



**Gulf One Capital BSC (c)**  
Commercial Registration number 62199

**Corporate Governance Report for the  
Year Ended 31 December 2021 (FY 2021)  
to the Annual General Meeting of  
Shareholders (the AGM)  
Thursday, 17 November 2022**

ADHERENCE TO THE CORPORATE GOVERNANCE CODE BY GULF ONE CAPITAL B.S.C. (c) (the Company or Gulf One). This report outlines the Company's adherence to the Principles of the Corporate Governance Code (Governance Code) as issued by Bahrain's Ministry of Industry, Commerce and Tourism, and the Central Bank of Bahrain's (CBB) Rulebook Volume 4 under the High Level Controls Module (CBB Module HC), as well as the Company's Corporate Governance Guidelines. During FY2021, Gulf One was in full compliance with all material provisions of the Governance Code, the CBB Module HC and its own Corporate Governance framework, charters and policies.

## **CORPORATE GOVERNANCE**

Gulf One is committed to the highest standards of governance based on embedding the values and behaviours required to ensure transparency, accountability, fair dealing and to protect stakeholder interests, through the adoption and pursuit of strategies, objectives and policies that ensure the fulfillment of its organizational and ethical responsibilities.

Good corporate governance is not only fundamentally sound for managing the business but it also assists in building long term, sustainable performance, as it is being driven by demands from both the market and international compliance regulators. It enhances shareholder value, and provides adequate guidelines to the Board of Directors, its committees and Executive Management, in order for them to perform their duties in a manner that best serves the Company and its stakeholders.

Gulf One conducts its business activities under a written corporate governance framework which sets forth the roles and responsibilities of Board members and the senior management. The corporate governance philosophy and approach is extensively detailed in this Corporate Governance Report.

The Company is governed by the Commercial Companies Law promulgated by Legislative Decree No. 21 of 2001 ("Companies Law"), the Corporate Governance Code of the Kingdom of Bahrain ("Governance Code"), the High-Level Controls Module of Volume 4 of the Central Bank of Bahrain's Rulebook, and also, the contents of the disclosures in this report comply with the same.

### **FRAMEWORK AND APPROACH TO CORPORATE GOVERNANCE**

Gulf One's approach to corporate governance is based on a set of values and behaviours that underpin everyday activities, ensure transparency and fair dealing, and protects stakeholder interests. This approach includes a commitment to the highest standards of governance, which the Board sees as fundamental to the sustainability of the business and performance. In pursuing this commitment, the Board monitors local and global developments in corporate governance and their implications for the Company.

Corporate governance is the system by which Gulf One is directed and managed. It influences how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised.

Good corporate governance structures encourage the Company to create value (through entrepreneurship, innovation, development and exploration) and provide accountability, transparency and control systems commensurate with the risks involved.

Good governance is essential for building and maintaining long term survival and success, so directors have a continuing obligation to ensure that not only do they themselves understand and practice it, but that our managers are properly trained in its principles and practical applications.

Corporate governance framework of Gulf One enshrines the concepts of good governance as required by the Central Bank of Bahrain's Rulebook (in particular the High-Level Controls Module), the Corporate Governance Code, and further, is consistent with international best practices.

The Board Charter serves as a reference point for Board activities and like best practice, develops as the organisation grows with market and regulatory requirements. In addition to the roles and responsibilities, the Board Charter and Board Sub Committee Charters, define the ethical standard for business practices that are to be followed by each Board member. During re-elections of directors as well as periodically, compliance with these standards is assessed by the Board as a whole.

Gulf One continues to review and develop its corporate governance framework, in accordance with the changing requirements of regulatory authorities, and in compliance with global corporate governance best practice. In the interest of maintaining the highest standards of Corporate Governance at the Company, and for its shareholders, the Company is committed to keeping the members of the Board of Directors apprised of industry best practice, and to addressing any of their queries with regard to sound Corporate Governance.

## **PRINCIPLES OF GOOD CORPORATE GOVERNANCE AND BEST PRACTICE**

Gulf One has articulated eleven core principles which underlie good corporate governance in a document entitled “Principles of Good Corporate Governance and Best Practice”.

Good corporate governance principles influence how the objectives of the Company are set and achieved, how risk is monitored and assessed, and how performance is optimised. It allows the management to create value (through entrepreneurship, innovation, development and exploration) while providing accountability and control systems commensurate with the risks involved. The principles are as follows:

### **Principle 1 - Lay solid foundations for management and oversight**

Recognise and publish the respective roles and responsibilities of the board and management.

### **Principle 2 - Structure the board to add value**

Ensure the Board is correctly structured in terms of composition, experience and skill to effectively discharge its responsibilities and duties.

### **Principle 3 - Promote ethical and responsible decision-making**

Actively promote ethical and responsible decision-making.

### **Principle 4 - Safeguard integrity in financial reporting**

Maintaining a structure to independently verify and safeguard the integrity of the Company’s financial reporting.

### **Principle 5 - Make timely and balanced disclosure**

Promote timely and balanced disclosure of all material matters.

### **Principle 6 - Respect the rights of shareholders**

Respect the rights of shareholders and facilitate the effective exercise of those rights.

### **Principle 7 - Recognise and manage risk**

Establish a sound system of risk oversight, risk management and internal control.

### **Principle 8 - Encourage enhanced performance**

Fairly review and actively encourage enhanced board and management effectiveness.

### **Principle 9 - Remunerate fairly and responsibly**

Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

### **Principle 10 - Training and Competency**

Ensure the Company engages highly skilled and competent staff and maintains professional knowledge.

### **Principle 11 - Recognise the legitimate interests of stakeholders**

Recognise legal and other obligations of all legitimate stakeholders.

## BOARD OF DIRECTORS, BOARD COMMITTEES AND EXECUTIVE MANAGEMENT

### BOARD COMPOSITION

			<b>Board Term</b>	<b>Start of Term</b>	<b>Percent of Holdings</b>
1	Mr. Abdullah A. Ohaly	Chairman, Independent Non-Executive Director	3 years	19 September 2019	0.49%
2	Mr. Fareed Y. Al Khalawi	Vice Chairman, Independent Non-Executive Director	3 years	19 September 2019	0.49%
3	Ms. Arij Al Mutabagani *	Member, Independent Non-Executive Director	3 years	19 September 2019	0.98%
4	Mr. Khalid Al Garni *	Member, Independent Non-Executive Director	3 years	19 September 2019	4.92%
5	Mr. Zaki M. A. Farsi	Member, Independent Non-Executive Director	3 years	19 September 2019	2.95%
6	Mr. Ahmad Al Menaiyes *	Member, Independent, Non-Executive Director	3 years	19 September 2019	7.87%
7	Engr. Sami Al Bakri	Member, Non-Independent, Non-Executive Director	3 years	19 September 2019	9.90%
8	Mr. Ziyad F. Omar	Member, Executive Director	3 years	19 September 2019	2.95%

(\*) representing a shareholding on behalf of an institution and/or individual, is not a personal shareholding

### EXECUTIVE DIRECTOR

Mr. Ziyad F. Omar Co-Founder and Chief Executive Officer

### BOARD COMMITTEE COMPOSITION

#### Finance and Investment Committee (FIC)

1. Mr. Fareed Al Khalawi Chairman of Committee, Independent
2. Ms. Arij Al Mutabagani Committee Member, Independent
3. Mr. Ahmad Al Menaiyes Committee Member, Independent
4. Engr. Sami Al Bakri Committee Member, Non-Independent

#### Risk, Audit and Compliance Committee (RACC)

1. Mr. Ahmad Al Menaiyes Chairman of Committee, Independent
2. Ms. Arij Al Mutabagani Committee Member, Independent
3. Mr. Khalid Al Garni Committee Member, Independent

#### Nomination, Remuneration and Governance Committee (NRGC)

1. Mr. Fareed Al Khalawi Chairman of Committee, Independent
2. Mr. Abdullah Ohaly Committee Member, Independent
3. Mr. Zaki Farsi Committee Member, Independent

### RESIGNATIONS AND APPOINTMENTS

During 2021, there were no Board resignations or appointments.

## BOARD MEETINGS AND ATTENDANCE

The Board is required to meet at least four times a year. This is a requirement of the Corporate Governance Code, the CBB Rulebook and the Company's Board Charter. They may meet more frequently to discharge their responsibilities. All Directors are expected to attend each meeting, unless there are exceptional circumstances that prevent them from doing so. The CBB Rulebook module HC-1.4.4 requires individual Board members to attend at least 75% of all Board meetings in each financial year. During 2021, all Directors have attended 75% of the Board meetings held during the year.

A summary of the Shareholder, Board, and Board Committee meetings held during 2021 and attendance of each Director at these meetings, is detailed below:

## SHAREHOLDER MEETINGS

No.	Board Members	Annual General Meeting
		27 September 2021
		Zoom Video Conference
1	Mr. Abdullah A. Ohaly – Chairman	√
2	Mr. Fareed Y. Al Khalawi – Vice Chairman	√
3	Ms. Arij Al Mutabagani	√
4	Mr. Ahmad Al Menaiyes	X
5	Mr. Khalid Al Garni	X
6	Engr. Sami Al Bakri	√
7	Mr. Zaki M. A. Farsi	X
8	Mr. Ziyad F. Omar	√

**BOARD MEETINGS** include meetings held by Circulation and/or Teleconference

No.	Board Members	Total Number of Meetings Held in 2021	Meeting Dates	Meetings Attended
1	Mr. Abdullah A. Ohaly – Chairman	6	21 June 2021 17 August 2021 26 August 2021 23 September 2021 28 October 2021 15 December 2021	6
2	Mr. Fareed Y. Al Khalawi – Vice Chairman			6
3	Ms. Arij Al Mutabagani			6
4	Mr. Ahmad Al Menaiyes			6
5	Mr. Khalid Al Garni			5
6	Engr. Sami Al Bakri			6
7	Mr. Zaki M. A. Farsi			6
8	Mr. Ziyad F. Omar			6

**BOARD COMMITTEE MEETINGS** include meetings held by Circulation and/or Teleconference

Board Committee	No.	Board Members	Total Number of Meetings Held in 2021	Meeting Dates	Meetings Attended
<b>Finance and Investment Committee</b>	1	Mr. Fareed Y. Al Khalawi - Chairman	-	-	-
	2	Ms. Arij Al Mutabagani			-
	3	Mr. Ahmad Al Menaiyes			-
	4	Engr. Sami Al Bakri			-
<b>Nomination, Remuneration and Governance Committee</b>	1	Mr. Fareed Y. Al Khalawi - Chairman	-	-	-
	2	Mr. Abdullah A. Ohaly			-
	3	Mr. Zaki M. A. Farsi			-
<b>Risk, Audit and Compliance Committee</b>	1	Mr. Ahmad Al Menaiyes - Chairman	4	07 June 2021 17 August 2021 22 August 2021 30 November 2021	4
	2	Ms. Arij Al Mutabagani			4
	3	Mr. Khalid Al Garni			4

## BOARD BIOGRAPHIES

### Mr. Abdullah A. Ohaly - Chairman, Independent Non-Executive Director

Mr. Ohaly has over 30 years of experience in management and financial control and currently holds the post of President for Eminent Packaging System Co. Bahrain. He was previously a Board member and Managing Director of the Tamimi Group in the Kingdom of Saudi Arabia until February 2009, during which he managed the following five companies: Tamimi Catering Co., Tamimi Construction Co., Tamimi Commercial Co., Tamimi Food Co. and Thrustboring Construction Co. Ltd. He was also the Chairman of the Board for Silvertch Middle East, U.A.E. Co. Ltd. until June 2009. Mr. Ohaly is Chairman of the Risk, Audit and Compliance Committee of Gulf Union Co-operative Insurance Co., Kingdom of Saudi Arabia and he is also Vice Chairman on the Board of Gulf Union Insurance & Reinsurance Company BSC, Bahrain. Mr. Ohaly holds an MBA in Management from City University, Seattle, U.S.A. and a BA in Management from Seattle University, U.S.A.

### Mr. Fareed Y. Al Khalawi - Vice Chairman, Independent Non-Executive Director

Mr. Al Khalawi has over 43 years of experience in management within the corporate environment, with expertise in the development of business plans and strategies, mergers and acquisitions, asset management and financial planning, budget administration, operations analysis, cost-cutting and containment programs. He is the Founder and Chairman of International Developers Company and the Executive Director of Fareed Yousef Al Khalawi Engineering Consultants, both of which are based in Jeddah, Kingdom of Saudi Arabia. Prior to this, he was the Chief Executive Officer and Managing Director of Saudi Arabian Amiantit Company JSC, including being the President and Board Member of its 45 subsidiaries based in Germany, Austria, U.S.A, Norway, Turkey, South Africa, China, Egypt and the GCC. Mr. Al Khalawi holds a Bachelor of Science degree in Mechanical Engineering from Northrop University, Los Angeles, U.S.A.

#### **Ms. Arij Al Mutabagani - Independent Non-Executive Director**

Ms. Al Mutabagani has over 33 years' experience in managing real estate portfolio in Saudi Arabia and internationally and monitoring the family office's global investment portfolios. She is presently the Managing Director of HMG (Hamed Al Mutabagani Family Office) based in Jeddah-Saudi Arabia. Ms. Al Mutabagani was previously the Managing Director of New Jeddah Clinic Hospital, Fitness, Spa and Rehabilitation Center in Jeddah, Saudi Arabia until 2009. She presently sits on the Board of Arabian Transportation Manufacturing Company in Egypt and on the Boards of Jeddah Clinic Hospitals, Medina National Hospital and National Trade Company all based in Jeddah, Saudi Arabia. Ms. Al Mutabagani holds a Bachelors' Degree in Business Administration from King Abdulaziz University, Jeddah-Saudi Arabia.

#### **Mr. Ahmad Al Menaiyes - Independent Non-Executive Director**

Mr. Al Menaiyes has 18 years of experience in financial markets, real estate investments and direct investments with a focus on Islamic finance structures. He is presently, Direct Investment Manager for Kuwait Investment Co. (KIC) Kuwait since 2013. Before joining KIC, Mr. Al Menaiyes has worked for several Islamic financial companies and has participated and executed transactions internationally and in the Middle East. He is a Non-Executive Director at KIC Brokerage Company, Kuwait. Mr. Al Menaiyes graduated from Kuwait University with a B.Sc. in Sociology and he holds a M.Sc. in Finance from University of Bradford, UK.

#### **Mr. Khalid Al Garni - Independent Non-Executive Director**

Mr. Al-Garni is the Vice President of Global Finance Reporting and Controllershship at Saudi Basic Industries Corporation (SABIC) since 2015. He has more than 24 years of experience in Finance, Accounting, Auditing and Enterprise Risk Services, and Control. Prior to his present post, he was the GM-Global Corporate Controller at SABIC since 2013. He also held senior managerial positions and was an Audit Partner at Deloitte Middle East. Mr. Al Garni has a global expertise of two years with Deloitte in the tristate region of the U.S.A. (Northeast Region). He was previously a member of the Board of Directors and Board Audit Committee at Aluminum Bahrain B.S.C., (ALBA), Bahrain. He was also a member of the Board of Directors and Board Audit Committee at Industrialization and Energy Services Company (TAQA), a joint stock subsidiary of Public Investment Fund (PIF), Saudi Arabia. He presently sits on the Board and Committees of various companies including, Yanbu National Petrochemical Company (YANSAB) - Saudi Arabia, Chairman of Arabian Industrial Fibers Company (IBN RUSHD) - Saudi Arabia, Arabian Petrochemical Company (PETROKEMYA) - Saudi Arabia, SINOPEC SABIC Tianjin Petrochemical Company (SSTPC) – China, SABIC Capital B.V. - The Netherlands, and Saudi Kayan Petrochemical Co. - Saudi Arabia. Mr. Al-Garni has a B. Sc. in Accounting from King Abdulaziz University, Saudi Arabia and is a Certified Public Accountant (CPA). He has successfully completed the Advanced Management Program (AMP) at Harvard Business School (HBS) and CEO Leadership Challenge (CLC) program at INSEAD.

#### **Engr. Sami Abdulrahman Al-Bakri - Non-Independent Non-Executive Director**

Engr. Sami has over 35 years of experience in the management and supervision of a wide range of international businesses. He is presently the Founder and Chairman of Sami Rock Co. Ltd. based in Jeddah, Saudi Arabia since 1993. Engr Sami is a Chairman on the Board of various companies including Sami Holding Limited, Lucida Solar, Hyrec, Revo Trends and SAB Oil, all located in Jersey and in Innovative System (INNOSYS) located in Turkey, and in Saudi Arabia Company for Oil Shale located in Jordan. He is also a Director at Oriflame Saudi Arabia Ltd. located in Jeddah-Saudi Arabia. Engr. Sami holds a M.Sc. in Mining Engineering from Camborne School of Mines, Cornwall-United Kingdom, and a B.Sc. in Mining Engineering from King Fahd University of Petroleum and Minerals, Dhahran-Saudi Arabia.

#### **Mr. Zaki M. A. Farsi - Independent Non-Executive Director**

Mr. Farsi is the Owner and Founder of Consultant Engineer Zaki M. A. Farsi Group in Jeddah, Kingdom of Saudi Arabia. He has over 49 years working experience in the field of engineering and urban/infrastructure planning, starting as the head of the city planning office of the western region of the Kingdom of Saudi Arabia. Mr. Farsi is a Board member of Tamleek Real Estate Development Company and a Board member of the Saudi Building Materials Company (SBM) and Board Member of The Bilad Foundation for Press and Publication. He is also a Board member of the General Commission for Survey in the Kingdom of Saudi Arabia and serves as a member

of various committees such as The Engineering Offices Committee in the Jeddah Chamber of Commerce and the Saudi Council of Engineers. Mr. Farsi is also a member of the Board of Trustees of the University of Business and Technology in Jeddah. He is also a member of the first Board of the Saudi Umran Society in the Kingdom of Saudi Arabia and a former member of the National Real Estate Development committee, Saudi British Business Council and was formerly on the Board and Executive Committees of Tehama Advertisement and Public Relations Company, Arab Islamic Company and Dar Al Fikr Schools of which he is also a Founder. He holds an MSc from the University of California, Berkley, USA and a BSc in Civil Engineering from the San Francisco State University, U.S.A.

#### **Mr. Ziyad F. Omar - Executive Director, Co-Founder and Chief Executive Officer**

Prior to co-founding Gulf One, Mr. Omar founded a financial and management consulting firm in the Kingdom of Saudi Arabia and a business advisory and consulting firm, Compass Consulting in Bahrain, which focused on providing advisory services for large corporations in the GCC. Mr. Omar has over 38 years of regional and international finance and banking experience. He has previously worked with National Commercial Bank (NCB) in the Kingdom of Saudi Arabia, as Country Head of the Corporate Banking Group where his re-engineering of NCB's multi-billion-dollar corporate banking portfolio resulted in a significantly improved risk/reward profile. He was also the Chief Financial Officer of Al Faisaliah Group where he created the Group Finance and Corporate Treasury. Mr. Omar also worked in various senior positions at the Saudi American Bank in Jeddah in the Corporate Banking and Structured Finance departments, where he co-pioneered the first securitisation transaction in the Kingdom of Saudi Arabia. Prior to returning to the Kingdom of Saudi Arabia, he spent five years as a Systems Manager with Equitable Financial Companies (currently AXA) in California, U.S.A. Mr. Omar received his MBA in 1989 and a BA in Mathematics and Computer Science in 1984 from California State University, Fresno, U.S.A.

### **EXECUTIVE MANAGEMENT**

The core management team of Gulf One and a brief profile of each member is outlined below.

**Mr. Ziyad F. Omar - Co-Founder and Chief Executive Officer, Executive Director**

**Mr. Shibu Nair – Managing Director, Investments**

**Ms. Carol Bhandary - Head of Compliance, Money Laundering Reporting Officer and Corporate Secretary**

**Ms. Taniya Waghmani – Finance Manager**

**Ms. Ohood Al Kaabi – Head of Human Resources and Administration**

**Mr. Ziyad F. Omar - Co-Founder and Chief Executive Officer, Executive Director**

(Kindly refer to the Board of Director Biographies Section)

#### **Mr. Shibu Nair – Managing Director, Investments**

Mr. Nair joined Gulf One in August 2006. He holds over 21 years of extensive corporate finance and private equity experience in varied industry sectors within GCC and Europe. Prior to joining Gulf One, he was a Principal in the Private Equity and Venture Capital department of Gulf Finance House (GFH), Bahrain. At GFH, he was part of a team that structured private equity deals in excess of USD 1 billion, primarily in the financial services and telecom sectors. He was also responsible for monitoring the Bank's private equity portfolio. He joined GFH after serving as a Senior Consultant with KPMG Corporate Finance, Bahrain where he gained significant experience in managing and executing Corporate Finance transactions including private equity, mergers and acquisitions, business valuations and restructuring. Mr. Nair holds an MBA degree from Bharathiar University in India, is a rank-holder Certified Public Accountant (CPA) and a Chartered Financial Analyst (CFA) Charter holder.



### **Ms. Carol Bhandary – Head of Compliance, Money Laundering Reporting Officer and Corporate Secretary**

Ms. Bhandary joined Gulf One in May 2008. She has over 24 years of Investment Banking experience with extensive experience in compliance, anti-money laundering and terrorist financing, including expertise in private equity, portfolio risk monitoring and valuation; performance reviews. She facilitates communications and the flow of information to and among the Board, senior management and the Company's shareholders, and ensures that the Board and senior management are well advised on corporate governance issues. Ms. Bhandary implements systems to support the Board and is responsible for maintaining the records of the Board's actions. Prior to joining Gulf One, Ms. Bhandary was with BMB Investment Bank B.S.C. (c), Bahrain in their Investor Marketing and Corporate Finance departments for over 10 years. She holds a Bachelor of Commerce degree in Financial Accounting and Auditing from University of Mumbai, India; an Advanced Diploma in Banking Studies from the Bahrain Institute of Banking and Finance and has successfully obtained an ICA-International Diploma in Compliance from the University of Manchester Business School, United Kingdom.

### **Ms. Taniya Waghani - Finance Manager**

Ms. Waghani joined Gulf One in April 2015. She has over 6 years of experience in investment banking, accounting and reconciliations. She is responsible for managing consolidation, budgeting, MIS, regulatory reporting, and coordinating with the Company's external auditors and Group Companies. Ms. Waghani is an all-India rank holder ACCA affiliate securing a 2<sup>nd</sup> position and a 55<sup>th</sup> position worldwide in the ACCA Top Resident Affiliates of 2014. She holds a B.Com degree with First Class Distinction in Cost and Works Accounting.

### **Ms. Ohood Al Kaabi – Head of Human Resources and Administration**

Ms. Al Kaabi joined Gulf One Capital in June 2016. She has over 18 years' experience of working with major corporations in Bahrain as a second line employee. She has overseen general human resource functions and strategies by doing research, review and update of policies and functions in line with the development of Bahrain's Labor market as well as International new laws and practices, resulting in elevating the status of employees and increasing productivity at minimum costs. Prior to joining Gulf One, Ms. Al Kaabi worked at Bahrain's Ministry of Interior in the Directorate of Health and Social Affairs as Human Resource Specialist. She has also worked at Addax Investment Bank, Bahrain as an Associate in the Human Capital division. She has obtained an Occupational Assessment Testing certificate from Bahrain Institute of Banking and Finance. Ms. Al Kaabi holds a M.Sc. in Human Resources from DePaul University, Chicago and a B.A. in English Literature from University of Bahrain.

## **ROLE OF THE BOARD OF DIRECTORS**

The primary role of the Board of Directors (the Board) is to promote and achieve sustainable performance and long-term growth in shareholder value for the Company. The Board, whilst delivering sustainable performance, is further responsible to ensure that the interests of other stakeholders are appropriately considered, whilst maintaining high standards of transparency and accountability.

The Board works together as a team to provide strategic leadership to staff, ensure the organisation's fitness for purpose, set the values and standards for the Company and ensure sufficient financial and human resources are available.

The Board reserves a formal schedule of matters for its decision to ensure that the direction and control of the Company rests with the Board. This includes strategic issues and planning, performance reviews, material acquisition and disposal of assets, capital expenditure, authority levels, risk management policies, appointment of auditors, the preparation and review of the financial statements, financing and borrowing activities including annual operating plans and budgets, ensuring regulatory compliance and reviewing the adequacy and integrity of internal controls.

## **DIRECTOR INDEPENDENCE**

The Board regularly assesses the independence of the Directors. Directors are independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds.

Each Director is expected to disclose any business or other relationship in which they are involved in either directly or as a partner, shareholder or officer of a company or other entity that has an interest, or a business, or other relationship with the Company or a related entity.

The Board considers information about any such interests or relationships, including any related financial or other details, when it assesses the Director's independence on appointment and on an annual basis. Each Director provides an annual attestation of their interests and independence which is reviewed and assessed in accordance with the criteria of the CBB's Module HC to specifically determine that the Director has no material relationship which could affect his independence of judgment, taking into account all known facts.

## **BOARD CHARTER - ROLES AND RESPONSIBILITIES**

Gulf One maintains a corporate governance structure that segregates the functions, roles and responsibilities between the Board and Executive Management.

The Board is responsible for the overall business performance and strategy of the Company, and exercises supervision on the Company's business. The Board has delegated to the CEO, the responsibility for managing the day-to-day business of the Company. There is a clear division of roles and responsibilities between the Board and Management, and between the Chairman and the CEO. The scope of and limitations to that delegated authority is clearly documented.

The CEO, in cooperation with the management team, monitors the Company's performance with regard to specific and (approved) objectives and conducts the Company's daily affairs pursuant to the policies, objectives, strategies and guidelines adopted and approved by the Board of Directors from time to time.

The Board oversees all activities of the Company and approves the same. It is responsible for Risk Management , Corporate Governance and for the preparation and fair representation of the consolidated financial statements in accordance with International Financial Reporting Standards.

The other issues that require approval of the Board include, inter alia, acquisitions and exits. The Board also convenes and prepares the agenda for Shareholders' meetings and ensures observance of the basic values of the Company, as prescribed in the internal policies of the Company. All Company policies are reviewed and approved on annual basis.

## **BOARD STRUCTURE AND TERM**

Pursuant to Gulf One's Memorandum and Articles of Association, the Company shall be administered by a Board of Directors comprising not less than 5 directors and not more than 13 directors appointed or elected by the Ordinary General Meeting by secret ballot on cumulative basis for a period of 3 years renewable, subject to the approval of CBB and Ministry of Industry, Commerce & Tourism.

The Board comprises a majority of independent and non-executive Directors who satisfy the criteria for independence in accordance with the rules and regulations issued by the CBB Law from time to time.

At FY2021, the Board comprised 8 Directors of whom, 7 are non-executive directors, including the Chairman and Vice Chairman, and 1 executive Director, who together bring a broad range of relevant financial and other skills, extensive experience, knowledge and expertise necessary to guide the business. A profile of each Director is set out in earlier sections of this Report.

## **BOARD APPOINTMENT**

The Directors shall be appointed or elected for a term of 3 years renewable by re-appointment or re-election by the General Assembly. The Company has a formal written appointment agreement with each member of the Board. This document addresses a number of matters, including the Director's powers, legal obligations, duties,

responsibilities and accountabilities of serving on the Board, as well as other matters relating to their appointment, including the term, the time commitment envisaged, their assignment on Board Committees if any, the payment of financial considerations and expense reimbursement entitlement, and access to independent professional advice when needed. The Director's Letter of Appointment bears references to the Board Charter and Board Subcommittee Charter(s) and supporting framework including the CBB Rulebook HC module.

#### **BOARD ELECTION**

The Board has delegated the responsibility to the Nomination, Remuneration and Governance Committee (NRGC) for matters related to the process and review of applications for board membership. The NRGC shall consider candidates recommended by shareholders, management, and by the Board, to take into consideration the overall composition and diversity of the Board and areas of expertise that the new Board members might be able to offer.

Each proposal by the Board to the shareholders for election or re-election of a director must be accompanied by a recommendation from the Board, a summary of advice of the NRGC, and following specific information:

- confirmation that the candidate meets the requirements defined by both the Bahrain Commercial Companies Law and the Central Bank of Bahrain;
- term to be served;
- biographical details and professional qualifications;
- statement that the Board has determined the criteria of independence of judgment for independent directors have been met;
- other directorships held;
- other positions which involve significant time commitments;
- details of candidate's relationship with the Company, as well as with other directors; and
- any nominated candidate is subject to approval from the Central Bank of Bahrain.

Any shareholder may nominate themselves as a candidate for Board membership. Any shareholder nomination should be made in writing to the NRGC at least 15 days prior to the holding of an Ordinary General Meeting, to enable the NRGC to complete its review and recommendation to the shareholders.

#### **BOARD TERMINATION**

As outlined in the Memorandum and Articles of Association of the Company and with references made therein, a Director shall lose his office on the Board in the following events:

1. He fails to attend in person, four (4) consecutive meetings of the Board without lawful excuse pursuant to a Board resolution;
2. He resigns his office by a written instrument;
3. If he occupies any paid position in the Company other than Chairman, Vice Chairman, Chief Executive Officer or Chief Investment Officer.
4. He fails to fulfill any of the conditions set forth under Article 21 (9) of the Company's Memorandum and Articles of Association.
5. He shall in any jurisdiction be convicted of theft, misappropriation, fraud, forgery issuing a false cheque or of committing any of the offences set out in Article 173(II) of the Commercial Companies' Law;
6. He becomes bankrupt.
7. Any shareholder that terminates the appointment of one of their representative Directors to the Board, or the shareholders in General Assembly vote for his removal in accordance with Article 31 of the Memorandum and Articles of Association of the Company.

8. If he uses his membership on the Board to carry on any business which competes with the business of the Company or which results in actual damage to the Company.
9. If he has been appointed or elected on a basis not in conformance with the provisions of the CBB rules and regulations, the Law and/or the Memorandum and Articles of Association of the Company.

#### **BOARD INDUCTION AND TRAINING**

The Company makes sure that all its Directors have the necessary knowledge, skills, ability and experience to perform the functions required of them. All newly elected Board members are formally inducted through an induction process carried out by the Board in co-ordination with the Company's human resources division and compliance division. An awareness program is conducted for existing board members and they are regularly appraised of all matters related to the Company through regular correspondence held between the executive and the independent, non-executive Directors.

#### **PERFORMANCE EVALUATION AND ANNUAL ASSESSMENTS**

As part of the Board's due diligence process and in compliance with the Company's Corporate Governance guidelines and the CBB HC module, before any nomination for re-election to the Board, and also on an annual basis, the Board undertakes a review of its own performance as a Board, it reviews the performance and effectiveness of each Board committee and the performance of each individual Directors. The evaluation is aimed to assess the Board's effectiveness and support in identifying the need for creating an effective Board with strategic foresight, stewardship, performance, professional development and engagement with management.

#### **BOARD COMMITTEES, THEIR FUNCTIONS AND RESPONSIBILITIES**

The Board of Directors has formed certain committees with specific powers for the sake of guiding the management team, supervising the running of operations and taking decisions in the Company. The Board of Directors supervises the Company's management directly and through its various committees.

#### **NOMINATION, REMUNERATION AND GOVERNANCE COMMITTEE (NRGC)**

The role of the NRGC is to oversee matters related to the nomination of new directors, assessment of the performance and contribution of the Board, its committees and directors, as well as the remuneration of directors and senior management. It leads the performance review of Board and Sub-committees and establishes and approves the Company's corporate governance framework and other matters as defined in its Charter.

Highlights of the committee's charter define the following responsibilities:

- function as a nominating committee to identify and review candidates to fill vacancies on the Board;
- evaluate the balance of skills, knowledge and experience on the Board;
- approve compensation programs and other incentive plans;
- review effectiveness and efficiency of the Company's governance framework and supporting policies and procedures; and
- review the Company's standards of ethics and adherence thereto.
- undertakes the assessment of the Board, its committees and directors
- undertakes review of the remuneration of directors and senior management

#### **RISK, AUDIT AND COMPLIANCE COMMITTEE (RACC)**

The role of the RACC is to assist the Board of Directors in independently ensuring and maintaining oversight of the Company's financial reporting systems; internal control and risk management processes; internal and external audit; compliance functions; legal and regulatory requirements; Shari'a rules and principles (where applicable), and other matters as defined in its Charter.

The RACC undertakes a detailed review of the quarterly performance of the Company prior to approval by the full Board.

Highlights of the committee's charter define the following responsibilities:

- set the risk appetite;
- review the adequacy and effectiveness of risk management policies and methodologies;
- ensure compliance with all applicable laws and regulations;
- review the integrity of the financial reporting;
- ensure the independence of the internal audit function;
- review the adequacy and effectiveness of accounting and financial controls; and
- oversee the selection and compensation of the external auditor for appointment and approval at each Annual General Meeting and ensure the external auditor's independence.

#### **FINANCE AND INVESTMENT COMMITTEE (FIC)**

The role of the FIC is to oversee the financial and investment affairs of the Company. This includes maintaining oversight of financing requirements including raising capital and co-ordination with bankers and other financial advisors, investment management, asset liability management and other matters as defined in its Charter.

Highlights of the committee's charter define the following responsibilities:

- review and recommend the Company's financial and investment plans and strategies, including investment objectives, and current and projected financial results of operations;
- review and approve recommendations for investment strategies;
- set investment limits; and
- evaluate investment, financing and trading decisions and recommend enhancements.

The Board sub-committees meet on a regular basis, ensuring the minimum attendance required, to fulfil their responsibilities as outlined in the Board Committee Charter(s).

#### **RELATED PARTY TRANSACTIONS**

The Board of Directors is also responsible for approving Related Party transactions, subject to the schedule of Authorities adopted by the Company.

The Related Party Transactions, which are at arm's length, for the year ended 31 December 2021 are detailed in Note 24 of the Consolidated Financial Statements for the FY2021.

For the Company, related parties include SPV's and associated companies, including companies that hold clients' investments (clients' investment holding companies), and the parent company through which the employees invest in beneficial holding of the Company's shares. It also includes major shareholders, directors and senior management of the Company, their immediate families and entities controlled, jointly controlled or significantly influenced by such parties. Income is earned, or expense is incurred in the Company's transactions with such related parties in the ordinary course of business. The Board approves the terms and conditions of all related party transactions. As a result, the true nature of the Company's transactions with these related parties is all effectively at arm's length commercial terms.

#### **CONFLICT OF INTERESTS, MATERIAL TRANSACTIONS, SIGNIFICANT BOARD ISSUES**

Both Directors and employees owe a duty of loyalty to the Company and its shareholders and are potentially personally accountable for a violation of that duty of loyalty. In all business relationships with outside persons or organizations and in all personal business undertakings, employees are required to avoid transactions or situations in which their personal interests actually conflict with, or have the appearance of conflicting with, those of Gulf One, its shareholders and its clients.

Every effort should be made by Board members to ensure that there is no conflict of interest between their personal and business affairs and the interests of the company and its clients and shareholders.

Further, the Board is heavily involved in the major decisions undertaken by the Company. This includes reviewing and approving all investment decisions, the establishment of new entities or the closure of an entity, impairment of any assets and/or provision, approval of new or changes to Company accounts, opening of branches, approval of the employee incentive scheme, recommendation for the payment of dividends, CEOs' remuneration, Board remuneration, etc.

The Board confirms that during the year there have not been any Conflict of Interests, nor any abstinence of voting by any member, nor were there any significant Board issues during the year which would be considered other than the normal course of business.

#### **COMPLIANCE MONITORING AND ANTI MONEY LAUNDERING**

The Company recognizes its responsibility of compliance with all the related provisions by implementing global best practice. The Company has established a unit for regulatory control, to ensure adherence to the guidelines and rules of the Central Bank of Bahrain. This unit acts both to ensure observance of the principles of regulatory rules, and the implementation of Compliance best practice.

The procedures for combating money laundering forms a major part of the compliance assignments. The Company maintains specific policies and procedures, approved by the Board of Directors, for money laundering prevention. These include a Client Due Diligence process, reporting of suspicious transactions, periodical staff awareness and training programs, and record-keeping, as well as the key policy of appointing an officer dedicated to money laundering prevention – the Money Laundering Reporting Officer. The Compliance and Anti Money Laundering (AML) Procedures are reviewed annually by the external auditors, who report their findings to the Central Bank of Bahrain. The Company is committed to combating money laundering, and to implementing all AML rules, principles and guidelines issued by the Central Bank of Bahrain.

#### **BOARD'S COMMUNICATION / RELATIONSHIP WITH SHAREHOLDERS AND STAKEHOLDERS**

The Board maintains an effective communications policy that enables both the Board and management to communicate effectively with its shareholders, stakeholders and the public generally.

It is the role of the Board to ensure that all General Assembly Meetings of the Shareholders are conducted in an efficient manner which will serve as a crucial mechanism for shareholder communications. Key ingredients include the supply of comprehensive timely information to shareholders and the encouragement of active participation in the meetings.

#### **DISCLOSURE POLICY AND COMMUNICATION WITH STAKEHOLDERS**

The directors and management of the Company are committed to promoting consistent disclosure practices aimed at accurate, timely and broadly disseminated disclosure of material information about the Company to the shareholders and the market as required, by jurisdictional regulations and best practices.

In a time when expectations for high quality information, reporting and corporate governance have never been greater, Gulf One continues to take a proactive approach to corporate disclosure.

#### **CODE OF CONDUCT**

Successful / robust risk management depends on integrity of behaviour within the organisation. The Board of Directors has adopted the Company's Code of Conduct which sets out the standards that should be adhered to by all staff (Board of Directors, senior management and employees) at all times. This code sets out standards on how each staff member (including the Board of Directors) should behave with all external parties including shareholders, stakeholders, investors, customers, the community and regulators.

The code of conduct obliges all the members of the Board of Directors, Executive Management, and the employees to follow the highest professional measures and care while performing their duties. All Board members and employees require to act ethically at all times and adhere to the Company's Code of Conduct.

The Company's Code of Conduct defines how each staff member should have both, an organisational and personal responsibility to up-hold these standards and to act always with integrity and honesty to protect the Company's good name and reputation.

Wherever the Company operates, each staff member should ensure that the business is conducted in a manner which is compliant with the legal and regulatory requirements of the jurisdiction concerned and with the Board's desire to be an organisation committed to high standards of integrity in all dealings. It is a condition of employment / engagement with the Company, including the Board Members, to sign a declaration committing to compliance with the Company's Code of Conduct.

Compliance with the Code of Conduct is monitored on an on-going basis at the division level and reported to the appropriate levels and to the Risk, Audit and Compliance Committee (as required). Compliance by the Board members is monitored by the Nomination, Remuneration and Governance Committee and reported to the Board.

#### **EMPLOYMENT OF RELATIVES OF APPROVED PERSONS**

The recruitment process of the Company includes procedures to check whether relatives of Approved Persons are being considered for positions within the Company. Approved persons are required to inform their department head and the Head of Human Resource should they be aware that their relative (relative to any degree) is being recruited. If a relative is being considered for a controlled function, the Nomination Remuneration and Governance Committee's (NRGC) approval is sought prior to recruiting the candidate. For positions, other than controlled functions, the CEOs' approval is sought unless specific NRGC approval is deemed necessary.

#### **EMPLOYEE REMUNERATION AND INCENTIVE STRUCTURE**

The Company has adopted the Sound Remuneration Practices issued by the Central Bank of Bahrain. The Company's total compensation policy, which includes the variable remuneration policy, sets out the Company's policy on remuneration for directors and senior management and the key factors that were considered in setting the policy.

#### **REMUNERATION STRATEGY**

As part of the remuneration framework, the Company's basic compensation philosophy is to provide a competitive level of total compensation to attract and retain qualified and competent employees. The Company's variable remuneration policy will be driven primarily by a performance-based culture that aligns employee interests with those of the shareholders of the Company. These elements support the achievement of our objectives through balancing reward for both short-term results and long-term sustainable performance. Our strategy is designed to share our success, and to align employees' incentives with our risk framework and risk outcomes.

The quality and long-term commitment of all our employees is fundamental to our success. We therefore aim to attract, retain and motivate the very best people who are committed to maintaining a career with the Company, and who will perform their role in the long-term interests of shareholders. The Company's reward package comprises the following key elements:

1. Fixed pay;
2. Benefits;
3. Initial equity awards; and
4. Annual performance bonus;

A robust and effective governance framework ensures that the Company operates within clear parameters of its compensation strategy and policy. All compensation matters, and overall compliance with regulatory requirements, are overseen by the Nomination, Remuneration and Governance Committee of the Board (NRGC).

The Company's remuneration policy, considers the role of each employee and has set guidance depending on whether an employee is a Material Risk Taker and/ or an Approved Person in business line, control or support functions. An Approved Person is an employee whose appointment would require prior regulatory approval because of the significance of the role within the Company and an employee is considered a Material Risk Taker



if they head of significant business lines and any individuals within their control who have a material impact of the Company's risk profile

To ensure alignment between what we pay our people and our business strategy, we assess individual performance against annual and long-term financial and non-financial objectives summarised in line with our performance management system. This assessment also considers adherence to the Company's values, risk and compliance measures above all and acting with integrity. Altogether, performance is therefore judged not only on what is achieved over the short and long-term but also importantly on how it is achieved, as the NRCG believes the latter contributes to the long-term sustainability of the business.

#### REMUNERATION TO EMPLOYEES

	2021 (Fixed Remuneration)		
	Number of Persons	Cash	Other
<b>Approved persons</b>			
- Business lines	2	\$330,968	\$141,843
- Control & support	4	\$158,954	\$68,112
<b>Other Staff</b>			
- Bahrain operation	8	\$146,878	\$62,947
- Outside Bahrain operation	4	\$267,496	\$67,556
<b>Total</b>	<b>18</b>	<b>\$904,296</b>	<b>\$340,459</b>

During 2021 the Company has not paid any variable remuneration either in the form of upfront / deferred cash or upfront / deferred shares. Further, there was no sign on bonuses, guaranteed bonuses or severance pay paid to any employee during the year. As at year end, there is no deferral award outstanding to any employee of the Company.

#### BOARD REMUNERATION

Pursuant to the Company's Memorandum and Articles of Association, the General Assembly shall prescribe the remuneration of the members of the Board of Directors provided that the total of such remuneration in their capacity as directors shall not exceed ten (10) percent of the net profit in any one financial year after allowing for statutory reserves and after allowing for the distribution to the ordinary shareholders of a dividend totaling not less than five (5) percent of the paid capital of the Company, as provided in Article 188 of the Commercial Companies law.

The General Meeting may resolve to pay annual remuneration to the Chairman and the Directors even in the years where no profit is realised or distributed as dividends, provided that such payment is approved by the Minister of Industry, Commerce & Tourism.

No payments have been made to the Board during FY2021.



## DIRECTORS AND SENIOR MANAGEMENT INTEREST

The interests of directors and senior management in the ordinary shares of the Company are set out below:

Directors and senior management (2021)	% of total number of shares	Number of shares	Nominal value USD
Abdullah A. Ohaly (Chairman)	0.49%	817,686	\$204,421.50
Fareed Y. Al Khalawi (Vice Chairman)	0.49%	817,686	\$204,421.50
Engr. Sami Al IBakri (Director)	9.90%	16,453,445	\$4,113,361.25
Zaki M. A. Farsi (Director)	2.95%	4,906,118	\$1,226,529.50
Ziyad F. Omar * (CEO & Executive Director)	3.29%	5,479,353	\$1,369,838.25
Shibu Nair ** (Managing Director)	0.12%	196,761	\$49,190.00
Carol Bhandary ** (Compliance & MLRO)	0.01%	21,966	\$5,491.00
<b>Total</b>	<b>17.25%</b>	<b>28,693,015</b>	<b>7,173,253.00</b>

\* includes 573,235 shares owned through Employee Stock Holding Company vested under Employee Incentive Scheme

\*\* shares owned through Employee Stock Holding Company vested under Employee Incentive Scheme

During the year ended 31 December 2021, there were no changes in the ownership of shares in the Company by either directors or senior management.

## SHAREHOLDING STRUCTURE

### DISTRIBUTION OF OWNERSHIP BY NATIONALITY

Ownership Nationality	Number of Shares	Nominal Value of Shareholding (USD)	Percentage Shareholding
Saudi	130,102,069	\$32,525,517.25	78.29%
Bahraini	3,456,422	\$864,105.50	2.08%
Kuwaiti	16,762,570	\$4,190,642.50	10.09%
Bahamas	4,088,432	\$1,022,108.00	2.46%
Cayman Islands	8,176,864	\$2,044,216.00	4.92%
UAE	2,771,957	\$692,989.25	1.67%
Malaysian	817,686	\$204,421.50	0.49%
<b>Total</b>	<b>166,176,000</b>	<b>\$41,544,000</b>	<b>100%</b>

#### DISTRIBUTION OF OWNERSHIP BY SIZE OF SHAREHOLDER

Category	Number of Shares	Number of Shareholders	Percentage of Total Shares
Less than 20% and up to 10%	-	-	-
Less than 10% and up to 5%	37,930,105	3	22.83%
Less than 5% and up to 1%	96,822,214	23	58.26%
Less than 1%	31,423,681	34	18.91%
<b>Total</b>	<b>166,176,000</b>	<b>60</b>	<b>100%</b>

One of the unique strengths of Gulf One is the broad distribution of holding combined with low levels of relative holding either by an individual or an organisation.

#### SHAREHOLDERS OWNING IN EXCESS OF 5% OF THE COMPANY'S CAPITAL

Shareholders	Percentage of shareholding
Engr. Sami Abdulrahman Al Bakri	9.90%
Kuwait Investment Co S.A.K	7.87%
Abdulrahman Abdulaziz AlQasim	5.05%
<b>Total</b>	<b>22.82%</b>

#### OWNERSHIP BY GOVERNMENT

There is no government holding in the Company.

#### INTERNAL AUDIT

The mission of the Internal Audit is to ensure that the Company's operations are conducted according to the highest standards by providing an independent, objective assurance function and by advising on best practice. Through a systematic and disciplined approach, internal audit helps the Company to accomplish its objectives by evaluating and improving the effectiveness of risk management, control and governance processes.

The Company's Internal Audit is outsourced to an international firm of Public Accountants. The independent Internal Auditors report directly to the Risk, Audit and Compliance Committee and use a risk-based audit methodology.

The scope of internal audit work includes the review of risk management procedures, internal control systems, information systems and governance processes. This work also involves periodic testing of transactions, best practice reviews, special investigations, compliance with regulatory requirements, and measures to help prevent and detect fraud.

To maintain objectivity, the Internal Audit function is not involved in the day-to-day control procedures. Instead, each business unit is responsible for its own internal controls and efficiency.

## **EXTERNAL AUDIT**

The primary role of external auditors is to express an opinion on whether the Company's financial statements are free of material mis-statements. This is achieved through a thorough review of the system of internal controls to form such an opinion on the financial statements. In addition to the annual audit, the external auditors conduct quarterly reviews on the systematic process and procedures on which the Company's quarterly financial statements are based. The Board has reviewed the role and the performance of the external auditors.

## **AUDIT DISCLOSURES**

The Company wishes to make the following disclosures with regard to the external audit, in accordance with the CBB Rulebook HC module:

### **Audit fees charged by the external auditor**

During 2021 the auditors have been paid for audit fees in accordance with the terms and conditions agreed.

### **Non-audit services provided by the external auditor and fees**

Non-audit services provided by the external auditors includes a review of the Anti-Money Laundering procedures and Agreed Upon Procedures in relation to the Quarterly Prudential Returns as required by the Central Bank of Bahrain. During 2021, the external auditors have been paid for non-audit services provided, in accordance with the terms and conditions agreed.

### **Reasons for any switching of auditors and reappointing of auditors**

During 2021, there has been no change of auditors.

Should shareholders require any further information in respect of auditor's remuneration, kindly contact Investor Admin by email on [invadmin@gulf1capital.com](mailto:invadmin@gulf1capital.com)



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