



# ANNUAL CORPORATE GOVERNANCE DISCLOSURE (2023)

---

**TRAFCO GROUP B.S.C.**

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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 continues as Acting Corporate Governance Officer 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 2023, the Company has 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 Meetings will be held on 27 March 2024.

Major shareholders of the Company (Name of the shareholder holding 5% or more) as of 31st December 2023 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
BANZ Group BSC (C)	6,634,665	8.22%	BANZ Group BSC (C)
Trafco Group BSC	6,477,475	8.03%	Trafco Group BSC (Treasury Shares)

Shareholders as of 31 December 2023 (individuals, corporate, government or organizations) to be classified as follows:

S.No.	Shareholder Classification	Shareholding %			
		Individuals	Corporate	Government or Organizations	Total
1	Local	55.988%	41.273%	0.653%	97.914%
2	Arab	1.814%	0.124%	-	1.938%
3	Foreign	0.148%	-	-	0.148%
	<b>Total</b>	<b>57.950%</b>	<b>41.397%</b>	<b>0.653%</b>	<b>100.000%</b>

Description of how shareholders are distributed according to their respective shareholding as at 31 December 2023 as follows:

S.No.	Shareholding (shares)	Number of Shareholders	Number of shares held	Shareholding %
1	Less than 50,000	2,700	11,234,897	13.926%
2	50,000 to 500,000	165	22,673,656	28.105%
3	500,000 to 5,000,000	19	25,220,711	31.262%
4	More than 5,000,000	3	21,545,786	26.707%
<b>Total</b>		<b>2,887</b>	<b>80,675,050</b>	<b>100.000%</b>

Description of the significant events that occurred during the year 2023 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;
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	59	Businessman	1978
2	Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman / Non - Executive / Non - Independent	60	Businessman	1978
3	Dr. Esam Abdulla Yousif Fakhro	Director and Executive Committee member / Non - Executive / Non - Independent	56	Businessman	1995
4	Mr. A. Redha Mohamed Redha Aldailami	Director / Non - Executive / Non - Independent	68	Businessman	1981
5	Mr. Fuad Ebrahim Khalil Kanoo	Director / Non - Executive / Non - Independent	61	Businessman	1994
6	Mr. Ali Yusuf A. Rahman A. Rahim	Director / Non - Executive / Non - Independent	58	Businessman	1994
7	Mr. Sami Mohammed Yusuf Jalal	Director / Non - Executive / Non - Independent	50	Businessman	1995
8	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Director / Non - Executive / Non - Independent	54	Businessman	1995
9	Mr. Jehad Yusuf Abdulla Amin	Director and Executive Committee member/ Non - Executive / Non -Independent	45	Businessman	1998
10	Mr. Sofyan Khalid Almoayed	Director / Non - Executive / Non -Independent	28	Businessman	2022

**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. All the present Directors were elected during the Year 2022 for a period of 3 years. 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.

#### 4.7. 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.

#### 4.8. Directors Ownership of Company's shares

Sl no	Name	Type of Shares	Number of shares held as at 31/12/2023	Percentage %
1	Mr. Ebrahim Mohamed Ali Zainal	Ordinary Shares	2,089,728	2.590%
2	Mr. Yusuf Saleh Abdulla Alsaleh	Ordinary Shares	712,238	0.883%
3	Dr. Esam Abdulla Yousif Fakhro	Ordinary Shares	1,583,161	1.962%
4	Mr. Ebrahim Salahuddin Ahmed Ebrahim	Ordinary Shares	311,115	0.386%
5	Mr. Sami Mohammed Yusuf Jalal	Ordinary Shares	203,901	0.253%
6	Mr. Jehad Yusuf Abdulla Amin	Ordinary Shares	1,251,144	1.551%
7	Mr. A. Redha Mohamed Redha Aldailami	Ordinary Shares	343,282	0.426%
8	Mr. Ali Yusuf A. Rahman A. Rahim	Ordinary Shares	149,660	0.186%
9	Mr. Fuad Ebrahim Khalil Kanoo	Ordinary Shares	179,757	0.223%
10	Mr. Sofyan Khalid Almoayed	Ordinary Shares	50,000	0.062%
<b>Total Number of shares held by Directors</b>			<b>6,873,986</b>	<b>8.521%</b>



#### 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 31/12/2022	Number of shares disposed	Additional shares purchased	Number of shares held as at 31/12/2023
Mr. Yusuf Saleh Abdulla Alsaleh	Vice Chairman	702,238	-	10,000	712,238
Mr. A. Redha Mohamed Redha Aldailami	Director	332,817	-	10,465	343,282

#### 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 2023: Six

Name of Director	Business Title	04th Jan 2023	26th Feb 2023	29th Mar 2023	11th May 2023	10th Aug 2023	12th Nov 2023	% 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	✓	✓	✓	✓	✓	✓	100%
Mr Fuad Ebrahim Khalil Kanoo	Director	✓	✓	☒	✓	✓	✓	83.33%
Mr Sofyan Khalid Almoayed	Director	✓	✓	✓	✓	☒	✓	83.33%

#### 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 2023 amounted to BD 119,925/- (Year 2022: BD 102,500) and attendance fees paid for the year 2023 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 (Does not include expense allowance)	Expense 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			
First: Independent Directors:													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Second: Non-Executive Directors:													
Mr. Ebrahim Mohamed Ali Zainal	-	5,400	-	19,200	24,600	11,700	-	-	-	11,700	-	36,300	-
Mr. Yusuf Saleh Abdulla Alsaleh	-	5,400	-	-	5,400	14,625	-	-	-	14,625	-	20,025	-
Dr. Esam Abdulla Yousif Fakhro	-	5,400	-	-	5,400	11,700	-	-	-	11,700	-	17,100	-
Mr. Jehad Yusuf Abdulla Amin	-	5,400	-	-	5,400	11,700	-	-	-	11,700	-	17,100	-
Mr. Ebrahim Salahuddin Ahmed Ebrahim	-	5,350	-	-	5,350	11,700	-	-	-	11,700	-	17,050	-
Mr. Sami Mohammed Yusuf Jalal	-	2,900	-	-	2,900	11,700	-	-	-	11,700	-	14,600	-
Mr. A. Redha Mohamed Redha Aldailami	-	5,350	-	-	5,350	11,700	-	-	-	11,700	-	17,050	-
Mr. Ali Yusuf A. Rahman A. Rahim	-	5,350	-	-	5,350	11,700	-	-	-	11,700	-	17,050	-
Mr. Fuad Ebrahim Khalil Kanoo	-	2,400	-	-	2,400	11,700	-	-	-	11,700	-	14,100	-
Mr. Sofyan Khalid Almoayed	-	4,850	-	-	4,850	11,700	-	-	-	11,700	-	16,550	-
Third: Executive Directors:													
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	47,800	-	19,200	67,000	119,925	-	-	-	119,925	-	186,925	-

#### 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	38	Master's Degree in Business Administration
2.	Mr. R. Balasubramanian	Group Financial Controller	36	Fellow Member – Institute of Chartered Accountants of India
3.	Mr. Aloysius Noronha	Operations Manager	32	Master's Degree in Business Administration (Marketing)
4.	Mr. Sequeira Francisco	Maintenance Manager	39	Diploma in Mechanical Engineering and Post Graduate Diploma in Production & Maintenance Management
5.	Mrs. Layla Darwish	Group Human Resource Manager	33	Education Diploma in Secretarial Studies
6.	Mr. Wael Ahmed	Stores Manager	29	-

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

#### Executive management remuneration details

(Amounts in BD)

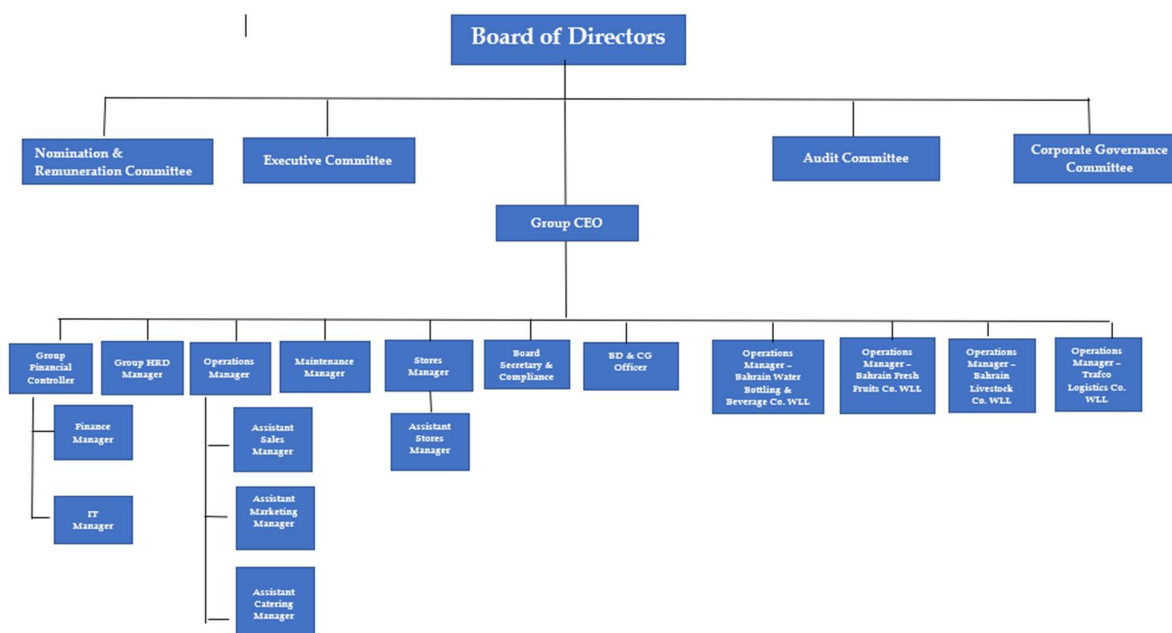
Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Aggregate Amount
Top 6 remunerations for executives, including CEO and Senior Financial Officer.	205,515	17,619	7,853	230,987

#### 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. A. Redha Mohamed Redha Aldailami</p> <p>3. Mr. Ali Yusuf A. Rahman A. Rahim</p> <p>4. Mr. Sofyan Khalid Almoayed</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. Jehad Yusuf Abdullah Amin	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. Jehad Yusuf Abdullah Amin	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. A. Redha Mohamed Redha Aldailami 3. Mr. Ali Yusuf A.Rahman A.Rahim 4. Mr. Sofyan Khalid Almoayed	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	20-Feb-2023	04-May-2023	02-Aug-2023	01-Nov-2023	% 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%

### 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 annually as per internal Corporate Governance code. During the year, **three** meetings of the Executive Committee were held. The following table summarises the information about the members attendance in the Executive Committee meetings:

Members	01-Jun-2023	19-Oct-2023	27-Dec-2023	% 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%

### 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	01-Jun-2023	19-Oct-2023	27-Dec-2023	% 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-2023	% 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 2023 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 2023.

#### 10. EXTERNAL AUDITORS

Fees and charges for the audit services provided by the external auditor during the year 2023, 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	24 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	Fifth year
Total audit fees for the financial statements for the year 2023 (in BD)	BD 25,235/-
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2023 (in BD) if any.	BD 2,750/-

## **11. CONFLICT OF INTEREST**

No conflicts of interest arose during the year ending 2023. 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.

## **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 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, 2023, 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 2023, the total contribution to Charitable societies and others BD 52,237.

### A. ENVIRONMENTAL

- a. Forever Green Campaign - planted more than 2,000 various plants across Bahrain.
- b. Continue to use Electric Forklift instead of Diesel Forklift to avoid environmental pollution.
- c. Continued reliance on Solar system to have green energy in Hidd warehouse.

### B. SOCIAL

- a. Major Donations:
  - i. Royal Humanitarian Foundation – Campaign for Turkey & Syria earthquake support
  - ii. Bahrain National Committee for supporting the Palastinian Nation for Gaza – Humanitarian aid and support for people in Gaza.
  - iii. Supreme Council – Activities at Al Areen Park.
  - iv. Al Hala Club.
  - v. Bahrain Maritime Sports association.
- b. Cash donations to 45 registered Societies and Associations.
- c. 1,338 number of Ramadan baskets distributed to the societies during Ramadan.
- d. Donation to needy staff's family medical and other emergency expenses.
- e. Supporting for staff's children university education fee.

### 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 on regular basis.

## 16. COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

Principle	Non-compliant	Partially Compliant*	Fully Compliant	Explanation in case of non-compliance
<b>Principle 1:</b> The Company shall be headed by an effective, qualified and expert board.		✓		
<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 law.		✓		
<b>Principle 4:</b> The Company shall have effective procedures for appointment, training, and evaluation of the directors.		✓		
<b>Principle 5:</b> The Company shall remunerate directors and senior officers fairly and responsibly			✓	
<b>Principle 6:</b> The Board shall establish a clear and efficient management structure for the Company and define the job titles, authority, 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.		✓		
<b>Principle 9:</b> The Company which offers Islamic services shall adhere to the principles of Islamic shari'a.			NA	
<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.			✓	

\* Partially compliant 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. All the directors were elected through election process at AGM and most of them as independent directors, during the subsequent Board Meeting they were nominated to group subsidiary companies wholly or partially owned by Trafco Group BSC as directors, 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 CG 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 2023

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

(Amounts in BD)

Abdulla Yusif Fakhro & Sons BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	398	-	-	-	398
Purchases	-	-	1,877	-	-	-	1,877
Other income	-	-	-	-	-	-	-
Receivables	-	-	59	-	-	-	59
Payables	774	-	1,597	301	-	-	2,671
Other expenses	2,135	-	-	485	-	1,534	4,155

Alosra Supermarket WLL	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	137,398	21,951	-	3,269	-	-	162,617
Purchases	5,140	-	-	-	-	-	5,140
Other income	-	-	-	-	-	-	-
Receivables	33,104	4,797	-	-	-	-	37,901
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain National Holding BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	32,442	12,608	-	-	-	-	45,050
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Bahrain Cinema Company BSC	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	4,451	4,451
Purchases	-	-	-	-	-	-	-
Other income	300	-	-	-	-	-	300
Receivables	-	-	-	-	-	371	371
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	-	-	-	-	-	-	-

BANZ Group B.S.C. (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	1,853	-	-	-	1,853
Purchases	-	-	-	-	11,095	-	11,095
Other income	617,564	-	-	-	-	-	617,564
Receivables	-	-	279	-	-	-	279
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

BANZ Trading & Contracting WLL	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	1,888	-	-	-	1,888
Purchases	1,134,227	-	7,560	-	390	-	1,142,177
Other income	-	-	-	-	-	-	-
Receivables	-	-	1,171	-	-	-	1,171
Payables	88,476	-	1,892	-	-	-	90,368
Other expenses	-	-	-	-	-	-	-

BMMI B.S.C.	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	85,640	-	-	-	-	-	85,640
Purchases	837	-	-	-	-	-	837
Other income	55,185	-	-	-	-	-	55,185
Receivables	13,423	-	-	-	-	-	13,423
Payables	-	-	-	-	-	-	-
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 B.S.C. (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	25,053	-	-	-	25,053
Purchases	-	-	11,458	-	7,058	-	18,516
Other income	-	-	-	-	-	-	-
Receivables	-	-	7,192	-	-	-	7,192
Payables	1,346	-	556	159	4,443	-	6,504
Other expenses	8,234	-	-	693	-	-	8,927

Jalal Travel Agency	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	538	-	-	-	-	-	538
Other expenses	7,517	-	-	-	-	-	7,517

Manama Travel Centre	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	2,959	-	-	-	-	-	2,959

Mohamed Ali Zainal Abdulla B.S.C. (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	3,600	73,508	-	-	1,340	13,494	91,942
Purchases	13,889	216,939	-	-	-	655	231,483
Other income	-	-	-	-	-	-	-
Receivables	-	13,355	-	-	102	671	14,128
Payables	-	696	-	-	-	-	696
Other expenses	-	-	-	-	-	-	-

Mohamed Jalal & Sons Company Limited WLL	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	207,726	-	-	48,364	-	1,873	257,963
Purchases	4,292	-	53	-	-	-	4,345
Other income	-	-	-	-	-	-	-
Receivables	85,310	-	-	16,440	-	46	101,796
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Motor City Holding B.S.C. (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	639	-	-	-	639
Purchases	-	-	18,083	-	-	-	18,083
Other income	-	-	-	-	-	-	-
Receivables	-	-	535	-	-	-	535
Payables	241	-	1,116	-	-	-	1,357
Other expenses	640	-	-	794	-	1,006	2,441

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

Saleh Alsaleh Company W.L.L	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	338	-	-	6,360	-	-	6,698
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	54	-	-	-	-	-	54
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

The Food Supply Company W.L.L.	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	5,194	43,031	1,978	-	246	-	50,448
Purchases	18,567	-	22,658	-	-	-	41,225
Other income	-	-	-	-	-	-	-
Receivables	21,126	9,293	703	-	105	-	31,228
Payables	12,274	-	4,280	-	-	-	16,554
Other expenses	-	-	-	-	-	-	-

United Paper industries BSC (C)	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	11,654	265,516	95,439	-	-	2,461	375,070
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	3,281	87,810	26,214	-	-	-	117,305
Other expenses	-	-	-	-	-	-	-

Wadi Al Salam Tissue And Food Stuff Co. WLL	TRAFECO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	-	-	-	-	-	-	-
Purchases	6,062	-	-	-	-	-	6,062
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	1,650	-	-	-	-	-	1,650
Other expenses	-	-	-	-	-	-	-

Yousif Abdul Rahman Engineer Co WLL	TRAFECO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	7,773	-	-	-	-	-	7,773
Purchases	369	5,476	-	-	-	-	5,845
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	28,965	-	-	-	-	28,965
Other expenses	-	172,644	-	-	-	-	172,644

Ebrahim Mohd. Ali Zainal	TRAFECO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	15	-	-	-	-	-	15
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Ebrahim Salahuddin	TRAFECO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	2,159	-	-	-	-	-	2,159
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

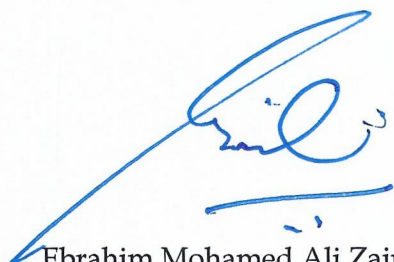
Jehad Yousif Amin	TRAFECO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	2,159	-	-	-	-	-	2,159
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Yousif Saleh Al Saleh	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	16	-	-	-	-	-	16
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	11	-	-	-	-	-	11
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Ali Yousif A.Rahman A.Rahim	TRAFCO	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	1,096	-	-	-	-	-	1,096
Purchases	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Receivables	131	-	-	-	-	-	131
Payables	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-

Transactions – Entities with common directors	Trafco	ADC	BWBC	BFFC	TLC	BLSC	TOTAL
Sales	453,112	138,490	31,809	57,993	1,585	19,818	702,808
Purchases	1,195,037	487,931	157,128	-	18,543	3,116	1,861,755
Other income	724,588	12,608	-	-	-	-	737,196
Receivables	153,158	27,445	9,938	16,440	207	1,088	208,278
Payables	108,580	118,171	35,655	459	4,443	-	267,308
Other expenses	21,485	176,844	-	1,973	-	2,540	202,843

Description	Sales	Purchase of goods and services	Other Income	Expenses	Due to related parties	Due from related parties
	BD	BD	BD	BD	BD	BD
Transactions – Entities with common directors	702,808	1,861,755	737,196	202,843	267,308	208,278



Ebrahim Mohamed Ali Zainal  
Chairman  
26 -February -2024