



Annual Report 2022/23



Vision

Impossible is nothing

Mission

Delighting consumers with delicious, nutritious, convenient & sustainable products

Accelerating profitable growth

Creating value for the society (environment), stakeholders and shareholder

Values

- Trust
- Respect
- Integrity
- Passion
- Lead & Learn
- Excellence

Financial Performance at a Glance:

Details	2022-23	2021-22
Revenue	2,648.0 Mln	2,170.3 Mln
Earnings Per Share	9.65	6.48
Gross Profit	822.7 Mln	656.6 Mln
Gross Profit Margin	31.1%	30.3%
EBITDA	491.0 Mln	340.5 Mln
EBITDA Margin	18.5%	15.7%
Net Profit	310.5 Mln	209.1 Mln
Net Profit Margin	11.7%	9.6%
Dividend Yield	2.5%	3.5%
Free Operating Cash Flow	383.9 Mln	289.8 Mln

Business Review: Segmental, Geographical Performance and any other key information

Details	Mar-23*	Mar-22
Milk	62.6%	61.9%
Tomato	54.4%	49.6%
Ice Cream	30.2%	26.5%
Cheese	-	-
Snacks	-	-

*As per Nielsen, market share on MAT basis as of Mar-23.

Revenue (in Mln)	2022-23
KSA	2,194 Mln
GCC <small>except KSA</small>	63.6 Mln
Poland	276 Mln
Other Countries	114.1 Mln
Total	2,648 Mln

SADAFCO ended the year with a headcount (including outsourced personnel)
2022-23: 3057

Key Non-Financial Metrics:

Following points will be presented in the Key Non-Financial Metrics Page.

- Total Employees: 3057
- 38.73% of Saudi employees in the workforce
- 7.4% women in workforce
- 12,000+ hrs of employee training
- All three factories and sales depot in Riyadh, are certified with ISO22000:2018 (for Food Safety), ISO14001:2015 (for Environment) and ISO 45000:2018 (for Occupational Health & Safety).
- 3.9x increase in Renewable Energy consumption to 1.45 GWh
- 26% reduction in average COD level in effluents
- 5.5% reduction in Energy Intensity to 653.8 KWh/MT of production

SADAFCO's Year at a Glance:

Quarter 1

- ☐ Commenced work on Main Building of New Makkah Depot project.
- ☐ Solar PV system project in Jeddah Central Warehouse was completed and actively generated power.
- ☐ SADAFCO constituted a water steering committee to assess solutions/ initiatives which manage water usage, and is assessing the implementation of a water recovery and recirculation initiative.

Quarter 2

- ☐ SADAFCO has signed a strategic agreement with Social Responsibility Association, the first licensed association specialized in CSR in the Makkah region.
- ☐ Opened new sales depot in Al Kharj for sales growth.

Quarter 3

- ☐ SADAFCO has signed a strategic agreement on the Future of Industrial Strategies Initiative with Distinguished Initiatives Association in Social Responsibility to encourage students to work in the industrial fields.
- ☐ SADAFCO implemented a digital signature solution to enable safe, legal, and secure digital signing of official documents and contracts which will result in a significant reduction in paper usage.

Quarter 4

- ☐ SADAFCO was selected by LinkedIn on the List of Top Companies 2023 The 15 best workplaces to grow your career in Saudi Arabia.

01 Strategic and Management Review

Message from the Chairman

I am pleased to address you on behalf of the Board of Directors of Saudia Dairy & Foodstuff Company (SADAFCO) and present the Annual Report for the twelve-month period ending 31st March 2023. This document provides a detailed overview of SADAFCO's performance, including Financial Year-End Results, the Auditor's Report, notable growth achievements, and our strategic vision for the future.

As we headed into 2022, we held optimistic expectations that the challenges posed by the COVID-19 pandemic were finally behind us. Little did we anticipate the seismic shift that would unfold with the unexpected invasion of Ukraine in late February which brought with it supply chain disruptions, increased energy prices, economic uncertainty, and fluctuations in consumer confidence and demand. Despite these adversities, SADAFCO was able to successfully navigate through these difficult times by assessing risks, diversifying sourcing strategies, and remaining agile in order to mitigate the impact and find opportunities for growth in this complex global landscape.

In the fiscal year 2022-23, our company achieved impressive sales of SAR 2,648 Mln, generating a net profit of SAR 310 Mln. We are pleased to share that we achieved a remarkable revenue growth of 22.0% compared to the previous year, even amidst the challenges we encountered. We were able to effectively manage our business costs, keeping them at the same level as the previous year, showcasing our efficient management practices. Consequently, our earnings per share rose to SAR 9.65, driven by a notable net profit increase of SAR 101 Mln, registering an impressive growth of 48.5%. We attribute this success to our unwavering dedication, strategic decision-making, and ability to adapt to the ever-changing business landscape.

We propose an attractive dividend of SAR 6/share in line with our historical dividend payouts.

The New Ice Cream factory that commenced operations over a year ago opens exciting opportunities for expansion and allows us to introduce a range of new products that perfectly cater to the growing demands of consumers. We wholeheartedly embrace this opportunity by fostering a culture of continuous innovation, aimed at bringing sheer delight to our cherished consumers.

SADAFCO continues to progress further in its inspiring journey, driven by our commitment to delight consumers, accelerate profitable growth, and create substantial value for all our stakeholders.

This year, SADAFCO has taken a significant stride forward in its ESG journey by adopting a comprehensive approach to sustainability, seamlessly integrating it into every facet of our organization's operations and functions including solar, water, automation, data protection, community goals, etc. Our commitment to sustainability is reinforced by focusing on impact investing as a key guiding force within our procurement and supply chain decisions. By prioritizing investments that generate positive social and environmental impact alongside financial returns, we seek to ensure that our sourcing practices align with our sustainability goals and contribute to a more responsible and ethical business.

On behalf of SADAFCO's Board of Directors, I would like to express our sincere appreciation to the Custodian of the Two Holy Mosques, His Royal Highness the Crown Prince, and the Government of Saudi Arabia for their continued support to the private sector in the Kingdom. Their consistent backing has been instrumental in fostering a favorable business environment. At SADAFCO, we are dedicated to aligning our efforts with Vision 2030 goals and actively participating in the Ministry of Industry and Mineral Resource's "Made in Saudi" initiative, contributing to the nation's economic diversification and growth.

I would also like to extend my heartfelt gratitude to my esteemed colleagues on the Board, our valued shareholders, the dedicated Executive Management team, and the entire workforce of SADAFCO. It is through your collective efforts, passion, and dedication that we have been able to overcome challenges and achieve sustainable success. Together, we will continue to strive for excellence, innovation, and the delivery of high-quality products to our esteemed customers.

Chairman Board of Directors

Message from the CEO

Entering 2022, we all thought the extreme challenges of the COVID-19 were past us. The unexpected invasion of the Ukraine at the end of February, however, changed the situation significantly. Supply Chain issues proliferated, inflation became rampant and food insecurity grew.

Despite these challenges, I am pleased to present a solid and robust performance for our business year 22/23. Prudent management of the inventories selected, careful pricing, efficiency and cost management contributed to a good result at the end of the year. Our mission of DELIGHTING THE CONSUMERS, ACCELERATING PROFITABLE GROWTH AND ADDING VALUE TO ALL STAKEHOLDERS is being executed and is delivering results.

Our business fundamentals: Purpose, Culture and ESG

In 2022/23, we started to live and work according to our culture and purpose (Nurturing and connecting generations with goodness and happiness). Our TRIPLE-Values (Trust, Respect, Integrity, Passion, Lead & Lean, Excellence) do come to life and the pillars of the culture (Quality, Customer/ Consumer Focus, Collaboration, Accountability, Efficiency, Learn) are starting to get traction.

On ESG, I am immensely proud and pleased to see further progress and acceleration in water, energy and waste (recycling). Our first ESG/Sustainability report was published last year, and the 2nd edition will be available along with this year's annual report.

Our strategic growth drivers

1. Unlock the potential of the organisation, its people and its capabilities: Tremendous efforts have been made to shape the SADAFCO Vision 2030 and bring it to life through our mission to continuously delight consumers, accelerate profitable growth and add value to all stakeholders, Moreover, excellent progress is made in training and development and in closing crucial gaps in the organization (e.g., CMO, CHRO, OOH etc.)
2. Shape the future of Food & Beverages- Delivering goodness and happiness to all generations: Further robust performance in market shares in our key categories, where we reached historical heights in the last year. Some successful additions to our range (Oat Milk, Lemon Mint Ice Cream etc.) combined with a strong focus on our hero SKUs (Stock Keeping Units) led to a stellar performance.
3. Operational "Excellence at the basics": Excellent performance was witnessed in our three main channels Modern Trade, Traditional Trade and Wholesale, while Export and OOH channels have started to accelerate their performance, recording excellent growth rates. Substantial progress on the manufacturing side resulted in an excellent performance in conversion costs, waste and OOE in all our factories. Efficiencies are being realized with Further improvements in logistics.
4. Create Efficiencies along the value chain: End to End Project analysis Phase has completed and Phase 2 was started at the end of the fiscal year. RTM digitalization ("Gamechanger") preparation phase got completed and roll out has started. Acceleration of digital factories.

On behalf of my Management Team, I would like to thank the Board of Directors for their continuous support, our dedicated and hard-working staff (including our suppliers) and last and most importantly, our consumers whom we intend to **delight every day**.

Patrick Stillhart
Chief Executive Officer



A note on the Theme: “Nurturing Generations with Goodness and Happiness”

In a dynamic and ever-evolving world, it becomes imperative for us to ponder upon the values we wish to instill in our future generations. In this context of nurturing generations, food plays a crucial role in shaping the physical and emotional well-being of individuals. Food is an essential aspect of our lives that extends far beyond its basic purpose of providing sustenance. It has the power to nurture not only our bodies but also our minds and spirits. Goodness and happiness derived from food contribute to the overall development and growth of successive generations.

There are multitude of ways through which food can bring dominant positive changes in nurturing generations, and SADAFCO is aiming to be at the forefront of these change (s).

Nutritional Support: Food plays a vital role in providing essential nourishment required for optimal growth and development, particularly during crucial stages of life. A well-rounded diet, rich in vital nutrients, vitamins, and minerals, serves as a cornerstone for strengthening the immune system, supporting physical growth, and boosting cognitive abilities. By prioritizing nutritious meals for every generation, SADAFCO is trying to establish a solid base for people’s holistic well-being. Our Product Portfolio caters to the taste of all age groups ensuring that nutritional requirements of millions of people consuming our products is fulfilled on a daily basis. By maintaining excellent Quality standards, we ensure the goodness of the products translates to good health of our people.

Responsible and Conscious Decisions: As we cultivate the next generation, it becomes paramount to foster an appreciation for sustainable and ethical food practices. By imparting the significance of mindful consumption and minimizing food waste, we empower young individuals with the awareness and abilities to make conscientious decisions that enhance their well-being and protect the environment. By nurturing these generations to become mindful consumers, SADAFCO is in pursuit to be a flag bearer of ESG practices in the F&B sector of KSA.

History

Saudia Dairy and Foodstuff Company (SADAFCO) story began on 21st April 1976 and commenced production of Saudia Milk. Subsequently the European partners sold their shares to Saudi and Kuwaiti shareholders and in 1990 the three dairy companies merged into one to officially form SADAFCO.

An initial public offering (IPO) on 23rd May 2005 led to the Company’s listing on the Saudi Arabian Stock Exchange, Tadawul.

From producing long life milk initially, the Company has diversified its product portfolio offering various food and beverage items.

During this period, SADAFCO has maintained its position as a market leader in Long Life Milk, Tomato Paste and Ice Cream categories in Saudi Arabia.

Introduction

SADAFCO achieved net sales of SAR 2.648 billion in 2022-23, reflecting a year-on-year increase of 22%. It also improved its market shares in key product categories (Milk, Tomato Paste & Ice Cream), indicating strong consumer loyalty towards the Company brands. The Company’s total asset base expanded to SAR 2.484 billion, registering growth of 9% over last year. The total shareholder equity of the Company stands at SAR 1.653 billion, an increase of 7% over previous year. As at 31st March 2023, SADAFCO’s market capitalization was 7.6 billion vs. SAR 5.5 billion on 31st March 2022.



Main Activities of the Company

SADAFCO is a leading, world-class, Saudi Arabia-based company whose activities include local production, importation, distribution and marketing of a wide range of food and beverage products. The portfolio includes dairy products, Ice Cream, tomato paste, snacks, drinks and other foodstuff items.

SADAFCO currently offers around 170 Stock Keeping Units (SKU) with its core products being marketed under its flagship Saudia brand. Other trademarks in the portfolio include Crispy, Baboo, Majestique, Sensations, More and UFO.

The Company operates three factories, two in Jeddah and one in Dammam and a plant in Poland. All these factories have highest safety and environment standards and are also Halal certified. It has an established sales and distribution network, with three Regional Distribution Centers (RDCs) in Riyadh, Jeddah and Dammam and 20 depots across Saudi Arabia, Bahrain, Kuwait, Jordan and Qatar. The Company operates a fleet of 940 trucks and vans for its primary and secondary distribution network.

SADAFCO's products are also sold to selected Middle Eastern and North African markets such as Libya, Yemen, Mauritania, Iraq, Djibouti, Somalia, Sudan, Cote d'Ivoire, Guinea, UAE, Oman, Canada, Syria and Palestine along with USA and Brunei through the Company's export function.

Products at a glance

Milk

SADAFCO's Plain milk product category comprises of items like Whole Milk, Low-fat milk, Skimmed Milk, Gold Milk, Date Milk, Flavored Milk, Functional Milk, EVAP, Growing Up Milk and Instant Milk Powder. SADAFCO commenced operations with the production of UHT (Ultra High Temperature pasteurized) Milk in 1977. These products are marketed under the flagship "SAUDIA" brand. Market Share*: **62.6%**

Tomato

Tomato Products include Tomato Paste and Tomato Ketchup. SADAFCO was the first company in Saudi Arabia to launch tomato paste in Tetra Pak in 1989. These products are marketed under the "SAUDIA" brand. Market Share*: **54.4%**

Ice Cream

Ice Cream product line was launched in 1979. Over the years, SADAFCO has launched variety of new products to establish itself and increase sales in this segment. Ice Creams are available in tubs, cones, push-ups, sandwich, cups, bars and sticks. These products are marketed under 'SAUDIA' and 'BABOO' brands. Market Share*: **30.2%**

Cheese

SADAFCO launched cheese product line in 1991. It's range of products include Feta Cheese, Feta Tubs and Triangles. The company is a leading domestic producer of bulk feta cheese sub-segment. These products are marketed under the "SAUDIA" brand.

Snacks

SADAFCO entered the snacks market in 1995, by acquiring Sara Snacks factory. The Snacks range consist of two well-known formats: Crispy Rings and Letters, each of these are offered in individual and family size.

Others

SADAFCO also offers range of other products including , French Fries ,Mayonnaise, Oat Milk, Soy Drink etc. Most of these products are sold under 'SAUDIA' brand. New products included in this category are expected to contribute to the growth of the company with the company having plans to widen its product portfolio through constant product innovation.

* As per Nielsen, market share on MAT basis as of Mar-23.

Key Performance Indicators

During the year a record Net Profit of SAR 310 Mln versus SAR 209 Mln last year has been achieved. This represents a healthy net margin of 11.7 % of sales compared to 9.6% last year. This robust return has arisen from:

- Increased sales of SAR 478 Mln, 22% higher than last year, across all major categories and channels. Increases were made in both volume and value terms.
- Higher Gross margin of 31.1% vs 30.3% achieved despite high raw material prices and logistics costs, has been possible due to prudent sourcing of inventories, appropriate pricing decisions and achieving manufacturing cost efficiencies.
- Selling & distribution expenses reduced as % of sales 13.3% vs 14.3%. In value terms increased by 12.7% mainly due to increased focus on advertising and marketing activities to further strengthen the SAUDIA brand.
- General & administration expenses reduced as % of sales 4.3% vs 5.2% last year. In value terms maintained at the same level as expense control remains a focus area.
- Finance income of SAR 18.5Mln represent significant increase over last year due to higher Murabaha deposit rates.
- Finance cost has increased by SAR 43Mln due to a change in accounting fair value of a put option to be exercised by the current minority shareholder of our subsidiary Mlekoma Group in Poland, to sell to SADAFCO the remaining 24% of the ownership. This increase in the fair value is due to the exceptional positive performance (sales & operating profit) of Mlekoma Group up to 31st Mar 2023. This represents full recognition of all costs related to this transaction.

Our strong performance trend continues despite the last year challenges of inflation especially in our key raw material prices, and supply chain disruptions. As these headwinds have subsided we remain optimistic about the coming quarters as our strong financial position enables us to manage inventory levels to ensure profitability.

Our market shares at 31 March 2023, remain dominant with positive trending lines compared to shares reported in (January 2023): Milk 62.6% (61.5), Tomato Paste 54.4% (53.9%) and Ice cream 30.2 % (29.5%).

We continue to delight our consumers through new offerings in the dairy & ice cream category. During the year 17 new SKU's were launched, testament to our priority to innovations.

Work on Makkah Depot project of SAR 27 Mln is in progress and is expected to be operational in financial year 2023/24.

We continue to generate positive cash flows. Our cash position is SAR 685 Mln (including short term investments of SAR 395 Mln i.e. Murabaha deposits more than 3 months)

During the year an investment of SAR 38 Mln was made in a Zakat exempt Sukuk)

During the year SAR 192 Mln of dividend was distributed (SAR 6/share)

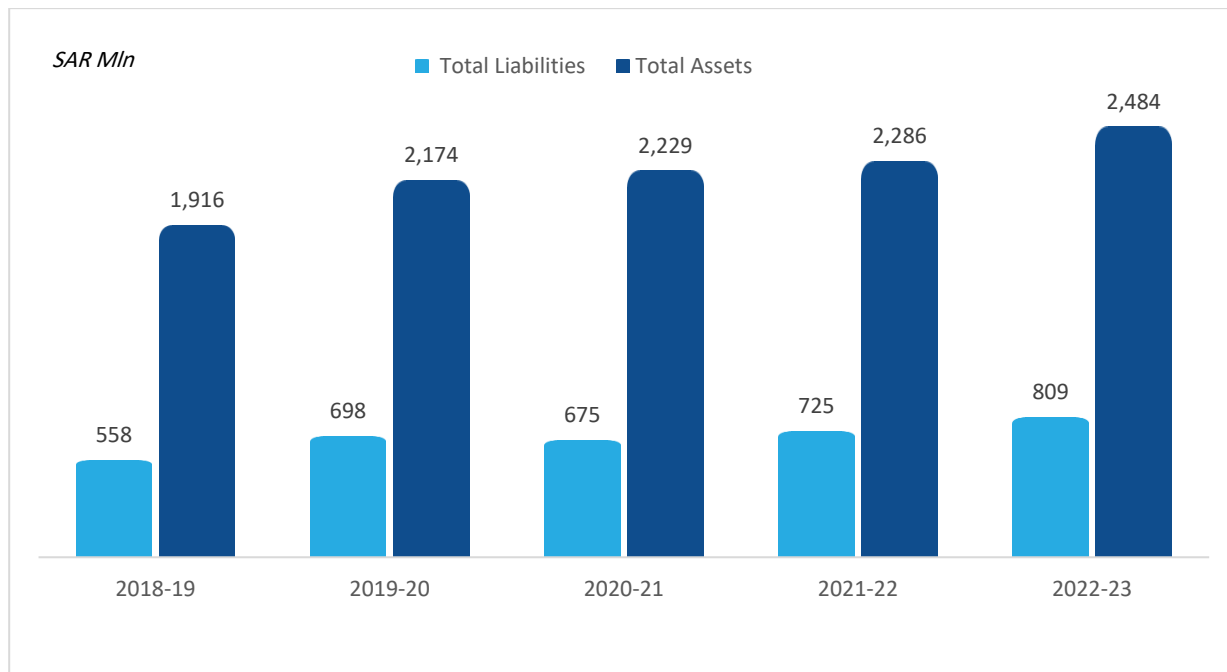
Shareholders' equity at a healthy 1.653Bln vs 1.540Bln on 31 March 2022.

Business Results Comparison (SAR million)

Details	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Revenue	2,648	2,170	2,105	2,056	1,813	1,693
Cost of Revenue	-1,825	-1,513	-1,411	-1,367	-1,233	-1,059
Gross Profit	823	657	694	689	580	634
Net Profit	310	209	261	265	216	260

Assets & Liabilities Comparison (SAR million)

Details	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Current Assets	1,436	1,262	1,278	1,273	1,095	1,100
Non-current Assets	1,048	1,024	951	901	821	663
Total Assets	2,484	2,286	2,229	2,174	1,916	1,763
Current Liabilities	617	517	474	498	420	329
Non-current Liabilities	192	208	201	200	138	113
Total Liabilities	809	725	675	698	558	442



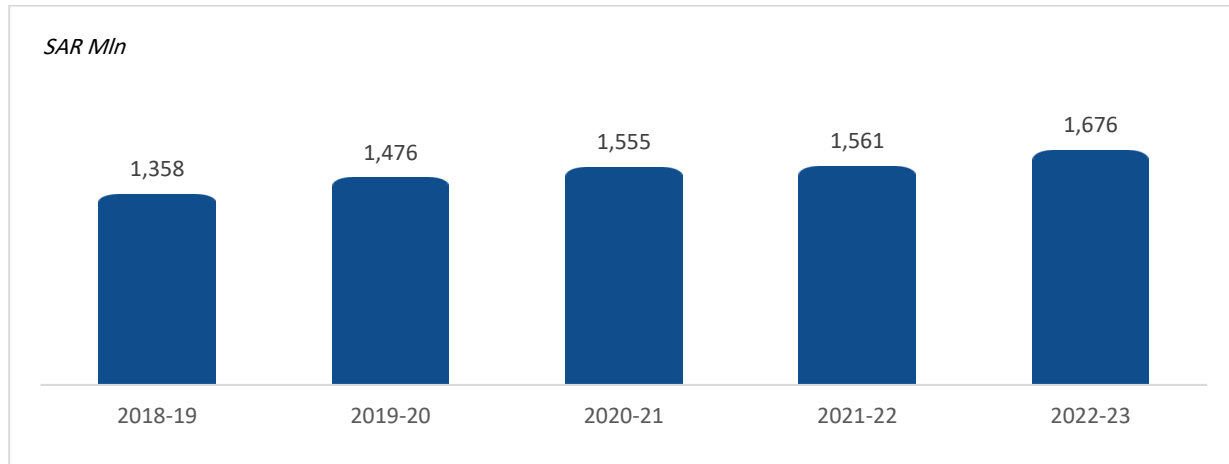
Operational Results and Major Changes (SAR million)

Details	2022-23	2021-22	Changes (+) or (-)	% of Changes	2020-21
Revenue	2,648	2,170	478	22%	2,105
Cost of Revenue	-1,825	-1,513	-312	21%	-1,411
Gross Profit	823	657	166	25%	694
Operational Expenses	-452	-420	-32	8%	-409
Operational Profit	371	236	135	-57%	285

Statutory Payments for 2022-23 (SAR thousand)

	Description	Due	Paid	Balance
1	Customs	25,631	25,631	-
2	Zakat	21,919	21,919	-
3	GOSI	17,882	17,882	-
4	Tadawul Contract	719	719	-
5	Government Fees & Visas	10,063	10,063	-
6	Value Added Tax + Excise Duty	219,866	219,866	-
	Total	296,080	296,080	-

Change in Total Shareholders' Equity



Performance of the Company

	Product	Activity Revenue (SAR million)	Percentage (%)
1	Milk	1,731	65
2	Tomato Paste	248	9
3	Ice Cream	373	14
4	Powdered Milk	122	5
5	Cheese	53	2
6	Others	120	5
7	Total	2,648	100

Revenue Geographical Analysis for the Company and its Subsidiaries (SAR million)

Financial Year	KSA (SAR million)	GCC (SAR million)	Other Countries (SAR million)	Poland (SAR million)	Total Revenue (SAR million)
2022-23	2,194	63.6	114.1	276	2,648
2021-22	1,786	56	79	249	2,170
2020-21	1,811	64	71	159	2,105
2019-20	1,752	58	48	198	2,056
2018-19	1,567	58	42	146	1,813

Sales Contribution by Product Category

	Product	Contribution (%)	Contribution (%)	% Point Change
		2022-23	2021-22	
1	Milk	65	62	3
2	Tomato Paste	9	10	-1
3	Ice Cream	14	15	-1
4	Powdered Milk	5	7	-2
5	Cheese	2	2	0
6	Others	5	4	1
	Total	100	100	0

Performance of Subsidiary Companies

The main activities of the SADAFCO subsidiary companies in Kuwait, Bahrain, Jordan and Qatar (dormant) are selling and distributing SADAFCO products in these countries. The subsidiaries in Poland are manufacturing and distributing dairy products in Europe and MENA.

SADAFCO Poland

Product	Activity Revenue (SAR million)	Percentage (%)
Milk - liquid	185	67
Powdered Milk	73	26
Others	18	7
Total	276	100

SADAFCO Subsidiary companies' revenue (Including SADAFCO Poland)

Product	Activity Revenue (SAR million)	Percentage (%)
Milk	63	16
Milk - liquid	185	47
Tomato Paste	12	3
Ice Cream	13	3
Powdered Milk	79	20
Cheese	20	5
Others	21	6
Total	393	100

Revenue Geographical Analysis for Subsidiaries (SAR million)

Financial Year	GCC	Other Countries	Poland	Total Revenue
2022-23	64	114	276	454
2021-22	56	79	249	384
2020-21	64	71	159	294
2019-20	58	48	198	304
2018-19	58	42	146	246

Includes export sales

Sales for SADAFCO and Subsidiaries by location

	Country	Sales 2022-23 (SAR million)	Percentage (%)	Sales 2021-22 (SAR million)	Percentage (%)
1	Saudi Arabia	2,206	83	1,786	82
2	Poland	276	10	249	11
3	Bahrain	48	2	43	2
4	Qatar	0	0	0	0
5	Kuwait	16	1	13	1
6	Jordan	53	2	35	2
7	Export	49	2	44	2
	Total	2,648	100	2,170	100

Supply Chain

This year SADAFCO's manufacturing base has seen the completion of several long-term investments principally focused on increasing capabilities in all factories to meet ever-changing consumer needs. The continued focus on automation and operation systems have again generated significant efficiency gains in Manufacturing and further down the Supply Chain.

End-2-end Planning Diagnostics

During the 4th. Quarter of 2022 an extensive planning diagnostic was conducted across the entire business including demand, supply, production and delivery. Sizable opportunities have been identified in upgrading cross functional planning process, governances and systems of which will be fully implemented across the business during 2022-23.

Sourcing

As world recovered from impact of COVID-19 pandemic, markets witnessed uncertain and unexpected turbulence due to Ukraine-Russia conflict which led to historical highs in commodity prices, freight cost, and global supply chain disruptions.

Continuous supply of material became the most important challenge for everyone & SADAFCO could successfully overcome same by taking decisions at right time to increase safety stock norms, identifying alternate recipe solutions (increasing fresh milk component), developing alternate recipes and diversifying supply sources.

Increasing local content was fast tracked and SADAFCO sourced fresh milk from all 3 major dairy producers in Saudi Arabia at most economical price plus launched French fries made and processed from locally grown potatoes. In parallel, alternate sources were approved for dairy, tomato paste, some packaging materials including a 2nd aseptic packaging supplier. We plan to have a 3rd aseptic packaging supplier developed during next fiscal year as a diversification strategy to ensure continued risk-free supplies.

We also started sourcing of indirect expenses through centralized procurement department based on audit recommendations, best industry practice and to leverage our synergies. The project is expected to deliver SAR 15Mln savings besides improving control, segregation of responsibilities, standardization and optimization of suppliers and ensuring compliance to company policies.

Jeddah Milk Factory

A year after the installation of the fully automated robot palletizing systems, the benefits are reflected in the factory's KPIs. Manual palletizing operations have been replaced by automated systems, improving the performance and quality levels. Non-value-added activities have been eliminated because of automation and MF is now 50% less dependent on unskilled labor.

Volume grew in the second half of the year significantly, driving the conversion cost further down. The Milk Factory team is now focusing on further improvements and cost reductions, in line with corporate targets and ESG goals. 48Mln lt per year of fresh water has been recycled and saved and a 90% recycling rate has been achieved.



Digital Milk Factory

During 2022-23, detailed engineering work continued with recording and linking documentation in all standard operation (SOP) in Jeddah Milk plant departments embarking on digitalization preparation. Several workshops were completed with factory teams, finance and IT teams regarding factory level raw & packaging material and finished good traceability, work order creation, backflush, to ensure efficacy of the related operations. Automated rigorous data collection sources for accurate key performance indicators (KPI) detailed engineering were commenced.

Jeddah Ice Cream Factory

The new Ice Cream Factory is fully operational. The installation of the new extrusion line has been completed in 2022-23, with the commissioning of the Sandwich Line. The Ice Cream Factory team managed to stabilize the operations, control the quality of the products and focused on developing new successful products (lemon mint sticks).

Mixing has been optimized and operates at its maximum capacity. Additional equipment has been installed and commissioned to control the quality of products: X-ray machines, detection systems and weigh checkers are being used to assure high quality levels.

Dammam Factory – Tomato Paste, Feta, Snacks

The previous year's investments in Tomato Paste processing resulted in better performance, lower tomato paste inventory levels and not out-of-stock risks. The factory performed well during the Ramadan Promotion build up period and focused on quality, conversion cost and wastage reduction.

A milestone in SADAFCO manufacturing was the new organizational structure across all three factories. The new structure reflects the company's changing culture: Retain and appreciate the best performers, motivate and engage passionate individuals to deliver results beyond their area of responsibility, develop people and create depth in departments and focus on succession plans.

Logistics & Warehousing

The Public Transportation Authority (PTA) issued a series of changes in regulations and legislations revolving around the transportation of goods which has impacted all companies that use owned fleet for the transportation of their own goods.

Due to the large number of SADAFCO's fleet, complexity of the status rectification process, continually changing regulations, and the involvement of numerous government-bodies SADAFCO was unable to register all vehicles on time, and thus incurred over SAR 5Mln in penalties over the course of the year; however, progress is improving, and we're hoping to be able to accelerate the process and have SADAFCO's fleet compliant by Q3 2023.

Other Supply Chain Developments

All three SADAFCO factories, our depot in Riyadh and our Jeddah Central Warehouse, are certified with ISO 22000:2018 (for Food Safety), ISO 14001:2015 (for Environment) and ISO 45000:2018 (for Occupational Health & Safety). All four factories (including JCW) are also formally Halal certified, Dammam site is a certified Organic tomato paste producer.



Commercial

AMBIENT

2022-23 was a great year for the Saudia milk brand. In a strongly growing Long Life milk category, Saudia has outperformed the market with a strong double-digit growth in value and single digit in volume. Saudia value share in Long Life milk grew with more than 3pp (and more than 6pp in volume) on MAT level, reinforcing our existing market leadership. Main drivers for this are strong performances with the family packs and Flavored milk segments with strong visibility support (instore and out of store).

On Tomato Paste Saudia had a good year as well, benefiting from a strong double digit growth in the category. Value market share evolution is flattish on MAT level, with the first months of the fiscal year being more difficult due to the price increase we had to implement and the last months recovering (driven by a very promising Ramadan support plan).

FROZEN

Ice Cream continued strong Sales, Share and Distribution growth. Retail Coverage Expansion through Freezers Induction and Consumer Centric Innovations were the key growth drivers during the year. SADAFCO Ice Cream further strengthened the Market Leadership position by outmatching the overall category growth. This resulted in increased Market Share across the top five Ice Cream segments (Sticks, Cones, Cups, Tubs & Sandwich). Lemon Mint Stick was a popular introduction that significantly outperformed expectations.

French Fries also recorded a healthy sales growth for the year. The Category experienced Potato shortage due to less than expected crop yield globally. SADAFCO managed to procure the stock from local and international sources to ensure timely availability in market.

COMMERCIAL OPERATIONS

Over the year, we continued to strengthen the base of our Commercial Operations via (i) Strong Joint business planning with top customers across all channels (ii) Relentless focus on improving efficiency via focusing our Sales force on the top 3-4 metrics to improve Productivity and Sales turnover (iii) Executing strong trade and channel programs to improve our shelf and display presence and (iv) Leveraging & learning fast on emerging channels.

Our Modern Retail sales and operations strengthened in the second half of the year after a challenging start to the financial year to deliver strong double digit growth, while our Traditional Retail & Wholesale channels continued to be key drivers of growth. Apart from this, we invested in eCommerce and Discounter channels as key levers of future growth, growing our presence and sales in these channels to prepare a strong base for the future.

Human Resources

Introduction

SADAFCO has seen return of its employees post the COVID-19 era. Employees are back in the office and it is business as usual. The most significant event of the year was the launch of SADAFCO's cultural journey initiative with the help of Korn Ferry. This created the necessary blue print which can be used to kick start the transformation across the entire business. All HR activities revolved around the cultural journey to ensure that it manifested itself in different parts of the business.

HR was highly involved in activating the plan, leading the preparation, launching the culture survey and communicating the culture change journey across SADAFCO. Post launching the new vision, mission and purpose, a new set of values were identified for the organization. Our new values are designed to make it shine like a diamond. "Next, a series of Culture Transformation Workshops were conducted to craft a comprehensive change roadmap and design the change journey. This initiative led to the development of the Value Activation Project, which focused on addressing both behavioral and visual aspects of the desired transformation.

Development: During last year our People Experience department facilitated learning through 1) classroom training, 2) online training and 3) on job training. We provided 12,372 training hours to 729 employees covering functional, behavioral leadership”, and soft skills training.

There was a large focus on SC learning. Highlights in SC Trainings where our service covered offshore locations as well:

- a. Warehouse Operatives trained and certified with TUV: 55 employees.
- b. developed first SC/ forklift & warehouse operative regional trainer in Eastern region to lead the training within the region.
- c. General Safety, Hygiene , Housekeeping awareness training done for Bahrain, Jordan and Kuwait depots
- d. First Module ongoing for Fleet Management for certified automation under NAFA USA
- e. Supported Transport department for getting an employee trained on CISP Course (Certified International Supply Chain Professional and Manager)
- f. Supported Fleet department for getting an employee trained on CILT Course (Certified international for logistics transport)
- g. Supported HSE Staff for NEBOSH training: 17
- h. Supported HSE Managers for NVQ Level 6 and 7 training course: 2
- i. Supported for Food defense training course from Intertek: 20
- j. Supported Quality team for Business Continuity and Internal Auditor training:1
- k. Supported Supply Chain and Quality team for customer handling training from Intertek: 8

The sales academy was also launched. The idea is to create a fully dedicated program to further enhance the skills of our sales team. The plan is to create an academy for each one of the functions.

Succession Planning: Succession planning continues to be a key focus area for us. We are actively engaged in ongoing discussions, aiming to meticulously document the entire process and ensure our deep integration within the organizational culture

Policy Review: One of the key activities HR has been involved in, was revisiting various HR policies. Due to this we were able to review and change a total of 13 policies, and we will continue to review and revisit policies that need to be adjusted and updated.

Internship: The creation of the Saudia Falcons. This is a program that will allow students to join SADAFCO in a structured program, so that they may get real life work experience in addition to feeding the talent pipeline in the company. A total of 31 students had been hired through Tamheer.

Celebration: The company also celebrated National day, Foundation Day, International Women’s day, and Breast Cancer Awareness day. In addition to having the annual company Iftar, that was rolled out across depots across the Kingdom and the international markets. The executive team visited various depots to engage with the employees during the Iftar.

Employee Health & Wellbeing: The health programs have begun to pick up again, with the purpose that staff live healthy and maintain good health. There have been numerous health initiatives launched across the business, from Breast cancer examinations, flu shots and general health inspections. Wellbeing will continue to be a key focus for the business in the coming year.

Rewards: Performance bonuses were executed to all eligible employees. Annual salary review was executed for all eligible staff. We also introduced employee of the month, in addition to the TRIPLE value award. This award allowed us to personify each of our values in selected employees. A CEO award was also given to an employee who embodied all of SADAFCO’s values.

Engagement: The HR department had initiated 18 different engagement activities. The CHRO visited various depots across the kingdom and participated in various engagement activities to further enhance our new values. HR also created a recreation room in HQ to celebrate the world cup and create a space where employees can relax and disconnect during their busy work day.

Sustainability at SADAFECO

SADAFECO is committed to achieving positive impacts on the environment, society and the long-term profitability of its business. It recognizes that sustainable practices are not only a moral imperative, but also a strategic necessity. SADAFECO strives to integrate responsible practices into its operations and decision-making processes. The Company is integrating sustainability principles into daily operations and has identified areas for improvement and prioritized them according to their importance.

In FY2022-23, SADAFECO realigned its material topics and evaluated the actual and potential economic, environmental, and human impact and risk of the identified material issues. The identified material issues are divided into four strategic focus areas: Consumers, Environment and Climate, People and Community, and Governance as summarized below:

Consumer	Environment & Climate	People & Community	Governance
<ul style="list-style-type: none"> Product Quality & Safety Consumer Delight Health & Nutrition Product Innovation Marketing and Labelling 	<ul style="list-style-type: none"> Energy Management GHG Emissions & Climate Change Water Management Waste Management Sustainable Sourcing & Packaging Supply Chain Management 	<ul style="list-style-type: none"> Diversity & Inclusion Employee Health & Happiness Community Impact Local Procurement 	<ul style="list-style-type: none"> Corporate Governance & Compliance Ethics & Integrity Data Privacy & Security

This year, following the ESG Steering Committee recommendation, four new material topics were included in the Materiality Map i.e., Supply Chain Management, Local Procurement, and GHG Emissions & Climate Change. SADAFECO has plans to implement strategic initiatives to tackle these areas in the upcoming years.

Progress on the Sustainability Pillars

Consumer: Commitment to consumer delight by providing innovative, high quality, nutritious and safe products.
<p>Product Quality & Safety:</p> <ul style="list-style-type: none"> Renewed certificates from reputable product quality certification bodies such as ISO 22000, Halal and Organic. <p>Consumer Delight:</p> <ul style="list-style-type: none"> Simplified the consumer complaint process and modified workflows to enhance the complaint resolution mechanism. A dedicated consumer complaint coordinator has been assigned for handling consumer complaints. <p>Health & Nutrition:</p> <ul style="list-style-type: none"> Consumer education through communication on health & nutrition aspects through School programs. <p>Product Innovation:</p> <ul style="list-style-type: none"> Developed 17 of new products during the year contributing to providing consumer more choices in nutritious and healthy products.
Environment & Climate: Commitment to preserving the environment and minimizing impact of our operations on the planet.
<p>Energy Management:</p> <ul style="list-style-type: none"> Formed an energy steering committee to explore initiatives for reducing energy intensity, emissions and increasing renewable energy usage. Solar power generation commenced at Jeddah Central Warehouse (JCW) rooftop plants

- Signed MOU with Engie for generation of ~6.7MWp of solar power in 8 locations at SADAFCO.
- SADAFCO aims to include electric autonomous shuttle truck solution for an automated roll-on roll-off service between the Jeddah factory and central warehouse to reduce emissions from movement of goods.

Water Management:

- Constituted a water steering committee to evaluate and implement strategies and initiatives aimed at increasing efficiency in water usage.
- Implemented an innovative solution at the Jeddah Milk Factory involving the cooling and recirculation of water used during the UHT process. Through the ingenuity of its in-house engineers, this practical idea is projected to save up to 48 million liters of precious fresh water annually.
- Starting negotiations with a consultancy firm to prepare a long-term plan for treatment of wastewater.

Waste Management:

- Implemented a compactor in its factory to create Tetra Pak waste bales. This has resulted in more than 90% recycling rate for packaging waste at the Jeddah factory.
- In a bid to foster a paperless culture within the organization, SADAFCO successfully implemented a digital signature solution in partnership with the Emdha Services provider. This initiative enables the use of electronic signatures, reducing reliance on paper-based documentation throughout the organization.

Sustainable Sourcing & Packaging:

- Signed an MOU with the National Center for Waste Management (MWAN) and is in the process of forming a working team.

People & Community: Commitment to our employees and the community at large to improve inclusiveness and quality of life

Diversity & Inclusion:

- The women diversity in workforce has remained steady with 7% of the workforce being women.
- SADAFCO is constructing a new day-care facility at the Jeddah Ice Cream factory, recognizing the significant presence of a female workforce in the facility. This dedicated day-care facility aims to support and cater to the needs of the largest women workforce within SADAFCO.

Employee Health & Happiness:

- SADAFCO is launching new programs to develop internal leaders and prepare employees for leadership roles.

Community Impact:

- SADAFCO receives ISO 26000:2010 conformance certificate for its strategic integration of CSR policies into how the Company operates.
- Signed a strategic agreement with Social Responsibility Association, the first licensed association specialized in CSR in the Makkah Province. By signing this agreement, SADAFCO aims to enhance its engagement and impact within the community.
- SADAFCO intends to develop local partnerships with reliable sources to supply bulk tomato paste for the company's popular Saudia Tomato Paste to support the objective of local market development and procurement.

Governance: Commitment to all stakeholders to conduct our business ethically while maintaining highest standards of corporate governance.

Corporate Governance & Compliance

SADAFCO is committed to comply with the CMA law and its implementing regulations, in order to ensure the sustainability of the company's business, create added value for all stakeholders, and to maintain the highest standards of ethics and integrity throughout the company.

During this, effective initiatives have been implemented to strengthen governance, including:

- SADAFCO has developed a social responsibility policy as per CMA guidelines.

- An awareness has been circulated to all employees about “Insider Trading”, in accordance with the Market Conduct Regulation issued by the CMA.
- The Board of Directors decided to form an “Investment Committee”.
- An update has been made to the “Disclosure Forms” for the Board members and Executive Team.

Ethics & Integrity:

- SADAFCO continues to raise awareness of the existing whistleblowing mechanism & policies through various internal communication channels.
- Formation of "Executive Ethics Committee" to:
 - oversight for ethics issues;
 - conduct regular audits & oversights of ethical standards;
 - ensure employee training on ethical standards.

Data Privacy & Security:

- A personal data protection policy has been put in place in accordance with KSA’s Personal Data Protection Law (PDPL).
- A Personal Data Protection Officer has been appointed, and a task force has been formed to ensure compliance with the applicable personal data protection regulations.

Community Impact

CSR activities can have significant economic, social, cultural, and/or environmental impacts on local communities and SADAFCO prides itself in being a responsible company serving the society at large. Some of the CSR Initiatives undertaken during the year are highlighted below:

CSR Governance
<ul style="list-style-type: none"> • On 28/06/2022, SADAFCO CSR policy was approved by the General Assembly based on the recommendation of the Board of Directors. • SADAFCO Applied ISO26000 CSR Guidelines.
Sponsoring & Participation in Events
<ul style="list-style-type: none"> • Signed the first CSR agreement with Jeddah CSR association • Sponsored the CSR forum 2023 Under the patronage of His Excellency the Minister of Eng. Ahmad bin Sulaiman AlRajhi • Sponsored the “Future Industrialists” initiative • SADAFCO sponsored sporting activities and supplied free products to schools in various locations across the Kingdom • Sponsorship of the Non-Profit Sector Empowerment Forum in Taif under the auspices of His Highness the Governor of Taif
Contribution In cash and Products
<ul style="list-style-type: none"> • Day care and nursery in Jeddah to help teach young minds about recycling • The Company contributed products to charities and schools catering to special needs. • SADAFCO also contributed products to Quran schools.
Community volunteering
<ul style="list-style-type: none"> • Welcoming pilgrims initiative during Hajj season • Jeddah beach cleanup initiative 2023 • Under the Red Sea cleanup initiative 2023 • Planting initiative 250 trees and completing around 200 hours as part of the National Green Saudi Program
Educational & Vocational programs
<ul style="list-style-type: none"> • In the mission to educate kids on healthy food and its significant impact on their bodies, SADAFCO aims to reach 1M kids in 1,700 schools around 14 different cities in Saudi Arabia with their new campaign.

02 Corporate Governance

Names of Board of Directors, Committees Members and Executive Management - Current and Previous Positions, Qualifications and Experience

Board of Directors

	Name	Current Positions in SADAFCO & Other Company	Previous Positions in SADAFCO & Other Company	Qualifications	Experience
1-	H.H Sheikh Hamad Sabah Al-Ahmad	Chairman	Chairman	Diploma from Storm King School, USA	<ul style="list-style-type: none"> - Chairman of SADAFCO – Saudi Arabia - Chairman of KIPCO Holding – Kuwait - Chairman of Masharee Al-Khair Charity Organization – Kuwait - Chairman of Gulf Egypt Hotels & Tourism Company – Egypt
2-	Mr. Faisal Hamad Mubarak Al-Ayyar	Vice Chairman	Vice Chairman	Fighter Pilot, USA	<ul style="list-style-type: none"> - Vice Chairman of SADAFCO – Saudi Arabia - Vice Chairman of KIPCO (Holding) – Kuwait - Vice Chairman of Gulf Insurance Group – Kuwait - Vice Chairman of United Gulf Holding - Bahrain - Vice Chairman of United Gulf Bank – Bahrain - Vice Chairman of Jordan Kuwait Bank – Jordan
3-	Mr. Abdullah Yaqoob Bishara *	Member	Member	International Law University of Oxford, UK	<ul style="list-style-type: none"> - Board Member SADAFCO – Saudi Arabia - Board Member of KIPCO Holding – Kuwait
4-	Sheikh Sabah Mohammed Al-Sabah **	Member	Board member in various companies	Bachelor's Degree in business administration & Organization Management, Kuwait University.	<ul style="list-style-type: none"> - Board Member SADAFCO – Saudi Arabia - Chairman of National Petroleum Service Co. - Chief Strategic Projects Officer of KIPCO Holding – Kuwait - Vice Chairman & CEO of Qurain Petrochemical Industries Co. – Kuwait - Vice Chairman & Board Member of Jassim Transport & Stevedoring Co. – Kuwait. - Chairman of United Oil Projects – Kuwait. - Chairman of United Building Co. – Kuwait. - Vice Chairman & Acting CEO of United Industries Company – Kuwait. - Assistant Manager/Officer at Local & Gulf Trading Dept. of Manafa Investment Co. – Kuwait.
5-	Mr. Saied Ahmed Saied Basamh	Member	Board member in various companies	B.Sc Business Administration – Marketing & Logistics Ohio State University, USA	<ul style="list-style-type: none"> - Board Member SADAFCO – Saudi Arabia - Board Member – Sahra International Petrochemical Co. (International Sipchem) - Board Member - International Medical Center - Chairman- Al-Khair Inorganic Chemical Industries Co (inochem) - Board Member - Basamh Group of Companies - Board Member - Hala Supply Chain Services Company - Board Member - IDEA International Investment & Development – Saudi Arabia - Board Member - Future Resources Co. – Saudi Arabia - Board Member Sorooh Al-Madinah for Real Estate Investments Co. – Saudi Arabia - Board Member – Jeddah Development & Urban Regeneration Co. (JDURC) – Saudi Arabia
6-	Mr. Ahmed Mohamed Hamed Al-Marzouki	Member	Member	MBA - California State University - America	<ul style="list-style-type: none"> - Sales & Marketing SADAFCO – Saudi Arabia - Board Member SADAFCO – Saudi Arabia - Executive Management in various companies - Vice-Chairman of Buruj Co-Op Insurance Company
7-	Mr. Suleiman Saud Jarallah Al-Jarallah	Member	Member	Military School - Saudi Arabia	<ul style="list-style-type: none"> - Manager Al Jarallah for Gold and Jewellery – Saudi Arabia - Board Member SADAFCO – Saudi Arabia
8-	Mr. Mussad Abdullah Abdul Aziz Al-Nassar	Member	Member	Bachelor of Public Administration - Al Bakrki University - USA	<ul style="list-style-type: none"> - Board Member SADAFCO – Saudi Arabia - Sales Administration SADAFCO - Executive Manager SADAFCO - Manager of SADAFCO Bahrain - Manager of SADAFCO Qatar - Vice Chairman of SADAFCO Jordan - Board member SADAFCO Poland sp. Z.o.o.

9-	Mr. Hani Abdulaziz Ahmed Saab.	Member	Chairman and Board member in various companies	B.Sc. Business Administration – University of California San Diego, USA.	<ul style="list-style-type: none"> - Board Member SADAFCO – Saudi Arabia - Chairman of Textiles and Garments Company 'Giordano Fashion Agency' - Chairman of East Trading Activities Co. - Chairman of Qurtubah Private School Co. - General Manager of Al Faneyah Electromechanical Co. - General Manager of Prime Star Technologies Co. Ltd - General Manager of Allied Motors Co. - General Manager of Eastern Trading Activities. - General Manager of East Duct Factory. - Board Member of Makkah Region Council, Chairman of the Social Development Committee. - Board Member of Chamber of Commerce and Industry in Jeddah.
10-	Mr. Abdullah Hamdan Abdullah Al Nassar	Member	Member	<ul style="list-style-type: none"> - (First Division) in International Business Management – University of West London, Bachelor of Arts (Honors), United Kingdom. - School (France) Management Executive Management – Grenoble. - (First Division) – University of Brighton (United Kingdom MSc in Management Innovation. - Business foundation – (A) Honors – Oxford Business College. 	<ul style="list-style-type: none"> - Business & product Development at STC Solutions - Business Owner at Fnaa alfan Est. - Director of the Project Support Department for economic policies and planning in the Ministry of Economy and Planning project.

*Mr. Abdullah Yaqoob Bishara resigned on 15 Dec 2022

** Sheikh Sabah Mohammed Al-Sabah joined the Board on 15 Dec 2022

Board of Directors Formation and Capacity

The Board of Directors is constituted of nine (9) members elected for the term starting 1st April 2021 and ending 31st March 2024.

Name	Capacity
HH Sheikh Hamad Sabah Al-Ahmad	Non-executive
Mr Faisal Hamad Mubarak Al-Ayyar	Non-executive
Mr Abdullah Yaqoob Bishara*	Non-executive
Sheikh Sabah Mohammed Al-Sabah **	Non-executive
Mr. Saeid Ahmed Saeid Basamh	Non-executive
Mr Ahmed Mohamed Hamed Al-Marzouki	Independent
Mr Suleiman Saud Jarallah Al-Jarallah	Non-executive
Mr Mussad Abdullah Abdul Aziz Al-Nassar	Executive
Mr. Hani Abdulaziz Ahmed Sabb.	Independent
Mr. Abdullah Hamdan Abdullah Al-Nassar	Independent

*Mr. Abdullah Yaqoob Bishara resigned on 15 Dec 2022

** Sheikh Sabah Mohammed Al-Sabah joined the Board on 15 Dec 2022

Audit Committee

	Name	Current Position	Previous Position	Qualifications	Experiences
1	Mr Faisal Hamad Mubarak Al-Ayyar	Vice Chairman	Vice Chairman	Fighter Pilot, USA	<ul style="list-style-type: none"> - Vice Chairman of SADAFCO – Saudi Arabia - Vice Chairman of KIPCO (Holding) – Kuwait - Vice Chairman of Gulf Insurance Group – Kuwait - Vice Chairman of United Gulf Holding - Bahrain - Vice Chairman of United Gulf Bank – Bahrain - Vice Chairman of Jordan Kuwait Bank – Jordan
2	Mr. Saied Ahmed Saied Basamh	Member	Member	B.Sc Business Administration – Marketing & Logistics Ohio State University, USA	<ul style="list-style-type: none"> - Board Member SADAFCO – Saudi Arabia - Board Member – Sahra International Petrochemical Co. (International Sipchem) - Board Member - International Medical Center - Chairman- Al-Khair Inorganic Chemical Industries Co (inochem) - Board Member - Basamh Group of Companies - Board Member - Hala Supply Chain Services Company - Board Member - IDEA International Investment & Development – Saudi Arabia - Board Member - Future Resources Co. – Saudi Arabia - Board Member Sorooh Al-Madinah for Real Estate Investments Co. – Saudi Arabia - Board Member – Jeddah Development & Urban Regeneration Co. (JDURC) – Saudi Arabia
3	Mr Ahmed Mohamed Hamed Al-Marzouki	Member	Member	MBA - California State University - USA	<ul style="list-style-type: none"> - Sales & Marketing SADAFCO – Saudi Arabia - Board Member SADAFCO – Saudi Arabia - Executive Management in various companies - Vice Chairman of Buruj Co-Op Insurance Company

Nomination & Remuneration Committee

	Name	Current Position	Previous Position	Qualifications	Experiences
1	Mr Ahmed Mohamed Hamed Al-Marzouki	Chairman	Member	MBA - California State University - USA	<ul style="list-style-type: none"> - Sales & Marketing SADAFCO – Saudi Arabia - Board Member SADAFCO – Saudi Arabia - Executive Management in various companies - Vice Chairman of Buruj Co-Op Insurance Company
2	Mr Faisal Hamad Mubarak Al-Ayyar	Member	Member	Aviation, USA	<ul style="list-style-type: none"> - Vice Chairman of KIPCO – Kuwait - Vice Chairman of Gulf Insurance Company – Kuwait - Vice Chairman of Kuwait Jordanian Bank – Jordan - Vice Chairman of SADAFCO – Saudi Arabia - Vice Chairman of United Gulf Bank – Bahrain
3	Mr Suleiman Saud Jarallah Al-Jarallah	Member	Chairman	Military School - Saudi Arabia	<ul style="list-style-type: none"> - Manager Jarallah Jewellery – Saudi Arabia - Board Member SADAFCO – Saudi Arabia

Investment Committee

	Name	Current Position	Previous Position	Qualifications	Experiences
1	Mr Faisal Hamad Mubarak Al-Ayyar	Chairman	_____	Aviation, USA	<ul style="list-style-type: none"> - Vice Chairman of KIPCO – Kuwait - Vice Chairman of Gulf Insurance Company – Kuwait - Vice Chairman of Kuwait Jordanian Bank – Jordan - Vice Chairman of SADAFCO – Saudi Arabia - Vice Chairman of United Gulf Bank – Bahrain
2	Mr Ahmed Mohamed Hamed Al-Marzouki	Member	_____	MBA - California State University - USA	<ul style="list-style-type: none"> - Sales & Marketing SADAFCO – Saudi Arabia - Board Member SADAFCO – Saudi Arabia - Executive Management in various companies - Vice Chairman of Buruj Co-Op Insurance Company
3	Mr Suleiman Saud Jarallah Al-Jarallah	Member	_____	Military School - Saudi Arabia	<ul style="list-style-type: none"> - Board Member SADAFCO – Saudi Arabia - Board Member – Sahra International Petrochemical Co. (International Sipchem) - Board Member - International Medical Center - Chairman- Al-Khair Inorganic Chemical Industries Co (inochem) - Board Member - Basamh Group of Companies - Board Member - Hala Supply Chain Services Company - Board Member - IDEA International Investment & Development – Saudi Arabia - Board Member - Future Resources Co. – Saudi Arabia - Board Member Sorooh Al-Madinah for Real Estate Investments Co. – Saudi Arabia - Board Member – Jeddah Development & Urban Regeneration Co. (JDURC) – Saudi Arabia
4	Mr. Hani Abdulaziz Ahmed Saab.	Member	_____	B.Sc. Business Administration – University of California San Diego, USA.	<ul style="list-style-type: none"> - Board Member SADAFCO – Saudi Arabia - Chairman of Textiles and Garments Company 'Giordano Fashion Agency' - Chairman of East Trading Activities Co. - Chairman of Qurtubah Private School Co. - General Manager of Al Faneyah Electromechanical Co. - General Manager of Prime Star Technologies Co. Ltd - General Manager of Allied Motors Co. - General Manager of Eastern Trading Activities. - General Manager of East Duct Factory. - Board Member of Makkah Region Council, Chairman of the Social Development Committee. - Board Member of Chamber of Commerce and Industry in Jeddah.
5	Mr. Mussad Abdullah Abdul Aziz Al-Nassar	Member	_____	Bachelor of Public Administration - Al Bakrki University - USA	<ul style="list-style-type: none"> - Board Member SADAFCO – Saudi Arabia - Sales Administration SADAFCO - Executive Manager SADAFCO - Manager of SADAFCO Bahrain - Manager of SADAFCO Qatar - Vice Chairman of SADAFCO Jordan - Board member SADAFCO Poland sp. Z.o.o.



SADAFCO's Subsidiaries names, main activities, headquarter locations and percentage ownership

SADAFCO owns shares in subsidiary companies to help achieve its targets and distribute its products as mentioned below:

	Company	Main Activity	Country	Paid Up Capital	Number of Shares	Ownership (%)
1	SADAFCO Bahrain Company W.L.L.	Import, Sale and Distribution of Dairy & Foodstuff.	Bahrain	BD 50,000	500	100%
2	SADAFCO Kuwait Foodstuff Co. W.L.L. (*)	Import, Sale and Distribution of Dairy & Foodstuff.	Kuwait	KD 50,000	100	49%
3	SADAFCO Jordan Foodstuff Company LLC	Import, Sale and Distribution of Dairy & Foodstuff.	Jordan	JD 250,000	250,000	100%
4	SADAFCO Poland Sp. z o.o. ("SADAFCO Poland")	Own shares in companies and other activities	Poland	PLN 805,000	16,000	100%
	Mlekoma Sp. z o.o.	Manufacturing of Dairy Products	Poland	PLN 8,728,000	17,456	76%
	Foodexo Sp. z o.o.	Manufacturing of Dairy Products	Poland	PLN 1,000,000	2,000	76%
	Mlekoma Dairy Sp. z o.o.	Wholesale of milk, dairy products	Poland	PLN 1,000,000	1,000	37%
5	SADAFCO Qatar W.L.L.	Import, Sale and Distribution of Dairy & Foodstuff.	Qatar	QR 1,500,000	1,500	75%

* Remaining equity interest is beneficially held through parties nominated by the Company.

The Group's parent entity is Kuwait Projects Company Holding ("KIPCO"). KIPCO holds shareholding equal to 40.11% of the share capital. KIPCO is listed on Kuwait Stock Exchange.

None of the above-mentioned Subsidiaries have any debt instruments issued.

Executive Management

Mr. Patrick Stillhart Chief Executive Officer

Patrick joined SADAFCO as its Chief Executive Officer in November 1, 2021. His international career expands more than 23 years in the FMCG industry; 20+ years with Nestlé and 3+ years with DKSH. Besides Switzerland, Patrick has lived and worked in UAE, Malaysia, Indonesia and Singapore.

Proven track record in implementation of commercial strategies, entering new markets and develop/create operational excellence to deliver strategic objectives and transform organizations. A team-player with strong executive presence, capable of inspiring and developing teams and creating an environment of trust, respect and excellence to deliver results beyond expectations. Delivered strong results in challenging environments for complex businesses with revenues close to USD 2 Bln.

Education:

Patrick has a Master of Business Administration degree, with major in Marketing, from the University of St. Gallen in Switzerland. He has completed various Executive Leadership programs in Marketing, Sales, Leadership, Innovation, Digital, and Artificial Intelligence & Machine Learning (AI&ML) at several renowned business schools.



Mr. Fahim Hamdani
Acting CFO

With over 35 years of extensive expertise in finance, treasury, auditing, and risk management, he has accumulated valuable experience working in renowned Big 4 auditing firms across the region. During his tenure at SADAFCO, he has successfully led accounting and finance teams and played a pivotal role in orchestrating the private placement of shares prior to the company's initial public offering (IPO). Additionally, he played an instrumental role in the team that worked on launch of SADAFCO's IPO and has been collaborating closely with the CEO on various mergers and acquisitions (M&A) initiatives.

Education:

He holds a Bachelor's degree in Finance and possess qualifications from the Institute of Chartered Accountants of Pakistan.

Mr Brian Strong
Chief Supply Chain Officer

Brian is responsible for the management, development and enhancement of the process of “Plan, Source, Make and Deliver” in an efficient and cost-effective way so that the supply meets the demands of the market; the right products and goods at the right time, in the right place at the right costs. Brian has recently rejoined the SADAFCO team in November 2020 and brings with him over 25 years of FMCG experience, of which 21 years has been in KSA.

Education:

Bachelor's degree in Business Administration with majors in Marketing and Management from Northwood University in Michigan, USA

Mr Devasheesh Singh
Chief Commercial Operations Officer

Devasheesh is responsible for the Sales, Marketing & Trade Marketing. He joined SADAFCO in 2019. Devasheesh has more than 19 years commercial experience with him from Procter & Gamble. In particular, he has gained experience in the execution of Sales, Trade Marketing, Route to Market and Organization Development in India, Malaysia, Switzerland and lastly in Kenya from where he also managed the business in Ethiopia, Uganda and Tanzania.

Education:

Devasheesh graduated with a Degree in Commerce from St Xavier's College in Kolkata, India and completed his Master's degree in Management from the Indian Institute of Management (IIM) in Lucknow, India.

Mr Jim Versteylen
Chief Marketing Officer

Jim joined SADAFCO (March 2022). Jim Versteylen has 19 years' experience in FMCG in various commercial and marketing positions at Kraftfoods/Mondelez International. He started in 2003 in the Sales department of Kraft foods Benelux. Till 2011 he worked in several positions in the field, Key Account, Category Management & Category Business Development departments in different product categories (Chocolate, Biscuits & Cheese and Grocery). Starting in 2012 Jim started working in various senior marketing roles based in Belgium and The Netherlands for the chocolate category and finally leading the Gum & Candy marketing team for the BeNeLux. In 2017 he moved to Madrid and joined the leadership team Iberia where he lead for 3 years the Gum & Candy category for Southern Europe (SP/PT/IT/GR) and switched in 2020 to leading the Grocery & Cheese category.

Education:

Master's in applied economics in Antwerp and General Management in Ghent.



Mr Umar Farrukh
Vice President – Frozen Business Unit

Umar is responsible for building a Frozen Organization within SADAFCO through internal & external benchmarking including front & back-end investments. His responsibilities include crafting a 10-year Ambition and the consequent Business Strategy.

With almost 15 years of experience comprising of general management, marketing and sales, Farrukh specializes in developing & delivering sustainable business growth strategies.

Before joining SADAFCO in June 2019, Farrukh lead different FMCG categories including Ice Cream, Culinary, Powdered Desserts & Spreads at Unilever Pakistan during his 12 years tenure. He contributed with share gains through Advertising, Innovations & Distribution, and turned-around business profitability with E2E Restructuring Programs. As a member of the Marketing Leadership Team at Unilever Pakistan, he led channel expansion through synergies across multiple Foods & Refreshments categories with integrated selling solutions.

Education:

Certificate of Achievement - The Business of Artificial Intelligence (London Business School), MBA Marketing (LUMS), B. Sc. Electrical Engineering (U.E.T)

Mrs. Nadia Malaika
Chief Human Resource Officer

She has a total of 22 years of experience in various industries. She started her career in corporate banking, where she spent a total of two years and later moved to work for Unilever in marketing for three years. She made a career shift in 2005 when she entered the world of academia and taught marketing in a business college, in addition to managing its career center. She re-joined Unilever in 2011, as part of the HR team where she spent 6 years between various HR functions. She later moved to Consumer Johnson & Johnson as an HR manager, and then worked for Glaxo Smith Kline for a total of 3.5 years as HR manager for the Jeddah and Algeria factory.

An accomplished HR professional with a solid history of achievement in all aspects of the business. Well versed in a variety of Human resource functions such as recruitment, training and business partnering. Skilled in HR Policies, Business Transformation, Organization Development , Employee Relations, and leadership Development.

Education:

Master's degree from Bournemouth University in Marketing and has gotten her bachelor's degree from King Abdul Aziz University in English literature and linguistics.

Mr. Sultan Ahmed Alghamdi
Chief Legal & Governance Officer

Sultan joined SADAFCO in March 2020. · He is currently assuming the chief of Legal Affairs and Corporate Governance position, overseeing multiple legal practice areas such as litigation, legal advisory and studies, contracts and agreements, investigation, compliance, and corporate governance. Sultan has more than ten years of practical experience, and before joining SADAFCO, he worked for Rabigh Refining and Petrochemical Co. (Petro Rabigh), and he has collaborated with several law firms , providing his expertise and legal services.

Education:

Master's degree in Law and Legal Practice from King Abdulaziz University in Jeddah, and a Bachelor's degree in Law from the same University, he also holds several accredited certificates in the field of governance and the secretariat of board affairs and its committees.



Mr. Fahad Al Amoudi
Vice President – Out of Home Business Unit

With over 15 years of expertise in the FMCG industry, he specializes in the Out of Home - B2B sector. He joined SADAFCO in 2022 as a General Manager BU-Out of Home. Fahd begun his professional journey at EY in the managerial consultancy department. His accumulated B2B experience enabled him to design and deliver numerous HoReCa product solutions in the FMCG industry. Throughout the years, Fahd has successfully drafted and implemented various commercial strategies, enhancing operational excellence and consistently delivering outstanding results.

Education:

Bachelor's of Commerce degree from the University of Wollongong. Additionally, he has taken numerous of Executive advanced Leadership programs in Sales, Negotiation skills, Marketing, Innovation, Applied Data Science & Artificial Intelligence

Mr. Shrikanth Andali
Chief Information Officer

Shrikanth joined SADAFCO as Head of IT in April 2022. His international career spans over 27 years in Food Manufacturing, FMCG and Banking blue-chip multinationals; 10+ years with Associated British Foods (ABF); 7+ years each at Mars Inc. and Johnson & Johnson; 2+ years in Bank of America. Shrikanth relocated from India to the UK in 1997 where he was based for over twenty five years. He is a CIO with a consistent track record of establishing business-led IT strategy and has passionately delivered IT enabled business transformation..

Education:

Master of Business Administration degree in Marketing and Behavioral Science from the University of Delhi. Prior to this, he completed a BS degree in Physics from the University of Madras (India).

Mr. Talal Alnounou
Director Public Relations & Government Relations

With over 35 years of continuous service at SADAFCO, he has held various positions within the Human Resources and Public Relations Department. Today he is the Director of the Public Relations and Government Affairs Department. His responsibility include all the company's transactions with government departments, and participating annually in the Hajj season In addition to that, he is involved in establishing and amending contracts and records of the company and its branches, and preparing for SADAFCO's external meetings and conferences.

Education:

In addition to being Vice Chairman of the National Committee for Exports, he has received many advanced courses in the field of public relations, labor rights and obligations, distinguished investigator in the Saudi labor system, awareness in the culture of social responsibility for the business sector and pleadings with local courts

Mrs. Najwa Hakeem
Executive Office Manager (CEO & Executive Team)

Najwa Hakeem is the Executive office manager at SADAFCO responsible for the overall management of the executive team offices, with particular focus on the CEO's office.

With over 5 years in the position, Hakeem has proven to be an energetic executive administrator capable of wearing multiple hats. She plays a pivotal role at the smooth administration of the executive office, ensuring a professional level of administrative systems and operational support to the executive team. She oversees the administrative staff, financial as well as operational efficiency of the office. She is also the primary liaison with all external clients and partners.

Prior to joining SADAFCO Hakeem held a series of executive support roles with Mohammed Yousef Naghi Motors – Hyundai. Prior to this she also served as the operational manager at Lafontaine Hotels & Resorts and hospitality supervisor at the IMC hospital in Jeddah.

Education: Najwa holds a Bachelor's Degree in food & Nutrition – king Abdul Aziz University, Jeddah, Saudi Arabia.

The names of companies inside or outside the Kingdom of which the board member is a member in its current Board of Directors and former Boards of Directors or a Manager

Name of BOD Member	Name of current companies of the BOD Member who is a member in their boards or its directors	Inside/ Outside KSA	Legal Entity (Listed/ Unlisted/ Limited)	Name of former Companies of the BOD Member who is a member in their boards or its directors	Inside/ Outside KSA	Legal Entity (Listed/ Unlisted/ Limited)
HH Sheikh Hamad Sabah Al-Ahmad	<ul style="list-style-type: none"> - Saudia Dairy & Foodstuff Co. (SADAFCO) - KIPCO Holding - Masharee Al-Khair Organization - Gulf Egypt Hotels & Tourism Company 	KSA Kuwait Egypt	Listed Listed Charity Limited	<ul style="list-style-type: none"> - Burgan Bank - National Mobile Co. - United Real Estate Co. - United Gulf Bank 	Kuwait Kuwait Kuwait Bahrain	Listed Listed Listed Listed
Mr Faisal Hamad Mubarak Al-Ayyar	<ul style="list-style-type: none"> - Saudia Dairy & Foodstuff Co. (SADAFCO) - KIPCO Holding - United Gulf Holding Company - United Gulf Bank - Jordan Kuwait Bank - Gulf Insurance Group - Panther Media Group 	KSA Kuwait Bahrain Bahrain Jordan Kuwait UAE	Listed Listed Listed Unlisted Listed Listed Limited			
Mr Abdullah Yaqoob Bishara *	<ul style="list-style-type: none"> - Saudia Dairy & Foodstuff Co. (SADAFCO) - KIPCO Holding - Consulting Office for Strategic Studies 	KSA Kuwait Kuwait	Listed Listed Limited	<ul style="list-style-type: none"> - United Real Estate Company - North Africa Holding 	Kuwait Kuwait	Listed Unlisted
Sheikh Sabah Mohammed Al-Sabah	<ul style="list-style-type: none"> - Saudia Dairy & Foodstuff Co. (SADAFCO) - National Petroleum Service - KIPCO Holding - Jassim Transport & Stevedoring Co. - United Oil Projects Co. - United Building Co. 	KSA Kuwait Kuwait Kuwait Kuwait	Listed Listed Listed Listed Unlisted Unlisted	<ul style="list-style-type: none"> - Qurain Petrochemical Industries Co. - Manafa Investment Co. - United Industries Co. 	Kuwait Kuwait Kuwait	Listed Listed Unlisted
Mr. Saied Ahmed Saied Basamh	<ul style="list-style-type: none"> - Saudia Dairy & Foodstuff Co. (SADAFCO) - Sahra International Petrochemical Co. (International Sipchem) - International Medical Center - Al-Khair Inorganic Chemical Industries Co (inochem) - Basamh Group of Companies - Hala Supply Chain Services Co. - Future Resources Co. 	KSA KSA KSA KSA KSA KSA	Listed listed Unlisted Unisted Limited Limited Limited	<ul style="list-style-type: none"> - IDEA International Investment & Development - Jeddah Development & Urban Regeneration Co. (JDURC) – Saudi Arabia - Sorooh Al-Madinah for Real Estate Investments Co. 	KSA KSA KSA	Limited Unlisted Limited
Mr Ahmed Mohamed Hamed Al-Marzouki	<ul style="list-style-type: none"> - Saudia Dairy & Foodstuff Co. (SADAFCO) - Saudi Arabian Drug Store - Buruj Cooperative Insurance Company 	KSA KSA KSA	Listed Limited Listed	<ul style="list-style-type: none"> - Swiss Premium Food - Saudi New Zealand Milk Products Co. - Multiple Investments for Medical Services - 	Egypt KSA KSA	Unlisted Limited Limited
Mr Suleiman Saud Jarallah Al-Jarallah	<ul style="list-style-type: none"> - Saudia Dairy & Foodstuff Co. (SADAFCO) - Al Jarallah for Gold & Jewellery 	KSA KSA	Listed Est.			
Mr Mussad Abdullah Abdul Aziz Al-Nassar	<ul style="list-style-type: none"> - Saudia Dairy & Foodstuff Co. (SADAFCO) - SADAFCO Jordan - SADAFCO Qatar - SADAFCO Bahrain - SADAFCO Poland sp. Z.o.o. 	KSA Jordan Qatar Bahrain Poland	Listed Limited Limited Limited Limited	<ul style="list-style-type: none"> - National Buildings Real Estate - United Gulfers Transport - National Sights Holding - Swiss Premium Food - Saudi New Zealand Milk Products Co. 	KSA KSA KSA Egypt KSA	Unlisted Unlisted Unlisted Unlisted Limited

Mr. Hani Abdulaziz Ahmed Sabb.	- Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed	- Western Auto Co. - Almadinah Press, Printing and Publishing Corporation.	KSA KSA	Limited Limited
	- Company 'Giordano Fashion Agency'	KSA	Limited			
	- East Trading Activities Co.	KSA	Limited			
	- Qurtubah Private School Co.	KSA	Limited			
	- Al Faneyah Electromechanical Co.	KSA	Limited			
	- Prime Star Technologies Co. Ltd	KSA	Limited			
Mr. Abdullah Hamdan Abdullah Al-Nassar	- Allied Motors Co.	KSA	Limited	None	None	None
	- Eastren Trading Activities.	KSA	Limited			
	- East Duct Factory.	KSA	Limited			
	- Saudia Dairy & Foodstuff Co. (SADAFCO)	KSA	Listed			

*Mr. Abdullah Yaqoob Bishara resigned on 15 Dec 2022

** Sheikh Sabah Mohammed Al-Sabah joined the Board on 15 Dec 2022

Number and date of Board of Directors Meetings during the financial year (01/04/2022 to 31/03/2023)

The board had (three) meetings; and passed 19 resolutions by circulation.

Name	Attended (3)			Resolution by Circulation (19)																			Total
	11/04/2022	18/09/2022	20/03/2023	07/04/2022	16/05/2022	25/05/2022	25/05/2022	29/05/2022	18/08/2022	18/09/2022	04/10/2022	23/10/2022	27/10/2022	03/11/2022	06/11/2022	10/11/2022	15/12/2022	03/01/2023	16/01/2023	24/01/2023	09/02/2023	12/03/2023	22
HH Sheikh H. Al-Ahmad	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	22
Mr Faisal H. Al-Ayyar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	22
Mr Abdullah Y. Bishara *	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗							13
Sheikh Sabah Al-Sabah			✓															✓	✓	✓	✓	✓	6
Mr. Saeid A. Basamh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	22
Mr Ahmed M. Al-Marzouki	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	22
Mr Suleiman Al-Jarallah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	22
Mr Mussad A. Al-Nassar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	22
Mr. Hani A. Saab.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	22
Mr. Abdullah H. Al-Nassar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	22

The last Ordinary General Meeting (AGM) was held on 28 June 2022

*Mr. Abdullah Yaqoob Bishara resigned on 15 Dec 2022

** Sheikh Sabah Mohammed Al-Sabah joined the Board on 15 Dec 2022

Share Ownership of Board of Directors, Spouses and Minor Children

	Name	1 st April 2022	31 st March 2023	Change (+/-)
1	HH Sheikh Hamad Sabah Al-Ahmad Representing: United Industries Company	1,000	1,000	-
2	Mr Faisal Hamad Mubarak Al-Ayyar Representing: United Gulf Bank	1,000	1,000	-
3	Mr Abdullah Yaqoob Bishara*	1,000	1,000	-
4	Sheikh Sabah Mohammed Al-Sabah**	0	0	-
5	Mr. Saied Ahmed Saied Basamh Representing: Alsamh Trading Co.	3,798,008	3,798,008	-
6	Mr Ahmed Mohamed Hamed Al-Marzouki	20,000	20,000	-
7	Mr Suleiman Saud Jarallah Al-Jarallah	1,000	1,000	-
8	Mr Mussad Abdullah Abdul Aziz Al-Nassar	11,000	11,000	-
9	Mr. Hani Abdulaziz Ahmed Saab.	2,000	2,000	-
10	Mr. Abdullah Hamdan Abdullah Al-Nassar	1000	1000	-

*Mr. Abdullah Yaqoob Bishara resigned on 15 Dec 2022

** Sheikh Sabah Mohammed Al-Sabah joined the Board on 15 Dec 2022

Share Ownership of Executive Management Team, Spouses and Minor Children

	Name	1 st April 2022	31 st March 2023	Change (+/-)
1	Mr. Patrick Stillhart	0	0	-
2	Mr. Fahim Hamdani	0	0	-
3	Mrs. Nadia Malaika	10	10	-
4	Mr. Brian Strong	0	0	-
5	Mr. Devasheesh Singh	0	0	-
6	Mr. Jim Versteylen	0	0	-
7	Mr. Umar Farrukh	0	2050	+2050
8	Mr. Sultan Alghamdi	4	1	-3
9	Mr. Shrikanth Andali	0	0	-
10	Mr. Fahad Al Amoudi	0	0	-
11	Mr. Talal Alnounou	0	0	-
12	Mrs. Najwa Hakeem	0	0	-

The Board of Directors and Executive Management team members, their spouses and children do not have any rights or preference shares or debt instruments relating to the Company or any of its Subsidiaries.

Board Committees

1) The Audit Committee

Competencies, powers and responsibilities of the Audit Committee

The Audit Committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following:

a) Financial Reports:

- 1) Analysing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency;
- 2) Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- 3) Analysing any important or non-familiar issues contained in the financial reports;
- 4) Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor;
- 5) Examining the accounting estimates in respect of significant matters that are contained in the financial reports; and
- 6) Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- 7) The committee will review with Executive Management and External & Internal Auditors separately the following:
 - Any major difference between management and independent auditor or internal audit administration relating to preparation of financial statement
 - Any difficulties aroused during audit (including any restrictions) to the scope of work or reaching to the required information
- 8) The committee should discuss with the Auditor without attendance of the management, their opinion regarding the quality, relevance and acceptability to the Company's accounting principles and disclosure practices as followed currently by the Company when issuing the financial reports.

b) Internal Audit:

- 1) Examining and reviewing the Company's internal and financial control systems and risk management;
- 2) Analysing the internal audit reports and following up the implementation of the corrective measures in respect of the observations made in such reports;
- 3) Monitoring and overseeing the performance and activities of the Internal Auditor and Internal Audit department of the Company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no Internal Auditor, the committee shall provide a recommendation to the Board on whether there is a need to appoint an Internal Auditor.
- 4) Providing a recommendation to the Board on appointing the manager of the Internal Audit unit or department, or the Internal Auditor and suggest his/her remunerations.

c) External Auditor:

- 1) Providing recommendations to the Board to nominate External Auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts;
- 2) Verifying the independence of the External Auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;

- 3) Reviewing the plan of the Company's External Auditor and its activities, and ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and provides its opinion thereon;
- 4) Responding to queries of the Company's External Auditor; and
- 5) Reviewing the External Auditor's reports and its comments on the financial statements, and following up the action taken in connection therewith.

d) Ensuring Compliance:

- 1) Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- 2) Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions;
- 3) Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith; and
- 4) Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

Audit Committee Members and their Meetings during 2022-23:

Name	Capacity	Attended (4)				By Circulation (4)				Total
		18/09/2022	22/10/2022	23/01/2023	30/03/2023	14/04/2022	15/05/2022	26/05/2022	17/08/2022	
Mr. Faisal Hamad Mubarak Al-Ayyar	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Saied Ahmed Saied Basamh	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Ahmed Mohamed Hamed Al-Marzouki	Member	✓	✓	✓	✓	✓	✓	✓	✓	8

2) The Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three members.

Competencies of the Nomination and Remuneration Committee

The competencies of the Nomination and Remuneration Committee are:

A. Remunerations:

- 1) Preparing a clear policy for the remunerations of the Board Members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy;
- 2) Clarifying the relation between the paid remunerations and the adopted remuneration policy and highlighting any material deviation from that policy.
- 3) Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives; and
- 4) Providing recommendations to the Board in respect of the remunerations of its members, the Committee Members and Senior Executives, in accordance with the approved policy.

B. Nominations:

- 1) Suggesting clear policies and standards for membership of the Board and the Executive Management;

- 2) Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty;
- 3) Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions;
- 4) Determining the amount of time that the member shall allocate to the activities of the Board;
- 5) Annually reviewing the skills and expertise required of the Board Members and the Executive Management;
- 6) Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure;
- 7) Annually ensuring 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 Directors of another company;
- 8) Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management;
- 9) Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant; and
- 10) Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
- 11) Setting a mechanism for training the new board members and introducing them to the company duties and activities, to enable them to perform their work competently.
- 12) Analyzing and reviewing the company organizational structure and reviewing the Executive Management and the company senior executives' performance.

In addition to the above-mentioned duties, Remuneration and Nomination Committee has the right to:

- 1) Investigate and enquire any subject within its duties and specialties or any subject requested by the board.
- 2) Review the company records and documents and requesting any clarification or indication from the board or executive management members or the company employees, for the purpose of inquiry about any information.
- 3) The committee may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting; the minutes states the name of the expert and his relation to the Company or its Executive Management, and the company may request the attendance of any employee, manager, the company lawyers, or the independent auditors, for holding a meeting with the committee or with any of its members or consultants.

Nomination and Remuneration Committee Members, Meetings and Resolutions during 2022-23

Name	Capacity	Attended (2)		By Circulation (2)		Total
		18/09/2022	02/11/2022	23/05/2022	08/12/2022	
Mr. Ahmed Mohamed Hamed Al-Marzouki	Chairman	✓	✓	✓	✓	4
Mr Faisal Hamad Mubarak Al-Ayyar	Member	✓	✓	✓	✓	4
Mr Suleiman Saud Jarallah Al-Jarallah	Member	✓	✓	✓	✓	4

3) The Investment Committee

The Investment Committee consists of five members.

Responsibilities, Authorities and Duties of the Investment Committee are:

A. Committee Responsibilities:

1. Working with Executive Management to develop an investment strategy for the Company commensurate with the nature of its business, activities and risk exposure; and making appropriate recommendation thereon to the Board.
2. Overseeing the Company's investment activities and assessing the investment performance.
3. Studying and evaluating the investment opportunities proposed by the Executive Management, and making appropriate recommendation thereon to the Board, such investment opportunities include:
 - Merger or acquisition of companies, businesses, or assets.
 - Joint ventures, divestitures, or liquidation.
 - Investment in new or existing projects, or expansion of projects owned by the Company.
 - Investment opportunities that the Executive Management wishes to enter.
4. The Committee shall perform such other duties consistent with the Committee's purpose or that are assigned to it by the Board.

B. Committee Authorities:

1. Requesting the information and data necessary to assist the Committee in studying the topics that fall within its competences or referred thereto by the Board.
2. The Committee may seek assistance, at the Company's expense, from investment advisers, experts, legal or accounting advisors and other professionals as it deems necessary.
3. Approving or rejecting any investment opportunity, proposed by Executive Management, whose value is equal to or less than Fifty Million Saudi Riyals (SAR 50,000,000) per the fiscal year, provided that the justification for the approval or rejection is recorded in the minutes of meeting. The Board shall be notified of the Committee's decisions in this regard.
4. Recommending to the Board approval or rejection of an investment opportunity, proposed by Executive Management, whose value is equal to or more than Fifty Million Saudi Riyals (SAR 50,000,000) per the fiscal year.

C. Committee Duties:

- 1- Complying with the provisions of the Companies Law, the Capital Market Law and its implementing regulations, the Company's Bylaw and other related laws and regulations in exercising his/her duties.
- 2- Refraining from doing or participating in any act that would harm the interests of the Company.
- 3- Confidentiality: Committee's members and the secretary must maintain the Confidentiality of the information or documents made available to them. He/She may in no case -even if his/her membership is terminated- disclose such information to any individual or entity, nor may he/she use any such information for his/her own personal benefits or that of his/her relatives or third parties.
- 4- Conflicts of Interest: Members must avoid situation that led to Conflicts of Interest with the Company. A Conflicts of Interest means that there is a direct or indirect interest to a member in any matter listed on the Committee agenda, and such an interest may (or is believed to) influence the independence of the member's opinion. If a member has a conflict of interest; he/she must disclose such conflict before starting the discussion of the matter. In such a case, the member must not attend nor participate in the discussion of the matter nor vote thereon, and to be stated in the minutes of meeting.

Investment Committee Members, Meetings and Resolutions during 2022-23

Name	Capacity	Attended (1)	By Circulation (2)		Total
		20/09/2022	23/10/2022	09/11/2022	3
Mr Faisal Hamad Mubarak Al-Ayyar	Chairman	✓	✓	✓	3
Mr. Saied Ahmed Saied Basamh	Member	✓	✓	✓	3
Mr. Ahmed Mohamed Hamed Al-Marzouki	Member	✓	✓	✓	3
Mr. Hani Abdulaziz Ahmed Saab	Member	✓	✓	✓	3
Mr. Mussad Abdullah Abdul Aziz Al-Nassar	Member	✓	✓	✓	3

Details of Compensation and Remuneration

Board Members

	Fixed Remuneration (SAR)						Variable Remuneration (SAR)						End of Service Benefit (SAR)	Grand Total (SAR)	Expenses Allowance (SAR)
	A certain amount	Attendance allowance for board meetings	Total Committees attendance allowance	In-kind benefits	Details of board members earnings as workers or administrative or other earnings for technical, administrative and consultant services or technical services	Remuneration of Chairman or Managing Director or BOD Secretary if he is a member	Total	% of profit	Periodic Remuneration	Short term motivational plans	Long term motivational plans	Given Shares (value)	Total (SAR)		
Independent Members															
Mr Ahmed Marzouki	400,000		70,000				470,000							470,000	
Mr. Hani Sabb	400,000		10,000				410,000							410,000	
Mr. Abdullah Nassar	400,000						400,000							400,000	
Total	1,200,000		80,000				1,280,000							1,280,000	
Non -Executive Members															
HH Sheikh Al-Ahmad	400,000						400,000							400,000	
Mr. Faisal Al-Ayyar	400,000		70,000				470,000							470,000	
Mr. Abdullah Bishara*	283,333						283,333							283,333	
Sheikh Sabah Al Sabah**	116,667						116,667							116,667	

Mr. Saied Basamh	400,000	50,000			450,000							450,000	
Mr Suleiman Jarallah	400,000	20,000			420,000							420,000	
Total	2,000,000	140,000			2,140,000							2,140,000	
Executive Members													
Mr Mussad ANassar	400,000	10,000		703,455	1,113,455						116,980	1,230,435	
Total	400,000			703,455	1,113,455						116,980	1,230,435	

*Mr. Abdullah Yaqoob Bishara resigned on 15 Dec 2022

** Sheikh Sabah Mohammed Al-Sabah joined the Board on 15 Dec 2022

Executive Management Remuneration for Six Members including CEO and CFO*

	Fixed Remuneration (SAR)				Variable Remuneration (SAR)					End of Service benefit	Total Remuneration of BOD Executive if any	Total (SAR)
	Salaries	Allowances	In-kind Benefits	Total	Periodic Remuneration	Dividends	Short term plan incentives	Long term plan incentives	Given Shares (Value)	Total		
No. of staff (6)	4,603,980	1,857,698		6,461,678			1,882,000			1,882,000	412,888	8,756,566
Total	4,603,980	1,857,698		6,461,678			1,882,000			1,882,000	412,888	8,756,566

* SADAFCO has complied with the disclosure of the components of the senior executives' remuneration on aggregate in line with the requirements of subparagraph (b) of paragraph (4) of Article 93 of the Corporate Governance Regulations issued by CMA, but to protect the interests of the Company, its shareholders and employees, and to avoid any damage that may occur as a result of disclosing the detailed senior executives' remuneration by position, the Company did not disclose the details as per Appendix (1) of the CG Regulations.

Remuneration for Audit Committee

	Member	Fixed remuneration (except for the allowance for attending meetings)	Allowance for attending the meetings	Total (SAR)
1	Mr. Faisal Hamad Mubarak Al-Ayyar		40,000	40,000
2	Mr. Saied Ahmed Saied Basamh		40,000	40,000
3	Mr. Ahmed Mohamed Hamed Al-Marzouki		40,000	40,000
	Total		120,000	120,000

Remuneration for Nomination & Remuneration Committee

	Member	Fixed remuneration (except for the allowance for attending meetings)	Allowance for attending the meetings	Total (SAR)
1	Mr. Ahmed Mohamed Hamed Al-Marzouki		20,000	20,000
2	Mr Faisal Hamad Mubarak Al-Ayyar		20,000	20,000
3	Mr Suleiman Saud Jarallah Al-Jarallah		20,000	20,000
	Total		60,000	60,000

Remuneration for Investment Committee

	Member	Fixed remuneration (except for the allowance for attending meetings)	Allowance for attending the meetings	Total (SAR)
1	Mr Faisal Hamad Mubarak Al-Ayyar		10,000	10,000
2	Mr. Saied Ahmed Saied Basamh		10,000	10,000
3	Mr. Ahmed Mohamed Hamed Al-Marzouki		10,000	10,000
4	Mr. Hani Abdulaziz Ahmed Saab		10,000	10,000
5	Mr. Mussad Abdullah Abdul Aziz Al-Nassar		10,000	10,000
	Total		50,000	50,000

Remunerations & Compensations of the Board Members, Committees and Executive Management Policy

First: Objectives

This Policy is prepared as per Companies' Law, its Executive Regulations, Corporate Governance Regulations issued by the Capital Market Authority and the Corporate Bylaw, and shall not be amended only upon a recommendation by the Shareholders' General Assembly for an approval, unless the regulations and instructions issued by such authorities include otherwise.

This Policy aims at attracting persons with academic, technical, administrative qualifications, retaining and training them to perform their duties professionally and effectively to commensurate with the company's activities and purposes. In addition, it aims at setting clear and specific standards and conditions explaining to shareholders the Company's terms, conditions, and procedures for granting remunerations to the members of the Board of Directors, Committees, and Executive Management.

Second: Rules & Standards of Remunerations & Compensations

Without prejudice to the provisions of the Companies' Law, Capital Market Authority Regulations, and their Executive Regulations, and the Corporate Bylaw, remuneration policy shall take into account the following:

- To be consistent with the Company's strategy, objectives, and required skills of the Company management, provided that it shall be fair and commensurate with member's scope of specialty, the duties and responsibilities performed by the Board members, and the objectives designated by the Board to be achieved during the financial year.
- To provide remuneration in order to encourage the members of the Board of Directors and the Executive Management to achieve the success of the Company and its long-term development, by for example making the variable part of the remuneration linked to the long-term performance.
- To determine remuneration based on job level, duties and responsibilities, educational qualifications, practical experiences, skills, and level of performance.
- To be consistent with the magnitude, nature and level of risks faced by the Company.
- To take into consideration other companies' practices in determining remunerations, and avoid the disadvantages of such comparison in leading to unjustifiable increases of remunerations and compensations. The remunerations of the Board of Directors' members may vary based on the members' experiences, duties, and number of sessions attended.
- To attract talented professionals, retain and motivate them without exaggeration.
- Such remuneration shall be reasonably sufficient for attracting, motivating, and retaining qualified and experienced members.
- Such remuneration shall be prepared in coordination with the Nomination and Remuneration Committee for new appointments, and based on the recommendation of the Nomination and Remuneration Committee.

- To take into consideration the company scope of business, magnitude, and the experiences of its Board of Directors members.
- To suspend or reclaim remuneration when determined that such remunerations were set based on inaccurate information provided by a member of the Board or the executive management, in order to prevent abuse of power to obtain unmerited remunerations.
- In case of regulating the grant of Company's shares to the Board members and the Executive Management, whether newly issued or purchased by the Company, such action is supervised by the Nomination and Remuneration Committee and shall follow the Corporate Bylaw and the related regulations and policies of Capital Market Authority.

Third: The Remunerations of the Board Members

- 1- The remuneration of the Board of Directors' members consists of a certain amount of money, attendance allowance, in kind, or a percentage of net profit- two of the mentioned benefits may be combined together. In case if the remuneration is a percentage, Articles (24) and (50) of the Company's Bylaw Article (76) of Corporates' Law must be followed, and the amount of the member's benefits shall not exceed more than SAR (500,000) annually. The member is entitled to the remuneration from the effective date of membership.
- 2- The Board report to the Ordinary General assembly shall be comprehensive, including all benefits received by the members during the financial year, remunerations, expense allowances etc., the cash received by members, as employees and executives, or as per their exerted efforts including their technical, administrative, and consulting performances. In addition, the report shall include, the number of sessions attended by every member from the last date of the General Assembly meeting, pursuant to the Companies Law, Capital Market Authority Regulations and its Executive regulations.
- 3- The remunerations of the independent members of the Board shall not be a percentage of the achieved Company's incomes, or based, directly or indirectly, on the Company's profitability.
- 4- Remunerations may vary as per the member's experience, specialty, duties, independence, and the number of sessions attended along with other considerations.
- 5- The Board of Directors may not vote for the remuneration article of the Board' members during the Shareholders General Assembly.
- 6- A member of the Board may receive a remuneration or salary for any additional executive, technical, administrative, or consulting performances assigned by the Company, in addition to the received remuneration as a member of the Board and its committees as per the Companies Law, the Corporate Bylaw, CMA Regulations and its Executive regulations.
- 7- Remunerations in form of shares may be granted for the Board of Directors members after meeting the bylaws and procedures in this regard.
- 8- The Company shall cover the cost of traveling-ticket for members living outside Jeddah city.
- 9- The Company shall cover the cost of five- star hotels stay and tickets, whenever the meeting is convened outside Jeddah city.
- 10- All round-trip tickets for members shall be on the First and Business classes.

Fourth: Remunerations of Committees

The Policy of each Committee shall include the remunerations pertained to its members.

Fifth: Remunerations of the Executive Management

The remuneration of the Executive Management includes:

- 1- Basic monthly salary to be paid at the end of every Gregorian month.

- 2- Allowances, including but not limited to, housing allowance or providing residence, transportations allowance or providing a car, telephone allowance, and children education allowance.
- 3- Insurance advantages, including but not limited to, medical insurance, and life insurance.
- 4- Fixed remunerations and compensations as per contracts of labor with senior executives. They may receive annual remunerations based on the performance assessment and the achievement of the annual results of the Company specified by the Board. The assessment of the senior executives is mainly based on their professional performance during the year and their achievement of the company's strategic goals.
- 5- Other advantages, including but not limited to, annual leave, annual airway travel tickets, and end of service remuneration.

Sixth: Revision and Enforcement

1. Remuneration and Nomination Committee is specialized in the periodical revision of this policy, assessing effectiveness in achieving its purposes. This policy is subject to periodical updating and revision- when needed, by the Remuneration and Nomination Committee. Any suggested amendments shall be presented by the committee to the Board. The Board will analyse and revise these amendments and submit recommendations for the approval of the Shareholders General Assembly.
2. This Policy will be effective and enforceable from the date of its approval by the Company Shareholders General Assembly.
3. Texts or rules, whatsoever, not stated in this Policy, will be subject to the application of the Saudi Companies' Law, the Capital Market Authority and its Executive Regulations and decisions issued by the concerned bodies.

This Policy will be published, after an approval by the Shareholders General Assembly, in the company website or via any other means for enabling the shareholders, the public and the stakeholders to review it.

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 above, and in light of the remuneration paid for the Board, its Committees, and the Executive Management and what is proposed for the Board, SADAFCO conforms compliance with the approved policy without any deviation from it.

Procedure taken to the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance:

Remarks, suggestions, and questions raised by the shareholders are recorded in the Ordinary/ Extraordinary General Assembly's minutes. The answers for their queries are recorded in the minutes and followed-up with the implementation of any applicable suggestion with the Company's Executive Management. These suggestions shall be represented during the Board meetings following the General Assemblies of the Company and shall be discussed among its members.

Performance Assessment of the Board of Directors

The Board of Directors shall encourage its members to perform their duties effectively to achieve the Company's purpose through convening meetings and circular resolutions, whenever it deems necessary to review specific matters or any requests by the Executive Management to the Board in order to make decisions thereof. Assemblies and circular resolutions may be convened as necessity arises.

The Board shall effectively discuss all essential matters, allocate appropriate time, improve the Company's strategy, and monitor the Company's performance to achieve its objective in accordance with its approved annual budget by the Board. The Executive Management shall provide periodic reports for the Company performance to the Board, furthermore, the Board shall ensure compliance with its competences and duties in conformity with the Companies' Law, Capital Market Law and its Executive Regulations, the Company's Bylaw, and any related laws.

The Board shall oversee the process of updating and improving the Company's Governance rules.

The Nomination & Remuneration Committee of the Board shall assess the performance of the Board, its members, its committees, and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.

Details of the General Assembly meetings held during the last financial year and the names of the members of the Board of Directors present

Attendance Record:

Name	AGM 28/06/2022
HH Sheikh Hamad Sabah Al-Ahmad	✗
Mr. Faisal Hamad Mubarak Al-Ayyar	✗
Mr. Abdullah Yaqoob Bishara	✗
Mr. Saied Ahmed Saied Basamh	✗
Mr. Ahmed Mohamed Hamed Al-Marzouki	✓
Mr. Suleiman Saud Jarallah Al-Jarallah	✓
Mr. Mussad Abdullah Abdul Aziz Al-Nassar	✓
Mr. Hani Abdulaziz Ahmed Saab.	✓
Mr. Abdullah Hamdan Abdullah Al-Nassar	✓

Number of Company's requests of shareholders records, dates and reasons thereof from 1st April 2021 to 31st March 2022:

No. of Request	Date of Request	Reason
1	11/05/2022	Company requirement
2	30/06/2022	Dividend
3	05/01/2023	Dividend

Major Shareholders Owning 5% or more and Changes during the Financial Year

	Name	Number of Shares on 1 st April 2022	Number of Shares on 31 st March 2023	Percentage Ownership on 1 st April 2022	Percentage Ownership on 31 st March 2023	Change (+/-)
1	Al Qurain Petrochemicals Industries Company*	13,036,461	0	40.11%	0	- 13,036,461
2	Kuwait Investment Projects Company (KIPCO) Group*	0	13,036,461	0	40.11%	+ 13,036,461
3	Al-Samh Trading Co Ltd	3,798,008	3,798,008	11.68%	11.68%	-

* SADAFCO was notified on 6th of Feb 2023, that Kuwait Projects Company ("KIPCO") acquired 13,036,461 three million thirty-six thousand four hundred and sixty-one shares, representing 40.11% of SADAFCO's paid-up capital, following the merger between KIPCO and Al Qurain Co.

% Dividends during the financial year from 01/04/2022 to 31/03/2023			Total Dividend
	1 st Half Year Dividend	Final Dividend recommended for distribution	
%	30%	30%	60%
Total (SAR Mln)	96.00	96.00	192.00

SADAFICO's Dividend Distribution Policy

The Dividend Distribution Policy is prepared as per the requirements of Article (9) of Corporate Governance Regulations, Companies Law and SADAFICO's Bylaws.

1.1 . Payment Date of Dividends

The Board shall execute the General Assembly resolution regarding distribution of dividends to the registered shareholders who owned shares on the eligibility date within 15 days from the due date determined in the General Assembly resolution, or Board resolution for distributing interim dividends.

Dividends shall be paid to the shareholders in the place and date determined by Board.

1.2. Dividends Distribution Announcement

1- Announcement for the Distribution of Interim Dividends.

The company is obliged to make a prompt disclosure and announcement on TADAWUL, whenever a resolution is made by the Board for the distribution of interim dividends on a biannual or quarterly basis. Moreover, it shall provide the CMA with a copy of the Board resolution after the issuance.

2- Announcement for the Distribution of Annual Dividends.

Based on the Board recommendation, the Shareholders General Assembly shall vote for the distribution of annual dividends. The Company is committed to the Board resolution to recommend an annual dividend to the General Assembly for voting and immediately should disclose and announce that on TADAWUL website.

The announcement issued by the company should include the following:

- Date of the Board resolution.
- Distribution period (annual, interim, biannual or quarterly).
- Total distributed amount.
- Number of shares entitled for dividends.
- Distribution amount per share.
- Distribution percentage to the nominal share value.
- Date of entitlement. The eligibility will be to those shareholders who owned shares on the eligibility day, and registered in the Securities Depository Centre on the end of the second trading day following the eligibility day.
- Date of distribution (In case if distribution date is not fixed), "Date to be announced" shall be mentioned.

1.3. Sources and Amounts of Dividends:

a) The company's annual net profits shall be distributed as follows:

1. 10% of the net profits are to be set aside to form the company's statutory reserve. The Ordinary General Assembly may choose to stop this reserve once it reaches 30% of the capital paid.
2. The Ordinary General Assembly based on the proposal of the Board may set aside (10%) of the net profits to form voluntary reserve to be allocated to the determined objective or objectives as per the resolution made by the Shareholders Ordinary General Assembly.

3. The Ordinary General Assembly may resolve to form other reserves to meet the interests of the company, or to ensure the distribution of fixed dividends for shareholders, as possible. The mentioned assembly may likewise deduct amounts from the net profits to establish social institutions for the company's employees or to assist the performance of such institutions.
4. The balance thereafter shall be distributed among the shareholders in a proportion representing (5%) of the paid up capital.
5. Subject to the provisions laid down in Article 76 of the Companies' Law and Article 24 of the Company Bylaws, a proportion of (10%) of the balance shall thereafter be allocated to remunerate the Board of Directors, provided that the remunerations and financial benefits for each Board member shall not exceed SAR 500,000.

b) Distribution of interim dividends:

A Company may distribute interim dividends to its shareholders on a biannual or quarterly basis after fulfilling the following legal requirements:

- 1) The issuance of annual resolution by the General Assembly authorizing the Board to distribute interim dividends.
- 2) The company shall enjoy regular positive profitability.
- 3) The company shall enjoy reasonable liquidity, and able to reasonably foresee the scale of its profits.
- 4) The Company shall have distributable profits based on the latest audited financial statements. These profits shall be sufficient to cover the proposed dividend distribution, after deducting the amounts distributed and capitalized of the dividends, after the date of these financial statements.

In addition to any official requirements that may be requested by any of the concerned bodies in KSA.

1.4. Eligible Shareholders for Dividends:

The entitlement of receiving dividends is for shareholders who owned shares in the due date specified in the Board resolution to distribute biannual or quarterly basis interim dividends, which will be announced on TADAWUL. Alternatively, it is for those who owned the shares at the end of trading day of AGM meeting, and AGM approval to distribute annual dividends. The resolution shall highlight the entitlement and distribution dates, provided that this resolution shall be implemented in accordance with the stated rules and procedures issued for the implementation of the Bylaws of the listed joint stock companies.

1.5. Revision and Enforcement:

1. The Board shall revise the content of this policy, as may be necessary.
2. This policy will be effective and enforceable after the approval of the Board on 27/02/2018
3. Texts or rules, whatsoever, not stated in this policy, will be subject to the application of the Saudi Corporates' Law, its regulations, Capital Market Authority law and its executive regulations, the Company Bylaws and resolutions issued by the concerned bodies.

Annual Internal Audit Results Review of the Effectiveness of the Internal Control Systems

The Board has approved the annual risk-based internal audit (IA) plan and ensured its timely and effective execution. The IA department reviews the adequacy, efficiency and effectiveness of internal controls, risk management and governance processes to ensure their effectiveness. This is accomplished **through the execution of** the approved annual plan-throughout the year. The Board also ensures that management is taking action on reported issues, including the introduction of policies and procedures, which will enhance controls. Management is implementing a systemic Risk Management process, and is reporting results to the board of directors.

Based on the work of the internal auditors and the conclusions contained in their audit reports issued during the current year and management's representation with respect to the effectiveness of the company's internal and financial control systems, no major control issues that require disclosure have been noted and thus the Board believes that these systems are effectively run. Management updated the (business continuity plan manual) as a result of certain personnel related changes, and is now working on activating the same.

Related Party Transactions

The Company enters into transactions with related parties using the same criteria applied to all other parties and under the best terms of trade. Related Parties are defined as SADAFICO Board Members, Major Shareholders and Senior Executives or any of their first-degree relatives, in line with the regulations and guidelines of the Capital Markets Authority (CMA) and the Ministry of Commerce and Investment (MOCI) in this regard. Transactions with these parties require disclosure.

Below are the related party transactions.

(1)

Company Name	Country	Nature of Transaction	Value (SAR Mln)	Closing Balance (SAR Mln)
Buruj Co-Op Insurance Company	KSA	Insurance Services	9.3	2.5

SADAFICO entered into a one-year Agreement with Al Buruj Cooperative Insurance Company (offering insurance services) with a total amount of SAR 9,335,766, starting on 1st July 2022 and ending on 30th June 2023 as its offer was the most suitable in terms of the price and benefits. Mr. Faisal Hamad Al-Ayyar (Vice Chairman of SADAFICO), is the Vice Chairman of the Gulf Insurance Company owning 28.5% in Al Buruj Cooperative Insurance Company. Also, to be considered that Mr. Ahmed Al Marzouki is the Vice Chairman of Buruj Cooperative Insurance Company and Board member of SADAFICO. (Indirect interest)

(2)

Company Name	Country	Nature of Transaction	Value (SAR Mln)	Closing Balance (SAR Mln)
PKC Advisory	India	Consultation Services	1.3	0.00

SADAFICO has a Consultancy Agreement with PKC Advisory for various business advisory services for the period of one year from 1st April 2022 until 31st March 2023 with a total amount SAR 1,347,844, since PKC Advisory is part of Kuwait Investment Projects Company (KIPCO) Group. Noting that Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al-Ayyar are the Chairman and Vice Chairman of both SADAFICO and KIPCO, respectively. Also, to be considered that Mr. Abdullah Yagoub Bishara* is a BOD Member of both KIPCO and SADAFICO and Sheikh Sabah Mohammed Al-Sabah** is a BOD Member of SADAFICO and member of the executive team of KIPCO. (indirect interest)

*Mr. Abdullah Yaqoob Bishara resigned on 15 Dec 2022

** Sheikh Sabah Mohammed Al-Sabah joined the Board on 15

(3)

Company Name	Country	Nature of Transaction	Value (SAR Mln)	Closing Balance (SAR Mln)
AXA Cooperative Insurance Co	KSA	Insurance Services	0.7	0.003

SADAFICO entered into a one-year Agreement with AXA Cooperative Insurance Co. (offering insurance services) with a total amount of SAR 880,685, starting on 16th December 2022 and ending on 15th December 2023 as its offer was the most suitable in terms of the price and benefits. Mr. Faisal Hamad Al-Ayyar (Vice Chairman of SADAFICO), is the Vice Chairman of the Gulf Insurance Company which owning 50% in AXA Cooperative Insurance Co. Also, Gulf Insurance Company is part of Kuwait Investment Projects Company (KIPCO) Group. Noting that Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al-Ayyar are the Chairman and Vice Chairman of both SADAFICO and KIPCO, respectively. Also, to be considered that Mr. Abdullah Yagoub Bishara* is a BOD Member of both KIPCO and SADAFICO and Sheikh Sabah Mohammed Al-Sabah** is a BOD Member of SADAFICO and member of the executive team of KIPCO.. (indirect interest).

*Mr. Abdullah Yaqoob Bishara resigned on 15 Dec 2022

** Sheikh Sabah Mohammed Al-Sabah joined the Board on 15

(4)

Company Name	Country	Nature of Transaction	Value (SAR Mln)	Closing Balance (SAR Mln)
M/s Alternative Energy Project Co.	KUWAIT	Solar Project of JCW	0.9	0.9

SADAFCO has an Agreement with Alternative Energy Projects Company (AEPC) on 14th February 2021 to Supply, install, test, Commissioning of and Operation & Maintenance for Solar Rooftop Photovoltaic Energy System at Central Warehouse located in Saudi Arabia – Jeddah until the full completion of the Project with a total amount SAR 4,620,000 in installments based on completion, since Alternative Energy Projects Company (AEPC) is part of Kuwait Investment Projects Company (KIPCO) Group. Noting that Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al-Ayyar are the Chairman and Vice Chairman of both SADAFCO and KIPCO, respectively. Also, to be considered that Mr. Abdullah Yagoub Bishara* is a BOD Member of both KIPCO and SADAFCO and Sheikh Sabah Mohammed Al-Sabah** is a BOD Member of SADAFCO and member of the executive team of KIPCO (indirect interest)

*Mr. Abdullah Yaqoob Bishara resigned on 15 Dec 2022

** Sheikh Sabah Mohammed Al-Sabah joined the Board on 15

Competition business

Information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses

Board Member Name	Competitor Name	Nature of the activity	Member status	Competition nature
Mr. Saied Ahmed Saied Basamh	1. Basamh Group of Companies	Distribution of foodstuff to retail stores	Ownership	Direct
	2. Saudi Goody Products Marketing Co., Ltd	Owner of a trademark for foodstuff	Ownership	Direct
	3. Saudi Specialized Food Services, Ltd	Distribution of foodstuff to retail stores, hotels, restaurants and catering customers	Ownership	Direct
	4. Basamh Industrial Co. Ltd	Mmanufacturing and Owner of a trademark for foodstuff	-Ownership -Board Membership	Direct
	5. Refined Food Co.	Mmanufacturing and Owner of a trademark for foodstuff	-Ownership -Board Membership	Direct

Major Decisions and Future Plans

New Makkah depot

SADAFCO Board of Directors approved authorizing the Executive Management to proceed with the construction of a new Depot in Makkah on the leased land from Saudi Industrial Property Authority (Modon) for a period of 20 years commencing 10-09-1441H measuring 8,009 sqm in Makkah Industrial City.

The new Depot which replaces the existing rented location is expected to provide long-term infrastructure solutions to both the distribution and logistic operations, resulting in future cost savings and growth opportunities.

Buyback of Treasury Shares

No. of Shares	Value	Date of Purchase	Details of Use
500,250	SAR 51.6 Mln	19, 26, 27 & 28 Feb 2019	Treasury Shares

At an Extraordinary General Assembly Meeting (EGM) of SADAFCO held on 18th December 2018 the shareholders approved the purchase of up to 10% of company shares to be used as treasury shares. Subsequent resolutions were passed at EGM's held on 3rd December 2019 and 18th November 2020 and 15th November 2021, extending the buyback window by another 12 months. Any purchases can be made in one or several phases, within a maximum period of twelve (12) months, following the EGM. The EGM also approved to hold the purchased treasury shares for a period up to 5 years. As at 31st March 2021 SADAFCO has purchased 500,250 shares, at a cost of SAR 51.6 million.

Future Investments

The Company continues to invest in future growth and is continuously evaluating new opportunities. Any concrete development will be announced as and when necessary.

Financial instruments risk management objective and policies

The Group's principal financial liabilities comprise trade and other payables, accrued expenses and other liabilities, dividend payables, due to related parties and lease liabilities. The Group's principal financial assets include trade and other receivables and cash and cash equivalents. The carrying amounts of the Group's financial instruments are reasonable approximations of fair values.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarized below:

Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns. Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market profit rates or the market prices of securities due to changes in the credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk such as equity price risk.

i) 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 position and cash flows. The Group manages the interest rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. At March 31, 2023 and March 31, 2022, the Group does not have any borrowings, and accordingly, no interest rate risk sensitivity is presented. Interest-bearing financial assets comprise of short term murabaha deposits and long term investment in sukuks certificates which are at fixed interest rates; therefore, they have no material exposure to cash flow interest rate risk and fair value interest rate risk.

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is in Saudi Arabian Riyals. The Company's transactions are principally in Saudi Arabian Riyals. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant. The Company is not exposed to any significant foreign currency risk from Saudi Arabian Riyals, and US Dollars denominated financial instruments. However, the Group has investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between local currencies against Bahraini Dinars, Polish Złoty, Kuwaiti Dinars, Jordanian Dinars, and Qatari Riyals. The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from special commission rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or it's issuer, or factors affecting all similar financial instruments traded in the market. The Group does not have any financial instruments which are subject to other price risk.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group manages credit risk by assessing the credit worthiness of counter parties before entering into transactions as well as monitoring any outstanding exposures on a periodic basis to ensure timely settlement. Credit risk arises from cash and cash equivalents, trade receivables, investments and other receivables.

(a) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures, and controls relating to customer credit risk management. The credit quality of the customer is assessed based on a set of qualitative and quantitative factors, and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and provided that are considered doubtful of recovery.

At each reporting date, the Group assesses whether trade receivables carried at amortised cost are credit impaired. A trade receivable is 'credit-impaired' when one or more events that have detrimental impact on the estimated future cash flows of the trade receivables have occurred. A trade receivable that has been renegotiated due to deterioration in the customer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

At March 31, 2023, the Group had five customers that accounted for approximately 47% (March 31, 2022: 43%) of total outstanding trade receivable. Trade receivables outstanding balance comprises 88% (March 31, 2022: 82%) in KSA, 4% (March 31, 2022: 4%) in GCC (other than KSA) and 8% (March 31, 2022: 14%) in other countries. Due to short term nature of the trade receivable, their carrying amount is considered to be the same as their fair value.

The requirement for impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Where recoveries are made, these are recognised in the consolidated statement of profit or loss. The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

The Group establishes that there is no reasonable expectation of recovery once they are not subject to enforcement activity.

For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The provision matrix takes into account historical credit loss experience (21 quarter-periods) and is adjusted for average historical recovery rates. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(b) Cash and cash equivalents and investments

Credit risk from balances with banks and investments is managed in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the period subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group deals with reputable banks with investment grade credit ratings and the credit quality of the cash and cash equivalents and investments can be assessed by reference to external credit ratings.

The cash and cash equivalents and investments are treated under stage 1 and are held with bank and financial institution counterparties, which are rated A1 to A2, based on Moody's credit ratings.

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. This includes consideration of future cashflow forecasts, prepared using assumptions about the nature, timing and amount of future transactions, planned course of actions and other committed cash flows that can be considered reasonable and achievable in the circumstances of the Group. The Group monitors its liquidity risk by regular working capital excess/shortage assessment and ensuring that it has adequate liquidity to fund its day-to-day operations. Where necessary, the Group may enter into borrowing facilities with banks in order to ensure continued funding of operations.

Penalties and Sanctions

The total fines or penalties imposed on the company during the fiscal year 2022-23 amounted to SAR 6,323,244 , and their details are as follows:

Penalty/Fine/Precautions Precautionary Attachment	Reasons of Violation	The Authority Imposed the Violation	Total Amount (SAR)	Treatments and ways of avoiding its occurrence in the future
Fine	Traffic violations	Ministry of Interior-Traffic	460,458	Following the regulatory requirements
Fine	Violations of licensing requirements	Transport General Authority	5,827,785	Following the regulatory requirements
Fine	Violations of civil defense and municipal requirements	Municipality & Civil Defence	35,000	Build a new depot in Makkah
Total	6,323,244			

Declarations

SADAFCO declares and confirms the following:

- 1) Its accounts have been prepared in accordance with correct procedures.
- 2) The internal auditing has been prepared on a sound basis and has been implemented effectively.
- 3) There is no doubt about its ability to continue its operations.
- 4) There are no outstanding loans or dues on the Company.
- 5) The Company is fully committed to adhere to the rules and regulations stipulated in the Company's by-laws, Companies Law and other relevant ministerial resolutions and Company Law.
- 6) None of the BOD members and senior management, including the CEO and CFO, their spouses or children owns any shares in affiliate companies; and no contracts were issued where any of them had a material interest other than those transactions disclosed in this Board Report.
- 7) No loans were made to any Board Member; SADAFCO has not guaranteed any loans made by any Board or Executive Management Team member.
- 8) No shareholder waived his/ her rights to dividends or other material benefits and none of the Board of Directors and Executive Management Team members waived their right to receive any salary or compensation.
- 9) All the shares are common stock with equal voting and other rights in accordance with the law. There are neither preferential shares nor shares with special voting rights outstanding; whether for shareholders, board members, executive managers, their relatives or its employees.
- 10) Following the review and audit of the consolidated financial statements by KPMG, it was reported that SADAFCO's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The External Auditors' report was issued without reservation. The consolidated financial statements were found to be a true and fair reflection of the SADAFCO's financial position and in line with the requirements of Regulations of Companies and SADAFCO articles of association.
- 11) There is no transaction in the nature of a bargain between the company and any related party
- 12) The Company does not implement any stock options and has not issued any convertible debt instruments.
- 13) The Company has not set up any reserves or investments for the benefit of its employees.
- 14) The Company did not acquire treasury shares during the financial year ending 31 March 2023
- 15) The company nor any of its affiliates do not have any redeemable debt instruments.
- 16) No convertible debt instruments, contractual securities, warrants or any similar rights issued or granted by the Company, nor has the Company received any compensation.
- 17) No conversion or subscription rights under convertible debt instruments, contractual securities or warrants issued or granted by the Company.

Corporate Governance Compliance

Unimplemented articles of the Corporate Governance Regulation issued by the Board of the Capital Market Authority and the reasons

Article/Sub Article	Details of Article / Sub Article	Reasons
30/b	The Board shall convene no less than four meetings per year, and no less than one meeting every three months.	The amendments to the Corporate Governance Regulations were implemented on 01/18/2023, taking into account the company's fiscal year ends on 03/31/2023, which the year had only two months left; as a result, it is difficult to implement this article, knowing that the current bylaws have already been followed. Four meetings shall be held in compliance with the amended Corporate Governance Regulations in the coming fiscal year.
39/e	The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	Guiding article.
51/c	The Chairman of the Audit Committee shall be an Independent Member.	Guiding article.
51/d	Half of the audit committee's members must be Independent Directors or from those on whom the issues affecting independence in Article (19) of this Regulation do not apply	Guiding article.
67	Composition of the Risk Management Committee The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". 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.	Guiding Article. Risk management is under taken by Audit Committee.
68	Competencies of the Risk Management Committee The competences of the Risk Management Committee shall include the following: 1) developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors; 2) determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level; 3) Ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months; 4) overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company to determine areas of inadequacy therein; 5) Regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example);	Guiding Article. Risk management is under taken by Audit Committee.

Article/Sub Article	Details of Article / Sub Article	Reasons
	<p>6) preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board;</p> <p>7) providing recommendations to the Board on matters related to risk management;</p> <p>8) ensuring the availability of adequate resources and systems for risk management;</p> <p>9) reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board;</p> <p>10) verifying the independence of the risk management employees from activities that may expose the Company to risk;</p> <p>11) ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk; and</p> <p>12) reviewing any issues raised by the audit committee that may affect the Company's risk management.</p>	
69	<p>Meetings of the Risk Management Committee</p> <p>The Risk Management Committee shall convene periodically at least once every six months, and as may be necessary.</p>	Guiding Article. Risk management is undertaken by Audit Committee.
82/2	<p>Employee Incentives</p> <p>The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include 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</p>	Guiding article.
92	<p>Formation of a Corporate Governance Committee</p> <p>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.</p>	Guiding article. Corporate Governance is the responsibility of a team comprising of representatives from legal, finance, investor relations departments and executive management.