

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2022

POLICY

Bahrain Cinema Company B.S.C. ("Company") is deeply committed to observe the highest standards of Corporate Governance and ethics throughout all the levels of the organization. The Company has a well-established Corporate Governance Policy and Procedure guided by the laws, regulations and best practices to promote effective control, transparency and accountability.

The Company regularly disseminates information of public interests such as annual reports, disclosure of financial statements, disclosure of any material information, notices of the General Meeting and other relevant information to enable the stakeholders to be abreast with the latest development pertaining to the Company.

The Company's Corporate Governance framework is prepared pursuant to the Corporate Governance Code issued by Ministry of Industry, Commerce and Tourism (MOICT), the Commercial Companies Law and Regulations ("CCL"), regulations of the Central Bank of Bahrain as stipulated in Volume 6 of its Rulebook- High level Controls (module HC) and the laws, regulations and related guidelines of Bahrain Bourse.

The Board of Directors of the Company is responsible for overseeing the adherence to the rules and regulations to achieve Corporate Excellence and encourages the organization to commit to the best governance practices within the corporate culture.

CORPORATE GOVERNANCE DEVELOPMENTS DURING THE YEAR, 2022

INITIATIVES 2022

- The evaluation process for the Board and Board Committees was conducted to assess the efficacy and adequacy
- The Board reviewed the independence of Directors and took declaration of directorship from the directors as per the regulatory requirements
- The Company conducted the first Investors' Conference in August 2022 to discuss the half yearly financial results and future opportunities with the shareholders and the investors.
- The Company has assigned a dedicated section on its website for "Investor Relation" to communicate with the shareholders and ensure the accessibility of the information.
- The Company has engaged a Consultant to formulate ESG framework for the Company and assist in ESG reporting. A comprehensive ESG report will be published in 2023.

SHAREHOLDING AND OWNERSHIP STRUCTURE

SHARE CAPITAL AND MAJOR SHAREHOLDERS AS ON DECEMBER 31, 2022:

The existing share structure of the Company consists of only ordinary shares and there are no different classes of ordinary shares. The shares of the Company are listed on Bahrain Bourse and the face value of the share is 100 fils per share. All the shares are fully paid.

DISTRIBUTION OF OWNERSHIP BY NATIONALITY

| Nationality | Individual | Corporate | Government/ organization | Total shares | Percentage |
|--------------|-------------------|-------------------|-----------------------------|-------------------|-------------|
| Bahraini | 53,219,498 | 27,901,099 | 484,783 | 81,605,380 | 98.77% |
| Arab | 604,239 | 66,900 | - | 671,139 | 0.81% |
| Foreign | 346,931 | - | - | 346,931 | 0.42% |
| TOTAL | 54,170,668 | 27,967,999 | 484,783 | 82,623,450 | 100% |

The major shareholders (5% or above) of the Company as on 31st December, 2022 are as follows:

| NAME | NATIONALITY | NUMBER OF SHARES | %OF HOLDINGS |
|---------------------------------------|-------------|---------------------|-----------------|
| 1. Dr. Esam Abdulla Fakhro | Bahraini | 4,789,244 | 5.80% |
| 2. Bahrain Family Leisure Company BSC | Bahraini | 4,149,147 | 5.02% |

DISTRIBUTION OF OWNERSHIP BY SIZE (Number of Shares)

| No. | Shareholding (shares) | No. of shareholders | Number of shares held | Shareholding % |
|-----|-----------------------|------------------------|--------------------------|----------------|
| 1 | <50,000 | 438 | 5,124,451 | 6.20% |
| 2 | 50,001 to 500,000 | 115 | 16,840,143 | 20.38% |
| 3 | 500,001 to 5,000,000 | 47 | 60,658,856 | 73.42% |
| 4 | >5,000,000 | - | - | - |

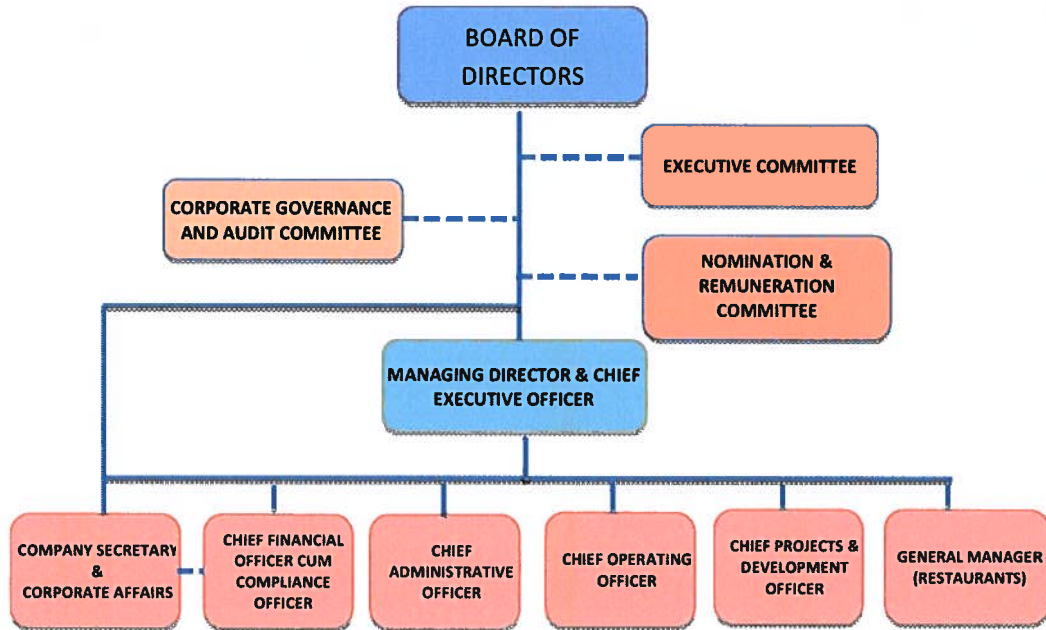
OWNERSHIP OF THE BOARD OF DIRECTORS

| Names of Directors | Type of Shares | Number of shares |
|-------------------------------|----------------|-------------------|
| Dr. Esam Abdulla Fakhro | Ordinary | 4,789,244 |
| Mr. Ahmed A. Rashed Albastaki | Ordinary | 1,865,861 |
| Mr. Ali Yousif Ubaydli | Ordinary | - |
| Mr. Jalal Mohamed Jalal | Ordinary | 482,658 |
| Mr. Mohammed Ebrahim Kanoo | Ordinary | 358,094 |
| Mr. Fareed Yousif Almoayyed | Ordinary | 475,781 |
| Mr. Jehad Yousif Amin | Ordinary | 2,008,339 |
| Mr. Shawqi Ali Fakhro | Ordinary | 712,555 |
| Total | | 10,692,532 |

DIRECTORS (INCLUDING THEIR CONNECTED PERSONS) TRADING DURING 2022:

| Name of Director | Position/ Kinship | Shares held at 31-12-2021 | Purchase/ Transfer | Sale/ Transfer | Shares held at 31-12-2022 |
|-----------------------|----------------------|------------------------------|-----------------------|-------------------|------------------------------|
| Mr. Jehad Yousif Amin | Director | 2,000,000 | 8,339 (18-01-2022) | - | 2,008,339 |

ORGANISATIONAL STRUCTURE



BOARD OF DIRECTORS

The Board consists of experienced individuals and is comprised in accordance with the rules set out in the Commercial Companies Law and in compliance with HC-1.4.4 of Volume 6 of the CBB Rulebook, where at least half of the Company's Board consists of non-executive directors and at least three (3) of those persons are independent directors.

The Board of Directors of the Company is responsible for the formulation and overseeing the implementation of organizational goals, policies and plans. The Board is led by the Chairman who is responsible for overall functioning of the Board. The ultimate objective of the Board is to ensure that the operations of the Company are conducted in a fair and transparent manner for the ultimate benefit of the shareholders. The Board also outlines the roles and responsibilities of the Committees and the executive management.

DIRECTORS' PROFILES

Dr. Esam Abdulla Fakhro- Chairman

Nationality Bahraini
Experience 48+ years
Year of first election as a director 1984
Expiry of the present term 2025

Board Memberships in Other Companies

| | |
|-----------------|--|
| Chairman | Abdulla Yousif Fakhro & Sons |
| Deputy Chairman | Qatar Bahrain International Cinema WLL |
| Deputy Chairman | Cineco (Qatar) |
| Deputy Chairman | National Bank of Bahrain |

Chairman of Executive Committee
Executive Director
Director
Board Director
Chairman
Chairman
Board Director
Chairman
Chairman
Board Director
Chairman
Chairman
Chairman
Chairman
Chairman
Chairman
Honorary Chairman
Chairman

National Bank of Bahrain
General Trading & Food Processing Co BSC(Trafco)
Trafco Logistics Company
Bahrain Live Stock Company
Business International (Xerox)
Fakhro Electronics
Fakhro Restaurants Company (McDonald's)
Budget Rent – A Car (Bahrain)
Fakhro Insurance Services Co.
Fakhro Shipping
Go Rent A Car (Qatar)
Fakhro Motors (BYD)
Access Telecom (Dubai)
Kingdom Investments SPC
Bahrain Islamic Bank B.S.C (BisB)
Jouri Gardening
VOX Cineco Cinemas Company WLL
Mezan Investment Limited(Dubai)

Mr. Ahmed A. Rashed Albastaki -Managing Director and CEO

Nationality Bahraini
Experience 40+ years
Year of first election as a director 2017
Expiry of the present term 2023

Board Memberships in Other Companies

Managing Director & General Manager Qatar Bahrain International Cinema WLL
Director VOX Cineco Cinemas Company WLL
Director Burooj Property Development & Trading Company WLL
Director Abdulrahman Rashed Albastaki & Sons Company W.L.L

Mr. Ali Yousif Ubaydli- Vice- Chairman

Nationality Bahraini
Experience 55+ years
Year of first election as a director 1967
Expiry of the present term 2025

Board Memberships in Other Companies

Chairman Trans Gulf Consult
Managing Director Yousuf Ali Ubaydli WLL
Managing Director Yousuf Ali Ubaydli Ventures WLL
Director Royal University for Women
Director The Malls Real Estate Company
Director Paradise Reality Holding Company BSC (c)

Mr. Jalal Mohamed Jalal- Director

Nationality Bahraini
Experience 48+ years
Year of first election as a director 1982
Expiry of the present term 2025

Board Memberships in Other Companies

| | |
|-------------------|--|
| Managing Director | Mohammed Jalal & Sons Group of Companies |
| Hon. Chairman | Gulf Business Machines |
| Chairman | Bahrain Business Machines |
| Director | Awal Readymix Concrete Co |
| Director | Bahrain Duty Free Company |
| Director | BIADCO |
| Managing Director | Awal Printing Press |
| Director | Bahrain Philanthropic Society |
| Director | Tullett Liberty (Bahrain) Co. WLL |

Mr. Mohammed Ebrahim Kanoo- Director

Nationality Bahraini
Experience 57+ years
Year of first election as a director 1986
Expiry of the present term 2025

Board Memberships in Other Companies

| | |
|----------------------|--|
| President & Chairman | Ebrahim Khalil Kanoo B.S.C. (c) |
| Director | The Royal University for Women BSC (c) |

Mr. Fareed Yousif Almoayyed- Director

Nationality Bahraini
Experience 43+ years
Year of first election as a director 1992
Expiry of the present term 2025

Board Memberships in Other Companies

| | |
|-----------------|--|
| Deputy Chairman | Y.K.Almoayyed & Sons B.S.C (c) |
| Deputy Chairman | Y.K.Almoayyed & Sons Properties Co WLL |
| Deputy Chairman | Ashrafs |
| Chairman | Bahrain Property Management |
| Director | Bahrain Foundation Construction Co. |
| Director | Crown Industries |
| Director | Fareed Almoayyed & Sons Co. W.L.L. |
| Deputy Chairman | National Concrete Company W.L.L. |

Mr. Jehad Yousif Amin- Director

| | |
|---|-----------|
| Nationality | Bahraini |
| Experience | 38+ years |
| Year of first election as a director | 1998 |
| Expiry of the present term | 2025 |

Board Memberships in Other Companies

| | |
|--|--|
| Director | Bahrain National Holding Company B.S.C |
| Member-Executive & Investment Committee | Bahrain National Holding Company B.S.C |
| Member- Nominations, Remuneration & Corporate Governance Committee | Bahrain National Holding Company B.S.C |
| Director (Representing BNH Co.) | Bahrain National Insurance Company B.S.C(c) |
| Member-Executive and Investment Committee | Bahrain National Insurance Company B.S.C(c) |
| Director (Representing BNH Co.) | United Insurance Company B.S.C |
| Member-Executive and Investment Committee | United Insurance Company B.S.C |
| Director | TRAFICO Group B.S.C |
| Member- Executive Committee | TRAFICO Group B.S.C |
| Member-Nomination, Remuneration Committee | TRAFICO Group B.S.C |
| Director | BMMI B.S.C |
| Vice-Chairman- Executive Committee | BMMI B.S.C |
| Chairman- Investment Committee | BMMI B.S.C |
| Member-Nomination, Remuneration Committee | BMMI B.S.C. |
| Vice Chairman (Representing BMMI) | Banader Hotels Company BSC |
| Member-Nomination, Remuneration Committee | Banader Hotels Company BSC |
| Director | Bahrain Live Stock B.S.C (c) |
| Member-Executive Committee | Bahrain Live Stock B.S.C (c) |
| Director | Bahrain Duty Free Company |
| Member-Investment Committee | Bahrain Duty Free Company |

Mr. Shawqi Ali Fakhroo- Director

| | |
|---|-----------|
| Nationality | Bahraini |
| Experience | 45+ years |
| Year of first election as a director | 2008 |
| Expiry of the present term | 2025 |

Board Memberships in Other Companies

| | |
|---|-------------------------------------|
| Director | Zallaq Resort Co. BSC |
| Chairman-Audit and Compliance Committee | Zallaq Resort Co. BSC |
| Vice Chairman | BMMI BSC |
| Chairman – Executive Committee | BMMI BSC |
| Director | Bahrain Kuwait Insurance BSC |
| Vice Chairman- Audit Committee | Bahrain Kuwait Insurance BSC |
| Chairman & Managing Director | Ali Bin Yousif Fakhroo & Sons W.L.L |
| Chairman & Managing Director | Shawki Ali Fakhroo & Sons W.L.L |
| Chairman | Mohammed Fakhroo & Bros W.L.L |
| Chairman & Managing Director | Fakhroo Trading Agencies W.L.L |

Chairman & Managing Director
Chairman & Managing Director

Fakhro Investment W.L.L
Areej Trading Establishment W.L.L.
Amwaj Water Equipment W.L.L.
(Subsidiaries of Fakhro Investment W.L.L.)
Fakhro Information Technology Services W.L.L.
Shutdown Maintenance Services W.L.L.
Alosra Charitable Foundation
Yusuf Abdulrahman Fakhro Charitable Foundation
Bahrain Philanthropic Society
Bahrain Philanthropic Society

Chairman
Chairman
Member-Board of Trustees
Member-Board of Trustees
Director
Chairman- Investment Committee

STATUS OF BOARD OF DIRECTORS

The terms Independent, non- independent, executive and non-executive are interpreted as per the definitions given for those terms under the Corporate Governance Code issued by the Ministry of Industry, Commerce and Tourism. The independence of directors is reviewed annually as per the criteria mentioned in the Corporate Governance Code.

| Name of the Director | Designation | Executive/ non-executive | Independent/Non-independent |
|-------------------------------|---|--------------------------|-----------------------------|
| Dr. Esam Abdulla Fakhro | Chairman | Executive | Non-Independent |
| Mr. Ahmed A. Rashed Albastaki | Managing Director and Chief Executive Officer | Executive | Non-Independent |
| Mr. Ali Yousif Ubaydli | Vice- Chairman | Non- executive | Independent |
| Mr. Jalal Mohamed Jalal | Director | Non- executive | Independent |
| Mr. Mohamed Ebrahim Kanoo | Director | Non- executive | Independent |
| Mr. Fareed Yousif Almoayyed | Director | Non- executive | Independent |
| Mr. Jehad Yousif Amin | Director | Non- executive | Independent |
| Mr. Shawqi Ali Fakhroo | Director | Non- executive | Independent |

MEMBERSHIP STATISTICS BY GENDER

The Board Directors of the Company does not have any representation by a female member. The Board is 100% represented by the male members.

REMUNERATION POLICY OF BOARD OF DIRECTORS

The Board is remunerated in accordance with Article 188 of Commercial Companies Law No.21 of 2001. The Board of directors is paid sitting fees for their attendance in the Board and the Committee meetings. The annual salary of the directors is approved by the shareholders in the Annual General Meeting.

AGGREGATE REMUNERATION TO BOARD OF DIRECTORS

Remuneration paid to the Directors for the financial year ended 31 December 2021 was BD 104,000 as approved in the Annual General Meeting.

The proposed remuneration to be paid to the Directors for financial year ended 31 December, 2022 subject to the shareholders' approval in the upcoming Annual General Meeting is BD 104,000.

BOARD PROCEDURE

The Board procedure is detailed in the Charter of the Board. The Board Secretary is responsible for circulating the agenda and the supporting documents to the directors and recording the minutes.

MANDATE AND THE SPECIFIC RESPONSIBILITIES OF THE BOARD INCLUDE:

- Ensuring integrity and fairness in preparation and reporting of the financial and accounting system, existence of well-defined internal control system, independence of audit and the system to ensure the compliance of Laws and Regulations
- Overseeing the direction and management of the company in accordance with Commercial Companies Law and other Rules and Regulations promulgated by the Government of Bahrain and the Central Bank of Bahrain
- Ensure that financial statements are free from errors and frauds
- Recommendation of dividend payable to the shareholders
- Periodical review of the Succession Plans of CEO and other members of the management who are directly reporting to CEO
- Monitoring the performance of the executive management to ensure that the executives are compensated fairly
- Govern the management by issuing rules and formulating policies and procedures
- Evaluate the feasibility and selection of new projects
- Ensure judicious allocation of resources to achieve the goals enshrined in the Corporate Strategy Plan
- Reviewing the credit limits with the Banks
- Periodic evaluation of the operational performance of the company and give instructions for improvement
- Reviewing charitable projects

MATERIAL TRANSACTIONS REQUIRING BOARD APPROVAL:

- Approval of financial statements
- Approval of Policies and Procedures for the Company
- Appointment of MD/CEO of the Company
- Approval of Budgets, Capital Expenditure Budget, major contracts, diversification plans/ divestment
- Approval for acquiring or selling patent rights, trade marks, licenses or other intellectual property rights
- Approval of investment above the authorized threshold limit of the Executive Committee
- Approval of Corporate Strategy Plan
- Optimum allocation of resources among various functions to attain the goals of the Company

ELECTION OF DIRECTORS

Articles 175 and 176 of the Bahrain Commercial Companies Law and Article 27 of the Articles of Association of the Company enumerates the procedure for election of directors. The Nomination and Remuneration Committee after careful assessment of the candidate's experience and competence makes recommendation to the Board. The shareholders of the Company have ultimate authority to elect the members of the Board in the Annual General Meeting of the Company. The directors are elected for a period of three years and may be re-elected for further term/s upon expiration of the three years unless they are disqualified as per the provisions of Bahrain Commercial Law or Articles of Association.

Mr. Ahmed A. Rashed Albastaki was elected in the Annual General Meeting held on 21st April, 2020 and his tenure expires in the year 2023. Therefore, he seeks re-appointment for a further term of 3 years from 2023-2026.

INDUCTION OF NEW DIRECTORS

The Company carries induction programme for the new directors which details the businesses carried by the Company, the subsidiaries and Joint Ventures, introduction to the members of the management team, internal auditors, external auditors, lawyers, etc. to enable them to discharge their duties efficiently. In certain cases, the Company may undertake training program for the directors to provide them with requisite knowledge in entertainment and hospitality industry.

BOARD MEETINGS








The Board meeting may be summoned either by any two directors or by the Chairman/Vice- Chairman of the Company. A duly convened meeting of Board of directors shall be valid if it is attended by the majority of the directors either in person or through a videoconference/phone.

The Company adheres to the H.C. 1.3.3 of the Corporate Governance Code which mandates the Board to convene at least four meetings in a financial year. In addition to the Board meetings, the Board also takes decisions by way of Circular Resolutions for matters of urgency and these resolutions are subsequently ratified in the next Board meeting. The details in respect of the meetings of the Board and the Committees held during the year 2022 and the details of the attendance of the directors and sitting fees are provided hereinunder:

**SUMMARY OF MEETINGS OF THE BOARD AND COMMITTEES
AND THE ATTENDANCE OF DIRECTORS**

| Name of the Director | Board | | | Executive Committee | | Corporate Governance and Audit Committee | | Nomination & Remuneration Committee | | Sub-committee of Executive Committee | | Total | | |
|-------------------------------|-----------------------|-------------------|-----------------|-----------------------|-------------------|--|-------------------|-------------------------------------|-------------------|--------------------------------------|-------------------|-----------------------|-------------------|------------------------|
| | Total No. of meetings | Meetings attended | % of attendance | Total No. of meetings | Meetings attended | Total No. of meetings | Meetings attended | Total No. of meetings | Meetings attended | Total No. of meetings | Meetings attended | Total No. of meetings | Meetings attended | % of meetings attended |
| Dr. Esam Abdulla Fakhro | 5 | 5 | 100% | 4 | 4 | | | 2 | 2 | 1 | 1 | 12 | 12 | 100% |
| Mr. Ahmed A. Rashed Albastaki | 5 | 5 | 100% | 4 | 4 | | | | | 1 | 1 | 10 | 10 | 100% |
| Mr. Ali Yousuf Ubaydli | 5 | 5 | 75% | 4 | 4 | | | 2 | 2 | | | 11 | 11 | 90% |
| Mr. Jalal Mohamed Jalal | 5 | 5 | 100% | | | 4 | 4 | | | | | 9 | 9 | 100% |
| Mr. Mohamed Ebrahim Kanoo | 5 | 4 | 80% | 4 | 3 | | | 2 | 1 | | | 11 | 8 | 73% |
| Mr. Fareed Yusuf Almoayyed | 5 | 3 | 60% | | | 4 | 4 | | | | | 9 | 7 | 78% |
| Mr. Jehad Yousif Amin | 5 | 5 | 100% | 4 | 4 | | | 2 | 2 | 1 | 1 | 12 | 12 | 100% |
| Mr. Shawqi Ali Yusuf Fakhroo | 5 | 5 | 100% | | | 4 | 4 | 2 | 2 | | | 11 | 11 | 100% |

DATE OF BOARD MEETINGS AND ATTENDANCE DETAILS

| DIRECTORS | 17/02/ 2022 | 27/03/ 2022 | 11/05/ 2022 | 03/08/ 2022 | 08/11/ 2022 | Sitting fees (BD)* |
|---------------------------------------|---|---|---|---|---|--------------------------|
| Dr. Esam Abdulla Fakhro (Chairman) | Present | Present | Present | Present | Present | 2,000 |
| Mr. Ahmed A. Rashed Albastaki | Present | Present | Present | Present | Present | 2,000 |
| Mr. Ali Yousif Ubaydli | Present | Present | Present | Present | Present | 2,000 |
| Mr. Jalal Mohamed Jalal |  | Present |  |  | Present | 2,000 |
| Mr. Mohamed Ebrahim Kanoo | Absent |  | Present | Present | Present | 2,000 |
| Mr. Fareed Yousif Almoayyed |  |  | Absent | Absent |  | 1,000 |
| Mr. Jehad Yousif Amin | Present | Present | Present | Present | Present | 2,000 |
| Mr. Shawqi Ali Fakhroo | Present | Present | Present | Present | Present | 2,000 |
| | | | | | | 15,000 |

*No sitting fees were paid for the meeting held on 17th February, 2022.

 represents meeting attended through videoconferencing or phone

BOARD COMMITTEES

The Board has constituted various Committees for effective governance in the Company in order to attend to the more pressing matters of operation of the Company. The Committees are constituted in line with the requirements of the Law. The performance of the committee is evaluated annually and the minutes of the committee meetings are taken on record at the Board meeting of the Company.

EXECUTIVE COMMITTEE

Dr. Esam Abdulla Fakhro is the Chairman of the Executive Committee. The Executive Committee currently comprises of five directors. The Company has a well-defined Charter of the Executive Committee which defines the responsibilities assigned to the Committee.

Functions of the Executive Committee

- Approving the Budgets and changes therein for each financial year and reviewing performance against those budgets and key performance indicators
- Reviewing the policies with regards to risk, asset and liabilities
- Analyzing and approving the Corporate Strategy Plan for every financial year before presenting the same to the Board
- Invest the surplus funds on the basis of the Investment Policy and evaluate the performance of each investment vis-à-vis the expected Return on Investment

In accordance with the terms of Charter of the Executive Committee, the minimum number of Executive Committee meeting is three in a year. The actual number of meetings of Executive Committee held during the year is four. The detail of the composition of the Executive Committee, attendance and sitting fees of the members in the meetings are tabled below:

DATE OF MEETINGS AND ATTENDANCE DETAILS

| MEMBERS | 30/01/2022 | 15/06/2022 | 21/09/2022 | 07/12/2022 | Sitting fees (BD)* |
|------------------------------------|------------|------------|------------|------------|--------------------|
| Dr. Esam Abdulla Fakhro (Chairman) | Present | Present | Present | Present | 1,500 |
| Mr. Ahmed A. Rashed Albastaki | Present | Present | Present | Present | 1,500 |
| Mr. Ali Yousif Ubaydli | Present | Present | Present | Present | 1,500 |
| Mr. Mohamed Ebrahim Kanoo | Present | Present | Absent | Present | 1,000 |
| Mr. Jehad Yousif Amin | Present | Present | Present | Present | 1,500 |
| | | | | | 7,000 |

*No sitting fees was paid for the meeting held on 30th January, 2022

The Company also has a Sub Committee of Executive Committee comprising of three members, chaired by Dr. Esam Abdulla Fakhro to assist the Executive Committee and to make recommendations on matters of urgent nature. In the year, 2022, one meeting of the Sub Committee of Executive Committee was held on 06/11/2022 and was attended by all the members.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination & Remuneration Committee currently comprises of five directors chaired by Dr. Esam Abdulla Fakhro. The Charter of the Nomination & Remuneration Committee describes the specific responsibilities assigned to this Committee.

Functions of the Nomination and Remuneration Committee

- Recommend to the Board any change in the Job description of senior management, if required
- Review and approval of Succession Plans of senior management before the plans is presented to the Board for approval
- Ensure that adequate Policies and procedures are in place for the evaluation of the performance of executive management
- Review of remuneration and sitting fees of the directors and making recommendations to the Board about their decisions
- Evaluate the balance of skills, knowledge and experience on Board, prepare description for every appointment, identify, nominate to the Board as and when Board vacancies arise

The charter of the Nomination & Remuneration Committee stipulates minimum of two meetings in a year and two meetings were held during the year 2022. The detail of the composition of the Nomination and Remuneration committee, attendance and sitting fees of the members is mentioned in the following table:

DATE OF MEETINGS AND ATTENDANCE DETAILS

| MEMBERS | 30/01/2022 | 21/09/2022 | Sitting fees (BD)* |
|------------------------------------|------------|------------|--------------------|
| Dr. Esam Abdulla Fakhro (Chairman) | Present | Present | 500 |
| Mr. Ali Yousif Ubaydli | Present | Present | 500 |
| Mr. Mohamed Ebrahim Kanoo | Present | Absent | 0 |

| | | | |
|------------------------|---------|---------|--------------|
| Mr. Jehad Yousif Amin | Present | Present | 500 |
| Mr. Shawqi Ali Fakhroo | Present | Present | 500 |
| | | | 2,000 |

*No sitting fees was paid for the meeting held on 30th January, 2022








CORPORATE GOVERNANCE AND AUDIT COMMITTEE

The Corporate Governance and Audit Committee currently comprises of three directors, chaired by Mr. Shawqi Ali Fakhroo. The duties of the Corporate Governance and Audit Committee are:

- Review and approve the integrity of interim and annual financial statements before presenting the same to the Board
- Analyze impact of any change in Accounting Standards on the financial statements
- Examine and review the internal control system and submit a written report on its opinion and recommendations on an annual basis
- Discuss the significant observations of external and internal Auditors and the response from the management
- Consider and recommend to the Board the appointment, resignation or dismissal of the external and internal auditors of the Company and the audit fee
- Review the compliance of the Company with the legal requirements
- Discuss the significant accounting and financial policies and reporting issues for the financial year
- Ensure existence of appropriate policies, procedures, systems, internal controls and guidelines in the Company
- Review the risk management and internal audit functions
- Review and discuss the efficiency of the internal audit staff, internal control procedures, compliance control, any risk management systems and any changes therein
- Discuss the management letter of external auditors

The charter of the Corporate Governance and Audit Committee stipulates to convene at least four meetings in a year and during the year 2022, four meetings of the Corporate Governance and Audit committee were held. The details of the composition of the Corporate Governance and Audit Committee, attendance and sitting fees of the members in the meetings are tabled below:

DATE OF MEETINGS AND ATTENDANCE DETAILS

| MEMBERS | 14/02/2022 | 11/05/2022 | 02/08/2022 | 07/11/2022 | Sitting fees (BD)* |
|-----------------------------------|---|---|--|---|--------------------|
| Mr. Shawqi Ali Fakhroo (Chairman) | Present | Present | Present | Present | 1,500 |
| Mr. Jalal Mohamed Jalal |  |  |  | Present | 1,500 |
| Mr. Fareed Yousif Almoayyed |  |  |  |  | 1,500 |
| | | | | | 4,500 |

*No sitting fees was paid for the meeting held on 14th February, 2022

 represents meeting attended through videoconferencing or phone

CODE OF CONDUCT/ CODE OF ETHICS

The Company has the Code of Conduct/Code of Ethics policy narrating the standards expected from every employee of the Company.

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

COMPLIANCE

The Chief Financial Officer is also the Compliance Officer of the Company. The Company strives to adhere to the rules and regulations applicable to the Company and there was no instance of any procedural non-compliance of any provisions of the applicable Law. The Company has a well-defined Compliance Policy Manual which elaborately covers the compliance procedure and functions. Some of the salient features of Compliance Manual are described below:

- Independence of compliance function
- The responsibility of the compliance function
- Cooperation with the regulators
- Monitoring and reporting of the functions
- Relationship with internal audit
- Relationship with other departments.

The Compliance Officer is responsible to assess the compliance risks associated with the Company's business activities and assist the MD/CEO to effectively manage and mitigate compliance risks faced by the Company. The Board of Directors has the responsibility to oversee the management of the compliance risk of the Company.

CONFLICT OF INTEREST

The Company has a strict policy for Conflict of Interest. Every director and employee is obligated to declare his actual, perceived or potential conflict of interest. A director shall refrain from discussion and voting in the matters in which he is interested so that the decisions taken are fair and free from any prejudice. During the year 2022, there was no instance of abstention of any director from voting due to conflict of interest.

If there is a potential conflict of interest of any director in a particular transaction, then advance approval from disinterested directors will be received before the motion is put forth for the deliberation and voting. The fact of interested director(s) is recorded in the minutes.

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 in possession of material information which is not available to the public can trade in the shares of the Company. Please refer Note No: 33 of the financial statements for the details of related party transactions.

INTERNAL CONTROL

The Company has a well-placed Internal Control system for financial and non-financial controls. The management of the Company is responsible for monitoring the implementation of the adequacy of the internal control system in the organization. The Corporate Governance and Audit Committee periodically evaluate the adequacy of the Internal Control systems.

THE ROLES OF THE CHAIRMAN AND EXECUTIVE MANAGEMENT

The Chairman is responsible for providing a roadmap and strategic direction to the management to achieve the organization goals and his responsibility include minimum of those that are mentioned in the Corporate Governance Code. The executive management is responsible for the financial and operational performance of the Company. The duties and responsibilities of the Chairman are segregated from those of the Chief Executive Officer. Furthermore, the duties and responsibilities of all departmental heads are also well-defined.

SUCCESSION PLANS

The Company has formulated the Succession Plans for CEO and all head of departments i.e., CAO, CFO, COO, CPDO and General Manager-Restaurants to ensure uninterrupted operations and high level of efficiency of executive management without being affected by short term and long term absence of executive personnel. The Board annually reviews adequacy of Succession Plans to ensure that the Succession plans are in line with the requirements of the Company.

KEY PERSON DEALING POLICY

The Company has formulated Key Person Dealing Policy. The main purpose of this Policy is to prevent the abuse of insider information. The Compliance Officer is vested with the responsibility of compliance of the latest Key Person trading regulations stipulated by Bahrain Bourse. During the year 2022, the Company has duly filed all forms and documents required to be filed with Bahrain Bourse/ Bahrain Clear.

PERFORMANCE EVALUATION

In accordance with Principle 4 of the Code and H.C.8.3.9 of the High Level Controls, the Nomination and Remuneration Committee has completed the evaluation of the efficacy of the Board, Board Committees and the members for the financial year 2022 as below:

1. Directors of the Board have done self- evaluation as a director and as a member of each committee to assess themselves vis-a-vis the requirements.
2. Evaluation of the Board by each director has been done to assess the functioning of the Board.
3. Evaluation of each committee by each member of the respective committee has also been done for the financial year 2022 to ensure that the respective Committee functions to accomplish its specific purposes and responsibilities that are assigned to it.
4. The Chairman of the Board and the Chairman of each committee have done self-performance evaluation in order to continue to function with high level of efficiency.

WHISTLE BLOWER POLICY

The Company has established Whistle Blower Policy in terms of its Corporate Governance Policy. The employees may report any violation of rules, regulations or any provisions of law or any unethical behavior to

their immediate boss or to the person designated by the Company in this regard. The report will be confidential, un-bias and will not be subjected to any discriminatory practices.

CEO & CFO CERTIFICATIONS

CEO & CFO of the Company have certified that interim and final accounts of the Company present true and fair view of state of affairs of the Company and do not contain any material misstatement. These certifications have been given both to the Corporate Governance and Audit Committee as well as to the Board during the financial year 2022.

MEANS OF COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

- All the directors are generally present in the Annual General Meetings and Extra-ordinary General meetings to answer the questions raised by any attendant as the Company is statutorily obliged to comply with the Regulations and Laws regarding dissemination of information.
- The Company has appointed Bahrain Clear as the Registrar and Share transfer agent and KFin Technologies (Bahrain) WLL (KFTWLL) as the sub-registrar and the Board of directors of the Company recommended their reappointment for the financial year 2022.
- The Company discloses relevant information, quarterly and annual financial results on the Bahrain Bourse and Company's website. The Company has a dedicated sector for Investor Relation in accordance with the requirements of the Code.
- CFO will be the point of contact with Bahrain Bourse and CBB.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE, 2018 ISSUED BY THE MINISTRY OF INDUSTRY, COMMERCE & TOURISM (MOICT)

Details of Corporate Governance Officer

The Company appointed Mr. Ahmed A. Rashed Albastaki, as the Corporate Governance Officer of the Company in the year 2018. Mr. Ahmed A. Rashed Albastaki has been leading the operations of Bahrain Cinema Company for more than three decades and he has expertise in entertainment and restaurant industry.

EXTERNAL AUDITORS- Profile of the statutory auditors of the Company

| | |
|--|---|
| Name of the audit firm | BDO |
| Years of service as the Company's external auditor | Since 2002, 21 years |
| Name of the partner in charge of the Company's audit | Mr. Nath Venkitachalam |
| The partner's year of service as the partner in charge of the Company's audit | Three years |
| Total audit fees for the financial year 2022 | The information is kept at the corporate office and will be produced upon request, after the approval of the Board of Directors |
| Other special fees and charges for non-audit services other than auditing the financial statements for the year 2022 | None |

COMPLIANCE WITH THE CODE AND CBB RULEBOOK

| 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 directors | - | Yes | - | - |
| Principle 5: The Board 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, powers, 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 | - |
| Principle 11: Companies which offer Islamic services shall adhere to the principles of Islamic Shari'a | N.A | N.A | N.A | N.A |

Bahrain Cinema Company B.S.C. currently complies with all the provisions of the Corporate Governance Code and High Level Controls (Corporate Governance) issued by CBB with the *exception* of following:

Principle 1 of the Code and HC1.4.5 of the High Level Controls: The Company shall be headed by an effective, qualified and expert board

The Company's Chairman of the Board of Directors shall be an independent director and that he shall not be the Company's CEO. The Chairman of the BOD is a non-independent director but he is not the Company's CEO. However, this does not dilute the highest standards of corporate governance that the company maintains in business transactions and management of conflict of interest in Board decisions. Therefore, Dr. Esam Abdulla Fakhro's status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.

Principle 4 of the Code: The Company shall have effective procedures for appointment, training, and evaluation of the directors

Principle 4 requires that the Nomination Committee ("NC") consists of at least 3 directors, all of whom are independent or non-executive. The Nomination Committee ("NC") consists of five directors. Out of five directors, four directors are independent and non-executives and one director is non-independent and non-executive. The Chairman of committee is not an independent director. However, this does not dilute the highest standards of corporate governance that the company maintains for effective discharge of duties for appointment, training, and evaluation of the directors.

Principle 5 of the Code: The Company shall remunerate directors and senior officers fairly and responsibly

Principle 5 requires that Remuneration Committee ("RC") consists of at least 3 directors, the majority of whom are independent or non-executive and that the Chairman is an independent director. The Remuneration Committee ("RC") consists of five directors and the majority of them are independent and non-executive. However, the Chairman of committee is not an independent director but this does not dilute the highest standards of corporate governance that the company maintains in respect of fairly remunerating the directors and senior officers.

HC1.3.6 of the High Level Controls: No director of the Company shall hold more than 3 directorships in Public Companies

Mr. Jehad Yousif Amin , Director of the Company holds more than three directorships in Bahraini Public shareholding companies but his directorships in more than three 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 as he 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 BCC.

HC 4.2.2 and HC 5.3.2 of the High Level Controls: The Chairman of the Nomination and Remuneration Committee should be an Independent Director

Dr. Esam Abdulla Fakhro is a non- independent director as the Company has business transactions with the entities in which Dr. Esam Abdulla Fakhro is a director. However, this does not dilute the highest standards of corporate governance that the company maintains. Therefore, Dr. Esam Abdulla Fakhro's status of non-independence does not impair his ability to exercise judgment free from personal conflict of interest.

HC 1.3.7 of the High Level Controls: the Board members to attend atleast 75% of all the Board meetings in a financial year

The attendance of Mr. Fareed Yousif Almoayyed (Director) in the Board meeting held during the year 2022 was 60%. In adherence to HC 1.3.10, the Company had duly intimated CBB about his level of attendance and circumstances affecting his non-attendance.

HC 1.3.5 of the CBB Rule Book Volume 6 relating to Corporate Governance requires that the Board must have no more than 15 members and no less than 5 members considering the representation of women and men in the formation of the Board. As of 31 December 2022, Bahrain Cinema has no women representation in the Board. However, we are committed to ensure Women representation in the Board through next election cycle.

Details regarding remuneration paid to executive personnel are disclosed in the Board report and profiles of senior managers and the shareholding of senior managers may be obtained from the Company by making request for the same subject to the approval of the Chairman.

The details regarding fees paid to auditors for audit services and non-audit services can be obtained from the Corporate Office of the company.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Bahrain Cinema Company (BCC) has always been committed to engage with the community and serve a purpose that goes beyond making only profits and enhancing shareholders' value. The Company truly believes that the corporate cannot thrive on its own and corporate actions not only affect the Company and the stakeholders but the society and the environment at large.

The Company has a well-established Corporate Social Responsibility Committee which is responsible for undertaking and reviewing the corporate social responsibility initiatives, sustainability and charities periodically.

The Company regularly grants donations to the Charitable Institutions, Charity Funds and partners with non-government organizations (NGOs). The contributions made by the Group are expended for the following CSR activities: (1) improvement of health care facilities in the Country, (2) educational development of youth and children, (3) caring senior citizens, orphans, destitute and indigents, (4) edification of the society by spreading awareness about Islam, (5) promotion of sports & culture, (6) mother care, (7) welfare of the people affected by war, (8) environment sustainability, and (9) promotion of art and culture.

Regular Charitable activities

Religion & Arab Culture

The Company also has the policy of sponsoring pilgrimage to Holy Makkah to the Muslim employees under Employee Gift Scheme.

Development of Bahraini Youth and Children

- The Company offers employment opportunities to University students and other deserving Bahraini Youths to enable them to earn while learning. This will enable them to have hands on experience of application of theoretical knowledge.
- Education is the bed rock of the culture and is a path way to progress. Therefore, Company is constantly sponsoring training programme to Bahraini employees under Tamkeen programme to nurture the home grown talent.
- The Company provides concessional/free tickets to the differently abled persons, orphans and the school children.
- Advertisements for educational and informative purposes and advertisements in the national interest are allowed to be screened free of cost.

Environmental sustainability

The Company has deep values and ethics towards environment sustainability and protection. The Company has been consciously making efforts to ensure reuse and recycle the waste to minimize the amount of waste going to the landfill. In its effort for promoting environmental sustainability, the Company has been using projectors with digital technology instead of Analog Projectors with an aim to reduce the environmental hazard caused by 35mm projector reels.

Accredited Societies, Funds and Institutes who have been the Beneficiaries during the year 2022:

The Holy Quran Custody Society
Riffa Charity Society
Bahrain Deaf Society
Shakhurah Society Charity Fund
Gulf Disability Society
Al Anfal Society
Bahrain Kidney Patients Friendship Society
Good Word Society
Bahrain Down Syndrome Society
Beit Al Qur'an
Children & Mother Welfare Society
Bahrain Sports Deaf Association
Al-Ehsan Welfare Society
Future Society for Youth
Hamad Town Charity Fund
Bahrain Philanthropic Society
Child Care Home
Halaqat Al Mamora
Kerala Catholic Association
Ministry Of Education
Tarbeia Islamic Society
Colors of the East
The National Initiative for Agricultural Development

Telugu Kala Samithi Bahrain
Bahrain Chapter of the Institute Of Chartered Accountants of India (BCICAI)
Bahrain Society for S.C.D Patients Care
Al Mabarrah Alkhalifia Foundation
Bahrain Cinema Club
Tree of Life Charity Society
Rotary Club of Seef Bahrain
Royal Fund for fallen Servicemen
Royal Humanitarian Foundation
Hope Institute for Special Education
Bahrain and Kuwait Vocational Rehabilitation Centre
Mammooty Fans & Welfare Association Bahrain
Lal cares and Mohanlal Fans Online Unit

Remarkable Charitable Initiatives of the Company during the year 2022:

BCC has been providing donations not only to various Charitable Societies and Funds but also help the individuals in need. The Company has contributed a total amount of BD 15,598 towards various charitable purposes during the year 2022.

Charity Reserve as on 31st December, 2022:

To serve the Society on a bigger scale, BCC had acquired a residential building in the year 2014 with the aim of utilizing the rental income accrued therefrom only for a big Charitable Project by transferring the rental income to the Charity Reserve. As on 31st December, 2022, the Company has BD 312,007 in the Charity Reserve.


Dr. Esam Abdulla Fakhr
Chairman

Date: 16-02-2023