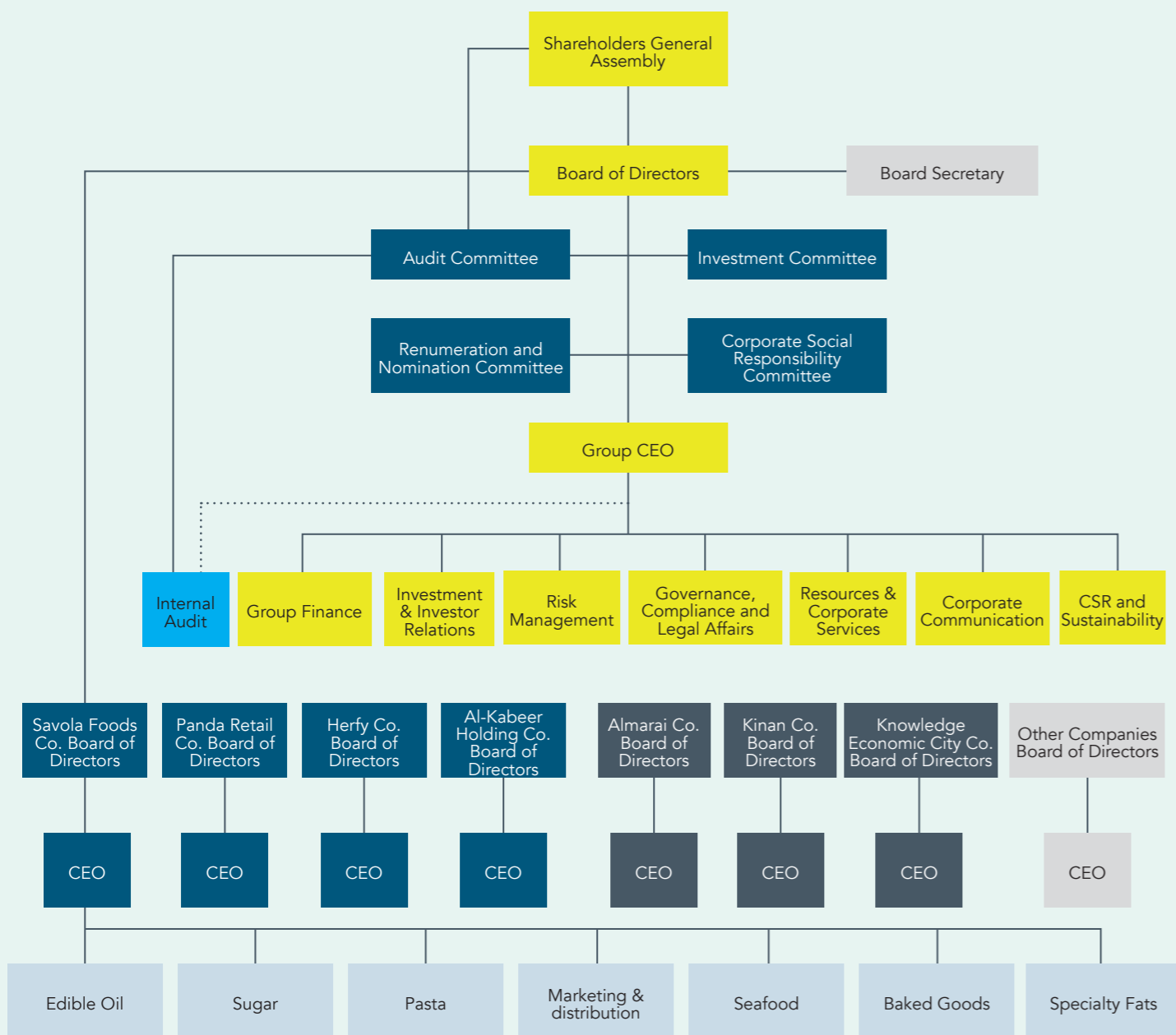


Directors' Report

Corporate Governance Report and major relevant disclosures

Corporate Governance Report and major relevant disclosures  
a) Group Organizational Structure



■ Consolidated Business Units ■ Non-consolidated Investments ■ Other Non-consolidated Investments

Note: To ensure the sustainability of the CSR programs, Savola Group established Savola World Foundation (a non-profit organization under the supervision of the Ministry of Human Resources and Social Development) funded by Savola Group which will replace the CSR & Sustainability Department during 2020. The Savola World foundation will be managed through the Board of trustees instead of the CSR Committee.

Corporate Governance Report and major relevant disclosures continued  
b) Composition of the Board and members classification continued

**b-1) Summary of the role and responsibilities of the Board of Directors:**

The Board of Directors is the highest authoritative body responsible to shareholders for managing the Company in accordance with its bylaws, laws and relevant regulations. The main roles of the Board of Directors includes: setting overall corporate strategies, plans, policies and main objectives of the Company establishing and reviewing internal control measures, corporate governance, ensuring proper mechanisms to manage risks and ensuring the effectiveness of internal controls across the Group. The Board approves financial budgets, statements, and monitors the performance of the Group and executive management's performance. The Board protects the interests of its shareholders and other relevant parties including approving policies that ensure the application, supervision and execution of the laws and regulations, and commits to disclose any key information related to the Company and its performance that may assist shareholders in evaluating its assets and liabilities. The detailed role of the Board which has been articulated in the bylaws and Corporate Governance Manual, which are available on the Company's website ([www.savola.com](http://www.savola.com)).

**b-2) Composition of the Board and members classification:**

The Company's bylaws has set the number of members of the Board of Directors to be 11 members, which is in line with the Companies Law issued by MoCI and Corporate Governance Regulations issued by the CMA. Due to the end of the Board members 'office term on June 30, 2019 after completing three years (the period set out in the company's bylaws for the Board membership duration), a new Board was elected for the current term that began on July 1, 2019 for the period of three years ending June 30, 2022. All the elected members are either non-executive or independent (to review the qualifications, experience of the members and their classification please refer to the beginning of this report).

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## b) Composition of the Board and members classification continued

## b-3) Details (current and previous memberships, positions, qualifications and experience) of the persons related to organizational structure previously indicated:

a) names of the companies, whatever their legal form are, inside and outside the Kingdom, which a Board member is a member of their current or previous board or manager in:

The following statement/schedule includes the names of the companies, whatever their legal form are, inside and outside the Kingdom, in which a Board member is a member or manager of their current or previous board:

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal Entity (listed/ unlisted/ limited liability)
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	Savola Group	Inside	Listed	Saudi British Bank	Inside	Listed
		Almarai Co.	Inside	Listed	Nationals Industrialization Co.	Inside	Listed
		Rafal Real Estate Development Co.	Inside	Unlisted	Middle East Paper Co.	Inside	Listed
		Acwa Power International	Inside	Unlisted	Al-Oula Real Estate Development Co.	Inside	Unlisted
		Vision Invest Holding Co.	Inside	Unlisted	Swicorp Joussour Co.	Inside	Unlisted
		Al Muhaidib & Sons Co.	Inside	Limited Liability	United Mining Industries Co.	Inside	Unlisted
		Al Muhaidib Holding Co.	Inside	Limited Liability	Thabat Construction Co.	Inside	Limited Liability
		Al Muhaidib Land Transport	Inside	Limited Liability	Architectural Supplies Works Co.	Inside	Limited Liability
		Sulaiman Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability	International Timber Co.	Inside	Limited Liability
		Emad Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability	Mayar Foods Co.	Inside	Limited Liability
		Awatef Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability	Mayar Transport & Warehousing Co.	Inside	Limited Liability
		Maryam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability	Gulf Marasy for Marine Services Co.	Inside	Limited Liability
		Tamader Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability	Citadel Trading & Contracting Co.	Inside	Limited Liability
		Loloah Sulaiman Almudaiheem & Partners Co.	Inside	Limited Liability	Al Muhaidib for Development Co.	Inside	Limited Liability
		Essam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability			
		Amwal Al Ajjal Trading Company	Inside	Limited Liability			
		Amwal Al Khaleej for Commercial Investment Co.	Inside	Limited Liability			
		Zat Al Sawary Co.	Inside	Limited Liability			
		Taj Al Awfia Co.	Inside	Limited Liability			
		Tarabot Investment & Development	Inside	Limited Liability			
		Ariz Arabian Co.	Inside	Limited Liability			
		Muhail for Operation and Maintenance Co.	Inside	Limited Liability			
		Al Shamiyah Urban Development Co. Ltd.	Inside	Limited Liability			
		Arabian Safenat for Construction Co.	Inside	Limited Liability			
		United Feed Manufacturing Co.	Inside	Limited Liability			

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal Entity (listed/ unlisted/ limited liability)
2.	Mr. Bader Abdullah Al Issa	Savola Group	Inside	Listed	Knowledge Economic City Co.	Inside	Listed
		Banque Saudi Fransi	Inside	Listed	Savola Packaging Systems Co.	Inside	Unlisted
		Dur Hospitality	Inside	Listed	Kinan International Real Estate Development Co.	Inside	Unlisted
		Almarai Co.	Inside	Listed	Al Aqeeq Real Estate Development Co.	Inside	Unlisted
		Savola Foods Co.	Inside	Unlisted	Sukoon International	Inside	Unlisted
		Panda Retail Co.	Inside	Unlisted	Assila Investment Co.	Inside	Unlisted
		Afia International Co.	Inside	Unlisted			
		United Sugar Co.	Inside	Unlisted			
		Afia International Co. Egypt	Outside	Unlisted			
		United Sugar Co. Egypt	Outside	Unlisted			
		Alexandria Sugar Co. Egypt	Outside	Unlisted			
		El Maleka for Food Industries Co.	Outside	Unlisted			
		El Farasha for Food Industries Co.	Outside	Unlisted			
		Savola Gida	Outside	Unlisted			
3.	Mr. Essam Abdulkadir Al Muhaidib	Savola Group	Inside	Listed	Middle East Paper Co. (MEPCO)	Inside	Listed
		Herfy Food Services Co.	Inside	Listed	Al Salam Bank Bahrain	Outside	Listed
		Bawan Co.	Inside	Listed	Al Yamamah Steel Industries Co.	Inside	Unlisted
		Panda Retail Co.	Inside	Unlisted	Al Oula for Real Estate Development Co.	Inside	Unlisted
		Abdulkadir Al Muhaidib & Sons Co.	Inside	Unlisted	Zohoor Alreef Trading Co.	Inside	Unlisted
		Masdar Building Materials Co.	Inside	Unlisted	Emdad Human Resources & Manpower Supply Co.	Inside	Unlisted
		Rafal Real Estate Co.	Inside	Unlisted	International Timber Co.	Inside	Unlisted
		National Housing Co.	Inside	Unlisted	Albalad Amin Co.	Inside	Unlisted
		International Company for Water and Energy Development	Inside	Unlisted	Rafal Real Estate Co.	Inside	Unlisted
		Tharwa City for Development & Real Estate Investment Co.	Inside	Unlisted	Bloom Invest Co.	Inside	Limited Liability

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## b) Composition of the Board and members classification continued

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal Entity (listed/ unlisted/ limited liability)
3.	Mr. Essam Abdulkadir Al Muhaidib continued	Saudi Tabreed Co.	Inside	Unlisted	Al Latifia Trading & Contracting Co.	Inside	Limited Liability
		Vision Invest Holding Co.	Inside	Unlisted	Amwal Al Khaleej for Commercial Investment Co.	Inside	Limited Liability
		Masdar Building Materials Co.	Inside	Unlisted	Nesaj Real Estate Development Co.	Inside	Limited Liability
		Sulaiman Abdulkadir Al Muhaidib & Partners Co.	Inside	Unlisted	Saudi Tabreed Co.	Inside	Limited Liability
		Emad Abdulkadir Al Muhaidib Co.	Inside	Unlisted	Emaar Middle East Co.	Inside	Limited Liability
		Al Muhaidib Holding	Inside	Unlisted	Thabat Construction Co. Limited	Inside	Limited Liability
		Maryam Abdulkadir Al Muhaidib & Partners Co.	Inside	Unlisted			
		Romansiah Co. Limited	Inside	Unlisted			
		Shaas for Water Services Co.	Inside	Unlisted			
		Tanmiat Al Ahlam for Construction	Inside	Unlisted			
		Mayar Transport & Warehousing Co.	Inside	Limited Liability			
		Saudi Tharwa for Real Estate Investment & Development Co.	Inside	Limited Liability			
		Atheel Arabia for Services Co. Limited	Inside	Limited Liability			
		Amwal Al Ajjal Trading Co.	Inside	Limited Liability			
		Hayfa Abdulkadir Al Muhaidib Co.	Inside	Limited Liability			
		Lolwah Sulaiman Almudaiheem & Partners	Inside	Limited Liability			
		Essam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability			
		Nestle Water Factory Co. Ltd.	Inside	Limited Liability			
		Taj Al Awfia Co.	Inside	Limited Liability			
		Himmah Logistics Co.	Inside	Limited Liability			
Mayar Foods Co.	Inside	Limited Liability					
Atheel Holding Co.	Inside	Limited Liability					
Al Manhal Water Services Factory	Inside	Limited Liability					
Shaas for Water Services Co. Ltd.	Inside	Limited Liability					
Spring Water Factory Co. Ltd.	Inside	Limited Liability					
Muhail for Operation and Maintenance Co.	Inside	Limited Liability					
Safenat Arabian Contracting Company	Inside	Limited Liability					

## Corporate Governance Report and major relevant disclosures continued

## b) Composition of the Board and members classification continued

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal Entity (listed/ unlisted/ limited liability)
3.	Mr. Essam Abdulkadir Al Muhaidib continued	Tamader Abdulkadir Al Muhaidib Co.	Inside	Limited Liability			
		Awatf Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability			
		Rivers Water Factory Co. Ltd.	Inside	Limited Liability			
		That Al Sawary Co.	Inside	Limited Liability			
		International Timber Co.	Inside	Limited Liability			
4.	Mr. Abulaziz Khaled Al Ghufaily	Savola Group	Inside	Listed	Herfy Food Services Co.	Inside	Listed
		Alrajhi Bank	Inside	Listed	Tabuk Agriculture Development Co.	Inside	Listed
		Al Rajhi Capital	Inside	Unlisted	National Medical Care Co.	Inside	Listed
		Savola Food Co.	Inside	Unlisted	The Industrialization & Energy Services Co.	Inside	Unlisted
					Riyadh Hotels & Entertainment Co.	Inside	Unlisted
					Saudi Industries Development Co.	Inside	Unlisted
					Panda Retail Co.	Inside	Unlisted
5.	Eng. Mutaz Qusai Alazawi	Savola Group	Inside	Listed	Merrill Lynch Kingdom of Saudi Arabia	Inside	Unlisted
		Herfy Food Services Co.	Inside	Listed			
		Arabian Cement Co.	Inside	Listed			
		Riyad Bank	Inside	Listed			
		Etihad Etisalat (Mobily)	Inside	Listed			
		Ready Mix Concrete & Construction Supplies Ltd.	Outside	Listed			
		Savola Foods Co.	Inside	Unlisted			
		United Sugar Co.	Inside	Unlisted			
		Afia International Co.	Inside	Unlisted			
		United Sugar Co. Egypt	Outside	Unlisted			
		Alexandria Sugar Co. Egypt	Outside	Unlisted			
		El Maleka for Food Industries Co.	Outside	Unlisted			
		El Farasha for Food Industries Co.	Outside	Unlisted			
		Qatrana Cement Co.	Outside	Unlisted			
		Afia International Co. Egypt	Outside	Unlisted			
Saudi Industrial Construction & Engineering Projects Ltd.	Inside	Limited Liability					
Saudi Technology and Trade Co.	Inside	Limited Liability					
Al Wusataa for Development	Inside	Limited Liability					

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## b) Composition of the Board and members classification continued

No	Board member Name	Names of the companies in which the member of the Board of Directors was a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ Unlisted/ Limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal Entity (listed/ unlisted/ limited liability)
6.	Mr. Fahad Abdullah Al Kassim	Savola Group	Inside	Listed	Albilad Bank	Inside	
		Jarir Marketing Co.	Inside	Listed	Abdullatif Al Issa Holding Group	Inside	
		Dur Hospitality	Inside	Listed	Naqel Co.	Inside	Unlisted
		Dallah Health	Inside	Listed	Al-Rajhi Alpha Investment Holding Co.	Inside	Limited Liability
		Al-Riyadh Development Co.	Inside	Listed	Raj Real Estate Co.	Inside	Limited Liability
		Fahad Bin Abdullah Al Kassim & Sons Trading & Investment Co.	Inside	Unlisted	National General Automotive co.	Inside	Limited Liability
		Saudi Heritage Hospitality Co.	Inside	Unlisted	Saudi Post	Inside	Gov. Corporation
		Dr. Mohammed Rashid Al Fagih & Associates	Inside	Unlisted			
		Rakeen Najd International Co.	Inside	Unlisted			
		Al Rajhi United Investment Holding Co.	Inside	Unlisted			
		Alargan Projects Company	Inside	Unlisted			
		Fincorp Investment Holding Co.	Outside	Unlisted			
		Areez Commercial investment Co. Ltd.	Inside	Limited Liability			
		Abdullah Ibrahim Al Subeaei Holding (AIMS)	Inside	Limited Liability			
7.	Mr. Mohammed Ibrahim Al Issa	Al Kassim Fund for Investment & Commercial Development	Inside	Limited Liability			
		Amwal Financial Consultations	Inside	Limited Liability			
		Century 21 & Partner for Real Estate Appraisal Co.	Inside	Professional Co.			
		Fahad Abdullah Al Kassim Auditing Office	Inside	Individual entity			
		Savola Group	Inside	Listed	Sukoon Real Estate	Inside	Unlisted
		Kinan International for Real Estate Development Co.	Inside	Unlisted	Al Aqeeq Real Estate	Inside	Unlisted
Assila Investments	Inside	Unlisted					

## Corporate Governance Report and major relevant disclosures continued

## b) Composition of the Board and members classification continued

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal Entity (listed/ unlisted/ limited liability)
8.	Mr. Abdulrahman Mohammed Ramzi Addas	Savola Group	Inside	Listed	Bank Albilad	Inside	Listed
		Alinma Bank	Inside	Listed	Al Soraie Industrial & Trading Co.	Inside	Listed
		Diyar Al Khayyal Real Estate Development Co.	Inside	Unlisted	Red Sea Markets Co. Ltd.	Inside	Limited Liability
		Ahmed Mohammed Saleh Baeshen & Co.	Inside	Unlisted	Keppel Alnumu Co.	Inside	Limited Liability
		Tunisian Saudi Bank	Outside	Joint venture for the Saudi Ministry of Finance	Sedco Capital	Inside	Limited Liability
		ARCOMA	Inside	Limited Liability	Abdulaziz Al Saghair Holding Co.	Inside	Limited Liability
		Al Rabie Saudi Foods Co. Ltd.	Inside	Limited Liability	Quantum Investment Bank	Outside	Limited Liability
		Environment Fund	Inside	Gov. Entity			
9.	Mr. Rakan Abdulaziz Al Fadl	Savola Group	Inside	Listed	-		
		Alfadl Group	Inside	Limited Liability			
		Sahara Building Contractors Co.	Inside	Limited Liability			
		Rabya Co.	Inside	Limited Liability			
		Alfadl Investments Co.	Inside	Limited Liability			
		Alfadl Real Estate Co.	Inside	Limited Liability			
		Al-Takamul Group Co.	Inside	Holding Co.			
10.	Dr. Adnan Abdulfattah Soufi	Savola Group	Inside	Listed	Bupa Arabia Co.	Inside	Listed
		Fitaihi Group Co.	Inside	Listed	Arabian Cement Co.	Inside	Listed
		Alahli Capital Co.	inside	Unlisted	SEDCO Holding Group	Inside	Unlisted
		Wadi Jeddah Co.	Inside	Unlisted	Awj Holding Co.	Inside	Limited Liability
		Panda Retail Co.	Inside	Unlisted			

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## b) Composition of the Board and members classification continued

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal Entity (listed/ unlisted/ limited liability)
11.	Mr. Bader Hamad Al Rabiah	Savola Group	Inside	Listed	-		
		Al Manar Financing and Leasing Co.	Outside	Listed			
		Noor Financial Investment Co.	Outside	Listed			
		Palms Agro Production Co.	Outside	Listed			
		Meezan Bank	Outside	Listed			
		Al Durra National Real Estate Co.	Outside	Unlisted			
		Noor Al Salhiya Real Estate Co.	Outside	Unlisted			

## b-4) Ex- Board members (for the term that ended on 30/06/2019):

## b-4-1) Boards Memberships:

Eng. Abdullah Mohammed Nour Rehami	Arabian Cement Co.	Inside	Listed	Savola Group	Inside	Listed
	Savola Foods Co.	Inside	Unlisted	Knowledge Economic City Co.	Inside	Listed
				Almarai Co.	Inside	Listed
				Eastern Cement Co.	Inside	Listed
				National Insurance Co.	Inside	Listed
				National Commercial Bank	Inside	Listed
				Alujain Co.	Inside	Listed
				Saudi Cable Co.	Inside	Listed
				Panda Retail Co.	Inside	Unlisted
				Saudi Arabian Airlines	Inside	Unlisted
Mr. Mohammad Abdulqader Al Fadl	Jeddah Holding Co.	Inside	Unlisted	Savola Group	Inside	Listed
	Kinan International for Real Estate Development Co.	Inside	Unlisted			
				Saudi Turkish Holding Co. for Investment	Inside	Unlisted
				Yamani Airlines co.	Outside	Unlisted
			Saudi Foundation for Developing of Entrepreneurship	Inside	Non-Profit Org.	
			Social Development Bank (formerly Saudi Credit & Saving Bank)	Inside	Gov. Institute	

## Corporate Governance Report and major relevant disclosures continued

## b) Composition of the Board and members classification continued

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal Entity (listed/ unlisted/ limited liability)
	Mr. Omar Hadir Al-Farisi	Arabian Centres Company	Inside	Listed	Savola Group	Inside	Listed
					Gulf International Bank	Outside	Listed
	Dr. Sami Mohsen Baroum	Arabian Cement Co.	Inside	Listed	Savola Group	Inside	Listed
		Jeddah International College Co.	Inside	Unlisted	Knowledge Economic City Co.	Inside	Listed
		Arab Investment Company (Sanabel)	Inside	Unlisted	Almarai Co.	Inside	Listed
					Kinan International for Real Estate Development Co.	Inside	Unlisted
					Afia International Co.	Inside	Unlisted
					United Sugar Co.	Inside	Unlisted
					Panda Retail Co.	Inside	Unlisted
					Savola Plastic Packaging Systems Co.	Inside	Unlisted
					Al Roba'ia Co. for Real Estate Development	Inside	Unlisted
					Saudi Stock Exchange Tadawul	Inside	Unlisted
					Afia International Co. Egypt	Outside	Unlisted
					Venture Capital Bank Bahrain	Outside	Unlisted

## b-4-2) Summary of CVs for Ex- Board members (for the term that ended on 30/06/2019):

No	Member name	Current positions	Previous positions	Qualifications	Experience
-	Eng. Abdullah Mohammed Nour Rehami	Retired – Government Official	Managing Director/CEO, Savola Group (2015-2016); President, General Authority of Civil Aviation (2003-2011); Assistant Director General, SIDF (1998-2003)	Bachelor of Mechanical Engineering, King Fahad University of Petroleum and Minerals Sciences, Saudi Arabia; Chase Manhattan Bank Credit Program (JP Morgan Chase) and various leadership programs	Extensive skills in leadership, management, finance, strategic planning, and restructuring. He has held several positions in the public and private sectors, and sits on a number of other Boards.
-	Mr. Mohammad Abdulqader Al Fadl	Chairman of the Board, Al Fadl Group	CEO, Al Fadl Group of Companies	Bachelor of Economics and Marketing, University of San Francisco, United States	More than 40 years' experience in Corporate Management through managing of Al Fadl Group of Companies, which includes many companies in various fields and sits on a number of other Boards.

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## b) Composition of the Board and members classification continued

## b-4-2) Summary of CVs for Ex- Board members (for the term that ended on 30/06/2019): continued

No.	Member name	Current positions	Previous positions	Qualifications	Experience
-	Dr. Sami Mohsen Baroum	Private Business	Managing Director, Savola Group (2007-2010); Various senior positions in different sectors of Savola (1993-2007), including Financial Management, Retail, Foods, Real Estate and Plastics; Faculty Member, College of Engineering, Abdul Aziz University (1992-1993)	PhD in Operation Management and Information Technology, Indiana University, United States; Master's Degree in Business Management with Honors, Wharton Management School, Pennsylvania University, United States	Experience in strategic management, financial planning, investment, planning management of Joint Stock Companies, and information technology. He also sits on a number of other Boards.
-	Mr. Omar Hadir Al Farsi	Managing Member of Diyala Advisors LLC, New York	Investment Banker, Credit Suisse First Boston Bank, New York (2000-2004); Lawyer and Member in Financial and Commercial Corporate Department, White & Case, New York (1994-2000)	Bachelor of Economics, University of Notre Dame, United States; JD, Columbia University School of Law, United States	Experience in financing and law, investment, and mergers and acquisitions. He is also a former Board member of Gulf International Bank (Bahrain).

## b) Summary of Committee members' CVs:

No	Member name	Current positions	Previous positions	Qualifications	Experience
Remuneration and Nominations Committee members:					
Remuneration and Nominations Committee members of the period started on 01/07/2019					
	Mr. Rakan Abdulaziz Al Fadl				
	Mr. Bader Abdullah Al Issa				
	Mr. Essam Abdulkadir Al Muhaidib	Their current and previous positions, qualifications and experience were mentioned earlier in this Report			
	Mr. Abdulrahman Mohammed Ramzi Addas				
	Mr. Johan Brand	Managing Director/ Owner, Johan Brand Leadership Advisory DWC-LLC (2016-present)	Senior Partner and Consultant, Egon Zehnder (1995-2016); PepsiCo, Director PCI Management Institute (1993-1995)	MSc, Business Economics, Erasmus University Rotterdam, The Netherlands; MA, Business Law, and MA, Private Law, Erasmus University Rotterdam, The Netherlands; Certified Professional Director, Hawkamah/ Mudara Institute of Directors	Has wide and independent experience as a leadership professional, and his focus is on making Boards and C-level leadership more effective. Advisor to Chairmen, Family Heads and CEOs.
Remuneration and Nominations Committee members of the period ended on 30/6/2019					
	Mr. Mohammad Abdulqader Al Fadl				
	Eng. Abdullah Mohammed Nour Rehami	Their current and previous positions, qualifications and experience were mentioned earlier in this report			
Investment Committee members:					
Investment Committee members of the period started on 01/07/2019					
1.	Eng. Mutaz Qusai Alazawi				
2.	Mr. Abdulaziz Khaled Al Ghufaily				
3.	Mr. Fahad Abdullah Al Kassim	Their current and previous positions, qualifications and experience were mentioned earlier in this Report			
4.	Dr. Adnan Abdulfattah Soufi				
5.	Mr. Mohammed Ibrahim Al Issa *				

## Corporate Governance Report and major relevant disclosures continued

## b) Composition of the Board and members classification continued

No.	Member name	Current positions	Previous positions	Qualifications	Experience
Investment Committee members of the period ended on 30/6/2019					
-	Mr. Omar Hadir Al-Farisi	Their current and previous positions, qualifications and experience were mentioned earlier in this report			
-	Dr. Sami Mohsen Baroum				
Corporate Social Responsibility Committee members:					
Corporate Social Responsibility Committee members of the period started on 1/7/2019					
1.	Mr. Abdulrahman Mohammed Ramzi Addas				
2.	Mr. Fahad Abdullah Al Kassim	Their current and previous positions, qualifications and experience were mentioned earlier in this report			
3.	Eng. Abdullah Mohammed Nour Rehami				
4.	Eng. Anees Ahmad Moumina				
Corporate Social Responsibility Committee members of the period ended on 30/06/2019					
-	Mr. Mohammed Ibrahim Al Issa	Their current and previous positions, qualifications and experience were mentioned earlier in this report			
-	Dr. Mervat Ahmed Tashkandi	Executive Director for Strategic Planning – Fakeeh Care Group Dr. Soliman Fakeeh Hospital Jeddah, KSA	Advisor to the Minister for Social Empowerment of Persons with Disabilities and Females – Ministry of Economic and Planning; Advisor to the Minister for Gender Diversity, Equality & Employment of Persons with Disabilities – Ministry of Labor and Social Development; Number of Academic positions in several universities	Doctoral Degree in Special Education and Family Counseling, University of South Africa, Pretoria – Republic of South Africa; Master of Arts in Special Education – Early Childhood, Teachers College, Columbia University New York – USA; Master of Arts in Special Education – Learning Disabilities, Fairleigh Dickinson University, Teaneck – New Jersey, USA; Bachelor, Arts in Psychology, Fairleigh Dickinson University, Teaneck – New Jersey USA.	Experiences in the following fields: CSR; Empowerment programs for persons with disabilities; National and Corporate Strategic Planning
-	Mr. Ahmed Saleh Al Rammah	Senior Consultant for Social Responsibility, Aramco	Aramco and many engineering sectors inside and outside the Kingdom	University of Petroleum and Minerals, Saudi Arabia.	Practical and professional skills in the field of social responsibility and charities. Also, he has contributed to establishing many CSR programs inside and outside the Kingdom.
-	Mr. Mahmoud Mansour Abdul Ghaffar	CEO, Jadat Itqan Consulting	Chief of Corporate Affairs & Board Secretary, Savola Group	Bachelor, Industrial Safety, University of San Francisco, USA.	Corporate social responsibility, board affairs, governance, investor relations, public relations, communication, human resources and government relations.

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## b) Composition of the Board and members classification continued

## b-5) Board meetings attendance record:

In order to enhance its role and responsibilities, the Board held six meetings during the year. The below schedule shows the attendance records for each meeting:

No.	Member	Meetings during 2019						No of attendance
		Previous Board term (Ended on June 30, 2019)		Current Board term (Began on July 1, 2019)				
		7 Feb	8 May	26 Sep	28 Oct	21 Dec	22 Dec	
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	✓	✓	✓	✓	✓	✓	6 of 6
2.	Mr. Bader Abdullah Al Issa	✓	✓	✓	✓	✓	✓	6 of 6
3.	Mr. Essam Abdulkadir Al Muhaidib	✓	✓	✓	✓	✓	✓	6 of 6
4.	Mr. Abdulaziz Khaled Al Ghufaily	✓	✓	✓	✓	✓	✓	6 of 6
5.	Eng. Mutaz Qusai Alazawi	✓	✓	✓	✓	✓	✓	6 of 6
6.	Mr. Fahad Abdullah Al Kassim	✓	✓	✓	✓	✓	✓	6 of 6
7.	Mr. Mohammed Ibrahim Al Issa	✓	✓	✓	✓	x	x	4 of 6
8.	Mr. Abdulrahman Mohammed Ramzi Addas	NA	✓	✓	✓	✓	✓	4 of 4
9.	Mr. Rakan Abdulaziz Al Fadl	NA	✓	✓	✓	✓	✓	4 of 4
10.	Dr. Adnan Abdulfattah Soufi	NA	✓	✓	✓	✓	✓	4 of 4
11.	Mr. Bader Hamad Al-Rabiah	NA	✓	✓	✓	✓	✓	4 of 4
12.	Mr. Elnour Ali Saad (Board Secretary)	NA	✓	✓	✓	✓	✓	4 of 4

## Previous Board members (for the term that ended on 30/06/2019)

-	Eng. Abdullah Mohammed Nour Rehaimi	✓	✓	NA	2 of 2
-	Mr. Mohammad Abdulqader Al Fadl	✓	✓	NA	2 of 2
-	Mr. Omar Hadir Al-Farisi	✓	✓	NA	2 of 2
-	Dr. Sami Mohsen Baroom	x	✓	NA	1 of 2
-	Mr. Tarik Mohammed Ismail (Ex- Board Secretary)	✓	✓	NA	2 of 2

The last meeting of the General Assembly was held on 8/05/2019 and the attendance records above reflects the attendance of the Board members during the full year before and after the General Assembly.

Notes: \* The financial results for Q2 2019 were approved by the BOD by circulation based on the Audit Committee recommendation in its meeting held on 19/08/2019.

## b-6) Board members attendance record for the General Assembly meeting:

One meeting of the Shareholders General Assembly was held during the last fiscal year. The following is a list of the members of the Board of Directors present during the meeting:

No.	Board Member	EGM No. 31 (8 May 2019)	No. of meetings attended
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	✓	1 of 1
2.	Mr. Bader Abdullah Al Issa	✓	1 of 1
3.	Eng. Abdullah Mohammed Nour Rehaimi	✓	1 of 1
4.	Mr. Abdulaziz Khaled Al Ghufaily	✓	1 of 1
5.	Mr. Essam Abdulkadir Al Muhaidib	✓	1 of 1
6.	Mr. Fahad Abdullah Al Kassim	✓	1 of 1
7.	Mr. Mohammad Abdulkadir Al Fadl	✓	1 of 1
8.	Eng. Mutaz Qusai Alazawi	✓	1 of 1
9.	Mr. Omar Hadir Al-Farisi	✓	1 of 1
10.	Mr. Mohammed Ibrahim Al Issa	✓	1 of 1
11.	Dr. Sami Mohsen Baroom	x	0 of 1

## Corporate Governance Report and major relevant disclosures continued

## c) Board Committees:

## c-1) Remuneration and Nomination Committee:

## • Meetings and role of the Committee:

The Remuneration and Nomination Committee (RNC) consists of five members who are independent and non-executive Board members with experience in the field of the Committee's mandates. The Committee held (6) meetings during 2019 following up its responsibilities in the field of remuneration, nominations and Corporate Governance. During 2019, the committee was re-formed after the election of a new Board of Directors for the new office that term started as of 01/07/2019. Also, the Corporate Governance role was added to the Committee's responsibilities and duties, thus the Committee Charter will be amended accordingly and presented to the nearest GA meeting for approval. A summary of the main responsibilities of the Committee, statement of its membership and attendance during the year is as follows:

## • Summary of Committee Role and Duties and Main Responsibilities:

The Committee shall assume responsibilities related to three areas, namely Remuneration, Nomination and Corporate Governance, and will update the Board regularly about its activities. The Committee's duties and responsibilities include:

## a) With regards to Remuneration:

Prepare a clear remuneration policy for Board members, its Committees and the executive management and clarify the relationship between the paid remuneration and the adopted remuneration policy, and highlight any material deviation from that policy. In addition, review the remuneration policy periodically and assess its effectiveness in achieving its objectives.

## b) With regards to Nomination:

Recommend clear policies and standards for Board membership, executive management and Savola's representatives in its subsidiaries and associates, review the requirements suitable for membership of the Board and executive management annually and assess the performance of the Board in terms of strengths and weaknesses and recommend necessary solutions in the best interests of the Company. Ensure on an annual basis, the independence of independent directors and the absence of any conflicts of interest if a board member also acts as a member of the board of another company.

## c) With regards to Corporate Governance (CG):

Ensure that the Company is in compliance with CG regulation issued by CMA and the Company's CG Manual and policies, and review; update CG Manual and rules pursuant to statutory requirements and best practices; as well as review and develop code of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements, and comply with best practices; Regularly inform the Board members of the developments in corporate governance and best practices. as well as all the competences stipulated in Article (94) of the CG regulation issued by CMA.

For more details about role and responsibilities of the Committee, please refer to the Committee Charter on Savola's website ([www.savola.com](http://www.savola.com)).

## • Statement of attendance for Committee meetings held during 2019:

No.	Member	Meetings during 2019						Total
		16 Jan	7 Feb	31 Mar	8 May	26 Sep	28 Oct	
1.	Mr. Rakan Abdulaziz Al Fadl (Chairman) (Independent Savola Board member as of 01/07/2019)			NA		✓	✓	2 of 2
2.	Mr. Essam Abdulkadir Al Muhaidib (Non-executive Savola Board member)	✓	✓	✓	✓	✓	✓	6 of 6
3.	Mr. Bader Abdullah Al Issa (Non-executive Savola Board member)	✓	✓	✓	✓	✓	✓	6 of 6
4.	Mr. Abdulrahman Mohammed Ramzi Addas (Independent Savola Board member as of 01/07/2019)			NA		✓	✓	2 of 2
5.	Mr. Johan Brand (Independent external member)	✓	✓	✓	✓	✓	✓	6 of 6
-	Mr. Morhaf Mohammed Alsamman (Committee Secretary)	✓	✓	✓	✓	✓	✓	6 of 6
<b>Ex- Committee members form (01/01/2019 till 30/06/2019)</b>								
-	Mr. Mohammad Abdulqader Al Fadl (Ex- Chairman) (Ex- Independent Savola Board member)	✓	✓	✓	✓		NA	4 of 4
-	Eng. Abdullah Mohammed Nour Rehaimi (Ex- Non-executive Savola Board member)	✓	✓	✓	✓		NA	4 of 4

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## c) Board Committees continued

## c-2) Investment Committee:

## • Meetings and role of the Committee:

The Investment Committee consists of five members, who are non-executives and independents Board members.

The Committee held (4) meetings during 2019 to enhance the role of the Board in following and implementing the strategic plans in relation to investment opportunities. During 2019, the committee was re-formed after the election of a new Board of Directors for the new office term commenced from 01/07/2019. Below is a summary of the Committee's role, responsibilities, membership, and the number of meetings held during 2019:

## • Summary of Committee Role and Duties and Main Responsibilities:

Review and recommend to the Board for its approval an overall capital allocation framework and implementation model for the Company's investment activities, which take into account relevant factors such as return on invested capital targets and benchmarks, allocation guidelines and limits, risks limits and strategic objectives. As well as review and recommend to the Board for its approval investment opportunities, acquisitions, joint ventures or divestitures all in accordance with the Company's existing delegation of authority matrices that are approved by the Board. In addition to review the balance sheet impact of specific proposed transactions including funding requirements and impact on the Company's liquidity and debt ratios as part of determining whether to recommend them to the Board for approval.

For more details about role and responsibilities of the Committee, please refer to the Committee Charter on Savola's website ([www.savola.com](http://www.savola.com)).

## • Statement of attendance for Committee meetings held during 2019:

No.	Member	Meetings during 2019				Total
		7 Feb	7 May	25 Sep	27 Oct	
1.	Eng. Mutaz Qusai Alazawi (Chairman) (Non-executive Savola Board member)	✓	✓	✓	✓	4 of 4
2.	Mr. Abdulaziz Khaled Al Ghufaily (Non-executive Savola Board member)	✓	✓	✓	✓	4 of 4
3.	Mr. Fahad Abdullah Al-Kassim (Independent Savola Board member)	✓	✓	✓	✓	4 of 4
4.	Dr. Adnan Abdulfattah Soufi (Non-executive Savola Board member as of 01/07/2019)	NA		✓	✓	2 of 2
5.	Mr. Mohammed Ibrahim Al Issa (Non-executive Savola Board member)*	NA		✓	✓	2 of 2
-	Mr. Elnour Ali Saad (Committee Secretary)	✓	✓	✓	✓	4 of 4

## Ex- Committee members form (01/01/2019 till 30/06/2019)

-	Mr. Omar Hadir Al-Farisi (Ex- Chairman) (Ex- Independent Savola Board member)	✓	✓		NA	2 of 2
-	Dr. Sami Mohsen Baroum (Ex-Independent Savola Board member)	x	✓		NA	1 of 2

\*Mr. Mohammad Al Issa was an independent Board member for the period from 01/01/2019 till 26/10/2019. Then, he became a non-executive member as of 27/10/2019 as he was elected as a Board member of Kinan International for Real Estate Development Co, which has a related party transaction with one of our subsidiaries.

## c-3) Corporate Social Responsibility Committee:

## • Meetings and role of the Committee:

The Corporate Social Responsibility (CSR) Committee consists of four members, each one of them has relevant experience (one executive and independents). In fulfilling its roles and responsibilities, the Committee held (4) meetings in 2019 to review the Group's CSR programs and plans as detailed in the CSR section of this Report. During 2019 the committee was re-formed after the election of a new Board of Directors for the new office term started as of 01/07/2019. Below is a summary of the Committee's role, responsibilities, membership, and the number of meetings held during the year 2019:

## • Summary of Committee Role and Duties and Main Responsibilities:

The Committee responsibilities include promoting the CSR initiatives and programs, in addition to developing and pursuing programs that contribute to deepening the sense of social responsibility of Savola and its subsidiaries, and developing criteria and standards for monitoring implementation. Particularly, the Committee's duties and responsibilities include the following:

1. Developing the CSR strategy and achieving sustainable social impact.
2. Overseeing all CSR activities and issues including and/or health and safety activities, environmental issues and employees' rights.
3. Activating the role of Savola in adopting policies, initiatives and CSR programs toward its contributors, importers, customers, the environment and the entire community in order to support and enhance Savola's reputation.
4. Establishing indicators that link Savola's performance with its social initiatives.

For more details about role and responsibilities of the Committee, please refer to the Committee Charter on Savola's website ([www.savola.com](http://www.savola.com)).

## Corporate Governance Report and major relevant disclosures continued

## c) Board Committees continued

## • Statement of attendance for Committees meetings that held during 2019:

No.	Member	Meetings during 2019				Total
		5 Feb	7 May	24 July	28 Oct	
1.	Mr. Abdulrahman Mohammed Ramzi Addas (Chairman) (Independent Savola Board member as of 01/07/2019)	NA		✓	✓	2 of 2
2.	Mr. Fahad Abdullah Al-Kassim (Independent Savola Board member)	NA		✓	✓	2 of 2
3.	Eng. Abdullah Mohammed Nour Rehami (External member - Non-executive)**	NA		x	✓	1 of 2
4.	Eng. Anees Ahmad Moumina (executive member - Group CEO)	✓	✓	✓	✓	4 of 4
-	Mr. Tarik Mohammed Ismail (Committee Secretary)	✓	✓	✓	✓	4 of 4

## ex- Committee members form (01/01/2019 till 30/06/2019)

-	Mr. Mohammed Ibrahim Al Issa (Ex-Chairman) (Non-executive Savola Board member)*	✓	✓		NA	2 of 2
-	Dr. Mervat Ahmed Tashkandi (Ex-Independent, External member)	✓	✓		NA	2 of 2
	Mr. Ahmed Saleh Al Rammah (Ex-Independent, External member)	✓	✓		NA	2 of 2
	Mr. Mahmoud Mansour Abdul Ghaffar (Ex-Independent, External member)	✓	✓		NA	2 of 2

\*Mr. Mohammad Al Issa was an independent Board member for the period from 01/01/2019 till 26/10/2019. Then, he became a non-executive member as of 27/10/2019 as he was elected as a Board member of Kinan International for Real Estate Development Co, which has a related party transaction with one of our subsidiaries.

\*\* Eng. Abdullah Mohammed Nour Rehami was a Non-Executive Board member from 01/01/2019 till 30/06/2019

## d) The Methods Used by the Board of Directors to Assess their Performance as well as the Committees and Members Performance:

Savola has been conducting Board effectiveness reviews since 2009 aiming to identify the strengths and weaknesses of the Board and Committees, with a view to propose solutions in the best interest of the company. In line with this practice, Savola engaged Governance Compass, an external and independent consulting firm which is a non-related party to the Group. Governance Compass is a qualified consulting firm specialized in Board effectiveness and leadership. The assessment performed by Governance Compass covered the performance of the Board, Directors, Committees and their meetings throughout 2018.

The assessment was made under the RNC supervision. The mechanisms, methodology and criteria for the assessment were presented to the Board for alignment before execution. This included interviews with all Board and Committee members in addition to a comprehensive questionnaire, which was carried out and completed by all members. Areas included in the questionnaire and interviews covered the duties and responsibilities of the Board and Committees in line with their fiduciary obligations. In addition, the assessment included the effectiveness of the Board and Committees meetings such as members' participation and interaction in the discussions during the meetings to reach informed decisions that enhance the company performance and ability to achieve its objectives. The assessments results were shared with Board and an action plan has been developed to address the recommendations.

During 2019, the Board adopted all of the external consultant recommendation, and it is still being implemented. There is also a periodic and continuous evaluation of the effectiveness of the discussions and decision-making during the Board and Committees meetings for all the meetings held during the year 2019 and will continue for 2020 meeting.



## Directors' Report

# Corporate Governance Report and major relevant disclosures continued

### Corporate Governance Report and major relevant disclosures continued

#### e) Remuneration of the Board, Committee members and executive management

##### e-1) General standards for Remuneration:

The shareholders' AGM held on 2nd November 2017, approved the Remuneration Policy of the Board of Directors, Committees and Executive Management. This policy regulates the remuneration of the Board of Directors, Committees and the Executive Management of Savola Group to meet the provisions of paragraph (1) of Article (61) of the CMA Corporate Governance Regulation.

The Remuneration and Nomination Committee (RNC) responsibilities include recommending to the Board the remuneration of the Board, its Committees and the executive management in accordance with the approved criteria, as follows:

1. Be proportionate to Savola's activities and the required skills for its management.
2. The variable part of the remuneration shall be linked to the long-term performance.
3. Remuneration shall be consistent with the strategy, objectives, the magnitude, nature and level of risks faced by Savola.
4. Benchmarking shall be used to take into consideration the remuneration practices of other companies. The disadvantages of such comparisons that might lead to unjustifiable increases in remuneration and compensation shall be avoided.
5. Shall be prepared in coordination with the RNC with respect to new appointments.
6. Remuneration shall be based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance.
7. Be fair and proportionate to the Board or Committee members' activities carried out and responsibilities borne by the Board or Committee members, in addition to the objectives set out by the Board to be achieved during the financial year.
8. Take into consideration the sector in which Savola operates, its size and experience of its Board members.
9. Be reasonably sufficient to attract and retain highly-qualified and experienced board members.
10. The remuneration of different Board members may vary depending on the Board member's experience, expertise, duties he/she undertakes and independence and number of Board meetings he/she attended in addition to other considerations.
11. The remuneration shall be suspended if it has been determined that such remuneration was based on inaccurate information provided by a member of the Board or the executive management.
12. If the Company developed a program to grant some of its shares to Board members, executive management and employees; whether it is a new issue or shares purchased by the Company, the RNC shall supervise this program in light of the Company's bylaws and the relevant CMA laws and regulations.

##### e-2) Summary of the Remuneration Policy of the Board and Committees:

- The remuneration of Savola Board members may consist of: a specified sum; an attendance fee; allowance; other in-kind benefits; a certain percentage of the net profits; or a combination of two or more of these benefits. In no event, shall the remuneration of a Board member exceed the limit stated in the Companies Law and CMA regulations. The remuneration of the various Board members may vary in light of the policy recommended by the RNC and approved by the GA. The policy stipulated that the annual remuneration of the Board member shall be SAR 200,000 and an attendance fee of SAR 5,000 for the session, as well as the other expenses related to the Board activity.
- The remuneration of independent Board members shall not be a percentage of the profits that are realized by Savola, nor shall it be based directly or indirectly on Savola's profitability.
- The Board shall determine and approve its Committee's remuneration – excluding the Audit Committee remuneration, attendance fees and other benefits based on the RNC recommendation.
- Committee member remuneration shall consist of an annual remuneration of SAR 100,000 and attendance fees of SAR 5,000 for the session, in line with the approved policy.
- Audit Committee members' remuneration shall be determined by the General Assembly based on the Board's recommendation as per the regulations, which was approved to be SAR 150,000 and attendance fees of SAR 5,000 for the session, in line with the approved policy.
- The remuneration policy of the Board and Committees shall be reviewed from time to time by the RNC, provided that any recommended changes are presented by the board to the General Assembly in the next meeting for approval.

##### e-3) Summary of the Remuneration Policy of the Executive Management:

The RNC shall review and approve the salary scale and the incentive scheme for all employees and executive management, on a regular basis, based on the management recommendations and the executive management remuneration includes:

- Basic salary (to be paid on a monthly basis at the end of each Gregorian month).
- Allowances that include, but are not limited to, housing, transportation, children education/school fees and phone allowances.
- Medical insurance benefits for all employees and executive management and eligible family members.
- Life insurance policy (including events of partial or permanent disability and natural or unnatural death).
- Annual bonus based on KPIs/SMART associated with individual annual appraisal evaluation.
- Short-term incentive plans linked with extraordinary/exceptional performance and long-term incentive plans such as stock option programs (whenever it exists).
- Other benefits include, but are not limited to, annual leave, annual air tickets, executive airport services and end of service benefits according to labor law and HR policies adopted by the Company.
- Executive management team's compensation plans, programs and general guidelines shall be approved by the RNC.
- The CEO implements the remuneration policy for all employees and executive management in light of the plans, programs and general guidelines approved by the RNC.

For more details about the remuneration policy for Board, Committees and the Executive Management of Savola Group, please refer to the polices on Savola's website (www.savola.com).

#### Corporate Governance Report and major relevant disclosures continued e-4) Remuneration of the Board Members

Below are the details of Board member's remunerations (SAR):

No.	Member name	Title	Fixed remunerations			Variable remunerations					Aggregate Amount	Expenses allowance					
			Specific amount	Allowance for attending Board meetings	Total allowance for attending Committee meetings	In-kind benefits	Remunerations for technical management and consultative work	Remunerations of the Chairman, Manager or Secretary if a member	Total	Percentage of the profits			Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (in SAR value)	
<b>First: Independent Directors:</b>																	
1	Mr. Bader Hamed Al-Rabiah	Member	100,000	20,000	10,000	-	-	-	-	-	-	-	-	-	-	130,000	24,120
2	Mr. Fahad Abdullah Al-Kassim	Member	200,000	30,000	50,000	-	-	-	-	-	-	-	-	-	-	280,000	35,045
3	Mr. Abdulrahman Mohammed Ramzi Addas	Member	100,000	20,000	20,000	-	-	-	-	-	-	-	-	-	-	140,000	-
4	Mr. Rakan Abdulaziz Al-Fadi	Member	100,000	20,000	10,000	-	-	-	-	-	-	-	-	-	-	130,000	-
<b>Second: Non-Executive Directors:</b>																	
5	Mr. Sulaiman Abdulkadir Al-Muhaidib (Not a member in any committee)	Chairman	200,000	30,000	NA	-	-	-	-	-	-	-	-	-	-	230,000	30,175
6	Mr. Bader Abdullah Al Issa	V-Chairman	200,000	30,000	30,000	-	-	-	-	-	-	-	-	-	-	260,000	38,602
7	Mr. Essam Abdulkadir Al-Muhaidib	Member	200,000	30,000	30,000	-	-	-	-	-	-	-	-	-	-	260,000	42,752
8	Mr. Abdulaziz Khaled Al-Ghufaily	Member	200,000	30,000	30,000	-	-	-	-	-	-	-	-	-	-	260,000	32,610
9	Dr. Adnan Abdulfattah Soufi	Member	100,000	20,000	10,000	-	-	-	-	-	-	-	-	-	-	130,000	-
10	Eng. Mutaz Qusai Alazawi	Member	200,000	30,000	20,000	-	-	-	-	-	-	-	-	-	-	250,000	32,601
11	Mr. Mohammed Ibrahim Al Issa*	Member	200,000	20,000	40,000	-	-	-	-	-	-	-	-	-	-	260,000	29,045
<b>Third: ex-Board members of the previous office term that ended on 30/06/2019:</b>																	
-	Mr. Mohammad Abdulqader Al Fadi	Ex-Member	100,000	10,000	20,000	-	-	-	-	-	-	-	-	-	-	130,000	-
-	Mr. Omar Hadir Al-Farisi	Ex-Member	100,000	10,000	10,000	-	-	-	-	-	-	-	-	-	-	120,000	43,517
-	Dr. Sami Mohsen Baroum	Ex-Member	50,000	5,000	5,000	-	-	-	-	-	-	-	-	-	-	60,000	-
-	Eng. Abdullah Mohammed Nour Rehami	Ex-Member	100,000	10,000	25,000	-	-	-	-	-	-	-	-	-	-	135,000	-
<b>Total</b>			<b>2,150,000</b>	<b>315,000</b>	<b>310,000</b>											<b>2,775,000</b>	<b>308,467</b>

\*Mr. Mohammad Al Issa was an independent Board member for the period from 01/01/2019 till 26/10/2019. Then, he became a non-executive member as of 27/10/2019 as he was elected as a Board member of Kinan International for Real Estate Development Co., which has a related party transaction with one of our subsidiaries.

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

e-5) Remuneration of Committees Members: Below are the details of Committees members' remunerations (SAR):

No.	Committee/Member Name	Title	Fixed remuneration (excluding the allowance for attending Board meetings)	Attendance fees (5,000 per meeting)	Total	Expenses allowance
<b>Audit Committee Members:</b>						
1.	Mr. Fahad Abdullah Al Kassim (Independent, Savola Board member)	Chairman	150,000	20,000	170,000	Mentioned in the Board remuneration Table (e-4)
2.	Mr. Mohammed Ibrahim Al Issa (Non-executive, Savola Board member)**	Member	150,000	20,000	170,000	Mentioned in the Board remuneration Table (e-4)
3.	Mr. Bader Hamad Al-Rabiah (Independent, Savola Board member)	Member (as of 01/07/2019)	75,000	10,000	85,000	Mentioned in the Board remuneration Table (e-4)
4.	Dr. Abdul Raouf Suliman Banaja (Independent, external member)	Member	150,000	20,000	170,000	none
5.	Dr. Ammr Khalid Kurdi (Independent, external member)	Member	150,000	20,000	170,000	9,465
<b>Ex-members (from 01/01/2019 till 30/06/2019)</b>						
-	Mr. Abdulaziz Khaled Al Ghufaily (Non-executive, Savola Board member)	Ex-Member	75,000	10,000	85,000	Mentioned in the Board remuneration Table (e-4)
<b>Total</b>			<b>750,000</b>	<b>100,000</b>	<b>850,000</b>	<b>9,465</b>
<b>Remuneration &amp; Nomination Committee Members:</b>						
1.	Mr. Rakan Abdulaziz Al Fadl (Independent, Savola Board member)	Chairman (as of 01/07/2019)	50,000	10,000	60,000	none
2.	Mr. Bader Abdullah Al Issa (Non-executive, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the Board remuneration Table (e-4)
3.	Mr. Essam Abdulkadir Al Muhaidib (Non-executive, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the Board remuneration Table (e-4)
4.	Mr. Abdulrahman Mohammed Ramzi Addas (Independent, Savola Board member)	Member (as of 01/07/2019)	50,000	10,000	60,000	none
5.	Mr. Johan Brand (Independent, external member)	Member	100,000	30,000	130,000	18,578
<b>Ex-members (from 01/01/2019 till 30/06/2019)</b>						
-	Mr. Mohammad Abdulqader Al Fadl (Ex-Independent, Savola Board member)	Ex-Chairman	50,000	20,000	70,000	None
-	Eng. Abdullah Mohammed Nour Rehami (Ex-Non-executive, Savola Board member)	EX-Member	50,000	20,000	70,000	None
<b>Total</b>			<b>500,000</b>	<b>150,000</b>	<b>650,000</b>	<b>18,578</b>

## Corporate Governance Report and major relevant disclosures continued

e-5) Remuneration Of Committees Members: Below are the details of Committees member's remunerations (SAR): continued

No.	Committee/Member Name	Title	Fixed remuneration (excluding the allowance for attending Board meetings)	Attendance fees (5,000 per meeting)	Total	Expenses allowance
<b>Investment Committee Members:</b>						
1.	Eng. Mutaz Qusai Alazawi (Non-executive, Savola Board member)	Chairman (as of 01/07/2019)	50,000	10,000	60,000	none
2.	Mr. Abdulaziz Khaled Al Ghufaily (Non-executive, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the Board remuneration Table (e-4)
3.	Mr. Fahad Abdullah Al Kassim (Independent, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the Board remuneration Table (e-4)
4.	Mr. Mohammed Ibrahim Al Issa (Non-executive, Savola Board member)**	Member (as of 01/07/2019)	50,000	10,000	60,000	None
5.	Dr. Adnan Abdulfattah Soufi (Non-executive, Savola Board member)	Member	100,000	30,000	130,000	18,578
<b>Ex-members (from 01/01/2019 till 30/06/2019)</b>						
-	Mr. Mohammad Abdulqader Al Fadl (Ex-Independent, Savola Board member)	Ex-Chairman	50,000	20,000	70,000	None
-	Eng. Abdullah Mohammed Nour Rehami (Ex-Non-executive, Savola Board member)	EX-Member	50,000	20,000	70,000	None
<b>Total</b>			<b>475,000</b>	<b>95,000</b>	<b>570,000</b>	<b>-</b>
<b>CSR Committee Members:</b>						
1.	Mr. Abdulrahman Mohammed Ramzi Addas (Independent, Savola Board member)	Chairman (as of 01/07/2019)	50,000	10,000	60,000	none
2.	Mr. Fahad Abdullah Al Kassim (Independent, Savola Board member)	Member (as of 01/07/2019)	50,000	10,000	60,000	Mentioned in the Board remuneration Table (e-4)
3.	Eng. Abdullah Mohammed Nour Rehami (External member, Non-executive)	Member (as of 01/07/2019)	50,000	10,000	60,000	None
4.	Eng. Anees Ahmed Moumina (Executive -CEO)	Member	N/A	20,000	20,000	None
<b>Ex-members (from 01/01/2019 till 30/06/2019)</b>						
-	Mr. Mohammed Ibrahim Al Issa (Non-executive, Savola Board member)**	EX-Chairman	50,000	10,000	60,000	Mentioned in the Board remuneration Table (e-4)
-	Mr. Ahmed Saleh Alrammah (Ex-Independent external member)	EX-Member	50,000	10,000	60,000	3,536
-	Dr. Mervat Ahmed Tashkandi (Ex-Independent external member)	EX-Member	50,000	10,000	60,000	None
-	Mr. Mahmoud Mansour Abdul Ghaffar (Ex-Independent External member)	EX-Member	50,000	10,000	60,000	None
<b>Total</b>			<b>350,000</b>	<b>90,000</b>	<b>440,000</b>	<b>3,536</b>

\*\*Mr. Mohammad Al Issa was an independent Board member for the period from 01/01/2019 till 26/10/2019. Then, he became a non-executive member as of 27/10/2019 as he was elected as a Board member of Kinan International for Real Estate Development Co, which has a related party transaction with one of our subsidiaries.

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## e-6) Senior executives' compensation of Savola Group for 2019:

Compensation and benefits paid to (5) senior executives including the CEO and CFO of the Group who have received the highest remuneration during 2019 were:

No.	Description	Senior executives' (5 in total) compensation including the CEO and the CFO (SAR '000)
<b>Fixed remuneration</b>		
-	Salaries	13,920
-	Allowances (including housing, transportation, health insurance, education allowance, etc.)	4,872
-	In-kind benefits	533
<b>Total of fixed remuneration</b>		<b>19,325</b>
<b>Variable Remuneration</b>		
-	Periodic remuneration	-
-	Profits	-
-	Short-term incentive plans (including performance-related bonus for 2019)	12,225
-	Long-term incentive plans	-
-	The value of the Granted shares	-
<b>Total of variable remuneration</b>		<b>12,225</b>
-	End of service award	855
-	Total remuneration for Board executives, if any	60
<b>Grand total</b>		<b>32,465</b>

## e-7) The Relation Between the Paid Remuneration and the Adopted Remuneration Policy:

Based on the remuneration policy of the Board of Directors and its Committees and Executive Management, mentioned earlier in this Report, and in light of the remuneration paid for the Board, its Committees, and the executive management and what is proposed for the Board, it shows Savola conforming with the approved policy without any material deviation from it.

## Corporate Governance Report and major relevant disclosures continued

## f) Description of any Interest of the Board Members, Senior Executives and Their Relatives

## f-1) Description of any interest of the Board members and their relatives in shares or debt instruments of the Company:

No.	Names of members whom the interest, contractual securities or rights issue belongs to	Board members and their relatives				Net change	Percentage of change
		Beginning of the year		End of the year			
		Shares	Debt instruments	Shares	Debt instruments		
<b>First: Board members for the current office term that started as of 01/07/2019:</b>							
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	1,000	-	1,000	-	0	0%
2.	Mr. Bader Abdullah Al Issa	1,025	-	1,025	-	0	0%
3.	Mr. Abdulaziz Khaled Al Ghufaily	1,000	-	1,000	-	0	0%
4.	Mr. Essam Abdulkadir Al Muhaidib	2,500	-	2,500	-	0	0%
5.	Eng. Mutaz Qusai Alazawi	1,000	-	1,000	-	0	0%
6.	Mr. Fahad Abdullah Al Kassim	2,000	-	2,000	-	0	0%
7.	Mr. Mohammed Ibrahim Al Issa	1,000	-	1,000	-	0	0%
8.	Mr. Abdulrahman Mohammed Ramzi Addas	0	-	1,000	-	1,000	100%
9.	Dr. Adnan Abdulfattah Soufi	0	-	1,000	-	1,000	100%
10.	Mr. Rakan Abdulaziz Al Fadl	148,500	-	225,660	-	77,160	51.95%
11.	Mr. Bader Hamad Al-Rabiah	2,500	-	2,500	-	0	0%
<b>Second: Relatives of Board members for the current office term that started as of 01/07/2019: NA</b>							
<b>Third: ex-Board members for the previous office term that ended on 30/06/2019:</b>							
	Eng. Abdullah Mohammed Nour Rehami	4,000	-	4,000	-	0	0%
	Mr. Mohammad Abdulqader Al Fadl	6,304	-	6,304	-	0	0%
	Mr. Omar Hadir Al-Farisi	1,000	-	0	-	-1,000	100%
	Dr. Sami Mohsen Baroum	1,000	-	0	-	-1,000	100%
<b>Forth: Relatives of Ex-Board members for the previous office term that ended on 30/06/2019:</b>							
	Mr. Mohammad Abdulqader Al Fadl's wife	144	-	144	-	0	0%
	Dr. Sami Mohsen Baroum's 3 children	774	-	854	-	80	10.33%

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## f) Description of any Interest of the Board Members, Senior Executives and Their Relatives continued

## f-2) Description of any interest of the senior executives and their relatives in shares or debt instruments of the Company:

Senior Executives and their relatives:							
No.	Names of Executives whom the interest, contractual securities or rights issue belongs to	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
<b>First: Senior Executives:</b>							
1.	Eng. Anees Ahmed Moumina (Savola Group CEO)	0	-	0	-	0	0%
2.	Mr. Sameh Hassan (Savola Foods Co. CEO)	0	-	0	-	0	0%
3.	Dr. Bander Talaat Hamooh (Panda Retail Co. CEO)	26	-	26	-	0	0%
4.	Mr. Nouman Farrukh Muhammad Abdussalam (Chief Financial Officer)	0	-	0	-	0	0%
5.	Mr. Mohammed Nasr (Executive Director -Investment)	0	-	0	-	0	0%
6.	Mr. Elnour Ali Saad (Executive Director Corporate Governance & Legal Affairs and Board Secretary)	0	-	0	-	0	0%
7.	Mr. Tarik Mohammed Ismail (Executive Director – CSR & Sustainability)	10	-	10	-	0	0%
8.	Mr. Morhaf Mohammed Alsamman (Executive Director Human Resources & Corporate Services)	0	-	0	-	0	0%
<b>Second: Senior Executive resigned during 2019*</b>							
	Ms. Huda Al Lawati (Chief Investment Officer)	0	-	0	-	0	0%
<b>Third: Senior executives' relatives: N/A</b>							

## f-3) Description of any interest of Board members and their relatives in shares or debt instruments in Herfy Food Services Co. (a listed subsidiary of Savola Group):

No.	Names of Executives whom the interest, contractual securities or rights issue belongs to	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
<b>First: Board members:</b>							
1.	Mr. Essam Abdulkadir Al Muhaidib	1,960	-	1,960	-	0	0%
2.	Eng. Mutaz Qusai Alazawi	1,400	-	1,400	-	0	0%
<b>Second: Board members relatives: N/A</b>							
<b>Third: executive management:</b>							
1.	Eng. Anees Ahmed Moumina	64	-	64	-	0	0%
<b>Forth: executive management relatives: N/A</b>							

## Corporate Governance Report and major relevant disclosures continued

## g) The major Board resolutions and important events during the year, which some of them announced through Tadawul or were published in the Company website:

No	Date	Announcement
1.	10/02/2019	Savola announces the opening of nomination for membership to the Board of Directors for the next office term
2.	19/03/2019	Savola announces its annual financial results for the year ended on 31/12/2018
3.	14/04/2019	Savola invites its shareholders to attend the Extraordinary General Assembly Meeting (No.31) (First Meeting)
4.	02/05/2019	Savola announces to its Shareholders the commencement of the Electronic Voting on the Agenda of its Extraordinary General Assembly Meeting (No. 31) (First Meeting)
5.	06/05/2019	Savola invites its shareholders to attend the Extraordinary General Assembly Meeting (No.31) (First Meeting) (Reminder)
6.	08/05/2019	Savola announces its interim financial results for the period ending on 31/03/2019 ( Three Months )
7.	09/05/2019	Savola announces the results of the Extraordinary General Meeting (No.31) (First Meeting)
8.	09/05/2019	Savola announces intent to issue Sukuk denominated in Saudi Arabian Riyals
9.	12/05/2019	Addendum Announcement from Savola regarding interim financial results announcement for the period ended on 31/03/2019 (Three Months)
10.	18/06/2019	Savola Group announces the start of offering the first issuance of Sukuk pursuant to its Sukuk program
11.	01/07/2019	Savola announces the appointment of the Chairman, Vice Chairman, and Committees Formation
12.	01/07/2019	Savola announces the appointment of Two Members in the Audit Committee
13.	09/07/2019	Savola announces the successful completion of offering a Sukuk issuance pursuant to its Sukuk program
14.	20/08/2019	Savola announces the interim financial results for the period ended on 30/06/2019 (Six Months)
15.	28/10/2019	Savola announces its interim financial results for the period ending on 30/09/2019 (Nine Months )

## h) Shareholders rights and investor relations

Illustrating Savola's commitment to enhancing its relationship with shareholders, investors and all stakeholders, and because of the Group's strong beliefs in the importance of corporate governance to protect shareholders' rights and maintain effective internal controls through the activation of the Board and its Committees' roles, and commitment to the principles of disclosure and transparency, during 2019, the Group continued to implement and comply with the Corporate Governance Regulations of Saudi Arabia's Capital Market Authority and other relevant regulations. In addition to the performance and financial results previously outlined, Savola discloses information that is of interest to its shareholders and investor community in line with relevant regulations and best international practices adopted by the Group in corporate governance and transparency. These are:

## h-1) Shareholder rights and mechanisms of communication:

Due to the Group's belief, interest and care in the rights of its shareholders, and in light of applicable regulations, these rights form part of Savola's bylaws and Corporate Governance Manual, which can be viewed on Savola's website.

## h-2) Enable shareholders and investors to access information:

Savola publishes financial statements, announcements and key decisions on the Saudi Stock Exchange (Tadawul) website, in daily newspapers and in the annual Directors' Report. A dedicated department manages and deals with shareholder affairs and responds to their enquiries.

## h-3) Procedures for informing the Board members of the shareholders' suggestions and notes on the Company and its performance:

Keeping the Board members informed of the shareholders' proposals and comments on the Company and its performance through the following procedures:

1. Presenting the shareholders' proposals and comments (if any) to the Board members at the nearest meeting or any other effective means of communication to achieve the purpose on an ongoing basis.
2. Organizing continuous meetings with investors (Investor Relation Programs) and briefing the Board on the substantive proposals they make.
3. The Board members are attending the General Assembly meetings where shareholders raise their suggestions to the Board during the meeting and the Board responds to these suggestions during the meeting.

In addition, the Chairman of the Board discusses the shareholders' suggestions (if any) and the performance without the presence of any of the executives (whenever deemed necessary).

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## h) Shareholders rights and investor relations continued

## h-4) Savola Group equity profile as of 31/12/2019:

No.	Detail	Value in SAR/Number of shares
1.	Company authorized capital	SAR 5,339,806,840
2.	Issued shares (all Company's shares are ordinary shares)*	533,980,684
3.	Floated issued shares (by Tadawul records)**	498,114,918
4.	Paid-up capital	SAR 5,339,806,840
5.	Nominal value per share	SAR 10
6.	Paid-up value per share	SAR 10

## Declaration:

\*The Group does not have preferred shares or shares with special priority rights of voting, issued to either shareholders, Board of Directors or employees. All shares of the Group are ordinary shares of equal nominal value and rank equally in voting rights and other rights as specified by regulations.

\*\*The total number of floated shares changes from time to time based on the trading movement of Savola Group shares on the Saudi Stock Exchange. Please note that the number of floated shares has been taken from Tadawul's records on 01/03/2020.

## h-5) Dates of key events for shareholders and investors

In accordance with international best practice in corporate governance, Savola shares the dates of key anticipated events during 2020 which may be of interest to our valued shareholders and investors:

No.	Dates	Key events for 2020
1	29 January	Audit Committee meeting to recommend to the Board approval of the financial results for the fourth quarter of 2019
2	29 January	Board of Directors' meeting regarding the financial results for the fourth quarter of 2019 which will be announced in the light of the Board's decision during the prescribed period
3	16 March	Audit Committee meeting regarding the audited financial results for 2019
4	16 -17 March	The annual financial results for 2019 will be approved by Board of Directors
5	17 - 18 March	Date of publishing the Annual financial results of year 2019 on Tadawul and then Savola website
6	18 - 31 March	Date of publishing the Savola Group Annual Report for 2019
7	29 April	Audit Committee meeting to recommend to the Board approval of the financial results for the first quarter of 2020
8	29 April	Board of Directors' meeting regarding the financial results for the first quarter of 2020 which will be announced in the light of the Board's decision during the prescribed period
9	29 April	Hold the Annual General meeting (AGM) which will be announced as per regulation (proposed date subject to the approval of the official authorities)
10	12 August	Audit Committee meeting to recommend to the Board approval of the financial results for the second quarter of 2020
11	13-14 August	Date of publishing the financial results for the second quarter of 2020 on Tadawul once approved by the Board based on the recommendation of the Audit Committee
12	28 October	Audit Committee meeting to recommend to the Board approval of the financial results for the third quarter of 2020
13	28 October	Board of Directors' meeting regarding the financial results for the third quarter of 2020 which will be announced in the light of the Board's decision during the prescribed period
14	19-20 December	Annual workshop for the Board of Directors to review the strategic and business plan for the Group and its subsidiaries and to approve the budget for 2021

Note: Savola would like to point out that the above dates are approximate and may change according to notifications received from official authorities. Although Savola is determined to carry out these events on the planned dates, we assume no obligation from failure to do so.

## Corporate Governance Report and major relevant disclosures continued

## h) Shareholders rights and investor relations continued

## h-6) The Dividends Distribution Policy:

## a) The policy:

As per Article (45) of the Company bylaws the Company's annual net profits shall be distributed as follows:

- 10% of the net profits shall be set aside to form a statutory reserve. However, the ordinary general assembly may discontinue such procedures when the reserve totals 30% of the paid-up capital.
- The ordinary general assembly may decide to allocate other reserves, in the amount that serves the Company's interests or ensures distribution of stable profits as much as possible to shareholders. The said assembly may, as well, deduct from the net profits such amounts as are required for the setting-up of or providing aid to social institutions for the Company's employees.
- The remaining profits shall be distributed to shareholders pursuant to a recommendation of the Board of Directors as required by the regulations in this regard, taking into account the provisions of Article (46) of the bylaws which states that:
  - Shareholder shall be entitled to his share of dividends as per the general assembly resolution issued in this regard in the recommendation of the Board of Directors. The resolution shall specify the maturity date and the distribution date. The entitlement of profits shall be to the shareholders who are registered in the shareholders' records at the end of the maturity date.
  - The Company may, under its bylaws, distribute interim dividends (quarterly or biannual) to its shareholders after fulfilling the statutory requirements.

## b) Dividends proposed for distribution for 2019 and their payment process:

In light of the above Dividends Distribution Policy, the Savola Group Board in its meeting on 29/01/2020, and in light of the achieved net profit amounted to SAR 475.6 million, recommended the distribution of SAR 160.2 million (i.e. SAR 0.30 per share) as cash dividends for the year 2019, which represents 3% of the Company nominal share value. The maturity date for these cash dividends will be for all shareholders who are registered in Tadawul at the end of the second trading day following the day of the Annual General Assembly Meeting (AGM) which will be fixed after securing the formal approval from the relevant official authorities, and accordingly, the said AGM will ratify the Board's recommendation. The dividends will be paid after the approval of the AGM and will be deposited in the shareholders' accounts as will be detailed in the announcement, which will be published on Tadawul at a later date.

## • The following statement shows the proposed dividends to be distributed for 2019:

The following statement shows the proposed dividends to be distributed for 2019:

	Percentage of interim dividends distributed during the year	Proposed dividend ratios at the end of the year	Total recommended dividends (SAR)
Percentage	No interim dividends were distributed during the year 2019	(SAR 0.30 per share) which represents 3% of the nominal value of the share	SAR 160.2 million
Total	No interim dividends were distributed during the year 2019	(SAR 0.30 per share) which represents 3% of the nominal value of the share	SAR 160.2 million

## h-7) Major shareholders list:

Below are shareholders owning 5% or more of the total shares of the Group, and movements during 2019:

No.	Name	Nationality	Description of any interest in a class of voting shares held by persons (other than the Company's Directors, senior executives and their relatives) who have notified the Company of their holdings, together with any change to such interests during the last fiscal year					
			Shares at the beginning of 2019	Ownership at the beginning of 2019	Shares at the end of 2019	% at the end of 2019	Shares change	Percentage change
1.	Assila Investment Co.	Saudi company	60,000,000	11.24%	60,000,000	11.24%	0	0%
2.	General Organization for Social Insurance (GOSI)	Saudi government institution	54,795,992	10.26%	35,626,085	6.67%	19,169,907-	3.59%-
3.	Abdulkadir Al Muhaidib & Sons Co.	Saudi company	43,966,110	8.23%	43,966,110	8.23%	0	0%
4.	Mr. Abdullah M.A. Al Rabiah	Saudi	43,892,500	8.22%	43,892,500	8.22%	0	0%
5.	Al Muhaidib Holding Co.	Saudi company	33,980,684	6.36%	33,980,684	6.36%	0	0%

Declaration: Regarding the declaration of movements in major shareholders' ownership in accordance with listing rules, the Group confirms that it has not received any written notification during 2019 from any of its major shareholders indicating any changes or movement in their ownership percentages. The disclosed information is based on the Saudi Stock Exchange (Tadawul) records on 31/12/2019.

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## h) Shareholders rights and investor relations continued

## h-8) Numbers of Company's requests of shareholders records, dates and reasons thereof for 2019:

No.	Date of request	Reason
1.	May 8, 2019	To determine the eligibility for attending the Extraordinary General Assembly Meeting (No. 31)
2.	3-10-17-24-31) Jan, (7-14-21-28) Feb, (7-14-21-28) Mar, (4-11-18-25) April, (2-9-16-23-30) May, (13-20-27) June, (4-11-18-25) July, (1-8-22-29) Aug, (5-12-19-26) Sep, (3-10-17-24-31) Oct, (7-14-21-28) Nov, (5-12-19-26) Dec	(50 reports) To review the changes in share ownership for investor relations purposes and to update the transparency screen which is being published on the Company's website
<b>Total</b>		<b>51</b>

## i) Transactions with related parties that took place during 2019, these transactions will be ratified in the upcoming AGM meeting as per laws and regulation in this regard:

## i-1) Information relating to any business or contract to which the Company is a party and in which a Board member, a senior executive or any person related to any of them is or was of interest:

1) Transactions and contracts with a direct or indirect interest between the Company and Abdulkadir Al Muhaidib & Sons Co. and Al Muhaidib Group and their subsidiaries or any person related to any of them:

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2019	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/ Senior executive or any person related to any one of them
a. Savola and Al Muhaidib: Business or contract in which Abdulkadir Al Muhaidib & Sons Co. and its subsidiaries or any person related to any of them has direct or indirect interest, the total amount of the transactions is SAR 641.42 million.					
1.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Mayar Foods Co.	SAR 134.73 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including product quality, payment method, pricing, delivery, delay penalties, etc.)	Annually	Mr. Sulaiman Abdulkadir Al Muhaidib who is also the Chairman of Abdulkadir Al Muhaidib & Sons Co. as well as the chairman of Savola, in addition to, Mr. Essam Abdulkadir Al Muhaidib who is the Managing Director of Abdulkadir Al Muhaidib & Sons Co. as well as a board member in Savola.
2.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Del Monte Saudi Arabia.	SAR 70.80 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.).		
3.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Nestle Group and its subsidiaries	SAR 383.24 million			
4.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Manhal Water Factory Co. Ltd.	SAR 5.79 million			
5.	Leasing spaces by Panda Retail Co. (a subsidiary of Savola) from Abdulkadir Al Muhaidib & Sons Co.	SAR 6.78 million			
6.	Leasing spaces to sell its products along with trading foods products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Almejbaj Alshamiyah Trading Co.	SAR 30.20 million			
7.	Leasing spaces to sell its products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Del Monte Saudi Arabia.	SAR 3.30 million			
8.	Scrap Sales by Panda Retail Co. (a subsidiary of Savola) to Waste Collection & Recycling Company	SAR 5.94 million			
9.	Leasing spaces to sell its products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Zohoor Alreef Co.	SAR 482 thousand			
10.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from AL Jazirah Dates & Food Factory	SAR 164 thousand			
<b>Total</b>		<b>SAR 641.42 million</b>			

## Corporate Governance Report and major relevant disclosures continued

## i) Transactions with related parties that took place during 2019, these transaction will be ratified in the upcoming AGM meeting as per laws and regulation in this regard: continued

## 2) Transactions and contracts with a direct or indirect interest between the Company and Almarai Co.:

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2019	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/ Senior executive or any person related to any one of them
b. Savola and Almarai Co: Business or contract in which Almarai Co. and its subsidiaries, or any person related to any of them, has a direct or indirect interest, the total amount of the transactions is SAR 852.82 million.					
1.	Purchasing consumer foods goods by Panda Retail Co. (a subsidiary of Savola) from Almarai Co. and its subsidiaries	SAR 740.20 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including product quality, payment method, pricing, delivery, delay penalties, etc.)	Annually	Almarai, a listed company in which Savola Group owns 34.52%. Three of Savola Directors are members of Almarai's Board (Mr. Sulaiman Abdulkadir Al Muhaidib, Mr. Bader Abdullah Al Issa) as well as Eng. Anees Ahmed Moumina Group CEO.
2.	Selling sugar by United Sugar Company (a subsidiary of Savola Foods Co.) to Almarai Co. and its subsidiaries	SAR 62.95 million			
3.	Selling specialty fats products by International Company for Food Industries (a subsidiary of Savola Foods Co.) to Almarai Co.	SAR 43.27 million			
4.	Selling edible oil products by Afia International (a subsidiary of Savola Foods Co.) to Al Marai Co.	SAR 6.40 million			
<b>Total</b>		<b>SAR 852.82 million</b>			

## 3) Transactions and contracts with a direct or indirect interest between the Company and Herfy Food Services Co.:

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2019	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/ Senior executive or any person related to any one of them
c. Savola and Herfy Co: Business or contract in which Herfy Food Services Co. and its subsidiaries or any person related to any of them has direct or indirect interest, the total amount of the transactions is SAR 40.95 million.					
1.	Leasing shops and retail purchases of food products by Panda Retail Co. (a subsidiary of Savola) to/from Herfy Food Services Co.	SAR 32.81 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Herfy Food Services Co., a listed company, in which Savola Group owns 49% (directly and indirectly); Savola has (3) representatives on Herfy's Board: Mr. Essam Abdulkadir Al Muhaidib, who is the chairman of Herfy Board, and Eng. Mutaz Qusai Alazawi who are also Board members of Savola Group, as well as Eng. Anees Ahmed Moumina Group CEO.
2.	Selling edible oil products by Afia International (a subsidiary of Savola Foods Co.) to Herfy Food Services Co.	SAR 2.23 million			
3.	Selling sugar by United Sugar Co. (a subsidiary of Savola Food Co.) to Herfy Food Services Co.	SAR 2.18 million			
4.	The sale of Specialty Fats products by the International Co. for Food Industries Co. (a subsidiary of Savola Foods Co.) to Herfy Food Services Co.	SAR 3.73 million			
<b>Total</b>		<b>SAR 40.95 million</b>			

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

i) Transactions with related parties that took place during 2019, these transaction will be ratified in the upcoming AGM meeting as per laws and regulation in this regard: continued

## 4) Transactions and contracts with a direct or indirect interest between the Company and other companies:

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2019	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/ Senior executive or any person related to any one of them
1.	Leasing of shop by Panda Retail Co. (a subsidiary of Savola) from Dur Hospitality Co.	SAR 10.50 million	In the ordinary course of business and general commercial terms worked without any preferential treatment	Annually	Dur Hospitality Co., where Mr. Badr Abdullah Al-Issa is a board member and he is also a Board member of Panda Retail Co. (a subsidiary of Savola)
2.	Leasing of shops by Panda Retail Co. (a subsidiary of Savola) from Kinan International for Real Estate Development Co.	SAR 31.13 million	including renewal, payment methods, maintenance, insurance, etc.		Kinan International for Real Estate Development Co., of which Savola owns 29.99%, and Savola has two members on Kinan's Board: Mr. Mohammed Ibrahim Al-Issa a Savola Board member, and Eng. Anees Ahmad Moumina Group CEO.

## j) A description of any transaction between the Company and any related party:

The following transactions mainly represent sale and purchase of products and leases of stores in the normal course of business with associates and other entities related to subsidiaries. The terms of such transactions are mutually agreed between the parties, with the same conditions and with no preference over third parties:

No.	Related party	Relationship	Transaction	Duration	Value/Amount
1.	Certain shareholders of USC	Shareholder of a subsidiary	Trade	During 2019	SAR 131.02 million
2.	Certain shareholders of AIC	Shareholder of a subsidiary	Trade	During 2019	SAR 70.74 million
3.	Intaj – Savola investments	Associate	Non-trade	During 2019	SAR 6.81 million
4.	Arabian Centers Company – Al Hokair	Shareholder of a subsidiary	Non-trade	During 2019	SAR 52.2 million
5.	Seafood International One FZCO – SFC	Associate	Trade	During 2019	SAR 28.46 million
			Non-trade	During 2019	SAR 147 thousand
6.	Khairat Al Sharq for General Trade and Manufacturing Foodstuff Company	Associate	Non-trade	During 2019	SAR 19.85 million
7.	United Sugar Co. Egypt – SFC	Associate	Trade	During 2019	SAR 14.16 million
			Non-trade	During 2019	SAR 49.06 million
8.	Knowledge Economic City (KEC)	Associate, and Eng. Anees Ahmed Moumina (Savola Group CEO) is a Board member in KEC.	Non-trade	During 2019	SAR 468 thousand

## Corporate Governance Report and major relevant disclosures continued

k) What has/has not been implemented of the CG regulations, CG procedure and effectiveness, and initiatives:

## k-1) Board Declaration according to CMA CG Regulations for 2019:

As per the CG regulations requirement for the Company to make a declaration regarding non-applicable or non-existing matters, the Board undertakes the following:

No.	Declaration/Confirmation
1.	The external auditors' report for the year 2019 does not contain any reservations on the relevant annual financial statements. The Board is committed to provide the CMA with any additional information as may be required in the event of auditors expressing any reservations on the annual financial statements.
2.	The Company's books and records comply with the accounting standards issued by SOCPA.
3.	There was no recommendation by the Board of Directors to replace the external auditors (KPMG), appointed for the fiscal year of 2019 to audit the Group's financials and they were not replaced during the year.
4.	The external auditors did not provide consultancy services to the Group during 2019 and did not receive any fees in this regard.
5.	The Board of Directors did not receive any request from the external auditor to convene a General Assembly.
6.	The Company has not granted any cash loans whatsoever to any of its Board members or rendered guarantees with respect to any loan entered into by a Board member with third parties.
7.	There were no penalties or precautionary attachments imposed on the Company by the Capital Market Authority, or by any other supervisory, regulatory or judicial body.
8.	The Company has avoided taking any action that might hamper the use of shareholders' voting rights.
9.	The Company did not receive any request to convene a General Assembly or a request to add one or more items to the agenda upon its preparation from a number of shareholders whose shareholdings represent at least 5% of the equity share capital.
10.	The Company confirms that during 2019 it does not apply any programs for granting stock options or part of the dividends to the employees, or any pension programs, and there are no special funds for these programs. And the Company is committed to declaring this whenever applicable after obtaining the required approvals from the concerned authorities. However, on 29/01/2020 Savola Group announced on the Saudi Stock Exchange its intention to purchase its shares to retain them as Treasury Shares under the Employees Long-Term Incentive Program after obtaining the Extraordinary General Assembly Consent on the Purchase.
11.	The Chairman of the Board did not receive a written request to call for an unscheduled meeting from any two or more of the Board members during 2019.
12.	The Board of Directors did not waive any of the Company's debts during the year 2019.
13.	There is no interest, contractual documents and subscription rights that belong to the members of the Board of Directors and their relatives in the shares or debt instruments of the subsidiaries except as mentioned in this Report in (f-3) regarding the ownership of some of them in Herfy Food Services Co.
14.	There is no interest, contractual documents and subscription rights of senior executives and their relatives in the shares or debt instruments of subsidiaries. Note: The Company has disclosed the conflict of interest for Board Members and Senior Executives and their relatives.
15.	The Company confirms that there are no treasury shares held by the Company for any purpose and accordingly there are no details to be disclosed regarding the uses of the Company treasury shares. However, on 29/01/2020 Savola Group announced on the Saudi Stock Exchange its intention to purchase its shares to retain them as Treasury Shares under the Employees Long-Term Incentive Program after Obtaining the Extraordinary General Assembly Consent on the Purchase.
16.	There are no debt instruments issued to Savola Group and its subsidiaries except as detailed in this Report in the loans section.
17.	There is no class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the fiscal year.
18.	There are no conversion or subscription rights under any convertible debt instruments, contractually-based securities, warrants or similar rights issued or granted by the Company.
19.	There is no redemption, purchase or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, whether listed securities purchased by the Company and those purchased by its affiliates.

## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

## Corporate Governance Report and major relevant disclosures continued

## k) What has/has not been implemented of the CG regulations, CG procedure and effectiveness, and initiatives continued

No.	Declaration/Confirmation
20.	There are no interests in any class of voting shares for anyone (except to the Board members and senior executives and their relatives) who have notified the Company with these interests, and any changes in these rights during the last fiscal year.
21.	A description of waiving any salary or compensation by an arrangement or agreement with: A Director: (applicable): Mr. Sulaiman Abdulkadir Al Muhaidib (the Chairman of the Board of Directors), has waived his annual Board remuneration, attendance allowance, expenses allowance for the fiscal year 2019 and donated his total remuneration of SAR 260,175 to support the Group's Employee Takaful Fund. A senior executive of the Group: (not applicable).
22.	There is no arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends.
23.	The Board confirms that: A) The Company's accounting records were properly prepared. B) Savola Group's internal control systems and procedures were properly developed and effectively executed. C) There are no doubts about the Group's ability to continue its business activities.
24.	There was no recommendation by the Audit Committee that conflicted with the Board of Directors' decisions. The Board did not reject any recommendations regarding the appointment of the Company's external auditor, its dismissal, the determination of its fees, the performance evaluation or the appointment of the internal auditor during the year.
25.	The Company issued during January 2013 the first tranche of the Sukuk Program to a number of investors in an aggregate amount of SAR 1.5 billion and in July 2019, issued other Sukuk pursuant to a new Program in an aggregate amount of SAR 1 billion, some were issued for monetary consideration, and some in exchanged with the previous Sukuk issued in 2013; while the remainder issued under the previous Program was redeemed on its original maturity date (due in January 2020).

## k-2) Procedure set by the Group to monitor the effectiveness of Savola's CG Code:

- The Group has a Corporate Governance (CG) Manual which was developed and approved for the first time in 2004, and has been updated in line with the CG regulations issued by the CMA and international best practice in CG and transparency. The Company has reviewed and updated its CG framework and policies during 2017-2019 following the issuance of the Corporate Governance Regulations in February 2017 and the amendment issued in 2018, and all updates were approved by the competent administrative bodies, whether the Board of Directors or the General Assembly (where applicable).
- The CG role was added to the RNC committee responsibilities and duties as of 01/07/2019. Also the Board of Directors and the executive management monitor the Corporate Governance requirements. In addition, the Compliance Officer has a support team at Group-level to monitor CG code implementation and compliance, ensure proper implementation of the Board's resolution regarding CG and submit regular reports to the Board. The Group Board and CEO supervise the overall implementation and development of the governance code in general.
- The Group appoints from time to time CG Experts Firms in order to enhance its CG practices to meet regional and international best practices in this field.
- The Group shares its CG experience with local, regional and international rating agencies and institutions with the objective to identify its strengths and weaknesses and accordingly develop a plan for improvement.
- The Group has disclosed its CG framework and all policies in this respect on its website ([www.savola.com](http://www.savola.com)).

## Corporate Governance Report and major relevant disclosures continued

## k) What has/has not been implemented of the CG regulations, CG procedure and effectiveness, and initiatives continued

## k-3) What provisions have/have not been implemented of the Corporate Governance Regulations, with justifications:

The Company applies all the provisions of the Corporate Governance Regulations issued by the CMA, except for the following:

No.	Article/ Clause No.	The Article/Clause	Reasons for not adopting optional items
1.	Article 70 (optional)	Composition of the Risk Management Committee: "The Company's Board shall, by resolution therefrom, form a committee to be named the (Risk Management Committee). The Chairman and majority of its members shall be Non-Executive Directors. The members of that Committee shall possess an adequate level of knowledge in risk management and finance."	The Board postponed the formation of Risk Management Committee (RMC) till the infrastructure of risk management department is completed, currently the risk management department was established under the leadership of a specialized risk management officer and the Risk Management policy was approved by the Board. The Risk Officer is currently working on forming the department and appointing a specialized team to carry out the Risk Management role, activities, and procedures. In addition, the Company is using an external entity specialized in the Risk area. Also the Company is working on implementing a Governance, Risk and Compliance system across Savola Group to effectively enhance the participation of the Board and the executive management team in the risk management process to ensure a unified vision of the risks faced by the Group and its subsidiaries. The RMC will be formed by the Board after completion of the infrastructure of risk management department and whenever it deems necessary.
2.	Article 71 (optional)	Competencies of the Risk Management Committee	The RMC has not been formed due to the above-mentioned reasons in No. (1).
3.	Article 72 (optional)	Meetings of the Risk Management Committee: "The Risk Management Committee shall convene periodically at least once every six months and as may be necessary."	The RMC has not been formed due to the above-mentioned reasons in No. (1).
4.	Article 95 (optional)	Formation of a Corporate Governance Committee: "If the Board forms a Corporate Governance Committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such Committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually."	There is no standalone committee for Corporate Governance, however, to ensure and monitor the implementation of CG requirements, the CG role was added to the RNC committee responsibilities and duties as of 01/07/2019. Also the CG requirements are overseen and monitored by the Board of Directors and the top executive management, in addition, there is a CG and Compliance Department with qualified team members at the Group-level to monitor CG code implementation and compliance, ensure proper implementation of the Board's resolutions issued regarding CG and submit regular reports to the Board. In addition, the Board and CEO supervise the overall implementation and development of the governance code. However, the Board will form the CG Committee whenever it deems necessary.
5.	Article 32, Item (b) (optional)	The Board Meetings: "The Board shall convene no less than four meetings per year, and no less than one meeting every three months."	The Board held six meetings during the year. However, the Board did not conduct any meeting in the period from 08/05 to 26/09/2019, which exceeded the "three month" period indicated in said article, as no meetings were scheduled during that period due to non-availability of the majority of members because of summer vacation and holidays, thus the financial results for the second quarter 2019 were approved by circulation based on the recommendation of the Audit Committee during its meeting on 19/08/2019.



## Directors' Report

## Corporate Governance Report and major relevant disclosures continued

Corporate Governance Report and major relevant disclosures continued

k) What has/has not been implemented of the CG regulations, CG procedure and effectiveness, and initiatives continued

**k-3) What provisions have/have not been implemented of the Corporate Governance Regulations, with justifications:**

The Company applies all the provisions of the Corporate Governance Regulations issued by the CMA, except for the following:

No.	Article/ Clause No.	The Article/Clause	Reasons for non-compliance (for the optional items)
6.	Article 85, Item (2) (optional)	Employee Incentives: "Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such programs."	The Company's Bylaws were amended to enable the Company to establish a scheme of granting its shares to employees. The Board (based on RNC recommendation) approved on 29/01/2020 the Employees Long-Term Incentive Program (LTIP) scope and terms for Savola executives which aims to attract and retain outstanding talent and to motivate them to further strengthen their performance to achieve the Savola Group objectives. Also, Savola announced on the Saudi Stock Exchange its intention to purchase its shares to retain them as Treasury Shares under the LTIP Program.
7.	Article 87 (optional)	Social Responsibility: "The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community."	<p>Savola has a clear policy and strategy in the field of CSR, which has already been approved by its Board of Directors. The Group has been very keen to implement such a strategy for many years. Moreover, CSR activities and initiatives are being disclosed in the annual Directors' Report as well as the Company's website.</p> <p>In addition, there is a CSR Committee affiliated from the Board, mainly to oversee and follow-up CSR projects and activities, beside the presence of a dedicated team and department to implement these programs and initiatives. However, the Board will present this subject to the shareholders' general assembly whenever it deems necessary.</p> <p>Note: To ensure the sustainability of the CSR programs, Savola Group dedicated strong efforts to establish Savola World Foundation (a non-profit organization under the supervision of the ministry of social development) funded by Savola Group which will replace the CSR &amp; Sustainability Department during 2020. The Savola World foundation will be managed through the Board of trustees instead of the CSR Committee.</p>

## Savola Group Audit Committee Report

for the year ended 31/12/2019

**Introduction**

The Audit Committee of Savola Group was formed and its charter was adopted by a resolution issued from the general assembly of shareholders according to the requirements of Articles (101) and (104) of the Companies Law. In line with article (104) of the Companies Law which states that, "The audit committee shall review the company's financial statements and the auditor's reports and notes and give its comments thereon, if any. Further, the audit committee must prepare a report including its opinion regarding appropriateness of the company's internal control system as well as the tasks it has carried out to the extent of its powers. The board of directors shall file sufficient copies of such reports at the company's head office at least twenty-one days before the scheduled meeting of the general assembly with a view to deliver a copy of such report to those shareholders who desire to obtain the same. The report shall be recited at the meeting of the assembly".

We are pleased to share with you Savola Group Audit Committee Report for the year 2019, prepared in line with the requirements of the Companies Law, the Regulations and Rules of the Capital Market Authority and the Committee's charter, and will be glad to answer any questions in this regard after reciting the summary of the report during General Assembly Meeting.

**1 Appointment**

Savola Group Audit Committee was appointed at the Extraordinary General Assembly Meeting No. (31), held on Wednesday 8/5/2019 corresponding to Ramadan 3, 1440H, in line with the Companies Law Article No. (101), which approved by a majority vote of 356,743,526 (representing 98.67% of attending votes and 66.8% of the total company's issued shares of 533,980,684) the formation of the Audit Committee and the charter describing its functions, responsibilities and guidelines, as well as remuneration of selected members for the new office term, beginning from 1/07/2019 to 30/09/2022 (3 years and 3 months). The appointment of Mr. Fahad Abdullah Al Kassim, Dr. Abdul Raouf Suliman Banaja, and Dr. Ammr Khaled Kurdi as Audit Committee members was approved at Extraordinary General Assembly Meeting after the end of the previous office term on 30/06/2019. In addition, the Group Board appointed Mr. Mohammed Ibrahim Al Issa (as a non-executive Board member) and Mr. Bader Hamad Al Rabiah (as an independent Board member) as Audit Committee Members effective from 1/07/2019 until the end of the new office term of the Audit Committee. However, the appointment of the two new members is not final until presented to the nearest General Assembly Meeting for approval.

**2 Meetings**

In line with its charter, the Audit Committee will convene periodically based on chairman invitation, at least four times per year, and as may be necessary, and majority attendance of members constitute a quorum whether in person or by proxy. The Committee held four meetings during 2019 and the quorum for each meeting was reached.

**3 Savola Group Operating Model**

The organizational structure "Operating model" adopted by the Group as a strategic investment holding company reflects the independence of the operational aspects of the Group's subsidiaries.

Conversely, all interaction between the Group's Audit Committee on one hand and its subsidiaries' Audit Committees on the other hand are governed by the Group's representation membership at the Audit Committees of the subsidiaries.