Fresh Fruits Co. S.P.C

METRO

- Metro Markets Co. S.P.C

6. TLC

- Trafco Logistics Co. S.P.C

MAZA B.S.C (C)	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	14,891	4,839	(i=)	-		-	19,730
Purchases	•	406,898	-	-	2,735	12	409,633
Other income	148	-	-			778	778
Receivables	14,480	2,946	7/27		-	-	17,426
Payables		15,365	-	-	202	-	15,567
Other expenses		-		-		-	10,007

Mohamed Jalal & Sons Company	TRAFCO	ADC	вwвс	BFFC	METRO	TLC	TOTAL
Sales	118,860		-	19,713	-	-	138,573
Purchases	-		-		78,408	-	78,408
Other income	-	-	-	-	-	-	70,100
Receivables	33,814	8	-	1,502	-		35,316
Payables	787		-	_	11,404	120	12,191
Other expenses	6,434	_	2		1,102	-	7,536

	0,101		1		1,102		7,000
Saleh Alsaleh Company W.L.L	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	5,772	#	140	-	13-	-	5,772
Purchases	1,350	H	-	-	-	- 2	1,350
Other income	-	2	12/			7.	-
Receivables	4,145	2			-	-	4,145
Payables	-		-	400	88	-	488
Other expenses	-	-	-	8.593	391	-	8 984

Manama Travel Centre	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	1 -				-		-
Purchases			2-	-	-	_	
Other income	-	-	-	-			
Receivables	-		-	-	-	-	
Payables	670	-	-				670
Other expenses	4,108		4	1 2	392	-	4,500



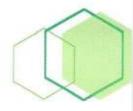












E K Kanoo group	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	22,229	-	-	100	22,229
Purchases	#	14	-	-	12	-	-
Other income	-	-				-	
Receivables			5,122	-	-		5,122
Payables	10,331		5,580	3,247	- 1	-	19,158
Other expenses	29,574	-	48,500	20,110	- 1		98.184

Motorcity Holding co	TRAFCO	ADC	вwвс	BFFC	METRO	TLC	TOTAL
Sales		-	-	_	-		
Purchases	-		-	*	12	140	1
Other income		-	-	=	- 4	72	12
Receivables	-	-		2			
Payables	8,970	-					8,970
Other expenses	10,145	-	-	-	, <u>.</u>		10,145

United Paper industries	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales		080		-	-	140	
Purchases	4,749	282,581	93,834	-	-	-	381,164
Other income	-	-	-	41		723	-
Receivables	-	4	-	2	5	125	
Payables	809	77,810	20,388			_	99,007
Other expenses	-			-	-	-	-

Delmon Poultry	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-		-	-	-	-	-
Purchases	(-		_	-	-	347	
Other income	15,797	92	_	1	2 1	1027	15,797
Receivables		4		-	7 - U		-
Payables	-		_	-	-	-	-
Other expenses	-		-	-	_		-

Abdulla Yusif Fakhro	TRAFCO	ADC	вwвс	BFFC	METRO	TLC	TOTAL
Sales		-	194	-	-	-	194
Purchases	-		-	-	-	-	-
Other income	-	4	-		2	34	2
Receivables	-	4	98	12	9		98
Payables	660	瞳			-		660
Other expenses	3,747	-	800	350	-		4,897















Bahrain Cinema Company	TRAFCO	ADC	вwвс	BFFC	METRO	TLC	TOTAL
Sales	-	1.5%	994	-			994
Purchases	-	-				-81	334
Other income		-				1900	-
Receivables	-		294	191			294
Payables	-	-	201	2			294
Other expenses	-					- 3	

Budget Rent A Car	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	- 19 - 0	-	-	-	_	-	TOTAL
Purchases	-	-	-	-			
Other income	-	-	_	23			-
Receivables	-				1		-
Payables	-	ja –	560				560
Other expenses	-		1,680				1,680
Intershield Insurance Company	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales		-			Mary Control of the Control		
Purchases		-	-	-	-		-
Other income		-	_	-			-
Receivables	-		_	0-14			-
Payables	13,879		-	7,324	1,810		23,013
Other expenses	29,626		12,783	15,307	1,810		59,526

Khalid Almoayed	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	688		5.50				688
Purchases	-	*	Ten.				- 550
Other income	-	H:	-		_		
Receivables	21	2)		120		_	21
Payables	-	4	(4)				- 21
Other expenses	-	20) 20)					

National Transport Company	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-		-			
Purchases	-			72		-	
Other income	-	V2115		_			-
Receivables	-	72		-	-	-	
Payables	2	1,050		-	-	100	1,050
Other expenses	-	4,200	-	-		(±)	4,200















Yousuf Abdul Rahman Engineer	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	10-5	_	-	- Walter Street		and the same of th
Purchases		4,515	-	T U		1928	4,515
Other income	-		-				4,515
Receivables	-	-	5	2			
Payables	-	37,996	2 2				37,996
Other expenses	784	151,152	-		_	-	151,936

FOOSCO	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales		32,955	17,552	4	-		50,507
Purchases	71,389		23,088	2	1,545		96,022
Other income	-	-		<u>(i)</u>	- 1,010		30,022
Receivables	23,072	15,898	6,827	-			45,797
Payables	9,758	-	8,406	-	60		18,224
Other expenses		-	-		- 00		10,224

Bahrain Livestock Company	TRAFCO	ADC	вwвс	BFFC	METRO	TLC	TOTAL
Sales	-	-	149		-	-	149
Purchases	115,683	*	-	+	2		115,683
Other income	5,974			1923	2	. 22	5,974
Receivables	639	-	10	-	-	-	649
Payables	7,014	2	-		-	-	7,014
Other expenses	-	-	-	-	-		-,017

Fakhro Insurance Services Company	TRAFCO	ADC	вwвс	BFFC	METRO	TLC	TOTAL
Sales	-		-		-		
Purchases	-		-	_	_		
Other income	_	-	-	141		-	
Receivables	-		1				
Payables	1,319	- 4	186	-	-		1,505
Other expenses	5,426		5,394	-	-	-	10,820



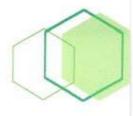












BMMI Group	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	226,519			25,769			252,288
Purchases	-	84		20,100	71,557		
Other income	94,475	-			71,007	2 226	71,557
Receivables	35,280	-		1,604	-	2,226	96,701
Payables				1,004	20.452	2,226	39,110
Other expenses				-	22,453		22,453

BANZ Group	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-0	2	2	-	1000	101/10
Purchases		-	1,410				1,410
Other income	210,165	945	1	8			210,165
Receivables		121	435				
Payables	12		369			- 15%	435
Other expenses		-	- 000				369

National Media	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	_			The same of the sa	THE PERSON
Purchases	-	8				- 7	
Other income	-	-			1 - 1		-
Receivables	1					-	-
Payables	-			355			-
Other expenses	-	1,500	100		-	-	1,500

TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
-	-	-		-	A STATE OF THE PARTY OF THE PAR	THE REAL PROPERTY.
-	-	-	-			1
			043			-
						-
200	2		155		-	200
	22			-		1,000
	TRAFCO	200				200



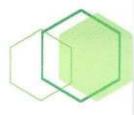












Corporate Governance Disclosure

Directors	TRAFCO	ADC	BWBC	BFFC	METRO	TLC	TOTAL
Sales	-	-	-	-		(2)	
Purchases		-	-	-	-	2.0 4.0	
Other income	-	-	-	1.2	2		
Receivables	-	5	12			-	
Payables	-	12,700		920	-		12,700
Other expenses	(2)			-		-	12,100

		Purchase of goods and	Other	Other	Due from	Due to
	Sales	services	income	Expenses	related	related
Description	BD	BD	BD	BD	parties BD	parties BD
Associated companies	149	115,683	5,974	_	649	7,014
Directors & RP	493,629	1,144,059	323,441	363,408	148,470	274,781
	493,778	1,259,742	329,415	363,408	149,119	281,795

Ehrahim Mohamad Ali Zainal

Ebrahim Mohamed Ali Zainal Chairman

27 February 2019











