

CORPORATE GOVERNANCE REPORT 2019

APM TERMINALS



His Royal Highness,
Prince Khalifa bin
Salman
Al Khalifa

The Prime Minister of
the Kingdom of Bahrain



His Majesty
King Hamad bin Isa
Al Khalifa

The King of the
Kingdom of Bahrain



His Royal Highness,
Prince Salman bin
Hamad Al Khalifa

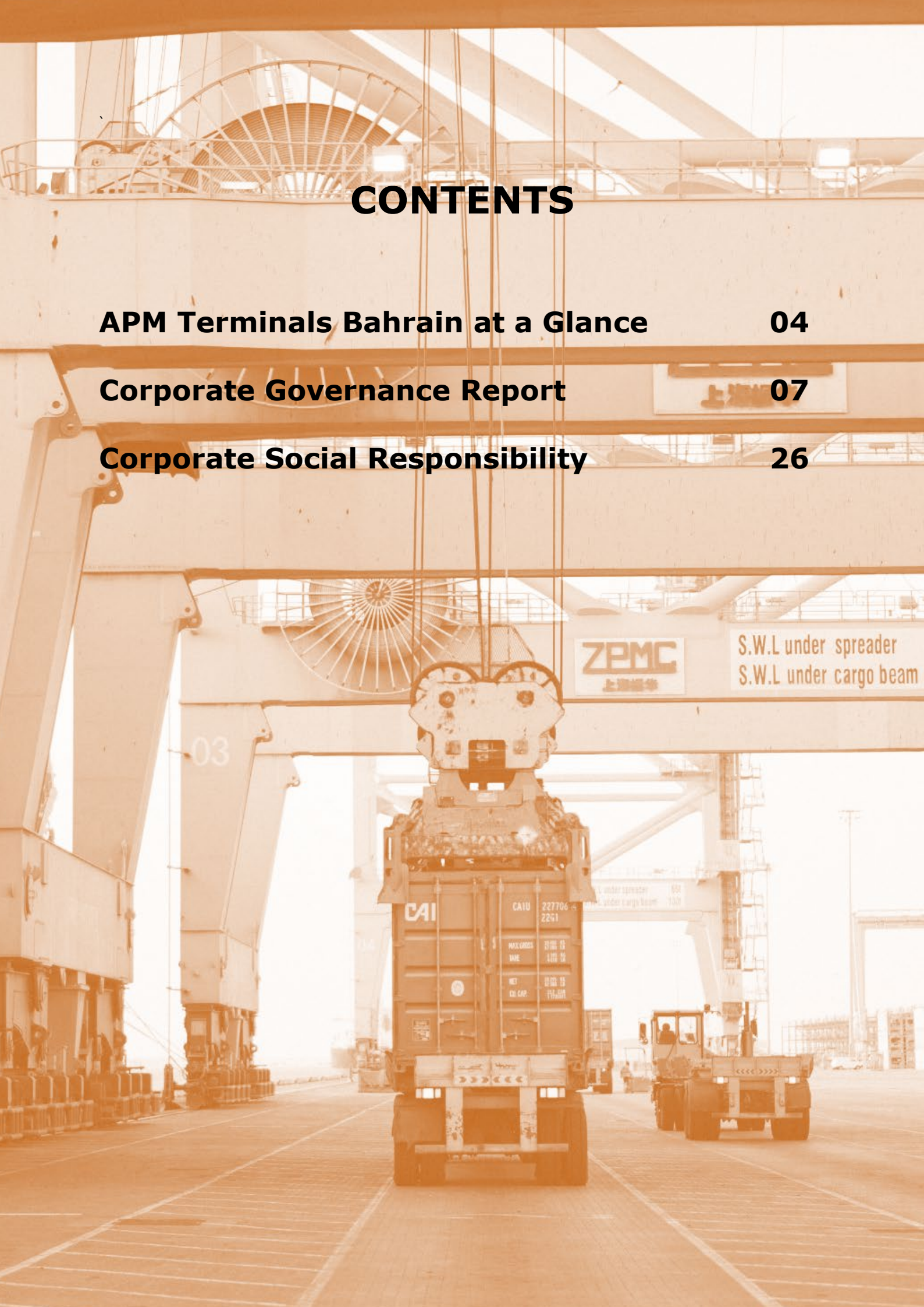
The Crown Prince,
Deputy Supreme
Commander and First
Deputy Prime Minister
of the Kingdom of
Bahrain

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APM TERMINALS BAHRAIN AT A GLANCE

Khalifa Bin Salman Port (“KBSP”) is the only general commercial port facility in the Kingdom of Bahrain which is managed and operated by APM Terminals Bahrain B.S.C. (the “Company”). Located on 900,000 square metres of reclaimed land, the port has 1,800 metre quay which includes a container terminal served by four 61 metres post-panamax cranes, as well as general cargo, RO-RO and passenger facilities. Passenger facility includes a dedicated passenger terminal that is capable of handling cruise and ferry calls.

KBSP is one of the multi-purpose deep water facilities located in the Middle East. Through its diverse service offering, KBSP is capable of handling the following:

Containers – Used in the import and export of packaged cargo carried by container ships. Container dimensions range from 20, 40, 45 foot and are measured in Twenty Foot Equivalent Units (TEU). These can be broken down into two broad sub-categories:

- ❖ Local – Export Import of containers with origin or destination being local; and
- ❖ Transshipment – a container which is transferred from one ship to another at some point during the journey without leaving the port where the transfer is taking place, is said to be transhipped. General Cargo – Consists typically of commodity goods bulk or break-bulk including livestock, steel, sugar, construction materials and RO-RO, passengers etc.



CORE PURPOSE

APM Terminals Bahrain B.S.C. is a company established for managing and operating the public port of Kingdom of Bahrain in a safe, efficient, customer minded and profitable manner and to be known and recognized as such.

OUR VISION

To provide the foundation for national and regional commerce.

OUR MISSION

APM Terminals Bahrain B.S.C. is committed to delivering efficient and cost-effective world class port services in a safe, secure and environmentally friendly manner, while being a good corporate citizen that provides competitive returns to its stakeholders.

In line with APM Terminals' group philosophy of "Lifting global trade", and the Maersk Group's vision "to become the global integrator of container logistics aiming to connect and simplify our customers' supply chain", the Company strives to provide the right infrastructure and expertise to realise this vision by focusing on the following four core areas:

Services – KBSP is designed to provide multiport facilities to users in the Northern Gulf. Customers include shipping lines, import agencies, export agencies, private jetties, military beneficial cargo owners and traders. Services are provided with world class productivity, excellent infrastructure, operational scalability and flexibility in the range of services provided to customers. The Company strives to constantly improve the quality and range of services provided to customers. The Company actively collaborates with the Ports and Maritime Affairs ("PMA") and the Economic Development Board of Bahrain to facilitate new investments into Bahrain, attracted by the capabilities of the KBSP's facilities and Company's service offering;

Customers – The Company strives to continuously enhance its customers' experience by providing high levels of (1) products and services, (2) operational performance, (3) personal contact points and (4) customer responsiveness. The Company has put in place a dedicated customer services team to address customer requirements and periodically survey customer satisfaction. Towards this goal, the Company has implemented the ISO 9001:2015 quality assurance system throughout the organisation;

Sustainability – The Company aims to provide the safest possible environment for the people and goods within its facility with a minimum adverse impact to the environment; and

Employees – The Company actively invests in hiring, training and developing the best talent with a special focus on Bahrainisation. As of December 2019, the level of Bahrainisation stands at 64%.



CORPORATE GOVERNANCE REPORT

COMMITMENT TO CORPORATE GOVERNANCE PRINCIPLES

Corporate governance framework sets the tone as to how the company operates in relation to its internal as well as external stakeholders. It defines the relationship between the Board of Directors, management and the rest of the organisation. We at APM Terminals Bahrain B.S.C., are committed to the highest standards of corporate governance.

The Company has appointed/elected Board of Directors (“Board”) including non-executive and independent directors and has appointed a Corporate Governance Officer to ensure that the corporate governance principles are duly implemented and complied with.

The Company has Board approved policies for risk management, compliance and internal controls, in accordance with the applicable laws, rules and guidelines. The Board’s adherence to best practice in corporate governance is underlined by various principles such as transparency, integrity, independence, accountability, responsibility and fairness. The Board has adopted a Board of Director’s Charter, together with the Company’s Memorandum and Articles of Association as well as the Corporate Governance Manuals and Charters of Board Committees, that provide the authority and practices for corporate governance at APM Terminals Bahrain B.S.C.

The adoption and implementation of corporate governance is the direct responsibility of the Board. The Board is committed to excellence in corporate governance and adheres to rules of the Volume 6 - High-Level Controls Module (“HC Module”) of the Central Bank of Bahrain (“CBB”); and the principles of the Corporate Governance Code (“Corporate Governance Code”) and Commercial Companies Law of the Kingdom of Bahrain issued by the Ministry of Industry, Commerce and Tourism.

SHAREHOLDER’S INFORMATION

APM Terminals Bahrain B.S.C.’s shares are listed on the Bahrain Bourse. The Company has issued 90,000,000 ordinary equity shares, each with a nominal value of 100 fils. All shares are fully paid up.

DISTRIBUTION OF SHAREHOLDING BY NATIONALITY AS OF 31 DECEMBER 2019

Nationality	No. of Shareholders	No. of Shares	Shareholding %
Bahrain	565	28,325,553	31.473
Netherlands	1	57,600,000	64.00
Saudi Arabia	12	1,049,640	1.166
Oman	6	962,295	1.069
Kuwait	5	637,885	0.709
UAE	2	502,596	0.558
Others	77	1,424,627	1.025
Total	666	90,000,000	100.00

OWNERSHIP ACCORDING TO PERCENTAGE/ NO. OF SHARES AS OF 31 DECEMBER 2019

Shareholding (share)	No. of Shareholders	No. of Shares	Shareholding %
Less than 1%	662	15,473,234	17.19
1 % up to less than 5%	2	2,526,766	2.81
5 % up to less than 10%	-	-	-
10 % up to less than 20%	1	14,400,000	16.00
More than 50%	1	57,600,000	64.00
Total	666	90,000,000	100.00

Shareholding (share)	No. of shareholders	No. of shares	Shareholding %
< 50,000	604	4,857,241	5.397
50,000 to 500,000	56	9,544,742	10.605
500,000 to 5,000,000	4	3,598,017	3.998
>5,000,000	2	72,000,000	80
Total	666	90,000,000	100.000

MAJOR SHAREHOLDERS(S) (5% AND ABOVE) AS OF 31 DECEMBER 2019

Shareholder's Name	Ultimate Beneficiary	Shareholdings	% of shareholding
APM Terminals B.V.	Maersk Holding B.V.	57,600,000	64
Yusuf Bin Ahmed (Holdings) Co. W.L.L.	Various ultimate beneficiaries	14,400,000	16

OWNERSHIP BY GOVERNMENT

The Government of Bahrain holds 147,934 shares in the Company.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

The Board comprises of six directors as per the below composition:

Board Member	Type	Position	Term
David Skov	Executive Director	<ul style="list-style-type: none">Chairman of the Board	16 Feb 2018 to 12 Dec 2018 13 Dec 2018 to 12 Dec 2021
Fawzi Ahmed Kanoo	Executive Director	<ul style="list-style-type: none">Vice Chairman of the Board	20 May 2006 to 18 Jun 2012 31 Jul 2018 to 12 Dec 2018 13 Dec 2018 to 12 Dec 2021
Soren Sjostrand Jakobsen	Executive Director	<ul style="list-style-type: none">Member of the BoardMember of ARCC	18 Jun 2013 to 12 Dec 2018 13 Dec 2018 to 12 Dec 2021
Jesper Kjaedegaard	Non-Executive Director	<ul style="list-style-type: none">Member of the BoardMember of NRG	13 Dec 2018 to 12 Dec 2021
Mohamed Bin Ebrahim Juma Alshroogi	Independent Director	<ul style="list-style-type: none">Member of the BoardMember of ARCCChairman of NRG	13 Dec 2018 to 12 Dec 2021
Nadhem Saleh Al-Saleh	Independent Director	<ul style="list-style-type: none">Member of the BoardChairman of ARCCMember of NRG	13 Dec 2018 to 12 Dec 2021



DAVID SKOV
Board of directors

- ❖ Mr. Skov has been with the A.P. Moller-Maersk Group for 24 years and has a very strong and extensive background in the shipping industry.
- ❖ Prior to being appointed as the Head of Terminals for Africa and Middle east in January 2017, Mr. Skov has held various positions of importance within the Maersk Group
- ❖ Mr. Skov serves as a board member in a number of APM Terminals entities
- ❖ He has completed a Master's in Business Administration at the Warwick Business School in the United Kingdom and has degrees in International Business as well as Organisation and Leadership



FAWZI AHMED KANOO
Vice Chairman

- ❖ Mr. Kanoo is currently the Deputy Group Chairman and Acting Group CEO of Yusuf Bin Ahmed Kanoo (Holdings) Co. W.L.L., a multi-national organisation, having offices throughout the Arabian Gulf and Saudi Arabia
- ❖ Mr. Kanoo holds directorship in various companies internationally. Specifically, Mr. Kanoo holds directorships in public listed companies in Bahrain namely Gulf Hotels Group BSC, Bahrain Ship Repairing & Engineering Co. BSC and National Bank of Bahrain B.S.C.
- ❖ He holds a bachelor's degree in Business Administration from South West Texas State University



SOREN SJOSTRAND JAKOBSEN
Executive Director

- ❖ Mr. Jakobsen has been with the group for more than 39 years and has held various positions of importance within the Maersk Group
- ❖ He is responsible for the Global Ports Portfolio and Global JV improvement project for all brands of the group
- ❖ He serves as a board member in a number of JV entities of APM Terminals in Asia, Middle East and Africa
- ❖ Mr. Jakobsen has bachelor's degree in shipping and business with various management programs including at IMD and INSEAD



JESPER KJAEDEGAARD
Non-Executive /Non-Independent Director

- ❖ Mr. Kjaedegaard has spent almost 40 years in the maritime industry and is currently serving as an Advisor/Board member for several maritime related companies
- ❖ Mr. Kjaedegaard is also a Board Member at BIMCO and past President of the British Chamber of Shipping and Chairman of Maritime, UK
- ❖ Mr. Kjaedegaard is a graduate from Copenhagen's Commercial College and has subsequently attended several Management Programs including AMP (Harvard)



MOHAMED BIN EBRAHIM JUMA ALSHROOGI
Independent Director

- ❖ Mr. AlShroogi was Investcorp's Co-Chief Executive Officer. He joined Investcorp in 2009 as President of the Firm's Gulf Business. He oversaw the development of private equity investment business in the MENA and Turkey region
- ❖ Mr. AlShroogi has been a member of the Bahrain Shura Council, Member of the Board of Trustees at Bahrain University and a member of the Bahrain Economic Development Board
- ❖ Mr. AlShroogi studied at Kuwait University, the Harvard Management Executive Program



NADHEM SALEH AL SALEH
Independent Director

- ❖ Mr. AlSaleh served at the University of Bahrainis for 25 years where he assumed different academic & administrative positions. He has long years of experience in the areas of business administration, financial management and strategic planning
- ❖ He is also a Board Member of Solidarity Bahrain B.S.C.; Member of Board of Trustee of Kanoo Award for Creativity & Excellence
- ❖ Mr. AlSaleh holds a Ph.D. in Finance from Brunel University, England; MBA from University of Pennsylvania, USA and bachelor's degree in petroleum engineering from University of Baghdad, Iraq

RESPONSIBILITIES AND DUTIES OF BOARD MEMBERS

The Board provides governance, guidance, insight and overall leadership to the Company and owes fiduciary duty of care and loyalty to the Company and its Shareholders. The Board is responsible for establishing controls and overseeing the actions of the executive management, development of and decision on building a robust business strategy and long-term profitability, while safeguarding the interests of the Shareholders. The Board is a sparring partner for the executive management and must be prepared to question and scrutinize the way the Company is managed, present alternative views and have the ability to act in the face of obvious wrong doings. The Board must continuously ensure that its composition and way of working adequately addresses and complements the day to day working and operations of the Company.

The Board must review the quality and integrity of Company's accounting and financial reporting practices. The Board must ensure that the company's financial statements are prepared and reported in accordance with international financial reporting standards. The Board is accountable to the Shareholders for creation and delivery of strong sustainable financial performance and long-term Shareholder value. 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 organisation, and ensure that enough financial and human resources are available.

Transactions are carried out in accordance with the Company's Authority Matrix which lays down various levels of authority for the Board as well as the executive management. This includes strategic issues and planning; review of management structure and responsibilities; disposal of assets; investment policies; capital expenditure; authority levels; policies; appointment of certain officers, preparation of financial statements in accordance with international financial reporting standards, of the review of financial statements; financing and borrowing activities; and reviewing the adequacy and integrity of internal systems, regulatory and control framework.

ELECTION AND TERMINATION OF DIRECTORS

There are formal and transparent procedures for the appointment/election of new directors to the Board, in accordance with applicable laws. Candidates are appointed/elected based on merit, in line with the objectives of the Company and with due regards to the benefit of diversity on the Board in accordance with the applicable laws.

The term of the current Board is for 3 years, commencing from 13 December 2018, unless terminated in accordance with the applicable laws in the Kingdom of Bahrain.

DIRECTOR APPOINTMENT

As a member of the Board, each Director has signed a formal written appointment letter which covers among other things, the Director's duties and responsibilities in serving on the Board, the terms and conditions of their directorship, the annual remuneration and entitlement to reimbursement of expenses and access to independent professional advice when needed.

INDUCTION AND TRAINING OF DIRECTORS

The Director's Board Charter recommends formal and tailored Director's induction program. The Chairman in coordination with the Secretary ensures that each new Director, upon appointment, receives a formal induction, to ensure his/her contribution to the Board from the beginning of their tenure.

The induction process includes meetings with the Executive Management, visits to the Company's facilities, presentations regarding significant strategic, financial, compliance and risk management related matters, its internal, external auditors and legal counsel.

DIRECTORS REMUNERATION POLICY

The Board's remuneration is governed by provisions of the Commercial Companies Law 2001 and the CBB rules. The Board's remuneration and remuneration policy requires approval by the Shareholders at the ordinary general meeting. The Board's remuneration is reviewed by the Nomination, Remuneration & Governance Committee as per the remuneration policy. Directors' remuneration is accounted as an expense as per international accounting standards.

As per the remuneration policy, the Chairman is entitled to remuneration of BHD 12,000 annually and other members of the Board are entitled to remuneration of BHD 10,000 annually.

In addition to the fixed fee, the members of the Board are entitled to sitting fees as stated below:

- ❖ For Directors residing in Bahrain, a sitting fee of BHD 500 for each face to face Board meeting
- ❖ For Directors residing outside Bahrain, a sitting fee of BHD 1,000 for each face to face Board meeting
- ❖ BHD 250 for each Board meeting attended through video or audio conferencing or through remote participation
- ❖ Sitting fee of BHD 250 per committee meeting
- ❖ For Directors residing outside Bahrain, the Company shall provide return air tickets for traveling to Bahrain, accommodation and any other related expenses/costs (taxi, visa etc) to attend the Board meetings of the Company. For Board meetings outside Bahrain, the Company shall provide air tickets, accommodation and any other related expenses/costs (taxi, visa etc) for all travelling Board members. Class of air travel and accommodation will be in accordance with the Company's travel policy (economy class for less than 6 hours travel)

BOARD REMUNERATION

In accordance with the Board remuneration policy, total of BHD 81,500 for the year 2019 was paid to the Board of Directors as remuneration for their services as follows:

- ❖ BHD 62,000 as fixed fee
- ❖ BHD 19,500 as sitting fee

BOARD COMMITTEES

In compliance with applicable laws, the Board has established Audit, Risk and Compliance Committee ("ARCC") and Nominating, Remuneration and Governance Committee ("NRGC").

1. AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee has a written Charter approved by the Board ("ARCC Charter"). The ARCC Charter is an overall governing document laying out the roles and responsibilities of the Committee while ensuring compliance with the Corporate Governance Code and CBB Rulebook. As per the ARCC Charter, the committee shall meet at least four times a year. The External Auditor and Internal Auditor of the Company shall report directly to the Committee.

i. Functions of ARCC

In accordance with the ARCC charter, the committee conducts the following functions:

- ❖ Review the quality and integrity of Company's accounting and financial reporting practices
- ❖ Review the integrity of Company's financial controls, internal controls and financial statements
- ❖ Review and monitor Company's compliance with the relevant legal and regulatory requirements as well as the Code of Conduct of the Company
- ❖ Recommend appointment, compensation and oversight of External Auditor
- ❖ Recommend appointment of internal auditor; including the approval of internal audit policies, plans and reports made thereof, in compliance with such policies and procedures
- ❖ Review and approve various policies and procedures of the Company including the ones pertaining to risk management function, key persons dealing, market abuse, reports and plans submitted thereof in compliance with such policies and procedures
- ❖ Review and approve annual and interim financial statements of the Company, recommend for additional or specific audit requirements in relation to financial statements or other relevant aspects of the Company's business; and
- ❖ Recommend and table discussion on management letter to be provided to the External Auditor

ii. Members of ARCC are as follows:

ARCC Members	Type	Position
Nadhem Saleh Al-Saleh	Independent	Chairman
Mohamed Bin Ebrahim Juma Alshoorgi	Independent	Member
Soren Sjostrand Jakobsen	Non-Independent	Member

2. Nominating, Remuneration and Governance Committee

The Nominating, Remuneration and Governance Committee (NRGC) has a written Charter approved by the Board (“**NRGC Charter**”). The NRGC Charter is an overall governing document laying out the roles and responsibilities of the Committee while ensuring compliance with the Corporate Governance Code and CBB Rulebook. As per the NRGC Charter, the Committee shall meet at least twice a year.

i. Functions of NRGC

In accordance with the NRGC charter, the committee conducts the following functions:

- ❖ Ensure adherence to the principles of corporate governance
- ❖ Oversee the development and implementation of the Company’s Corporate Governance Manual and other relevant governance policies of the Company
- ❖ Establish board structure, composition and impart training and induction to the directors etc.
- ❖ Identify persons qualified to become members of the Board or Executive Management and any other officers of the Company which the Board considers appropriate, except for the appointment of the internal auditor, which is the responsibility of ARCC
- ❖ Make recommendations to the whole Board, including recommendations of candidates for Board membership (including renewals or reappointment) to be included by the Board on the agenda for the Shareholders’ Annual General Meeting
- ❖ Lead the Board in its annual review of the performance of the Board and its committees
- ❖ Review and make recommendations on Board candidates proposed by those substantial Shareholders eligible to propose a Director to represent such Shareholder on the Board
- ❖ Review the Company’s remuneration policies for the Board and senior management, which must be approved by the Shareholders and be consistent with the Company’s corporate values and strategy
- ❖ Make recommendations regarding remuneration policies and amounts for specific persons to the whole Board, taking account of total remuneration including salaries, fees, expenses and employee benefits
- ❖ Recommend Board Member remuneration based on their attendance and performance

ii. Members of the NRGC are as follows:

NRGC Members	Type	Position
Mohamed Bin Ebrahim Juma Alshoorgi	Independent	Chairman
Nadhem Saleh Al-Saleh	Independent	Member
Jesper Kjaedegaard	Non-Independent	Member

Directors Attendance at Board and Committee Meetings

Board Meeting	24 Feb	7 May	8 Aug	5 Nov
David Skov	✓	✓	✓	✓
Fawzi Ahmed Kanoo	✓	✓	✓	✓
Soren Sjostrand Jakobsen	✓	✓	✓	✓
Jesper Kjaedegaard	✓	✓	✓	✓
Mohamed Bin Ebrahim Juma Alshroogi	✓	✓	✓	✓
Nadhem Saleh Al Saleh	✓	✓	✓	✓

ARCC Meeting	24 Feb	7 May	8 Aug	5 Nov
David Skov	✓	✓	✓	✓
Fawzi Ahmed Kanoo	✓	✓	✓	✓
Soren Sjostrand Jakobsen	✓	✓	✓	✓
Jesper Kjaedegaard	✓	✓	✓	✓
Mohamed Bin Ebrahim Juma Alshroogi	✓	✓	✓	✓
Nadhem Saleh Al Saleh	✓	✓	✓	✓

NRGC Meeting	24 Feb			5 Nov
David Skov	✓			✓
Fawzi Ahmed Kanoo	✓			✓
Soren Sjostrand Jakobsen	✓			✓
Jesper Kjaedegaard	✓			✓
Mohamed Bin Ebrahim Juma Alshroogi	✓			✓
Nadhem Saleh Al Saleh	✓			✓

*8 August 2019 Board and ARCC meeting was held via conference call.

Director's Shareholding

No members of the Board, their spouses and sons own any shares in the Company except as follows:

Director's Name	Position	Shareholdings	% of shareholding
Nadhem Saleh Al Saleh	Independent Director	2,000	0.002

Director's Trading of Company Shares During the Year

There has been no trading of Company's share by any of the Board of Directors during 2019.

Evaluation of Board's Performance

In accordance with the Board Charter, the Board conducts annual review and evaluation of performance of Board and its committees and the evaluation process in accordance with CBB guidelines.

Independence of Directors

In line with the requirements of the HC Module, the Company has put in place Board-approved criteria to determine 'Independence' using formal requirements as specified in the CBB rule book. The independent directors disclose personal interests on a regular basis. This enables to determine whether the Director is independent of management, and any business or other relationships, which could materially interfere with the Director's ability to exercise objective, unfettered or independent judgement; or the Director's ability to act in the best interests of the Company.





SUSAN HUNTER
Chief Executive Officer (CEO), since 2019

- ❖ Mrs. Hunter has been part of Maersk since 2009.
- ❖ She was appointed as Head of Operational Excellence Programme in 2017 to deliver on APM Terminals strategy
- ❖ Mrs. Hunter holds an MBA from TRIUM, a jointly appointed degree from London school of economics, New York University and HSE Paris



FAROOQ ZUBERI
Chief Financial Officer (CFO), since 2018

- ❖ Mr. Zuberi joined the Company as CFO in June 2018
- ❖ Prior to joining the Company, Mr. Zuberi has worked in senior leadership roles with Global Fortune 500 companies across several industries
- ❖ He has worked with PwC, Unilever, GSK & Emirates Group in roles covering finance business partnering, project delivery & strategic initiatives
- ❖ Mr. Zuberi is a Chartered Accountant from ICAP as well as Chartered Certified Accountant from ACCA - UK.



ISA AL-QETAMI
GM- Security and Government Relations, since 2015

- ❖ Mr. Qetami holds vast experience in several positions and retired in the rank of Colonel in January 2014 at Bahrain Defence Force (Bahrain Royal Air Force)
- ❖ Mr. Qetami has 34 years of experience in government sector in the field of leadership, management and projects.
- ❖ Mr. Qetami holds 'Master of Science in Systems Management' (Naval Post-Graduate School Monterey, California USA) and is a Civil Aviation Authority Licensed Engineer—in Aerospace/Avionics (Brunel Technical College Bristol – UK)



Manojkumar Verma
GM- Health, Safety and Environment, since 2012

- ❖ Mr. Verma has an overall international experience of 27 years in the maritime shipping, ports and logistics industry
- ❖ Mr. Verma completed his maritime professional study from St. Xavier Technical Institute, Mumbai, India
- ❖ Mr. Verma is a graduate member of the IOSH (Institution of Occupational Safety and Health), UK, and holds NEBOSH International Diploma in Occupational Health & Safety. He is also an IRCA certified lead auditor for ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Occupational Health & Safety) management systems



Yosra Abdulla
GM- Human Resources, since 2019

- ❖ Mrs. Abdulla previously worked as the Relations & Personal Manager for Nass Contracting Bahrain for over 12 years and has extensive experience within the human resources field
- ❖ Mrs. Abdulla worked primarily within the Construction industry. She served many of Bahrain's largest organizations and contributed in the development of workers welfare standards and represented the industry with ILO and BCCI
- ❖ Mrs. Abdulla recently became a full-time member to the Toastmasters Club in the kingdom of Bahrain and is working on her Coaching Certification



Kevin Blakey
Head of Asset Maintenance, since 2019

- ❖ Mr. Blakey joined APMT in 2017 as Global Head of Asset Maintenance having spent five years with Maersk Oil in Qatar, he brings 20 years of experience from the Oil & Gas industry
- ❖ Mr. Blakey's main focus in Bahrain will be on the local maintenance management of the Bahrain terminal assets with his experience also being utilized in the AME region
- ❖ He has a master's degree in Asset Integrity Management



Abdelrahman Elshamy
Head of Transformation, since 2013

- ❖ Abdelrahman has an overall international experience of 15 years in ports and logistics industry
- ❖ Abdelrahman completed His bachelor’s degree in law from University Alexandria, Egypt
- ❖ Abdelrahman is a Certified Lean and Six Sigma Black Belt from Accenture, Netherlands, Certified TPM Facilitator from TPM Club India, Certified Lean Trainer from APM HQ in the Hague, Netherlands, Certified Leader of Leaders, Maersk Leadership Center, Rolighed, Denmark

EXECUTIVE MANAGEMENT SHAREHOLDING

Executive Management	Position	No. of Shares
Susan Hunter	Chief Executive Officer	-
Farooq Zuberi	Chief Finance Officer	4,546
Yosra Abdulla	GM, Human Resources	-
Kevin Blakey	Head of asset maintenance	
Isa Al Qetami	GM- Security and Government Relations	
Manojkumar Verma	GM- Health, Safety and Environment	
Abdelrahman Elshamy	Head of Transformation	

TOTAL REMUNERATION PAID TO KEY EXECUTIVE OFFICERS

Total remunerations paid to the key executive officers (the top five employees) for the year 2019, including salaries, benefits, allowances, increases, etc. is ~BHD 688,000.

REMUNERATION AND PERFORMANCE-LINKED INCENTIVES

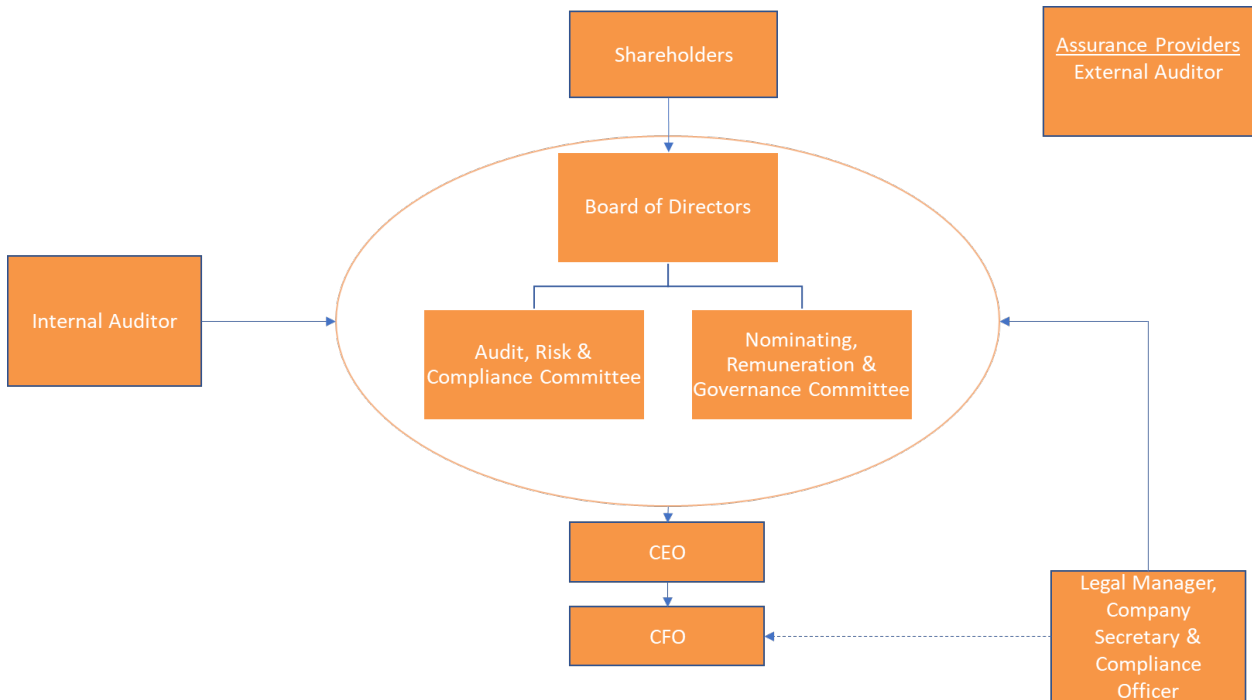
The Company’s remuneration policy for its executive management and its employees is designed to attract, retain and motivate qualified and talented professionals. The Company adopts a global savings plan, which applies to certain of the Company’s executive management whereby both the employer and the employee make contributions to an international savings plan provided by Zurich International. The Company does not currently have any share ownership or options schemes for its employees.

CORPORATE GOVERNANCE FRAMEWORK

Company's Corporate Governance framework comprises of Board and Committees Charters; Whistle Blowing Policy, Code of Conduct; Corporate Social Responsibility Policy, Standard operating policies and procedures (SOPs); internal controls and risk management process/systems; compliance procedures; internal and external audit; effective communications and transparent disclosure; and measurement and accountability.

To monitor the compliance with the applicable laws and Corporate Governance Report is submitted by the Corporate Governance Officer (Compliance Officer) annually to the NREG. NREG reviews

COMPANY'S CORPORATE GOVERNANCE STRUCTURE



LEGAL MANAGER, CORPORATE GOVERNANCE OFFICER, COMPANY SECRETARY AND INVESTOR RELATIONS OFFICER

Name	Qualification	Contact Details
Bharat Kumar Mehta	B.B.A.LL.B. (Corp. Law Hons.) with 11 years PQE acquired in the UK, GCC & India	17365512

EXTERNAL AUDITORS

KPMG is a network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. The global structure of KPMG is designed to support consistency of service quality and adherence to agreed values, wherever in the world our member firms operate. KPMG offers a full range of Advisory, Audit and Tax services to suit our clients’ needs. KPMG Fakhro, a member firm of KPMG international, was established in 1968 as the first national accounting and auditing firm and has grown to be one of the largest professional services firms in the country.

KPMG’s services have been satisfactory throughout their engagement with us. KPMG Fakhro is the External Auditor since inception of the Company. Given their services have been satisfactory, the shareholders of the Company decided to re-appoint KPMG Fakhro as the External Auditors for FY 2019. The ARCC reviews the appointment of the external auditors, as well as their relationship with the Company, including monitoring the Company’s use of the auditors for non-audit services. Please see the details in the table below:

Name of the audit firm	KPMG Fakhro
Years of service as the Company’s external auditor	14 years
Name of the partner in charge of the Company’s audit	Jaafar AlQubaiti
The partner’s years of service as the partner in charge of the Company’s audit	4 years
Audit and related services fee for the FY year 2019 (BHD)	29,000
Non-audit service fee	Nil

INTERNAL AUDITOR

The Board has appointed BDO Consulting WLL as Company’s Internal Auditor. BDO Bahrain was established in 1980. BDO is one of the leading accounting and advisory firms in Bahrain. A through internal audit plan year was prepared by BDO for financial year 2019, which was approved by ARCC. Internal Auditor conducted audits in accordance with the approved audit plan throughout the year and submitted quarterly reports to ARCC for review, approval and relevant actions.

CORPORATE COMMUNICATIONS

Company conducts all communications with its stakeholders in a professional, honest, transparent, understandable, accurate and timely manner. Main communications channels include an annual report, Company website, and regular regulatory announcements in the appropriate local media.

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

The Company is party to a number of agreements and arrangements with its shareholders and other related parties. The Company has in place and acts in accordance with a robust Corporate Governance Manual which governs related party transactions. Standard operations procedures and approvals are followed for all contracts that are entered into, to seek and ensure that there are no conflicts or preferences given to any specific entity.

The Directors make every practicable effort to arrange their personal and business affairs to avoid a conflict of interest situation with the Company. The Directors are required to disclose their interests in other entities or activities to the NRGC committee on an annual basis and inform the Company of any conflict of interest whenever it arises and abstain from voting on any related subject matter.

The related party transaction details are disclosed in Note 23 to the Consolidated Financial Statements.

The Company has entered into the following related party transactions in the financial year 2019.

Entity Name	Expenses (BHD'000)	Revenue (BHD'000)	Justification
Al Manhal Water Factory	6		❖ Lowest bidder among all qualified suppliers. Also, reliable delivery and quality
Bahrain International Cargo Services		127	❖ Services provided as business as usual and governed by standard terms ❖ We also provide space for storage for certain special general cargo at agreed price
APL (Bahrain) W.L.L.		1706	❖ Services provided as business as usual and governed by standard terms
Bahrain Ship Repairing & Engineering Company B.S.C.	1		❖ Only vendor in Bahrain approved to do container repairs
M/S UASAC BAHRAIN		3378	❖ Services provided as business as usual and governed by standard terms
Bahrain Airport Services B.S.C.(c)	15		❖ Extension for a month during transition to new vendor
Maersk Line A/S	9	2767	❖ Services provided as business as usual and governed by standard terms ❖ FTE outsourcing to assist in reporting
Yousuf Bin Ahmed. Kanoo W.L.L.	14	919	❖ Services provided as business as usual and governed by standard terms ❖ For spare parts of forklift, it's the only dealer of hyster forklift
Kanoo Travel	35		❖ Worldwide AMEX is our travel. Kanoo Travels is local partner of AMEX
AXA Insurance	103		❖ Competitive pricing and good service for various insurances for APMT
Svitzer Bahrain (S.P.C)	3320		❖ Marine services obtained pursuant to sub concession agreement
Svitzer Middle east limited	54		❖ Marine services
Maersk Training Svendborg A/S	1		❖ Training & related costs
Poti Sea Port Corporation	5		❖ Employee exchange/ training program
A.P. Moller Maersk		532	❖ Interest on deposits placed at competitive interest rate
APMT Management B.V.	277		❖ Services provided pursuant to Technical Service Agreement
APM Terminals B.V.	346		❖ Services provided pursuant to Technical Service Agreement

In addition to the foregoing, pursuant to the treasury advisory function provided by APM Terminals Management B.V. and Board approval, the Company deposits its excess cash with the parent company A.P. Moller Maersk of its major shareholder (APM Terminals B.V.). David Skov, Soren Sjostrand Jakobsen and Jesper Kjaedegaard being appointed by APM Terminals B.V., did not participate in the voting of the resolution. The Company, as of 31 December 2019, has deposited ~BHD 21.55M with A.P. Moller Maersk A/S. The deposits are excess cash which are deposited as part of the treasury advice and instructions received from APM Terminals Management B.V., as part of the treasury advisory and execution services provided by it under the technical services agreement and direct agreement with the Company. These deposits offer interest rate benchmarked to the USD Libor and an additional premium such that the Company earns an annualized Net All-in-Yield of ~0.25% over the deposit rate offered by one of the international banks.

The Company is in compliance with the Corporate Governance Code and HC Module except for the following:

- ❖ HC- 1.4.6 and HC 1.4.8 of HC Module and Principle 1 First (a) (3) of Corporate Governance Code stipulates that the chairman of the Board of Directors should be an independent director. David Skov, an executive director is the elected chairman of the Board. However, this does not compromise the high standards of corporate governance as the Company follows strict policies to manage conflict of interest in Board decisions. This is to ensure that APM Terminals will be able to deliver its obligations under the direct agreement, it has entered with the Government in relation to the management and operations of KBSP and the support that APM Terminals is required to provide.
- ❖ HC – 6.3.5 and HC 10.6.7 of HC Module and Principle 6 Third (a) of Corporate Governance Code requires that, at least once a year, the Board reviews and approves the succession plan. The Company is currently working on putting a detailed succession plan in place, post which the Board will review and approve the same.

MANAGEMENT ANALYSIS AND PRINCIPAL RISKS

On 8 November 2006, the Company signed a 25-year Concession with the Government of Bahrain (“Concession”) with numerous rights as listed in the Concession. While the FY 2019 was a good year, it has also faced certain principal risks and uncertainties which includes the following:

KEY PERFORMANCE INDICATORS (KPIs)

The Company is required by clause 13 of the Concession to adhere to certain minimum KPI’s. There are four KPI targets set in relation to (i) vessel working rate (ii) crane rate (iii) labour rate and (iv) throughput per berth meter (each as defined and described in the Concession). The Company has exceeded the KPI targets consistently in respect of vessel working rates, crane rates and labour rates. However, the Company has not met its ‘throughput per berth meter’ KPI target in the years 2014 to 2018.

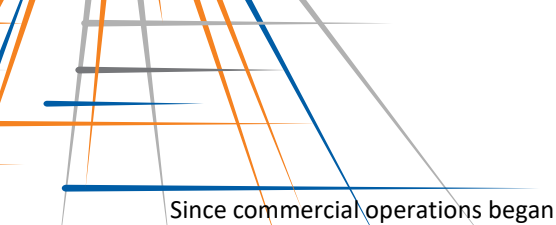
If Company fails to meet one or more of the KPIs for a period of 4 years or any further years thereafter, except as a result of force majeure, then the Nominated Percentage element of the Revenue Charge (i.e. an element in the calculation of the Revenue Charge payable by the Company to the Government in consideration for the rights granted by the Government to the Company under the Concession) set out in the Concession will be increased by an additional 1% above the level set out in the Concession for such fourth year failure and by a further 1% for each further year’s failure thereafter. Such additional charges will continue until Company produces a KPI report demonstrating compliance with the relevant KPIs in respect of the applicable year. This additional charge was applied in 2017 and 2018. However, the Company has successfully achieved all KPIs for the financial year 2019 and accordingly no additional charge was applied in 2019 in relation to the KPI targets.

Failure to meet KPIs for a period of 5 consecutive years would also constitute the Company’s event of default under clause 33.1 of the Concession which may lead to a right of termination of the Concession on the part of the Government should it chose to do so.

TRANSHIPMENT TARGET

One of the requirements of the Concession is that the Company must meet certain annual transshipment volumes. According to the Concession, in the event that the transshipment target for the year 2015 or any later year shows that the average level of transshipment at KBSP, over the previous four consecutive years, has failed to meet 60% of the transshipment targets set in the Concession relevant to those four years (taken on an average basis over the relevant four year period) then the Government shall have the right, but not the obligation, to terminate the Concession as an event of default by the Company on 30 days’ notice. The right of the Government to terminate does not apply in the event that Company can demonstrate to the Government’s satisfaction both:

- ❖ that it has taken all reasonable steps (including expenditure of time and money) to market KBSP so as to secure transshipment business for KBSP during the four consecutive years in question; and
- ❖ that, notwithstanding the efforts of Company, external economic or other factors beyond Company’s and APM Terminals control have prevented Company from achieving the required level of transshipment volume at KBSP.



Since commercial operations began at KBSP, Company has failed to meet the transshipment volumes required under the Concession and is therefore at risk that the Government may terminate the Concession. However, the Ministry of Transportation and Telecommunication issued a letter to the Company, dated 28 June 2015, in which the Ministry stated that it shall not apply the termination right in the Concession so long as the Company continues its efforts to reach the required transshipment level and the Ministry is comfortable with the Company's efforts.

COMPLIANCE RISK

Noncompliance with laws, regulations, rules, prescribed practices or contractual agreements can result in reputational loss, limited business opportunities and cessation of operations. The Company ensures adherence to all applicable regulations, including regulations prescribed by CBB and Bahrain Bourse. Besides, Company internal policies and code of conduct are in line with international business standards ensuring that best practices are adopted and implemented by the Company.





CORPORATE SOCIAL RESPONSIBILITY

APM Terminals aims to be the leader in its sector. At the same time, it recognizes that leadership and success go beyond the bottom line to incorporate the principles of sustainable business practice.

The group also measures its progress according to its safety record, its environmental performance and its contribution towards uplifting its people and their communities

APM Terminals believes that its contribution to society extends beyond the port gate, to the ongoing development of the local community.

We have a regular program of social engagement, including outreach programs for disadvantaged children, placement schemes for young students, and contribution of our time and other resources to help the local community's development.

The total amount spent on Corporate Social Responsibility for the year 2019 is ~BHD 3,200 in addition to time devoted by members of the Company. The Corporate Social Responsibility Policy of the Company sets out the Company's commitment to continuing its efforts to incorporate sustainability into its business process. The Company's approach to corporate social responsibility is led by the executive management, headed by the CEO.

APM Terminals Bahrain is committed to integrating its own community-based activities as well as supporting those of its employees.

Corporate Social Responsibility initiatives

We focus on efforts and initiatives within three key areas which are as following:

- ❖ Socio-Economic Development
- ❖ Education
- ❖ Environment

SOCIO-ECONOMIC DEVELOPMENT

Social responsibility is one of our main sustainability pillars. We recognize the importance of being a good corporate citizen, contributing to local communities and making a difference to their wellbeing. Equally, we believe in improving people's quality of life and thus investing in the future of our country.

APM Terminals Bahrain is committed to ensuring that its socio-economic investments have a sustainable impact on the local community. APM Terminals has sponsored and participated in various charity events that were all for a very good cause. Employees are also encouraged to take part in such events and give it their best with the goal of making it to the top of the winners list.

MAKING A DIFFERENCE

We conduct a yearly blood donation campaign, which is actively supported by staff. In partnership with Central Blood Bank – Salmaniya Hospital, the APM Terminals Bahrain Clinic held its 13th Blood Donation Drive.



CELEBRATING WORLD DIABETES DAY

Let's Beat Diabetes!! APM Terminals Bahrain in coordination with Bahrain Specialist Hospital conducted health awareness activities. This included a Health Awareness Talk, free consultations, and Health Screenings.

RAMADAN IFTAR

Ramadan is the month of giving, and in staying true to the spirit of this holy month, APM Terminals Bahrain distributed Iftar food packages to nearly 200 truck drivers parked on the road leading up to the Khalifa Bin Salman Port (KBSP).





BAHRAIN MARATHON RELAY

APM Terminals Bahrain joined over 200 teams from all over the Kingdom at the starting line of the Annual Bahrain Marathon Relay 2019 that raises money to benefit local charities, while also promoting healthy lifestyles, fitness and overall quality of life.

EDUCATION

Education is core to our corporate social responsibility (CSR) strategy and we offer community members and staff a range of learning opportunities.

Over the past few years APM Terminals has been actively involved in imparting industry knowledge and experience to the next generation of students undertaking the Ports and Maritime course the Bahrain Polytechnic. Every term commences with students being exposed to an introductory session conducted by senior management of the company followed by a guided tour of the port.



APM Terminals senior management representing various disciplines within the port are also involved in giving lectures on topics related to the port and maritime industry.

These interactive sessions help the students gain a better perspective of the port and maritime industry, by connecting their academic learning to real time business operations within the port.



SEABED INITIATIVE

The Ministry of Transportation and Telecommunications together with APM Terminals Bahrain and Supreme Council of Environment, embarked on a mission to clean up the sea bed nearby Khalifa Bin Salman Port.

This initiative is being carried out in multiple phases, with the first phase being concluded ahead of the World Environment day in 2019. This initiative carried out with the assistance of 10 voluntary divers, resulted in the successful removal of 70 kilograms of waste which included plastic and debris.

RAFT RACE

The annual Raft Race was organized and held on Friday April 19th, 2019 and at Al-Bandar Resort by the Rotary Club of Salmaniya. APM Terminals Bahrain actively participates in activities and events which emphasis on increasing awareness of environment issues. As part of the drive, APM Terminals Bahrain employees participated in a Raft Race organised by Rotary Club of Salmaniya to raise awareness of plastic pollution and the protection of marine environment.



GO GREEN

For the fifth consecutive year, APM Terminals, the operator of Khalifa bin Salman Port (KBSP), joined forces with the world’s largest ports to participate in the global initiative ‘Go Green’.



The annual campaign organized to promote environmental awareness amongst the APM Terminals Bahrain employees and its various stakeholders, featured a series of activities and workshops. Eliminating single-use plastic waste is one of the focus areas for APM Terminals Bahrain going forward. To support this objective, a campaign involving a mass clean-up in the port’s vicinity was undertaken, with active support and participation from the company’s management. The volunteers collected approx. 350 kilograms of plastic waste around the port area. The company also engaged in a tree planting activity, which also involved the use of recycled water from air conditioners.



APM TERMINALS