



Fostering a Corporate Culture of **Accountability** and **Transparency**



Event Outcome Report

Corporate Governance: The State of Affairs in the Gulf Region over the Last Decade

Date: Wednesday, 16th February 2022

Location: Zoom

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Jamal Fakhro – Managing Partner,
KPMG Bahrain

“Together with your support, active contribution, and your individual and collective action, we continue to contribute to building a thriving economy in the Gulf region that embraces governance, accountability, and transparency as key pillars of sustainable growth.”

Jamal Fakhro
Managing Partner – KPMG – Kingdom of Bahrain
Pearl Initiative Chairman of Board of Governors

Conversation with The Minister of Youth and Sports Affairs of Bahrain

The forum welcomed **His Excellency Ayman Tawfiq Almoayyad, Minister of Youth and Sport Affairs of Bahrain**, who discussed the Gulf region’s next-generation business leaders and incoming workforce and ways to employ governance, measurement, and evaluation into government entities.

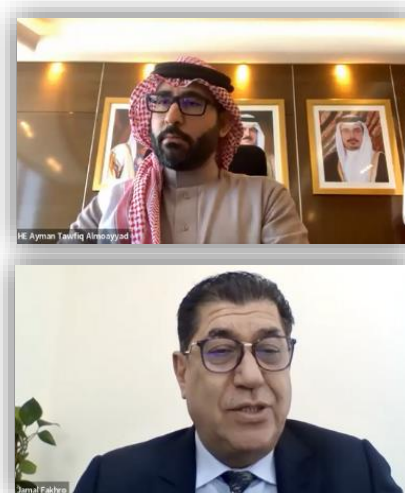
The conversation started by defining and scoping the youth segments according to international benchmarks and the discussion focused on the different aspects of youth empowerment and opportunity creation, programmes and initiatives for the youth in the Gulf region.



A Conversation on the Gulf Region's Youth and Incoming Workforce

Highlights from the conversation included:

- The creation and availability of opportunities, with the support of performance indicators and dashboards for **identifying individual strengths** and skill sets.
- The access to opportunities, where Bahrain has created **Skills Bahrain** to guarantee that youth have ample options within the country. This educates individuals on how to gain the necessary information, skills to identify which opportunity can fit their skills. Since access to knowledge was one of Bahrain’s primary requirements, to assist individuals acquire opportunities that they can excel in.
- Signalling problem is major issue in Bahrain and across the globe. As a result, there is either an undersupply or an oversupply of graduates in relation to different job opportunities. Thus, Bahrain created the **Employee Skills Portal** to ensure that individuals are aware not only of their skills but also of potential market prospects, pay scales, and estimates of future opportunities.
- The discussion also highlighted the youth safety against the current changes in terms of environmental, and technological circumstances. Then His Excellency fastened his discussion in an outlook on initiatives in incentivisation and recognition, where the ministry created the **National Youth Committee** for Bahrain youth.



Above: HE. Ayman Almoayyad – Youth & Sports Affairs – Kingdom of Bahrain, Jamal Fakhro – KPMG Bahrain

Key Takeaways

- The goal towards youth is to instill hope, by creating an operational mechanism targeting youth in 6 pillars to feel (**Safe, Seen, Wanted, Hopeful, Supported, and Trustworthy**).
- **Youth Safety** (Perception vs. Reality) is an essential initiative against resistance to change, to increase youths' effective productivity in any organization. If an individual is not feeling safe at their workplace, his productivity is reduced.
- **Youth incentivisation and recognition** are one of the most effective methods to motivate individuals to perform better and be more productive. Individuals who are compensated and awarded for completing certain objectives will likely increase production.
- **Training and collaboration** with different partners to create the National Youth Committee and identify initiatives, collate worldwide best practices, and encourage youth to add value to their abilities.



H.E. Ayman Almoayyad – Minister of Youth & Sports Affairs- Kingdom of Bahrain

“A hopeful community becomes a productive community, and therefore the mandate of the Ministry of Youth is to simply synthesise and grow hope. In order to turn this into operational excellence, we have developed dashboards to measure whether Bahraini youth feel safe, seen, supported, wanted, trusted, and hopeful.

It is important to ensure that young individuals identify their psychometric readings, in terms of strengths and skills, to choose the opportunities that fit their unique skillsets and personality traits. Such Programmes and initiatives are being created to support our future business leaders.”

*H.E. Ayman Tawfiq Almoayyad
Minister of Youth and Sports Affairs
Kingdom of Bahrain*

Conversation with Marie-Estelle Rey, Corporate Governance Division (OECD)

Highlights from the conversation included:

- The main 6 pillars discussed were: (1) **effective corporate governance framework**; (2) rights and equitable treatment of shareholders and **key ownership functions**; (3) Institutional **investors**, (4) stock markets and other **intermediaries**; (5) **role of stakeholders** in corporate governance; (6) **Disclosure and transparency**; and the responsibilities of the **board**.

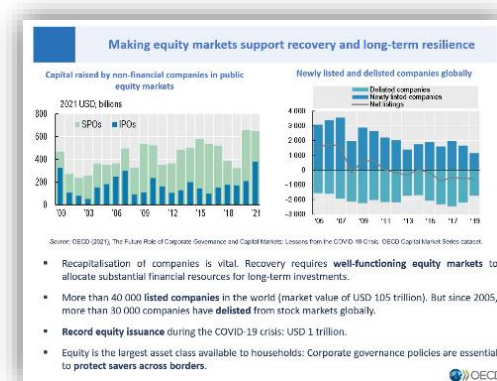


Fireside Chat on the Global State of Affairs of Corporate Governance

- Key messages discussed was to increase and facilitate **access equity market**, adapting the corporate governance frameworks and improving the management of environmental, social, and governance (ESG) risks.

Key Takeaways

- Recapitalisation of companies is vital. As recovery requires well-functioning equity markets to allocate substantial financial resources for long term investments.
- During the COVID-19 crisis, there was a record of equity issuance where Equity accounted for 1 trillion USD.
- Equity turned to be the largest asset class available to households, this is where corporate governance regulations are critical to protect savers across borders.
- The global expansion in ownership concentration, ought to give more attention to inadequacies in national disclosure frameworks related to capital and control structures.
- The improvements in the risk and crisis management should include the new digital technologies, Cybersecurity issues and the discloser of information.
- Executive remuneration and bonuses, as well as calls for reforms during the pandemic lead to renewed Scrutiny in procedures to oversee performance and relate it to pay scales.
- When making investment and involvement decisions, an increasing proportion of investors considers climate and ESG concerns. As shareholders began to exercise their rights on environmental, social, and governance (ESG) and climate-related problems by ensuring the following:
 - Companies have ESG expertise with open informational channels and tools
 - Support from leadership and the disclosures in the lines of responsibilities and accountabilities
 - Developed ESG framework, Policies, Procedures in-line with international standards and regulations in addition to non-financial reporting.



Presentation by Marie-Estelle Rey - OECD

Anti-Corruption and Integrity Practices in the Workplace

Highlights from the conversation included:

- Gemma Aioffi highlighted on enormous challenges faced by companies and governments, among them are the four primaries below:
 - Altering business models via culture; this shift is a proactive model that includes risks, ethics, and compliances, and it is this model that leads to the holistic model.
 - The second is that huge corporation’s pressure on the third-party vendors to comply with due diligence and the human rights.
 - The third is the raise in shareholder expectations regarding their company’s information, compliance, addressing corruption risks in their operations, and public reporting.
 - Finally, effectiveness of anticorruption compliance is important for both stakeholders and board members, which drives them to collective action initiatives such as drafting a set of indicators to measure and analyse the ongoing activities in a collaborative manner.



Side from the event, Anti-Corruption session



Katja Bechtel – Leading Pertaining Against Corruption Initiative



Jaleel Ghani- General Manager of Corporate Ethics & Compliance, etc



Gemma Aioffi - Head of Compliance, Corporate Governance and collective Action, Basel institute on Governance



Samer Jannoun - Regional Compliance Manager, Meta (Facebook)

- Samer Jannoun explained the importance of compliance across multinational companies that are in a high-risk zone. First, he introduced the concept “culture of compliance”, which goes beyond rules and policies. Second, accountability for compliance that is shared across all departments and members of a company to better manage risks. Third is having compliance by design through implementation of standards throughout all developed products and services to proactively achieve company vision and values, such as Ethics Week. This is to put people in a compliance environment while also holding those responsible for the individuals accountable. The acceptance of new programs must contain not only compliance but also ethics and organizational values.
- Jaleel Ghani reflected on the incorporation of compliance into any organization, through focus on the basics in “hearts and minds”. Employees need first to comprehend the policy's core goal through education and training. Leaders of the organization need to be engaged and focused on the journey of ethics, considering that they are the leaders of tomorrow. They will aid in preparing the youth and young employees for understanding the process and setting expectations from the organization.

Key Takeaways

- The expectations of the private sector towards the public sector differ across the markets, in that they need to influence the processes through collective action, dialogue, and consultation.
- Recognizing the incentives, as well as what corporations are attempting to achieve through local certification and local appreciation in a certain location, to improve investments
- If stricter regulations were enforced, the public sector would be more effective. This will assist all regulators globally in supporting these objectives with the resources available to focus on creating a better working environment for everybody.
- Education of the organizations and governments to drive compliance programs and leverage best practice across MSMEs and third parties to have a valuable impact.
- Importance of partnership between private and government sector is key for compliance to be enforced through adequate access to resources.



Jaleel Ghani- General Manager of Corporate Ethics & Compliance, stc

“The essence of compliance goes beyond following rules. At stc in Saudi Arabia, we focus on implementing a culture of sustainable change, making sure we provide our employees with the required education and training to move away from enforcing rules and policies, but rather clarify the intent behind these policies.”

*Jaleel Ghani
General Manager of Corporate Ethics & Compliance
stc*

Building Better Businesses: Corporate Governance Essentials for Tech Companies and MSMEs

This fireside chat was led by Pearl Initiative Executive Director, Ranya Saadawi, along with key executives of top tech start-ups in the Gulf region and rising stars.

Highlights from the conversation included:

- Tomell Ceaser discussed the numerous milestones in transactions of huge magnitude such as Careem acquisition, where two are particularly relevant in terms of corporate governance. The first is the deal date, which is essentially the MOU or a letter of intent of sorts, and the second is the closure date, which is the date when the actual acquisition is legally completed and the entities merge.
- Asset Purchase Agreements (APAs), are generally a slew of legal covenants outlining the conditions that the acquiring company, would agree to comply with, for the acquisition to be successful. A lot of M&A deals and even IPO deals fail due to anti-trust matters.
- Investors understand that there is a degree of risk in any investment, but all investors seek to hedge or mitigate that risk to the greatest extent possible, and this is where corporate governance plays a key role and acts as an informal insurance policy to guarantee the company's success post acquisition.
- Everything is about growth. Tech companies should begin institutionalizing strong corporate governance and compliance mandates specially during an acquisition or an IPO.
- Having a compliance officer is critical to get an independent objective perspective of the company in real time as a proactive insurance and assurance function, irrespective of the industry or stage of maturity of a start-up.
- On the topic of MSMEs expansion, Omar AlMheiri discussed the importance of integrating new joiner from the top level into the organisational culture of trust and informed decision making. This in turn supports the growth and development of the organization.
- Thea Myhrvold said flexibility during COVID-19 is a key expectation due to the reassessment of the real need of a physical office and the possibility to operate in a fully remote setup to support global organisations anywhere.
- When considering values and attitudes in the hiring funnel, talented employees with the right mindset can have work flexibility if they are fully accountable and responsible for the load of work required to build a start-up.
- Strong alignment on values, mission and vision can create collaboration between start-ups and potential investors.
- Bahaa Yousef reflected on talabat's cooperation with government and the evolution of internal audit and Governance Risk & Compliance (GRC), leading to a mutual partnership and growth.
- Technology is strongly imbedded in people's day to day activities, thus there is a thin line between serving people and not invading their private data and territory.



Key Takeaways

- Regulators are active to enforce compliance and governance strategies on start-ups and has room to grow as an ongoing journey.
- Data restriction is being enforced by the technology leaders, to preserve the safety and privacy of the users. This in turn is highly recognized by start-ups yet identified as an additional challenge to keep up with.
- In the digital world, human connection can be achieved through technology and through personal touch to build community.
- Technology will continue to disrupt the industry, and thus the involvement of government with key stakeholders is important to set the gulf region apart from other markets.
- Corporate governance is an investment that will pay off, even if at the beginning its an additional financial cost
- There is a strong need for resources and knowledge banks that are accessible to start ups, to facilitate the build-up of their foundations

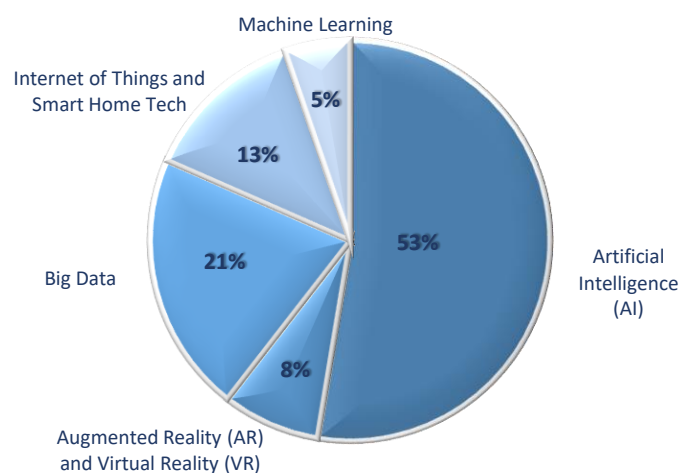


“As an Emirati tech start-up, our main concern is culture as we built our team from two to twenty employees. This involves integrating the culture into a formal structure of corporate governance and that means bringing the right people in to help us make decisions while still maintaining our own internal ethics and culture”

*Omar AlMheiri
Co-Founder
Letswork*

Based on the responses from our attendees, the big two future upcoming trends in technology for the coming years are mainly in Artificial Intelligence (IA) followed by Big Data.

Polling Questions: Which technology trend will have the greatest impact on our industry over the next year?



Governance and Leadership Diversity for the Sustainability of Family Businesses

Highlights from the conversation included:

- Noura Alturki – Vice President Nama, highlighted on family businesses and the challenge of being proactive rather than reactive in implementation of corporate governance.
- From a practical experience, independence needs to be achieved under the framework of corporate governance, and diversity in board goes beyond the age and gender element to bring diversity of thought and opinion to better benefit the outcome of business and deliver concrete results.
- Internal audit, compliance and ethics need to be brought together under a framework that aims to prepare diversified board members that look forward at financial and nonfinancial results.
- Farida El Agamy – General Manager, Tharawat highlighted on the human side of governance and identified other three elements. The first being the governance's vision or expectations to achieve a certain milestone especially in family business. The second point is the roles and responsibilities of each member in the family business. The third part is accountability in a corporate structure, that is feasibly supported by incentives and appraisals.
- Diversity of leadership is essential to tackle the complexity of problems due to the following reasons:
 - ✓ Speed of change
 - ✓ Amount of data for decision making
 - ✓ New stakeholders in picture
 - ✓ Connectiveness
- When corporate governance is adequately implemented, conversations are structured to understand and solve the specific challenges between the family members in a family business. This supports the establishment of coherent next generation committees and continuity of the business.



Key Takeaways

- Best practices are not a tick box exercise in family business, on the contrary they have shown to add value to a business growth, sustainability, and preservation
- In a family business set up, the dimension of the family and the human side of governance can be a challenge
- Advisers need to have the family's trust and confidence to effectively resolve family conflicts independently.
- The “Next generations” are well educated and exposed to international standards in best practices and can bring this forward to the family business as an opportunity for change.
- Culture of dialogue between the “older” and the “Next” generation defines the success of the organization and their acceptance to change.



From left: Sana Jubaili, Group HR Director- Jabaili Bros. Noura Alturki, Vice President- Nesma, Farida El Agamy, General Manager- Tharawat



“Diversity and inclusion are often associated only with women and gender diversity. However, for family firms and businesses, diversity in leadership must be all-encompassing, looking at the role of independent directors and board of governors and the need for diversity of leadership in terms of age, sector experience, and opinion”

Noura Alturki
Vice President
Nesma

Speakers List



HE Ayman Tawfiq Almoayyad
Minister of Youth and Sports Affairs
Kingdom of Bahrain



Bahaa Yousef
Regional Senior Financial Director
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Farida El Agamy
General Manager
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Gemma Alofi
Head of Compliance, Corporate Governance
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Jaleel Ghani
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Jamal Fakhro
Managing Partner - KPMG Bahrain
Chairman of Pearl Initiative Board of
Governance



Katja Bechtel
Leading Partnering Against Corruption
Initiative (PACI)
World Economic Forum



Marie-Estelle Rey
Corporate Governance Division
Organisation for Co-operation and
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Noura Alturki
Vice President
Nesma



Omar AlMheiri
Co-Founder
Letswork



Samer Jannoun
Regional Compliance Manager
Meta (Facebook)



Sana Jubaili
Group HR Director
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Thea Myhrvold
Founder and Chief Executive Officer
GetBee



Tomell Ceaser
Group Head of Ethics and Compliance
Careem