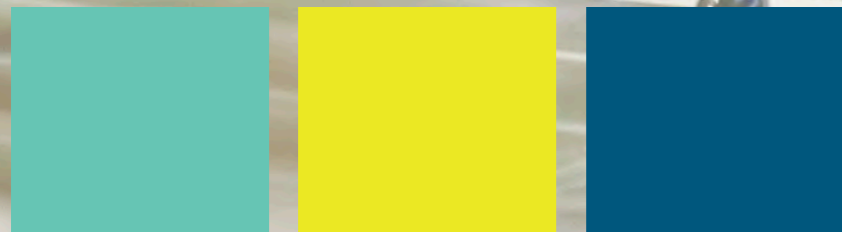


Directors' Report



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Disclosures, Corporate Governance and Audit Committee Report

Directors' Report

Main Activities and Financial Disclosures

1) The Group's Main Activities:

The Group has a broad portfolio of activities. In the foods sector, this is mainly the production, marketing and distribution of edible oils, vegetable ghee, sugar, pasta, baked goods, specialty fats, seafood and frozen food. The retail sector operates a chain of hypermarkets and supermarkets. Savola also has significant investments in leading Saudi non-listed and listed companies such as Almarai Co. and Herfy Food Services Co. which operate in the food and retail sectors, and real estate development companies such as Knowledge Economic City, King Abdullah Economic City (Emaar), and Kinan International for Real Estate Development Co., as well as holdings in private equity funds.

Savola's subsidiaries, sister companies, investments, activities and country of incorporation are:

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
1) Direct subsidiaries of the Company:							
a. Operating subsidiaries:							
1	Savola Foods Co.	Kingdom of Saudi Arabia (KSA)	Foods	Holding company that manages investment in foods sector in KSA & overseas	100%	SAR 2,200,000,000	220,000,000
2.	Panda Retail Co. (Panda)	KSA	Retail	KSA and Egypt	98.87%	SAR 1,480,000,000	148,000,000
3.	Good Food Co. (GFC)	KSA	Holding Company	KSA and some GCC countries	100%	SAR 10,000,000	100,000
4.	Al Matoun International for Real Estate Investment Holding Co.	KSA	Real Estate	KSA	80%	SAR 100,000,000	100,000
5.	Herfy Food Services Co.	KSA	Restaurants and Manufacturing Bakery Products	KSA, Bangladesh and some GCC countries	49%	SAR 646,800,000	64,680,000
b. Holding and Dormant subsidiaries:							
6.	Adeem Arabia Company	KSA	Holding Company	KSA	100%	SAR 1,000,000	10,000
7.	Al Utur Arabian for Commercial Investment	KSA	Holding Company	KSA	100%	SAR 1,000,000	10,000
8.	Al Mojammat Al Mowahadah Real Estate Co.	KSA	Liquidated during 2019	KSA	100%	SAR 2,000,000	200,000
9.	Madarek Investment Co.	Jordan	Holding Company	Jordan	100%	JOD 1,000,000	1,000,000
10.	United Properties Development Co.	KSA	Dormant Company	KSA	70%	SAR 4,000,000	400

1) The Group's Main Activities: continued

Savola's subsidiaries, sister companies, investments, activities and country of incorporation are: continued

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
2) Savola Foods Company							
a. Subsidiaries controlled through SFC:							
(% referred to SFC's direct and indirect ownership – SFC is 100% owned by Savola Group)							
11.	Afia International Co. (AIC)	KSA	Manufacturing of Edible Oils	KSA, Egypt, Iran, Turkey, Jordan	95.19%	SAR 500,000,000	50,000,000
12.	Savola Industrial Investment Co. (SIIC)	KSA	Holding Company	KSA	100%	SAR 205,907,000	205,907
13.	El-Maleka for Food Industries Co.	Egypt	Manufacturing of Pasta	Egypt	100%	EGP 268,898,960	433,708
14.	El Farasha for Food Industries Co.	Egypt	Manufacturing of Pasta	Egypt	100%	EGP 20,000,000	20,000
15.	Savola Foods Emerging Markets (SFEM)	British Virgin Islands (BVI)	Holding Company	Offshore Company	95.4%	SAR 130,000,000	13,000,000
16.	Afia International Distribution and Marketing Co.	KSA	Trading and Distribution	KSA	100%	SAR 6,500,000	6,500
17.	Savola Foods for Sugar Co.	Cayman Islands	Dormant Company	Offshore Company	100%	USD 50,000	5,000
18.	Savola Foods International Ltd. (SFCI)	UAE	Holding Company	UAE	100%	AED 500,000	500
19.	International Foods Industries Co. (IFI)	KSA	Manufacturing of Specialty Fats	KSA	100%	SAR 107,000,000	10,700,000
20.	Seafood International Two FZCO	UAE	Seafood Products Trading & Distribution	UAE	60%	AED 100,000	100
21.	Afia Foods Arabia Co.	KSA	Holding Company	KSA	100%	SAR 1,000,000	1,000
22.	Al Maoun International Holding Co. (Al Maoun)	KSA	Holding Company	KSA	100%	SAR 1,000,000	1,000
23.	Marasina International Real Estate Investment Co. (Marasina)	KSA	Holding Company	KSA	100%	SAR 200,000	200

Directors' Report

Main Activities and Financial Disclosures continued

1) The Group's Main Activities: continued

Savola's subsidiaries, sister companies, investments, activities and country of incorporation are: continued

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
2) Savola Foods Company: continued							
b. Subsidiaries controlled through AIC: (% referred to AIC's direct and indirect ownership; AIC is 95.19% owned by SFC)							
24.	Savola Behshahr Co. (SBeC)	Iran	Holding Company	Iran	90%	IRR 740,000,000,000	740,000,000
25.	Malintra Holdings Ltd.	Luxembourg	Dormant Company	Offshore Company	100%	EUR 1,250,000	1,250
26.	Savola Foods Ltd. (SFL)	BVI	Holding Company	Offshore Company	100%	USD 52,000	52,000
27.	Afia International Co. – Jordan	Jordan	Trading and Distribution (under Liquidation)	Jordan and Levant	97.4%	JOD 8,000,000	8,000,000
28.	Inveszk Inc.	BVI	Dormant Company	Offshore Company	90%	USD 138,847	138,847
29.	Afia Trading International	BVI	Dormant Company	Offshore Company	100%	USD 500,000	500,000
30.	Savola Foods International	BVI	Dormant Company	Offshore Company	100%	USD 50,000	50,000
31.	KUGU Gıda Yatım ve Ticaret A.Ş (KUGU)	Turkey	Holding Company	Turkey	100%	TRL 26,301,280	2,630,128
32.	Aseel Food – Holding Co.	Cayman Islands	Holding Company	Offshore Company	100%	USD 50,000	50,000
Under SBeC: (% referred to SBeC's ownership; SBeC is 90% owned by AIC)							
33.	Behshahr Industrial Co.	Iran	Manufacturing of Edible Oils	Iran	79.9%	IRR 1,023,000,000,000	1,023,000,000
34.	Tolue Pakshe Aftab Co.	Iran	Trading and Distribution	Iran	100%	IRR 100,000,000,000	100,000,000
35.	Savola Behshahr Sugar Co.	Iran	Trading and Distribution	Iran	100%	IRR 100,000,000	100,000
36.	Notrika Golden Wheat Co.	Iran	Manufacturing of Food and Confectionery	Iran	90%	IRR 500,000,000,000	500,000,000
Under SFL: (% referred to SFL's ownership; SFL is 100% owned by AIC)							
37.	Afia International Co. Egypt	Egypt	Manufacturing of Edible Oils	Egypt	99.95%	EGP 154,651,500	30,930,300
Under KUGU: (% referred to KUGU's direct and indirect ownership; KUGU is 100% owned by AIC)							
38.	Savola Gıda Sanayi ve Ticaret Anonim Şirketi	Turkey	Manufacturing of Edible Oils	Turkey	100%	TRL 4,433,569	443,356,900

1) The Group's Main Activities: continued

Savola's subsidiaries, sister companies, investments, activities and country of incorporation are: continued

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
2) Savola Foods Company: continued							
c. Subsidiaries controlled through SIIC: (% referred to SIIC's ownership; SIIC is 100% owned by SFC)							
39.	United Sugar Co. (USC)	KSA	Manufacturing of Sugar	KSA	74.48%	SAR 395,000,000	395,000
Under USC: (% referred to USC's direct and indirect ownership; USC is 74.48% owned by SIIC)							
40.	Alexandria Sugar Co. – Egypt (ASCE)	Egypt	Manufacturing of Sugar	Egypt	68.01 % (71.66% including Savola %)	EGP 281,838,000	281,838
41.	Beet Sugar Industries	Cayman Islands	Dormant Company	Offshore Company	100%	USD 1,000	1,000
d. Under ASCE: (% referred to ASCE ownership; ASCE is 73.14% owned by SFC directly and indirectly)							
42.	Alexandria United Co. for Land Reclamation (AUCR)	Egypt	Agro Cultivation	Egypt	100%	USD 22,500,000	225,000
e. Subsidiaries controlled through SFEM: (% referred to SFEM's direct and indirect ownership; SFEM is 95.4% owned by SFC)							
43.	Savola Morocco Co.	Morocco	Manufacturing of Edible Oils	Morocco	100%	MAD 46,000,000	460,000
44.	Savola Edible Oils (Sudan) Co.	Sudan	Manufacturing of Edible Oils	Sudan	100%	SDG 45,800,000	45,800,000
45.	Afia International Co. – Algeria	Algeria	Manufacturing of Edible Oils	Algeria	100%	DZD 3,028,071,000	3,028,071
f. Subsidiaries controlled through SFCI: (% referred to SFCI's ownership; SFCI is 100% owned by SFC)							
46.	Modern Behtaam Royan Kaveh Co.	Iran	Food and Confectionery	Iran	100%	IRR 1,000,000	1,000
g. Subsidiaries controlled through Al Maoun and Marasina: (% referred to Al Maoun & Marasina's ownership; both companies are 100% owned by SFC)							
47.	Alofog Trading DMCC	UAE	Trading and Distribution	UAE	100%	AED 2,000	50

Directors' Report

Main Activities and Financial Disclosures continued

1) The Group's Main Activities: continued

Savola's subsidiaries, sister companies, investments, activities and country of incorporation are: continued

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
3) Subsidiaries controlled through Panda: (% referred to Panda's direct and indirect ownership; Panda is 98.87% owned by Savola)							
48.	Giant Stores Trading Co.	KSA	Retail	KSA	100%	SAR 500,000	500
49.	Panda for Operations, Maintenance & Contracting Services Co.	KSA	Services and Maintenance	KSA	100%	SAR 500,000	500
50.	Panda International for Retail Trading	Egypt	Retail	Egypt	100%	EGP 50,000,000	50,000,000
51.	Panda Bakeries Co.	KSA	Bakery	KSA	100%	SAR 500,000	500
Under Giant: (% referred to Giant's ownership; Giant is 100% owned by Panda)							
52.	Lebanese Sweets and Bakeries Co.	KSA	Dormant Company	KSA	95% (99% including Savola direct %)	SAR 5,000,000	5,000
4) Al Kabeer Group Companies: Subsidiaries Controlled through GFC: (% referred to GFC's direct and indirect ownership; GFC is 100% owned by Savola)							
53.	Variety Foods Factory Co.	KSA	Frozen Food Manufacturing	KSA	51%	SAR 5,000,000	5,000
54.	Al Helal for Import & Export Co.	Bahrain	Trading and Distribution	Bahrain	51%	BHD 20,000	200
55.	Al Kabeer Holding Co.	UAE	Holding Company	UAE	51%	USD 100	100
56.	Best Foodstuff Trading Co.	UAE	Trading and Distribution	UAE	51%	AED 3,000,000	3,000
57.	Sahar Enterprises Co.	UAE	Trading and Distribution	UAE	51%	AED 181,500,000	181,500
58.	Sahar Food Industries Co.	UAE	Frozen Food Manufacturing	UAE	51%	AED 300,000	300
59.	Al Ahsan Trading Co.	KSA	Trading and Distribution	KSA	51%	SAR 27,000,000	27,000
a. Subsidiaries Controlled through Al Kabeer Holding Co.: (% referred to Al Kabeer Holding direct and indirect ownership; Al Kabeer Holding is 51% owned by GFC)							
60.	Al Sabah Foodstuff Enterprises Co.	UAE	Trading and Distribution	UAE	100%	AED 500,000	500
61.	Cascade Marine Foods Co.	UAE	Frozen Food Manufacturing	UAE	100%	AED 750,000	100
62.	Cascade Investments Limited	UAE	Investment Company	UAE	100%	USD 125,000	1,250

1) The Group's Main Activities: continued

Savola's subsidiaries, sister companies, investments, activities and country of incorporation are: continued

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership % (direct and indirect)	Capital (nominal share value)	Number of shares
Subsidiaries Controlled through Cascade Investments: (% referred to Cascade Investments' direct and indirect ownership; Cascade Investments is 100% owned by Al Kabeer Holding)							
63.	Best Foods Co.	Oman	Food Distribution	Oman	100%	OMR 150,000	150,000
5) Investees: (investments in sister companies)							
64.	Almarai Co.	KSA	Fresh Food Products	KSA	34.52%	SAR 10,000,000,000	1,000,000,000
65.	Kinan International for Real Estate Development Co.	KSA	Real Estate Development	KSA	29.9%	SAR 1,694,000,000	169,400,000
66.	United Sugar Co. Egypt (USCE)	Egypt	Manufacturing of Sugar	Egypt	33.82% (Savola effective ownership)	USD 156,000,000	15,600,000
67.	Al Seera Co. for Real Estate Development	KSA	Real Estate Development	KSA	40%	SAR 20,000,000	200,000
68.	Knowledge Economic City Developers Co.	KSA	Real Estate	KSA	2.07%	SAR 830,000,000	83,000,000
69.	Intaj Capital Ltd.	Republic of Tunisia	Fund Management	Tunisia	49%	USD 260,000,000	260,000
70.	United Edible Oils Holding Ltd.	Cayman Islands	Holding Company	Offshore Company	51%	USD 50,000	50,000,000
71.	Seafood International One FZCO	UAE	Seafood Products Trading & Distribution	UAE	50%	AED 100,000	100
6) Available for sale investments: Listed:							
72.	Knowledge Economic City	KSA	Real Estate Development	KSA	11.5%	SAR 3,393,000,000	339,300,000
73.	King Abdullah Economic City	KSA	Real Estate	KSA	0.87%	SAR 8,500,000,000	850,000,000
74.	Arab Phoenix Holdings Co.	Jordan	Real Estate Development	Jordan	5%	JOD 86,840,292	86,840,292
Unlisted:							
75.	Joussor Holding Co.	KSA	Investment Funds (under Liquidation)	KSA	14.81%	SAR 600,000,000	60,000,000
76.	Swicorp Co.	KSA	Investment Management	KSA	15%	SAR 500,000,000	50,000,000

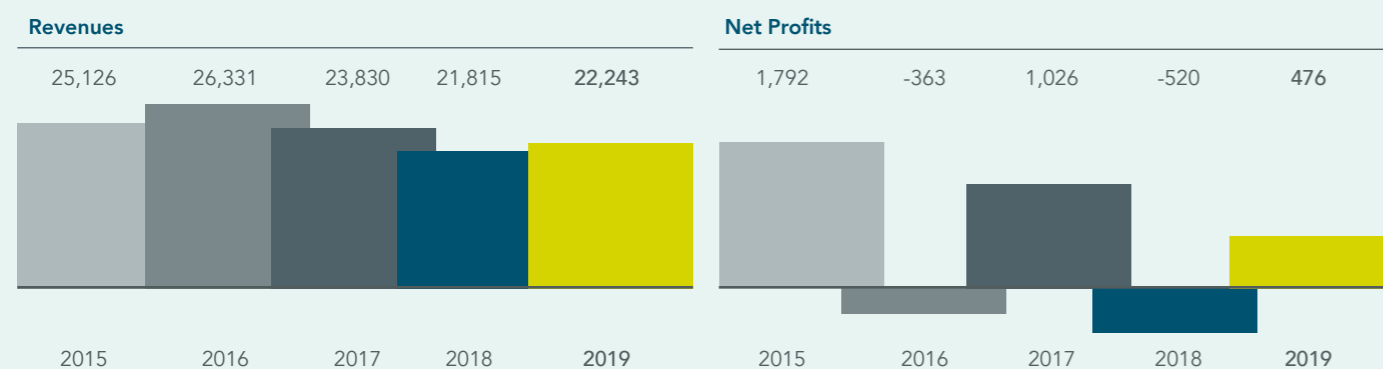
Directors' Report

Main Activities and Financial Disclosures continued

2) Consolidated Performance of the Group

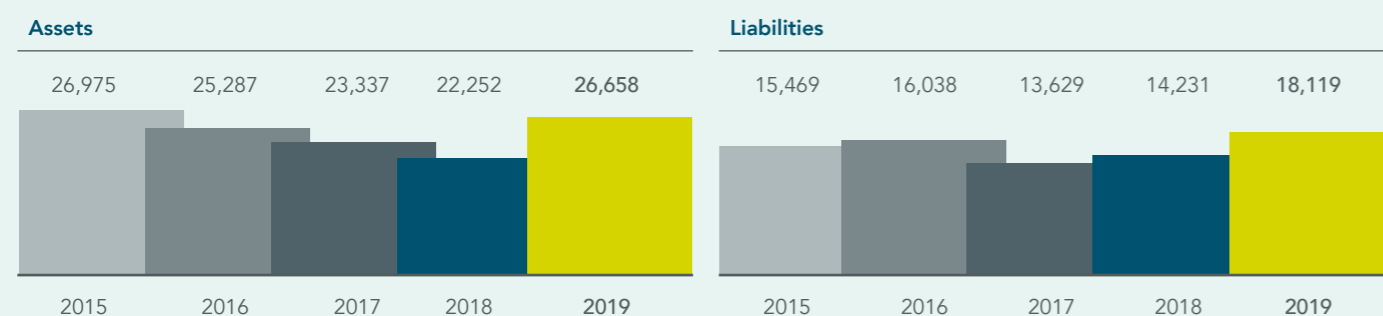
2-1) Summary of the Company's assets & liabilities and financial results for the last five years

a) Comparison of the Company's financial results (SAR millions)



Item (SAR '000)	2019	2018	2017	2016	2015
Revenues	22,243,363	21,814,563	23,830,475	26,330,802	25,125,596
Cost of Revenues	(17,739,059)	(17,916,606)	(19,436,360)	(21,677,838)	(20,100,206)
Gross Profit	4,504,304	3,897,957	4,394,115	4,652,964	5,025,390
Net Profit (loss)	475,630	(520,380)	1,025,618	(363,287)	1,791,747

b) Comparison of the Company's assets and liabilities (SAR millions)



Item (SAR '000)	2019	2018	2017	2016	2015
Current assets	5,969,924	5,906,124	6,678,054	8,449,057	9,331,719
Non-current assets	20,687,787	16,346,327	16,659,276	16,838,339	17,643,635
Total assets	26,657,711	22,252,451	23,337,330	25,287,396	26,975,354
Current liabilities	8,863,915	8,426,642	8,642,368	10,406,259	9,967,229
Non-current liabilities	9,254,726	5,803,868	4,986,982	5,631,303	5,502,059
Total liabilities	18,118,641	14,230,510	13,629,350	16,037,562	15,469,288

* All 2016 related figures were reclassified according to IFRS

2) Consolidated Performance of the Group continued

2-2) Geographical analysis of the Company's and its subsidiaries' revenues

Below is the Group's consolidated revenue for 2019 compared to the previous year, business-wise (edible oils and vegetable ghee, sugar and sweeteners, pasta, seafood, retail sector, fast food, specialty fats and frozen food), including geographical analysis based on availability of brands and products in countries:

Business line/country	Brands	2019 (SAR '000)	2018 (SAR '000)
Edible oil and vegetable ghee			
KSA, GCC and Yemen	Afia, Al-Arabi, Olite, Shams, Sun Glow, Dalal, Nakeel	1,808,170	1,917,003
Egypt, Levant	Rawabi, Afia, Ganna, Slite, Helwa	948,169	950,009
Central Asia	Ladan, Aftab, Bahar, Afia	1,150,718	1,808,636
Sudan	Al Tayeb, Sabah, Shams	250,436	211,900
Morocco	Afia, Hala	350,196	358,538
Turkey	Yudum, Sirma, Afia	725,460	724,860
Algeria	Afia, Oleor	678,241	598,460
Total edible oil and vegetable ghee revenues		5,911,390	6,569,406
Sugar and sweeteners			
KSA, GCC, and Yemen	Al Osra, Ziadah, Safaa, Nehar, Halla, Sweeva	2,199,348	2,096,484
Egypt	Al Osra	346,548	412,101
Total sugar and sweeteners revenues		2,545,896	2,508,585
Total pasta products – Egypt	El Maleka, Macaronto, Italiano	510,492	471,440
Total seafood products – Egypt & GCC	John West	39,397	60,301
Total baked food products – Central Asia	Pech Pech	38,382	37,458
Total specialty fats and margarine – KSA & Turkey	Culina, Margarina, Vala, Sava	163,656	88,281
Total foods revenues		9,209,213	9,735,471
Retail - Panda			
KSA	Hyper Panda, Panda Supermarket	11,394,578	11,016,334
Egypt	Panda Supermarket	102,127	97,907
Total retail revenues - Panda		11,496,705	11,114,241
Fast food			
Fast food and restaurants	Herfy	1,288,310	1,227,270
Total Fast food and restaurants		1,288,310	1,227,270
Frozen food products			
KSA and GCC	Al-Kabeer, Tayebat Al Emarat, Tabarruk	620,055	94,107
Total frozen food products		620,055	94,107
Others			
Real estate – KSA		43,599	47,035
Total other activities revenues		43,599	47,035
Gross revenues		22,657,882	22,218,124
Consolidated intercompany elimination		(414,519)	(403,561)
Total revenues		22,243,363	21,814,563

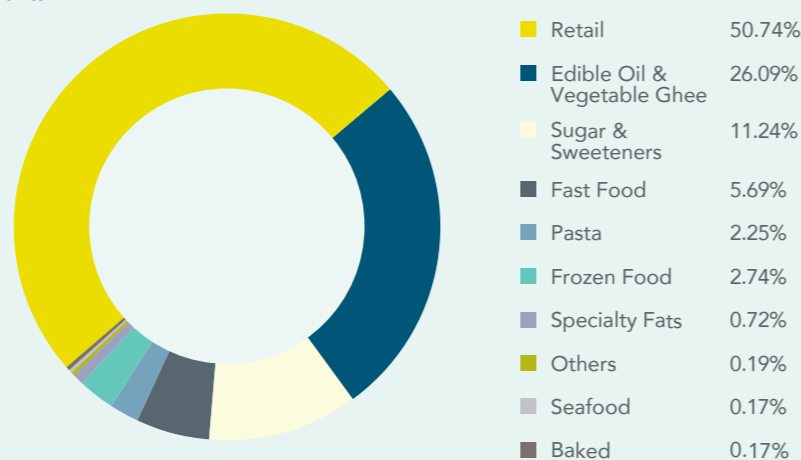
Directors' Report

Main Activities and Financial Disclosures continued

2) Consolidated Performance of the Group continued
2-2) Geographical analysis of the Company's and its subsidiary revenues continued

Revenues

Breakdown of sector and main Group activity contributions to 2019 consolidated revenues



Statement of any material differences in the operational results compared to the preceding year's results

Income statement	2019 (SAR '000)	2018 (SAR '000)	Variance (+) or (-) (SAR '000)	Variance %
Revenues	22,243,363	21,814,563	428,800	2.0%
Cost of revenues	(17,739,059)	(17,916,606)	177,547	-1.0%
Gross profit	4,504,304	3,897,957	606,347	15.6%
Operational revenues – Other	639,357	574,742	64,615	11.2%
Operational expenses – Other	(3,834,704)	(4,195,379)	360,675	-8.6%
Operational profit (loss)	1,308,957	277,320	1,031,637	372.0%

Declarations: The Company did not announce any financial expectations during 2019

The reasons for the change in net profit for 2019 compared to last year:

Net profit improved to SAR 475.6 million for 2019 due to substantially enhanced performance as compared to the net loss of SAR 520.4 million for previous year. The profit achieved is mainly attributed to higher gross profits due to higher sales and margins; lower operating expenses mainly due to the significant decrease in the impairment losses; higher share of profits from associates; an exceptional expense was recorded in the comparable period relating to an associate's subsidiary; and zakat and tax provision reversal relating to prior years' assessments for the subsidiaries. The net profit for the year was achieved despite of increase in the net finance cost resulting mainly from the adoption of new leasing standard (IFRS 16) applied during 2019, being partially compensated by the reduced foreign currency exchange losses.

2-4) Details of long and short-term loans and payment status

Savola has a long-standing policy to adopt Shariah-compliant financial transactions wherever possible. Accordingly, all Group loans and deposits within Saudi Arabia are Shariah-compliant, as well as some arranged by overseas subsidiaries.

In January 2013, the Group completed its initial offering by issuing Sukuk with a total value of SAR 1.5 billion with a tenor of 7 years. The Sukuk matured in January, 2020 and accordingly has been classified as short-term loans and borrowings as at December 2019. In July, 2019, the Group completed the offering of its new Sukuk, under the new program, with a total value of SAR 1 billion with a tenor of 7 years. The Sukuk will mature in July, 2026. The issuance included SAR 507 million of the previous Sukuk, which was redeemed and exchanged. Accordingly, the nominal value of the previous Sukuk decreases from SAR 1.5 billion to SAR 993 million. Certain loans arranged by overseas subsidiaries are subject to structure and policies adopted in those countries, which may differ from those in Saudi Arabia.

Finance charges for Group loans (short-term and long-term borrowings) from various commercial banks and financial institutions during 2019 (at prevailing market rates) reached SAR 429 million compared to SAR 398.8 million in the previous year. With regards to loan guarantees granted by the Group to its subsidiaries (see table below), the Group usually signs promissory notes as a guarantee to its own loans and a corporate guarantee for some of its subsidiaries' loans, according to the requirements of the lending banks or financial institutions.

Main Activities and Financial Disclosures continued

2) Consolidated Performance of the Group continued

2-4) Details of long and short-term loans and payment status continued

Details of long-term and short-term loans of the Group and its subsidiaries obtained in the normal course of business are as follows:

a) Long-term loans of the Group and its subsidiaries, and their payment status as of 31/12/2019 (SAR '000):

No.	Borrowing company	Lender	Loan period	Date issued	Original amount	Amount paid in 2019	Balance Dec-2019	Balance Dec-2018	
1	Savola Group	National Commercial Bank	5 years	Oct-16	500,000	125,000	218,750	343,750	
		Gulf International Bank	2.08 years	Dec-18	480,000	–	480,000	480,000	
		Samba Financial Group	7 years	Dec-18	294,000	42,000	252,000	294,000	
		Bank Al Jazira	7 years	Nov-18	300,000	–	300,000	300,000	
		Bank Al Jazira	2 years	Dec-18	300,000	300,000	–	300,000	
		Bank Al Jazira	7 years	Dec-19	350,000	–	350,000	–	
		Saudi British Bank	5 years	Sep-18	750,000	150,000	600,000	750,000	
		Saudi British Bank	7 years	Feb-19	800,000	41,000	759,000	–	
		Sukuk	7 years	Jan-13	1,500,000	507,000	993,000	1,500,000	
		Sukuk	7 years	Jul-19	1,000,000	–	1,000,000	–	
Savola Group							4,952,750	3,967,750	
2	Panda	Banque Saudi Fransi	5 years	Mar-14	500,000	166,667	–	166,667	
		National Commercial Bank	4 years	Jul-15	300,000	100,000	–	100,000	
		Saudi British Bank	5 years	Dec-15	300,000	75,000	75,000	150,000	
		Saudi British Bank	6 years	Dec-16	400,000	160,000	160,000	320,000	
		Al Rajhi Bank	4 years	Mar-16	250,000	83,333	–	83,333	
Panda Retail Co.							235,000	820,000	
3	Afia – KSA	Saudi British Bank	5 years	Dec-14	350,000	84,375	–	84,375	
		Afia – Egypt	Emirates NBD	5 years	Jan-16	13,656	17,668	–	17,668
		Emirates NBD*	5 years	Jan-16	11,386	–	9,470	8,774	
		National Bank of Kuwait*	5 years	Jan-19	16,000	–	15,993	–	
Afia International Co.							25,463	110,817	
4	Savola Edible Oils (Sudan)	Bank of Khartoum	3 years	May-16	4,268	296	–	296	
			3 years	May-16	4,371	293	–	293	
Savola Foods Emerging Markets Co.							–	589	
5	El Maleka for Food Industries	National Bank of Kuwait	3.5 years	Sep-14	17,744	4,019	–	4,019	
			5.3 years	Dec-18	28,173	2,884	24,587	27,471	
Pasta							24,587	31,490	
6	ASC Egypt	Commercial International Bank*	13 years	Mar-10	529,937	7,621	137,280	130,368	
			5 years	Jan-19	18,969	–	20,782	–	
7	AUCR	National Bank of Kuwait*	4 years	Jan-18	27,473	6,714	14,986	23,488	
Savola Industrial Investment Co.							–	173,048	
8	IFI	Saudi British Bank	4.75 years	Nov-15	170,000	42,500	31,875	74,375	

Directors' Report

2) Consolidated Performance of the Group continued

2-4) Details of long and short-term loans and payment status continued

No.	Borrowing company	Lender	Loan period	Date issued	Original amount	Amount paid in 2019	Balance Dec-2019	Balance Dec-2018
International Foods Industries Co.							31,875	74,375
9	Herfy	Al Rajhi Bank	4-6 years	2014-2017	499,996	87,937	93,690	181,627
		Saudi Industrial Development Fund	6 years	2013-2016	42,903	10,281	17,630	27,911
		Saudi British Bank	3 years	Jan-18	15,600	1,998	13,704	15,702
		Saudi British Bank**	3 years	Oct-19	70,000	-	70,280	-
		Riyad Bank	3 years	Apr-18	20,000	20,111	-	20,111
Herfy Food Services Company							195,304	245,351
Total long-term loans							5,638,027	5,404,228

* Dec 2019 loan value changed due to currency effect

** December 2019 balance includes accrued interest.

b) Short-term loans of the Group and its subsidiaries, and their payment status as of 31/12/2019 (SAR '000):

No.	Borrowing company	Lender	Loan period	Date issued	Balance Dec-2019	Balance Dec-2018
1	Savola Group					
Savola Group					-	200,000
2	Panda					
Panda Retail Co.					-	145,000
3	Afia International Co.	Saudi British Bank	1 month	Dec-19	45,000	
		Saudi British Bank	1 month	Dec-19	100,000	
		Saudi British Bank	1 month	Dec-19	150,000	
		National Commercial Bank	1 month	Dec-19	200,000	
		Samba Financial Group	1 month	Dec-19	150,000	
		Samba Financial Group	1 month	Dec-19	140,000	
4	Afia Intl. Co. – Egypt	Hongkong and Shanghai Banking Corp.	1 year	Dec-19	40,410	
		Emirates NBD	1 year	Dec-19	40,180	
		National Bank of Kuwait	1 year	Dec-19	37,149	
		Egyptian Saudi Finance Bank (El Baraka Bank)	1 year	Dec-19	20,308	
		National Bank of Egypt	1 year	Dec-19	60	
		First Abu Dhabi Bank	1 year	Dec-19	17,036	
		Ahli United Bank	1 year	Dec-19	15,152	
		Attijari Wafa Bank Egypt	1 year	Dec-19	12,161	

2) Consolidated Performance of the Group continued

2-4) Details of long and short-term loans and payment status continued

b) Short-term loans of the Group and its subsidiaries, and their payment status as of December 31, 2019 (SAR '000): continued

No.	Borrowing company	Lender	Loan period	Date issued	Balance Dec-2019	Balance Dec-2018
5	Behshahr Industrial Co.	EN Bank	1 year	Jan-19	887	
		Karafarin Bank	3 months	Dec-19	21,936	
		EN Bank	3 months	Sep-19	15,552	
		EN Bank	3 months	Sep-19	15,552	
		Khavarmianeh Bank	3 months	Sep-19	4,283	
		Khavarmianeh Bank	3 months	Sep-19	4,279	
		Bank Pasargad	3 months	Oct-19	4,314	
6	Savola Gida Sanayi ve Ticaret AS	Hongkong and Shanghai Banking Corp.	2 months	Nov-19	35,365	
		Hongkong and Shanghai Banking Corp.	38 days	Nov-19	6,068	
		Hongkong and Shanghai Banking Corp.	1 month	Dec-19	7,897	
		Hongkong and Shanghai Banking Corp.	1 month	Dec-19	8,321	
		Garanti Investment Credit	1 month	Dec-19	43,812	
		Ziraat Bank	6 months	Nov-19	31,565	
		Vakif Bank	1 year	Dec-19	1,064	
		Yapi ve kredi Bankasi	1 year	Dec-19	25,252	
		ISBank	1 year	Dec-19	12,624	
Afia International Co.					1,206,227	1,350,398
7	Afia Intl. Co. – Algeria	Fransabank el Djazair	6 months	Jul-19	55,710	
		Arab Bank Plc	6 months	May-19	66,375	
		Hongkong and Shanghai Banking Corp.	6 months	Jul-19	58,928	
		Societe Generale Algerie	3 months	Sep-19	30,557	
		Credit du Maroc	1 year	Dec-19	10,845	
		Credit du Maroc	1 year	Dec-19	10,885	
8	Savola Morocco Co.	Attijari Wafa Bank	1 year	Feb-19	28,199	
		Attijari Wafa Bank	1 year	Feb-19	7,059	
9	Savola Edible Oils (Sudan) Ltd.	Arab Sudanese Bank	3 months	Dec-19	994	
		Arab Sudanese Bank	3 months	Apr-19	115	
		Arab Sudanese Bank	3 months	Jun-19	284	
		Arab Sudanese Bank	3 months	Oct-19	809	
		Arab Sudanese Bank	3 months	Nov-19	710	
		Bank of Khartoum	1 year	Jul-19	725	
		Bank of Khartoum	1 year	Jul-19	243	
		Bank of Khartoum	1 year	Jul-19	387	

Directors' Report

Main Activities and Financial Disclosures continued

2) Consolidated Performance of the Group continued

2-4) Details of long and short-term loans and payment status continued

Borrowing company	Lender	Loan period	Date issued	Balance Dec-2019	Balance Dec-2018
9. Savola Edible Oils (Sudan) Ltd. continued	Bank of Khartoum	1 year	Jul-19	731	
	Bank of Khartoum	1 year	Sep-19	3,884	
	Bank of Khartoum	1 year	Oct-19	4,597	
	Bank of Khartoum	1 year	Nov-19	6,471	
	Bank of Khartoum	1 year	Dec-19	5,109	
	National Bank of Egypt	6 months	Dec-19	2,710	
	Industrial Development Bank	9 months	Jun-19	677	
Savola Foods Emerging Markets Co.				297,004	172,548
10. El Maleka For food Industries Co.	Emirates NBD	1 year	Nov-19	3,740	
	National Bank of Kuwait	1 year	Dec-19	27,768	
	EBE Bank	1 year	Nov-19	6,758	
	National Bank of Kuwait	1 year	Nov-19	6,147	
11. El Farasha for food Industries Co.	National Bank of Kuwait	1 year	Nov-19	4,973	
Pasta				49,386	47,146
12. United Sugar Co.	Samba Financial Group	1 month	Dec-19	120,000	
	Samba Financial Group	1 month	Dec-19	35,000	
	Saudi British Bank	1 month	Dec-19	70,000	
13. Alexandria Sugar Co.	Commercial International Bank	1 year	Nov-19	39,869	
	Hongkong and Shanghai Banking Corp.	1 year	Oct-19	23,255	
14. Alexandria UCLR	National Bank of Kuwait	1 year	Dec-19	6,078	
	National Bank of Kuwait	1 year	Dec-19	11,849	
Savola Industrial Investment Co.				306,051	540,147
15. Seafood International Two FZCO	Hongkong and Shanghai Banking Corp.	1 year	Apr-19	5,625	
Seafood International Two FZCO				5,625	22,000
16. Sahar Enterprises LLC.	Dubai Islamic Bank	3-4 months	Dec-19	3,831	
	National Bank of Fujairah	3-4 months	Dec-19	8,230	
	Habib Bank Limited	3-4 months	Dec-19	6,605	
	Habib Bank AG Zurich	3-4 months	Dec-19	3,668	
	First Abu Dhabi Bank	3-4 months	Dec-19	6,489	
	Standard Chartered Bank	3-4 months	Dec-19	5,444	
	Hongkong and Shanghai Banking Corp.	3-4 months	Dec-19	7,908	
Good Food Co.				42,175	96,444
Total short-term borrowing				1,906,468	2,551,683

2) Consolidated Performance of the Group continued

2-5) Summary of payments made and due to the government (in SAR '000)

No.	Item (payments)	Paid	Due until the end of the financial period but not paid	Description	Reasons/ Justifications
1.	Customs duties	164,365	10,219	–	According to the requirements of the laws and applicable regulations
2.	Zakat	84,224	21,039	–	
3.	Income tax and withholding tax	97,633	64,030	Income and withholding tax	
4.	GOSI (for KSA) and social insurance (for outside KSA)	133,704	5,352	Employees' GOSI and social insurance	
5.	Visas and passport office fees	66,750	15,060	Iqama renewal, exit and re-entry visas	
6.	Labor office fees	105,284	335	Work permits	
7.	Other duties and government levies	23,493	433	License fees, and other fees	

3) Potential risks to Savola Group Operations:

3-1) Overview

a) Risk Management

Strengthening our risk management culture and capabilities

Savola seeks to protect its stakeholders, reputation and the value of its assets, and is committed to continually developing its risk management culture by way of its risk governance framework and continual team development.

Savola operates a "Three Lines of Defense" model to ensure accountability across the Group for governance, monitoring, reporting and management of risks, and the control environment.

Each of the Three Lines of Defense plays a distinct role within Savola's wider governance framework. The Board and senior management are the primary stakeholders served by the Three Lines of Defense model, and they are the parties best positioned to help in ensuring that the Three Lines of Defense are reflected in Savola's risk management and internal control processes.

3 Lines of Defense



Directors' Report

Main Activities and Financial Disclosures continued

3) Potential risks to Savola Group Operations continued

3-1) Overview continued

Savola has developed – in line with the market best practices – an integrated Enterprise Risk Management (ERM) framework to support the success of the business and achievement of its strategic goals through a collaborative risk management environment that proactively identifies, monitors and mitigates risks.

The ERM program is designed to ensure that the outcomes of risk-taking activities are consistent with Savola's strategies and risk appetite. It is designed to deliver quality, relevant and actionable information in order to:

- Optimize the cost of managing business risks
- Enable informed and conscious risk management choices on an enterprise-wide basis
- Improve overall business performance

In line with the continuous efforts to strengthen risk management culture and capabilities, Savola has:

- Established a dedicated risk management function at the group and its main subsidiaries
- Developed a risk management framework & governance policy, approved by the Board of Directors
- Launched WAEI risk guide program as part of promoting its risk management culture
- Conducted multiple risk awareness sessions across the Group and its subsidiaries
- Identified risk champions across the Group to enhance risk management accountability.
- Identified the key risk indicators and consequently in the process of developing the risk appetite statement
- Conducted a risk assessment for three key functions at the group and its main subsidiaries
- Evaluated and approved the risk assessment project for four of its key operating units: USCA, AICA, IFI and ADC.
- Proactively identified emerging external risks and communicated them with the relative functions for assessment

Moreover, a Governance, Risk and Compliance system is being implemented 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. The system is now at the testing phase with a targeted go live date in Q2 2020.

Enterprise Risk Management framework

Enterprise Risk Management is a process that is applied strategically across the Group and is designed to identify potential risks and manage these risks within the Group's risk appetite in order to enhance the outcome of the Group's business objectives.

Savola's ERM framework incorporates leading risk management standards and practices. The framework has been developed in line with current leading ERM practices and ISO 31000. In developing the ERM framework, the focus was to design a process that addresses Savola's business needs while remaining simple and pragmatic.

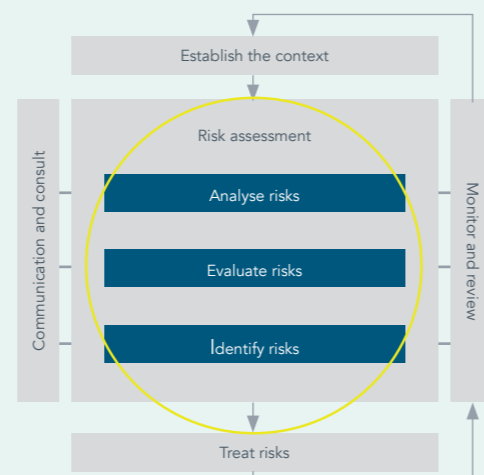
Savola ERM framework outlines the series of activities that Savola will use in identifying, assessing and managing its risks.

b) Savola's ERM framework

Risk is being managed through a common set of processes at Savola, which enable the flow of risk information to the person with the authority and responsibility for making decisions pertaining to the activity associated with the risk. By establishing a common language and set of tools, Savola's risk management process can be replicated at any level within the Group.

An effective ERM process requires consistent assessment, mitigation, monitoring and reporting of risks across the full breadth of the enterprise. The entire process will be aligned with annual budgeting and strategic planning processes. Each function will be required to present the results of the risk management exercise on a regular basis as part of their commitment to the management of Savola's risks.

The risk management function comprises a dedicated team leading the risk management activities across the Group, as well as assigned risk champions who implement risk management activities within respective business units/functions.



3) Potential risks to Savola Group Operations continued

3-1) Overview continued

Promoting Risk Management Culture – WAEI

In its continuing efforts to promote a risk management culture, enhance corporate excellence and bolster internal controls, Savola has launched WAEI, which is a:

- Modern method to share the knowledge of already identified and known business-related risks
- Initiative to reflect, explore and identify those risks that Savola may not fully be aware of or understand today
- Program that brings together people and expertise from across the Group to assess potential risks that Savola may face in the future
- Opportunity to review how Savola is currently managing risks and to reflect on the best and most cost-efficient ways of managing risks on a sustainable basis
- Framework that guides Savola on how to raise, share, inform and report risks to appropriate levels

The Group, like any other economic entity, may be affected by risks through the nature of its commercial activities in basic food commodities, retail and other investments. These risks may be summarized in the possibility of the Group operations being exposed to geopolitical risks that result from its operations outside the Kingdom, as well as fluctuations in raw material prices, currencies, speculation and unfair price competition in the local and international markets where it operates. There are also economic and political risks in the countries where it operates and risks pertaining to new markets in the region, in line with the Group's geographic expansion strategy.

Further risks include: fluctuation in foreign currency, exchange rates against the Saudi Riyal or other currencies of the countries that the Group operates in and inflation in the economies of countries where the Group operates; risks related to entering into new investments; and risks that might be associated with the current economic conditions and political situation in countries where the Group operates or exports its products.

The Group faces other risks from its various investment shareholdings in different companies and funds, locally and internationally. The Group and its subsidiaries manage these risks through its Board of Directors, Audit Committee, executive management and various departments and task forces within the Group. The Group is focused on continuously developing and improving a sound risk management system across the Group. The company has established a dedicated Risk Management department at holding level and its major subsidiary i.e. SFC and Panda.

3-2) Financial instruments and risk management

a) Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

b) Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The most important types of risk are market risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, trade and other receivables, investments, long term receivables, borrowings, derivatives, accounts payable and accrued and other current liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Directors' Report

Main Activities and Financial Disclosures continued

3) Potential risks to Savola Group Operations continued
3-2) Financial instruments and risk management continued

Financial asset and liability is offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

c-1) Interest rate risk:

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows.

The Group's interest rate risks arise mainly from its borrowings and short-term deposits, which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

c-2) Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Iranian Riyals, Egyptian Pounds, United Arab Emirates Dirhams, Sudanese Pounds and Turkish Lira. The Group operates internationally and is exposed to foreign exchange risk. The Group's investments in foreign subsidiaries and associates, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between foreign currencies against Iranian Riyals, Egyptian Pounds, Sudanese Pounds and Turkish Lira. Such fluctuations are recorded as a separate component of equity "Foreign Currency Translation Reserve" in the accompanying consolidated financial statements. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group. In addition, interest on borrowings is denominated in the currency of the borrowings. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

c-3) Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk since the Group holds investment in certain listed equities which are classified on the statement of financial position as FVOCI investments. The management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Such investments are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee. In addition, United Sugar Company uses derivative financial instruments (Commodity future contracts) to hedge its price risk of raw material in the Sugar business.

d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has no significant concentration of credit risk. To reduce exposure to credit risk, the Group has an approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers whereby the customers are grouped according to their credit characteristics, payment history, whether they are an individual or a legal entity, whether they are a wholesale/retail or manufacturers, their geographic location, existence of any financial/economic difficulties including the default risk associated with the industry and country in which they operate and accordingly records impairment loss against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored. In order to cater the credit risk from debtors, the Group has also entered into insurance arrangements in certain geographies.

e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

3) Potential risks to Savola Group Operations continued
3-2) Financial instruments and risk management continued
f) Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. For further details, the same item can be reviewed in the clarification notes accompanying the Company's financial statements for 2019.

Internal Control, and Risk Team:

As part of the organizational structure, following is a summary of the internal control, Audit, and Risk team CVs, whereas a summary of the Board and Committee members and the Executive team CVs – as per the structure – were detailed in different sections of this Report as well as Ex- Board members for the period ended on 30/06/2019:


Mr. Aly Assem Barakat
 Group Chief Audit Officer
Previous positions:

Senior Manager at Abu Dhabi Accountability Authority
 Manager at KPMG
 Manager at Ernst & Young

Qualifications:

Bachelor's degree in Commerce, University of Helwan (major Accounting), Egypt
 Licensed Certified Public Accountant - USA and Chartered Global Management Accountant - Association of International and Professional Accountants

Experience:

Extensive experience over 25 years in internal and external audit, governance, risk management, compliance and financial affairs

Mr. Yasser Hassan Dahlawi
 Executive Director, Risk Management
Previous positions:

Head of Regulatory Compliance, Enterprise Risk Management at The National Commercial Bank (NCB)
 Senior Advisor at KPMG Saudi Arabia

Qualifications:

Master of Science, Engineering & Technology Management, Portland State University, USA

Bachelor of Science, Industrial Engineering, King Fahad University of Petroleum & Minerals (KFUPM), Saudi Arabia

Experience:

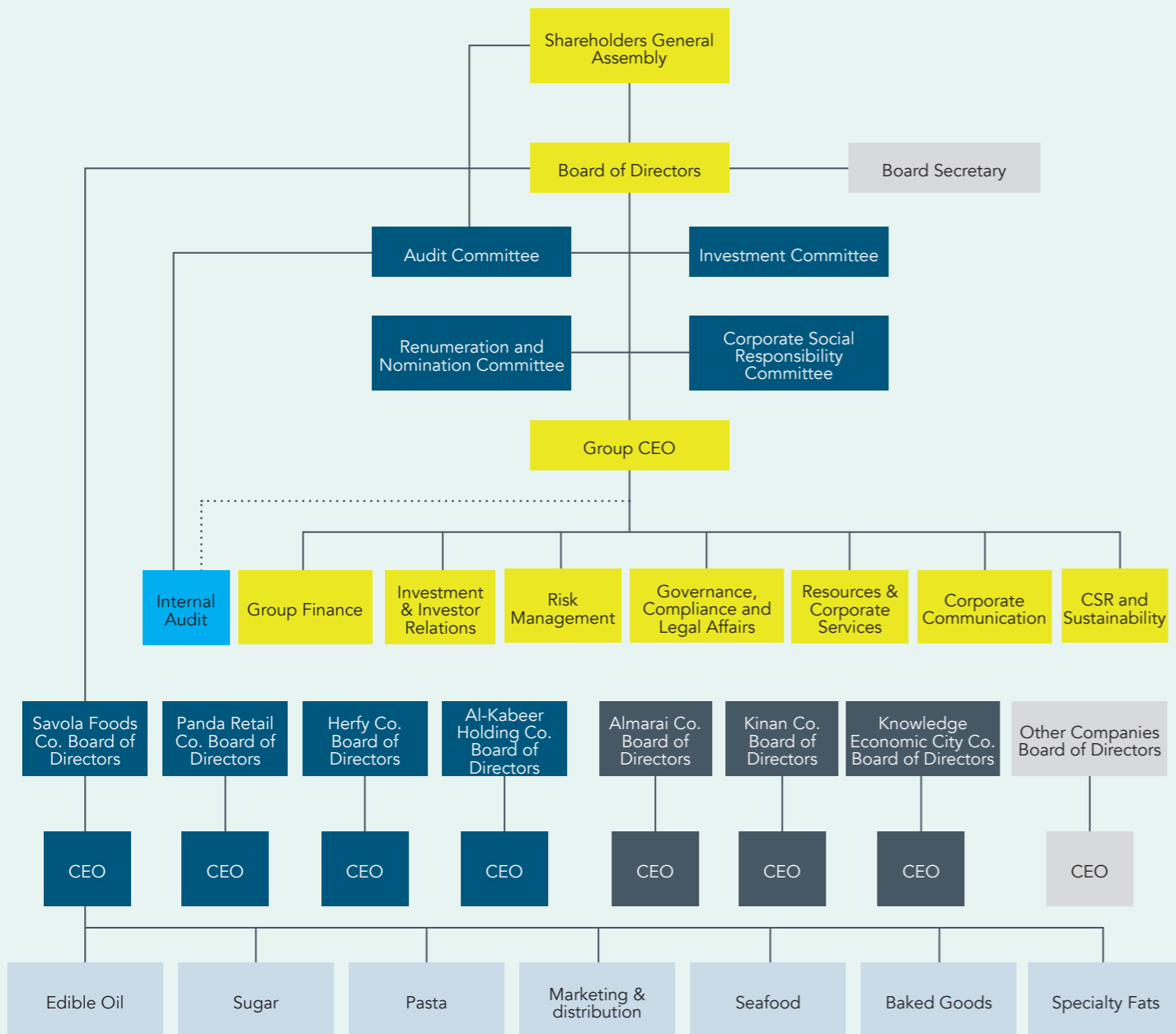
Wide experience in Risk Management, mainly:
 - Enterprise Risk Management
 - Risk Reporting
 - Basel II/III
 - Capital planning & allocation
 - Risk policy & procedure

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).

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 Ajyal 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 Rabbiah	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.
-	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.
					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.
					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).

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

• 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).

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
First: Independent Directors:															
1	Mr. Bader Hamed Al-Rabiah	Member	100,000	20,000	10,000	-	-	130,000	-	-	-	-	-	130,000	24,120
2	Mr. Fahad Abdullah Al-Kassim	Member	200,000	30,000	50,000	-	-	280,000	-	-	-	-	-	280,000	35,045
3	Mr. Abdulrahman Mohammed Ramzi Addas	Member	100,000	20,000	20,000	-	-	140,000	-	-	-	-	-	140,000	-
4	Mr. Rakan Abdulaziz Al-Fadi	Member	100,000	20,000	10,000	-	-	130,000	-	-	-	-	-	130,000	-
Second: Non-Executive Directors:															
5	Mr. Sulaiman Abdulkadir Al-Muhaidib (Not a member in any committee)	Chairman	200,000	30,000	NA	-	-	230,000	-	-	-	-	-	230,000	30,175
6	Mr. Bader Abdullah Al Issa	V-Chairman	200,000	30,000	30,000	-	-	260,000	-	-	-	-	-	260,000	38,602
7	Mr. Essam Abdulkadir Al-Muhaidib	Member	200,000	30,000	30,000	-	-	260,000	-	-	-	-	-	260,000	42,752
8	Mr. Abdulaziz Khaled Al-Ghufaily	Member	200,000	30,000	30,000	-	-	260,000	-	-	-	-	-	260,000	32,610
9	Dr. Adnan Abdulfattah Soufi	Member	100,000	20,000	10,000	-	-	130,000	-	-	-	-	-	130,000	-
10	Eng. Mutaz Qusai Alazawi	Member	200,000	30,000	20,000	-	-	250,000	-	-	-	-	-	250,000	32,601
11	Mr. Mohammed Ibrahim Al Issa*	Member	200,000	20,000	40,000	-	-	260,000	-	-	-	-	-	260,000	29,045
Third: ex-Board members of the previous office term that ended on 30/06/2019:															
-	Mr. Mohammad Abdulqader Al Fadi	Ex-Member	100,000	10,000	20,000	-	-	130,000	-	-	-	-	-	130,000	-
-	Mr. Omar Hadir Al-Farisi	Ex-Member	100,000	10,000	10,000	-	-	120,000	-	-	-	-	-	120,000	43,517
-	Dr. Sami Mohsen Baroum	Ex-Member	50,000	5,000	5,000	-	-	60,000	-	-	-	-	-	60,000	-
-	Eng. Abdullah Mohammed Nour Rehami	Ex-Member	100,000	10,000	25,000	-	-	135,000	-	-	-	-	-	135,000	-
Total			2,150,000	315,000	310,000			2,775,000						2,775,000	308,467

*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
Audit Committee Members:						
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
Ex-members (from 01/01/2019 till 30/06/2019)						
-	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)
Total			750,000	100,000	850,000	9,465
Remuneration & Nomination Committee Members:						
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
Ex-members (from 01/01/2019 till 30/06/2019)						
-	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
Total			500,000	150,000	650,000	18,578

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
Investment Committee Members:						
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
Ex-members (from 01/01/2019 till 30/06/2019)						
-	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
Total			475,000	95,000	570,000	-
CSR Committee Members:						
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
Ex-members (from 01/01/2019 till 30/06/2019)						
-	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
Total			350,000	90,000	440,000	3,536

**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)
Fixed remuneration		
-	Salaries	13,920
-	Allowances (including housing, transportation, health insurance, education allowance, etc.)	4,872
-	In-kind benefits	533
Total of fixed remuneration		19,325
Variable Remuneration		
-	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	-
Total of variable remuneration		12,225
-	End of service award	855
-	Total remuneration for Board executives, if any	60
Grand total		32,465

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			
First: Board members for the current office term that started as of 01/07/2019:						
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%
Second: Relatives of Board members for the current office term that started as of 01/07/2019: NA						
Third: ex-Board members for the previous office term that ended on 30/06/2019:						
	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%
Forth: Relatives of Ex-Board members for the previous office term that ended on 30/06/2019:						
	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		
First: Senior Executives:							
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%
Second: Senior Executive resigned during 2019*							
	Ms. Huda Al Lawati (Chief Investment Officer)	0	–	0	–	0	0%
Third: Senior executives' relatives: N/A							

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		
First: Board members:							
1.	Mr. Essam Abdulkadir Al Muhaidib	1,960	–	1,960	–	0	0%
2.	Eng. Mutaz Qusai Alazawi	1,400	–	1,400	–	0	0%
Second: Board members relatives: N/A							
Third: executive management:							
1.	Eng. Anees Ahmed Moumina	64	–	64	–	0	0%
Forth: executive management relatives: N/A							

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
Total		51

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			
Total		SAR 641.42 million			

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			
Total		SAR 852.82 million			

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			
Total		SAR 40.95 million			

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).

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 & 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.

Directors' Report

Savola Group Audit Committee Report continued

4 Audit Committee members' qualifications

The schedule below describes current and previous positions, qualifications and experience of the Audit Committee members as follows:

No	Member name	Current positions	Previous positions	Qualifications	Experience
Audit Committee members (for new office term began July 1, 2019):					
1.	Mr. Fahad Abdullah Al Kassim				
2.	Mr. Mohammed Ibrahim Al Issa	Current and previous positions, qualifications and experience were mentioned earlier in the Director's Report.			
3.	Mr. Bader Hamad Al-Rabiah				
4.	Dr. Abdul Rauf Suliman Banaja	Holds number of membership in boards and committees such as Audit Committee member in Herfy and other Joint Stock Companies.	Advisor to the Deputy Governor, the Saudi Arabian Monetary Agency (SAMA) Economic Advisor, Ministry of Finance	PhD in Economics, University of California, Santa Barbara, United States, 1981	Assumed several positions in a number of local and regional banks.
5.	Dr. Ammr Khaled Kurdi	CEO of Business services at Saudi Industrial Investment Co. (Dusar)	Chief Financial Officer at Saudi Arabian Amiantit Company. Chief Audit Executive at King Fahd University of Petroleum & Minerals	<ul style="list-style-type: none"> Bachelor's degree in Accounting from King Fahad University of Petroleum & Minerals in 2001 Master's degree in Accounting from the University of Arizona, United States, 2004 PhD in Accounting, University of North Texas, United States, 2010 Certified Management Accountant (CMA), and member of Global Board of Directors of the Institute of Management Accountants, United States 	Has extensive experience in a number of areas, including Accounting, Auditing, Financial Management, Corporate Governance, and Risk Management. In addition, he is Audit Committee member in several Joint Stock Companies.

Ex- Member of Savola Group Audit Committee until 30/06/2019:

-	Mr. Abdulaziz Khaled Al Ghufaily	Current and previous positions, qualifications and experience were mentioned earlier in the Directors' Report.			
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Savola Group Audit Committee Report continued

5 Audit Committee attendance:

The members of the Audit Committee attendance for the meetings of the Committee held during the year 2019 are listed below:

Sr.	Name	Previous office term ended June 30, 2019		New office term began July 1, 2019		Total
		17 Mar	8 May	19 Aug	28 Oct	
1	Mr. Fahad Abdullah Al Kassim (Chairman) (Independent, Savola Board member)	✓	✓	✓	✓	4 of 4
2	Mr. Mohammed Ibrahim Al Issa* (Non-executive, Savola Board member)	✓	✓	✓	✓	4 of 4
3	Mr. Bader Hamad Al-Rabiah** (Independent, Savola Board member)		NA	✓	✓	2 of 2
4	Dr. Abdul Raouf Suliman Banaja (Independent, External member)	✓	✓	✓	✓	4 of 4
5	Dr. Ammr Khaled Kurdi (Independent, External member)	✓	✓	✓	✓	4 of 4
-	Mr. Aly Asim Barakat (Committee Secretary)	✓	✓	✓	✓	4 of 4

Ex-member of Savola Group Audit Committee until June 30, 2019:

-	Mr. Abdulaziz Khaled Al Ghufaily (Non-executive, Savola Board member)	✓	✓	NA		2 of 2
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Note: * Mr. Mohammed Ibrahim Al Issa was an independent Board member for the period from 01/01/2019 until 26/10/2019. Afterwards, Mr. Al Issa membership has been reclassified as non-executive Board member due to his appointment as a Board member in Kinan International for Real Estate Development Co that has commercial transactions with one of the Group's subsidiaries.
** Mr. Bader Hamad Al-Rabiah was appointed by the Group Board as a member in the Audit Committee of the Savola Group (as an independent Board member) for the new office term effective 01/07/2019 for three years and three months ending on 30/09/2022.

6 Audit Committee remuneration for 2019 (Saudi Riyals):

Sr.	Name	Title	Fixed Remuneration (Except for the allowance for attending meetings)	Allowance for attending meetings	Total	Other expenses
1	Mr. Fahad Abdullah Al Kassim (Independent, Savola Board member)	Chairman	150,000	20,000	170,000	
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	
4	Dr. Abdul Raouf Suliman Banaja (Independent, External member)	Member	150,000	20,000	170,000	-
5	Dr. Ammr Khaled Kurdi (Independent, External member)	Member	150,000	20,000	170,000	9,465
Ex-member of Savola Group Audit Committee until June 30, 2019:						
-	Mr. Abdulaziz Khaled Al Ghufaily (Non-executive, Savola Board member)	Member	75,000	10,000	85,000	Mentioned in the Board remuneration Table (e-4)
Total			750,000	100,000	850,000	9,465

Directors' Report

Savola Group Audit Committee Report continued

7 Summary of Audit Committee duties, responsibilities and achievements executed in 2019

a Financial reporting

- Review and recommend to the Group's Board of Directors the approval of the preliminary quarterly results and year-end consolidated financial statements focusing particularly on the reliability of the information disclosed therein, changes in accounting policy, significant and unusual events, reasonableness of accounting estimates for significant issues, as well as compliance with accounting standards and other legal requirements.

b Internal audit

- Review and approve the Group's internal audit department charter, plan and outputs and ensure whether the function has the necessary authority and resources to carry out its work while maintaining its independence.
- Review and assess Savola Group internal audit reports and monitor the tracking and follow-up of implementation process determining whether or not appropriate actions are taken in respect of the internal audit recommendations therein.

c External audit

- Review the external auditors service delivery plan, scope of work, the results of the financial audits, the relevant audit reports and management letter together with management responses or comments to the audit findings.
- Ensure that appropriate assistance was given by the Group's executive management team to the external auditors and that no difficulties were encountered during the course of the audit, including any restrictions on the scope of activities or access to required information.

d Related party transactions

- Review the results of external auditors' limited review of Savola related party transactions for 2019 included in the related party transactions report prepared by the chairman of Board of Directors in relation to the related party transactions executed by the Company during the year and provide any recommendation to the Board based on the results, if any.

e Savola Integrity Hotline

- Oversee the Group's wide whistleblowing reporting facility "Integrity Hotline" which captures and records matters raised by any stakeholders, including the executive management team, senior managers and employees (permanent, temporary and part-time), shareholders, trainers, clients, individuals, agency staff, consultants, suppliers and vendors. These matters are communicated to the management and regular procedures for follow-up are adopted.

Savola Group Audit Committee Report continued

8 The annual review of the effectiveness of internal control producers and its results at the Group

- The executive management of the Group and its subsidiaries certifies on an annual basis their responsibility for establishing and maintaining internal control procedures designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations. The reasonable assurance provided by the signed internal control certifications is supported by the results of a questionnaire completed by all heads of functions across the Group and its subsidiaries designed in line with the Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The signed internal control certificates for 2019 were handed over and filed with the Group's legal counsel.
- The internal audit department at the Group and its subsidiaries execute the annual audit plan approved by the Audit Committee at the Group and its subsidiaries to evaluate the existing condition of internal control procedures focusing on the assessment of the control environment, organization's structure, risks, policies and procedures, segregation of duties and information systems. A random sample of activities within the planned audit area is selected with the objective of testing the effectiveness and efficiency of internal control procedures design and operation. All internal control recommendations resulting from the execution of annual audit plans are communicated to concerned management parties and followed-up by internal audit departments at the Group and its subsidiaries to support maintaining effective internal control procedures.
- The Group's external auditors conducted their audit in accordance with international auditing standards adopted in Saudi Arabia which require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. This resulted in providing an unqualified opinion on the Group's consolidated financial statements for the year ended at 31/12/2019.
- Based on the results of the above-mentioned procedures, the Group's Audit Committee believes that reasonable assurance was provided regarding the effectiveness of internal control procedures.
- However, we emphasize that due to the geographical spread of the Group's operations locally and regionally we cannot conclude exclusively on the comprehensiveness of the internal control procedures, as these procedures in substance, rely on selecting random samples as above mentioned.
- Accordingly, the Audit Committees at the Group and its subsidiaries efforts are focused continuously to develop and improve the effectiveness and efficiency of the internal control procedures review mechanism in place across the Group and its subsidiaries.

Conclusion

This report was prepared by the Audit Committee during the year 2019 in line with the regulatory requirements and the charter of the Committee and will be submitted to the general assembly when the Board of Directors issue its invitation. The meeting will be held during the first half of 2020 (according to the dates approved by the regulatory authorities). The Committee is glad to answer all inquiries and questions of the shareholders - as stated in this report - during the General Assembly meeting of shareholders, and ALLAH is the guardian of success.