

## Maintaining Strategic Focus and Transforming for the Future

ANNUAL  
REPORT  
2021



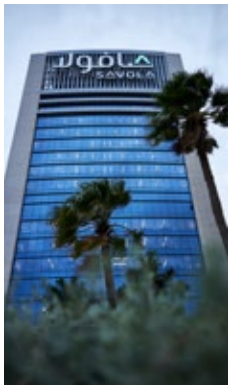
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We maintained our strategic focus during another challenging year, investing in our business, people and digital capabilities to lay the foundation for accelerating growth.

The Savola Group  
Annual Report 2021

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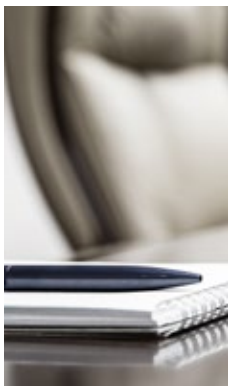
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# Overview

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Savola Group is a strategic investment holding company with a diverse portfolio of market-leading brands in the food and retail sectors across the MENA region.

AT A GLANCE

# A leading Strategic Investor in Food and Retail

Savola Group is a leading strategic investment holding company in the MENA (Middle East and North Africa) region, with a diverse and growing portfolio of leading brands in the food and retail sectors.

For over 4 decades, Savola has built our brand and solidified our reputation for creating "Value Built on Values" through our diverse and expanding portfolio of investments in leading food and retail companies.

Our unique market position and value proposition is known and trusted worldwide, driven by our commitment in applying our reach and resources for sustainability impact for our business, people, environment, and community, including through the Group and our standalone Savola World Foundation in these areas.

We operate the largest grocery store chain in Saudi Arabia, and produce much-loved everyday household products, including edible oil, sugar, pasta, bakery products, frozen foods, spices, nuts, and snacks, for our valued customers in over 50 countries worldwide.

## Our Food Investments

Our food vertical is made up of a portfolio of investments in large, branded categories across the MENA region. Savola Foods is a leader in basic branded consumer packaged goods, which are produced in more than 8 countries and exported to over 50 markets. We are proud to say that many of our products are market leaders in their respective categories. Through our commitment to strategic growth, we continue to innovate in our markets, build on our range of established products and diversify into higher-value items.

Our long-term investments in the food sector also generate profits for our shareholders. Savola Group holds the largest stake (34.52%) in Almarai Company, the leading regional food manufacturer and distributor, as well as a majority stake (51%) in Al Kabeer Group of Companies, a leading regional frozen foods manufacturing and distribution company.

### Savola Ownership



Savola Foods Company

100%



Almarai

34.52%



Al Kabeer

51%

## Our Retail Investments

Our retail vertical is headed by Panda Retail, the largest modern grocery chain in Saudi Arabia with a total of 195 stores (including 4 stores in Egypt), serving more than 90 million customers annually. Panda boasts a proud history, a leading market share and formidable geographic reach.

Our long-term investment in the retail sector consists of a 49% shareholding in Herfy Food Services Company. As such, we remain the largest shareholder in Herfy, one of the leading restaurant, industrial bakery and meat processing businesses in Saudi Arabia.

### Savola Ownership



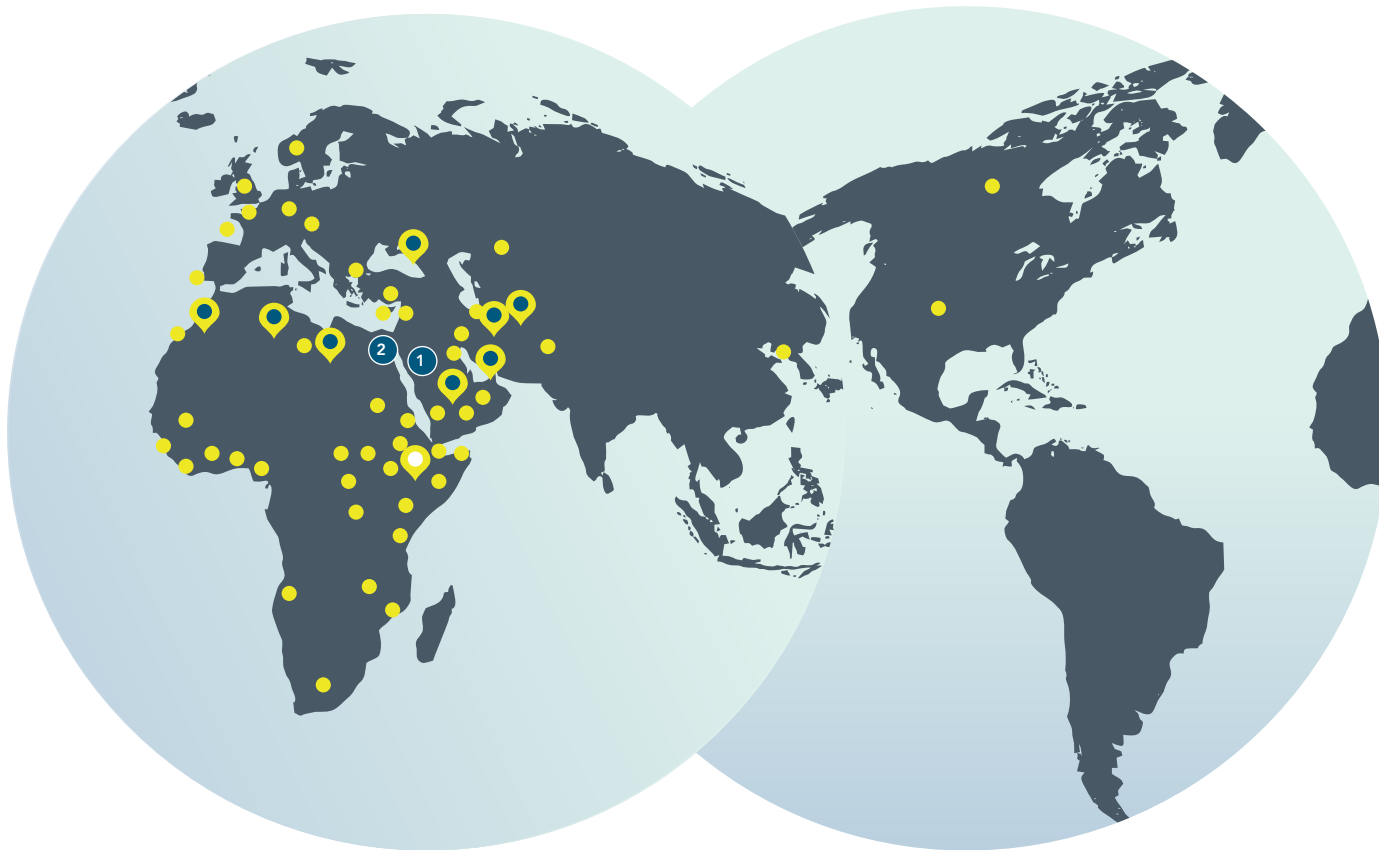
Panda Retail

98.87%



Herfy

49%



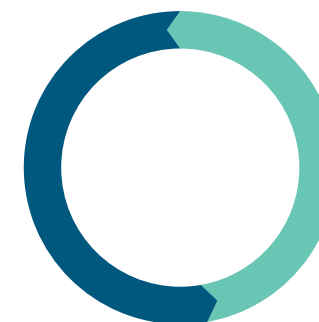
### Major / Manufacturing Markets

- Saudi Arabia
- Egypt
- Algeria
- Sudan
- Morocco
- UAE
- Others



### Export Markets

- |          |            |            |                 |              |                |
|----------|------------|------------|-----------------|--------------|----------------|
| Angola   | Eritrea    | Lebanon    | Mozambique      | Sierra Leone | Uganda         |
| Bahrain  | Ethiopia   | Liberia    | Netherlands     | Somalia      | United Kingdom |
| Benin    | France     | Libya      | North Macedonia | South Africa | USA            |
| Burundi  | Germany    | Madagascar | Oman            | South Sudan  | Yemen          |
| Cameroon | Ghana      | Malawi     | Pakistan        | Spain        | Others         |
| Canada   | Jordan     | Mali       | Palestine       | Sudan        |                |
| Comoros  | Kazakhstan | Mauritania | Rwanda          | Sweden       |                |
| DRC      | Kenya      | Mauritius  | Senegal         | Tanzania     |                |
| Djibouti | Kuwait     | Morocco    |                 |              |                |



### Group Revenue



Food Investments

53%



Retail Investments

47%



STRATEGIC AND FINANCIAL HIGHLIGHTS

# Accelerating Transformation While Driving Revenue Growth

Savola Group achieved a solid revenue growth driven by our Foods segment, while transforming and investing for the future during 2021. In a highly competitive market, with increases in global food commodity prices and a changing grocery retail landscape in Saudi Arabia, we maintained focus on our strategic priorities and managed costs to achieve strong topline growth and maintain profitability for the year.

With great strength, focus and persistence, Savola leveraged the unique market position and proposition to drive revenue growth and maintain stable profit margins, while preserving our leading market share and strengthening our balance sheet during a year characterized by substantial headwinds across our markets.

Sales revenue for the Group jumped by 13.7%, from SAR 21.7 billion in 2020 to reach SAR 24.7 billion this year. This growth was the result of strong topline growth of our Foods segment by 46%, which was partially offset by a 10% drop in revenues from our Retail segment caused by a significant decrease in consumer numbers, lower consumer spend, and the full-year impact of the rise of VAT to 15% in the Kingdom.

To spur future growth, we activated our venture capital program this year, seeking to diversify our offerings within our core food and retail segments, while accelerating our transformational journey from a commodities-based food provider toward a value-added model that will secure our growth trajectory going forward.

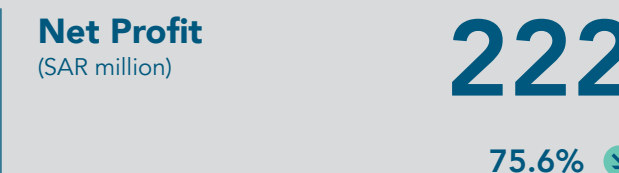
In the year ahead, we will continue to invest and transform, driving digitization and diversification into healthier, youth-oriented categories while upgrading our retail proposition – both physical and digital – to better serve customers, drive growth and generate sustainable shareholder value.

Savola's full-year net profit decreased to SAR 222 million on a rise in impairment loss, lower share of profit from associates, higher Zakat and tax expenses, and Zakat and tax provision reversal recorded in the previous year. This is equivalent to earnings per share of SAR 0.42 compared to SAR 1.71 in 2020.

**Revenue**  
(SAR billion)

**24.7**

13.7% ↗



OUR JOURNEY

# Growth and Diversification

Adding value for our stakeholders since 1979



1970s – 1980s      1990s      2000s

**1979**  
Savola is established, with a paid-up capital of SAR 40 million and 50 employees.

**1981**  
Savola's edible oil refinery in Jeddah, the first in Saudi Arabia, begins operations.

**1982**  
Launch of Afia premium corn oil. By the late 1980s, Savola captures 70% of the Saudi edible oil market.



**1991**  
Acquisition of a 40% shareholding in Almarai.

**1992**  
Savola becomes a publicly listed company on the Saudi Stock Exchange (Tadawul).

Savola Bahrain and Savola Egypt commence edible oil operations.

**1993**  
Joint venture with Tate & Lyle to establish United Sugar Company, Saudi Arabia's first sugar refinery.

**1995**  
Afia International Egypt is formed through the merger of Savola Egypt and SIME Derby Egypt.

Savola Foods establishes an edible oil factory in Egypt.

**1998**  
Savola enters the retail sector, following its merger with Azizia Panda.

Savola gains a 70% stake in Herfy through the Panda merger.



**2003**  
Savola Foods establishes edible oil businesses in Morocco and Sudan.

**2004**  
Panda launches the Hyper Panda format.

**2005**  
Savola establishes Kinan Real Estate, subsequently divesting 70% through private placement.



**2006**  
Savola invests in King Abdullah Economic City (KAEC) and Knowledge Economic City as a founding shareholder.

**2008**  
Panda acquires Giant Stores and opens its first central distribution center in Riyadh.

**2009**  
Panda acquires Géant Stores operations and expands its network to 152 locations.

2010s      2020

**2010**  
Savola launches its first CSR program, 'Makeen', to train and empower people with disabilities.

Herfy is listed on the Saudi Stock Exchange (Tadawul) with Savola retaining 49% of its shares.

**2011**  
Standard & Poor's, Hawkamah and the International Finance Corporation rank Savola 2nd among top-listed companies in the Arab world for governance and transparency.



Savola Foods enters the pasta market by acquiring El Maleka Company and El Farasha Company in Egypt.

**2013**  
Savola's first Sukuk issuance (SAR 1.5 billion).

SAR 1.5b Sukuk

Savola acquires Al Muhaidib's shares in Panda (18.6%) and Savola Foods (10%) in exchange for the issue of 33.9 million new Savola shares through a capital increase to SAR 5.34 billion.

**2015**  
Savola Foods enters the seafood business with global seafood leader, Thai Union, to launch the famous John West brand in 12 markets across the MENA region.

Savola Foods launches Afia Distribution Company in Saudi Arabia.

**2016**  
Savola unveils a new brand identity, symbolizing its evolution to a strategic investment holding company.

Savola receives the Sa'afa Award from the Integrity and Transparency Foundation.

**2017**  
Savola sells a 2% stake in Almarai, as part of its capital re-allocation, whilst remaining the largest shareholder with a 34.52% stake.

Savola ranks top 10 for transparency in corporate governance, environment and social practices in MENA by S&P and Dow Jones indices and Hawkamah.

Savola launches its 2nd CSR program, 'Negaderha'.

Savola Foods commissions a new factory in Jeddah to manufacture specialty fats for the B2B market.

Savola Foods establishes a joint venture in Iraq with Aves to create Bonus Food Company LLC, which is engaged in the refining and packaging of edible oils and vegetable ghee.



**2018**  
Savola acquires a majority stake (51%) in Al Kabeer, one of the region's leading frozen foods companies.

**2019**  
Savola issues the 2nd tranche of Sukuk, pursuant to a new program in an aggregate amount of SAR 1 billion.

Savola among the 31 companies added to MSCI (Morgan Stanley Capital International), as part of Tadawul's inclusion into the MSCI Emerging Markets Index.

Standard & Poor's, Hawkamah and the International Finance Corporation rank Savola 4th among top-listed companies in the Arab world for governance and transparency.

Top-listed company

**2020**  
Savola named among Top 20 Great Places To Work® in the Kingdom of Saudi Arabia.

Savola ranked top 10 among all non-financial sector companies traded on Tadawul in the Corporate Governance Index (CGI) by Al Faisal University's Corporate Governance Center.

Forbes

Savola was among the 'Top 100 companies in the Middle East' for 2020 according to *Forbes Middle East*, ranked 14th in the Kingdom of Saudi Arabia and 39th in the Middle East.

## 2021

### Inclusivity



**Joining The Valuable 500 Initiative**  
Savola Group joined The Valuable 500 global initiative in 2021, which aims to enhance the inclusion of persons with disabilities through the business sector as a major driver of social change.

### Bayara



**Acquisition of Bayara**  
Savola Foods acquired 100% of Bayara for USD 260 million, in line with its ABCD growth strategy focused on expansion into high growth, value-added food categories with propositions directed towards the younger population. Bayara is a leading company specialized in nuts, spices, dried fruits, and snacks, and is based in the UAE with over 3 decades of success and a wide distribution network across the Middle East and Africa.

YEAR IN REVIEW

# Strategic Focus, and Effective Progress in 2021

March

## Establishment of 3 ESG Management Committees

Savola Group formed 3 management committees (from the Executive Management) to promote knowledge exchange in vital areas and drive sustainable impact across the Group and its footprint. The Social Responsibility Committee is dedicated to developing a strategy for the Group's activities and initiatives related to social impact, while the Environment Committee is dedicated to building and implementing the Group's environmental policy, and the Government Relations Committee is to establish and maintain effective relationships with key ministries and other relevant government bodies.



May

## Joining The Valuable 500 Initiative

Savola Group joined The Valuable 500 global initiative in 2021, which aims to enhance the inclusion of persons with disabilities through the business sector as a major driver of social change.

June

## Named among the 'Top 100 Companies in The Region' by Forbes

Savola was ranked 36<sup>th</sup> in the Middle East by *Forbes Middle East Magazine*, in its annual list of Top 100 companies in the region. The ranking by the leading business and financial publication was based on market value, sales, assets and profits.

June

## Our Brands recognized as 'Made in Saudi'

Several leading Savola Group brands – Panda, Afia, Alarabi, and Alosra – were welcomed into the 'Made in Saudi' program, an initiative of the National Industrial Development and Logistics Program (NIDLP) led by Saudi Exports that supports Saudi businesses by encouraging local consumers to buy more locally made products and by increasing their exports to priority markets.



July

## Investment in Munchbox

In line with Savola Foods' growth strategy (ABCD) – Anchor, Bet, Conquer, Disrupt, a subsidiary of Savola Group, we invested in Munchbox, to target high growth, youth focused markets. Established in 2014, Munchbox is a healthy snack manufacturer with a strong presence in the snack market in the UAE and accelerating growth in Saudi Arabia is part of our growth plan for the brand.



July

## Caper Investment

Savola Group invested SAR 18.8 million in Caper AI, a leader in smart cart and smart checkout technology that works to create a unified online and in-store commerce solution for retailers. Following our investment, in July, Caper was acquired by Instacart, a global eCommerce player.

July

## Recognized as a 'Great Place to Work'

For the third year running, Savola Group was named one of the Best Places to Work. A testament of our commitment to creating a positive, diverse and engaging workplace for all our employees, this recognition is published by leading global workplace culture authority Great Place to Work® Middle East.

September

## Launch of 'Discover Your Path' Program

Savola World Foundation partnered with Mohammed bin Salman (Misk) Foundation to launch the 'Discover Your Path' Program, which enables high school students to explore their professional preferences and select the most appropriate future career paths.

September

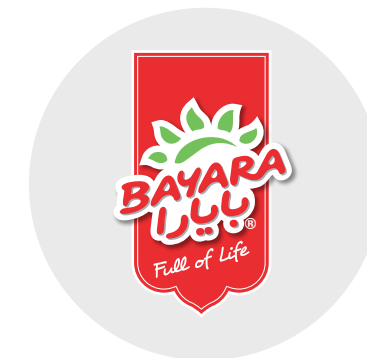
## Capiter Investment

Savola Group invested SAR 18.8 million in Capiter, an Egypt-based B2B marketplace that brings FMCGs, wholesalers and merchants together on the same mobile app-based platform, enabling merchants to order their products through the platform and also receive credit facilities.

October

## Acquisition of Bayara

Savola Foods acquired 100% of Bayara for USD 260 million, in line with its ABCD growth strategy focused on expansion into high growth, value-added food categories with propositions directed towards the younger population. Bayara is a leading company specialized in nuts, spices, dried fruits, and snacks, and is based in the UAE with over 3 decades of success and a wide distribution network across the Middle East and Africa.



October

## Creating the Panda Store of the Future

Panda successfully rolled out the prototype for its 'Store of the future' in 2 stores, showcasing the brand's latest concepts in the fresh, grocery food, and non-food sections of our stores. Bringing together emerging consumer preferences for frozen and healthy foods, beauty sections and coffee shops, this marks a critical turning point in the transformation of Panda, which will accelerate next year as the rollout continues across our footprint.

October

## Supporting Forsa Business Assistance

Savola Group partnered with the Human Resources Development Fund to support its Forsa Business Assistance Program, an initiative that seeks to connect SMEs with procurement opportunities in major entities, thereby accelerating their contribution to the national economy.



December

## Recognized for Excellence in Corporate Governance

Savola Group received the Excellence Award for the third consecutive year, for being one of the top 10 publicly listed companies in Saudi Arabia in the Corporate Governance Index (CGI) by the Corporate Governance Center at the College of Business of Al-Faisal University during the 3<sup>rd</sup> Global Conference for Corporate Governance.



YEAR IN REVIEW

# Savola's Ongoing COVID-19 Response

We offered our employees and their families first vaccine doses at the Savola Group Tower offices

**In response to COVID-19, our primary focus remained on the health and safety of our employees, their families, and broader society throughout the gradual return to normal activities during 2021.**

The Savola Crisis Committee continued to ensure full implementation of the guidelines released by the Kingdom's authorities, including the Ministry of Health, to prevent the spread of COVID-19. These measures included the mandatory use of face masks, safe social distancing, and entrance restrictions for visitors to our HQ.

In cooperation with the Ministry, and in response to their recommendation that all individuals be vaccinated against COVID-19, we offered our employees and their families first vaccine doses at the Savola Group Tower offices.

Leveraging the robust home-working protocols established in the previous year, we maintained our ability to transition to remote working quickly and efficiently to reflect the prevailing COVID-19 guidelines.



# Maintaining Strategic Focus and Transforming for the Future

**Activated our investment strategy**



**Accelerated our digital transformation**



**Built our talent base**



**Savola Group succeeded in turning challenges into opportunities in 2020, acting with agility and resilience to support our people, serve our customers, drive food security across our markets, and deliver a strong performance under the unique market conditions caused by the COVID-19 pandemic.**

In 2021, our resilience once again shone through, as we activated our investment strategy, accelerated our digital transformation and built our talent base. By maintaining our strategic focus and accelerating our transformation, we took significant strides towards our vision of becoming the region's leading food and retail focused strategic investment holding company, with a truly diversified and integrated portfolio of beloved brands, and a commitment to sustainability and the needs of consumers at our core.

Focused on fulfilling this unique value proposition for our shareholders and all our stakeholders, we continued to develop and diversify our products mix, channels and capabilities, investing for the future while navigating the unprecedented challenges caused by the pandemic on our markets, costs and supply chains, to position Savola Group for a new phase of sustainable growth and diversification in the years ahead.





INVESTMENT CASE

# A Unique Investment Proposition



## A Regional Leader in Food and Retail



## Consumer Understanding and Unique MENA Footprint



## Successful Track Record of Dynamic Capital Allocation

A leading Saudi strategic investment holding company with diverse investment portfolios of the largest assets and brands in the food production, marketing, distribution, and retail sectors, providing our shareholders with exposure to favorable demographics and structural trends in the regions we operate in.

### SAR 24 billion

One of the largest food and retail players in the region with an annual turnover of over SAR 24 billion

### Forbes Top 100

Recognized among Forbes Middle East's annual list of Top 100 companies in the region

### #1 Staple food business

#1 basic food business in MENA, Savola has market leading positions and brands across consumer staples and value-added ranges, such as edible oils, sugar, pasta, and frozen food

### #1 Grocery retailer

#1 grocery retailer in Saudi Arabia, Panda has strong brand equity and almost 25% market share in the attractive and under-penetrated modern retail space of the GCC's largest market

### Largest shareholder

Largest shareholder in 2 leading Saudi consumer brands, Almarai and Herfy, as well as popular frozen food brand, Al Kabeer

### 190+ stores

Dominant retail footprint with 190+ Panda and HyperPanda stores in 40+ cities across the Kingdom, with 90+ million annual transactions and the largest logistics network in Saudi Arabia

### Serving 400+ million potential customers

Direct manufacturing and distribution strength in more than 8 countries, with 14 facilities serving a combined population of more than 400 million

### Attractive exposure

Attractive exposure to large and growing population base with favorable demographics - more than 50% below the age of 35 years

### Extensive knowledge

Extensive consumer, market and brand knowledge, successfully leveraged to launch, grow and maintain market-leading positions and products (e.g. Afia, Al Osra, etc.)

### Customer-centric

Continuous customer-centric innovation and product development based on deep consumer outreach to capitalize on strategic opportunities to launch and scale new businesses in the rapidly maturing and evolving consumer space in MENA and beyond

### Unique investment model

Unique investment holding business model that allows for strategic investments and value creation in the MENA consumer food and retail space

### Experienced leadership

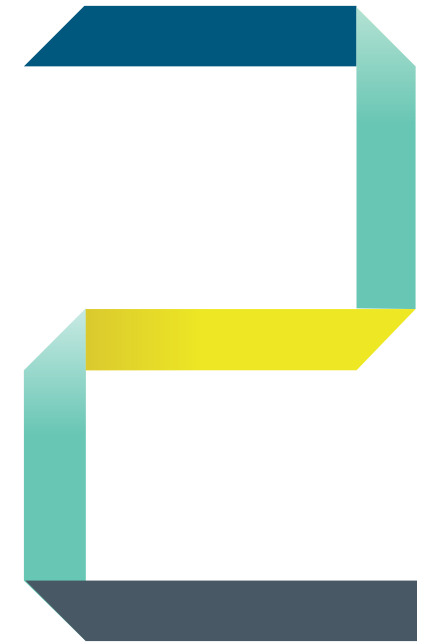
Experienced leadership team with a clear mandate to deploy and/or reallocate capital to enhance shareholder returns through investments in consumer segments with long-term growth potential

### 40+ years

40+ year track record of business growth, active capital reallocation and long-term investment horizon

### Sustainable growth

Actively exploring multiple venues of investments in food and retail to help drive sustainable growth for the Group for years to come



# Strategic Review

We overcame significant headwinds to deliver a solid performance during 2021, demonstrating our resilience, strategic focus and commitment to sustainable value creation.

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CHAIRMAN'S STATEMENT

# Maintaining Strategic Focus and Transforming for the Future



**Savola Group has maintained focus on its strategy throughout 2021, building the foundations necessary for its transformation and investing strategically to achieve future growth plans, despite persistent headwinds as a result of the continued pandemic environment.**

The year saw Savola Group exhibit considerable resilience to achieve a solid performance across the majority of our operating companies and countries where we operate, by adapting to changing market and demand dynamics with agility and purpose.

We are driven by our core corporate values, which are evident across all facets of the Group's business and serve as the foundations of our

ongoing transformation, progress, and success. By applying the key pillars of this approach – Persistence, Righteousness, Integrity and Fulfilment – on a daily basis, Savola continues to create 'Value based on Values', including through efforts to establish the Group as the socially and environmentally responsible employer of choice in the Saudi food and retail industry.

**Saudi Vision 2030**



Savola is committed to realizing the goals of Saudi Vision 2030, and continues to engage with national entities through initiatives that seek to advance progress toward the Kingdom's socio-economic development objectives.

**Nurturing our People**

Savola Group is dedicated to providing a safe, secure and rewarding working environment in which our people can grow and succeed. We are proud of the diversity of our workforce, and seek to create an equitable balance of male, female and people with disabilities among our staff. We maintained our exceptional employee retention rate at 92.59% of our total workforce during 2021.

A testament to our drive toward inclusivity, Savola joined the Valuable 500 global initiative in 2021, which aims to enhance the inclusion of people with disabilities through the business sector as a major driver of social change.

We also take pride in our leading position in the sector with regard to Saudization, embodied by the Platinum Nitaqat rating maintained at our HQ. Saudi nationals now represent over 73% of our workforce, demonstrating the depths of our commitment to the objectives of Saudi Vision of 2030.

In 2021 we delivered a range of initiatives to support our staff and provide a uniquely rewarding culture, including our Long-Term Incentive Program (LTIP) for our senior management team, employee recognition initiatives, and "Tawer" Employee Engagement Program.

**Robust Environmental, Social and Corporate Governance Structures**

In order to consolidate Group social responsibility and government relations activities under a common vision and purpose in 2021, Savola established 3 new management committees to promote knowledge exchange in vital areas – the Government Relations Committee, the Corporate Social Responsibility (CSR) Committee and the Sustainability and Environment Committee.

Across these new committees, Savola aims to establish and maintain effective relationships with key ministries and other relevant government bodies; align Group

CSR efforts through multiple programs and activities; and implement the Group's environmental initiatives, whilst also providing oversight for all activities in the areas of energy, water, waste management, recycling and gas emissions.

Our commitment to sustainability remains at the heart of the Group's strategy and is embodied by the work of the Savola World Foundation, our dedicated CSR vehicle tasked with promoting business assistance, youth skills development and environmental stewardship in the Kingdom.

Meanwhile, our robust Corporate Governance structures serve to propel continued success in meeting our commitments with respect to transparency and accountability, while also fulfilling our promises to our shareholders, employees and other stakeholders across our operations and geographic footprint. As a culmination of these efforts, Savola was rated among the top 10 companies in the Kingdom in the Corporate Governance Index (CGI) for the third consecutive year by the Corporate Governance Center of Alfaisal University.

**Supporting the Kingdom's Vision 2030**

Savola is committed to realizing the goals of Saudi Vision 2030, and continues to engage with national entities through initiatives that seek to advance progress toward the Kingdom's socio-economic development objectives.

Showcasing our commitments to national economic objectives, our brands such as Panda, Afia, Alosra, and Alarabi, remain distinguished 'Made in KSA' brands with regional aspirations, reflecting the key goals of Saudi Vision 2030.

In 2021, the Group engaged with the "Forsa" business assistance program, an initiative of the Human Resources Development Fund that seeks to connect SMEs with procurement opportunities in major entities, thereby accelerating their contribution to the national economy. Afia International, United Sugar Company and Al Kabeer Group have all now registered on the Forsa platform.

The Savola World Foundation liaised with the General Authority for Small and Medium Enterprises (Monsha'at) in 2021 to study proposals to support SMEs and micro-businesses in the Kingdom. The focus of the Foundation's engagement with Monsha'at was on the means to diversify GDP by supporting local companies operating in food, retail and other relevant industries.

The Foundation also engaged with the National Transformation Program in 2021, establishing cooperative links with relevant official authorities to achieve common social and economic goals.

**Acknowledgements**

On behalf of the Board, I wish to thank the Saudi Government, our shareholders and stakeholders for their continued support throughout 2021, as Savola builds upon its extensive legacy to deliver 'Value based on Values' for our customers across the Kingdom and beyond.

I would also like to thank our skilled Executive Management team for their foresight, leadership and adaptability in navigating the challenges we have faced in recent years.

Above all, I wish to express my appreciation to our dedicated employees, whose tireless efforts continue to propel the Group toward success and growth.

As we enter 2022, we remain committed to delivering increasing value for all of our stakeholders by building on our success to achieve sustainable social, environmental and financial returns.

**Sulaiman A. Al Muhaidib**  
Chairman



# BOARD OF DIRECTORS AND MEMBER CLASSIFICATION

## Mr. Sulaiman Abdulkadir Al Muhaidib

**Board Chairman**  
Non-Executive



**Current positions:** Chairman of the Board of Abdulkadir, Al Muhaidib & Sons., Board Member of Almarai, Rafal Real Estate, Al Muhaidib Holding, ACWA Power, Vision Invest, and many other companies

**Previous positions:** Chairman of the Board, Middle East Paper Co. (MEPCO), Al Oula for Real Estate Development, Thabat Construction, and Amwal Khaleej Commercial Investment

**Qualifications:** Degree from the Faculty of Medicine - King Saud University, KSA

**Experience:** Business, industrial and banking management, as well as investment management and real estate development and contracting. Sits on a number of other Boards and Committees

## Mr. Bader Abdullah Al Issa

**Board Vice Chairman**  
Non-Executive



**Current positions:** CEO of Assila Investments, Chairman of Savola Foods Company and Board Member of several companies

**Previous positions:** Managing Director of Almarai, CFO of Assila Investments, CEO of Amias Holding, Investment Portfolio Manager at HSBC Saudi Arabia Limited, Financial and Marketing Analyst at SABIC Americas, and Financial Analyst at JP Morgan

**Qualifications:** Master's degree in Business Administration - Rice University, USA  
Bachelor's degree in Economics - University of Virginia, USA

**Experience:** Financial and administrative fields, portfolio management, studying and analyzing of listed companies. Sits on a number of other Boards and Committees of listed and private companies

## Mr. Essam Abdulkadir Al Muhaidib

**Board Member**  
Non-Executive



**Current positions:** Managing Director of Al Muhaidib & Sons and Board Member of several companies

**Previous positions:** A number of managerial and leadership roles, and Board memberships for Al Muhaidib Group of Companies

**Qualifications:** Bachelor of Science degree in Statistics - King Saud University, KSA

**Experience:** Managing several companies in the food and contracting fields. Sits on a number of other Boards

## Mr. Mohammed Ibrahim Al Issa

**Board Member**  
Non-Executive\*



**Current positions:** CFO of Assila Investments, and Board Member of Kinan International Real Estate Development and BlackRock Saudi Arabia

**Previous positions:** Head of Balance Sheet Management and Investment at Saudi British Bank (SABB), and Member of the Board of Directors of Sukoon Real Estate Company and Al Aqeeq Real Estate Company

**Qualifications:** Bachelor's degree in Commerce, Finance - Sauder School of Business, University of British Columbia, Canada

**Experience:** Financial management, investments, and financial markets

\* Has been reclassified as an independent member during February 2022 as per independency criteria

## Mr. Bader Hamad Al Rabiah

**Board Member**  
Independent



**Current positions:** Vice Chairman of Board and CEO of Noor Al-Salhiya Real Estate, Board and Audit Committee Member of Mezzan Bank, Member of the Board and Audit Committee and Chairman of the Risk Management Committee of Noor Financial Investment, Board Member and Member of the Executive Committee of Al-Manar Finance and Leasing Company, and Member of the Board at Nakheel Agricultural Production Company, MIDCHEM in KSA, International Hotels Group in Jordan, and Ikarus Real Estate in the UAE

**Previous positions:** Supervisor of Real Estate Financing at Kuwait Finance House, and Head of Real Estate Investment at Noor Financial Investment Company

**Qualifications:** Bachelor's degree in Accounting - Kuwait University

**Experience:** Business management, financial auditing, risk management and real estate investment

## Mr. Fahad Abdullah Al Kassim

**Board Member**  
Independent



**Current positions:** Managing Partner and Chairman of the Board of Directors of AlKassim Accounting Office

**Previous positions:** CEO of Amwal Financial Consultants, General Manager of Othaim Trading Group, Managing Partner at KPMG International, and Executive Director at Dallah Hospital

**Qualifications:** Bachelor of Science degree in Management (Accounting major) - King Saud University, KSA

Management and Leadership Program - Oxford University, UK

**Experience:** Financial, administrative, and auditing consultancy, executive management in a health institution, and retail and wholesale, and sits on other Boards and Committees

## Mr. Abdulaziz Khaled Al Ghufaily

**Board Member**  
Non-Executive



**Current positions:** Retired – Public sector and Board Member of various companies

**Previous positions:** General Director of Local Shares Dept, Hassana Investment, and Director of Direct Investments Department of General Organization for Social Insurance (GOSI)

**Qualifications:** Master's degree in Economics - Western Illinois University, USA

Bachelor's degree in Economics - King Saud University, KSA

**Experience:** Social insurance, investment portfolios and shares. Sits on a number of other Boards and Committees

## Dr. Adnan Abdulfattah Soufi

**Board Member**  
Non-Executive



**Current positions:** Founder and Managing Partner of DAS Partners, Board Member of Natixis Saudi Arabia Investment, Vice Chairman of SISCO Group's Board, Chairman of the Advisory Committee for the General Authority for Awqaf, and Board Member of Fitaihi Holding

**Previous positions:** Member of the Board of Commissioners of the Capital Market Authority (CMA) by Royal Decree appointment, Chairman of the Advisory Committee of the CMA Board, CEO of SEDCO Holding, Dean of the Faculty of Economics and Administration as well as Professor of Business Administration and International Finance at King Abdulaziz University (KAU), and Senior Associate Member of Oxford University's St. Antony's College

**Qualifications:** Fulbright Scholar

Ph.D. in Business Administration and International Finance - George Washington University, USA

**Experience:** Executive strategist leader, specialized in corporate governance as well as business development, institutional investment, and leading transformation

## Eng. Mutaz Qusai Alazawi

**Board Member**  
Non-Executive



**Current positions:** Managing Director of his Group of Companies, Chairman of Herfy Foods' Board, Vice Chairman of Riyadh Bank Board, Chairman of Qatrana Cement, and Board Member of Mobily, Arabian Cement., SICEP, ST&T, and Wusataa

**Previous positions:** Running his Group of Companies, and Director at Merrill Lynch, KSA

**Qualifications:** Bachelor's degree in Computer Engineering - King Saud University, KSA

**Experience:** Investment, trade, financial markets, construction management, banking, and M&A. Sits on a number of other Boards and Committees

## Mr. Abdulrahman Mohammed Ramzi Addas

**Board Member**  
Independent



**Current positions:** Chairman of Savola World Board of Trustees for CSR and Member of Savola Group Board and the Remuneration and Nomination Committee, Member of the Board, Executive Committee and Audit Committee Member Of Alinma Bank, Chairman of the Board of Diyar Al Khayyal Real Estate Development, Chairman and Risk Management Committee Member of Tunisian Saudi Bank, Board Member of Al Rabie Saudi Food and Chairman of the Audit Committee, Board Member and Chairman of the Investment Committee and Member of the Nomination and Remuneration Committee at Environment Fund, Member of the Risk Committee at Saudi Ground Services, Member of the Risk and Compliance Committee of General Authority for Zakat, Tax and Customs, and Member of the Investment and Loans Committees at Agriculture Development Fund

**Previous positions:** Several senior executive positions at the National Commercial Bank, Managing Director for Real Estate Group in charge of real estate investments, and Member of the Executive and Strategic Committees at SEDCO

**Qualifications:** Master's degree in Business Administration (Finance major) - University of Denver, USA

Bachelor's degree in Business Administration (First Degree Honors) - King Abdulaziz University, KSA

**Experience:** Banking, risk management, strategic management and investment

## Mr. Rakan Abdulaziz Al Fadl

**Board Member**  
Independent



**Current positions:** Founder and Director of London Realty Limited, Executive Director and Board Member at Alfadl Group, Board Member and President and CEO of Sahara Building Contractors, Board Member and Investment Committee Member at Alfadl Investments, and Board Member and Investment Committee Member at Alfadl Real Estate.

**Previous positions:** Running his Group of Companies

**Qualifications:** Bachelor's degree in Finance and Economics - Babson College, USA

**Experience:** Several managerial and leadership positions and Board memberships in Al Fadl Group of Companies. Sits on a number of other Boards and Committees

## GROUP CEO'S MESSAGE

# An Active Capital Deployment Strategy to Invest in Our Future



**As a leading strategic investment holding company in the Kingdom, Savola Group delivered solid results across most of its verticals despite a very high food commodity global pricing environment and a challenging retail landscape in Saudi Arabia.**

During this year, we successfully allocated capital to accelerate our businesses' strategic transformation, including our acquisition of Bayara Holding Company in the UAE – a testament to this philosophy.

Our efficient procurement and supply chain management ensured an improvement in the profitability of our food business, despite global freight and supply chain challenges.

Whilst the Group implemented measures to offset increases to input costs through price increases, grocery sales in the Kingdom during 2021 were significantly impacted by a decline in disposable income, due to the VAT increase, that has increased preference for value-for-money products. Consequently, the hypermarket/supermarket channel in our home market recorded a contraction of 9%, whilst the VAT-adjusted fast-moving consumer goods market declined by 4.8% across 2021.

## Group Performance During 2021

Group revenues for 2021 reached SAR 24.7 billion, representing an improvement of 14% over 2020 and a 15% increase compared to pre-pandemic levels in 2019.

Revenues from our Food business rose by 46% year on year to reach SAR 12,630 million. At the same time, the food services segment reported a 22% growth in revenue compared to 2020 to reach SAR 1,314 million. The improvement in results of the Food business was on the back of a recovery in B2B volumes and higher pricing of products.

On the other hand, the Group's Retail segment reported 10% decline in revenue, mainly due to lower basket sizes as result of lower disposable income and the impact of the high base effect of the previous year, reflecting the continuing challenges and pressure on the Saudi modern trade and retail sector.

Savola Foods Company's (SFC) innovation pipeline remained robust, as it delivered a high product rollout rate in 2021 in the B2B space, with numerous new product launches covering multiple segments. Al Kabeer continued to provide high-quality frozen foods to customers, despite supply chain challenges.

Meanwhile, Herfy showed an exceptional speedy recovery post pandemic, which was in line with the B2B recovery mentioned earlier, despite the supply chain challenges.

## Our Corporate Growth Strategy

Our robust growth strategy ensured a positive trajectory, despite unabated market disruption, as the Group continues on its transformation journey by investing towards value-added food categories and retail customer experience.

SFC saw improved demands in the B2B and hotel, restaurant and catering (HORECA) segments, as consumers gradually returned to public outlets through the year.

2021 marked a strong start to SFC's ABCD (Anchor, Bet, Conquer, Disrupt) growth strategy. SFC continued to innovate in its core product portfolio, as part of its Anchor pillar. SFC also acquired Bayara in 2021, a leading spices, nuts and snacks business out of the UAE, to activate its Conquer pillar. This acquisition will further SFC's

strategic aim to expand into segments targeting younger generations and enabling the Group to tap into new high-growth, and high-margin segments.

Finally, as part of its Bet pillar, along with a commitment to innovation, SFC has invested into Munchbox, one of the exciting new brands focusing on healthy snacks.

Panda finalized its customer experience program (CXR), which encompassed an updated footprint strategy in 2021. A pilot program was completed in 2021 that demonstrated encouraging initial results for the future of the program as it rolls out in the coming years.

To enhance the in-store experience for customers, Panda deployed the necessary technology infrastructure to augment its operations and enrich the customer experience.

As part of Savola's ongoing digitalization journey, we have committed to major investments in technology to establish a data-driven organization with an unrivalled understanding of consumer behavior.

During the year, SFC also accelerated its innovation agenda through the launch of a major manufacturing digital transformation project, in partnership with global leaders Deloitte and Amazon Web Services. The ambitious project is designed to establish a Smart Factory with cutting-edge technologies to drive efficiency, productivity and safety that will create significant value for our business and stakeholders.

## Investing in and Caring for Our People

We continue to position the Group as the employer of choice in the food and retail industries, providing an extensive offering of career advancement opportunities, health and wellness schemes, and employee engagement activities.

Throughout 2021, we remained committed to protecting our people and customers from the ongoing threat posed by the COVID-19 pandemic, reflecting the key priority of our dynamic HR strategy to preserve health and wellbeing across the Group.

Building on our employee value proposition, Savola remains focused on providing a working environment in which our people can grow, thrive and excel, supported by opportunities for self-advancement and professional development.

## Food Investments Revenue (SAR)

# 13.27bn

**The improvement in results of the Food business was on the back of a recovery in B2B volumes and higher pricing of products.**

We continued to deliver professional development and training programs for our employees at all levels, achieving most of our learning plan for the year, and collaborated with INSEAD to develop high-potential future leaders by enrolling them in the Developing Emerging Leaders Program.

## Acknowledgements

I wish to thank our communities and customers for their continued trust in Savola's ability to consistently meet their everyday needs, and for their support for our stores and brands. We will continue to ensure this support is repaid by delivering exceptional product value and increasingly user-friendly services across our footprint.

I would also like to express my gratitude to our Chairman and Board for their perceptive guidance and support, and to our Executive team, which has demonstrated considerable aptitude in navigating the challenging market conditions in 2021.

Finally, I am indebted to our employees across the Group for their hard work and dedication to our success in uncertain and challenging times.

## Waleed Khalid Fatani

Group Chief Executive Officer



# EXECUTIVE MANAGEMENT

**Mr. Waleed Khalid Fatani**



**Current position:** Group CEO  
**Previous positions:** CEO of Saudi Fransi Capital, Group Treasurer of Abdul Lateef Jamil and Capital Markets and Investment Advisor to the President, General Manager of Deutsche Bank KSA, and various roles with Banque Saudi Fransi including Head of Group Treasury and a Member of several Executive Committees  
**Qualifications:** Bachelor of Science degree in Accounting - California State University, USA  
**Experience:** Over 27 years of banking, financial and investment experience, and experience across a variety of business and financial services sectors

**Mr. Sameh M. Hassan**



**Current position:** CEO of Savola Foods Company  
**Previous positions:** Chief Portfolio Officer of Al-Faisaliah Group, CEO of Saudi Tadawi Healthcare, COO of Basamh Trading and Industries Group, and Board Member of a number of other companies  
**Qualifications:** Bachelor's degree in Economics - American University, Egypt  
**Experience:** Leadership, planning and management of foods and industrial multinational companies and other diverse sectors

**Dr. Bander T. Hamooh**



**Current position:** CEO of Panda Retail Company  
**Previous positions:** CEO of Al Nahdi Medical Company, and General Supervisor of Public Affairs at the Ministry of Health  
**Qualifications:** Bachelor's degree in Pharmaceutical Science - King Saud University, KSA  
**Experience:** Over 30 years of experience in retail, pharmaceutical and food industries in both private and public sectors. Serves as a Board Member for a number of companies

**Mr. Elnour Ali Saad**



**Current position:** Executive Director, Corporate Governance, Compliance, Legal Affairs, and Board Secretary  
**Previous positions:** Various senior positions in Savola Group including Executive Director of Corporate Governance, Compliance and Legal Affairs of the Group, Director of Corporate Governance and Board Affairs for Savola and its subsidiaries including the Food and Retail sectors, and Senior Manager of Corporates, Board Affairs and Corporate Communications  
**Qualifications:** Master's degree in Law (LLM) - University of Cumbria, UK  
 Bachelor's degree and a Master's degree in Business Administration - Sudan University of Science and Technology (SUST), Sudan  
 Certificates in Corporate Governance, Compliance, Board and Committees Secretary from reputable regional institutions  
**Experience:** Over 19 years in corporate governance, compliance, legal affairs, Board of Directors' affairs, investor relations and shareholders' matters and corporate communications. Significant experience in providing corporate governance and legal consultations in CMA regulations, Companies' Law, preparing complex reports and legal memorandums, contracts and agreements

**Mr. Morhaf M. Alsamman**



**Current position:** Executive Director, Human Resources and Corporate Services  
**Previous positions:** Head of Human Resources and Head of Talent Acquisition for Savola Group, and various positions in local and multinational companies, including Emaar Economic City, NCB and Cristal Global  
**Qualifications:** Certified Professional in Human Resources - Internationalism (PHRI) from the HR Certification Institute  
 Master's degree in Business Information Technology - DePaul University, USA  
**Experience:** Over 14 years of experience in the field of HR management, mainly covering HR business partnerships, staffing and recruitment, organization development, performance management, training and development, Saudization programs, and HR policies and procedures. Also a member of Herfy's and Al Kabeer Group's Reimbursement and Nomination Committee

**Mr. Wajid Usman Khan**



**Current position:** Group CFO  
**Previous positions:** CFO and Head of IT of Savola Foods Company, various other senior positions in Savola Group including Executive Director Group Finance and Treasury, Executive Director Corporate Finance, Finance Director and Assistant General Manager Finance, Assurance, and Business Advisory at PricewaterhouseCoopers (PwC) in Saudi Arabia and Pakistan  
**Qualifications:** Master's degree in Commerce - HEC, Pakistan  
 Professional qualifications in Chartered Accountancy  
 Fellow Member of Institute of Chartered Accountants of Pakistan  
 Associate Member of Institute of Chartered Accountants of England and Wales  
**Experience:** Over 20 years of experience in financial management, corporate finance, strategy and digital transformation with Savola Group and its subsidiaries

**Mr. Mohammad Nasr**



**Current position:** Chief Investment Officer  
**Previous positions:** Various leadership positions in investment strategy and transactions across MENA, Europe and Asia in private equity, mergers and acquisitions, and consulting with leading global and regional companies such as Credit Suisse, Gulf Capital and Al Mal Capital (an investments subsidiary of Dubai Investments PJSC)  
**Qualifications:** Master's degree in Business Administration - London Business School, UK  
 Bachelor's degree in Industrial and Manufacturing Systems Engineering - Lehigh University, USA  
**Experience:** Experience in investment and operational strategy leadership, deal origination, restructuring, M&A, managing investment portfolios and exit plans across several sectors

**Internal Control, Audit, Risk, and Corporate Communications and Marketing Team:**

**Mr. Aly Assem Barakat**



**Current position:** Group Chief Audit Officer  
**Previous positions:** Senior Manager at Abu Dhabi Accountability Authority, Manager at KPMG, and Manager at Ernst & Young (EY)  
**Qualifications:** Bachelor's degree in Commerce (Accounting major) - University of Helwan, Egypt  
 Licensed Certified Public Accountant, USA  
 Chartered Global Management Accountant Association of International and Professional Accountants  
**Experience:** Over 25 years in the financial sector affairs, internal and external audit and quality assurance, governance, enterprise risk management and compliance

**Mr. Yasser Hassan Dahlawi**



**Current position:** Executive Director, Risk Management  
**Previous positions:** Head of Regulatory Compliance, Enterprise Risk Management at The National Commercial Bank (NCB), and Senior Advisor at KPMG, Saudi Arabia  
**Qualifications:** Master of Science degree in Engineering and Technology Management - Portland State University, USA  
 Bachelor of Science degree in Industrial Engineering - King Fahad University of Petroleum and Minerals (KFUPM), KSA  
**Experience:** Over 10 years of experience in risk management, mainly covering enterprise risk management, risk reporting, Basel II/III, capital planning and allocation, and risk policies procedures

**Mr. Amr Hamzah Almadani**



**Current position:** Director, Corporate Communications and Marketing  
**Previous positions:** Various marketing roles including Head of Shopper Marketing in Panda Retail Company, and marketing positions in Emaar the Economic City and Fakieh Tourism Group  
**Qualifications:** Master's degree in International Business - Hull University, UK  
 Bachelor's degree in Marketing - King Abdulaziz University, KSA  
**Experience:** Over 13 years of experience in marketing, brand management, media, digital media, communications, public relations and retail



# CFO's Review



**During 2021, Savola Group demonstrated resilience in delivering a robust performance in every business segment, besides Retail, despite headwinds from inflationary pressures and macroeconomic challenges across all territories.**

Net income for 2021 was SAR 222 million, a contraction from the previous year (2020: SAR 911 million). The Group's results were impacted by a one-off non-cash impairment charge, that amounted to SAR 422 million, lower profitability in the Retail segment and a lower share of income from associates. The impairment charge was the result of a corresponding assessment against certain right-of-use assets, property and equipment and investment in an associate, in accordance with the requirements of IFRS.

Consolidated revenue for 2021 grew by 13.7% to reach SAR 24,669 million (2020: SAR 21,702 million). Top-line growth was primarily achieved on the back of higher volumes in the Food Processing and Food Services segments, which were favorably impacted by higher demand for out-of-home consumption. On the other hand, Retail revenue declined in 2021 due to the higher base established in the previous year and the full-year impact of the VAT increase in Saudi Arabia. Our performance in core markets – the GCC and Egypt– contributed 83% to consolidated revenue and 61% to consolidated net income during 2021 (2020: 88% and 45%, respectively).

Consolidated EBITDA for 2021, amounting to SAR 2,504 million, was lower when compared to the previous year (2020: SAR 2,832 million), mainly due to the decline in the Retail segment's revenue and profitability, despite significant improvement in the Food Processing and Food Services segments.

Our focus will remain on integration of investments to leverage our strength in the Food Processing segment and optimization of our systems to enhance efficiency in our operating model.



The Group's net debt increased by 22% to reach SAR 7,086 million as of year-end 2021 (2020: SAR 5,807 million), due to funding requirements for the acquisition of Bayara Holding Limited, UAE, and an increase in financing for working capital driven by higher commodity prices.

In line with the Group's policy to distribute cash dividends, the Board of Directors approved cash dividends to the shareholders of SAR 0.20 per share for the year 2021.

Looking ahead, our focus will remain on integration of investments to diversify our capability in the Food Processing segment and optimization of our systems to enhance efficiency in our operating model. We look forward to embracing these opportunities by capitalizing on the collective strength of our people, guided by our values, to continue to deliver 'Value based on Values'.

**Wajid Usman Khan**  
Group Chief Financial Officer

**Consolidated Revenue**  
(SAR)

## 24.7bn

Top-line growth was primarily achieved on the back of higher volumes in the Food Processing and Food Services segments, which were favorably impacted by higher demand for out-of-home consumption.

OUR BUSINESS MODEL

# A Focused Model That Aims for Sustainable Growth

Savola is a strategic investment holding company with a thematic investment program focused on the food and retail sectors, with the aim of creating value by enabling and accelerating growth levers in the underlying portfolio to achieve scale and profitability.

## Our Strengths



### Strategic Focus

Savola focuses its operations on a long-term consumer trend-driven lens, aiming to dynamically allocate capital to generate long-term value growth.

### Strong Governance Framework

A robust governance and transparency framework, prioritized throughout Savola's history, building shareholder trust.

### Infrastructure and Consumer Access

Through our holdings, we possess Saudi Arabia's largest distribution network, retail space and brand portfolio in the country's consumer space and touch millions of consumers across all of our markets.

## Our Challenges



Challenging macro-environment in operating countries, whereas a number of countries introduced economic reforms that may have a negative impact on the purchasing power of consumers

Change in consumer behavior, where consumer preferences and tastes may change in a more pronounced manner that may impact current products and business models

Limited number of transactable assets from the perspective of an investment holding whose key directive is to allocate capital

High relative valuation of food assets, in view of scarcity of sizeable assets that fit strategically with Savola Group's investment mandate, as well as other factors including the economic and business cycles and their impact on such assets

## How we add Value



### Leadership and Governance

Savola's focus as a strategic shareholder is to implement best practices across its portfolio to ensure:

- Alignment of incentives among stakeholders; and
- Selection of the right leaders and management teams to deliver on strategic and operational targets.

### Setting Targets and Monitoring Performance

Savola is building the tools required for effective performance management across its portfolio. This includes both short-term and long-term operational and financial KPIs, with periodic reviews and a proactive approach that prioritizes the long-term best interest of the business.

### Capital Allocation

Savola aims to maximize returns on investments by deploying or redeploying capital to enhance shareholder returns and create additional value by gaining access to segments with long-term potential within the consumer space. The primary objective is to generate sustainable excess returns over the cost of capital.

### Long-Term Strategic Planning

Savola believes that in addition to managing our capital and operating companies for performance and long-term sustainability at the subsidiary level, our role is to look at our markets, our holdings, and our operations with a view to realize our ambition of maximizing our share of consumer spend across our markets profitably over the long-term horizon.

## Our Corporate Values

Our values underpin everything we do, they are a blueprint for concrete actions we take as individuals, as a team and as a company, every day. Since the Group was founded in 1979, this is how we do business:



### Personal Values

**Tawado:** Confident Humility; Having the confidence to perform our responsibilities while having the humility to minimize our ego  
**It'qan:** Relentless pursuit of perfection; The ability, willingness, desire, and intention to do our best to ensure that work is completed to the best standards  
**Azm:** Fierce Resolve; Apply what we learn to improve ourselves  
**Iq'tida:** Apprenticeship; To seek out, interact with, and learn from those who are more knowledgeable than us

### Group Values

**Ihsan Al-Dhan:** Trusting; Trusting others' intentions without doubting them  
**Mu'azarah:** Caring; Provide support to our colleagues to help enable their success  
**Qabool:** Acceptance; Endure the views of others by going beyond tolerance or acceptance  
**Iq'bal:** Approaching; Improve what we do by using what we have learned from the interaction with others

### Corporate Values

**Taqwa:** Conscientiousness; Fulfillment of our responsibility toward external parties  
**Amanah:** Honesty; Fulfillment of our responsibilities towards investors  
**Mujahadah:** Personal control; Achieving the personal discipline necessary to fulfill our responsibilities  
**Birr:** Caring Justice; Fulfillment of our responsibility toward our colleagues and the employees of the company



# Food Investments

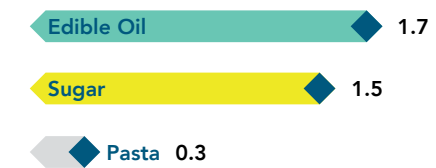
Our Foods business delivered strong topline growth for 2021 while investing in further strategic diversification towards a higher-value, healthier asset mix and value proposition.



### Revenue Breakdown (SAR million)

 Edible Oil and Fats <b>8,941</b>	 Sugar <b>2,926</b>	 Pasta <b>588</b>
 Frozen Foods <b>643</b>	 Almarai <b>15,850</b>	 Others <b>176</b>

### 2021 Sales Volume by Business Line (million MT)



Savola Foods acquired 100% of Bayara for SAR 975 million. The acquisition is pivotal to Savola's growth strategy focused on expansion into high growth, value-added food categories with propositions directed towards the younger population.

(SAR million)

# 975



FOOD INVESTMENTS

# Savola Foods Company

Savola Foods Company (SFC) is a leading food manufacturer creating branded products from facilities across 8 countries and supplying to more than 50 markets around the globe.

## SFC Market Share in Key Categories



Category	Addressable Market Value (SAR million)	SFC Share
Edible Oil	12,404	20.8%
Ghee	1,123	37.8%
Pasta	624	40.2%
Sugar	648	68.6%
Seafood	1,832	3.2%
Baked Goods	1,594	3.3%



### Savola Shareholding



### CAPEX (SAR million)



### Revenue (SAR billion)



Throughout 2021, SFC was able to deliver strong results despite the high commodity prices environment and challenging market conditions across the various geographies where it operates. Numerous innovations and commercial initiatives successfully implemented during the course of the year, resulted in significant positive impacts on our market share and net income from our core businesses.

Savola Foods achieved a significant milestone of activating the Conquer and Bet pillars of its **ABCD (Anchor, Bet, Conquer, Disrupt)** growth strategy. To this end, Savola Foods acquired 100% of Bayara for SAR 975 million. The acquisition is pivotal to Savola's growth strategy focused on expansion into high growth, value-added food categories with propositions directed towards the younger population.

Bayara brings well-established sourcing and go-to-market capabilities together with strong potential for synergies with Savola Foods Company. Its business is driven by the prevailing trend towards achieving a healthy lifestyle and a growing younger population.

Savola Foods also completed the first 'Bet' under the ABCD strategy in 2021, by investing in Munchbox, which is a promising startup in the healthy snacking space in the UAE with great traction and growth ambitions in the KSA. Savola Foods has now begun to support the brand with its expansion into the Saudi market, beginning with the penetration into multiple channels and retailers including Panda and others.

### Savola Foods Company in 2021

Despite the lingering effects of the COVID-19 pandemic in 2021, Savola Foods Company witnessed a significant improvement in performance, buoyed by strong oil sales growth in 2021, largely driven by our value for money brands and growth in B2B and HORECA channels owing to the gradual return to outlets following the relaxation of measures to stem the spread of COVID-19.

These new segments included tuna in both Egypt and Central Asia, and the expansion of our pasta presence in the Saudi market with the addition of the flagship Italiano brand in Panda stores, which already accounts for a 15% share of the segment for our retail arm.

# Savola Foods Company

**SFC delivered an improvement in terms of profitability in 2021 despite several businesses facing a variety of non-operational challenges.**



SFC delivered an improvement in terms of profitability in 2021 despite several businesses facing a variety of non-operational challenges.

SFC's oil businesses in Saudi Arabia and Egypt generated significantly better gross margins in the first half of the year backed by advanced procurement of edible crude oil at low prices.

SFC's owned subsidiary, International Food Industries (IFI), successfully reduced its losses through increased volumes in 2021, whilst Alexandria Sugar Company achieved a turnaround from a loss in 2020 to achieve a profit for the year on the back of higher sugar prices, better yields and higher refined quantities.

In Sudan, we exceeded our targets to deliver an increase in performance over 2020, with both volumes and processing increasing for the year.

Nonetheless, our businesses were undermined by inflated raw material prices, and packaging and freight costs, which all rose substantially in 2021. Whilst management moved to offset these increases through price rises, the shift in consumer preferences toward value-for-money brands led to a reduction in margins.

United Sugar Co. Egypt (USCE) profits declined due to lower non-operational income and higher raw sugar prices that could not be passed into the local market, while the performance of our Turkey business was impacted by currency devaluation.

In Saudi Arabia, new entrants in the local market and intensifying competition have impacted local sugar sales.

## Products and Innovation

Despite the negative effects of inflationary movements in commodity prices in 2021, our Food Investments innovation pipeline remained robust, with product launches continuing throughout the year across our various segments.

Savola's product rollout in 2021 in the B2B space was marked by exceptionally high activity, with 25 new product launches in multiple segments ranging from new Bakery and Dairy items, through Fats, Confectionary and Food Service, leveraging the active engagement of all operating units with business partners in developing and customizing product formulas.

During the year, SFC also commenced on a digital transformation project for its manufacturing capabilities by collaborating with international leaders in this space, Deloitte and Amazon Web Services. Together, we're implementing an innovative smart factory solution that will bring cloud-based IoT applications into our manufacturing operations. Our vision for the new factory will be an integrated value chain of production activities enabled by digital technologies to efficiently meet evolving customer expectations by leveraging smart production processes.

Products	BU	Application
Procake (Premium Shortening)	BIC	Bakeries
Fonta Butter Blend BB100 Y	IFI	Bakeries
Bareeq Almas Margarine	IFI	Bakeries
Vala Bella Trans Free	SFT	Bakeries
Al Tahi Oil 650 ml.	AICE	Bakeries
Fonta Butter Blend BB310 Y	IFI	Dairy/ Baking
Fonta Butter Blend BB110 W	IFI	Dairy/ Baking
Al Nahar Shortening	AICE	Dairy, Bakeries
Fonta Butter Blend (White)	IFI	Dairy
Culina RBD Palm Olein 224 Bulk	IFI	Basic Fat for Fontera
Culina Liquid fat 101 (Premium Shortening)	IFI	Biscuits
Culina Shortening NH36M (Basic Shortening)	IFI	Biscuits/Dough fat
Sirma Ghee 5L	SFT	Foodservice
Frying Oil 5L	BIC	Foodservice
Olive Oil 3L	BIC	Foodservice
16 Kg Ghee/Frying/SBO	BIC	Foodservice
17L 80% Palm Olein and 20% SFO	AICA	QSR
Culina Shortening BKFS (Premium Shortening)	IFI	Frying
Culina Shortening Cube NH (Premium Shortening)	IFI	Chicken Broth Cube
Non-Hydrogenated Vegetable Fat (Chicken Stock Fat)	AICE	Chicken Broth Cube
ChocoSpread (Premium Shortening)	BIC	Confectioneries
Wafer Fat (Premium Shortening)	BIC	Confectioneries
Amsfill (Premium CBS)	IFI	Confectioneries
Cullina Spread Fat SCF 300 S (Premium Shortening)	IFI	Confectioneries
Culina White Shortening NHG 40	IFI	Filing Cream for Cake

Afia Top chef launch in Q4



Olive oil rebranding in Turkey in Q4



CSR campaign in Turkey supporting local farmers in Q4



Olive oil brand won 3 prestigious global awards Turkey



Ganna won an EFFIE award in Q4





FOOD INVESTMENTS

Savola Foods Company



INNOVATION LAUNCHED DURING 2021

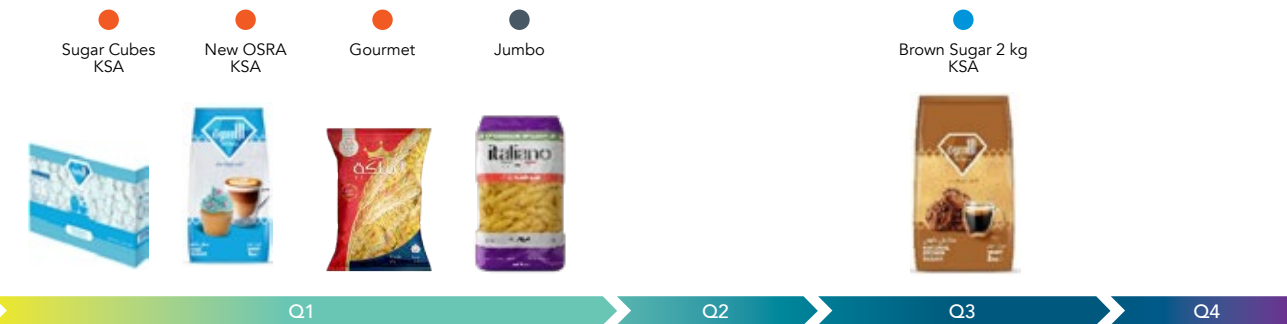
OILS



GHEE AND MARGARINE



PASTA AND SUGAR



BAKERY AND TUNA



OUR FOOD INVESTMENTS IN 2022

SFC will continue to actively pursue initiatives under each of the 4 pillars of the ABCD growth strategy in 2022, by building equity and growing its market share for key brands across our geographies, supported by a strong innovation agenda and proactive price management to retain customers in a period of unprecedented commodity price increases.

SFC plans to launch its flagship brand Afia's strong equity for Bayara products during 2022 to penetrate the nuts, pulses, herbs and spices categories in Saudi Arabia, that represents a key growth enabler going forward.





FOOD INVESTMENTS

# Almarai

The #1 FMCG brand in the MENA Region, Almarai is the world's largest vertically integrated dairy company and the region's largest food and beverage manufacturing and distribution company. With a 34.52% holding in the company, Savola Group is the largest shareholder in Almarai.

Revenue  
(SAR billion)

# 15.85

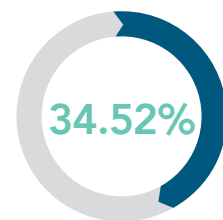


About Almarai

Founded in 1977 and one of Saudi Arabia's leading brands, Almarai is trusted for its quality throughout the Kingdom, the GCC and beyond. As a key pillar of the MENA food market and a leader in major food categories such as dairy, bakery, poultry and juice, Almarai provides quality and nutritious products to millions of customers across the region. Almarai remains at the forefront of innovation in the sector, introducing new product offerings that cater to the evolving needs of the local population while playing a key role in the Kingdom's food security.



Savola Shareholding



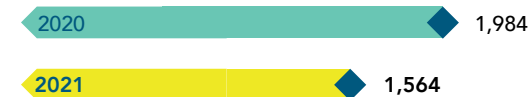
Market Share



Almarai preserved its leading market share across multiple segments, including dairy, juice and poultry

Net Income  
(SAR million)

# 1,564



Financial and Strategic Highlights in 2021

In 2021, Almarai navigated a challenging operating environment to deliver on its promises to its stakeholders across the Kingdom and throughout its international markets. It demonstrated considerable resilience to ensure product quality and availability in its markets, while investing for growth in its core categories and strategic markets.

Almarai announced new investments worth SAR 6.6 billion to double production operations in the poultry sector in the Kingdom by 2026. These investments are intended to increase the company's share of chilled chicken, which currently represents 96% of its total production, along with its production and share of frozen poultry. It also invested in the growth of its bakery businesses, entered the red meat industry with an initial investment of SAR 250 million, and expanded its strategic footprint through the acquisition of a dairy and juice production facility in the UAE.

Earnings Per Share  
(SAR)

# 1.59



Almarai preserved its leading market share across multiple segments, including dairy, juice and poultry. Overall revenue for 2021 grew by 3% over 2020, while net income declined by 21% for the year.

Driven by its enduring commitment to provide 'quality that you can trust', Almarai launched a range of new products to meet consumer tastes, as it worked closely with partners, customers and suppliers across its value chain to increase efficiency, performance and dependability throughout the continuing volatility and uncertainty generated by the COVID-19 pandemic.



FOOD INVESTMENTS

# Al Kabeer

Al Kabeer is a leading frozen food supplier and a household name in the Middle East, having served the people of the GCC since 1974. With a 51% holding in the company, Savola Group is the largest shareholder in Al Kabeer.

Revenue  
(SAR million)

# 643

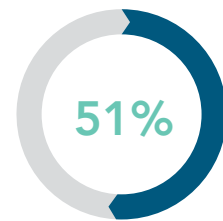


About Al Kabeer

Manufacturing and distributing a portfolio of more than 200 products, from frozen poultry, beef and seafood to snacks and ready-to-eat meals, Al Kabeer is trusted by consumers across the Middle East. It maintains 3 key manufacturing facilities, located in the UAE and Saudi Arabia, producing items for distribution via a network of 9 cold storage facilities and 11,000 outlets in the GCC.



Savola Shareholding



Expanding the Kingdom's Manufacturing Base



Al Kabeer supports the ongoing efforts to expand the Kingdom's local manufacturing base, cold chain distribution and food security orientation, from its new processing facility in King Abdullah Economic City (KAEC).

Net Profit  
(SAR million)

# 81



Financial and Strategic Highlights in 2021

Al Kabeer continued to play an important role in providing high-quality frozen foods to customers across the GCC, despite a complex and challenging market this year. The frozen food segment contracted in 2021 due to higher one-off base of last year and a changing regulatory environment in Saudi Arabia, leading to supply disruptions and higher input costs for Al Kabeer.

While Al Kabeer's revenue grew marginally from pre-COVID levels, this year saw 13% decrease in revenues vs 2020, primarily driven by lower sales in Saudi Arabia on account of supply disruptions. Gross profit reached SAR 230 million, a decline of 13%, however gross margins remained largely in line with 2019 (pre-COVID) levels. EBITDA reached SAR 114 million with 18% margins, while net income reached SAR 81 million with a 13% net margin.

Nevertheless, Al Kabeer continued to play a prominent role in delivering Savola Group's strategy to increase the contribution of value-added categories to its food portfolio. Al Kabeer also supports the ongoing efforts to expand the Kingdom's local manufacturing base, cold chain distribution and food security orientation, from its new processing facility in King Abdullah Economic City (KAEC), with additional complementary expansions to manufacturing lines and cold storage planned in the years to come.





# Retail Investments



Our Retail business continued to transform and innovate during 2021, while navigating the changing landscape and pressure on the Saudi modern trade and retail market.

Panda's strategic direction and objectives remained unchanged in 2021. Since 2018, the key goal of our turnaround program has been to deliver a "well-oiled traditional brick and mortar retail machine," thereby fulfilling the Panda purpose to deliver strong financial performance and maximize business value.

## Panda Selling Area (m<sup>2</sup>)

**594,357**



## Total Number of Panda Stores

**195**



## Total Number of Herfy Branches

**387**





RETAIL INVESTMENTS

# Panda Retail

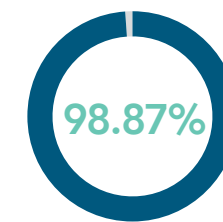
Panda Retail Company (Panda) is one of the Middle East's largest grocery retailers, with 195 stores serving Saudi Arabia and Egypt.

### Panda's Transformation Journey

At the important juncture of completing its turnaround and embarking on its transformation journey, Panda underwent a detailed strategy exercise of its Customer Experience ('CXR') program which entails deployment of the strategic building blocks across Panda's footprint. The strategy aims to improve overall customer experience while optimizing utilization of our stores and wider footprint; achieving market-relative overall rate of growth through store upgrades whilst also achieving the right balance in terms of geographical presence and catchment coverage to serve strategic locations and communities. To this end, one store was successfully piloted in Riyadh which yielded an encouraging improvement in performance.



### Savola Shareholding



### Revenue (SAR billion)



### Customers served (million)



The lingering effects of the COVID-19 pandemic continued to undermine grocery sales across the sector in 2021, exacerbated by changing consumer behavior in the Kingdom, characterized by a shift towards essential products and value for money in response to the VAT increase which is impacting customer preferences alongside a continued net expat exodus.

Consequently, based on the Nielsen Retail audit for the 11 months ending November 2021 (latest available number at the time of publishing this report), the Saudi hypermarket/supermarket channel recorded its first contraction on record in 2021, declining 9% (VAT adjusted) year-on-year, whilst the fast-moving consumer goods (FMCG) market declined by 4.8% (VAT adjusted) over 2021.

Driven by our enduring goal to consistently improve customer experiences while protecting our market share in a challenging environment, Panda decided to invest in its margins by launching the Lowest-Price-Guaranteed campaign on selected items during the year – mainly in food categories – whilst also expanding its omnichannel.

This allowed us to outperform our market to achieve a 0.5% year-on-year growth in market share to reach 24.4% within the hypermarket and supermarket channel in 2021, maintaining our leadership despite an increasingly competitive environment, which saw 16 new store openings by our competitors in 2021 alone.

### Panda's Financial Performance in 2021

Panda Retail recorded a revenue of SAR 10.48 billion for the year, representing a decline of 10% from 2020, primarily driven by lower basket size, especially in comparison to the surge experienced during lockdown in 2020. However, despite continued pressure on the Saudi modern trade and retail market, Panda's revenue in 2021 was largely reflective of pre-pandemic levels.

Gross profit for the year stood at SAR 2 billion with a lower gross margin compared to 2020, at 22%.



## RETAIL INVESTMENTS

## Panda Retail



Panda achieved an EBITDA of SAR 610 million, compared to SAR 1,000 million in 2020, largely driven by the lower revenues and gross profit, despite lower overhead costs in 2021.

We closed 10 stores during 2021, reducing our footprint to 195 stores in total, including 4 in Egypt. The store closure was driven by our approved footprint strategy to optimize our network and improve quality earnings.

### Creating the Panda Store of the Future

Panda's strategic direction and objectives remained unchanged in 2021. Since 2018, the key goal of our turnaround program has been to deliver a "well-oiled traditional brick and mortar retail machine," thereby fulfilling the Panda purpose to deliver strong financial performance and maximize business value.

In 2021, we successfully delivered the prototype of this new "retail machine," triggering a rollout across the network of existing Panda stores and generating financial projections that demonstrate Panda is well underway to achieving its financial ambitions.

The prototype store represents a seminal moment in Panda's evolution, showcasing the latest concepts in the fresh, grocery food, and non-food sections of our stores that incorporate emerging consumer preferences for frozen and healthy foods, beauty sections and coffee shops.

Rolled out to one store in 2021, the prototype aims to deliver unparalleled in-store customer experiences by providing a carefully designed customer journey, featuring key touchpoints and in-store communications as well as customer service amenities, such as single queue checkouts; self-checkouts; click and collect services; and value-adding facilities such as coffee shops.

The prototype also advanced our strategic objectives by bringing together a cross-functional Panda team to deliver under a tight timeline, creating essential bonds between our people that will form a fundamental springboard for the successful rollout of the concept across the entire network.

The reception among our customers was highly enthusiastic, demonstrated by the volume of unsolicited expressions of satisfaction among shoppers and on social media, as well as through a formal focus group study conducted in the first prototype store with customers that shop almost exclusively with our competitors.

The success of the concept has served to pivot Panda toward a customer-centric mindset, inspiring the launch of the new CXR program.

### Dedicated to Customer Experience

The Brick and Mortar footprint strategy has triggered the launch of a Customer Experience (CXR) program that entails upgrading the look and feel of our stores, as well as enhancing the entire in-store customer experience.

In 2021, Panda introduced an initiative to ensure consistency in its execution and impact through a Mystery Shopping program, backed by a quantitative Net Promoter Score (NPS) exercise, to pave the way for the successful initiation of the full rollout of the CXR program.

Since 2018, Panda has continued to improve the quality of its grocery offerings, making them more customer-centric and transitioning Panda from a Push Model to a Pull Model – whereby Panda takes back control of its shelves to meet the demands of consumers and satisfies their shopping needs. This has led Panda to re-think its range of categories, mix of products, merchandizing rules and store layouts through the delivery of new zones that refine the customer journey.

In 2021, Panda placed significant focus on developing its workforce models for all roles operating in Panda stores, and on implementing associated recommendations to ensure delivery on the Panda Promise.

Key to the successful operations of the new Pull Model is the need to ensure the right availability of products at store level; to this end, Panda has developed and implemented innovative replenishment methodologies that enable a seamless integrated supply chain based on fluid communications between all the departments concerned.

In 2021, Panda placed significant focus on developing its workforce models for all roles operating in Panda stores, and on implementing associated recommendations to ensure delivery on the Panda Promise. This culminated in the establishment of a "Boot Camp" to develop the required competencies among Store Managers and Assistant Store Managers, to familiarize them with Panda's new model, thereby helping them to acquire key customer-centric, operational and financial competencies.

### Leveraging Technology and Innovation

As part of our ongoing digitalization journey, we have committed to major investments in technology to position Panda as a data-driven organization with an unrivalled understanding of consumer behavior.

Panda implemented 2 new foundational systems in 2021 – Oracle Core Merchandising and Oracle Fusion – to support all of our commercial activities and improve the financial management and reporting of these core business processes.

The implementation of these 2 systems lie at the heart of Panda's IT transformation journey and will enable additional new capabilities such as CRM and improved demand forecasting and planning for replenishment in 2022. Being cloud-based, these new systems will also allow Panda to benefit from the continuous development of the new capabilities Oracle will incorporate in the future.

We also developed and deployed a dedicated employee app in 2021, which brings together key information to support our people in their day-to-day work whilst also allowing improved employee communication.

### PANDA IN 2022

Our strategy is now firmly focused on driving sustainable, profitable growth by accelerating value realization in our core business through the existing brick and mortar footprint of our stores, leveraging all initiatives going forward inspired by the success of our prototype store of the future.

Capitalizing on market trends, Panda will continue to allocate strategic investments to grow its digital infrastructure, expanding its offerings and enabling increased efficiency, particularly through improvements in last-mile delivery capabilities and a variety of in-store automation programs, enhancing experiences for all of our customers across our various channels.



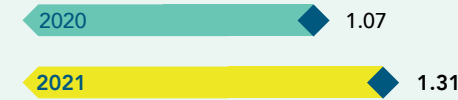
RETAIL INVESTMENTS

# Herfy Food Services Company

Herfy is one of Saudi Arabia's best known and most popular fast-food brands and a key player of the nation's Quick Service Restaurant space. With a 49% holding in the company, Savola Group is the largest shareholder in Herfy.

## Revenue (SAR billion)

# 1.31

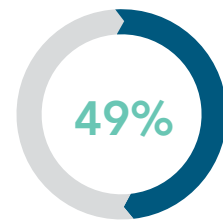


## About Herfy

Established in 1981, Herfy Food Services Company is Saudi Arabia's leading fast-food chain, with 387 branches serving communities across the Kingdom and an international franchise with a presence in Kuwait and Bangladesh. Herfy also operates a network of pastry shops in the Kingdom and creates value as a diversified and integrated food services company, operating its own bakery, cake, rusk and meat processing facilities.



## Savola Shareholding



## Geographic Footprint



Herfy took a strategic step to expand its geographic footprint this year by signing a Memorandum of Understanding with Eight Right to grant it the franchise rights to open 50 Herfy branches over the next decade.

## Net Profit (SAR million)

# 161



## Financial and Strategic Highlights in 2021

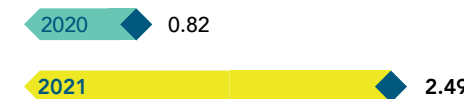
For over 2 decades, Herfy has provided Savola Group with a trusted and beloved brand in the growing Quick Service Restaurant (QSR) space. This year, as the Saudi market began to reopen and rebound from the worst impacts of the COVID-19 pandemic, Herfy was able to gain momentum and capitalize on growing demands for affordable dining options.

Herfy took a strategic step to expand its geographic footprint this year by signing a Memorandum of Understanding with Eight Right to grant it the franchise rights to open 50 branches of Herfy restaurants over a period of 10 years in Nigeria, Africa's most populous country. Herfy also opened its fifth branch in Bangladesh, building on the success of the first 4 branches in the Asian nation.

Herfy achieved a gross profit of SAR 385 million, representing a rise of 54% over 2020, while the company's net profit reached SAR 161 million and its revenues reached SAR 1,314 million.

## Earnings Per Share (SAR)

# 2.49





# Our People

We continued to safeguard our people and build our employee value proposition in 2021, solidifying our position as the employer of choice in Saud Arabia's food and retail sectors.



Our employee value proposition framework features a People Pillars Program, which aims to attract, retain, and motivate leading talent in our industry to establish a highly skilled and capable workforce, whilst also supporting national Saudization objectives.



OUR PEOPLE

# Our Most Prized Assets

Savola's human resources initiatives and programs are dedicated to positioning the Group as the undisputed Employer of Choice in the food and retail industries across our MENA region. Through our extensive offering of career advancement opportunities, health and wellness schemes, and employee engagement activities, we aim to offer an unparalleled employee value proposition and a supportive and equitable working environment for all our people.

Our people are our most prized asset, and throughout 2021 we continued to ensure they were adequately protected from the ongoing threat posed by the COVID-19 pandemic, reflecting the key priority of our dynamic HR strategy to preserve the health and wellbeing of our employees across the Group.

Savola also remains wholly committed to providing a working environment in which our people can grow, thrive, and excel, supported by opportunities for self-advancement and training that provides exceptional professional development paths for staff across our operations.

## Our People Philosophy



Savola Group aims to be recognized as an employer of choice in the MENA region in the food and retail industries – a goal that is reflected throughout our Human Resources strategy. Savola's guiding proposition – 'Value Built on Values' – encapsulates our vision, mission and commitment to our key corporate values and culture.

### WE ARE FOCUSED EACH DAY TO:

Attract and sustain the best available talent to meet current and future demands

Adhere to nationalization and enhance our employer brand

Promote an engaging environment that supports change and increases productivity

Leverage technology, social media, and systems to raise the level of HR services standards

Develop a highly skilled workforce that will learn, lead, and respond to challenges

Effectively balance resourcing and cost management

### OUR EMPLOYEE VALUE PROPOSITION (EVP)

Our employee value proposition framework features a People Pillars Program, which aims to attract, retain, and motivate leading talent in our industry to establish a highly skilled and capable workforce, whilst also supporting national Saudization objectives.

The People Pillars encapsulate our goal to provide a uniquely rewarding professional environment and culture. They include:

#### Employee Engagement Pillar

Programs are to improve Savola employees' level of engagement and inclusiveness through capitalizing on respect, trust, integrity, commitment, and communication between Savola and its employees.

#### Workplace Wellness Pillar

Programs are to support and encourage Savola employees and their families to live a healthy lifestyle.

#### Work-Life Balance Pillar

Programs are to show Savola excellence in ensuring that our people are enjoying the optimal mix of professional and family time without compromising productivity or efficiency.

#### Cultural Improvement Pillar

Programs to promote the shared values, attitudes, standards, and beliefs that characterize the employees of Savola and define our culture.



Total employees

# 23,643

HQ	SFC	Panda
54	6,330	17,259

#### Employees in our offices in Saudi Arabia

17,890	HQ	SFC	Panda
	54	1,266	16,570

#### Female employees in our offices in Saudi Arabia

1,318	HQ	SFC	Panda
	10	54	1,254

#### Saudi employees

6,596	HQ	SFC	Panda
	37	606	5,953

#### Employed people with disability

415	HQ	SFC	Panda
	1	100	314



## OUR PEOPLE



An engagement survey that was conducted as part of our Tower Program in 2021 revealed an 80% level of engagement, representing a tangible long-term improvement from the 64% score achieved the first time an engagement survey was conducted.

In 2021, we maintained a steady stream of initiatives and programs to support our employees within each of these People Pillars to ensure a uniquely rewarding culture and working experience for our staff.

These included our efforts to retain key talent in mission critical roles through the Align Program (Long-Term Incentive Program) for top executives, for achieving the Group's strategic objectives initiated in 2020. In 2021, the second tranche of share buy backs began with Savola purchasing 349,076 shares at an average price of SAR 39.89 per share, for a total value of more than SAR 13.9 million.

An engagement survey that was conducted as part of our Tower Program in 2021 revealed an 80% level of engagement, representing a tangible long-term improvement from the 64% score achieved the first time an engagement survey was conducted. To enhance employee engagement with Savola Group's investments portfolio, we conducted an employee trip to visit the Al Kabeer Group factory – one of the entities recently acquired by Savola.

In 2021, and for the second time, Savola Group was certified and recognized as a Great Place to Work by the global authority of Great Place to Work®, which focuses on identifying outstanding, engaging and high-performance workplace cultures around the world.

As part of our Workplace Wellness Pillar programs, we partnered with the Ministry of Health to provide our employees with COVID-19 and seasonal influenza vaccines; partnered with a leading Saudi hospital group to enhance in-house health care for our employees; and continued to build on employee awareness through initiatives such as World No Tobacco Day, World Health Day, Breast Cancer Awareness and World Diabetes Day. 94% of employees surveyed responded that appropriate precautionary measures were taken to respond to COVID-19, while 92% believe that Savola Group is a physically safe and healthy place to work.

We also continued to adopt family-friendly policies such as flexible working hours and remote working options as part of our Work-Life Balance initiatives, in addition to ensuring the continued availability of Savola Group Tower facilities such as our In-house Clinic, Nursery, Canteen and Mini Market.

Moreover, we continue to facilitate a nursery for our female employees. We also enhanced our Corporate Rate Program to provide a wide range of discounts and exclusive offers by leading brands and corporates for our employees and their families through an interactive mobile application.

Furthermore, our employees responded that Savola Group has special and unique benefits (81%), provided appropriate plans for working remotely during the pandemic (92%) and encourages people to balance their work life and their personal life (81%).

### Rewards, Takaful and Social Programs

Savola continued to provide the employees with a range of valuable financial services, such as a home loan scheme for Saudi employees, Takaful insurance to support families in the case of death or disability, and the Al Taawon fund to assist staff in dealing with financial emergencies, which benefitted 47 employees by disbursing SAR 302,108 in 2021.

Complementing our in-house programs under the Cultural Improvements Pillar, our employee recognition initiative saw selected staff rewarded for their continuity and length of service with the Group in 2021. We also reactivated the Sela Program social scheme for informal gatherings outside the workplace and established a 'Thank You Wall' where our employees can express their appreciation to each other.

2021 also saw the launch of a new project to enhance and align SFC's culture across our operating units (OUs). The "Forward Culture" initiative began with a survey of OUs, which achieved a response rate of 86% (5,200 employees) and delivered 34 focus group sessions to collect data for the creation of corporate action plans for deployment in 2022.

In 2021, Panda continued to test and refine its turnaround solutions, in preparation for their full rollout set for 2022. This included preparations for the launch of its new, comprehensive "People Strategy," and further work to define the specific details of how its HR Operating Model will support the execution of the 5-year strategy and deliver transformation through the implementation of a new management culture.

## Nationalization

# 73%

Savola Group is proud to be a leading force for Saudization in our sector, with Saudi nationals representing over 73% of our workforce as of year-end 2021.

Panda rolled out a number of employee engagement initiatives in 2021, including a 1-month campaign to cultivate awareness among our people of the new Panda Vision and Mission. Other successful campaigns included a company-wide effort to spread awareness of Panda's Code of Conduct; 4 virtual conferences to cascade the annual strategy; and an awareness campaign for Panda's new HR Policy Manual.

In October 2021, Panda's CEO held a virtual live session with Panda employees from various departments, stores and seniority levels, to allow for an open discussion and for employees to raise their questions and concerns directly to the CEO and Executive team members, in order to promote transparent communications and organizational alignment.

### Savola's Ongoing COVID-19 Response

In response to COVID-19, our primary focus remained the health and safety of our employees, their families, our customers, and broader society throughout the gradual return to normal activities during 2021.

The Savola Crisis Committee continued to ensure full implementation of the guidelines released by the Kingdom's authorities, including the Ministry of Health, to prevent the spread of COVID-19. These measures included the mandatory use of face masks, safe social distancing, and entrance restrictions for visitors to our HQ.

In cooperation with the Ministry of Health, and in response to their recommendation that all individuals be vaccinated against COVID-19, we offered our employees and their families first vaccine doses at the Savola Group Tower offices.

Leveraging the robust home working protocols established in the previous year, we maintained our ability to transition to remote working quickly and efficiently to reflect the prevailing COVID-19 guidelines.

### Talent Management and Nationalization

Savola Group is proud to be a leading force for Saudization in our sector, with Saudi nationals representing over 73% of our workforce as of year-end 2021. This high Saudization rate reflects our firm commitment to the objectives of Saudi Vision 2030. We also maintained an exceptional Saudi national employee retention rate during the year of 94.6%, with 92.59% of our total employees retained in 2021 and secured our Platinum Nitaqat rating at the Group Headquarters' level.

SFC has a diverse workforce of 6,200 people across its headquarters and subsidiaries, including Afia International Co., United Sugar Co. and International Food Industries. Reflecting its progress toward achieving the Saudization and workforce equality objectives of the Group, 43% of SFC's employees are Saudi nationals. Meanwhile, for Panda's 16,491-strong workforce, the company carries out a range of Saudization initiatives and activities, reflecting its commitments to Group nationalization policies and targets.

Panda also implemented a scheme to issue salary adjustments for Saudi nationals in 2021, reflecting the decision of the Ministry of Human Resources and Social Development to raise the minimum wage for Saudis. This resulted in the adjustment of all salaries of Saudis earning less than the minimum amount identified by the Ministry. Moreover, Panda relaunched its partnership with the Human Resources Development Fund (HRDF) in 2021, hiring and developing fresh Saudi nationals following the required processes and procedures. Finally, its employee incentive program was redesigned to ensure that all members of its in-store teams work synergistically towards common goals.

### Diversity

Savola Group has always been a firm believer and supporter of workforce diversity. We seek to create an equitable balance of men, women and people with disabilities among our staff. Savola Group's employees at Group level are 19% female, while SFC's workforce is 5% female and 2% people with disabilities, and Panda employs 1,295 women and 287 people with disabilities.

## OUR PEOPLE

### Learning and Development

Savola maintained the continuity of our professional development and training programs for all levels throughout the year, we continued our collaboration with INSEAD to develop high-potential future leaders by enrolling them in the Developing Emerging Leaders Program, and partnered with "Udemy," a global online training provider, to allow employees to access an online platform with more than 180,000 courses to choose from in more than 75 different languages.

Succession planning continued to be a key focal point for Savola HQ in 2021, as we ensured the proper plans and contingencies were in place for key positions across the organization.

Moving forward with our development plan for all employees, we revamped the Savola HQ competencies framework for all levels to reflect our long-term objectives in setting a tailored Individual Development Plan (IDP), especially for high-potential employees and future successors.

SFC continued to operate our Iqtedaa Executive Leadership training program in partnership with McKinsey, with a cohort of 30 participants at the Director and Executive Director levels in 2021, whilst the SFC Functional College provided training to 661 employees across 10 functions and 20 training topics.

SFC also maintained our LinkedIn partnership for our eLearning portal, launched several sales academies – in Egypt, Saudi Arabia, and other countries – and initiated the SYDP (Saudi Youth Development Program) to focus on graduate development.

As part of Panda's ongoing efforts to train, develop and retain our prized human capital, a total of 13,044 employees were enrolled in training programs to cultivate soft and technical skills in 2021.

In-store human capital remains one of the core focus elements in Panda's turnaround program and an area in which significant progress was achieved in 2021. A robust workforce planning methodology was developed for all positions in 2021, with specialized training and development programs launched to upskill and empower our store management to deliver seamless in-store operations and customer experiences. These include the Rowad Development Program – a key initiative of Panda's career development scheme for Saudi nationals, as well as to prepare them for progressively more senior assignments as Supervisors – in alignment with government requirements to nationalize these positions.

### Supporting Savola Group's People in 2022

As well as striving to keep our employees safe amid the ongoing COVID-19 pandemic, Savola Group will continue to build our corporate culture around engaging key talent, to reinforce our position as a leading employer in the Kingdom and our sector.

We will build on our strong employee engagement performance in the year ahead, continuing to listen to our employees needs and concerns, and act with focus, agility, and transparency to continually drive increasing satisfaction. In particular, we will focus on talent management through in-depth assessments, customized employee development plans, involvement of our revamped competency framework, and enhanced learning and development programs for employees of all levels. We will also build positive sentiment through a wide range of Group social activities, committees, team building activities, and other employee-centered initiatives and events.

We will continue to promote better physical and mental health outcomes. Specific programs will be launched in 2022 to assess HR requirements and collect employee feedback; increase Group leadership synergies; expand our talent management capabilities and programs; recognize outstanding employees and reinstate key social activities as the restrictions associated with the COVID-19 pandemic subside.

Meanwhile, SFC will continue to develop and improve its Forward Culture Program throughout 2022 and will place increasing focus on talent development among employees at its headquarters and across the company's subsidiaries.

Similarly, Panda will maintain the momentum gained in building a strong talent management system to attract the best and brightest of the market whilst also retaining key employees in 2022.

Panda will also maintain its comprehensive calendar of initiatives to ensure the happiness, health, and career progression of our talented workforce in the coming year.

Above all, in Savola Group we will redouble our efforts and commitments to build upon our HR strategy to solidify our position as the region's employer of choice in the food and retail industry by providing an unparalleled, uniquely rewarding culture and working experience for our people.



### Group Synergy

To consolidate and increase synergy efforts between Savola Group and its Operating Companies to maximize the benefits in sustainability and government relations matters, we established 3 new management committees in 2021, ensuring efficiency and knowledge exchange:

**The Government Relations Committee** aims to develop a comprehensive government relations strategy with clear objectives, with a view to establishing and maintaining effective relationships with key ministries and other relevant government bodies.



**The Corporate Social Responsibility (CSR) Committee** provides strategic oversight of the Group's CSR work and related activities by defining clear and related activities by defining clear and common objectives and aligning the Group's efforts to create competitive advantages through Savola World Foundation programs and related CSR activities.



**The Sustainability and Environment Committee** seeks to develop a strategic plan to build and implement the Group's Environmental Policy, as well as to oversee all environmental activities in the areas of energy, water, waste management, recycling, and emissions.



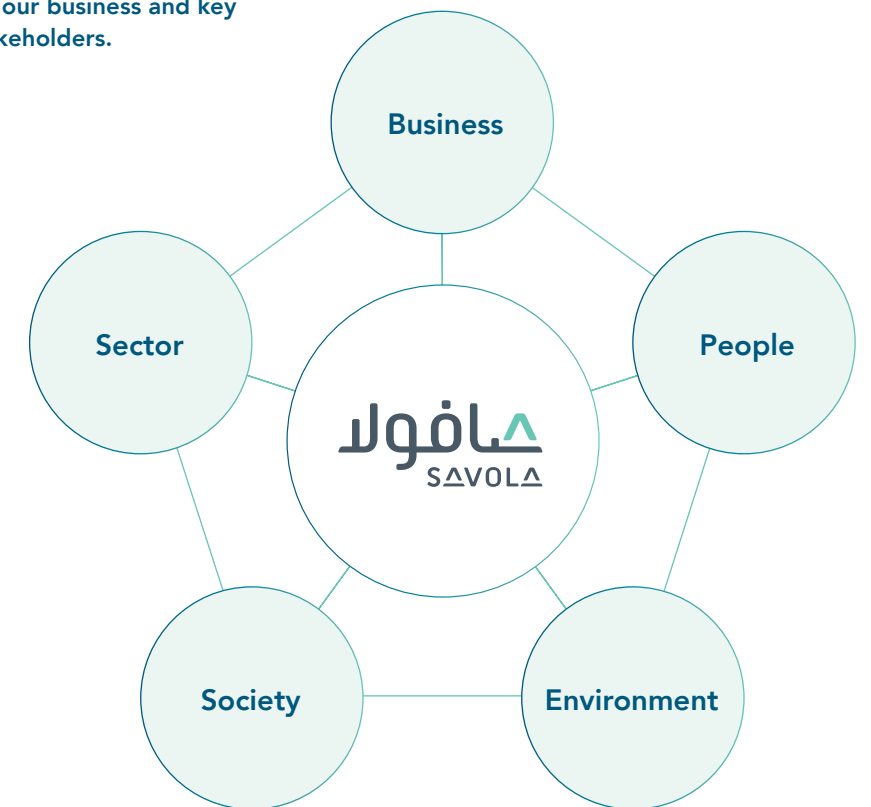


# Sustainability and CSR

Our dedication to sustainability is at the heart of our strategy, as we continued to conduct our business in a responsible manner and support the goals of Saudi Vision 2030.



Our responsible business framework ensures continuous and substantial value creation for our business and key stakeholders.



SUSTAINABILITY AND CSR

# Responsible Actions. Sustainable Impact.

**Savola Group's deep commitment to the communities and people we serve has long been at the very heart of our strategy, business and culture, influencing our thinking and actions as we seek greater impact and sustainable value creation for all our stakeholders.**

As a leading corporate citizen and trailblazer of sustainability in Saudi Arabia, Savola Group remains committed to delivering positive progress for the people and communities of the Kingdom, as well as our employees, sector and environment.

Sustainability is fully embedded in our corporate culture, strategic focus and organizational conduct, and we have made considerable progress over the years in institutionalizing our approach to Sustainability and CSR to maximize our impact, in line with our strategy, the goals of our Savola World Foundation and the broader ambitions of Saudi Vision 2030 and the UN Sustainable Development Goals (SDGs).

## Savola Group's Responsible Business Framework

Our responsible business framework ensures continuous and substantial value creation for our business and key stakeholders.

Our Business	Our People	Our Environment	Our Society	Our Sector
<p><b>Ensuring our Group is run effectively and with integrity.</b></p> <ul style="list-style-type: none"> <li>• Effective Corporate Governance</li> <li>• Strategy and Investments</li> <li>• Risk Management and Business Continuity</li> </ul>	<p><b>Creating a world-class workplace and supporting our employees.</b></p> <ul style="list-style-type: none"> <li>• Employee Wellness</li> <li>• Diversity and Inclusion</li> </ul>	<p><b>Minimizing the impact of our operations on the natural environment.</b></p> <ul style="list-style-type: none"> <li>• Water Consumption</li> <li>• Waste Management</li> </ul>	<p><b>Fulfilling our role as a leading corporate citizen for our nation and communities.</b></p> <ul style="list-style-type: none"> <li>• 'Leave the Change for Them' Initiative</li> </ul>	<p><b>Leading the way in our sectors to create sustainable value.</b></p> <ul style="list-style-type: none"> <li>• Consumer Health and Nutrition</li> <li>• Product Quality and Innovation</li> <li>• Supply Chain and Procurement</li> </ul>

## Our Sustainability Strategy

Savola Group is committed to creating broad and lasting value for our stakeholders, throughout the Kingdom of Saudi Arabia. To achieve this ambition, our sustainability strategy provides a clear roadmap for success across a wide range of material areas to be implemented largely through our groundbreaking new Savola World Foundation.

## Savola World Foundation



In keeping with international best practices established among corporate bodies concerned with sustainability, Savola Group established Savola World Foundation in 2019 as a non-profit organization (NPO) registered under the supervision of the Ministry of Human Resources and Social Development, to promote socially responsible behavioral change across the Kingdom, building on the decades of Savola's work to drive sustainable practices in our Group and provide needed support to communities across the Kingdom.

### Our Vision

Savola World aspires to be a leading development foundation making a sustainable social impact.

### Our Mission

Savola World is a community development foundation, focused on specialized areas, seeking to build strategic partnerships with different sectors and to deliver developmental programs and sustainable solutions corresponding to local community requirements.

## OUR PROGRAM PORTFOLIO

Our long-term program portfolio consists of 4 focus areas:

1

### Environmental Sustainability

#### Negaderha Program

- Household Engagement
- HORECA Engagement
- Qadoor Initiative

2

### Human Empowerment

#### Makeen Program

- Total Accessibility Project
- Buddy and Mentor Program

#### Discover Your Path Program

#### Ata'a Program

- Employee General Volunteering
- Pro-Bono Volunteering

3

### Business Assistance

#### Business Escalator Program

4

### Supportive Projects

#### The Sustainability Report Project

#### The Sponsorship Program

#### CSR and Sustainability Consultancy

- Pillar
- Program
- Initiative

## OUR MATERIALITY ASSESSMENT

At Savola, we conducted a comprehensive materiality assessment to better understand the needs and expectations of our stakeholders, taking into account a broader range of national, regional and global challenges, trends and approaches.

We engaged with both internal and external stakeholders to identify critical sustainability issues, and consulted international standards, frameworks and best practices to design and conduct the materiality assessment in accordance with the principles of the standards of the Global Reporting Initiative (GRI). This process included the following stages:

An important outcome of the assessment is the development of Savola Group's materiality matrix, which illustrates all the material issues and their prioritization. As well as demonstrating our commitment to sustainability, the matrix represents an invaluable tool for risk management and opportunity identification, which has revealed 30 material topics across our 5 strategic pillars: Employees, Community, Sector, Environment and Business.

### Identification

Identification of potential material topics

### Prioritization

Assessment and ranking by internal and external stakeholders

### Validation and Approval

- Adherence to best practices, standards, frameworks, and strategic direction
- Validation of topics

### Communication

Communication via the Sustainability Report



# SUSTAINABILITY AND CSR

## SAVOLA WORLD FOUNDATION PROGRAMS IN 2021



### Negaderha

Savola Group's food waste management and reduction scheme, Negaderha seeks to address this critical national issue by targeting 2 key segments of society – households and the HORECA (hotels, restaurants and cafés) industry – to achieve a sustainable impact by raising awareness of the dangers of food waste.

During 2021, a number of successful campaigns were run to promote the goals of Negaderha. For Ramadan, a community awareness campaign targeting families and households across Saudi Arabia was launched to reduce food waste through effective planning and estimation of food portion sizes. The campaign emphasized that creativity in cooking is not incompatible with estimating and planning the appropriate quantities of food and provided practical ideas and tools to help lead to a positive change in consumer buying, eating and cooking habits, which in turn saves time, effort and money for families, and ultimately reduces food waste.

The omni-channel campaign, which included a microsite, recipes, a competition and much more, was a stunning success, surpassing targets for reach by 453% and microsite visits by 168%.

#### Ramadan Campaign Consumer Touchpoints

- Microsite
- Booklet (recipes)
- Major posts on social media
- The main campaign video
- Competition stories on Instagram
- Engagement stories on Instagram
- Collaborate with social media influencers



### Promoting Awareness on Food Waste Reduction

In line with its goals to reduce food waste in Saudi Arabia, the 'Negaderha' program launched several campaigns targeting youth and children and in several formats. The messages were conveyed to school-aged children from 6-10 years old, through several online platforms.

### Collaborating for Transformation

This year also saw close coordination with the National Transformation Program to study ways of cooperation and creating sustainable initiatives related to food waste in Saudi Arabia. Savola World Foundation submitted 7 proposals for cooperation, and these were agreed upon, leading to commitments to collaborate and work together, starting in 2022, on:

1. Measuring the loss and waste index in a sustainable manner; and
2. Building and executing national communication campaigns with government entities to contribute to maximizing the impact of the "Reducing Food Loss and Waste" initiative.

### Building Partnerships and Capabilities

As the leading strategic investment holding company in the MENA region in the food and retail sectors, Savola Group is uniquely positioned to make a significant impact in minimizing food waste and loss in the region. Savola World Foundation is collaborating with the World Resources Institute (WRI) to develop a tailor-made program that features all of the topics covered in its 10x20x30 global trainings, but specific to the Saudi market. This bespoke program for Savola also provides ongoing WRI support to participating companies for implementing the 'Target-Measure-Act' approach.

Set to launch in early 2022, the program's training includes 5 modules:

1. Introduction to 10x20x30 and Target-Measure-Act
2. Description of Food Loss and Waste Quantification Methods
3. Frequently Asked Questions About Measuring and Reporting
4. Developing Food Loss and Waste Reduction Strategies
5. Tracking and Maintaining Progress Over Time



### Makeen

As a founding member of the Qaderoon Business Disability Network of employers, Savola Group is well known and respected across our region and industry for our leadership and enduring commitment to empowering people with disabilities across the Kingdom.

Our well established Makeen program is dedicated to increasing the number of people with a disability in private sector employment. Since its inception in 2010, Makeen has recruited 1,273 employees with a disabilities and offered multiple free training programs to government organizations, NGOs and private sector companies on good conduct in their interactions with people with disabilities.

Makeen's online portal, which brings together job seekers with disabilities and private sector employers, has facilitated the employment of many people with disabilities since its establishment in 2017, including 52 in 2021.

### Savola Group joins The Valuable 500

During this year, the Savola Group once again demonstrated its commitment to supporting people with disabilities by joining The Valuable 500, a global business collective made up of 500 CEOs and their companies, innovating together for disability inclusion.

The Valuable 500 aims to enhance the inclusion of persons with disabilities throughout business and industry, as a major driver of social change strategically by including disability issues in the business agenda of companies and their strategic priorities and initiatives.

The Savola Group is the second company in the Kingdom to become part of this worthy initiative, joining 40 companies in the Middle East, 120 companies in Asia and 500 companies worldwide.



### Raising Awareness to Support People with Disabilities

During 2021, a Makeen campaign was launched to increase awareness about this critical issue amongst the business sector and the general public. Through a number of short engaging videos, the campaign built confidence and promoted self-development for job seekers with disabilities, to raise awareness in the community to make it inclusive and available to all, to help change negative attitudes towards disabilities among businessmen, promote equal opportunities for all, and disseminate best practices and tips to engage with people with disabilities. The campaign, which targeted employers in the public and private sectors, job seekers with disabilities, organizations of people with disabilities, NGOs and the community, was a resounding success.

### 'Discover Your Path' Program

Under its Human Empowerment Pillar, Savola World Foundation, in partnership with Mohammed bin Salman Foundation (Misk), launched the 'Discover Your Path' Program, which enables high school students to explore their professional preferences and select the most appropriate future career paths.

The interactive educational program includes an integrated educational journey presented through a specialized platform, supporting students and their parents with an online portal that includes 4 interconnected educational journeys, covering:

1. Discovering yourself
2. Discovering career paths
3. Discovering educational options
4. Discovering career decision-making skills



The launch of the program this year generated great interest and engagement in the target groups, with over 34,000 students, parents and teachers enrolled, 40,000 total learning hours and 4,388 students completing the program during 2021. The second launch of the program will follow in 2022 to increase the engagement and impact of this successful program.

# SUSTAINABILITY AND CSR

## OUR SUPPORT FOR SAUDI VISION 2030



Savola Group's strategic commitment and approach to sustainability, embodied by Savola World Foundation, is fully aligned with the objectives of various local authorities and government bodies, including, most importantly, Saudi Vision 2030. Our efforts therefore are designed to provide support for the long-term success of Saudi Arabia outlined in this blueprint for the future of the Kingdom based on 3 pillars:

Following this agenda, Savola's growth strategy focuses on initiatives that directly benefit the Kingdom's socio-economic development whilst building a prosperous nation and a more dynamic, robust economy.



A vibrant society



A thriving economy



An ambitious nation



## OUR ALIGNMENT WITH INTERNATIONAL GOALS AND STANDARDS

Savola's diverse sustainability and social responsibility commitments are governed by the objectives and best practices of international frameworks and global initiatives, including the Standards for Sustainability Reporting developed by the Global Reporting Initiative (GRI); Standard & Poor's Transparency and Disclosure Standards, and the 17 UN Sustainable Development Goals (SDGs).

Our strategy can be linked to 6 out of the 17 SDGs:



**SDG 4:** Ensure inclusive and quality education for all and promote lifelong learning



**SDG 8:** Promote inclusive and sustainable economic growth, employment and decent work for all



**SDG 6:** Ensure access to water and sanitation for all



**SDG 9:** Build resilient infrastructure, promote sustainable industrialization and foster innovation



**SDG 7:** Ensure access to affordable, reliable, sustainable and modern energy for all



**SDG 12:** Ensure sustainable consumption and production patterns

## SUSTAINABILITY AND CSR IN 2022

As we look forward to 2022, Savola Group remains focused on supporting the Kingdom and the people of Saudi Arabia through a wide range of corporate sustainability and CSR activities.

Savola World Foundation will gain momentum through its diverse strategic pillars and initiatives, aligned with the broader ambitions of Saudi Vision 2030. Through a range of activities and initiatives, all aligned with the strategy and vision of Savola Group and Savola World Foundation, we aim to maximize the impact of our diverse sustainability and CSR initiatives in the year ahead.

For more information about Savola Group's Sustainability and CSR focus and achievements, please see our Sustainability Report 2021 which will be published in the second quarter of 2022.







# Directors' Report

Our commitment to complying with all applicable regulations and aligning with leading practices in corporate governance and risk management underlies our sustained success.

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## DIRECTORS' REPORT

## MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

**1) The Group's Main Activities:**

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

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

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
<b>1. Direct subsidiaries of the company:</b>							
<b>a) Operating subsidiaries:</b>							
1.	Savola Foods Co.	Kingdom of Saudi Arabia (KSA)	Foods	Holding company that manages investment in the foods sector in the KSA and overseas	100%	SAR 2,200,000,000	220,000,000
2.	Panda Retail Co. (Panda)	KSA	Retail	KSA and Egypt	98.87%	SAR 1,480,000,000	148,000,000
3.	Good Food Co. (GFC)	KSA	Holding company	KSA and some GCC countries	100%	SAR 10,000,000	1,000,000
4.	Al Matoun International for Real Estate Investment Holding Co.	KSA	Real estate	KSA	80%	SAR 100,000,000	100,000
5.	Herfy Food Services Co.	KSA	Restaurants and manufacturing bakery products	KSA, Bangladesh, Nigeria and some GCC countries	49%	SAR 646,800,000	64,680,000
<b>b) Holding and dormant subsidiaries:</b>							
6.	Adeem Arabia Company	KSA	Holding company	KSA	100%	SAR 7,200,000	72,000
7.	Al Utur Arabian Co. for Commercial Investment	KSA	Holding company	KSA	100%	SAR 1,000,000	10,000
8.	Madarek Investment Co.	Jordan	Holding company	Jordan	100%	JOD 1,000,000	1,000,000
9.	United Complexes Development Co.	KSA	Dormant company	KSA	70%	SAR 4,000,000	400
10.	Al Matana Holding Co.	KSA	Holding company	KSA	100%	SAR 50,000	5,000
<b>2. Al Matana Holding Company:</b>							
<b>a. Subsidiaries controlled through Al Matana Holding Company:</b> (% referred to Al Matana Holding Company direct and indirect ownership – Al Matana Holding Company is 100% owned by Savola Group)							
11.	SGC Ventures Limited	Cayman Islands	Holding Company	Offshore company	100%	USD 50,000	50,000

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
12.	SGC Marketplace Venture	Cayman Islands	Holding Company	Offshore company	100%	USD 50,000	50,000
<b>3. Savola Foods Company (SFC):</b>							
<b>a. Subsidiaries controlled through SFC:</b> (% referred to SFC's direct and indirect ownership – SFC is 100% owned by Savola Group)							
13.	Afia International Co. (AIC)	KSA	Manufacturing of edible oils	KSA, Egypt, Iran, Turkey, Jordan	95.19%	SAR 500,000,000	50,000,000
14.	Savola Industrial Investment Co. (SIIC)	KSA	Holding company	KSA	100%	SAR 205,907,000	205,907
15.	El Maleka for Food Industries Co.	Egypt	Manufacturing of pasta	Egypt	100%	EGP 288,898,960	28,889,896
16.	Savola Foods Emerging Markets Co. (SFEM)	British Virgin Islands (BVI)	Holding company	Offshore company	95.43%	SAR 130,000,000	13,000,000
17.	Savola Foods for Sugar Co.	Cayman Islands	Dormant company	Offshore company	100%	USD 50,000	5,000
18.	Savola Foods International Ltd. (SFCI)	United Arab Emirates (UAE)	Holding company	UAE	100%	AED 500,000	500
19.	International Foods Industries Co.	KSA	Manufacturing of specialty fats	KSA	100%	SAR 107,000,000	10,700,000
20.	Seafood International Two FZCO	UAE	Seafood products trading and distribution	UAE	100%	AED 100,000	10
21.	Afia Foods Arabia Co.	KSA	Holding company	KSA	100%	SAR 1,000,000	1,000
22.	Seafood International Holding Co.	Cayman Islands	Holding company	Offshore company	100%	USD 10,000	10,000
23.	Al Maoun International Holding Co. (Al Maoun)	KSA	Holding company	KSA	100%	SAR 1,000,000	1,000
24.	Marasina International Real Estate Investment Co. (Marasina)	KSA	Holding company	KSA	100%	SAR 200,000	200
25.	Commodities Sourcing Company for Trading	KSA	Trading company	KSA	100%	SAR 5,000,000	500,000
26.	Snacking and Ingredients Food Holding Company Limited ("SIFCO")	UAE	Holding company	UAE	100%	USD 10,000	1,000



## DIRECTORS' REPORT

## MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
<b>b. Subsidiaries controlled through AIC:</b> (% referred to AIC's direct and indirect ownership; AIC is 95.19% owned by SFC)							
27.	Savola Behshahr Co. (SBeC)	Iran	Holding company	Iran	90%	IRR 740,000,000,000	740,000,000
28.	Malintra Holdings Ltd.	Luxembourg	Dormant company	Offshore company	100%	EUR 1,250,000	1,250
29.	Savola Foods Ltd. (SFL)	BVI	Holding company	Offshore company	100%	USD 52,000	52,000
30.	Afia International Co. – Jordan	Jordan	Dormant company (under Liquidation)	Jordan and Levant	98.57%	JOD 8,000,000	8,000,000
31.	Inveszk Inc.	BVI	Dormant company	Offshore company	90%	USD 138,847	138,847
32.	Afia Trading International	BVI	Dormant company	Offshore company	100%	USD 500,000	500,000
33.	Savola Foods International	BVI	Dormant company	Offshore company	100%	USD 50,000	50,000
34.	KUGU Gıda Yatım ve Ticaret A.Ş (KUGU)	Turkey	Holding company	Turkey	100%	TRL 26,301,280	2,630,128
35.	Aseel Food – Holding Co.	Cayman Islands	Holding company	Offshore company	100%	USD 50,000	50,000
<b>c. Subsidiaries controlled through SBeC:</b> (% referred to SBeC's ownership; SBeC is 90% owned by AIC)							
36.	Behshahr Industrial Co.	Iran	Manufacturing of edible oils	Iran	79.9%	IRR 3,000,000,000,000	3,000,000,000
37.	Tolue Pakshe Aftab Co.	Iran	Trading and distribution	Iran	100%	IRR 100,000,000,000	100,000,000
38.	Savola Behshahr Sugar Co.	Iran	Trading and distribution	Iran	100%	IRR 100,000,000	100,000
39.	Notrika Golden Wheat Co.	Iran	Manufacturing of food and confectionery	Iran	90%	IRR 500,000,000,000	500,000,000
<b>d. Subsidiaries controlled through SFL:</b> (% referred to SFL's ownership; SFL is 100% owned by AIC)							
40.	Afia International Co. Egypt	Egypt	Manufacturing of edible oils	Egypt	99.95%	EGP 154,651,500	30,930,300
<b>e. Subsidiaries controlled through Afia International Co. Egypt:</b> (% referred to Afia International Co. Egypt ownership; Afia International Co. Egypt is 99.95% owned by SFL)							
41.	Savola for Export and Import	Egypt	Trading and distribution	Egypt	49%	EGP 5,000,000	10,000
<b>f. Subsidiaries Under KUGU:</b> (% referred to KUGU's direct and indirect ownership; KUGU is 100% owned by AIC)							
42.	Savola Gıda Sanayi ve Ticaret Anonim Şirketi	Turkey	Manufacturing of edible oils	Turkey	100%	TRL 4,433,569	443,356,900
<b>g. Subsidiaries controlled through SIIC:</b> (% referred to SIIC's ownership; SIIC is 100% owned by SFC)							
43.	United Sugar Co. (USC)	KSA	Manufacturing of sugar	KSA	74.48%	SAR 395,000,000	39,500,000

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
<b>h. Subsidiaries Under USC:</b> (% referred to USC's direct and indirect ownership; USC is 74.48% owned by SIIC)							
44.	Alexandria Sugar Co. – Egypt (ASCE)	Egypt	Manufacturing of sugar	Egypt	68.01 % (71.66% including SFC %)	EGP 1,358,388,000	1,358,388
45.	Beet Sugar Industries	Cayman Islands	Dormant company	Offshore company	100%	USD 1,000	1,000
<b>i. Subsidiaries controlled through ASCE:</b> (% referred to ASCE ownership; ASCE is 73.14% owned by SFC directly and indirectly)							
46.	Alexandria United Co. for Land Reclamation	Egypt	Agro cultivation	Egypt	100%	USD 22,500,000	225,000
<b>j. Subsidiaries controlled through SFEM:</b> (% referred to SFEM's direct and indirect ownership; SFEM is 95.4% owned by SFC)							
47.	Savola Morocco Co.	Morocco	Manufacturing of edible oils	Morocco	100%	MAD 46,000,000	460,000
48.	Savola Edible Oils (Sudan) Co.	Sudan	Manufacturing of edible oils	Sudan	100%	SDG 45,800,000	45,800,000
49.	Afia International Co. – Algeria	Algeria	Manufacturing of edible oils	Algeria	100%	DZD 3,028,071,000	3,028,071
<b>k. Subsidiaries controlled through SFCL:</b> (% referred to SFCL's ownership; SFCL is 100% owned by SFC)							
50.	Modern Behtaam Royan Kaveh Co.	Iran	Food and confectionery	Iran	100%	IRR 50,000,000,000	50,000,000
51.	Middle East Technology Venture Ltd.	Cayman Islands	Holding company	Offshore company	100%	USD 50,000	50,000
<b>l. Subsidiaries controlled through Al Maoun and Marasina:</b> (% referred to Al Maoun and Marasina's ownership; both companies are 100% owned by SFC)							
52.	Alofog Trading DMCC	UAE	Trading and distribution	UAE	100%	AED 2,000	50
<b>m. Subsidiaries controlled through SIFCO:</b> (% referred to SIFCO's ownership; SIFCO is 100% owned by SFC)							
53.	Bayara Holding Limited	Cayman Islands	Holding company	Offshore company	100%	USD 137,500	13,750,000
<b>n. Subsidiaries controlled through Bayara Holding Limited:</b> (% referred to Bayara Holding Limited ownership; Bayara Holding Limited is 100% owned by SIFCO)							
54.	GYMA Food Industries	UAE	Processing of spices, nuts and pulses	UAE	48% (effective ownership is 100%)	AED 300,000	300
55.	Bayara Egypt Limited (liquidated during 2021)	Egypt	Dormant company	Egypt	100%	-	-
56.	Bayara Saudi Arabia Limited Group	Saudi Arabia	Processing of spices, nuts and pulses	Saudi Arabia	100%	SAR 3,000,000	3,000
57.	Bayara FZE Limited	UAE	Holding company	UAE	100%	AED 5,000,000	5
58.	Kandoo Worldwide Limited	BVI	Managing trade mark	Offshore company	100%	USD 50,000	50,000

## DIRECTORS' REPORT

## MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
59.	Kamali Investment Limited	UAE	Holding company	UAE	100%	AED 10,000	10,000
60.	Profood Holdings Limited	UAE	Holding Company	UAE	100%	AED 10,000	100
<b>o. Subsidiaries controlled through Seafood International Two FZCO:</b> (% referred to Seafood International Two FZCO ownership; Seafood International Two FZCO is 100% owned by SFC)							
61.	Seafood International One FZCO	UAE	Seafood products trading and distribution	UAE	80% (100% with SFC ownership)	AED 100,000	10
<b>4. Panda Retail Co. (Panda):</b>							
<b>a. Subsidiaries controlled through Panda:</b> (% referred to Panda's direct and indirect ownership; Panda is 98.87% owned by Savola)							
62.	Giant Stores Trading Co.	KSA	Retail	KSA	100%	SAR 500,000	500
63.	Panda for Operations, Maintenance & Contracting Services Co.	KSA	Services and maintenance	KSA	100%	SAR 500,000	500
64.	Panda International for Retail Trading	Egypt	Retail	Egypt	100%	EGP 50,000,000	50,000,000
65.	Panda Bakeries Co.	KSA	Dormant company	KSA	100%	SAR 500,000	500
66.	Atabet Al Bab Communications and Information Technology LLC	KSA	E-commerce	KSA	100%	SAR 200,000	200,000
<b>b. Subsidiaries controlled through Giant Stores Trading Co.:</b> (% referred to Giant Stores Trading Co. Ownership; Giant Stores Trading Co. is 100% owned by Panda)							
67.	Lebanese Sweets and Bakeries Co.	KSA	Dormant company	KSA	95% (99% including Savola direct %)	SAR 5,000,000	5,000
<b>5. Al Kabeer Group Companies:</b>							
<b>a. Subsidiaries controlled through GFC:</b> (% referred to GFC's direct and indirect ownership; GFC is 100% owned by Savola Group)							
68.	Variety Foods Factory Co.	KSA	Frozen food manufacturing	KSA	51%	SAR 5,000,000	5,000
69.	Al Helal for Import & Export Co.	Bahrain	Trading and distribution	Bahrain	51%	BHD 20,000	200
70.	Al Kabeer Holding Co.	UAE	Holding company	UAE	51%	USD 100	100
71.	Best Foodstuff Trading Co.	UAE	Trading and distribution	UAE	51%	AED 3,000,000	3,000
72.	Sahar Enterprises Co.	UAE	Trading and distribution	UAE	51%	AED 181,500,000	181,500
73.	Sahar Food Industries Co.	UAE	Frozen food manufacturing	UAE	51%	AED 300,000	300

No.	Company name	Country of incorporation	Core activities	Country presence	Ownership percentage (direct and indirect)	Capital (nominal share value)	Number of shares
74.	Al Ahsan Trading Co.	KSA	Trading and distribution	KSA	51%	SAR 27,000,000	27,000
<b>b. Subsidiaries controlled through Al Kabeer Holding Co.:</b> (% referred to Al Kabeer Holding direct and indirect ownership; Al Kabeer Holding is 51% owned by GFC)							
75.	Al Sabah Foodstuff Enterprises Co.	UAE	Trading and distribution	UAE	100%	AED 500,000	500
76.	Cascade Marine Foods Co.	UAE	Frozen food manufacturing	UAE	100%	AED 750,000	100
77.	Cascade Investments Limited	UAE	Investment company	UAE	100%	USD 125,000	1,250
78.	Best Foods Co.	Oman	Food distribution	Oman	100%	OMR 150,000	150,000
<b>6. Investees:</b> (Investments in sister companies)							
79.	Almarai Co.	KSA	Fresh food products	KSA	34.52%	SAR 10,000,000,000	1,000,000,000
80.	Kinan International for Real Estate Development Co.	KSA	Real estate development	KSA	29.99%	SAR 1,200,000,000	120,000,000
81.	United Sugar Co. Egypt	Egypt	Manufacturing of sugar	Egypt	33.82% (Savola effective ownership)	USD 138,851,128	17,733,222
82.	Al Seera City Co. for Real Estate Development	KSA	Real estate development	KSA	40%	SAR 20,000,000	200,000
83.	Knowledge Economic City Developers Co.	KSA	Real estate	KSA	2.07%	SAR 830,000,000	83,000,000
84.	Intaj Capital Ltd.	Republic of Tunisia (Tunisia)	Fund management	Tunisia	49%	USD 207,200,000	260,000
85.	United Edible Oils Holding Ltd.	Cayman Islands	Holding company	Offshore company	51%	USD 50,000	36,351,431
<b>7. Investments available for sale:</b>							
<b>Listed:</b>							
86.	Knowledge Economic City	KSA	Real estate development	KSA	11.5%	SAR 3,393,000,000	339,300,000
87.	Emaar the Economic City	KSA	Real estate	KSA	0.87%	SAR 8,500,000,000	850,000,000
88.	Arab Phoenix Holdings Co.	Jordan	Real estate development	Jordan	5%	JOD 86,840,292	86,840,292
<b>Unlisted:</b>							
89.	Joussor Holding Co.	KSA	Investment funds (under liquidation)	KSA	14.81%	SAR 600,000,000	60,000,000
90.	Swicorp Co.	KSA	Investment management	KSA	15%	SAR 500,000,000	50,000,000



## DIRECTORS' REPORT

### MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

#### 2) Consolidated Performance of the Group

##### 2-1) Summary of the company's assets and liabilities and financial results for the last 5 years

###### a) Comparison of the company's financial results (SAR million):

Revenue (SAR million)		Net Profit (SAR million)	
2017	23,830	2017	1,026
2018	21,815	2018	-520
2019	21,406	2019	476
2020	21,702	2020	911
2021	24,669	2021	222

Item (SAR '000s)	2021	2020	2019	2018	2017
<b>Revenues</b>	<b>24,669,163</b>	<b>21,701,941</b>	<b>21,406,424</b>	<b>21,814,563</b>	<b>23,830,475</b>
Cost of revenues	(20,190,449)	(17,061,558)	(16,902,120)	(17,916,606)	(19,436,360)
Gross profit	4,478,714	4,640,383	4,504,304	3,897,957	4,394,115
<b>Net profit (loss)</b>	<b>221,879</b>	<b>910,802</b>	<b>475,630</b>	<b>(520,380)</b>	<b>1,025,618</b>

###### b) Comparison of the company's assets and liabilities (SAR million):

Assets (SAR million)		Liabilities (SAR million)	
2017	23,337	2017	13,629
2018	22,252	2018	14,231
2019	26,658	2019	18,119
2020	27,058	2020	17,894
2021	28,546	2021	19,454

Item (SAR '000s)	2021	2020	2019	2018	2017
Current assets	7,941,295	6,464,347	5,969,924	5,906,124	6,678,054
Non-current assets	20,604,624	20,594,037	20,687,787	16,346,327	16,659,276
<b>Total assets</b>	<b>28,545,919</b>	<b>27,058,384</b>	<b>26,657,711</b>	<b>22,252,451</b>	<b>23,337,330</b>
Current liabilities	9,458,120	8,183,856	8,863,915	8,426,642	8,642,368
Non-current liabilities	9,995,986	9,709,974	9,254,726	5,803,868	4,986,982
<b>Total liabilities</b>	<b>19,454,106</b>	<b>17,893,830</b>	<b>18,118,641</b>	<b>14,230,510</b>	<b>13,629,350</b>

##### 2-2) Geographical analysis of the company's and its subsidiary revenues

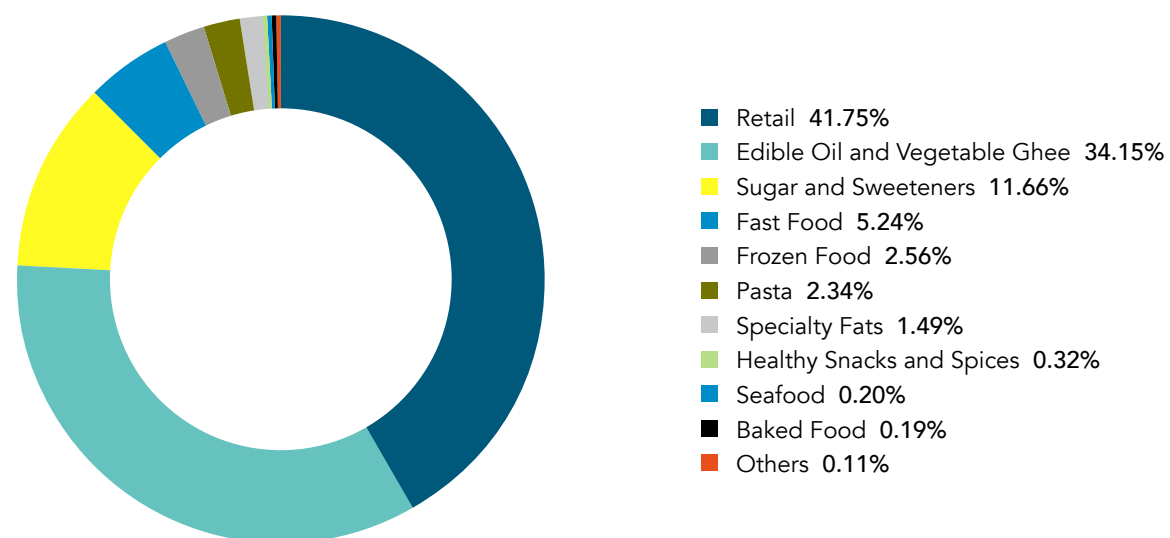
Below is the Group's consolidated revenue for 2021 compared to the previous year business-wise (edible oils and vegetable ghee, sugar and sweeteners, pasta, seafood, frozen food, retail sector, fast food, specialty fats and healthy snacks (raw and roasted nuts, dates, seeds, dried fruits and confectionery) and cooking ingredients (herbs, spices and pulses)), including geographical analysis based on availability of brands and products in countries:

Business line/country	Brands	2021 (SAR '000s)	2020 (SAR '000s)
<b>Edible oil and vegetable ghee</b>			
KSA, GCC and Yemen	Afia, Al Arabi, Olite, Shams, Sun Glow, Dalal, Nakeel	2,566,534	1,715,067
Egypt, Levant	Rawabi, Afia, Ganna, Slite, Helwa	1,870,079	1,219,898
Central Asia	Ladan, Aftab, Bahar, Afia	1,105,972	546,430
Sudan	Al Tayeb, Sabah, Shams	1,168,331	425,786
Morocco	Afia, Hala	572,101	370,283
Turkey	Yudum, Sirma, Afia	774,058	661,363
Algeria	Afia, Oleor	510,122	596,280
<b>Total edible oil and vegetable ghee revenues</b>		<b>8,567,197</b>	<b>5,535,107</b>
<b>Sugar and sweeteners</b>			
KSA, GCC and Yemen	Al Osra, Ziadah, Safaa, Nehar, Halla, Sweeva	2,453,817	2,050,980
Egypt	Al Osra	472,272	278,232
<b>Total sugar and sweeteners revenues</b>		<b>2,926,089</b>	<b>2,329,212</b>
Total pasta products – Egypt	El Maleka, Macaronto, Italiano	587,579	536,750
Total seafood products – GCC and Egypt	John West, Leeza	49,583	39,700
Total baked food products – Central Asia	Pech-Pech	46,501	28,986
Total specialty fats and margarine – KSA and Turkey	Culina, Margarina, Vala, Sava	373,306	173,804
Healthy snacks and spices	Bayara	79,867	0
<b>Total foods revenues</b>		<b>12,630,122</b>	<b>8,643,559</b>
<b>Retail</b>			
KSA	Hyper Panda, Panda Supermarket	10,335,848	11,499,711
Egypt	Panda Supermarket	140,276	113,588
<b>Total retail revenues</b>		<b>10,476,124</b>	<b>11,613,299</b>
<b>Fast food</b>			
Fast food and restaurants	Herfy, Doka	1,313,856	1,076,083
<b>Total fast food and restaurants</b>		<b>1,313,856</b>	<b>1,076,083</b>
<b>Frozen food products</b>			
KSA and GCC	Al Kabear, Tayebat Al Emarat, Tabarruk	642,944	736,797
<b>Total frozen food products</b>		<b>642,944</b>	<b>736,797</b>
<b>Others</b>			
Real estate – KSA		27,545	36,077
<b>Total other activities revenues</b>		<b>27,545</b>	<b>36,077</b>
<b>Gross revenues</b>		<b>25,090,591</b>	<b>22,105,815</b>
Consolidated intercompany elimination		(421,428)	(403,874)
<b>Total revenues</b>		<b>24,669,163</b>	<b>21,701,941</b>

## DIRECTORS' REPORT

### MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

#### Breakdown of sector and main Group activity contributions to 2021 consolidated revenues



#### 2-3) Statement of any material differences in the operational results compared to the preceding year's results

Income statement	2021 (SAR '000s)	2020 (SAR '000s)	Variance (+) or (-) (SAR '000s)	Variance percentage
Revenues	24,669,163	21,701,941	2,967,222	13.7%
Cost of revenues	(20,190,449)	(17,061,558)	(3,128,891)	18.3%
Gross profit	4,478,714	4,640,383	(161,669)	-3.5%
Operational revenues – Other	557,066	704,148	(147,082)	-20.9%
Operational expenses – Other	(4,019,485)	(3,683,707)	(335,778)	9.1%
Operational profit	1,016,295	1,660,824	(644,529)	-38.8%

Declaration: The company did not announce any financial expectations during 2021.

#### The reasons for the change in net profit for 2021 compared to last year:

The Group recorded a net profit amounting to SAR 222 million for the year 2021 versus SAR 911 million for last year due to higher impairment loss; lower share of profit from associates; higher Zakat and tax expense; and Zakat and tax provision reversal recorded in the previous year. The retail segment reported revenues of SAR 10.5 billion during the year representing a 10% decline compared with last year due to the full year impact of the increase in VAT to 15%, downtrading by consumers as a result of higher costs and inflationary pressure and post-pandemic demographic changes in the KSA. Operating expenses and net finance costs are lower than last year.

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

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

In July 2019, the Group completed the offering of its Sukuk, under a new program, with a total value of SAR 1 billion with a tenure of 7 years, which will mature in July 2026. The issuance included SAR 507 million of the previous Sukuk, which was redeemed and exchanged. Accordingly, the nominal value of the previous Sukuk decreased from SAR 1.5 billion to SAR 993 million. Certain loans arranged by overseas subsidiaries are subject to structure and policies adopted in those countries, which may differ from those in Saudi Arabia.

Finance charges for Group loans (short-term and long-term borrowings) from various commercial banks and financial institutions during 2021 (at prevailing market rates) reached SAR 291 million compared to SAR 287 million in the previous year. With regards to loan guarantees granted by the Group to its subsidiaries (see table below), the Group usually signs promissory notes as a guarantee to its own loans and a corporate guarantee for some of its subsidiaries' loans, according to the requirements of the lending banks or financial institutions.

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

#### a) Long-term loans of the Group and its subsidiaries, and their payment status as of 31 December 2021 (SAR '000s):

No.	Borrowing company	Lender	Loan period	Date issued	Original amount	Amount paid in 2021	Balance Dec 2021	Balance Dec 2020	
1.	Savola Group Co.	Saudi National Bank (previously National Commercial Bank)	5 years	Oct-16	500,000	93,750	-	93,750	
		Gulf International Bank	3 Years	Dec-20	300,000		300,000	300,000	
		Gulf International Bank	3 Years	Dec-20	150,000	150,000	-	150,000	
		Gulf International Bank	3 Years	Jul-21	250,000		250,000	-	
		Saudi National Bank (previously Samba Financial Group)	7 years	Dec-18	294,000	210,000	-	210,000	
		Bank Al Jazira	7 years	Nov-18	300,000	50,000	200,000	250,000	
		Bank Al Jazira	7 years	Dec-19	500,000		500,000	500,000	
		Bank Al Jazira	2 Years	Dec-20	300,000	300,000	-	300,000	
		Bank Al Jazira	7 years	Dec-21	75,000		75,000	-	
		Saudi British Bank	5 years	Sep-18	750,000	150,000	300,000	450,000	
		Saudi British Bank	7 years	Feb-19	800,000	132,000	561,000	693,000	
		Saudi British Bank	5 years	Mar-21	300,000		300,000	-	
		Saudi Investment Bank	7 years	Jan-20	300,000	300,000	-	300,000	
		Al Rajhi Bank	2 Years	Dec-20	200,000	200,000	-	200,000	
		Al Rajhi Bank	2 Years	Dec-21	200,000		200,000	-	
		Al Rajhi Bank	7 years	Dec-21	125,000		125,000	-	
		Al Rajhi Bank	5 years	Mar-21	500,000		500,000	-	
		Saudi Fransi Bank	7 years	Dec-21	200,000		200,000		
		Sukuk	7 years	Jul-19	1,000,000			1,000,000	1,000,000
		<b>SAVOLA GROUP</b>							<b>4,511,000</b>
<b>PANDA RETAIL COMPANY</b>							<b>-</b>	<b>-</b>	



No.	Borrowing company	Lender	Loan period	Date issued	Original amount	Amount paid in 2021	Balance Dec 2021	Balance Dec 2020
2.	Afia International Co.	Saudi National Bank (previously Samba Financial Group)	5 Years	Dec-20	150,000	150,000	-	150,000
	Afia Intl. Co. - Egypt*	National Bank of Kuwait**	5 years	Jan-19	16,000	5,341	12,025	17,378
<b>AFIA INTERNATIONAL CO.</b>							<b>12,025</b>	<b>167,378</b>
3.	Savola Foods Co.	Al Rajhi Bank	7 years	Dec-21	175,000	-	175,000	
		Bank Al Jazira	7 years	Dec-21	300,000	-	300,000	
		Saudi Fransi Bank	7 years	Nov-21	300,000	-	300,000	
		Saudi British Bank	7 years	Dec-21	200,000	-	200,000	
<b>SAVOLA FOODS CO.</b>							<b>975,000</b>	<b>-</b>
4.	El Maleka for Food Industries Co.*	National Bank of Kuwait	5.3 years	Dec-18	28,173	7,848	15,696	23,600
<b>PASTA</b>							<b>15,696</b>	<b>23,600</b>
5.	United Sugar Co.	Saudi National Bank (previously Samba Financial Group)	5 Years	Dec-20	150,000	150,000	-	150,000
	Alexandria Sugar Co.*	Commercial International Bank	13 Years	Mar-10	529,937	45,804	116,644	162,835
	Alexandria UCLR*	National Bank of Kuwait	4 years	Jan-18	27,473	3,827	7,653	11,507
<b>SAVOLA INDUSTRIAL INVESTMENT CO.</b>							<b>124,297</b>	<b>324,342</b>
<b>INTERNATIONAL FOODS INDUSTRIES CO.</b>							<b>-</b>	<b>-</b>
6.	Herfy Food Services Co.	Al Rajhi Bank	4-6 years	2014-2017	499,996	17,159	30,528	47,687
		Saudi Industrial Development Fund	6 years	2013-2016	42,903	3,642	-	3,642
		Saudi British Bank	3 years	Jan-18	15,600	9,769	-	9,769
<b>HERFY FOOD SERVICES CO.</b>							<b>30,528</b>	<b>61,098</b>
<b>TOTAL LONG-TERM LOANS</b>							<b>5,668,546</b>	<b>5,023,168</b>

\* December 2021 loan value changed due to currency effect

\*\* December 2020 loan value changed due to currency effect

## b) Short-term loans of the Group and its subsidiaries, and their payment status as of 31 December 2021 (SAR '000s):

No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2021	Balance Dec 2020
1.	Savola Group Co.	Saudi National Bank	1 Month	Dec-21	180,000	-
<b>SAVOLA GROUP</b>					<b>180,000</b>	<b>170,000</b>
2.	Panda Retail Co.	Saudi National Bank	1 Month	Dec-21	30,000	-
<b>PANDA RETAIL COMPANY</b>					<b>30,000</b>	<b>-</b>
3.	Afia International Co.	Saudi British Bank	1 Month	Dec-21	15,000	
		Saudi British Bank	1 Month	Dec-21	150,000	
		Saudi National Bank	1 Month	Dec-21	50,000	
		Saudi National Bank	1 Month	Dec-21	50,000	
		Saudi National Bank	1 Month	Dec-21	150,000	
		Saudi National Bank	1 Month	Dec-21	70,000	
		Saudi National Bank	1 Month	Dec-21	90,000	
		Saudi National Bank	1 Month	Dec-21	100,000	
		Saudi National Bank	1 Month	Dec-21	50,000	
		Saudi National Bank	1 Month	Dec-21	60,000	
		Al Rajhi Bank	1 Month	Dec-21	200,000	
4.	Afia Intl. Co. - Egypt	Hongkong and Shanghai Banking Corp.	1 Year	Jan-21	64,623	
		First Abu Dhabi Bank	1 Year	Jan-21	111,763	
		National Bank of Egypt	1 Year	Jan-21	9,417	
		Commercial International Bank	1 Year	Jan-21	35,316	
		National Bank of Kuwait	1 Year	Jan-21	36,483	
		Emirates NBD	1 Year	Jan-21	37,994	
		National Bank of Egypt	1 Year	Jan-21	27,025	
		Mashreq Bank	1 Year	Jan-21	43,321	
		Commercial International Bank	1 Year	Jan-21	2,097	
		Hongkong and Shanghai Banking Corp.	1 Year	Jan-21	13,369	
5.	Behshahr Industrial Co.	Tejarat Bank	3 Months	Feb-21	10,699	
		Bank Mellat	3 Months	Mar-21	15,285	
		Bank Mellat	3 Months	Apr-21	3,057	
		EN Bank	1 Year	Mar-21	7,642	
		EN Bank	1 Year	Mar-21	11,708	
		Khavarmianeh Bank	1 Year	Jun-21	10,156	
		Khavarmianeh Bank	3 Months	May-21	16,407	
		Khavarmianeh Bank	1 Year	May-21	3,428	
		Khavarmianeh Bank	1 Year	Mar-21	6,114	
		Karafarin Bank	1 Year	May-21	22,698	
		Karafarin Bank	1 Year	Jun-21	7,642	
		Karafarin Bank	1 Year	Mar-21	18,021	
		Saman Bank	1 Year	Mar-21	15,285	
		Saman Bank	1 Year	May-21	7,642	

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### MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2021	Balance Dec 2020
		Saman Bank	1 Year	May-21	6,114	
		EN Bank	1 Year	May-21	11,769	
		Shahr Bank	1 Year	Feb-21	2,751	
		Saman Bank	3 Months	May-21	7,642	
		EN Bank	1 Year	Jun-21	14,734	
6.	Notrika Goden Wheat Co.	Khavarmianeh Bank	1 Year	Mar-21	815	
7.	Savola Gida Sanayi ve Ticaret AS	Hongkong and Shanghai Banking Corp.	6 Months	Nov-21	7,052	
		Hongkong and Shanghai Banking Corp.	6 Months	Nov-21	14,126	
		Hongkong and Shanghai Banking Corp.	6 Months	Nov-21	2,145	
		Hongkong and Shanghai Banking Corp.	6 Months	Nov-21	3,710	
		Hongkong and Shanghai Banking Corp.	6 Months	Nov-21	942	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	6,363	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	16,145	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	11,740	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	9,383	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	2,479	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	11,685	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	2,269	
		Hongkong and Shanghai Banking Corp.	6 Months	Dec-21	4,068	
		European Bank for Reconstruction and Development	1 Year	Sep-21	10,958	
		European Bank for Reconstruction and Development	1 Year	Sep-21	25,908	
		European Bank for Reconstruction and Development	1 Year	Dec-21	47,443	
		Yapi ve Kredi Bankasi	1 Year	Jan-21	7,116	
		Yapi ve Kredi Bankasi	1 Year	Aug-21	5,786	
		Garanti Investment Credit	1 Year	Aug-21	10,125	
		QNB Finansbank	1 Year	Dec-21	839	
		Ziraat Bankasi	1 Year	Oct-21	1,334	
		VakifBank	1 Year	Oct-21	9,810	
		Garanti Investment Credit	1 Year	Oct-21	4,339	
		Halkbank	1 Year	Apr-21	3,182	

No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2021	Balance Dec 2020
		Ziraat Bankasi	1 Year	Nov-21	13,131	
		Halkbank	1 Year	Nov-21	894	
		Halkbank	1 Year	Dec-21	1,446	
		Halkbank	1 Year	Dec-21	1,446	
<b>AFIA INTERNATIONAL CO.</b>					<b>1,801,881</b>	<b>1,079,241</b>
<b>AFIA INTERNATIONAL DISTRIBUTION AND MARKETING CO.</b>					<b>-</b>	<b>40,000</b>
8.	Afia Intl. Co. - Algeria	Societe Generale Algerie	6 Months	Dec-21	34,217	
		Arab Bank	6 Months	Nov-21	34,536	
		Arab Bank	6 Months	Sep-21	24,949	
		Fransabank el Djazair	6 Months	Nov-21	19,827	
		Fransabank el Djazair	6 Months	Dec-21	39,056	
		Fransabank el Djazair	6 Months	Dec-21	38,730	
		Hongkong and Shanghai Banking Corp.	6 Months	Sep-21	15,935	
		Hongkong and Shanghai Banking Corp.	6 Months	Sep-21	20,012	
		Hongkong and Shanghai Banking Corp.	6 Months	Oct-21	36,446	
9.	Savola Morocco Co.	Credit du Maroc	6 Months	Sep-21	26,907	
		Attijari Wafa Bank	3 Months	Nov-21	49,052	
		Arab Bank	3 Months	Dec-21	29,649	
		Attijari Wafa Bank	3 Months	Dec-21	14,103	
10.	Savola Edible Oils (Sudan) Ltd.	Bank of Khartoum	9 Months	Jun-21	5,854	
		Bank of Khartoum	9 Months	Jul-21	2,628	
		Bank of Khartoum	9 Months	Jun-21	5,835	
		Bank of Khartoum	9 Months	Sep-21	4,699	
		Arab Sudanese Bank	9 Months	Jun-21	178	
		Bank of Khartoum	9 Months	May-21	812	
		National Bank of Egypt	9 Months	Dec-21	1,037	
		Bank of Khartoum	9 Months	Dec-21	20,621	
		National Bank of Egypt	9 Months	Aug-21	1,126	
		National Bank of Egypt	9 Months	Apr-21	70	
		Omdurman National Bank	9 Months	Aug-21	4,912	
		Omdurman National Bank	9 Months	Aug-21	1,515	
		Omdurman National Bank	9 Months	Aug-21	3,725	
		National Bank of Egypt	9 Months	Jun-21	167	
		Omdurman National Bank	9 Months	Jul-21	442	
<b>SAVOLA FOODS EMERGING CO.</b>					<b>437,040</b>	<b>234,645</b>
11.	El Maleka for Food Industries Co.	Emirates NBD	6 Months	Dec-21	14,843	
		National Bank of Kuwait	6 Months	Dec-21	24,494	



## DIRECTORS' REPORT

### MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

No	Borrowing company	Lender	Loan period	Date issued	Balance Dec 2021	Balance Dec 2020
<b>PASTA</b>					<b>39,337</b>	<b>14,900</b>
12.	United Sugar Co.	Saudi National Bank	1 Month	Dec-21	50,000	
		Saudi National Bank	1 Month	Dec-21	40,000	
		Saudi British Bank	1 Month	Dec-21	30,000	
13.	Alexandria Sugar Co.	Hongkong and Shanghai Banking Corp.	1 Year	Jan-21	68,601	
		Mashreq Bank	1 Year	Jan-21	18,729	
		Commercial International Bank	1 Year	Jan-21	4,740	
14.	Alexandria UCLR	National Bank of Kuwait	1 Year	Jan-21	6,267	
		National Bank of Kuwait	1 Year	Jan-21	11,946	
<b>SAVOLA INDUSTRIAL INVESTMENT CO.</b>					<b>230,283</b>	<b>186,714</b>
15.	Seafood International Two FZCO	Hongkong and Shanghai Banking Corp.	1 Year	May-21	35,625.00	
		Arab Banking Corporation	1 Year	Sep-21	12,019	
<b>SEAFOOD INTERNATIONAL TWO FZCO</b>					<b>47,644</b>	<b>28,125</b>
16.	Seafood International Holding Co.	Khavarmianeh Bank	1 Year	Jan-21	103	
		Khavarmianeh Bank	1 Year	Jan-21	142	
		Khavarmianeh Bank	1 Year	Feb-21	34	
		Khavarmianeh Bank	1 Year	Mar-21	242	
		Khavarmianeh Bank	1 Year	May-21	146	
		Khavarmianeh Bank	1 Year	Jun-21	112	
		Khavarmianeh Bank	1 Year	Jun-21	176	
		Khavarmianeh Bank	1 Year	Jun-21	194	
		Khavarmianeh Bank	1 Year	Jun-21	368	
		Khavarmianeh Bank	1 Year	Jul-21	371	
		Khavarmianeh Bank	1 Year	Dec-21	345	
		Khavarmianeh Bank	1 Year	Dec-21	762	
		Khavarmianeh Bank	1 Year	Feb-21	6	
<b>SEAFOOD INTERNATIONAL HOLDING CO.</b>					<b>3,001</b>	<b>-</b>
17.	GYMA Food Industries LLC	Mashreq Bank	1 Year	Dec-21	16,894	
		First Abu Dhabi Bank	1 Year	Dec-21	6,276	
<b>Snacking and Ingredients Food Holding Co</b>					<b>23,170</b>	<b>-</b>
18.	Sahar Enterprises LLC	National Bank of Fujairah	3-4 months	Sep-21	251	
<b>GOOD FOOD</b>					<b>251</b>	<b>23,244</b>
<b>HERFY FOOD SERVICES CO.</b>					<b>-</b>	<b>100,279</b>
<b>TOTAL SHORT-TERM BORROWING</b>					<b>2,792,607</b>	<b>1,877,148</b>

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

No.	Item (payments)	Paid	Due until the end of the financial period but not paid	Description	Reasons/Justifications
1.	Customs duties	117,857	18,173	-	
2.	Zakat	43,269	11,892	-	
3.	Income tax and withholding tax	82,459	83,067	Income and withholding tax	
4.	GOSI (for KSA) and social insurance (for outside KSA)	126,714	13,357	Employees' GOSI and social insurance	According to the requirements of the laws and applicable regulations
5.	Visas and passport office fees	45,386	465	Iqama renewal, exit and re-entry visas	
6.	Labor office fees	110,359	940	Work permits and Iqama renewal	
7.	Other duties and government levies	38,603	22,156	License fees and other fees	

#### 3) Potential Risks to Savola Group Operations:

##### 3-1) Savola Risk Management approach

###### a) Risk Management overview

The Group, like any other economic entity, may be affected by risks through the nature of its commercial activities in basic food commodities, retail and other investments. These risks may be summarized as following:

- The possibility of the Group operations being exposed to geopolitical risks that result from its operations outside the Kingdom
- Risk of commodities and raw materials price volatility in the local and international markets where it operates
- Risk of geographic expansion and competition pertaining to new markets in the region fluctuation in foreign currency, exchange rates against the Saudi Riyal or other currencies of the countries that the Group operates in inflation in the economies of countries where the Group operates;
- Risks related to new investments
- Any other emerging risk

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

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

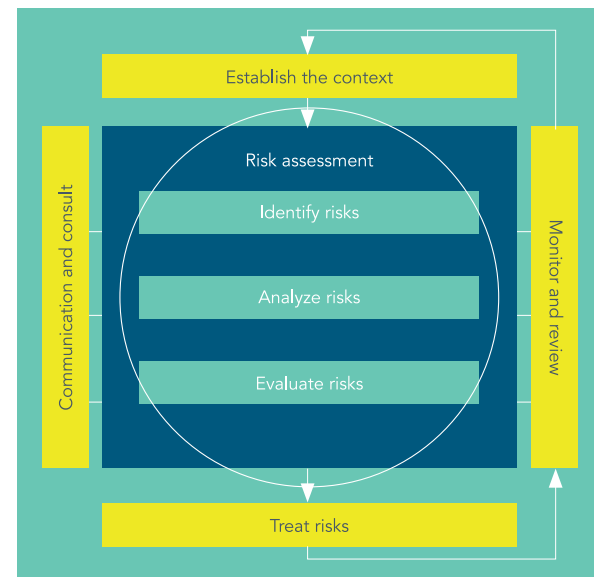
###### b) Enterprise Risk Management framework

Savola has developed – in line with the market best practices – an integrated Enterprise Risk Management (ERM) framework to support the success of the business and the achievement of its strategic goals through a collaborative risk management environment that proactively identifies, monitors and mitigates risks. The framework has been developed in line with current leading ERM practices and ISO 31000.

In developing the ERM framework, the focus was to design a process that addresses Savola's business needs while remaining simple and pragmatic. Savola's ERM framework outlines the series of activities that Savola will use in identifying, assessing and managing its risks. The framework ensures that risk is being managed through a common set of processes at Savola, which enables the flow of risk information to the person with the authority and responsibility for making decisions pertaining to the activity associated with the risk. By establishing a common language and set of tools, Savola's risk management process can be replicated at any level within the Group.

# DIRECTORS' REPORT

## MAIN ACTIVITIES AND FINANCIAL DISCLOSURES



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

- Established a dedicated risk management function at the Group and its main subsidiaries. The function comprises a dedicated team leading the risk management activities at enterprise level, as well as assigned risk champions who implement risk management activities within respective business units/functions.
- A risk management framework and governance policy, approved by the Board of Directors.
- Launched WAEI risk guide program as part of promoting its risk management culture.
- Conducted multiple risk awareness sessions across the Group and its subsidiaries.
- Conducted a risk assessment for various key functions at the Group and its main subsidiaries.
- Proactively identified emerging external risks and communicated them with the relative functions for assessment.
- A Governance, Risk and Compliance (GRC) system has been implemented to effectively enhance managing risk assessments and registers, management issues, key risk indicators, policy management, and internal audit at Savola Group and its main subsidiaries, Savola Foods and Panda, autonomously.
- Established an Executive Risk Management Committee (ERMC) at Savola Group level, that mainly aims to:
  - Assess and challenge risk decisions
  - Monitor and provide insights to the risk management process
  - Provide recommendations to the Board

### c) Channels to communicate, decline and enforce the risk culture

#### • Three Lines of Defense

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

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



### 3-2) Financial instruments and risk management

#### a) Financial risk management

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

#### b) Risk management framework

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

The Board of Directors has overall responsibility for establishment and oversight of the Group’s risk management framework. The Executive Management team is responsible for developing and monitoring the Group’s risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the Audit Committee.

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

The Audit Committee oversees compliance by management with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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

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



# DIRECTORS' REPORT

## MAIN ACTIVITIES AND FINANCIAL DISCLOSURES

### c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises 3 types of risk: interest rate risk, currency risk and other price risk.

#### c-1) Interest rate risk

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

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

#### c-2) Currency risk

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

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

### d) Price risk

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

### e) Credit risk

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

### f) Liquidity risk

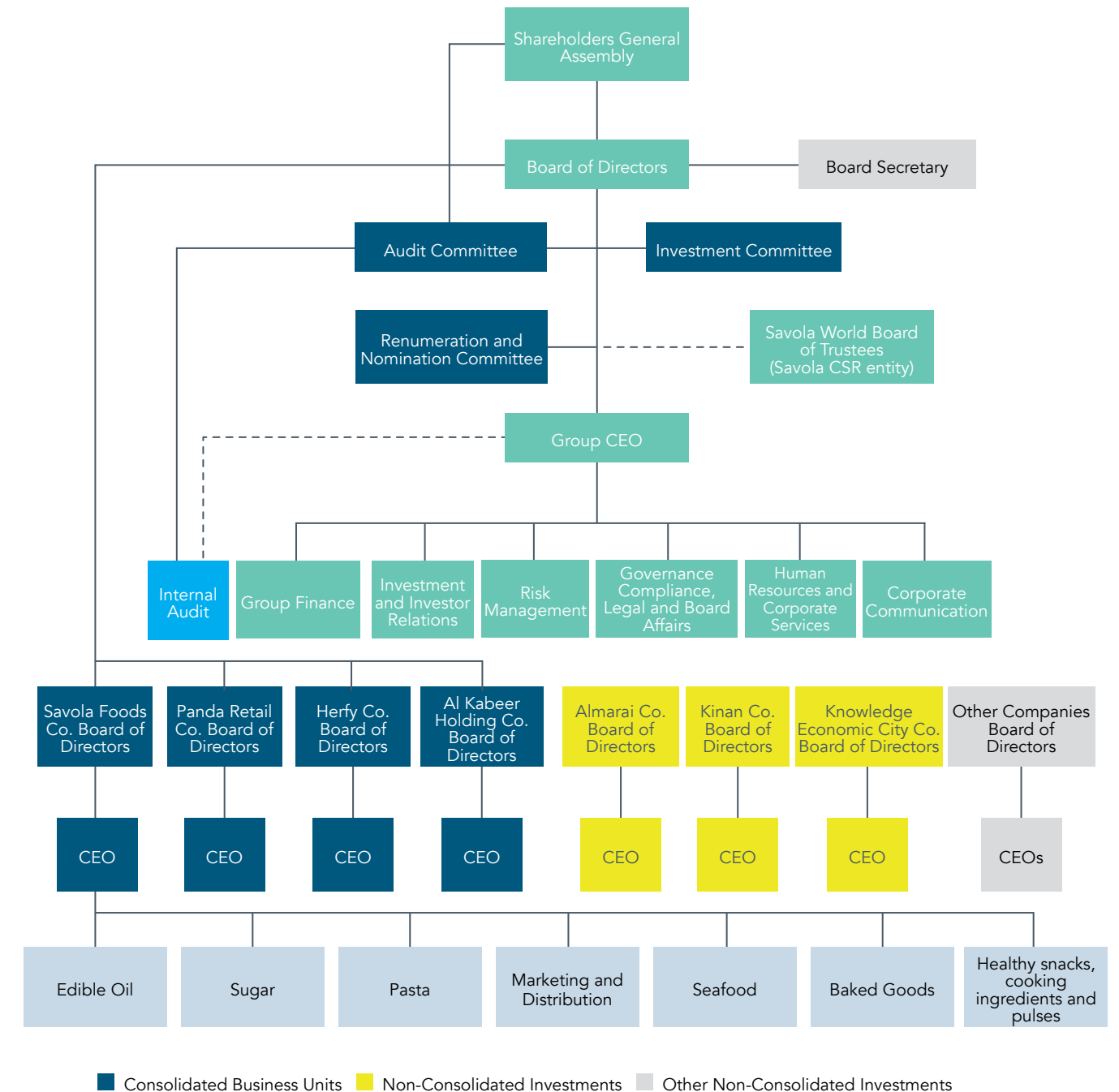
Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring,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

### g) Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. For further details, the same item can be reviewed in the clarification notes accompanying the company's financial statements for 2021.

## CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

### Organization structure:



## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

#### a) Composition of the Board, key roles and memberships in other companies

##### a-1) Summary of the role and responsibilities of the Board of Directors:

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

##### a-2) Composition of the Board:

The company's bylaws have set the number of members of the Board of Directors to be 11 members, which is in line with the Companies' Law and Corporate Governance Regulations issued by the CMA. Accordingly, the Board was elected by the AGM held on 8 May 2019 for the current term that started on 1 July 2019 for a period of 3 years ending on 30 June 2022. All the elected members are either Non-Executive or Independent (to review the qualifications, experience of the members and their classification please refer to the beginning of this Report). As the current Board's office term will end by 30 June 2022, the nomination process was opened for Board membership for the new office term, which will begin as of 1 July 2022, and it was closed on the 28 February 2022, and the new Board for the new office term will be elected by the company AGM during the upcoming meeting, after securing the relevant authority approval in this regard.

##### a-3) Names of the companies, whatever their legal forms are, inside and outside the Kingdom, where a Board member is either a member of their current or previous board or a manager in:

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

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	Savola Group	Inside	Listed	Saudi British Bank	Inside	Listed
		Almarai Co.	Inside	Listed	Nationals Industrialization Co.	Inside	Listed
		Abdulkadir Al Muhaidib & Sons Co.	Inside	Unlisted	Middle East Paper Co.	Inside	Listed
		Rafal Real Estate Development Co.	Inside	Unlisted	Joussour Holding Co.	Inside	Unlisted
		Al Muhaidib Holding Co.	Inside	Limited Liability	United Mining Industries Co.	Inside	Unlisted
		Amwal Al Ajjal Holding Company	Inside	Limited Liability	Al Oula Real Estate Development Co.	Inside	Unlisted
		International Co. for Water and Energy Development (AcwaPower)	Inside	Listed	Thabat Construction Co.	Inside	Limited Liability
		Vision International Invest Holding Co.	Inside	Unlisted	Architectural Supplies Works Co.	Inside	Limited Liability
		Zat Al Sawary Co.	Inside	Limited Liability	International Timber Co.	Inside	Limited Liability
		Taj Al Awfia Co.	Inside	Limited Liability	Mayar Foods Co.	Inside	Limited Liability
		Tarabot Investment & Development	Inside	Limited Liability	Mayar Transport & Warehousing Co.	Inside	Limited Liability

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
2.	Mr. Bader Abdullah Al Issa	Al Shamiyah Urban Development Co. Ltd.	Inside	Limited Liability	Gulf Marasy for Marine Services Co.	Inside	Limited Liability
		Arabian Safenat for Construction Co.	Inside	Limited Liability	Citadel Trading & Contracting Co	Inside	Limited Liability
		United Feed Manufacturing Co.	Inside	Limited Liability	Al Muhaidib for Development Co.	Inside	Limited Liability
					Al Muhaidib Land Transport	Inside	Limited Liability
					Sulaiman Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Emad Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Awatef Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Maryam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Tamader Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Haifa Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
					Loloah Sulaiman Almudaiheem & Partner Co.	Inside	Limited Liability
					Muhail for Operation and Maintenance Co.	Inside	Limited Liability
					Amwal Al Khaleej for Commercial Investment Co.	Inside	Limited Liability with GCC capital
					Savola Group	Inside	Listed
					Banque Saudi Fransi	Inside	Listed
			Dur Hospitality	Inside	Listed		
			Almarai Co.	Inside	Listed		
			Savola Foods Co.	Inside	Unlisted		
			Panda Retail Co.	Inside	Unlisted		
			Afia International Co.	Inside	Unlisted		
			United Sugar Co.	Inside	Unlisted		
			Afia International Co. Egypt	Outside	Unlisted		
			United Sugar Co. Egypt	Outside	Unlisted		
			Alexandria Sugar Co. Egypt	Outside	Unlisted		
			El Maleka for Food Industries Co.	Outside	Unlisted		
			Savola Gida	Outside	Unlisted		



## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

No.	Board member name	Names of the companies in which the member of the Board of Directors is a director or manager of its current board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which the member of the Board of Directors was a director or manager of its previous board of directors	Inside the Kingdom/ outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
3.	Mr. Essam Abdulkadir Al Muhaidib	Savola Group	Inside	Listed	Emaar Middle East Co.	Inside	Limited Liability
		Bawan Co.	Inside	Listed	Zohoor Alreef Trading Co.	Inside	Unlisted
		Abdulkadir Al Muhaidib & Sons Co.	Inside	Unlisted	Al Yamamah Steel Industries Co.	Inside	Unlisted
		Shamia Real Estate Development Co.	Inside	Limited Liability	Thabat Construction Co. Limited	Inside	Limited Liability
		Rafal Real Estate Co.	Inside	Unlisted	Middle East Paper Co. (MEPCO)	Inside	Listed
		National Housing "Al wataniyah Al eskan" Co.	Inside	Unlisted	Emdad Human Resources & Manpower Supply Co.	Inside	Unlisted
		Panda Retail Co.	Inside	Unlisted	Al Salam Bank Bahrain	Outside	Listed
		Safenat Arabian Contracting Company	Inside	Limited Liability	Nesaj Real Estate Development Co.	Inside	Limited Liability
		Al Muhaidib Holding	Inside	Unlisted	Al Latifia Trading & Contracting Co.	Inside	Limited Liability
		That Al Sawary Co.	Inside	Limited Liability	Amwal Al Khaleej for Commercial Investment Co.	Inside	Limited Liability
		Romansiah Co. Limited	Inside	Unlisted	Albalad Al Amin Co.	Inside	Unlisted
		Tharwa City for Real Estate Co.	Inside	Unlisted	Al Oula for Real Estate Development Co.	Inside	Unlisted
		Vision International Invest Holding Co.	Inside	Unlisted	International Timber Co.	Inside	Unlisted
		Ekseer Alkhaleej Contracting Co.	Inside	Limited Liability	Bloom Invest Co.	Inside	Limited Liability
		Buhairat Alkhobar Real Estate Development Co.	Inside	Limited Liability	Saudi Tabreed Co.	Inside	Limited Liability
		Mayar Foods Co.	Inside	Limited Liability	Sulaiman Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
		Atheel Holding Co.	Inside	Limited Liability	Emad Abdulkadir Al Muhaidib Co.	Inside	Limited Liability
		Saudi Tharwa for Real Estate Investment & Development Co.	Inside	Limited Liability	Awaf Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
		Atheel Arabia for Services Co. Limited	Inside	Limited Liability	Maryam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability
		Amwal Al Ajyal Holding Co.	Inside	Limited Liability	Hayfa Abdulkadir Al Muhaidib Co.	Inside	Limited Liability
Qalaa Trading & Contracting Co.	Inside	Limited Liability	Lolwah Sulaiman Almudaiheem & Partners	Inside	Limited Liability		
Shaas for Water Services Co.	Inside	Limited Liability	Himmah Logistics Co.	Inside	Limited Liability		

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		Shaas for Water Services Co. Ltd.	Inside	Limited Liability	Muhail for Operation and Maintenance Co.	Inside	Limited Liability		
		Taj Al Awfia Co.	Inside	Limited Liability	Tamader Abdulkadir Al Muhaidib Co.	Inside	Limited Liability		
		Tanmiat Al Ahlam for Construction	Inside	Limited Liability	International Co. for Water and Energy Development (Acwa)	Inside	Unlisted		
		Jadeer Investment Holding Co.	Inside	Limited Liability	Al Jadeer Logistics Services	Inside	Limited Liability		
					Masdar Building Materials Co.	Inside	Unlisted		
					Mayar Transport & Warehousing Co.	Inside	Limited Liability		
					Essam Abdulkadir Al Muhaidib & Partners Co.	Inside	Limited Liability		
					Nokhbat Alkwader Co.	Inside	Limited Liability		
					Spring Water Factory Co. Ltd.	Inside	Limited Liability		
					Al Manhal Water Services Factory	Inside	Limited Liability		
					Naqiah Water Factory Limited	Inside	Limited Liability		
					Nestle Water Factory Co. Ltd.	Inside	Limited Liability		
					Rivers Water Factory Co. Ltd.	Inside	Limited Liability		
					Herfy Food Services Co.	Inside	Listed		
		4.	Mr. Abulaziz Khaled Al Ghufaily	Savola Group	Inside	Listed	Herfy Food Services Co.	Inside	Listed
				Alrajhi Bank	Inside	Listed	Tabuk Agriculture Development Co.	Inside	Listed
				Al Rajhi Capital	Inside	Unlisted	National Medical Care Co.	Inside	Listed
				Savola Foods Co.	Inside	Unlisted	The Industrialization & Energy Services Co.	Inside	Unlisted
				National Petrochemical Industries Company	Inside	Unlisted	Riyadh Hotels & Entertainment Co.	Inside	Unlisted
					Saudi Industries Development Co.	Inside	Unlisted		
			Panda Retail Co.	Inside	Unlisted				
5.	Eng. Mutaz Qusai Alazawi	Savola Group	Inside	Listed	Merrill Lynch Kingdom of Saudi Arabia	Inside	Unlisted		
		Herfy Food Services Co.	Inside	Listed					
		Arabian Cement Co.	Inside	Listed					
		Riyad Bank	Inside	Listed					

## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

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		Ethiad Etisalat (Mobily)	Inside	Listed			
		Ready Mix Concrete & Construction Supplies Ltd.	Outside	Listed			
		Savola Foods Co.	Inside	Unlisted			
		United Sugar Co.	Inside	Unlisted			
		Afia International Co.	Inside	Unlisted			
		United Sugar Co. Egypt	Outside	Unlisted			
		Alexandria Sugar Co. Egypt	Outside	Unlisted			
		El Maleka for Food Industries Co.	Outside	Unlisted			
		Qatrana Cement Co.	Outside	Unlisted			
		Afia International Co. Egypt	Outside	Unlisted			
		Saudi Industrial Construction & Engineering Projects Ltd.	Inside	Limited Liability			
		Saudi Technology and Trade Co.	Inside	Limited Liability			
		Al Wusataa for Development	Inside	Limited Liability			
6.	Mr. Fahad Abdullah Al Kassim	Savola Group	Inside	Listed	Albilad Bank	Inside	Listed
		Jarir Marketing Co.	Inside	Listed	Abdullatif Al Issa Holding Group	Inside	Unlisted
		Dur Hospitality	Inside	Listed	Naqel Co.	Inside	Unlisted
		Dallah Health Care Services	Inside	Listed	Al Rajhi Alpha Investment Holding Co.	Inside	Limited Liability
		Al Riyadh Development Co.	Inside	Listed	Naqel Company	Inside	Unlisted
		Dr. Mohammed Rashid Al Fagih & Associates	Inside	Unlisted	Al Rajhi Alfa Investment Holding Co.	Inside	Limited Liability
		Al Rajhi United Investment Holding Co.	Inside	Unlisted	Raj Real Estate Co.	Inside	Limited Liability
		Alargan Projects Co.	Inside	Unlisted	National General Automotive Co.	Inside	Limited Liability
		Mohammed Abdulaziz Al Habib & Sons Holding Co.	Inside	Unlisted	Amwal Financial Consultations	Inside	Limited Liability
		Abdullah Ibrahim Al Subeaei Holding (AIMS)	Inside	Unlisted	Saudi Post	Inside	Gov. Corporation
		Areez Commercial Investment Co. Ltd.	Inside	Limited Liability			

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		Baseqat Al Khaleej Co.	Inside	Limited Liability			
		Fincorp Investment Holding Co.	Outside	Unlisted			
		Century 21 & Partner for Real Estate Appraisal Co.	Inside	Professional Co.			
		Fahad Abdullah Al Kassim Auditing Office	Inside	Individual entity			
		Savola World Foundation	Inside	Non-profit Organization			
		Jarir Investment Company	Inside	Unlisted			
7.	Mr. Mohammed Ibrahim Al Issa	Savola Group	Inside	Listed	Sukoon Real Estate	Inside	Unlisted
		Kinan International for Real Estate Development Co.	Inside	Unlisted	Al Aqeeq Real Estate	Inside	Unlisted
		Assila Investments Co.	Inside	Unlisted			
		BlackRock Saudi Arabia,	Inside	Unlisted			
8.	Mr. Abdulrahman Mohammed Ramzi Addas	Savola Group	Inside	Listed	Bank Albilad	Inside	Listed
		Alinma Bank	Inside	Listed	Al Soraie Industrial & Trading Co.	Inside	Listed
		Diyar Al Khayyal Real Estate Development Co.	Inside	Limited Liability	Red Sea Markets Co. Ltd.	Inside	Limited Liability
		Tunisian Saudi Bank	Outside	Joint venture for the Saudi Ministry of Finance	Keppel Alnumu Co.	Inside	Limited Liability
		Al Rabie Saudi Foods Co. Ltd.	Inside	Limited Liability	Sedco Capital	Inside	Limited Liability
		Environment Fund	Inside	Gov. Entity	Abdulaziz Al Saghair Holding Co.	Inside	Limited Liability
		Savola World Foundation	Inside	Non-profit Organization	Quantum Investment Bank	Outside	Limited Liability
					International Co. for Water and Energy Development (Acwa)	Inside	Limited Liability
					Ahmed Mohammed Saleh Baeshen & Co.	Inside	Unlisted
					ARCOMA Co.	Inside	Limited Liability
9.	Mr. Rakan Abdulaziz Al Fadl	Savola Group	Inside	Listed	Rabya Co.	Inside	Limited Liability
		Sahara Building Contractors Co.	Inside	Limited Liability	Al Takamul Group Co.	Inside	Holding Co.



## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

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		Alfadl Group	Inside	Limited Liability			
		Alfadl Real Estate Co.	Inside	Limited Liability			
		Alfadl Investments Co.	Inside	Limited Liability			
10.	Dr. Adnan Abdulfattah Soufi	Savola Group	Inside	Listed	Bupa Arabia Co.	Inside	Listed
		Fitaihi Group Co.	Inside	Listed	Arabian Cement Co.	Inside	Listed
		Natixis Saudi Arabia Investment Co.	inside	Unlisted	SEDCO Holding Group	Inside	Unlisted
		Wadi Jeddah Co.	Inside	Unlisted	Awj Holding Co.	Inside	Limited Liability
		Panda Retail Co.	Inside	Unlisted	Alahli Capital Co.	inside	Unlisted
		Saudi Company for Industrial Services	Inside	Listed			
11.	Mr. Bader Hamad Al Rabiah	Savola Group	Inside	Listed	none		
		Middle East Petrochemical Company	inside	Unlisted			
		Noor Financial Investment Co.	Outside	Listed			
		Palms Agro Production Co.	Outside	Listed			
		Al Manar Financing and Leasing Co.	Outside	Listed			
		Meezan Bank	Outside	Listed			
		Al Durra National Real Estate Co.	Outside	Unlisted			
		Noor Al Salhiya Real Estate Co.	Outside	Unlisted			
		International Hotels Group Co.	Outside	Unlisted			
		Ikarus Real Estate Co. (WLL)	Outside	Limited Liability			

#### a-4) Summary of Committee members' CVs:

Member name	Current positions	Previous positions	Qualifications	Experience
<b>Remuneration and Nomination Committee members:</b>				
1.	Mr. Rakan Abdulaziz Al Fadl			
2.	Mr. Bader Abdullah Al Issa			
3.	Mr. Essam Abdulkadir Al Muhaidib			
4.	Mr. Abdulrahman Mohammed Ramzi Addas			
5.	Mr. Johan Brand	Managing Director/ Owner, Johan Brand Leadership Advisory DWC-LLC (2016-present) Member of the Remuneration and Nomination Committee with Ghobash Trading & Investments	Senior Partner and Consultant, Egon Zehnder (1995-2016); PepsiCo, Director PCI Management Institute (1993-1995)	MSc, Business Economics, Erasmus University Rotterdam, The Netherlands; MA, Business Law, and MA, Private Law, Erasmus University Rotterdam, The Netherlands; Certified Professional Director, Hawkamah/ Mudara Institute of Directors
Their current and previous positions, qualifications and experience were mentioned earlier in this Report				
<b>Investment Committee members:</b>				
1.	Eng. Mutaz Qusai Alazawi			
2.	Mr. Abdulaziz Khaled Al Ghufaily			
3.	Mr. Fahad Abdullah Al Kassim			
4.	Dr. Adnan Abdulfattah Soufi			
5.	Mr. Mohammed Ibrahim Al Issa			
Their current and previous positions, qualifications and experience were mentioned earlier in this Report				

## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

#### a-5) Board meetings attendance record:

In order to enhance its role and responsibilities, the Board held 7 meetings during the year. The below schedule shows the attendance records for each meeting during 2021:

No.	Member	Meetings during 2021							No. of attendance
		27 Jan	28 April	30 June*	15 Sept**	27 Oct	18 Dec	19 Dec	
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	√	√	-*	√	√	√	√	6 of 6*
2.	Mr. Bader Abdullah Al Issa	√	√	√	√	√	√	√	7 of 7
3.	Mr. Essam Abdulkadir Al Muhaidib	√	√	-*	√	√	√	√	6 of 6*
4.	Mr. Abdulaziz Khaled Al Ghufaily	√	√	√	√	√	√	√	7 of 7
5.	Eng. Mutaz Qusai Alazawi	√	√	√	√	√	√	√	7 of 7
6.	Mr. Fahad Abdullah Al Kassim	√	√	√	√	√	√	√	7 of 7
7.	Mr. Mohammed Ibrahim Al Issa	√	√	√	√	√	√	√	7 of 7
8.	Mr. Abdulrahman Mohammed Ramzi Addas	√	√	√	√	√	√	√	7 of 7
9.	Mr. Rakan Abdulaziz Al Fadl	√	√	√	√	√	√	√	7 of 7
10.	Dr. Adnan Abdulfattah Soufi	√	√	√	√	√	√	√	7 of 7
11.	Mr. Bader Hamad Al Rabiah	√	√	√	X	√	√	√	6 of 7
-	Mr. Elhour Ali Saad (Board Secretary)	√	√	√	√	√	√	√	7 of 7

The last meeting of the General Assembly was held on 28 April 2021 and the attendance records above reflects the attendance of the Board members during the full year before and after the General Assembly.

#### Notes:

\*\* The financial results for Q2 2021 were approved by the Board of Directors by circulation based on the Audit Committee's recommendation at its meeting held on 3 August 2021.

\* The 30 June meeting was held to discuss Bayara Co. acquisition, and as Mr. Mr. Sulaiman Al Muhaidib and Mr. Essam Al Muhaidib have a conflict of interest (they own a competing business with Bayara) they did not attend the meeting due to this conflict of interest and this was minuted in the meeting minute.

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

One meeting of the Shareholders General Assembly was held virtually during the last fiscal year due to the precautionary measures to limit the spread of Coronavirus (COVID-19). The following is a list of the members of the Board of Directors present during the meeting:

No.	Board Member	Position	EGM No. 33 (28 April 2021)	No. of meetings attended
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	Chairman	√	1 of 1
2.	Mr. Bader Abdullah Al Issa	Vice Chairman	√	1 of 1
3.	Mr. Abdulaziz Khaled Al Ghufaily	Member	√	1 of 1
4.	Mr. Essam Abdulkadir Al Muhaidib	Member	√	1 of 1
5.	Mr. Fahad Abdullah Al Kassim	Member and Chairman of AC	√	1 of 1
6.	Eng. Mutaz Qusai Alazawi	Member and Chairman of IC	√	1 of 1
7.	Mr. Mohammed Ibrahim Al Issa	Member	√	1 of 1
8.	Mr. Abdulrahman Mohammed Ramzi Addas	Member	√	1 of 1
9.	Mr. Rakan Abdulaziz Al Fadl	Member and Chairman of RNC	√	1 of 1
10.	Dr. Adnan Abdulfattah Soufi	Member	√	1 of 1
11.	Mr. Bader Hamad Al Rabiah	Member	√	1 of 1

#### b) Board Committees:

##### b-1) Remuneration and Nomination Committee:

###### • Meetings and role of the Committee:

The Remuneration and Nomination Committee (RNC) consists of 5 members who are Independent and Non-Executive Board members and external experts with experience in the field of the Committee's mandates. The Committee held 4 meetings during 2021. During its meetings the RNC followed up its responsibilities in the field of remuneration, nominations and corporate governance. A summary of the main responsibilities of the Committee, statement of its membership and attendance during the year are as follows:

###### • Summary of the Committee's role, duties and main responsibilities:

The Committee shall assume responsibilities related to 3 areas, namely Remuneration, Nomination and Corporate Governance, and will update the Board regularly about its activities. The Committee's duties and responsibilities include:

##### a) With regards to Remuneration:

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

##### b) With regards to Nomination:

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

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

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

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

#### Statement of attendance for Committee meetings held during 2021:

No.	Member	Meetings during 2021				Total
		26 Jan	27 April	14 Sep	26 Oct	
1.	Mr. Rakan Abdulaziz Al Fadl (Chairman) (Independent Board member)	√	√	√	√	4 of 4
2.	Mr. Essam Abdulkadir Al Muhaidib (Non-Executive Board member)	√	√	√	√	4 of 4
3.	Mr. Bader Abdullah Al Issa (Non-Executive Board member)	√	√	√	√	4 of 4
4.	Mr. Abdulrahman Mohammed Ramzi Addas (Independent Board member)	√	√	√	√	4 of 4
5.	Mr. Johan Brand (Independent External member)	√	√	√	√	4 of 4
-	Mr. Morhaf Mohammed Alsamman (Committee Secretary)	√	√	√	√	4 of 4

# DIRECTORS' REPORT

## CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

### b-2) Investment Committee:

#### • Meetings and role of the Committee:

The Investment Committee consists of 5 members, all of them are Non-Executive and Independent Board members. The Committee held 6 meetings during 2021 to enhance the role of the Board in following and implementing the strategic plans in relation to investment opportunities. Below is a summary of the Committee's role, responsibilities, membership, and the number of meetings held during 2021:

#### • Summary of the Committee's role, duties and main responsibilities:

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

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

### Statement of attendance for Committee meetings held during 2021:

No.	Member	Meetings during 2021					Total	
		16 March	27 April	28 June	13 July	14 Sept		11 Oct
1.	Eng. Mutaz Qusai Alazawi (Chairman) (Non-Executive Board member)	√	√	√	√	√	√	6 of 6
2.	Mr. Abdulaziz Khaled Al Ghufaily (Non-Executive Board member)	√	√	√	√	√	√	6 of 6
3.	Mr. Fahad Abdullah Al-Kassim (Independent Board member)	√	√	√	√	√	√	6 of 6
4.	Dr. Adnan Abdulfattah Soufi (Non-Executive Board member)	√	√	√	√	√	√	6 of 6
5.	Mr. Mohammed Ibrahim Al Issa (Non-Executive Board member)	√	√	√	√	√	√	6 of 6
-	Mr. Elnour Ali Saad (Committee Secretary)	√	√	√	√	√	√	6 of 6

### c) Assessment of the Board of Directors, Committees and members performance:

Savola has been conducting Board effectiveness reviews since 2009 aiming to identify the strengths and weaknesses of the Board and Committees, with a view to propose solutions in the best interest of the company. In line with this practice, and under the RNC supervision, Savola adapted the following methods in this regard:

- During 2021, Savola engaged Governance Compass, an external and independent consulting firm which is a non-related party to the Group to conduct a comprehensive effectiveness evaluation for the Board and Committees. Governance Compass is a qualified consulting firm specialized in Board and leadership effectiveness assessment. The assessment performed by Governance Compass covered the performance of the Board and the Committees and their meetings throughout 2021.
- The assessment was made under the RNC's supervision. The mechanisms, methodology and criteria for the assessment were presented to the Board for alignment before execution. This included interviews with all Board and Committee members in addition to a comprehensive questionnaire, which was carried out and completed by all members. Areas included in the questionnaire and interviews covered the duties and responsibilities of the Board and the Committees in line with their fiduciary obligations. In addition, the assessment included the effectiveness of the Board and the Committees' meetings such as members' participation and interaction in the discussions during the meetings, to reach informed decisions that enhance the company's performance and ability to achieve its objectives. This year evaluation methodology included meeting observations, by the attendance in person by a Governance Compass representative at 1 or 2 meetings, to assess the Board meeting's dynamics, the ability to engage in high-quality discussions and to the decision-making process. This is the first time such method has been used.

- Governance Compass also continued conducting Board Meeting Effectiveness (BME) surveys to assess the effectiveness of the participation of the members of the Board and the Committee's and their interaction in the discussions during the meetings to reach informed decisions that enhance the company's performance and its ability to achieve its objectives during 2021. The continued assessment results were shared with the Board and an action plan has been developed to address the recommendations which are being implemented.
- The periodic evaluation of the effectiveness of the discussions and decision-making during the Board and the Committee's meetings (BME surveys) will continue for the year 2022.

It's also worth mentioning, that Board conducted 2 workshops during 2021, with the purpose of reviewing the Group's strategy as it included international and local experiences regarding corporate strategic transformation and adding value strategies which were presented by an external expert Dr. Peter Fisk. The first workshop was held on 27 October 2021 for 1 full day, and the second workshop was for 2 full days (18-19 December 2021). During the workshops Dr. Fisk presented global indicators in the Food and Retail sectors in terms of development, acceleration and the importance of technology locally, regionally and internationally in this field. He also discussed the importance of strategic planning for companies and the mechanisms of its application in general and how to take advantage of that and apply it to the operations of the Group and its subsidiaries. During the workshop, the Board members were divided into groups for further brainstorming.

### d) Remuneration of the Board, Committee members and Executive Management

#### d-1) General standards for remuneration:

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

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

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



## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

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

- The remuneration of Savola Board members may consist of a specified sum; an attendance fee; allowance; other in-kind benefits; a certain percentage of the net profits; or a combination of 2 or more of these benefits. Under no circumstance, shall the remuneration of a Board member exceed the limit stated in the Companies Law and CMA regulations. The remuneration of the various Board members may vary in light of the policy recommended by the RNC and approved by the GA. The policy stipulated that the annual remuneration of the Board members shall be SAR 200,000 and an attendance fee of SAR 5,000 for the session, as well as the other expenses related to the Board activity.
- The remuneration of Independent Board members shall not be a percentage of the profits that are realized by Savola, nor shall it be based directly or indirectly on Savola's profitability.
- The Board shall determine and approve its Committee's remuneration – excluding the Audit Committee remuneration, attendance fees and other benefits based on the RNC recommendation.
- Committee member's remuneration shall consist of an annual remuneration of SAR 100,000 and attendance fees of SAR 5,000 for the session, in line with the approved policy.
- Audit Committee members' remuneration shall be determined by the General Assembly based on the Board's recommendation as per the regulations, which was approved to be SAR 150,000 and attendance fees of SAR 5,000 for the session, in line with the approved policy.
- The remuneration policy of the Board and Committees shall be reviewed from time to time by the RNC, provided that any recommended changes are presented by the Board to the General Assembly in the next meeting for approval.

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

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

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

For more details about the Remuneration Policy for the Board, Committees and the Executive Management of Savola Group, please refer to the policies on Savola's website ([www.savola.com](http://www.savola.com)).

## CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

#### d-4) Remuneration of the Board Members

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

No.	Member name	Title	Fixed remunerations				Variable remunerations						Aggregate amount	Expenses allowance		
			Specific amount	Allowance for attending Board meetings	Total allowance for attending Committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans			Long-term incentive plans	The value of the granted shares
<b>First: Independent Directors:</b>																
1.	Mr. Bader Hamad Al Rabiah	Member	200,000	30,000	30,000	30,000	-	-	-	260,000	-	-	-	-	260,000	7,100
2.	Mr. Fahad Abdullah Al Kassim	Member	200,000	35,000	60,000	60,000	-	-	-	295,000	-	-	-	-	295,000	34,800
3.	Mr. Abdulrahman Mohammed Ramzi Addas	Member	200,000	35,000	20,000	20,000	-	-	-	255,000	-	-	-	-	255,000	-
4.	Mr. Rakan Abdulaziz Al Fadl	Member	200,000	35,000	20,000	20,000	-	-	-	255,000	-	-	-	-	255,000	-
<b>Second: Non-Executive Directors:</b>																
5.	Mr. Sulaiman Abdulkadir Al Muhaidib (not a member of any Committee)	Chairman	200,000	30,000	N/A	N/A	-	-	-	230,000	-	-	-	-	230,000	28,200
6.	Mr. Bader Abdullah Al Issa	V-Chairman	200,000	35,000	20,000	20,000	-	-	-	255,000	-	-	-	-	255,000	28,200
7.	Mr. Essam Abdulkadir Al Muhaidib	Member	200,000	30,000	20,000	20,000	-	-	-	250,000	-	-	-	-	250,000	31,400
8.	Dr. Abdulaziz Khaled Al Ghufaily	Member	200,000	35,000	30,000	30,000	-	-	-	265,000	-	-	-	-	265,000	28,200
9.	Dr. Adnan Abdulfattah Soufi	Member	200,000	35,000	30,000	30,000	-	-	-	265,000	-	-	-	-	265,000	-
10.	Eng. Mutaz Qusai Alazawi	Member	200,000	35,000	30,000	30,000	-	-	-	265,000	-	-	-	-	265,000	30,306
11.	Mr. Mohammed Ibrahim Al Issa	Member	200,000	35,000	60,000	60,000	-	-	-	295,000	-	-	-	-	295,000	28,200
<b>Total</b>			<b>2,200,000</b>	<b>370,000</b>	<b>320,000</b>	<b>320,000</b>	-	-	-	<b>2,890,000</b>	-	-	-	-	<b>2,890,000</b>	<b>216,406</b>

## DIRECTORS' REPORT

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#### d-5) Remuneration of Committees members:

Below are the details of Committees members' remunerations (SAR):

No.	Committee / member name	Title	Fixed remuneration (excluding the allowance for attending Board meetings)	Attendance fees (5,000 per meeting)	Total	Expenses allowance
<b>Audit Committee Members:</b>						
1.	Mr. Fahad Abdullah Al Kassim (Independent, Savola Board member)	Chairman	150,000	30,000	180,000	Mentioned in the previous Board remuneration table
2.	Mr. Mohammed Ibrahim Al Issa (Non-Executive, Savola Board member)	Member	150,000	30,000	180,000	Mentioned in the previous Board remuneration table
3.	Mr. Bader Hamad Al-Rabiah (Independent, Savola Board member)	Member	150,000	30,000	180,000	Mentioned in the previous Board remuneration table
4.	Dr. Abdul Raouf Suliman Banaja (Independent, external member)	Member	150,000	30,000	180,000	N/A
5.	Mr. Tareq Abdullah Al-Garaawy (Independent, external member)	Member	150,000	30,000	180,000	0
<b>Total</b>			<b>750,000</b>	<b>150,000</b>	<b>900,000</b>	<b>0</b>
<b>Remuneration and Nomination Committee Members:</b>						
1.	Mr. Rakan Abdulaziz Al Fadl (Independent, Savola Board member)	Chairman	100,000	20,000	120,000	NA
2.	Mr. Bader Abdullah Al Issa (Non-Executive, Savola Board member)	Member	100,000	20,000	120,000	Mentioned in the previous Board remuneration table
3.	Mr. Essam Abdulkadir Al Muhaidib (Non-Executive, Savola Board member)	Member	100,000	20,000	120,000	Mentioned in the previous Board remuneration table
4.	Mr. Abdulrahman Mohammed Ramzi Addas (Independent, Savola Board member)	Member	100,000	20,000	120,000	N/A
5.	Mr. Johan Brand (Independent, external member)	Member	100,000	20,000	120,000	0
<b>Total</b>			<b>500,000</b>	<b>100,000</b>	<b>600,000</b>	<b>0</b>
<b>Investment Committee Members:</b>						
1.	Eng. Mutaz Qusai Alazawi (Non-Executive, Savola Board member)	Chairman	100,000	30,000	130,000	Mentioned in the previous Board remuneration table
2.	Mr. Abdulaziz Khaled Al Ghufaily (Non-Executive, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the previous Board remuneration table
3.	Mr. Fahad Abdullah Al Kassim (Independent, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the previous Board remuneration table
4.	Mr. Mohammed Ibrahim Al Issa (Non-Executive, Savola Board member)	Member	100,000	30,000	130,000	Mentioned in the previous Board remuneration table
5.	Dr. Adnan Abdulfattah Soufi (Non-Executive, Savola Board member)	Member	100,000	30,000	130,000	N/A
<b>Total</b>			<b>500,000</b>	<b>150,000</b>	<b>650,000</b>	<b>-</b>

#### d-6) Senior Executives' compensation of Savola Group for 2021:

Compensation and benefits paid to 5 Senior Executives including the CEO and CFO of the Group during 2021 were:

No.	Description	Senior executives' (5 in total) compensation including the CEO and the CFO (SAR '000s)
<b>Fixed remuneration</b>		
-	Salaries	11,547
-	Allowances (including housing, transportation, health insurance, education allowance, etc.)	4,041
-	In-kind benefits	621
	<b>Total of fixed remuneration</b>	<b>16,209</b>
<b>Variable remuneration</b>		
-	Periodic remuneration	-
-	Profits	-
-	Short-term incentive plans (including performance-related bonus for 2021)	16,572
-	Long-term incentive plans	-
-	The value of the Granted shares	-
	<b>Total of variable remuneration</b>	<b>16,572</b>
-	End of service award	748
-	Total remuneration for Board Executives, if any	-
	<b>Grand total</b>	<b>33,529</b>

Clarification: The Group 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.

#### d-7) The relation between the paid remuneration and the adopted Remuneration Policy:

Based on the remuneration policy of the Board of Directors, the Committee's, and Executive Management, mentioned earlier in this report, and in light of the remuneration paid to the Board, the Committees, and the Executive Management and what is proposed for the Board, it shows Savola is conforming with the approved policy without any material deviation from it.

## DIRECTORS' REPORT

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#### e) Description of any interest of the Board Members, Senior Executives and their relatives

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

Board members and their relatives:							
No.	Names of members whom the interest, contractual securities or rights issue belongs to	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
<b>First: Board members:</b>							
1.	Mr. Sulaiman Abdulkadir Al Muhaidib	1,000	-	1,000	-	0	0%
2.	Mr. Bader Abdullah Al Issa	1,025	-	1,025	-	0	0%
3.	Mr. Abdulaziz Khaled Al Ghufaily	1,000	-	1,000	-	0	0%
4.	Mr. Essam Abdulkadir Al Muhaidib	2,500	-	2,500	-	0	0%
5.	Eng. Mutaz Qusai Alazawi	1,000	-	1,000	-	0	0%
6.	Mr. Fahad Abdullah Al Kassim	2,000	-	2,000	-	0	0%
7.	Mr. Mohammed Ibrahim Al Issa	1,000	-	1,000	-	0	0%
8.	Mr. Abdulrahman Mohammed Ramzi Addas	1,000	-	1,000	-	0	0%
9.	Dr. Adnan Abdulfattah Soufi	1,000	-	1,000	-	0	0%
10.	Mr. Rakan Abdulaziz Al Fadi	142,060	-	142,060	-	0	0%
11.	Mr. Bader Hamad Al Rabiah	2,500	-	2,500	-	0	0%
<b>Second: Board members' relatives: N/A</b>							

##### e-2) Description of any interest of the Senior Executives and their relatives in shares or debt instruments of the company:

Senior Executives and their relatives:							
No.	Names of executives whom the interest, contractual securities or rights issue belongs to	Beginning of the year		End of the year		Net change	Percentage of change
		Shares	Debt instruments	Shares	Debt instruments		
<b>First: Senior Executives:</b>							
1.	Mr. Waleed Khalid Fatani (Savola Group CEO)	26	-	26	-	0	0%
2.	Mr. Sameh Hassan (Savola Foods Co. CEO)	0	-	0	-	0	0%
3.	Dr. Bander Talaat Hamooh (Panda Retail Co. CEO)	26	-	26	-	0	0%
4.	Mr. Wajid Usman Khan (Chief Financial Officer)	0	-	0	-	0	0%
5.	Mr. Mohammed Nasr (Executive Director - Investment)	0	-	0	-	0	0%
6.	Mr. Elnour Ali Saad (Executive Director Corporate Governance and Legal Affairs and Board Secretary)	0	-	7,800	-	7,800	100%
7.	Mr. Morhaf Mohammed Alsamman (Executive Director Human Resources and Corporate Services)	0	-	0	-	0	0%
<b>Second: Senior executives' relatives: N/A</b>							

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

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

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

No.	Date	Resolutions / Announcement subject
1.	27/01/2021	Approval of Interim Financial Results for the period ended on 31 December 2020 (12 months)
2.	27/01/2021	The Board recommendation to distribute cash dividends to its shareholders for the year 2020.
3.	10/03/2021	Announcement of the company's intention to purchase its shares
4.	16/03/2021	Approval of the Annual Financial Results for the year ended on 31 December 2020
5.	05/04/2021	Savola Group invites its shareholders to attend the Extraordinary General Assembly Meeting (No.33) (first meeting)
6.	06/04/2021	Correction to the announcement of Savola Group regarding the invitation to the shareholders to attend the Extraordinary General Assembly Meeting (No.33) (first meeting).
7.	22/04/2021	The Savola Group announces to its shareholders the commencement date of the electronic voting on the agenda of its Extraordinary General Assembly Meeting (EGM) No. 33 (first Meeting)
8.	29/04/2021	Approval of the Interim Financial Results for the period ended on 31 March 2021 (3 months)
9.	29/04/2021	Announcement of the results of the Extraordinary General Assembly Meeting No. (33) (first Meeting)
10.	11/07/2021	The Savola Group announces that its subsidiary, Savola Foods Company, has signed a binding agreement to acquire 100% of Bayara Holding Limited.
11.	04/08/2021	Approval of the Interim Financial Results for the period ended on 30 June 2021 (6 months)
12.	12/09/2021	Announcement of the results of its shares buy-back (first tranche)
13.	30/09/2021	The Savola Group announces that its subsidiary Savola Foods Company has obtained a No-Objection Certificate with respect to the completion of the economic concentration transaction relating to the Acquisition of Bayara Holding Limited.
14.	17/10/2021	The Savola Group announces that its subsidiary, Savola Foods Company, completed the acquisition of Bayara Holding Limited.
15.	27/10/2021	Approval of the Interim Financial Results for the period ended on 30 September 2021 (9 months)
16.	30/01/2022	Announcement of the opening of nomination for membership to the Board of Directors for the next office term
17.	01/02/2022	Approval of the Interim Financial Results for the period ended on 31 December 2021 (12 months)
18.	01/02/2022	The Board's recommendation to distribute cash dividends to its shareholders for the year 2021



## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

#### g) Shareholders' rights and investor relations

Illustrating Savola's commitment to enhancing its relationship with shareholders, investors and all stakeholders, and because of the Group's strong beliefs in the importance of corporate governance to protect shareholders' rights and maintain effective internal controls through the activation of the Board and its Committees' roles, and commitment to the principles of disclosure and transparency, during 2021, the Group continued to implement and comply with the Corporate Governance Regulations of Saudi Arabia's Capital Market Authority and other relevant regulations. In addition to the performance and financial results previously outlined, Savola discloses information that is of interest to its shareholders and investor community in line with relevant regulations and best international practices adopted by the Group in corporate governance and transparency. These are:

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

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

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

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

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

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

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

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

##### g-4) Savola Group equity profile as of 31 December 2021:

No.	Detail	Value in SAR/Number of shares
1.	Company authorized capital	SAR 5,339,806,840
2.	Issued shares (all company shares are ordinary shares)*	533,980,684
3.	Floated issued shares (by Tadawul records)**	474,447,858
4.	Paid-up capital	SAR 5,339,806,840
5.	Nominal value per share	SAR 10
6.	Paid-up value per share	SAR 10

Declaration:

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

\*\* The total number of floated shares changes from time to time based on the trading movement of Savola Group shares on the Saudi Stock Exchange. Please note that the number of floated shares has been taken from Tadawul's records on 1 March 2022.

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

In accordance with international best practice in Corporate Governance, Savola shares the dates of key anticipated events during 2022 which may be of interest to our valued shareholders and investors:

No.	Dates 2022	Key events for 2022
1.	30 January	Audit Committee meeting to recommend to the Board approval of the financial results for the fourth quarter of 2021
2.	31 January	Board of Directors' meeting regarding the financial results for the fourth quarter of 2021 which will be announced in light of the Board's decision during the prescribed period
3.	Within one week after financial results announcement	Earning call for institutional investors and analysts regarding financial results for Q4, 2021.
4.	24 March	Audit Committee meeting regarding the audited financial results for 2021
5.	24-28 March	The annual financial results for 2021 will be approved by the Board of Directors
6.	28-29 March	Date of publishing the Annual Financial Results of year 2021 on Tadawul and then the Savola website
7.	29-31 March	Date of publishing the Savola Group Annual Report for 2021
8.	16 May	Audit Committee meeting to recommend to the Board approval of the financial results for the first quarter of 2022
9.	16 May	Board of Directors' meeting regarding the financial results for the first quarter of 2022 which will be announced in light of the Board's decision during the prescribed period
10.	16 May	Hold the Annual General Meeting (AGM) which will be announced as per regulation (proposed date subject to the approval of the official authorities)
11.	Within one week after financial results announcement	Earning call for institutional investors and analysts regarding financial results for Q1, 2022.
12.	16-22 August	Audit Committee meeting to recommend to the Board approval of the financial results for the second quarter of 2022
13.	16-22 August	Date of publishing the financial results for the second quarter of 2022 on Tadawul once approved by the Board based on the recommendation of the Audit Committee
14.	Within one week after financial results announcement	Earning call for institutional investors and analysts regarding financial results for Q2, 2022.
15.	6-10 Nov	Audit Committee meeting to recommend to the Board approval of the financial results for the third quarter of 2022
16.	6-10 Nov	Board of Directors' meeting regarding the financial results for the third quarter of 2022 which will be announced in light of the Board's decision during the prescribed period
17.	Within one week after financial results announcement	Earning call for institutional investors and analysts regarding financial results for Q3, 2022.
18.	2nd half of 2022	Conduct annual workshop for the Board of Directors to review the strategy for the Group and its subsidiaries.
19.	During the 2nd quarter of 2022	Date of publishing the Savola Group Sustainability Report for 2021

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

## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

#### g-6) The Dividends Distribution Policy:

##### a) The policy:

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

- 10% of the net profits shall be set aside to form a statutory reserve. However, the ordinary general assembly may discontinue such procedures when the reserve totals 30% of the paid-up capital.
- The ordinary general assembly may decide to allocate other reserves, in the amount that serves the company's interests or ensures distribution of stable profits as much as possible to shareholders. The said assembly may, as well, deduct from the net profits such amounts as are required for the setting-up of or providing aid to social institutions for the company's employees.
- The remaining profits shall be distributed to shareholders pursuant to a recommendation of the Board of Directors as required by the regulations in this regard, taking into account the provisions of Article (46) of the bylaws which states that:
  - Shareholders shall be entitled to his/her share of dividends as per the general assembly resolution issued in this regard in the recommendation of the Board of Directors. The resolution shall specify the maturity date and the distribution date. The entitlement of profits shall be to the shareholders who are registered in the shareholders' records at the end of the maturity date.
  - The company may, under its bylaws, distribute interim dividends (quarterly or bi-annual) to its shareholders after fulfilling the statutory requirements.
- In light of the dividends policy and the Group's bylaws, the Group used to distribute cash dividends in the range of 50% to 60% of the net profit achieved during each financial year based on the Board of Directors' recommendations.

##### b) Dividends proposed for distribution for 2021 and their payment process:

In light of the above Dividends Distribution Policy, the Savola Group Board in its meeting on 31 January 2022, and in light of the achieved net profit amounting to SAR 222 million for the year 2021, recommended the distribution of SAR 106.80 million (i.e. SAR 0.20 per share) as cash dividends for the year 2021, which represents 2% of the company's nominal share value. The maturity date for these cash dividends will be for all shareholders who are registered in Tadawul at the end of the second trading day following the day of the Annual General Assembly Meeting (AGM) which will be fixed after securing the formal approval from the relevant official authorities, and accordingly, the said AGM will ratify the above Board's recommendation. The dividends will be paid after the approval of the AGM and will be deposited in the shareholders' accounts as will be detailed in the announcement, which will be published on Tadawul at a later date.

#### The following statement shows the proposed dividends to be distributed for 2021:

	Percentage of interim dividends distributed during the year	Proposed dividend ratios at the end of the year	Total recommended dividends (SAR)
Percentage	No interim dividends were distributed during the year 2021	(SAR 0.20 per share) which represents 2% of the nominal value of the share	SAR 106.80 million
<b>Total</b>			<b>SAR 106.80 million</b>

#### Shareholder information and share price data:

As of 31 December 2021, Savola had 107,888 shareholders compared to 95,360 shareholders by the end of last year as per Tadawul records, the following tables provide an overview of Savola's ownership structure including criteria and types:

##### a) Savola investors according to nature of investor:

Investor nature	Percentage of ownership	Number of investors	Number of shares
Corporate investors	65.14%	420	303,666,329
Individual investors (including share certificates holders)	34.86%	107,468	230,314,355
<b>Total</b>	<b>100%</b>	<b>107,888</b>	<b>533,980,684</b>

##### b) Savola investors according to their nationality:

Investor nationality	Percentage of ownership	Number of investors	Number of shares
Saudi investors	90.08%	106,148	481,010,798
GCC investors	0.91%	75	4,881,624
Foreign investors	9.01%	1,665	48,088,262
<b>Total</b>	<b>100%</b>	<b>107,888</b>	<b>533,980,684</b>

##### c) Savola investors according to their nature:

Investor nature	Percentage of ownership	Number of investors
GOSI and other governmental or semi-governmental investors	19.38%	9
Assila Investments Co.	11.24%	1
Abdulkadir Al Muhaidib & Sons Co.	8.23%	1
Mr. Abdullah M.A. Al Rabiah	8.22%	1
Al Muhaidib Holding Co.	6.36%	1
Saudi funds	5.30%	22
GCC funds	0.18%	5
Swap agreements	0.01%	9
Other individual investors (including share certificates holders)	32.46%	107,484
Other corporate investors	8.62%	355
<b>Total</b>	<b>100%</b>	<b>107,888</b>

##### d) Savola investors according to their percentage of ownership:

Ownership size	Percentage of ownership	Number of investors
More than 1 million shares	71.11%	43
From 500,000 to less than 1 million shares	4.70%	35
From 100,000 to less than 500,000 shares	8.35%	211
From 50,000 to less than 100,000 shares	2.88%	223
From 10,000 to less than 50,000 shares	5.35%	1,429
From 5,000 to less than 10,000 shares	1.77%	1,405
From 1,000 to less than 5,000 shares	3.07%	8,124
Less than 1,000 shares	2.77%	96,418
<b>Total</b>	<b>100%</b>	<b>107,888</b>

## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

#### e) Savola investors according to their ownership type:

Ownership type	Percentage of ownership	Number of investors	Number of shares
Investment portfolios	99,05%	65,045	528,892,725
Shares certificates	0,95%	42,843	5,087,959
<b>Total</b>	<b>100%</b>	<b>107,888</b>	<b>533,980,684</b>

#### f) Share price data (SAR)

Share price 1 January 2021	Share price 31 December 2021	Share price 3 years ago	52-week high	52-week low	Change from 2020-2021
<b>41.20</b>	<b>31.95</b>	<b>33.95</b>	<b>44.20</b>	<b>31.20</b>	<b>-22.45%</b>

Shares performance summary at the end of each month (high, low, and closing) during the fiscal year 2021 (all information was obtained from the company's page in the Saudi Stock Exchange – Tadawul's website):

Month	High	Low	Close
January	39.45	38.40	39.15
February	37.80	37.00	37.30
March	39.90	39.00	39.30
April	40.65	39.70	39.95
May	40.95	40.55	40.80
June	43.60	43.05	43.15
July	42.90	42.40	42.90
August	40.15	39.70	40.15
September	38.15	37.50	37.50
October	36.85	36.55	36.75
November	31.80	31.20	31.20
December	31.95	31.35	31.95

#### g-7) Major shareholders list:

Below are shareholders owning 5% or more of the total shares of the Group, and movements during 2021 (in SAR):

Description of any interest in a class of voting shares held by persons (other than the company's Directors, Senior Executives and their relatives) who have notified the company of their holdings, together with any change to such interests during the last fiscal year								
No.	Name	Nationality	Shares at the beginning of 2021	Ownership at the beginning of 2021	Shares at the end of 2021	Percentage at the end of 2021	Shares change	Percentage change
1.	Assila Investments Co.	Saudi company	60,000,000	11.24%	60,000,000	11.24%	0	0%
2.	General Organization for Social Insurance (GOSI)*	Saudi Government institution	35,626,085	6.67%	58,685,990	10.99%	23,059,905	4.32%
3.	Abdulkadir Al Muhaidib & Sons Co.	Saudi company	43,966,110	8.23%	43,966,110	8.23%	0	0%
4.	Mr. Abdullah M.A. Al Rabiah	Saudi national	43,892,500	8.22%	43,892,500	8.22%	0	0%
5.	Al Muhaidib Holding Co.	Saudi company	33,980,684	6.36%	33,980,684	6.36%	0	0%

Declaration: Regarding the declaration of movements in major shareholders' ownership in accordance with listing rules, the Group confirms that it has not received any written notification during 2021 from any of its major shareholders indicating any changes or movement in their ownership percentages. The disclosed information is based on the Saudi Stock Exchange (Tadawul) records on 31 December 2021.

\* With regards to the General Organization for Social Insurance (GOSI), we would like to indicate that this ownership was as of 31 December 2021.

#### g-8) Details of retained Treasury Shares and their purposes for 2021:

Date of retention	Number of retained Treasury Shares	Value of the retained Treasury Shares	Purpose of keeping the shares as Treasury Shares
13 September 2020	341,675	SAR16,508,713	To retain the shares as Treasury Shares under the Employees LTIP which aims to attract and retain outstanding talent and to motivate them to further strengthen their performance to achieve Savola Group objectives. The shares will be transferred to the eligible employees as per the program conditions and policy approved by the Board after the vesting period elapses (i.e. after 3 years from the allocation date) according to each tranche starting date.
12 September 2021	349,076	SAR 13,924,773	
<b>Total of Retained Treasury Shares as of 31 December 2021</b>	<b>690,751 shares</b>		

#### g-9) Numbers of company's requests of shareholders records, dates and reasons thereof for 2021:

No.	Date of request 2021	Reason
1.	28 April	To determine the eligibility for attending the Extraordinary General Assembly Meeting
2.	5 May	To determine the eligibility for dividends and its distribution
3.	31 March, 30 June, 30 September, 30 December	To review the changes in share ownership for investor relations purposes and to update the transparency screen which is being published on the company's website (4 reports)
<b>Total</b>		<b>6 Reports</b>



## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

#### Corporate action

No.	New capital	Previous capital	Issue type	Date
1	5,339,806,840	5,000,000,000	Acquisition	04 November 2013
2	5,000,000,000	3,750,000,000	Bonus shares	25 March 2008
3	3,750,000,000	3,000,000,000	Bonus shares	11 October 2006
4	3,000,000,000	1,800,000,000	Bonus shares	15 April 2006
5	1,800,000,000	1,500,000,000	Right issue	16 November 2005

#### Dividends

Year	Dividends per share (SAR)	Total of dividends distributed/ declared for the year (SAR'000s)	Net income (SAR'000s)	Percentage
2016	0.75	400,486	(363,287)	-
2017	1	533,980	1,025,618	52.06%
2018	0	-	(520,380)	-
2019	0.30	160,194	475,630	33.68%
2020	0.75	400,486	910,802	43.97%
2021	0.20	106,796	221,879	48.13%

#### Total of dividends distributed/ declared for the year

(SAR'000s)

2016	400,486
2017	533,980
2019	160,194
2020	400,486
2021	106,796

h) Transactions with related parties that took place during 2021, these transactions will be renewed for the upcoming year in the upcoming AGM meeting as per laws and regulation in this regard:

Information relating to any business or contract to which the company is a party and in which a Board member, a Senior Executive or any person related to any of them is or was of interest:

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

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2021	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/Senior Executive or any person related to any one of them
<b>a. Savola and Al Muhaidib:</b>					
Business or contract in which Abdulkadir Al Muhaidib & Sons Co. and its subsidiaries or any person related to any of them has a direct or indirect interest. The total amount of the transactions is SAR 589.22 million.					
1.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Mayar Foods Co.	SAR 114.04 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including product quality, pricing, delivery, delay penalties, etc.)	Annually	Mr. Sulaiman Abdulkadir Al Muhaidib who is the chairman of Abdulkadir Al Muhaidib & Sons Co. Group as well as the Chairman of Savola, in addition to, Mr. Essam Abdulkadir Al Muhaidib who is the Managing Director of Abdulkadir Al Muhaidib & Sons Co. as well as a Board member of Savola. Business and Commercial contracts between Abdulkadir Al Muhaidib & Sons Co. and its subsidiaries are executed with some of Savola subsidiaries in the Food and Retail Sectors. Also, Abdulkadir Al Muhaidib & Sons Co. owns 8.23% of Savola shares.
2.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Del Monte Saudi Arabia	SAR 95.55 million			
3.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Nestle Group and its subsidiaries.	SAR 343.70 million			
4.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Manhal Water Factory Co. Ltd.	SAR 6.86 million			
5.	Leasing spaces by Panda Retail Co. (a subsidiary of Savola) from Abdulkadir Al Muhaidib & Sons Co.	SAR 266 thousand	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)		
6.	Leasing spaces to sell its products along with trading foods products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Almhaj Alshamiyah Trading Co.	SAR 21.90 million			
7.	Leasing spaces to sell its products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Del Monte Saudi Arabia	SAR 683 thousand			
8.	Scrap sales by Panda Retail Co. (a subsidiary of Savola) to Waste Collection & Recycling Company	SAR 5.68 million			
9.	Leasing spaces to sell its products inside Panda Shopping Centers by Panda Retail Co. (a subsidiary of Savola) to Zohoor Alreef Co.	SAR 184 thousand			
10.	Purchasing food products by Panda Retail Co. (a subsidiary of Savola) from Al Jazirah Dates & Food Factory	SAR 1 thousand			
11.	Sales by Panda Retail Co. (a subsidiary of Savola) to Abdulkader Al Muhaidib Charitable Foundation	SAR 351 thousand			
<b>Total</b>		<b>SAR 589.22 million</b>			

## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

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

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2021	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/Senior Executive or any person related to any one of them
<b>b. Savola and Almarai Co:</b>					
Business or contract in which Almarai Co. and its subsidiaries, or any person related to any of them, has a direct or indirect interest. The total amount of the transactions is SAR 839.01 million.					
1.	Purchasing consumer foods goods by Panda Retail Co. (a subsidiary of Savola) from Almarai Co. and its subsidiaries	SAR 731.42 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment method, pricing, delivery, delay penalties, etc.)	Annually	Almarai, a listed company in which Savola Group owns 34.52%. 3 of Savola Directors are members of Almarai's Board (Mr. Sulaiman Abdulkadir Al Muhaidib, Mr. Bader Abdullah Al Issa) as well as Mr. Waleed Fatani, Group CEO.
2.	Selling sugar by United Sugar Company (a subsidiary of Savola Foods Co.) to Almarai Co. and its subsidiaries	SAR 56.74 million			
3.	Selling specialty fats products by International Foods Industries Co. (a subsidiary of Savola Foods Co.) to Almarai Co. and its subsidiaries	SAR 50.85 million			
<b>Total</b>		<b>SAR 839.01 million</b>			

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

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2021	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/Senior Executive or any person related to any one of them
<b>c. Savola and Herfy Co:</b>					
Business or contract in which Herfy Food Services Co. and its subsidiaries or any person related to any of them has direct or indirect interest. The total amount of the transactions is SAR 45.77 million.					
1.	Leasing shops and retail purchases of food products by Panda Retail Co. (a subsidiary of Savola) to/from Herfy Food Services Co.	SAR 33.73 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Herfy Food Services Co., a listed company, in which Savola Group owns 49% (directly and indirectly); Savola has representatives on Herfy's Board: Eng. Mutaz Qusai Alazawi, who is the Chairman of Herfy Board, and Board members of Savola Group, and Mr. Waleed Fatani Group CEO.
2.	Selling edible oil products by Afia International (a subsidiary of Savola Foods Co.) to Herfy Food Services Co.	SAR 4.82 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment method, pricing, delivery, delay penalties, etc.)		
3.	Selling sugar by United Sugar Co. (a subsidiary of Savola Food Co.) to Herfy Food Services Co.	SAR 2.85 million			
4.	The sale of specialty fats products by the International Foods Industries Co. (a subsidiary of Savola Foods Co.) to Herfy Food Services Co.	SAR 4.37 million			
<b>Total</b>		<b>SAR 45.77 million</b>			

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

No.	The nature of the transaction or contract	The value amount of the transaction or contract for 2021	The conditions of the transaction or contract	The duration of the transaction or contract	Name of the Board member/Senior Executive or any person related to any one of them
1.	Leasing of shops by Panda Retail Co. (a subsidiary of Savola) from Kinan International for Real Estate Development Co.	SAR 28.79 million	In the ordinary course of business and general commercial terms worked without any preferential treatment (including renewal, payment methods, maintenance, insurance, etc.)	Annually	Kinan International for Real Estate Development Co., of which Savola owns 29.99%, and Savola has 2 members on Kinan's Board: Mr. Mohammed Ibrahim Al Issa a Savola Board member, and Mr. Waleed Fatani, Group CEO.
2.	Leasing of shop by Panda Retail Co. (a subsidiary of Savola) from Dur Hospitality Co.	SAR 10.50 million			Dur Hospitality Co., where Mr. Badr Abdullah Al Issa is a Board member, and he is also a Board member of Panda Retail Co. (a subsidiary of Savola)

#### i) A description of any transaction between the company and any related party:

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

No.	Related party	Relationship	Transaction	Duration	Value/Amount
1.	Certain shareholders of USC	Shareholders of a subsidiary	Trade	During 2021	SAR 182.78 million
2.	Certain shareholders of AIC	Shareholders of a subsidiary	Trade	During 2021	SAR 90.62 million
3.	Arabian Centers Company – Al Hokair	Shareholder of a subsidiary	Non-trade	During 2021	SAR 34.95 million
4.	Khairat Al Sharq for General Trade and Manufacturing Foodstuff Company	Associate	Non-trade	During 2021	SAR 1.53 million
5.	United Sugar Co. Egypt – SFC	Associate	Trade	During 2021	SAR 4.61 million
			Non-trade	During 2021	SAR 154.58 million

## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

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

##### j-1) Board Declaration according to CMA CG Regulations for 2021:

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

No.	Declaration/Confirmation
1.	The External Auditors' report for the year 2021 does not contain any reservations on the relevant annual financial statements. The Board is committed to provide the CMA with any additional information as may be required in the event of auditors expressing any reservations on the annual financial statements.
2.	The company's books and records comply with the accounting standards issued by SOCPA.
3.	There was no recommendation by the Board of Directors to replace the External Auditors (KPMG), appointed for the fiscal year of 2021 to audit the Group's financials and they were not replaced during the year.
4.	The External Auditors did not provide consultancy services to the Group during 2021 and did not receive any fees in this regard.
5.	The Board of Directors did not receive any request from the External Auditor to convene a General Assembly.
6.	The company has not granted any cash loans whatsoever to any of its Board members or rendered guarantees with respect to any loan entered into by a Board member with third parties.
7.	There were no penalties or precautionary attachments imposed on the company by the Capital Market Authority, or by any other supervisory, regulatory or judicial body.
8.	The company has avoided taking any action that might hamper the use of shareholders' voting rights.
9.	The company did not receive any request to convene a General Assembly or a request to add one or more items to the agenda upon its preparation from a number of shareholders whose shareholdings represent at least 5% of the equity share capital.
10.	The Chairman of the Board did not receive a written request to call for an unscheduled meeting from any 2 or more of the Board members during 2021.
11.	The Board of Directors did not waive any of the company's debts during the year 2021.
12.	There is no interest, contractual documents and subscription rights that belong to the members of the Board of Directors and their relatives in the shares or debt instruments of the subsidiaries except as mentioned in this Report in (f-3) regarding the ownership of some of them in Herfy Food Services Co.
13.	There is no interest, contractual documents and subscription rights of Senior Executives and their relatives in the shares or debt instruments of subsidiaries. Note: The company has disclosed the conflict of interest for Board Members and Senior Executives and their relatives.
14.	There are no debt instruments issued to Savola Group and its subsidiaries except as detailed in this Report in the loans section.
15.	There is no class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year.
16.	There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company.
17.	There is no redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding, whether listed securities purchased by the company and those purchased by its affiliates.
18.	There are no interests in any class of voting shares for anyone (except to the Board members and Senior Executives and their relatives) who have notified the company with these interests, and any changes in these rights during the last fiscal year.
19.	A description of waiving any salary or compensation by an arrangement or agreement with: a) Director: (applicable): Mr. Sulaiman Abdulkadir Al Muhaidib (the Chairman of the Board of Directors), has donated his annual Board remuneration, attendance allowance, expenses allowance for the fiscal year 2021 of SAR 258,200 to support the Group's Employee Takaful Fund. b) Senior Executive of the Group: (not applicable).

No.	Declaration/Confirmation
20.	There is no arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends.
21.	The Board confirms that: A) The company's accounting records were properly prepared. B) Savola Group's internal control systems and procedures were properly developed and effectively executed. C) There are no doubts about the Group's ability to continue its business activities.
22.	There was no recommendation by the Audit Committee that conflicted with the Board of Directors' decisions. The Board did not reject any recommendations regarding the appointment of the company's External Auditor, its dismissal, the determination of its fees, the performance evaluation or the appointment of the Internal Auditor during the year.
23.	The company issued during July 2019, Sukuk pursuant to a new Program in an aggregate amount of SAR 1 billion, some were issued for monetary consideration, and some exchanged with the previous Sukuk issued in 2013; while the remainder issued under the previous Program were redeemed on its original maturity date (due in January 2020).

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

- The Group has a Corporate Governance (CG) Manual which was developed and approved for the first time in 2004 and has been updated in line with the CG regulations issued by the CMA and international best practice in CG and transparency. The company has reviewed and updated its CG framework and policies during 2017-2019 following the issuance of the Corporate Governance Regulations in February 2017 and the amendment issued in 2018, and all updates were approved by the competent administrative bodies, whether the Board of Directors or the General Assembly (where applicable).
- The CG Committee role was added to the RNC's responsibilities and duties, and the committee charter was amended accordingly and was approved by the General Assembly. The Board of Directors and the Executive Management also monitor the Corporate Governance requirements. In addition, the Compliance Officer has a support team at Group-level to monitor CG code implementation and compliance, ensure proper implementation of the Board's resolutions regarding CG and submit regular reports to the Board. The Group Board and CEO supervise the overall implementation and development of the governance code in general.
- The Group appoints from time-to-time CG expert firms in order to enhance its CG practices to meet regional and international best practices in this field.
- The Group shares its CG experience with local, regional and international rating agencies and institutions with the objective to identify its strengths and weaknesses and accordingly develop a plan for improvement.
- The Group has disclosed its CG framework and all policies in this respect on its website ([www.savola.com](http://www.savola.com)).
- Excellency award in the GC Index:**  
As a result of Savola Group's distinguished efforts, it was ranked, for the 3rd year in a row, among the top 10 listed companies in the KSA in the Corporate Governance index by the CG center at Al Faisal University. Savola was honored during the 3rd international CG conference by receiving the excellence award.



## DIRECTORS' REPORT

### CORPORATE GOVERNANCE REPORT AND MAJOR RELEVANT DISCLOSURES

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

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

No.	Article/ Clause No.	The Article/Clause	Reasons for not adopting optional items:
1.	Article 70 (optional)	Composition of the Risk Management Committee: "The Company's Board shall, by resolution therefrom, form a committee to be named the (Risk Management Committee). The Chairman and majority of its members shall be Non-Executive Directors. The members of that Committee shall possess an adequate level of knowledge in risk management and finance."	Risk Management Committee, from Executives, was formed at Group level, and its charter was developed and approved. The Committee also assumed its duties in supervising the risk management team. Moreover, there is a risk management department established under the leadership of a specialized Risk Management Officer and the Risk Management policy was approved by the Board. The Risk Management Officer is currently working with the departments, on Group and subsidiaries level, to enhance the role of the current risk department further and carry out the Risk Management role, activities, and procedures. In addition, the company is using an external entity specialized in the Risk area. The company is also working on implementing a Governance, Risk and Compliance system across Savola Group to effectively enhance the participation of the Board and the Executive Management team in the risk management process to ensure a unified vision of the risks faced by the Group and its subsidiaries. The RMC will be formed by the Board after completion of the infrastructure of risk management department and whenever it deems necessary.
2.	Article 71 (optional)	Competencies of the Risk Management Committee	The RMC has not been formed due to the abovementioned reasons in No. (1).
3.	Article 72 (optional)	Meetings of the Risk Management Committee: "The Risk Management Committee shall convene periodically at least once every 6 months and as may be necessary."	The RMC has not been formed due to the abovementioned reasons in No. (1).
4.	Article 95 (optional)	Formation of a Corporate Governance Committee: "If the Board forms a Corporate Governance Committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such Committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually."	There is no standalone committee for Corporate Governance, however, to ensure and monitor the implementation of CG requirements, the CG role was added to the RNC responsibilities and duties, and the committee charter was amended and approved by the AGM. The CG requirements are overseen and monitored by the Board of Directors and the top Executive Management, in addition, there is a CG and Compliance Department with qualified team members at the Group-level to monitor CG code implementation and compliance, ensure proper implementation of the Board's resolutions issued regarding CG and submit regular reports to the Board. In addition, the Board and CEO supervise the overall implementation and development of the governance code.

## AUDIT COMMITTEE REPORT

Savola Group Audit Committee Report for the year ended 31 December 2021

#### Introduction

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

We are pleased to share with you the Savola Group Audit Committee Report for the year 2021, prepared in line with the requirements of the Companies Law, the Regulations and Rules of the Capital Market Authority and the Committee's charter, and will be glad to answer any questions in this regard after reciting the summary of the report during the General Assembly Meeting.

#### 1- Appointment

Savola Group Audit Committee was appointed at the Extraordinary General Assembly Meeting No. (31), held on Wednesday, 8 May 2019 corresponding to Ramadan 3, 1440H, in line with the Companies Law Article No (101), which approved the formation of the Audit Committee and the charter describing its functions, responsibilities and guidelines, as well as the remuneration of selected members for the new office term, for 3 years and 3 months, beginning from 1 July 2019 to 30 September 2022. The Audit Committee includes in its membership Mr. Fahad Abdullah Al Kassim (Independent Board member), Dr. Abdul Raouf Banaja (Independent External member), Mr. Tareq Abdullah Al-Garaawy (Independent External member) (appointed 6 October 2020), Mr. Mohammed Ibrahim Al Issa (Non-Executive Board member) and Mr. Bader Hamad Al Rabiah (Independent Board member).

#### 2- Meetings

In line with its charter, the Audit Committee will convene periodically based on the Chairman's invitation, at least 4 times per year, and as may be necessary, and a majority attendance of members constitutes a quorum whether in person or by proxy. The Committee held 6 meetings during 2021 and the quorum for each meeting was reached.

#### 3- Savola Group Operating Model

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

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

## DIRECTORS' REPORT

## AUDIT COMMITTEE REPORT

Savola Group Audit Committee Report for the year ended 31 December 2021

**4- Audit Committee Members' Qualifications:**

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

No	Member name	Current positions	Previous positions	Qualifications	Experience
<b>Audit Committee members:</b>					
1.	Mr. Fahad Abdullah Al Kassim	Current and previous positions, qualifications and experience were mentioned earlier in the Director's Report.			
2.	Mr. Mohammed Ibrahim Al Issa				
3.	Mr. Bader Hamad Al Rabia				
4.	Dr. Abdul Rauf Suliman Banaja	Holds a number of memberships on boards and committees such as Audit Committee member for Riyadh Bank, Herfy and other joint stock companies.	- Advisor to the Deputy Governor, the Saudi Arabian Monetary Agency (SAMA) (currently, Saudi Central Bank)  - Economic Advisor, Ministry of Finance  - Associate Professor at University of Riyadh.	PhD in Economics, University of California, Santa Barbara, United States, 1981	Assumed several positions in a number of local and regional banks.
5.	Mr. Tareq Abdullah Al-Garaawy	Currently a member of the Audit Committee in Savola Foods Co. and several joint stock companies.	Worked in several companies like Idfa Management & Financial Consultants, and Tatweer Buildings Company (TBC).	- Bachelor's degree in Accountancy from King Saud University, 1996. - Master's degree in Accountancy from George Washington University, 2002. - A Certified Management Accountant, and a member of the Institute of Management Accountants (USA) as well as a member of Institute of Internal Auditors.	More than 23 years' practical experience in financial, accountancy, compliance and consultancy gained from working with several banks such as, Saudi Investment Bank, Saudi Arabia British Bank and Bank Al Bilad.

**5- Audit Committee attendance:**

The members of the Audit Committee attendance for the meetings of the Audit Committee held during the year 2021 are listed below.

Sr.	Name	27 Jan	15 Mar	28 Apr	23 Jun	3 Aug	26 Oct	Total
1.	Mr. Fahad Abdullah Al Kassim (Chairman) (Independent Board member)	√	√	√	√	√	√	6 of 6
2.	Mr. Mohammed Ibrahim Al Issa (Non-Executive Board member)	√	√	√	√	√	√	6 of 6
3.	Mr. Bader Hamad Al Rabia (Independent Board member)	√	√	√	√	√	√	6 of 6
4.	Dr. Abdul Raouf Suliman Banaja (Independent External member)	√	√	√	√	√	√	6 of 6
5.	Mr. Tareq Abdullah Al-Garaawy (Independent External member)	√	√	√	√	√	√	6 of 6
-	Mr. Aly Asim Barakat (Committee Secretary)	√	√	√	√	√	√	6 of 6

**6- Audit Committee remuneration for 2021 (SAR):**

Sr.	Name	Title	Fixed remuneration (except for the allowance for attending meetings)	Allowance for attending meetings	Total	Other expenses
1.	Mr. Fahad Abdullah Al Kassim (Independent Board member)	Chairman	150,000	30,000	180,000	Mentioned in the Board remuneration
2.	Mr. Mohammed Ibrahim Al Issa (Non-Executive Board member)	Member	150,000	30,000	180,000	
3.	Mr. Bader Hamad Al Rabia (Independent Board member)	Member	150,000	30,000	180,000	
4.	Dr. Abdul Raouf Suliman Banaja (Independent External member)	Member	150,000	30,000	180,000	-
5.	Mr. Tareq Abdullah Al-Garaawy (Independent External member)	Member	150,000	30,000	180,000	-
<b>Total</b>			<b>750,000</b>	<b>150,000</b>	<b>900,000</b>	

## DIRECTORS' REPORT

### AUDIT COMMITTEE REPORT

Savola Group Audit Committee Report for the year ended 31 December 2021

#### 7- Summary of Audit Committee duties, responsibilities and achievements executed in 2021

##### a- Financial reporting

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

##### b- Internal audit

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

##### c- External audit

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

##### d- Related party transactions

- Review the results of the External Auditors limited review of Savola's related party transactions for 2021 including the Related Party Transactions report prepared by the Chairman of the Board of Directors in relation to the related party transactions executed by the company during the year and provide any recommendation to the Board based on the results, if any.
- Ensure that related party transactions are properly disclosed in the Board of Directors report and audited financial statements.

##### e- Savola Integrity Hotline

Oversee the Group's wide whistleblowing reporting facility "Integrity Hotline" which captures, and records matters raised by any stakeholders, including the Executive Management team, senior managers and employees (permanent, temporary and part-time), shareholders, trainers, clients, individuals, agency staff, consultants, suppliers and vendors.

#### 8- Review of internal control producers and its results at the Group:

The Executive Management of the Group and its subsidiaries certifies on an annual basis their responsibility for establishing and maintaining internal control procedures designed to provide reasonable assurance regarding the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations. The reasonable assurance provided by the signed internal control certifications is supported by the results of a questionnaire completed by all heads of functions across the Group and subsidiaries designed in line with the Internal Control-Integrated Framework published by the Committee of Sponsoring Organization (COSO) of the Treadway Commission. The signed internal control certificates for 2021 were handed over and filed with the Group's legal counsel.

The Internal Audit Department at the Group and its subsidiaries execute the annual audit plan approved by the Audit Committee at the Group and its subsidiaries to evaluate the existing condition of internal control procedures focusing on the assessment of the control environment, organization's structure, risks, policies and procedures, segregation of duties and information systems. A random sample of activities within the planned audit area is selected with the objective of testing the effectiveness and efficiency of the internal control procedures design and operation. All internal control recommendations resulting from the execution of annual audit plans are communicated to concerned management parties and followed-up by internal audit departments at the Group and its subsidiaries to support improving effective internal control procedures.

The Group's External Auditors conducted their audit in accordance with international auditing standards adopted in Saudi Arabia which require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. This resulted in providing an unqualified opinion on the Group's consolidated financial statements for the year ended 31 December 2021.

Based on the results of the abovementioned procedures, the Group's Audit Committee believes that reasonable assurance was provided regarding the effectiveness of internal control procedures.

However, we emphasize that due to the geographical spread of the Group's operations locally and regionally we cannot conclude exclusively on the comprehensiveness of the internal control procedures, as these procedures in substance, rely on selecting random samples as mentioned above.

Accordingly, the Audit Committees, at the Group and its subsidiaries, efforts are focused continuously to develop and improve the effectiveness and efficiency of the internal control procedures review mechanism in place across the Group and its subsidiaries.

#### Conclusion:

This report was prepared by the Audit Committee for the year 2021 in line with the regulatory requirements and the charter of the Committee and will be submitted to the General Assembly when the Board of Directors issue its invitation. The meeting will be held during the first half of 2022 (according to the dates approved by the regulatory authorities). The Committee is glad to answer all inquiries and questions of the shareholders - as stated in this report - during the General Assembly meeting of shareholders, and ALLAH is the guardian of success.



## The Savola Group

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