

شركة الفنادق الوطنية (ش.ب.م)
NATIONAL HOTELS COMPANY (B.S.C)



Corporate Governance Report

For the year 2023

Index

1. Actions taken to complete the Corporate Governance Code -----	3
2. Dealings of the Directors and their relatives in the Company's shares -----	3
3. Composition of the Board -----	4-10
4. External Auditor -----	10-11
5. Audit & Corporate Governance Committee -----	11
6. Nomination and Remuneration Committee (NRC) -----	12
7. Corporate Governance Officer -----	12
8. Irregularities committed during the Financial Year -----	12
9. Cash and in-kind contributions to Charities and National Establishments -----	12
10. Shareholders Information-----	13
11. Compliance with the provisions of Corporate Governance Code -----	14-15
12. Any other disclosures -----	16

1- Actions taken to complete the Corporate Governance Code

The Corporate Governance Code issued by the Ministry of Industry & Commerce forms the cornerstone that the National Hotels Company BSC (the “Company”) adopts in conducting its daily commercial transactions, while adhering to the laws of the Kingdom of Bahrain

The Corporate Governance Code governs the relationship between the Company and its shareholders, Board of Directors, Executive Management, Employees and other parties (such as customers, legal bodies, suppliers and all individuals or corporates with whom the company transacts).

Implementing astute corporate governance is an important component of the company’s construct and hence the Company ensures that all the transactions with all involved parties are conducted in a responsible and safe manner at all times.

In addition, and in an effort to make the Company’s shares an attractive investment option for the existing shareholders and new investors alike, the Company adopts a clear and transparent communication with all of its shareholders at all times.

In doing so, the Company’s management periodically announces the results of its operations transparently and accurately in line with the requirement of the Corporate Governance Code and International Accounting Standards, in addition to the prevailing laws of the Kingdom of Bahrain.

Further to the above, the Company complies with the requirement of the Corporate Governance Code and ensures compliance with best international practices.

This report reflects in a clear and transparent manner the Company’s compliance with and implementation of the Corporate Governance Code content for the financial year 2023.

2- Dealings of the Directors and their relatives in the Company's Shares

There were no dealings conducted (sale / purchase) in the Company’s shares by the members of the Board of Directors, their spouses or their children during the year.

3- Composition of the Board

A. Current Board of Directors Composition:

No.	Name	Type (executive, non-executive & independent)	Experience and Qualifications	The duration of his term as a director of the company starting from the date of his first election or appointment		Directorships and positions in any other companies	Positions in any other key regulatory, government or commercial entities.
				From	To		
1	Faisal Ahmed Al Zayani	Independent / Non-executive	<ul style="list-style-type: none"> ▪ Businessman with experience of more than 50 years. ▪ PhD in Administration & Organization. ▪ Chairman - National Hotels Company B.S.C. ▪ Chairman & Managing Director - Gulf Plastic Industries W.L.L. ▪ Chairman & Managing Director - Zayani Computer Systems. 	30/4/1983	28/3/2024	NIL	NIL
2	Adel Nuhaba Hamada	Non-executive	<ul style="list-style-type: none"> • Currently serving as the Director of Investment Accounting Department at the Kuwait Investment Authority. • Has extensive experience in Business Management. • Held several positions in the Presidential Positions including General Manager of Yousif Mohammed Al Shaya Group, Director of Financial Affairs, Director of Purchasing and Warehousing Department, Director of Internal Audit Department, General Revenue Controller and Head of Cost and Budget Accounts at various periods in Kuwait Public Transport Company. • Held the position of Senior Accountant at Kuwait Real Estate Investment Group. • Holds a Bachelor of Commerce degree from the University of Kuwait and a Master's degree in management and management accounting from Kens College of Business, London. 	28/3/2018	28/3/2024	NIL	NIL

No.	Name	Type (executive, non-executive & independent)	Experience and Qualifications	The duration of his term as a director of the company starting from the date of his first election or appointment		Directorships and positions in any other companies	Positions in any other key regulatory, government or commercial entities.
				From	To		
3	AbdulAziz Abdullah Alisa	Non-executive	<ul style="list-style-type: none"> • Currently serving as the Executive Director of Legal Affairs and Secretary of the Board of Directors of the Social Insurance Authority. • Holds a Basic Supervision Diploma from the University of Bahrain and a Bachelor of Law from the University of Beirut. 	29/3/2013	28/3/2024	NIL	NIL
4	Meshari Zaid Al Khalid	Non-executive	<ul style="list-style-type: none"> • Currently serving General Manager of Al-Khalid International Group, Kuwait. • Has extensive experience in the Business Management. • Held several key positions, including; a General Manager of the Kuwait Real Estate Investment Group, Chairman and Managing Director of Safat Real Estate Company, Executive Committee member of the Egyptian Gulf Bank and the Kuwait-Egypt Investment Company. • Holds a Bachelor's Degree in Commerce from the college of Business Administration, Cairo University. 	27/3/2002	28/3/2024	NIL	NIL
5	Faisal Yousif Al Meshari	Non-executive	<ul style="list-style-type: none"> • Currently serving Assistant General Manager for Investment and corporate Finance at the Kuwait Investment Company. • Senior Manager within the Business Development Department at the Kuwait Investment Company. • Held the position of Financial Analyst at Kuwait and Middle East Financial Investment Company. • Holds a Bachelor's Degree in finance from the Administrative Sciences College - University of Kuwait. 	28/3/2018	28/3/2024	NIL	NIL

No.	Name	Type (executive, non-executive and independent)	Experience and Qualifications	The duration of his term as a director of the company starting from the date of his first election or appointment		Directorships and positions in any other companies	Positions in any other key regulatory, government or commercial entities.
				From	To		
6	Abdulla Mohamed Al Mahmood*	Non-executive	<ul style="list-style-type: none"> • Executive Director of Customer Services – Social Insurance Organisation. • Has more than 34 years of extensive and diversified experience in information technology, human resources and administration, accounting and finance, benefits and customer services. • Held Several Key Positions, including Board Member in Bahrain Commercial Facilities Company (2014 – 2023) and Bahrain Tourism Company (2012 – 2013). • Holds a Diploma in Actuarial Science from Mohanna Foundation, Cyprus, 1998; an MSc in Management Technology from Arabian Gulf University, Bahrain, 1997; and a BSc in Statistics from Kuwait University, Kuwait, 1988. 	19/3/2023	28/3/2024	NIL	NIL
7	Shehab Ahmed Haji	Non-executive	<ul style="list-style-type: none"> • Currently works as an investment manager in the General Reserve Sector at the Kuwait Investment Authority. • Held several positions in various banking fields, most notably the position of Relationship Officer at Gulf Bank in Kuwait. • Holds a Bachelor's Degree in financing and management of financial institutions - the College of Administrative Sciences from the University of Kuwait. 	28/3/2018	28/3/2024	NIL	NIL

No.	Name	Type (executive, non-executive and independent)	Experience and Qualifications	The duration of his term as a director of the company starting from the date of his first election or appointment		The duration of his term as a director of the company starting from the date of his first election or appointment	Positions in any other key regulatory, government or commercial entities.
				From	To		
8	Abdulrahman Ali Marshad	Independent / non-executive	<ul style="list-style-type: none"> • Holds a Bachelors degree from Damascus University - Faculty of Arts (English). • Joined several specialized courses for business administration in the Kingdom of Bahrain and the United Kingdom. • One of the first Bahrainis to join the Hotel Business since 1979 • Joined National Hotels Company - The Diplomat Hotel in 1979 and become its CEO for more than 10 years. • Elected to be a head of the first executive committee for a grouping of 5-Star Hotels in the Kingdom of Bahrain and served for 16 years. • Appointed as a member of the Board of Trustees of the school of catering and hotel management. • Appointed as a board member of the first qualitative training council in the catering and hotel sector, then as the chairman of the board for more than 15 years. • Appointed as a member of a national committee assigned by the economic development board in the Kingdom of Bahrain to develop the national strategic plan for the development of the tourism sector in the Kingdom of Bahrain. 	28/3/2019	28/3/2024	NIL	NIL

*Mr. Abdullah Mohamed Al Mahmoud was appointed to replace Mrs. Elham Adel as representative of the Social Insurance Organisation.

B. The board comprises of 8 members, all of whom are male.

C. Description of the following:

1. The directors' remuneration for the past year (2022) was BD 210,000.
2. The total directors' remuneration proposed for the current year (2023) is BD 210,000, which will be presented at the Annual General Meeting for approval.
3. The following is a list of the committee attendance fees of the respective directors for the financial year 2023:

Executive Committee:

No.	Name	Committee Attendance Fees	
		(in BD)	Number of meetings
1	Abdulaziz Abdullah Alisa	750 /-	5
2	Adel Nuhaba Hamada	750 /-	5
3	Faisal Yousif Al Meshari	750 /-	5
4	Shehab Ahmed Haji	750 /-	4
5	Abdulla Mohamed Al Mahmood	750 /-	4

Audit & Corporate Governance Committee:

No.	Name	Committee Attendance Fees	
		(in BD)	Number of meetings
1	Meshari Zaid Al Khalid	750 /-	5
2	Abdulrahman Ali Marshad	750 / -	5
3	Faisal Ahmed Al Zayani	750 / -	4
4	Elham Adel Ahmed	750 /-	1
5	Shehab Ahmed Haji	750 /-	1

Nomination & Remuneration Committee:

No.	Name	Committee Attendance Fees	
		(in BD)	Number of meetings
1	Meshari Zaid Al Khalid	750 /-	2
2	Abdulrahman Ali Marshad	750 /-	2
3	Faisal Ahmed Al Zayani	750 /-	2

D. Meetings of the Board of Directors:

In accordance with the Company's Articles of Association, the Company is required to hold at least four Board meetings annually. During the year ended 31 December 2023, the Board of Directors of the Company held six meetings to follow up on its activities and to direct the Executive Management. The following table summarizes the information about the dates and member attendance of those meetings.

Board of Directors Meeting Schedule:

Meeting Number	Date of Invitation	Date of the meeting	Attendance	Number of Absence
1	1/2/2023	16/2/2023	8	-
2	7/3/2023	19/3/2023	8	-
3	20/4/2023	11/5/2023	8	-
4	25/6/2023	24/7/2023	8	-
5	1/10/2023	19/10/2023	7	1
6	27/11/2023	13/12/2023	8	-

E. Duties or competences carried out on its behalf by the Executive Management:

There were no Board of Directors specific tasks or assignments that have been carried out by the Executive Management, based on the basis of a mandate from the Board.

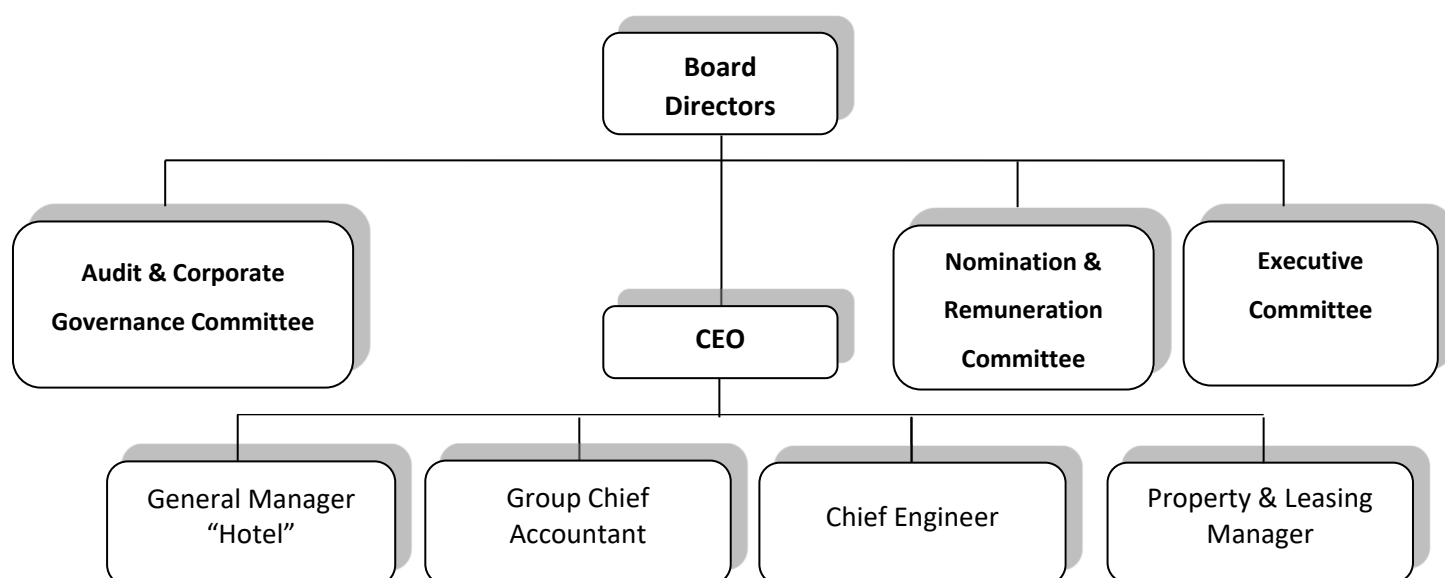
F. Details of transactions with related parties (stakeholders), indicating the nature of relationship and type of transaction

Related parties represent the associated company, major shareholders, directors and key management personnel of the Company, the operator of the hotel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's Board of Directors. The following table shows the transactions made with related parties during the year, indicating the nature of the relationship and the type of deal.

Transactions with related parties included in the statement of profit or loss are as follows:

Related parties	Purchases	Fees for Management services	Other expenses	Revenue and other income
Bahraini Dinar				
Shareholder	-	-	-	600,276
Associate company	79,791	-	-	5,031
Management Company (Radisson)	-	125,561	50,344	-
Directors	-	-	343,336	5,305
Total	79,791	125,561	393,680	610,612

G. Organizational structure highlighting the Company's first and second tier of the executive management



H. Total remunerations paid to the executive management during the financial year (2023) amounted to 276,618/- Bahraini Dinars.

4- External Auditor

Upon a recommendation from the Board of Directors, the Ordinary General Assembly at its meeting held on 19/3/2023 appointed Ms. "KPMG" as the external auditor of the Company for the financial year ended 31/12/2023, at an agreed fee of BD 16,000, which includes the review of quarterly data for the period.

Ms. "KPMG" have been the external auditor of the company since 2020. The external auditor has submitted an unqualified opinion for the year 2023 to the Board of Directors, which will be presented at the Ordinary General Assembly to be held on 28/3/2024.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), the Commercial Companies Law of the Kingdom of Bahrain and the directives and regulations issued by the Central Bank of Bahrain.

The table below highlights the External Auditor's details:

Name of Audit firm	KPMG
Years of service as the company's external auditor	4 years
The partner in charge of the company's audit	Mr. Harish Gopinath
Total audit fees for the financial statements for the year 2023	BD 16,000/-
Other special fees and charges for non-audit services other than auditing the financial statements for the year 2023.	BD 3,000/-

5- Audit & Corporate Governance Committee

The role of the Audit & Corporate Governance Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. The Audit & Corporate Governance Committee has the authority to conduct or direct any investigation required to fulfil its responsibilities and has the ability to retain, at the Company's expense, such legal, accounting or other advisers, consultants or experts, as it considers necessary from time to time in the performance of its duties. The Committee held five meetings during the year, and the following table highlights the details and the attendance of the committee members for these meetings.

Audit & Corporate Governance Committee Attendance Table:

No.	Name	Position	Number of meetings attended	Dates of meetings held				
				15/2/2023	10/5/2023	23/7/2023	18/10/2023	12/12/2023
1	Meshari Zaid Al Khalid	Chairman / Member*	5	✓	✓	✓	✓	✓
2	Abdulrahman Ali Marshad	Chairman / Member*	5	✓	✓	✓	✓	✓
3	Faisal Ahmed Al Zayani	Member	4		✓	✓	✓	✓
4	Elham Adel Ahmed	Member	1	✓				
5	Shehab Ahmed Haji	Member	1	✓				

* During the year, the board approved restructuring its Board Committees in order to meet the requirements of the Corporate Governance Code. Accordingly, the Audit & Corporate Governance Committee was reconstructed to have three members only, the majority of whom are independent, including its chairman. The new committee members resumed their roles with effect from May 2023.

6- Nomination and Remuneration Committee (NRC)

No.	Name	Position	Number of meetings attended	Dates of meetings held	
				10/5/2023	13/12/2023
1	Faisal Ahmed Al Zayani	Chairman	2	✓	✓
2	Meshari Zaid Al Khalid	Member	2	✓	✓
3	Abdulrahman Ali Marshad	Member	2	✓	✓

7- Corporate Governance Officer

The Board of Directors has assigned the role of Corporate Governance Officer to the Chief Executive Officer since joining the Company in 2019. The following is the resume of the Corporate Governance Officer:

Mr. Zaher Mohammed Al-Ajjawi has held many key positions during his professional career mainly in the field of accounting, finance and banking. Through his work in international organizations in the United States, the United Kingdom and the UAE, he has acquired many executive and operational skills in banking, investment and real estate sectors. In addition, he has represented a number of companies on the boards and committees of several companies, banks and funds, which gained him considerable experience in the field of corporate governance. Mr. Zaher has participated in many investment conferences and international trade forums, and has attended several training and professional courses, including a project management plan course (PMP) and financial analysis.

Mr. Al Ajjawi holds a Certificate in Corporate Governance from The Wharton School, University of Pennsylvania. He also holds a Master's degree in Finance (with Honors) from DePaul University in the USA and a Bachelors of science in Accounting (with Honors) from the University of Bahrain. He is also a Certified Public Accountant (CPA) from the State of Illinois, USA.

Mr. Zaher can be contacted on the following numbers: 17530838 / 17530839 or e-mail: zalajjawi@nhcbahrain.com.

8- Irregularities committed during the Financial Year

No irregularities have been committed during the financial year 2023.

9- Cash and in-kind contributions to Charities & National Establishments

The Company provided many cash contributions to different charities and national establishments reaching a total of BD 62,500/- in 2023. The Company maintains the details of these donations and details of the receiving parties within its records.

10- Shareholders Information

A. The following table presents the Company's shareholder distribution by type of shareholder as of 31 December 2023:

No.	Shareholder classification	Shareholding %			
		Individuals	Corporate	Government or Organisations	Total
1	Local	12.06%	1.78%	32.15%	45.99%
2	Arab	-	0.23%	53.78%	54.01%
3	Foreign	-	-	-	-
Total		12.06%	2.01%	85.93%	100%

B. The following table highlights the shareholders with a holding of 5% or more in the Company's share capital, with the name of the natural person / owner of the stock / final beneficiary, as of 31 December 2023:

No.	Name	No. of shares held	Shareholding %	Name of the natural person, the final beneficiary
1	Kuwait Investment Authority	39,827,884	32.84%	Government of Kuwait
2	Social Insurance Organisation	38,989,471	32.15 %	Government of the Kingdom of Bahrain
3	Kuwait Investment Company	25,399,330	20.94 %	Government of Kuwait

C. The following table highlights the shareholder distribution by size of ownership as of 31 December 2023:

No.	Distribution of ownership Stock	Number of shareholders	Number of shares owned	Percentage of shares owned by the capital
1	<50,000	3,778	3,249,834	2.68%
2	50,000 to 500,000	22	3,573,481	2.95%
3	500,000 to 5,000,000	10	10,235,000	8.44%
4	>5,000,000	3	104,216,685	85.93%
Total		3,813	121,275,000	100.00%

D. Significant events that occurred during the year 2023:
Nil.

11- Compliance with the provisions of Corporate Governance Code

Principle	Non-compliant	Partially Compliant	Fully compliant	Explanation in case of non-compliance
<p>Principle 1: The Company shall be headed by an effective, qualified and expert board.</p>		✓		<p>Subsection 1 requires that at least half of the directors shall be non-executive directors and at least three shall be independent. Subsection 5 requires that at least one third of the Board shall consist of independent directors.</p> <p>All of the eight Board members are non-executive, whilst only two are independent members. The Company's Articles of Association states that six of the eight Board members are appointed by the three key shareholders (i.e. two members each). Therefore, the Company is not in full compliance with this requirement due to the board construct.</p> <p>More importantly, the majority shareholders represent Government Bodies who exercise utter vigilance in ensuring that a strong code of governance is implemented and minority interests are safeguarded at all times.</p> <p>Hence, the Board is of the opinion that this does not necessarily dilute the corporate governance standards set or implemented.</p> <p>Nevertheless, the Board had discussed this matter again during its recent meetings, and confirmed the importance of implementing the requirements of the regulatory authorities and Corporate Governance Code. A recommendation will be submitted to the upcoming General Assembly to approve increasing the number of board members to satisfy the regulatory and corporate governance requirements of having a third independent director on the Board of the Company.</p>

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

12- Any other disclosures required by the regulatory authorities

There were no other disclosures required by the regulatory authorities worth highlighting for the year.



Chairman Signature
Date: 22/02/2024



Official Seal of the Company