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Anaam International Holding Group

## Annual Report for the Year 2020 Anaam International Holding Group Co.

### Board of Directors Speech

Respected Shareholders of Anaam International Holding Group

السلام عليكم ورحمة الله وبركاته

The Board of Directors is pleased to submit to the honorable attendees at the 40th meeting of the General Assembly with its annual report (37th) which includes consolidated financial statements and the auditor's report for the fiscal year ended 31/12/2020. The Board confirms that its report and the financial statements attached to it comply with the regulations issued by the Authority and with the requirements of the regulations issued by the competent authorities, as the company always works to develop, update and keep up with these regulations.

The report also shows a net loss of SAR 5.9 million for the current year compared to 97.7 million riyals for the previous year. The Board confirms that despite the challenges and difficulties faced by the company, which is the impact of fluctuations in local prices and the suspension of the cultivation of green feed under the decision of the Board of Ministers, and the creation of provision for the zakat and provisions for the debts under question pertaining to the previous periods, and its reflection on the results of the company, which led to the failure to achieve the results hoped and planned. However, the Board and executive management always seek to put all its efforts in developing optimal performance and also to update strategic plans based on the reality to avoid any pitfalls in the company's progress, especially after obtained the support of shareholders by agreeing to increase the share capital by 90 million Saudi riyals. This will help the company to implement its plans to keep up the pace with developments and to increase productivity in what is available within company's possible resources and to optimize the team's performance and develop human capital so that the company can take its leading role in the programs of development and support of the economy and food safety of our beloved country under the leadership of the custodian of the two holy mosques and the Crown Prince and the government. We ask Almighty Allah to help us to the company's renaissance and meet the aspirations of its shareholders and investors. We hope that the attendees will go through the details of the report, as the Board looks forward to your contributions and response to your inquiries and opinions on the report and your participation in the renaissance and progress plan of your company.

والله الموفق



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## General activity

Through its subsidiaries, the company engages in many licensed commercial activities that achieve its purposes, namely wholesale and retail trade in foodstuff, import and export and marketing activities for others, trade of fodder, agricultural crops, types of vegetables, fruits and canned food, wholesale and retail trade of building and sanitary materials, purchase of land for the constructions of building and investment purpose, establishment, management and maintenance of centers and facilities, shipping and storage facilities, The activities also includes establishing and managing of commercial centers, managing and operating industrial projects.

## The competitive advantages of the company

- It owns a fleet of temperature controlled (refrigerated) and dry cars of various sizes and seeks to develop this fleet to serve its objectives.
- It has cold storage facility that offers a hygienic environment for food storage.
- It has specialized team with great experience in every field of specialty and has the ability to attract qualified resources.
- The company owns a large project in the Busitaa area of Al-Jouf in the north of the Kingdom enjoys fertile land with water and infrastructure.

## The company's vision and mission

- To become the best and most successful joint stock company characterized by its investment expertise, operational proficiencies and capabilities to develop its value.
- Its mission is to invest in sectors where there are significant growth opportunities and rewarding returns through effective management focused on delivering added value to shareholders, partners, employees and the community.

## Details of activities

Losses in year 2020 amounted to SAR 5.9 million compared to a loss of SAR 97.7 million for the previous year 2019 was due to the following factors:

### 1. Key Activities.

Financial statements for the year 2020 indicate a loss in the general administration of 5.9 million riyals compared to 85.4 million riyals for the previous year. The decrease in loss for the current year compared to the previous year is due to the



creation of zakat provision of 88 million riyals besides the reduction of other expenses, although the work is going on to prepare the (Kuroki) organizational and electronic sukk for the land of Al Khomra Area, south of Jeddah. The land is divided into small warehouses and asphalt internal streets in it and the company was able to rent some of its space to achieve some additional income. The company plans to build additional warehouses once the electronic sukk is completed.

## 2. Food Trading.

The activities of this sector are the leasing and leasing of others, wholesale trade, retailing in dry and frozen food and marketing, and leasing refrigerated warehouses to third parties. The company distributes products of other customers within the kingdom's markets using its fleet of distribution vehicles, sales and transport team of the company.

Due to difficult market conditions in general and food in particular from stagnation and lack of liquidity, which led us to the decision to restructure our food business and reduce the employees, the company achieved in 2020 a net loss of 143 thousand riyals against a loss of 1.9 million riyals during 2019.

## 3. Agricultural activity.

The agricultural sector faced difficulties as a result of the ministerial decision to stop agriculture by the end of 2018. The Board of Directors decided during 2020 to stop the cultivation of animal feed once and for all and to sell agricultural machinery, equipment and irrigation equipment and reintegration of wells by renting them to others or entering into a partnership and exploiting the project in non-agriculture in nature.

Traditional plants such as aromatic plants used in the pharmaceutical and perfume industries, especially in view of the suffering of the world with the coronavirus, there is a high demand from pharmaceutical factories for the natural sources of such ingredient production for medicines and vaccines.

The project achieved a net loss of 147 thousand riyals this year compared to 10.4 million riyals for previous year 2019. As a result, the project is bearing the depreciation of machinery and agricultural equipment in the amount of approximately 9 million riyals and the failure to achieve expected revenues during 2019 from the sale of fodder.

## 4. The company's plan to secure profitable operations.

- Purchase of profitable real estate assets with fixed income by paying partly cash from the capital increase and issuing shares for the rest of the amount to provide continuous income and liquidity to the company
- Investment in the construction of dry warehouses in the land of Al Khomra Area after obtaining the necessary licenses.



- Continue to enhance the quality and efficiency of the logistics operations provided by the company to its customers by maintaining and developing its refrigerated warehouse and to improve its infrastructure, thus to reduce operational costs and increase the profitability.
- Improving the company's transport fleet, develop it and to increase the efficiency of the overall logistics services provided by the company to its customers.
- Developing the wells on company's land in Busitaa Area (Al-Jouf) with the aim of taking advantage of it partly for company's operations and the rest by renting to others.
- Limited investment in local livestock farming in the company's Al-Jouf project and gradually develop it according to the results achieved.
- Focus on the company's manpower and improve the working environment and attract the competent human capital who can work to enhance the performance of company and its subsidiaries and departments.

## 5. Future plans and projects:

- Buying profitable real estate assets with a reliable and regular income generation.
- Building dry warehouses in the land of Al Khomra after obtaining the necessary licenses.
- Maintenance and development of cold storage facility to raise the efficiency of the logistics services provided by the company to its customers
- Improving the company's transport fleet, developing it and enhance its performance to increase the overall efficiency of logistics services
- Development of some of the company's land wells in Busitaa Area of Al-Jouf and maintenance of agricultural equipment.
- Limited investment in local livestock farming in the company's project

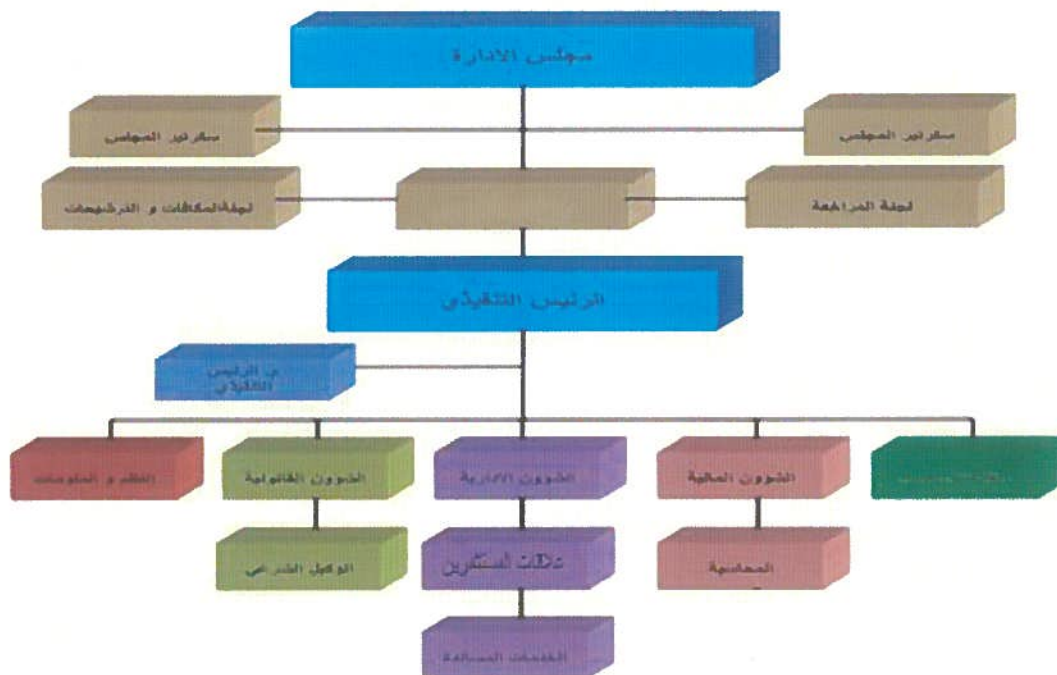
## 6. Organizational structure and human resources:

The company always seeks to improve the performance, develop the human resource and contribute to attracting and providing qualified workforce, selecting, recruiting and motivating outstanding workers, preparing, training and developing the capacity and skills of employees.

The process is applicable across the organization for accounting, human resources, finance, projects and customer base management within a unified database.



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## 7. Management of the Shareholders and Investors relations:

Providing adequate information to the shareholders, communicate with them and provide them with answers to their inquiries through the company's website and through the department of shares and announcements in Tadawul.

## 8. Saudization:

The percentage of Saudization as of 31/12/2020 for the group companies was 18.20%, thus the group is classified in the platinum range within the scope program of the Labor Office, and the company seeks to raise its rating to a higher band by employing more Saudi citizens and training them to various positions in all sectors of the company.

## 9. International financial reporting standards:

The company applies international accounting standards for its financial reports after all accounting policies necessary to prepare in accordance with international financial reporting standards have been approved by the Board of Directors for the preliminary as well as the annual financial statements for fiscal year 2020 accordingly and even for the work during the specified regular periods.





## 10. VAT:

The value-added tax is applied in line with the regulations enforce in the Kingdom and the company was registered for VAT with the General Authority for Zakat and Income and pays its due monthly to the holding company and quarterly to the subsidiaries and the amount sought at the end of the year was 1.2 million riyals.

## 11. Financial position

The attached financial statements, which appear in all fundamental respects, clarify the results of the financial year ended 31/12/2020 in accordance with the accepted accounting standards and appropriate to the company's activity, accounting concepts, presentation criteria and as per public disclosure issued by the Saudi Authority of Chartered Accountants in Saudi Arabia.

## 12. The company's auditor issued a report (drawing attention) for the annual financial year 2020 and the paragraph was as follows:

### Fundamental uncertainty about continuity:

As indicated by the statement number (2-3) attached to the consolidated financial statements, which indicates that the Group suffered a net loss of SAR 5.9 million during the year ended December 31, 2020 (2019: SAR 97.7 million) and the current current liabilities of the Group exceeded its current assets in the amount of SAR 29.3, and as described in Clarification No. 1, there is no operational alternative even.

At the end of 2020, green feed cultivation, which was discontinued during 2018, accounted for about 80% of the group's revenues to cover current liabilities and group expenses. Our opinion on this has not been modified.

### Clarification of the Board of Directors related to attention:

The capital increase was completed and the results of the IPO period were announced, the regular procedures were completed and the statute and commercial register were amended by the value of the new capital on 17/4/1442 corresponding to 2/12/2020, in order to implement the following plans:

- Purchase of profitable real estate assets with fixed income by paying partly cash amount from the increase in capital and issuing shares for the rest of the amount in order to provide continuous income and liquidity to the company
- Building dry warehouses in the land of wine after obtaining the necessary licenses.
- Maintenance and development of cold storage facility to raise the efficiency of the logistics services provided for the work.
- Improving the company's transport fleet, developing it and increasing its efficiency to enhance the performance of logistics services



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- Development of some of the company's land wells in a Busitaa area, al-Jouf
- Limited investment in local livestock farming in the company's project

**Attention to paragraph (2):**

We would like to draw attention as shown in Clarification No. 12 of consolidated financial statements containing property, machinery and equipment land valued at SAR 47.1 million that is not registered in the group's name.

**Clarification of the Board of Directors relating to paragraph (2), we drew attention:**

The group has a number of (7) agricultural plots in al-Jouf area of 15.2 million meters square worth of 4.1 million Saudi riyals not transferred ownership in the name of the company. The company is taking necessary measures with the Ministry of Agriculture and decision of Court to transfer ownership, as well as land in the neighborhood of Al-Khomra in Jeddah, an area of 197 thousand meters square worth 23 million Saudi riyals within the land that came to the group at the time of the merger in 1995 under the documents of the merger and land under the possession of the company and there is no dispute and is being used by the company.

The property, machinery and equipment item also include land and building amounting to SAR 20 million as collateral in accordance with the financing agreement with Karnaf Investment and Installment Company and the instrument was registered in the name of Karnaf and Installment company and procedures for retrieving the instrument are currently underway in the name of the company after the objective of the financing agreement has ended and closed.

**The results of the activity and the percentage of each in the last five years:**

The government's support	As a result of the activity SAR	Percentage of sales
2016	986,953	1.5%
2017	(10,369,628)	(24%)
2018	(15,379,523)	(37.8%)
2019	(19,324,481)	(229.7%)
2020	(8,714,874)	(106.4%)



### First: Revenue and business results by activities:

Statement	Percentage %	Compared to the last two years	2020	2019	2018	2017	2016
<b>Sales</b>							
Sales of agricultural products (Al-Jouf region)	1.2%	39	1.249	1.210	32.363	34,783	49,195
Food revenue and sales (Mecca)	-3.6%	-257	6.943	7.200	8.358	8,545	17,224
Total sales and revenue	2.4%-	-218	8.192	8.410	40.721	43.328	66,419
<b>Cost of sales</b>							
Cost of sales of agricultural products	-85.9%	-8.582	1.406	9.988	34.482	45.423	50.804
Cost of sales and income of food activity	8.5%-	-516	5.552	6.068	8.827	8.274	14.628
Total cost of sales and revenue	-56.7%	-9.098	6.958	16.056	43.309	53.697	65.432
Total (loss) of activity income	106.4%	20.558	1.234	(19.324)	(2.588)	(10.370)	986

(1) There is no revenue for subsidiaries outside the Kingdom.

(2) Clarification of the most fundamental differences in the operational results for 2020:

### The reason for the decrease in operating losses for the current year compared to the previous year's losses is:

- The cost of sales decreased this year compared to last year by 57% due to lower cost of sales of the agricultural sector for the current year, and due to the decrease in the depreciation charge of the agricultural assets compared to the previous year
- The decrease in selling and distribution expenses for the current year compared to the previous year by 30% as a result of reducing branch operations in the food sector for the purpose of restructuring and discontinuation of fodder cultivation
- The decrease in administrative and general expenses for the current year compared to the previous year by 14% as a result of stopping the fodder cultivation and reducing the number of workers in the agricultural sector. Also, as a result of the support that the company received from Ministry of Labor to mitigate the effects of the Covid-19 crisis on companies





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- The decrease in other income for the current year compared to the previous year as a result of collecting debts relating to previous years already written off during the year 2019
- There is an increase in the results of discontinuous operations related to the fodder cultivation assets which were held for sale. The profits of selling these assets increased by 63% compared to the previous year.
- The net loss for the current year decreased compared to the previous year as a result of creating an additional provision for zakat and income of 88 million riyals during the previous year.

**Revenues are distributed according to the geographical areas within the Kingdom as shown in the table below.**

Statement	Geographical area	Revenue and sales	Operating profit (loss)
Anaam Holding - General Administration	Western Region - Jeddah	808,323	181,970
Anaam International Food Company (Leasing and Storage)	Western Region - Jeddah	6,135,040	1,209,114
The Busitaa Agricultural Project	Al-Jouf Area - Busitaa	1,249,420	(156,857)

**Second: A statement of the company's assets and liabilities for the last five years**

Statement	2020	2019	2018	2017	2016
<b>Assets</b>					
Current assets	102.670	6.143	10.318	17.080	23.821
Non-current assets	123.063	144.927	151830	171.308	197.357
<b>Total assets</b>	<b>226.033</b>	<b>151.071</b>	<b>162.148</b>	<b>188.388</b>	<b>221.178</b>
<b>Liabilities</b>					
Current liabilities	4.857	132.218	45.499	52.108	55,682
Long-term liabilities	132.230	3.063	2.903	5.580	7.265
<b>Total liabilities</b>	<b>137.087</b>	<b>135.281</b>	<b>48.403</b>	<b>57.688</b>	<b>62.947</b>



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Shareholders' equity	88.945	15.789	113.745	130.700	158.231
Total liabilities and shareholders' equity	226.033	151.071	162.148	188.388	221.178

## Regular payments due

### 1. Zakat

Custom movement	2020	2019
Year-on-year balance	106,927,278	18,374,372
Additions during the year	-	88,552,906
Payments during the year	-	-
	106,927,278	106,927,278

## Zakat Situation

The holding company submitted its zakat declarations to the General Authority for Zakat and Income (GAZT) for the years from 1995 to 2018 on the basis of consolidated financial statements and a registered certificate was obtained.

The company submitted its zakat declaration for the year ended December 31, 2019 to the General Authority for Zakat and Income (GAZT) and obtained a registered certificate valid until April 30, 2021.

The holding company received a letter from the General Authority for Zakat and Income (GAZT) on February 25, 2018, which includes the claim for payment of zakat differences of SAR 106,927,278 for the years from 1995 to 2011. A provision was made in these consolidated financial statements of SAR 88,552,906 during 2019, in addition to the amount of the allocation recorded in the consolidated financial statements for the year ended December 31, 2018 of SAR 18,374,372 for the total amount of the allocation recorded in these consolidated financial statements amounted to SAR 106,927,278. On November 17, 2019, the Group



lodged an objection to the Authority on the final Zakat assessment for the aforementioned years and the objection is still under review by the Authority. A final zakat assessment was issued for the years 2012 to 2018, which resulted in a claim for additional zakat differences of SAR 7 million. An objection to these zakat assessments was filed with the General Secretariat of the Tax Committees on October 15, 2020. The company believes that it has a high chance of accepting the objection.

## 2. Regular payments

Statement	Paid in 2020	Due by the end of 2020
Social insurance	268,613	34,595
Electricity and water	851,052	137,313
Outstanding salaries, tickets and vacations	5,929,017	276,912
Review fees and consultations	9,576,500	26,250
VAT due	645,919	239,549

## 3. Equity and debt instruments activities:

During the year 2020, there are no debt instruments or treasury permits issued by the company, and there is no interest in the category of shares entitled to vote for any persons and there is no interest, option rights and underwriting rights belonging to the board members, senior executives or family members in the company's shares, and there are no debt instruments transferable to shares, any option rights, right-of-subscription notes or similar rights issued by the company. Nor were there any transfer or underwriting rights under transferable debt instruments, option rights or similar certificates of rights issued or granted by the Company during the year 2019, and there is no refund, purchase or cancellation by the Company of any recoverable debt instruments and there are no arrangements or agreement under which any shareholder suppoof of rights to profits.



### Subsidiaries and sister companies:

Company Name / Capital	Main activity	The founding state and the main shop	Equity ratio
Saudi Refrigeration Co., Ltd. 19.5 million Riyals	Food trade	Saudi Arabia/Jeddah	90%
Anaam International Agricultural Company 1 million Riyals	Agricultural crops	Saudi Arabia/Al-Jouf	100%
Anaam International Financial Co., Ltd. 1 million Riyals	Wholesale trade	Saudi Arabia/Jeddah	100%
Anaam International Investment Co., Ltd. 1 million Riyals	Real estate and services	Saudi Arabia/Jeddah	100%
Anaam International Food Co., Ltd. 500,000 Riyals	Food trade	Saudi Arabia/Jeddah	100%

### Board of Directors

The company's statutes include detailed tasks of the Board of Directors, the most important of which is the adoption of strategic directions and the main objectives of the company and supervision of its implementation and the establishment of regulations and controls for control and supervision in addition to adopting the main budgets and financial guidelines and policies and making sure to apply policies that regulate the relationship with stakeholders in order to protect them and preserve their rights and ensure the application of policies and tools that ensure respect for regulations and regulations and commitment to disclose to the public, shareholders, creditors and other stakeholders. The Board also plays other roles through its committees in monitoring the application of modern regulations and planning resources and connecting the company to the society within the limits of the possibilities available to the company as well as seeking to prepare the Saudi elements and maintain them and provide training programs, loans and assistance as much as possible.



The number of members of the Board of Directors in accordance with the articles of association of the company is five, and the members for the session beginning on 11/28/2018 and ending on 11/27/2021 are:

1	Engineer/ Hassan Saad Al-Yamani	Executive Member
2	Prince / Nawaf bin Abdullah bin Turki Al Saud	Non-executive member
3	Dr. Walid Jamil Mohammed Ali Qattan	Independent Member
4	Mr. Mohammed AbdulRahman Saleh Attar	Independent Member
5	Mr. Raed Mohammed Abdullah Kati	Independent Member

The Board of Directors held five (5) meetings during the year 2020 details of its presence as follows:

Name	1 <sup>st</sup> Meeting 09/2/2020	2 <sup>nd</sup> Meeting 19/2/2020	3 <sup>rd</sup> Meeting 17/6/2020	4 <sup>th</sup> Meeting 23/8/2020	5 <sup>th</sup> Meeting 10/11/2020	Attendance for the period
Mr. Mohammed AbdulRahman Saleh Attar	✓	✓	✓	✓	✓	100%
Engineer/ Hassan Saad Farhan Al-Yamani	✓	✓	✓	✓	✓	100%
Dr. Walid Jamil Mohammed Ali Qattan	✓	✓	✓	✓	✓	100%
Prince Nawaf bin Abdullah bin Turki Al Saud	-	✓	✓	✓	✓	80%
Prof. Raed Mohammed Abdullah Kati	✓	✓	✓	✓	✓	100%





### The company's record of the company's requests for the shareholders' register, the dates and reasons for those requests:

The company has made six (6) requests for the shareholders' register for the year 2020 according to the following details:

1. On 06/05/2020 – to update shareholder records.
2. On 24/06/2020 – for the purpose of holding the general assembly of the company.
3. On 15/10/2020 – to update records and communicate with major shareholders.
4. On 18/10/2020 – for the purpose of preparing for the convening of the extraordinary general assembly.
5. On 27/10/2020 – for the purpose of the extraordinary general assembly meeting to raise share capital.
6. On 02/12/2020 – for the purpose of updating the shareholders' records after the capital increase.

### Statement of names of the members of Board of Directors, members of the committees, executive management, their current & former jobs, qualifications and experience

M	Name	Current job	Previous post	Qualifications	Experiences
1	Mohammed AbdulRahman Saleh Attar	Member of the Board of Directors	Businessman	Bachelor of Economics, Science and Marine Affairs, 1980 University of Washington, USA	35 years old Private business production and marketing of fish. Member of the Agricultural Committee of the Chamber of Commerce Attend many related workshops and seminars and give lectures on them.
2	Dr. Walid Jamil Qattan	Board member Chairman of the Remuneration and Nominations Committee	General Manager of Okaz Press Foundation	Ph.D. Quality Press Facilities Master of Media and Environment Quality B.A. Economics and Sciences cairo	9 years: Member of the Board of Directors and member of the Audit Committee Rewards and nominations committee 30 years:



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				university	Great experience in various fields of economic, commercial and administrative specialization in marketing, advertising, distribution and management.
3	Raed Mohammed Abdullah Kati	Board member Vice President Review, rewards and nominations committee	General Manager of Senior Customers and Sales Development Al-Banawi Industrial Group	Master of Information Systems and Management, George Washington University America Bachelor of Law at King Abdulaziz University in Jeddah	6 years: Member of the Board of Directors Member of the Audit Committee Member of the Remuneration and Nominations Committee 10 years: Experience Extensive sales and banking management
4	M/Hassan Saad Al-Yamani	Board member CEO	CEO	MBA from The University of Warton, USA B.A. Civil Engineering King Fahd University in Dhahran	10 years: CEO of Anaam Holding Group 9 years: Managing Director of Saudi Leasing Company 10 years: Managing Director, Tamelik Co., Ltd. 3 years: Second-class member for the Middle East investment firm Crescent Point
5	Prince Nawaf bin Abdullah Al Saud	Businessman Member of the Board of Directors	Businessman	Bachelor of Political Science, University of California, USA, 1987	30 years working in his own business and property Member of the Board of Directors of Anaam for the 2009-2012 session Member of the Audit Committee of the Anaam Group in the session in which he served as a member of the Board
6	Rushdi Ali Anwar	CFO	Account Manager, Anaam	Bachelor of Commerce	25 years of experience in the financial fields of



			International Holding Group		Anaam International Holding Group.
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\*\* There are no companies inside or outside the Kingdom in which a member of the company's Board of Directors is a member of board in its current and previous management or director.

## Committees of the Board of Directors:

### 1. Audit Committee:

On 22/11/2018, the General Assembly of the company was convened and elected a new Board of Directors for the session on 28/11/2018 and for a period of three years, as it adopted the formation of the Audit Committee for the session on 28/11/2018 and to 27/27/11/2021, also joined the committee on 06/01/2019 on the decision of the Board of Directors Mr. Ahmed Tariq AbdulRahman Murad, a member outside the Board, and the General Assembly adopted this appointment on 25/06/2019, and therefore the members of the committee are:

1. Mr. Raed Mohammed Abdullah Kati - Chairman of the Committee
2. Dr. Walid Jamil Mohammed Ali Qattan - Member
3. Mr. Ahmed Tarek Abdulrahman Murad - Member

M	Name	Current job	Previous post	Qualifications	Experiences
1	Raed Mohammed Abdullah Kati	Chairman of the Audit Committee and Member of the Remuneration and Nominations Committee	Member of the Review and Equivalent Committees	Master of Information Systems and Management Commercial Law.	3-year-old member of the Audit Committee and the Remuneration and Nominations Committee Ten years of experience in the field of sales and banking management.
2	Dr. Walid Jamil Qattan	Member of the Committee	Member of the Committee	Ph.D. Quality Press Facilities Master of Media and Environment Bachelor of Economics and Science	6 years member of the Board of Directors and a member of the Audit Committee and a member of the Remuneration and Nominations Committee Great experience



					in various economic, commercial and administrative fields and specialized in marketing, advertising, distribution and management.
3	Ahmed Tariq Abdulrahman Murad	Member of the Audit Committee from outside the Board		Master of Business Administration, University of San Francisco, USA - B.A. in Civil Engineering, Worcester Institute, USA	Consultant Engineer Murad Engineering Consulting Company - Senior Executive Corporate Finance Management, Comprehensive Bank Bahrain - Executive Director of Asset Management and Research Development expert for financial consultancy Vice Chairman of the Board of Directors and Financial Investment Company Saudi Fertilizer Company

#### The tasks of the Audit Committee:

The audit committee is responsible for monitoring the company's work and verifying the integrity of its financial reports and regulations, and the committee's tasks include:

1. Study the company's initial and annual financial statements before presenting them to the Board of Directors and expressing their opinion. The recommendation is in this regard to ensure its integrity, fairness and transparency.
2. Expressing a technical opinion upon the request of the Board of Directors on whether the report of the Board of Directors and the financial statements of the company are fair, balanced and understandable, including information that allows shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy
3. Study any important or unfamiliar issues contained in the financial reports.



4. Carefully researching any issues raised by the company's CFO, whoever assumes his duties, the company's compliance officer, or the auditor
5. Verification of accounting estimates in the core issues contained in the financial reports.
6. Study the accounting policies followed and express opinion sought and recommend to the Board of Directors in its regard.
7. Study and review the internal control, financial and risk management systems in the company.
8. Study the internal audit reports and follow up the implementation of corrective actions for notes contained in it.
9. Oversight and supervision of the performance and activities of internal auditors and internal audit management in the company, if any, to verify the availability of the necessary resources and its effectiveness in doing business and if the company does not have internal references, the Committee should submit its recommendations to the Board on the need to appoint him.
10. Recommending to the Board of Directors to appoint a director of the internal audit unit or department or the internal auditor and suggesting his remuneration
11. Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees and evaluate their performance after verifying their independence and reviewing the scope of their work and the terms of their contract with them.
12. Verifying the auditor's independence, objectivity, fairness and duration of the auditor's work by taking into account the relevant rules and standards.
13. Review the company's audit plan and its work and verify that it is not presented in general or technically Management is outside the scope of the audit work and expresses its views on it.
14. Answering the inquiries of the company's auditor.
15. Study the auditor's report and his observations on the financial statements and follow up on what was taken on them.
16. Review the results of regulatory reports and verify that the company has taken the necessary actions in this regard.
17. Verifying the company's compliance with the relevant regulations, policies and instructions.
18. Review the contracts and transactions proposed by the company with the relevant parties and provide company's views on it to the Board of Directors.
19. Submit the issues it considers necessary to take action to the Board of Directors and to express Its recommendations on the actions to be taken.





20. Develop a mechanism that allows employees of the company to submit their observations on any abuse in financial reports Or otherwise, secretly. The Committee should verify the application of this mechanism by conducting an independent investigation appropriate with the size of the error or override and adopt appropriate follow-up procedures.

The audit committee (5) held meetings during the year 2020 in which it studied the company's initial and annual financial statements and expressed its observations and recommendations to the Board as well as studied the accounting policies followed, and carried out all its tasks stipulated in the regulations governing its work.

The Audit Committee held five (5) meetings during the year 2020 details of its presence as follows:

Name	1 <sup>st</sup> meeting 18/2/2020	2 <sup>nd</sup> Meeting 20/5/2020	3 <sup>rd</sup> meeting 16/6/2020	4 <sup>th</sup> Meeting 20/8/2020	5 <sup>th</sup> meeting 09/11/2020	Atten dance
Mr. Raed Katy	√	√	√	√	√	100%
Dr. Walid Qattan	√	√	√	√	√	100%
Mr. Ahmed Murad	√	√	√	√	√	100%

#### Awards and Nominations Committee:

The committee for the junior course on 28/11/2018, which ended on 27/11/2021, consists of:

1. Dr. Walid Jamil Mohammed Ali Qattan As President
2. Mr. Mohammed AbdulRahman Saleh Attar Member
3. Mr. Raed Mohammed Abdullah Kati Member

M	Name	Current job	Previous post	Qualifications	Experiences
1	Dr. Walid Jamil Qattan	Member of the Board of Directors Chairman of the Remuneration and Nominations Committee Member of the Audit Committee	Board member	Ph.D. Quality Press Facilities Master of Media and Environment Bachelor of Economics and Science	6 Board members, member of the Audit Committee and member of the Remuneration and Nominations Committee 30 years of experience in various economic



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					and commercial and administrative fields and specialized in marketing, advertising, distribution and management.
2	Mohammed AbdulRahman Saleh Attar	Chairman of the Board and member of the Remuneration Committee	Businessman	Bachelor of Economics, Science and Marine Affairs, 1980 University of Washington, USA	35 years old Private business production and marketing of fish. Member of the Agricultural Committee of the Chamber of Commerce Attend many related workshops and seminars and give lectures on them.
3	Raed Mohammed Abdullah Kati	Board member Chairman of the Audit Committee Member of the Committee on Remuneration and Nomination	Board member Member of the Review and Rewards Committees	Master of Information Systems and Management Commercial Law.	4 years board member 4-year-old committee member Review and 3-year member of the Remuneration and Nominations Committee

## The commission's functions and competencies

### a) Regarding rewards:

1. Preparing a clear policy for the rewards of the members of the Board of Directors and committees arising from the board and executive management promotes the motivation of the company's administrative apparatus and the preservation of the outstanding employees, and submit it to the Board of Directors for consideration in preparation for its adoption by the General Assembly, to take into account in that policy to follow standards related to performance and disclosure and ensure its implementation.
2. To clarify the relationship between the bonuses granted and the applicable rewards policy and to indicate any fundamental deviation from this policy.
3. Periodic review of the rewards policy and assess its effectiveness in achieving its objectives.
4. Recommend to the Board of Directors the rewards of the board members and committees that emanate from it and the company's senior executives in accordance with the policy adopted.
5. Review the CEO's financial rewards, including long-term and short-term incentives, as well as determine the expected results of the CEO and make recommendations to the Board of Directors.



6. Review the CEO's recommendations on guidelines, general standards for financial rewards and other benefits for senior executives implemented by the CEO in the light of the policies adopted.
7. To ensure that the company adheres to the stated policy of rewards of members of the Board of Directors and members of the committees of the Board of Directors and executive management approved by the General Assembly of Shareholders.

#### **b) Regarding nominations:**

1. Propose clear policies and criteria for membership in the Board of Directors and Executive Management.
2. Recommending to the Board to nominate its members and re-nominate them in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
3. Preparing a description of the capabilities and qualifications required for membership in the Board and for filling executive management positions
4. Determining the time that the member should devote to the work of the Board.
5. Annual review of the necessary skills and expertise needs for board membership and executive management functions with identifying weaknesses and strengths in the board and executive management and proposing to address them in accordance with the company's interest.
6. Review the structure of the board and executive management and make recommendations on the changes that can be made.
7. Annual verification of the independence for independent members, and no conflict of interest if the member is a member of the Board of Directors of another company.
8. Develop a job description of independent, executive, non-executive and senior executives.
9. Status of special procedures in the event of the vacancy of the status of a board member or senior executive
10. Identify weaknesses and strengths in the board and propose solutions to address them in accordance with the company's interests.
11. Providing an appropriate level of training and introducing the new members of the Board to the company's tasks and achievements so that they can perform their work with the required efficiency.
12. Study and review the performance of the executive management.
13. Study and review the company's job replacement plans in general and the board, CEO and senior executives.
14. Study and review the CEO's recommendations for appointing and terminating the service of senior executives.
15. Assist the Board and executive management in developing and reviewing the organizational structure of the company and the operational model that regulates the relationship between the parent company and its subsidiaries.



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16. Monitor the implementation of the employee grievance policy and ensure its effectiveness.

The committee (two meetings) was held in the year 2020 with the advice of its members in which it exercised its assigned functions.

Name	1st meeting 17/03/2020	2nd Meeting 10/11/2020	Attendance
Dr. Walid Qattan	√	√	100%
Mr. Mohammed Attar	√	√	100%
Mr. Raed Kathy	√	√	100%

#### Interest of board members, their spouses and minor children in the company's shares

The following list shows the change in ownership of shares for board members, their spouses and minor children during the year 2020

Name	Beginning of the year 2020		Net change (+ or -) During the year	End of the year 2020	
	Number of shares	Ownership ratio		Number of shares	Ownership ratio
Hassan Saad Farhan Al-Yamani	76	0.0050666%	-	532	0.0050666%
Walid Jamil Mohammed Ali Qattan	229	0.0152666%	-	1603	0.0152666%
Raed Mohammed Abdullah Kati	76	0.0050666%	-	532	0.0050666%
Prince Nawaf bin Abdullah bin Turki	76	0.0050666%	-	76	0.0007238%
Mohammed AbdulRahman Saleh Attar	76	0.0050666%	-	532	0.0050666%

**\*\* There is currently no interest belonging to senior executives, their spouses and minor children in the company's shares or debt instruments.**

**\*\* There are no arrangements or agreements under which a member of the Board of Directors or a senior executive of the company waived any salary or compensation.**

**\*\* The audit committee did not recommend the need to appoint an internal auditor to the company.**

**\*\* The audit committee did not recommend a conflict between it and the decisions of the Board of Directors, or that the board refused to take into account regarding the appointment and dismissal of the company's auditor,**



*determining his fees and evaluating his performance, or appointing the internal auditor because this is not applicable.*

*\*\* Details of the company's social contributions do not apply because the company does not make a social contribution for this year.*

### **Details of policies relating to board members' remuneration and the procedures for its determination:**

1. The board's remuneration consists of a certain amount or attendance allowance for meetings, in-kind benefits or a certain percentage of net profits, and two or more of these benefits may be combined.
2. The Board of Directors in determining and disbursing the rewards received by each of its members takes into account the relevant provisions of the corporate system, the corporate governance regulations and the following criteria:
  - The reward should be based on the recommendation of the Nominations and Rewards Committee.
  - The reward should be commensurate with the company's activity and the skill needed to manage it.
  - Take into account the sector in which the company operates, its size and the experience of the board members
  - The reward should be reasonably sufficient to attract, motivate and retain competent members of the Board.
3. Members of the Board of Directors may not vote on the bonus clause of the Board of Directors at the General Assembly meeting.
4. The board member may receive a reward for his membership in the Audit Committee formed by the General Assembly or for the work of a and executive or technical positions or advisory management under an additional professional license assigned to the company in addition to the reward that he can receive as a member of the Board of Directors and in committees formed by the Board of Directors in accordance with the company's system and the company's foundation system.
5. The remuneration of board members may be of varying magnitude to reflect the member's experience, competences, tasks, independence, number of meetings attended and other considerations.
6. The bonus of the board members is currently calculated and under the company's current circumstances on the allowance to attend the board meetings of three (3) thousand riyals for each meeting of the Board and to the committees of the Board and the members of the Board were not given any other bonuses.

**The following is a comprehensive statement of everything that board members and senior executives obtained during the year 2020**





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Board members' bonuses			
	Fixed rewards	Variable rewards	Total

**First: Independent members**

**Meetings**

Walid Jamil Mohammed Ali Qattan	15000		15000
Mohammed AbdulRahman Saleh Attar	15000		15000
Raed Mohammed Abdullah Kati	15000		15000

**Total** **45000** **45000**

**Second: Non-Executive members**

Prince Nawaf bin Abdullah bin Turki al-Saud	12000		12000
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**Third: Executive members**

Hassan Saad Al-Yamani	15000		15000
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CEO Reward					
	Fixed rewards			End-of-service bonus	Total
	Salaries	Allowances	Total		
CEO	2,566,800	898,380	3,465,180	2,702,275	6,167,755
CFO					
Director of Public and Government Relations					
Director of Management					
Director of internal audit					

Committee members' bonuses			
	Fixed rewards	Variable rewards	Total
<b>Members of the Audit Committee</b>	<b>Meetings</b>		
Raed Mohammed Abdullah Kati	15000		15000
Walid Jamil Mohammed Ali Qattan	15000		15000
Ahmed Tarek Abdurrahman Murad	15000		15000

**Total** **45000** **45000**

Members of the Remuneration and Nominations Committee			
	Meetings		
Walid Jamil Mohammed Ali Qattan	6000		6000
Mohammed AbdulRahman Saleh Attar	6000		6000
Raed Mohammed Abdullah Kati	6000		6000
<b>Total</b>	<b>18000</b>		<b>18000</b>



### Governance Regulations:

The Board of Directors has established company-specific governance rules that do not conflict with the mandatory provisions contained in the Corporate Governance Regulations, with the obligation to monitor their application and verify their effectiveness and amend them when needed, in order to do the following:

1. Verifying the company's compliance with these rules.
2. Review the rules and update them in accordance with the regular requirements and best practices.
3. Review and develop the rules of professional conduct that represent the values of the company, and other internal policies and procedures to meet the needs of the company and conform to best practices.
4. Always inform the board members about developments in the field of corporate governance and best practices, Or delegate this to the Audit Committee or any other committee or administration.

The company is committed to establishing a rational governance policy that provides a strong basis for an effective relationship between the company and its board of directors, its shareholders and other related parties. The general framework of this policy works on fair treatment for all shareholders, as it recognizes the inalienable legal rights of all shareholders regardless of their contributions, in addition to the general framework of the corporate governance policy that provides accurate and timely information on all material matters related to the company, as well as setting up Frameworks for accountability to the company and shareholders

The company is committed to establishing a rational governance policy that provides a strong basis for an effective relationship between the company, its Board of Directors, its shareholders and other relevant entities.

This policy provides the basis for the policies and practices of corporate governance that should be implemented and followed in the company, and the Board of Directors and its members, individually or collectively, must implement it optimally and as the policy should be adopted by the Board of Directors, and the Board of Directors must review annually the extent of compliance with the policy and take all decisions that will ensure adherence to good governance practices.

The Board of Directors and executive management of the company seeks to be guided by the best practices and practices that work to strengthen governance, and the company does its best to establish governance guidelines which is a necessary element to help manage the right business and ensure the exercise of the best governance policies.

The company also seeks to apply a strong and effective governance system, by establishing the roles of the company's shareholders, the Board of Directors, the chairman, his vice chairman, the CEO of the company, the committees of the Board of



Directors, external auditors, internal auditors and the company's executive management.

#### **a) Shareholders**

The governance system seeks to protect the rights of shareholders in order to ensure justice and equality between them and protect their interests by communicating with them through meetings of shareholders' associations and through direct communication, and the Board of Directors should make the utmost efforts to communicate with shareholders and clarify all matters concerning shareholders and answer to their inquiries and providing them with all the reports that make it clear and understandable to them, as the shareholders have the right to communicate with external references during associations and others.

The company is also keen to exercise all shareholders of their statutory rights to obtain a share of the profits to be distributed and a share of the company's assets in the event of liquidation and the presence of associations and participation in the deliberations and voting on decisions and the behavior of the board and the control of the work of the board and file the claim of responsibility on the members of the Board and inquire and as requesting information in order not to harm the company and does not conflict with the financial market system and regulations and in line with the provisions of the regulations of the company's governance regulations.

#### **b) Board of Directors**

The Board assumes full responsibilities related to the company and guarantees the interests of both shareholders, creditors, employees and stakeholders, and ensures the management of the company and the conduct of its business wisely within the framework of applicable laws and regulations and the company's own policies, and the Board of Directors determines the strategic objectives of the company and oversees the executive management to implement the policies established and the day-to-day operations of the company, as the Board of Directors ensure that the company's internal control systems are effective and that the company's activities are in line with the strategy adopted by the Board as stipulated in the laws and regulations in force.

The company should prepare and update the policies and standards of the company's governance and implementation in order to support and achieve its goals and objectives, the most important of which are to provide the best services to shareholders and customers taking into account compliance with the laws, regulations and regulations established.

The company has provided the members of the Board of Directors and non-executive members in particular and the company's committees all the necessary information, data, documents and records that are clear and correct and at the same



time not misleading so that members can perform their duties as they have been trained and prepared to hold accountable. To identify the progress of the company's business and activities and all that includes the company's strategy and financial and operational aspects and the commitment of the members of the Board and the functions of its committees and competencies, as well as the discussions in the general assemblies and the proposals of shareholders and minutes of the General Assembly held in the fiscal year.

The company adheres to most of the governance materials that have been developed in accordance with the regulation of corporate governance issued by the CMA, such as the applicable regulations and regulations that include policies, standards and procedures of membership of the Board, mechanisms of compensation of stakeholders, mechanisms of complaints and disputes that arise between the company and stakeholders. The general assembly issued the rules of selecting members of the nominations and remuneration committees and the Audit Committee and the duration of the membership of these committees and the method of work and what enters in the scope of work and proof of the general rights of shareholders and facilitate the exercise of shareholders' rights and access to information and the right to monitor the work of the Board and file a liability claim on the members of the Board, their rights related to the meeting of general assemblies and voting rights and shareholders' rights in dividends and policies and procedures disclosure in the report of the Board of Directors, and everything related to the rights of shareholders and the General Assembly in article 3 of Corporate Governance Regulation. The regulation was passed by the General Assembly of the company at its meeting on 14/06/2010, and the company is reviewing the regulations

It is always updated to comply with the Corporate Governance Regulation of the CMA, where the last update of the regulation of the Board was made on 07/02/2018.

### **General Assembly meetings of shareholders:**

The General Assembly of the company meets annually to authorize the items of its agenda including the annual report and annual financial statements, so that the company takes into account following all available means to facilitate the task of shareholders from taking their rights stipulated in articles, 3, 4, 5, 6, 7 of the Corporate Governance Regulations and the Company's Articles of Association, where the ordinary and extraordinary general assembly of shareholders during the year 2020 held a meeting as follows:



Presence of members of the Board of Directors of the associations		
	AGM on 29/06/2020	Extraordinary General Assembly on 27/10/2020
1-	Mohammed AbdulRahman Saleh Attar	Mohammed AbdulRahman Saleh Attar
2-	Hassan Saad Al-Yamani	Hassan Saad Al-Yamani
3-	Raed Mohammed Abdullah Kati	Raed Mohammed Abdullah Kati
4-	Walid Jamil Mohammed Ali Qattan	Walid Jamil Qattan

Shareholders had the opportunity to exercise their rights under the regulations and mentioned above with ease, to obtain the required information, to discuss the annual report and communicate with them, and to vote on the terms of the meeting by electronic vote from a distance, and the company applied the provisions contained in the regulations.

**The measures taken by the Board to inform its members, especially non-executives, of the shareholders' proposals and their observations about the company and its performance:**

The company's statutes in the general assembly meetings guarantee shareholders to participate in the deliberations and discussions freely in a way that does not harm the interests of the company, as stated in the board's work regulations, disclosure regulations and a list of procedures.

The company's governance should attend the Board of Directors' meetings of the General Assembly, especially the chairmen and members of the board committees to answer the shareholders' queries and their notes and exchange ideas and opinions with them regarding the company, receives their proposals, to work with them if they comply with the company's directions and plans. The Board also discusses what is contained in the general assemblies of the company after its conclusion and in its subsequent sessions and informs the members of all the suggestions of the shareholders and their opinions and requirements and implements what is possible of these proposals and communicate with the shareholders in this regard.

**The means on which the Board of Directors has relied to evaluate its performance and the performance of its committees and members:**

The board's work list, board regulations and the working regulations of the committees of the Board included working procedures to help evaluate the performance of the Board and its committees periodically and continuously.





### **Waiver of bonuses:**

None of the board members or senior executives have waived annual bonuses for the fiscal year ended December 31, 2020.

### **Waiver of profits:**

The Company did not distribute any dividends to its shareholders for the fiscal year ended December 31, 2020.

### **Contracts in which board members and senior executives have an interest:**

The Company has not entered into any contracts with any of its board members or senior executives and is not there personal interest of someone or anyone associated with them.

### **A statement of the value of any investments or reserves placed for the benefit of the company's employees:**

There are no investments or reserves placed for the benefit of the company's employees except the end-of-service benefits.

### **What is the provisions of the corporate governance regulation s and what has not been applied and the reasons for this:**

The Company applies all the provisions in the Regulation of The Governance of The Company issued by the CMA except for some of the guideline provisions:

Article/paragraph No.	Article/paragraph text	Reasons for not applying
Article 41	The Board of Directors shall develop at the suggestion of the nominations committee - the mechanisms necessary to evaluate the performance of the Board and its members and committees and executive management annually through appropriate performance measurement indicators related to the extent of achieving the strategic objectives of the company and the quality of risk management and the adequacy of internal and other regulatory systems, to identify the strengths and weaknesses and propose to address them in accordance with the interest of the company.	The Board follows some methods and through it and its committees to evaluate and measure performance and through internal control systems and the Board takes into account the observations in this regard, noting that work is under way on the application of the article as mentioned in the governance regulations.
Evaluation	(e) The Board of Directors makes the necessary arrangements to obtain a competent third-year assessment of its	The material is indicative.



Evaluation	performance by a competent third party  And) Non-executive board members periodically evaluate the performance of the Chairman of the Board after taking the views of the executive members - without the chairman attending the discussion dedicated to this purpose, to identify the strengths and weaknesses and propose to address them in accordance with the interest of the company.	The material is indicative.
Article 70	By decision of the Board of Directors of the company, a committee called the Risk Management Committee shall be the chairman and the majority of its members are non-executive board members and require that its members have an appropriate level of knowledge of risk management and financial affairs.	The company intends to work on the application of this article after the increase of board members due to the limited number of current members.
Article 87	At the suggestion of the Board of Directors, the General Assembly develops a policy to ensure that it balances its objectives with those that society aims to achieve in order to develop the social and economic conditions of society.	This article is being implemented
Article 85, motivating workers.	1) Forming committees or holding specialized workshops to listen to the opinions of the employees of the company and discuss them in the issues and topics of important decisions. 2) Programs to give employees shares in the company or Share of the profits they make and retirement programs and the establishment of an independent fund to spend on those programs 3) Establishing social institutions for employees of the company	The material is indicative.  The material is indicative.  The material is indicative.
Article 95 Formation of corporate governance committee	If the Board of Directors forms a committee specialized in corporate governance, it should delegate the terms of reference sought under article 94 of this regulation, and this committee should follow up on any topics related to governance applications, and provide the Board of Directors at least annually with the reports and recommendations it reaches.	The material is indicative.

### **Restrictions and sanctions:**

There is no penalty or other precautionary restrictions imposed on the company by the CMA or any other supervisory, regulatory or judicial authority for the fiscal year 2020.



### **The company's ability to continue its activities:**

The Board of Directors makes great efforts in order to establish strong foundations to support the company in carrying out its work and develop its resources and expand its activities, and therefore, is to take care of the control system and ensure the tasks, responsibilities and decisions and achieve the maximum degree of control and independence of internal and external audit and make sure to deal with it and provide continuous evaluation to ensure the safety and protection of the company's assets. Consequently, the Board of Directors confirms according to the information available to it that it has no doubt about the company's ability to continue its activity, In-Sha-Allah.

### **Shareholders' equity:**

Some articles of the company's statutes stipulate the right of shareholders to participate in the presence of general assemblies and how to participate in decision-making, as well as the right to dispose of shares and the right to obtain a percentage of the established profits and the priority of recovering the value of the shares in the capital at the time of liquidation and obtaining a certain percentage of the liquidation output. The company's statutes and internal regulations also included the right to monitor the work of the Board of Directors, inquire and request information in a way that does not harm the interests of the company.

### **Risk management:**

- 1- Develop a comprehensive risk management strategy and policies commensurate with the nature and size of the company's activities and verify the implementation of this policy and review and update it based on the internal and external variables of the company.
- 2- Identify an acceptable level of risk to which the company may be exposed and maintain it and ensure that the company does not exceed it.
- 3- To verify the feasibility of continuing the company and continuing its activities successfully while identifying the risks to its continuation.
- 4- Supervising the company's risk management system and evaluating the effectiveness of systems and mechanisms to identify, measure and follow up the risks to which the company may be exposed in order to determine its shortcomings.
- 5- To reassess the company's ability to tolerate risks and expose them periodically through endurance tests as a matter of course.
- 6- Prepare detailed reports on exposure and proposed steps to manage these risks and submit them to the Board of Directors.



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- 7- Make recommendations to the Board on risk management issues.
- 8- Ensure that adequate resources and systems are available for risk management.
- 9- Review the risk management structure and make recommendations on it before it is approved by the Board of Directors.
- 10- Verify the independence of risk management staff from activities that may arise in public exposing the company to risk.
- 11- Check the risk management of the risks surrounding the company and work to raise awareness of the risk culture.
- 12- Review the issues raised by the audit committee that may affect the company's risk management.

### **Risk Committee:**

The Risk Committee aims to establish and supervise a framework for identifying, managing and reviewing risks, including agreeing on the magnitude of the risks, their tolerance, identifying the key risks arising within the scope of the company's business, ensuring the implementation of appropriate systems for managing those risks, contributing to the review and evaluation of the above-mentioned strategic risks, and identifying policies and procedures on all issues that may result in significant financial risks for the company or other risks, while clarifying the company's strategy and its ability to proactively identify and manage risks that it may face when achieving its objectives through its strategies and business plans.

### **Statement of the risks faced by the company and the policies for its monitoring:**

In the framework of reducing and confronting the risks faced by the company to develop policies that reduce those risks by studying the impact of risks on its activities and developing the necessary plans to avoid those risks and minimize the potential negative effects of it and use all possible means to avoid the effects of risks in accordance with modern systems and technology. The most important risks facing the company are:

- Domestic and global price volatility of goods and foodstuffs.
- Commodities' exposure to global indices
- Intense competition in the food trade and the large number of companies and individuals working in this field.



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- Increasing debt swells
- The validity of food items is limited in a short time
- The food industry technology is changing a lot and must be kept up to date.
- Climate changes for agricultural activity
- Agricultural pests affecting agricultural crops.
- Change in product prices and production inputs for agricultural materials.

The company works on marketing and selling its products in various markets of the Kingdom and expanding its customer base through the opening of new markets and multiple selling windows as well as maintaining financial reserves to avoid the lack of liquidity and thus avoid the change in the prices of goods, while ensuring the safety of financial and accounting systems and the effectiveness of internal control procedures as well as improving and quality of their products to be able to compete.

#### **Board statements:**

#### **The Board of Directors therefore approves:**

- The accounting records are properly prepared.
- The internal control system has been properly established and effectively implemented.
- There is no doubt about the Company's ability to continue its activity.
- The Company has no information regarding any contracts to which the Company is a party and in which there is a direct or indirect interest of a member of the Company's Board of Directors, the CEO, the CFO or any person associated with any of them. There are no other investments or reserves created for the benefit of the company's employees.
- No member of the Board participated in any business that would compete with the company or trade in any of the branches of the company's activities.
- The company did not provide cash loans of any kind and did not guarantee any loan with others for any of the members of the Board of Directors.
- The company did not receive from the chartered accountant a request to convene the general assembly during the fiscal year ended and it did not take place.
- The company has not received from shareholders who own 5% of the capital or more a request to convene the General Assembly during the fiscal year ended and it did not take place.





### **The results of the annual review of the effectiveness of internal control procedures and the ability of the company to continue its activity:**

The executive management of the company has developed internal regulations governing the administrative, technical and financial aspects, as the department of internal audit and the management of regular control under the direct supervision of the audit committee to ascertain the effectiveness of the internal audit and the company's commitment to the regulatory requirements, and they submit periodic reports to the audit committee which they review and provide any assistance in case they may face difficulties in carrying out their tasks. The regulatory oversight also provided its assurances on the application of the new instructions issued by the Saudi Arabian Monetary Agency. The company's internal control system has been prepared on sound foundations and implemented efficiently and effectively.

### **Auditors**

The 39th AGM held on 08/11/1441h corresponding to 29/06/2020. Approved the appointment of Messrs. RSM Company Dr. Abdelkader Banga & Co. as legal auditors to examine, review and audit the financial statements for the second, third and fourth quarter and annual of fiscal year 2020 and the first quarter of 2021.

### **The company's profit distribution policy**

In accordance with article (47) of the company's statutes, annual net profits are distributed after deducting all public expenses and other costs, including zakat, which is legally imposed as follows:

- 10% of the net profits are provided to form a regular reserve and the General Assembly may stop this provision when the reserve in question reaches half of the capital.
- The rest will then be distributed a down payment to shareholders equivalent to 5% of the paid-up capital.
- After providing up to 10% of the rest, it is allocated to reward the Board of Directors. The rest will then be distributed to shareholders as an additional share of the profits.





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### **Votes:**

Based on the above, the Board hopes that your attendees will discuss the agenda and vote on the items on the ballot selections:

- 1- Vote on the report of the Board of Directors for the fiscal year ended 31/12/2020.
- 2- Vote on the report of the company's auditor for the fiscal year ended 31/12/2020.
- 3- Vote on consolidated financial statements for the fiscal year ended 31/12/2020.
- 4- Vote on the appointment of the auditor of the company from among the candidates by the audit committee, in order to examine, audit and audit the financial statements, quarterly statements and balance sheet for the current year 2021 and the first quarter of 2022 and determine their fees.
- 5- Vote on the discharge of the members of the Board of Directors for the year ended 31/12/2020.

The Board reiterates to you the precious trust you have given to him and for the hardships of participation to wish for more progress and prosperity for the company.

والسلام عليكم ورحمة الله وبركاته

**Board of Directors**