

Corporate Governance

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Corporate Governance



Sultan Al-Booq
General Counsel & Vice President
Corporate Affairs

Muhammed Alharbi
Legal Affairs and
Contracts Manager

1. General Counsel & Vice President Corporate Affairs Overview

Utilizing our Company's resources in creating a responsible working environment, established on clarity and transparency, by building a compliance driven culture, would be an optimal investment. Saudi Airlines Catering Company's governance and compliance practices are manifested through the fulfilment of its stakeholder rights by adapting the best transparency practices, adhering to the disclosure principles and having active roles for its Board of Directors and Executive Management team.

In line with its Board of Directors and CEO's directions, the Company's commitment to building a compliance driven culture is proven by the creation and application of many inter-company policies and updating authority matrixes, which act as a solid base for an effective operating model.

The changes in the Company's organizational structure mandated excessive efforts from the corporate governance department to work on updating its practices. Our corporate governance team believe that the improvement journey is ongoing and driven by updates in international practices.

I would like to take this opportunity to extend my sincerest gratitude to the corporate governance team for their recognizable efforts in adapting the best international practices. I am fully confident that the team will continue being recognized by winning prestigious awards as they have done in the past two years.

Sultan Al-Booq
General Counsel & Vice President
Corporate Affairs

2. Compliance with Laws And Regulations

The Company is committed to maintaining the best standards of quality and performance in all its activities. This commitment extends to include the rules provided for in the Corporate Governance Regulations, Rules on the Offer of Securities and Continuous Obligations, Listing Rules, and any other relevant law and regulation. The Company is fully committed to applying its best efforts towards the rules included in the Corporate Governance Regulations and Listing Rules in all its operations. The Company has a comprehensive policy on the implementation of Corporate Governance Regulations through the continuous update of the Corporate Governance Manual of the Company based on the updates in the laws, regulations and international best practices to be adhered to by stakeholders such as directors, managers and employees, in order to protect the interests of the Company and other relevant parties. The Board of Directors, with help from its sub-committees such as the Audit Committee, Nomination and Remuneration Committee, and the Executive Committee, provides continuous support to promote compliance with Corporate Governance Regulations while ensuring continuous review and effective implementation.

The company applies all provisions of the Corporate Governance Regulation issued by the Capital Market Authority. The following highlights are the articles of the Corporate Governance Regulations that have not been implemented, and the reasons:

Article 5/(9):

All rights related to shares shall be guaranteed to the shareholder, and particularly the following:
9) to record his/her name in the Company's shareholders register;

Reason:

The shareholders register their shares in the register of the company's shareholders through the Saudi Stock Change Company Tadawul.

Article 39:

The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programs required for the same, taking the following into account:

- 1) preparing programs for the recently-appointed Board members and Executive Management to familiarise them with the progress of the Company's business and activities, particularly the following:
 - a. the strategy and objectives of the Company;
 - b. the financial and operational aspects of the Company's activities;
 - c. the obligations of the Board members and their duties, responsibilities and rights;
 - d. the duties and competencies of the committees of the Board.

- 2) developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

Reason:

This article is optional. However, in the normal course of business the Company continuously informs the Board of Directors and the Executive Management of its strategy, objectives, financial and operational aspects. The duties of the Board and its committees are included in the Corporate Governance Manual. In addition, the Company invites the Board of Directors and the Executive Management to contribute and attend workshops, seminars and training sessions in related fields. The Board Chairman and the Committees' Chairmen and the Board Secretary inform the Board and its subcommittees and the Executive Management with all updates that assist them in performing their duties.

Corporate Governance (continued)

2. Compliance with Laws And Regulations (continued)

Article 41:

- a) The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.
- b) The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment.
- c) The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general.
- d) The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committee meetings and dedicating adequate time thereto.
- e) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.
- f) Non-Executive Directors shall carry out a periodic assessment of the performance of the Chairman of the Board after getting the opinions of the Executive Directors, without the presence of the Chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.

Reason:

The evaluation policies are included in the Corporate Governance Manual of the Company. However, an internal evaluation has been performed during 2018 by the Board's Nomination and The Remuneration Committee.

Article 45:

A person who desires to nominate himself/herself for membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:

- having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board;
- engaging in business that may compete with the Company or any of its activities.

Reason:

This obligation does not lie with the Company but with the candidate.

Fifth chapter:

Article 70:

The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee". The Chairman and the 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.

Article 71:

The competencies of the risk management committee shall include the following:

- developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors;
- determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level;
- ensuring the feasibility of the Company's continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months;
- overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein;
- regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example);
- preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board;
- providing recommendations to the Board on matters related to risk management;
- ensuring the availability of adequate resources and systems for risk management;
- reviewing the organisational structure for risk management and providing recommendations regarding the same before approval by the Board;
- verifying the independence of the risk management employees from activities that may expose the Company to risk;
- ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk; and
- reviewing any issues raised by the audit committee that may affect the Company's risk management.

Article 72: Meetings of the Risk Management Committee

- The risk management committee shall convene periodically at least once every six months, and as may be necessary.

Reason:

The chapter is optional.

Article 82:

The external auditor shall:

- owe the duties of loyalty and care to the Company;
- notify the Authority if the Board fails to take appropriate actions in respect of suspicious issues it raises; and
- request the Board to call for a General Assembly meeting if the Board has not facilitated its mission; and shall be liable to compensate the Company, the shareholders or third parties for the damages resulted from errors it commits in the course of its engagement. If an error is attributable to more than one external auditor, they shall be jointly responsible therefor.

Reason:

This obligation is on the external Auditor not the Company.

Article 85:

The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. The programs shall particularly include the following:

- forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;
- establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such program; and
- establishing social organisations for the benefit of the Company's employees.

Reason:

This commitment is optional. However, the Company has programs to motivate the performance of its employees such as annual bonuses as well as other benefits. Moreover, the Company in 2018 conducted an engagement survey for its employees to collect employee opinions on various matters covering their relationship with the Company.

Article 87:

The Ordinary General Assembly, based on the Board's recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for the purpose of developing the social and economic conditions of the community.

Reason:

This is an optional article.

Article 88:

The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include:

- establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;
- disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility;
- disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company; and
- establishing awareness programs to the community to familiarize them with the Company's social responsibility.

Reason:

This is an optional article.

Corporate Governance (continued)

2. Compliance with Laws And Regulations (continued)

Article 93:

Provide the necessary details regarding bonuses and compensation paid for each of the following:

- Board of Director members.
- Top Five Executive Managers including Chief Executive Officer and Chief Financial Officer.

Reason:

In accordance with the CMA's Board resolution No. 1-35-2018 dated on 7/9/1439 corresponding to 3/26/2018, the disclosure of remunerations of top five Executive Managers in accordance with Article 93 /B is calculated and disclosed in a collective manner.

Article 95:

If the Board forms a corporate governance committee, it shall assign to it the competencies 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.

Reason:

This is an optional article.

3. Main activities of the Company

- In-Flight Catering
- Retail
- Catering and Facilities

| | Revenue in SAR* | Percentage |
|---------------------------|----------------------|-------------|
| In-Flight Catering | 1,679,817,063 | 69.96% |
| Retail | 177,748,465 | 7.40% |
| Catering and Facilities | 161,998,121 | 6.75% |
| Total reportable segments | 2,019,563,649 | 84.11% |
| Other segments | 381,444,733 | 15.89% |
| Total | 2,401,008,382 | 100% |

* Revenue includes internal income

4. Affiliates Activities

- Operating and managing duty free shops

| | Revenue in SAR | Percentage |
|--|--------------------|-------------|
| Operating and managing duty free shops | 242,844,499 | 100% |
| Total | 242,844,499 | 100% |

5. Company plans and main decisions and future expectations

Main decisions:

| Date | Decision |
|------------|---|
| 01/01/2018 | Saudi Airlines Catering Company Announces the Relocation of its Headquarters |
| 28/03/2018 | Saudi Airlines Catering Co. announces the annual financial results for the period ending on 31-12-2017 |
| 28/03/2018 | Saudi Airlines Catering Co. announces the annual financial results for the period ending on 31-12-2017 |
| 30/04/2018 | Saudi Airlines Catering Co. invites its shareholders to attend the Extraordinary General Assembly Meeting (first meeting) |
| 05/02/2018 | Saudi Airlines Catering Co. announces the interim financial results for the period ending on 31-03-2018 (three months) |
| 06/05/2018 | Saudi Airlines Catering Co. announces the distribution of dividend for period first quarter 2018 |
| 15/05/2018 | Saudi Airlines Catering Company (SACC) announces to its Shareholders the Starting of the Electronic Voting on the Extraordinary General Assembly Meeting Agenda (first meeting) |
| 22/05/2018 | Saudi Airlines Catering Co. announces the results of the Extraordinary General Assembly Meeting (first meeting) |
| 05/08/2018 | Saudi Airlines Catering Co. announces the interim financial results for the period ending on 30-06-2018 (six months) |
| 05/08/2018 | Saudi Airlines Catering Co. announces the distribution of dividend for period second quarter 2018 |
| 11/10/2018 | Saudi Airlines Catering Co. announces the Board members elections |

| Date | Decision |
|------------|--|
| 07/11/2018 | Saudi Airlines Catering Co. announces its interim financial results for the period ending on 30-09-2018 (nine months) |
| 07/11/2018 | Saudi Airlines Catering Co. announces the distribution of cash dividend for third quarter 2018 |
| 07/11/2018 | Correction announcement from Saudi Airlines Catering Co. in regards to Saudi Airlines Catering Co. announces its interim financial results for the period ending on 30-09-2018 (nine months) |
| 15/11/2018 | Saudi Airlines Catering Co. announces to invite its shareholders to attend the Extraordinary General Meeting (first meeting) |
| 13/12/2018 | Saudi Airlines Catering Company (SACC) announces to its shareholders the starting of the Electronic Voting on the Extraordinary General Assembly Meeting agenda (first meeting) |
| 18/12/2018 | Saudi Airlines Catering Co. announces the results of the Extraordinary General Meeting (first meeting) |
| 30/12/2018 | Saudi Airlines Catering Co. announces to invite its shareholders to attend the Ordinary General Meeting (first meeting) |

The information of the company's plans and its future expectations are mentioned in pages from 1 to 53 from this report.

6. The Company's business results, assets and liabilities

In Saudi Arabian Riyals ("SAR")

| Net Profit | | Total Assets | | Total Liabilities | |
|-------------|--------------------|--------------|----------------------|-------------------|--------------------|
| 2018 | 459,280,884 | 2018 | 2,085,785,659 | 2018 | 784,330,202 |
| 2017 | 481,737,979 | 2017 | 1,882,961,406 | 2017 | 600,016,458 |
| 2016 | 519,105,487 | 2016 | 1,881,785,352 | 2016 | 621,195,805 |
| 2015 | 698,500,954 | 2015 | 1,848,220,612 | 2015 | 530,060,246 |
| 2014 | 653,932,832 | 2014 | 1,809,313,494 | 2014 | 583,606,574 |

7. Assets and liabilities comparison (5 years)

SAR

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Current Assets | 1,567,648,992 | 1,335,359,487 | 1,235,756,877 | 1,192,668,183 | 1,415,363,541 |
| Non-current Assets | 241,664,502 | 512,861,125 | 646,028,475 | 690,293,226 | 670,422,118 |
| Total Assets | 1,809,313,494 | 1,848,220,612 | 1,881,785,352 | 1,882,961,409 | 2,085,785,659 |
| Current Liabilities | 459,830,358 | 384,426,935 | 457,923,163 | 431,018,258 | 616,906,370 |
| Non-current Liabilities | 123,776,216 | 145,633,311 | 163,272,642 | 168,998,200 | 167,423,832 |
| Total Liabilities | 583,606,574 | 530,060,246 | 621,195,805 | 600,016,458 | 784,330,202 |

Corporate Governance (continued)

8. Business Comparison (5 years)

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | 2,135,940,070 | 2,260,800,463 | 2,256,650,268 | 1,952,564,940 | 2,035,757,930 |
| Cost of Revenue | 1,361,365,704 | 1,436,259,260 | 1,490,899,501 | 1,229,772,985 | 1,339,278,458 |
| Zakat and Income Tax | 46,201,746 | 41,840,694 | 33,505,845 | 41,669,319 | 37,114,177 |
| Gross Profit | 774,574,366 | 824,541,201 | 765,750,767 | 722,791,955 | 696,479,472 |
| Net Profit | 653,932,832 | 698,500,954 | 519,105,487 | 481,737,979 | 459,280,884 |

9. Geographic analysis of revenue

| 2018 | Geographic analysis for total income of the Company | | |
|------|---|------------|---------------|
| | Saudi Arabia | Egypt | Total |
| | 1,959,119,018 | 76,638,912 | 2,035,757,930 |

10. Affiliate's geographic analysis of revenue

| 2018 | Geographic Analysis of total income of the Company | |
|---|--|-------------|
| | Saudi Arabia | Egypt |
| Saudi French Company for Operating and Managing Duty Free Shops | 242,844,499 | 242,844,499 |

11. Significant differences in operational results, compared to previous expectations

| | 2017 SAR | 2018 SAR | Change (+) or (-) SAR | Percentage of change |
|--------------------------|---------------|---------------|-----------------------------|-------------------------|
| Revenue/sales | 1,952,564,940 | 2,035,757,930 | 83,192,990 | 4.26% |
| Cost of revenue | 1,229,772,985 | 1,339,278,458 | 109,505,473 | 8.90% |
| Gross profit | 722,791,955 | 696,479,472 | (26,312,483) | (3.64%) |
| Other operating income | 7,046,674 | 12,355,651 | 5,308,977 | 75.34% |
| Other operating expenses | (2,845,620) | (1,624,719) | 1,220,901 | 42.90% |
| Operating income (loss) | 535,401,882 | 505,579,818 | (29,822,064) | (5.57%) |

12. Subsidiaries' details

| Name of the related company | Capital SAR | Ownership percentage | Main activity | Main operating country | Country of Incorporation |
|---|----------------|-------------------------|--|---------------------------|-----------------------------|
| Saudi French Company for Operating and Managing Duty Free Shops | 76,894,000 | 40% | Operating and managing Duty Free shops in airports | Kingdom of Saudi Arabia | Kingdom of Saudi Arabia |

13. Board of Directors

A. Members of the Board of Directors

Based on the Company's bylaws, the Board of Directors of Saudi Airlines Catering Company is formed of nine members for a term of three Gregorian years commencing on January 26th, 2016 and ending on January 25th, 2019. These members were appointed through elections by the Extraordinary General Assembly during the meeting held on January 12th, 2016.

Yahya Al Yahya was appointed as the Chairman of the Board by the members of the Board of Directors during the meeting held on January 28th, 2016 and Raed Al Mudaiheem was appointed as the Vice-Chairman of the Board for the same term under the powers granted to the Board according to Article 23 from the Company's bylaws during the Board meeting dated May 3rd, 2017. The committees emanating from the Board were also formed, which are the Audit Committee and Nomination and Remuneration Committee, while the Executive Committee was formed on December 6th, 2016.

At the end of the second Board term, the Company has opened nominations for the third term that commences on January 26th, 2019 and ends on January 25th, 2022. The members of the third term of Board of Directors were elected during the Extraordinary General Assembly meeting dated on December 17th, 2018.

Members of the Board of Directors as of December 31st, 2018

Yahya Abdullah Al Yahya

Independent member, Chairman of the Board of Directors, Chairman of the Executive Committee

Current positions

- Board Member, Gulf International Bank, Bahrain (Ltd.)

Previous positions

- Chairman, Gulf International Bank, UK. (Ltd.)
- Chairman of the Emerging Markets Advisory Council of the Institute of International Finance (IIF), Washington DC, USA (Institute)
- Co-Chairman of the Emerging Markets Advisory Council of the Institute of International Finance (IIF), Washington DC, USA (Institute)
- Board Director, Institute of International Finance, Washington DC, USA (Ltd.)
- Chairman, Shuaibah Expansion Project Company, KSA (Ltd.)
- Chairman, Shuaibah Water & Electricity Company, KSA (Ltd.)
- Chief Executive Officer, Gulf International Bank B.S.C., Bahrain (Ltd.)
- Board Director, GIB Capital, KSA (Ltd.)
- Steering Committee Member to establish the Saudi Real Estate Refinancing Company (SRERC), KSA (Ltd.)
- Member of the Group of Twenty (G20) High Level Panel on Infrastructure Investment (HLP II), KSA (Ltd.)
- Member of Strategy Steering Group of Sanabil, Saudi Arabia, KSA (Listed)
- Board Director, Oger Telecom, Dubai, UAE (Ltd.)
- Board Director, The National Commercial Bank, KSA (Listed)
- Board Director & Member of the Audit & Investment Committees, Saudi Re, Riyadh, KSA (Ltd.)
- Board Director and Member of the Executive Committee, Gulf Investment Corporation, Kuwait (Ltd.)
- KSA Representative on the Steering Group (USA, EU, Japan and KSA) of the International Efforts for the Reconstruction of Afghanistan, KSA (Association)
- Executive Director for Saudi Arabia, The World Bank, Washington DC, USA (Organization)
- Board Director, Gulf International Bank, Bahrain (Ltd.)
- Board Director, Saudi Engineering Committee, Riyadh, KSA (Ltd.)
- Member of the Audit Committee, Banque Saudi Fransi (BSF), Riyadh, KSA (Listed)
- General Manager, Central Region, EA Juffali & Bros, Riyadh, KSA (Ltd.)
- Board Director, Saudi Agricultural Bank, Riyadh, KSA (Ltd.)
- Director General, The Institute of Banking, SAMA, Riyadh, KSA (Government Authority)
- Assistant Professor, Industrial Engineering, King Saud University, Riyadh, KSA (Government Authority)
- Consultant, Ford Motor Company, KSA (Ltd.)
- Assistant Professor, Industrial & Systems Engineering, The University of Michigan, USA (Government Authority)
- Graduate Assistant, College of Engineering, Riyadh University, KSA (Government Authority)
- Project Analyst, Saudi Industrial Development Fund, Riyadh, KSA (Ltd.)

Academic qualifications

- Fellow, Eisenhower Exchange Fellowship
- PhD, Industrial & Operations Engineering, The University of Michigan
- MSE, Industrial & Operations Engineering, The University of Michigan
- BSE, Systems Engineering, King Fahd University of Petroleum and Minerals

Professional experience

Yahya has more than 40 years of experience in academia, government and the private sectors, thus bringing with him a large and diversified skill set that would aid and serve in accomplishing the strategic goals of the Company. Those skill sets were established and polished through various positions he held both nationally and internationally.

Corporate Governance (continued)

13. Board of Directors (continued)

A. Members of the Board of Directors (continued)

Raed Ibrahim Al Mudaiheem

Independent Board member, Vice-Chairman of the Board, Chairman of Audit committee, member of the Executive Committee

Current positions

- CEO of Masdar Building Materials, KSA (JCC)
- Board Member, United Mining Industries, KSA (JCC)
- Board Member, Northern Region Cement Co., KSA (Listed)
- Board Member, Bawan Company, KSA (Listed)
- Board Member, Northern Region Cement Co Jordan, Jordan (JST)
- Board Member, Al Badia Cement Syria, Syria (JST)
- Board Member, SUEZ Cement Co, Egypt (JST)
- Board Member, Al Yamamah Steel, KSA (Listed)
- Board Member, Al Muhaidib Group, KSA (Ltd.)

Previous positions

- Board Member, Arabian Pipes Co., KSA (Listed)

Academic qualifications

- Bachelor's in Electrical Engineering, King Saud University
- Masters' Degree in Electrical Engineering, King Saud University

Professional experience

Diversified Engineering & Managerial experience covering more than 28 years in both public and private sectors. In the beginning of his career Raed worked in diversified engineering activities within power and water sectors, then moved to the private sector and acquired vast experience in building materials (trading and manufacturing), namely steel, cement, timber, gypsum, pre-cast and electrical transformers manufacturing. He participated in tens of conferences, training courses, seminars, economic forums in Management, Finance, Strategy and Leadership in the Kingdom of Saudi Arabia and in many countries in the world.

Fahad Abdulmohsen Al Rasheed

Non-Executive Board member, Chairman of Nomination and Remuneration Committee, Member of Executive Committee

Current positions

- Board member, Emaar The Economic City, KSA (Listed)
- Board member, Petromin Co., KSA (Ltd.)
- Board member, Ports Development Co., KSA (Ltd.)

Previous positions

- CEO and Managing Director of Emaar The Economic City, KSA (Listed)
- Deputy Governor and Head of Economic Cities Agency at Saudi Arabian General Investment Authority (SAGIA), KSA (Government Authority)
- Chief Financial Officer (CFO) at the Saudi Arabian General Investment Authority (SAGIA), KSA (Government Authority)
- Financial Analyst at Saudi Aramco, KSA (Government Authority)

Academic qualifications

- Bachelor's in Business Administration, Washington University
- MBA, The Stanford Business School

Professional experience

Fahad is a board director in Emaar the Economic City, a publicly listed company leading the development of King Abdullah Economic City, the largest private-funded new city development in the world and the fastest growing logistics and manufacturing hub in the region. He is the Founding Chairman of the non-profit Red Sea Foundation, Vice Chairman of the Board of Trustees of Prince Mohamed Bin Salman College of Business and Entrepreneurship.

He was the CEO and Managing Director of Emaar the Economic City, he serves on the boards of several organizations, including King Abdullah Port, Harvard Kennedy School Dean's Council, Petromin, Saudi Airlines Catering Company, the New Cities Foundation, and the Foundation Board of the Global Shapers of the World Economic Forum.

Prior to joining EEC, Al-Rasheed held the post of CFO and Deputy Governor of the Saudi Arabian General Investment Authority (SAGIA). Previous to his work in SAGIA, he led strategic initiatives in investments and corporate finance for Saudi Aramco.

Sami Abdulmohsen Al-Hokair

Non-Executive Board member

Current positions

- Managing Director, Abdulmohsen Abdulaziz Al-Hokair Holding Group, KSA (Listed)
- Board Member, Abdulmohsen Al-Hokair Abdulaziz Holding Group, KSA (Listed)
- Vice Chairman, Sahara Kingdom Properties, KSA (Ltd.)
- Chairman of the Board of Directors of Tanami Holding Company
- Member of the Board of Directors of Real Estate and Tourism Development Company
- Member of the Board of Directors of the European Company for Tourism and Hotel Investment, Jordan
- General Manager of Half Moon Beach Resort Company, Saudi Arabia
- General Manager, Sparkys Land Entertainment, UAE
- General Manager of Sparkys Digital Land Entertainment, UAE
- General Manager of Sparkys Oceanica Entertainment, UAE
- General Manager of Digital Land Entertainment, Ras Al Khaimah, United Arab Emirates
- Member of the Board of Entertainment and Tourism, Egypt
- Member of the Tourism Development Board in the Eastern Province, Saudi Arabia

Previous positions

- Board Member, Catering & Strategic Co., KSA (Ltd.)
- Member of the Tourism Committee of the Eastern Province, Kingdom of Saudi Arabia
- Vice President of the Tourism Committee at the Chamber of Commerce and Industry in the Eastern Province, Saudi Arabia

Academic qualifications

- Bachelor's of Administrative Science, King Saud University

Professional experience

Sami has over 27 years of professional experience in hotel hospitality management in Saudi Arabia. Upon graduating from King Saud University in Riyadh, he joined the Andalusia Group, where he held a number of positions, including General Manager between 1990 and 1994 and Managing Director between 1995 and 2009. In 2009, he established a new hotel brand "MENA Hotels and Resorts" under the Abdulmohsen Abdulaziz Al-Hokair Group. Since 2009, he has been responsible for managing 32 hotels in KSA, and two hotels in Dubai. Sami Al-Hokair sits on the board of Abdulmohsen Abdulaziz Al-Hokair Group and is the Managing Director of the Group. In addition, he is the vice chairman of the board of Sahara Kingdom Properties.

Abdullah Djameel Taibah

Non-Executive Board member, member of Nomination and Remuneration Committee

Current positions

- Board Member, EMAAR Economic City, KSA (Listed)
- Board Member, Alessa Industries Co., KSA (Ltd.)
- Board Member, Qudra Energy Co, KSA (Ltd.)

Previous positions

- CEO at Qudra Company, KSA (Ltd.)

Academic qualifications

- B.S. in Electrical Engineering, King Fahd University of Petroleum and Minerals

Professional experience

Abdullah has over 28 years of experience in strategic and operation management through various posts in the region. Abdullah held the position of CEO at Qudra Energy, transforming the Company into an Energy Platform for ACWA Holding Group. In this assignment, Abdullah was able to structure an energy group composed of power, renewable and natural resources business lines, supported by engineering services platforms to cater for the growth in the Middle East. The renewable business is mainly focused on Solar solutions technology and installations in the CSP and PV technologies, while the Natural resources are focused on tonnage industrial gases while the power business is focusing on winning EPCM projects for thermal and CC technologies.

Corporate Governance (continued)

13. Board of Directors (continued)

A. Members of the Board of Directors (continued)

Shawgi Mohammed Mushtag

Independent Board member, member of Nomination and Remuneration Committee

Current positions

- Retired

Previous positions

- DG. Privatization Advisor Saudi Arabian Airlines, KSA (Government Est.) EVP Privatization, Saudi Arabian Airlines, KSA (Government Est.)
- VP Catering, Saudi Arabian Airlines, KSA (Government Est.)
- G.M. Skysales, Saudi Arabian Airlines, KSA (Government Est.)
- G.M. Marketing Training, Saudi Arabian Airlines, KSA (Government Est.)
- Manager of Management Development Programs, Saudi Arabian Airlines, KSA (Government Est.) Manager Sales Training, Saudi Arabian Airlines, KSA (Government Est.)
- Manager Field Training, Saudi Arabian Airlines, KSA (Government Est.) Manager Charter Coordination, Saudi Arabian Airlines, KSA (Government Est.) Country Manager Baghdad, Saudi Arabian Airlines, KSA (Government Est.) District Manager Gizan, Saudi Arabian Airlines, KSA (Government Est.)
- Staff Manager Gulf and Far East Region, Saudi Arabian Airlines, KSA (Government Est.) Staff Manager Personnel records, Saudi Arabian Airlines, KSA (Government Est.)

Academic qualifications

- B.S. Marketing and Management, Davis and Elkins College
- Project Management Professional
- Certified Assessor

Professional experience

Shawgi Mushtag has more than 30 years of operational and management experience in the airline and catering industries. Mushtag joined Saudia in 1975 and has held various senior management positions at Saudia, including General Manager for marketing and training from 1987-1997, General Manager for Sky Sales from 1997-2005 and VP – Catering from 2005-2008.

Shawgi Mushtag served as Executive VP – Privatization at Saudia, during the period from 2008 to 2015.

Jonathan Stent-Torriani

Non-Executive Board member, member of Nomination and Remuneration Committee, member of Executive Committee

Current positions

- Founding Partner and Co-CEO, Newrest Group Holding S.L, France (S.L.)
- Majority owner, Director Ritz Carlton Montreal, majority owner, Director
- Board member, Strategic Catering Co., KSA

Previous positions

- Management training, various (during University), Ritz Carlton Montreal
- Operations Manager, Gate Gourmet Geneva
- Project Director, Icarus Consulting
- Managing Director, Gate South Africa
- CEO, Nuance Australasia
- President EMEA, Gate Gourmet
- CEO, Southern Europe, Compass Group
- Co-owner, Bebebiz

Academic qualifications

- B.S. Marketing and Management, Davis and Elkins College
- Project Management Professional
- Certified Assessor

Professional experience

Jonathan Torriani worked for Gate Gourmet Group (“GGG”) from 1991-1997 in various roles, including Managing Director for Operations Management, and Managing Director of GGG’s operations in South Africa. He left GGG in 1997 to join Nuance Group as Chief Executive Officer of its operations in Australasia before returning to GGG as President of the European Division from 2000-2004. He was the Chief Executive Officer for the Southern Europe region at Compass Group from 2004-2006. Jonathan Stent-Torriani is the co-founder, co-owner and has been co-chief executive officer of Newrest Group since 2006.

Abdulmohsen Abdulaziz Al Yahya

Non-Executive Board member, member of the Executive Committee

Current positions

- Board Member, West Gulf Co., KSA (Ltd.)
- Board Member, Awal Al Qoutouf Co., KSA (Ltd.)
- Board Member, Alkhaleej Training and Education Co., KSA (Listed)

Previous positions

- Board Member for Saudi Association for Hearing, KSA (Association)
- CEO and owner, Kudu Restaurants, KSA (Ltd.)

Academic qualifications

- Bachelor’s in Civil Engineering, King Saud University (Jeddah)

Professional experience

Abdulmohsen Al-Yahya has over 35 years of operational and management professional experience. He started his career as a Projects Manager in the military engineering works at the Ministry of Defense in 1981. In 1988, he established Kudu Restaurants and stayed as founder and CEO for Kudu until April 2015 when he sold his share. In 2011, he was awarded the best CEO in Retail Business. In 2006 he was appointed a board member of Al-Khaleej Training and Education Company.

Ayman Tarik Al-Tayyar

Non-Executive Board member, member of Audit Committee

Current positions

- Executive Vice President Head, NCB Private Banking, KSA (Listed)
- Board Member, Program of Advisory – Dar Al Hekma University, KSA (Ltd.)

Previous positions

- Executive Vice President Head Lease Finance, National Commercial Bank, KSA (Listed)
- Executive Vice President Head Branch Banking, National Commercial Bank, KSA (Listed)

Academic qualifications

- Bachelor’s of Business Administration, Marketing, University of Montana

Professional experience

Ayman Al-Tayyar has over 22 years of experience in the banking sector, working in management roles from 1996-2001 and later holding the positions of senior manager personal banking (2001-2003) and senior executive manager (2004-2006), SABB Head Office. Due to his continued development and expertise he joined NCB as executive vice president and headed the Islamic branch network in 2006. From 2012 to 2016 he has held the position of executive vice president and head of Lease Finance division. Currently, he has been tasked to lead the Private Banking Division. Ayman Al-Tayyar graduated from the University of Montana, USA, in 1993 with a Bachelor’s Degree in business administration majoring in marketing. As part of his professional development he has attended many banking sector executive management training programs at Harvard University, Stanford University, Darden Business School, London Business School and HSBC Executive Management program throughout his career at reputed institutions in the UK and the United States.

Corporate Governance (continued)

13. Board of Directors (continued)

B. Board of Directors' meetings

| Name | Number of Meetings (6) | | | | | | Total |
|----------------------|------------------------|------------|------------|------------|------------|------------|-------|
| | 02/19/2018 | 03/19/2018 | 05/21/2018 | 08/02/2018 | 11/06/2018 | 12/17/2018 | |
| Yahya Al Yahya | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 06 |
| Raed Al Mudaiheem | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 06 |
| Fahad AL Rasheed | ✓ | × | ✓ | ✓ | × | ✓ | 04 |
| Sami Al-Hokair | × | ✓ | ✓ | ✓ | × | × | 03 |
| Abdullah Taibah | ✓ | ✓ | × | ✓ | ✓ | ✓ | 05 |
| Shawgi Mushtag | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 06 |
| Jonathan Torriani | ✓ | ✓ | ✓ | ✓ | ✓ | × | 05 |
| Abdulmohsen Al Yahya | ✓ | ✓ | × | ✓ | × | × | 03 |
| Ayman Al Tayyar | × | × | ✓ | ✓ | ✓ | × | 03 |

* The last Extraordinary General Assembly meeting was held on December 18th, 2018; another General Assembly meeting was held on May 21st, 2018.

C. Current and previous memberships of Boards of Directors and/or their membership of Executive Management in other companies (local or international)

Yahya Abdullah Al Yahya

Current Board and Management memberships

- Board Member, Gulf International Bank, Bahrain (Ltd.).

Previous Board and Management memberships

- Chairman, Gulf International Bank, UK. (Ltd.)
- Chairman of the Emerging Markets Advisory Council of the Institute of International Finance (IIF), Washington DC, USA (Institute)
- Co-Chairman of the Emerging Markets Advisory Council of the Institute of International Finance (IIF), Washington DC, SA (Institute)
- Board Director, Institute of International Finance, Washington DC, USA (Ltd.)
- Chairman, Shuaibah Expansion Project Company, KSA (Ltd.)
- Chairman, Shuaibah Water & Electricity Company, KSA (Ltd.)
- Chief Executive Officer, Gulf International Bank B.S.C., Bahrain (Ltd.)
- Board Director, GIB Capital, KSA (Ltd.)
- Steering Committee Member to establish the Saudi Real Estate Refinancing Company (SRERC), KSA (Ltd.)
- Member of the Group of Twenty (G20) High Level Panel on Infrastructure Investment (HLPII), KSA (Ltd.)
- Member of Strategy Steering Group of Sanabil, Saudi Arabia, KSA (Listed)
- Board Director, Oger Telecom, Dubai, UAE (Ltd.)
- Board Director, The National Commercial Bank, KSA (Listed)
- Board Director & Member of the Audit & Investment Committees, Saudi Re, Riyadh, KSA (Ltd.)
- Board Director and Member of the Executive Committee, Gulf Investment Corporation, Kuwait (Ltd.)
- KSA Representative on the Steering Group (USA, EU, Japan and KSA) of the International Efforts for the Reconstruction of Afghanistan, KSA (Association)
- Executive Director for Saudi Arabia, The World Bank, Washington DC, USA (Organization)
- Board Director, Gulf International Bank, Bahrain (Ltd.)
- Board Director, Saudi Engineering Committee, Riyadh, KSA (Ltd.)
- Member of the Audit Committee, Banque Saudi Fransi (BSF), Riyadh, KSA (Listed)
- General Manager, Central Region, EA Juffali & Bros, Riyadh, KSA (Ltd.)
- Board Director, Saudi Agricultural Bank, Riyadh, KSA (Ltd.)
- Director General, The Institute of Banking, SAMA, Riyadh, KSA (Government Authority)
- Assistant Professor, Industrial Engineering, King Saud University, Riyadh, KSA (Government Authority)
- Consultant, Ford Motor Company, KSA (Ltd.)
- Assistant Professor, Industrial & Systems Engineering, The University of Michigan, USA (Government Authority)
- Graduate Assistant, College of Engineering, Riyadh University, KSA (Government Authority)
- Project Analyst, Saudi Industrial Development Fund, Riyadh, KSA (Ltd.)

Raed Ibrahim Al Mudaiheem

Current Board and Management memberships

- CEO of Masdar Building Materials, KSA (JCC)
- Board Member, United Mining Industries, KSA (JCC)
- Board Member, Northern Region Cement Co., KSA (Listed)
- Board Member, Bawan Company, KSA (Listed)
- Board Member, Northern Region Cement Co Jordan, Jordan (JST)
- Board Member, Al Badia cement Syria, Syria (JST)
- Board Member, SUEZ Cement Co, Egypt (JST)
- Board Member, Al Yamamah Steel, KSA (Listed)
- Board Member, Al Muhaidib Group, KSA (Ltd.)

Previous Board and Management memberships

- Board Member, Arabian Pipes Co., KSA (Listed)

Fahad Abdulmohsen Al Rasheed

Current Board and Management memberships

- Board Member, Emaar The Economic City, KSA (Listed)
- Board Member, Petromin Co., KSA (Ltd.)
- Board Member, Ports Development Co., KSA (Ltd.)

Previous Board and Management memberships

- CEO, and Managing Director of Emaar The Economic City, KSA (Listed)
- Deputy Governor and Head of Economic Cities Agency at Saudi Arabian General Investment Authority (SAGIA), KSA (Government Authority)
- Chief Financial Officer (CFO) at the Saudi Arabian General Investment Authority (SAGIA), KSA (Government Authority)
- Financial Analyst at Saudi Aramco, KSA (Government Authority)

Sami Abdulmohsen Al-Hokair

Current Board and Management memberships

- Managing Director, Abdulmohsen Abdulaziz Al-Hokair Holding Group, KSA (Listed)
- Board Member, Abdulmohsen Al-Hokair Abdulaziz Holding Group, KSA (Listed)
- Vice Chairman, Sahara Kingdom Properties, KSA (Ltd.)
- Chairman of the Board of Directors of Tanami Holding Company
- Board Member of Real Estate and Tourism Development Company
- Board Member of the European Company for Tourism and Hotel Investment, Jordan
- General Manager of Half Moon Beach Resort Company, Saudi Arabia
- General Manager, Sparkys Land Entertainment, UAE
- General Manager of Sparkys Digital Land Entertainment, UAE
- General Manager of Sparkys Oceanica Entertainment, UAE
- General Manager of Digital Land Entertainment, Ras Al Khaimah, United Arab Emirates
- Board Member of Legends of Entertainment and Tourism, Egypt
- Member of the Tourism Development Board in the Eastern Province, Saudi Arabia

Previous Board and Management memberships

- Board Member, Catering & Strategic Co., KSA (Ltd.)
- Member of the Tourism Committee of the Eastern Province, Kingdom of Saudi Arabia.
- Vice President of the Tourism Committee at the Chamber of Commerce and Industry in the Eastern Province, Saudi Arabia

Corporate Governance (continued)

13. Board of Directors (continued)

C. Current and previous memberships of Boards of Directors and/or their membership of Executive Management in other companies (local or international) (continued)

Abdullah Djameel Taibah

Current Board and Management memberships

- Board Member, EMAAR Economic City, KSA (Listed)
- Board Member, Alessa Industries Co., KSA (Ltd.)
- Board Member, Qudra Energy Co, KSA (Ltd.)

Previous Board and Management memberships

Board Member, Arabian Qudra Company, KSA (Ltd.)

Shawgi Mohammed Mushtag

Current Board and Management memberships

Retired

Previous Board and Management memberships

- DG. Privatization Advisor Saudi Arabian Airlines, KSA (Government Est.) EVP Privatization, Saudi Arabian Airlines, KSA (Government Est.)
- VP Catering, Saudi Arabian Airlines, KSA (Government Est.)
- G.M. Skysales, Saudi Arabian Airlines, KSA (Government Est.)
- G.M. Marketing Training, Saudi Arabian Airlines, KSA (Government Est.)
- Manager of Management Development Programs, Saudi Arabian Airlines, KSA (Government Est.) Manager Sales Training, Saudi Arabian Airlines, KSA (Government Est.)
- Manager Field Training, Saudi Arabian Airlines, KSA (Government Est.) Manager Charter Coordination, Saudi Arabian Airlines, KSA (Government Est.) Country Manager Baghdad, Saudi Arabian Airlines, KSA (Government Est.) District Manager Gizan, Saudi Arabian Airlines, KSA (Government Est.)
- Staff Manager Gulf and Far East Region, Saudi Arabian Airlines, KSA (Government Est.) Staff Manager Personnel records, Saudi Arabian Airlines, KSA (Government Est.)

Jonathan Stent-Torriani

Current Board and Management memberships

- Founding Partner and Co-CEO, Newrest Group Holding S.L, France (S.L.)
- Majority owner, Director Ritz Carlton Montreal, majority owner, Director
- Board member, Strategic Catering Co., KSA

Previous Board and Management memberships

- Management training, various (during University), Ritz Carlton Montreal
- Operations Manager, Gate Gourmet Geneva
- Project Director, Icarus Consulting
- Managing Director, Gate South Africa
- CEO, Nuance Australasia
- President EMEA, Gate Gourmet
- CEO, Southern Europe, Compass Group
- Co-owner, Bebebiz

Abdulmohsen Abdulaziz Al Yahya

Current Board and Management memberships

- Board Member, Gulf West Co., KSA (Ltd.)
- Board Member, Awal Al Qoutouf Co., KSA (Ltd.)
- Board Member, Alkhaleej Training and Education Co., KSA (Listed)

Previous Board and Management memberships

- Board Member for Saudi Association for Hearing, KSA (Association).
- CEO and owner, Kudu Restaurants, KSA (Ltd.)

Ayman Tarik Al-Tayyar

Current Board and Management memberships

- Executive Vice President Head, NCB Private Banking, KSA (Listed)
- Board Member, Program of Advisory - Dar Al Hekma University, KSA (Ltd.)

Previous Board and Management memberships

- Executive Vice President Head Lease Finance, National Commercial Bank, KSA (Listed)
- Executive Vice President Head Branch Banking, National Commercial Bank, KSA (Listed)

D. Directors' Benefits

Board Members' and their relatives' benefits

Description of any interest, contractual securities or rights issue of the Board members, and their relatives in shares of the company

| | Beginning of year | | End of year | | Net change | Percentage change | Relative ownership |
|----------------------|-------------------|--|------------------|--|------------|-------------------|--------------------|
| | Number of shares | | Number of shares | | | | |
| Yahya Al Yahya | 100 | | 100 | | 0 | 0 | 0 |
| Raed Al Mudaiheem | 1,000 | | 1,000 | | 0 | 0 | 0 |
| Fahad AL Rasheed | 1,000 | | 1,000 | | 0 | 0 | 0 |
| Sami Al- Hokair | 1,000 | | 1,000 | | 0 | 0 | 0 |
| Abdullah Taibah | 1,000 | | 1,000 | | 0 | 0 | 0 |
| Shawgi Mushtag | 1,000 | | 1,000 | | 0 | 0 | 0 |
| Jonathan Torriani | 1,000 | | 1,000 | | 0 | 0 | 0 |
| Abdulmohsen Al Yahya | 36,022 | | 21,022 | | 15,000 | -42% | 0 |
| Ayman Al Tayyar | 1,160 | | 1,160 | | 0 | 0 | 0 |

Description of benefits, contractual based securities, and subscription entitlements for Board Members or their relatives on debt instruments of the company

| | Beginning of year | | End of year | | Net change | | Percentage change | | Relative ownership |
|----------------------|-------------------|------------|------------------|------------|------------------|------------|-------------------|------------|--------------------|
| | Number of shares | Debt tools | Number of shares | Debt tools | Number of shares | Debt tools | Number of shares | Debt tools | |
| Yahya Al Yahya | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Raed Al Mudaiheem | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fahad AL Rasheed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sami Al- Hokair | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Abdullah Taibah | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shawgi Mushtag | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jonathan Torriani | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Abdulmohsen Al Yahya | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ayman Al Tayyar | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Description of any interest, contractual securities or rights issue of the Board members, and their relatives on shares of the affiliate company. (Saudi French Company for Operating and Managing Duty Free Shops)

| | Beginning of year | | End of year | | Net change | Percentage change | Relative ownership |
|-------------------|-------------------|------------|------------------|------------|------------|-------------------|--------------------|
| | Number of shares | Debt tools | Number of shares | Debt tools | | | |
| Yahya Al Yahya | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Raed Al Mudaiheem | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fahad AL Rasheed | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sami Al- Hokair | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Abdullah Taibah | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Corporate Governance (continued)

13. Board of Directors (continued) F. Remuneration of Board Members (continued)

| Board members | Annual remuneration | Specific amount | Total allowance for attending committee meetings | Total allowance for attending General Assemblies | Remunerations for technical, managerial and consultative work | Remuneration for technical, managerial and consultative work | Remuneration of the Chairman, Managing Director or Secretary, if a member | In-kind benefits | Total | Percentage of the profits | Periodic remunerations | Short-term incentive plans | Long-term incentive plans | Granted shares | Expenses | Total | End of service reward | Aggregate amount | Expenses allowance | Fixed Compensation | | Varied Compensation | |
|---|---------------------|-----------------|--|--|---|--|---|------------------|--------------|---------------------------|------------------------|----------------------------|---------------------------|----------------|------------|------------|-----------------------|------------------|--------------------|--------------------|------------|---------------------|--|
| | | | | | | | | | | | | | | | | | | | | | | | |
| First: Independent Board Members | | | | | | | | | | | | | | | | | | | | | | | |
| Yahya Al Yahya | 300,000.00 | - 18,000.00 | 3,000.00 | 6,000.00 | - | - | - | 64,593.25 | 391,593.25 | - | - | - | - | - | 83,995.32 | 83,995.32 | - | 475,588.57 | 0 | | | | |
| Shawgi Mushtag | 300,000.00 | - 18,000.00 | 3,000.00 | 3,000.00 | - | - | - | - | 324,000.00 | - | - | - | - | - | 33,738.00 | 33,738.00 | - | 357,738.00 | 0 | | | | |
| Raed Al Mudaiheem | 400,000.00 | - 18,000.00 | 21,000.00 | 6,000.00 | - | - | - | - | 445,000.00 | - | - | - | - | - | 11,031.00 | 11,031.00 | - | 456,031.00 | 0 | | | | |
| Total | 1,000,000.00 | - 54,000.00 | 27,000.00 | 15,000.00 | - | - | - | 64,593.25 | 1,160,593.25 | - | - | - | - | - | 128,764.32 | 128,764.32 | - | 1,289,357.57 | 0 | | | | |
| Second: Non-Executive Directors | | | | | | | | | | | | | | | | | | | | | | | |
| Fahad AL Rasheed | 400,000.00 | - 12,000.00 | - | - | - | - | - | - | 415,000.00 | - | - | - | - | - | 62,101.00 | 62,101.00 | - | 477,101.00 | 0 | | | | |
| Sami Al- Hokair | 200,000.00 | - 15,000.00 | - | - | - | - | - | - | 212,000.00 | - | - | - | - | - | 11,884.94 | 11,884.94 | - | 223,884.94 | 0 | | | | |
| Abdullah Taibah | 300,000.00 | - 15,000.00 | 3,000.00 | - | - | - | - | - | 318,000.00 | - | - | - | - | - | 67,415.00 | 67,415.00 | - | 385,415.00 | 0 | | | | |
| Jonathan Torriani | 400,000.00 | - 15,000.00 | 6,000.00 | - | - | - | - | - | 424,000.00 | - | - | - | - | - | 133,959.77 | 133,959.77 | - | 557,959.77 | 0 | | | | |
| Abdulmohsen Al Yahya | 300,000.00 | - 9,000.00 | 3,000.00 | - | - | - | - | - | 312,000.00 | - | - | - | - | - | 36,790.00 | 36,790.00 | - | 348,790.00 | 0 | | | | |
| Ayman Al Tayyar | 300,000.00 | - 9,000.00 | 9,000.00 | 3,000.00 | - | - | - | - | 321,000.00 | - | - | - | - | - | 24,953.00 | 24,953.00 | - | 345,953.00 | 0 | | | | |
| Total | 1,900,000.00 | - 72,000.00 | 21,000.00 | 9,000.00 | - | - | - | - | 2,002,000.00 | - | - | - | - | - | 337,103.71 | 337,103.71 | - | 2,339,103.71 | 0 | | | | |
| | | | | | | | | | | | | | | | | | | | | 3,162,593.25 | 465,868.03 | 3,628,461 | |

Corporate Governance (continued)

13. Board of Directors (continued) D. Directors' Benefits (continued)

| | Beginning of year | | End of year | | Net change | Percentage change | Relative ownership |
|----------------------|-------------------|------------|------------------|------------|------------|-------------------|--------------------|
| | Number of shares | Debt tools | Number of shares | Debt tools | | | |
| Shawgi Mushtag | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jonathan Torriani | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Abdulmohsen Al Yahya | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ayman Al Tayyar | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Description of benefits, contractual based securities, and subscription entitlements for Board Members or their relatives on debt instruments of the affiliate company (Saudi French Company for Operating and Managing Duty Free Shops)

| | Beginning of year | | End of year | | Net change | | Percentage change | | Relative ownership |
|----------------------|-------------------|------------|------------------|------------|------------------|------------|-------------------|------------|--------------------|
| | Number of shares | Debt tools | Number of shares | Debt tools | Number of shares | Debt tools | Number of shares | Debt tools | |
| Yahya Al Yahya | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Raed Al Mudaiheem | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fahad AL Rasheed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Sami Al- Hokair | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Abdullah Taibah | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Shawgi Mushtag | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jonathan Torriani | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Abdulmohsen Al Yahya | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ayman Al Tayyar | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

E. Membership Type

| Member of Board of Directors | Type of membership |
|------------------------------|----------------------|
| Yahya Al Yahya | Independent member |
| Raed Al Mudaiheem | Independent member |
| Fahad AL Rasheed | Non-Executive member |
| Sami Al- Hokair | Non-Executive member |
| Abdullah Taibah | Non-Executive member |
| Shawgi Mushtag | Independent member |
| Jonathan Torriani | Non-Executive member |
| Abdulmohsen Al Yahya | Non-Executive member |
| Ayman Al Tayyar | Non-Executive member |

F. Remuneration of Board Members

Pursuant to article 76 of the Company's Law and as per article 22 of the Company's bylaws, the Board of Directors shall be entitled to remuneration in their capacity as members of the Board of Directors pursuant to the terms and conditions determined by the Ordinary General Assembly. The annual periodical remuneration is stated at the amount of SR 200,000 to each Board member, and the attendance allowances are SR 3,000 for each Board meeting attended. The Board of Directors shall be also entitled to other allowances and compensations such as transportation and accommodation fees. However, those fees shall not exceed SR 500,000 annually for each member (excluding other allowances such as transportation and accommodation). As stated in the Compensation Policy of the Board of Directors, the compensation shall be linked fully or partly to performance indicators such as meeting attendance.

Corporate Governance (continued)

13. Board of Directors (continued)

F. Remuneration of Board Members (continued)

Policy of Board of Directors' members remunerations:

- Based on article 76 of the Company's Law and in accordance with article 22 of the Company's bylaws, a Board remuneration may be a specific amount, meeting allowance, or in-kind benefits; and it is permissible to combine two or more of these benefits.
- Each member of the Board is entitled to an annual remuneration of SAR 200,000, and each member of a Board's sub-committee is entitled to an annual remuneration of SAR 100,000 in addition to the annual remuneration allocated for Board memberships. In addition, each member of the Board and sub-committee is entitled to a meeting attendance allowance of SAR 3,000 per meeting. In all cases, these remunerations shall not exceed SAR 500,000 annually per member.
- In the Board's remuneration, indicators relating to performance should be taken into account when determining the remuneration such as relating the whole remuneration or part of it to these indicators that may be meeting attendance.
- Executive Board members and employees of the Company are not to be compensated for their service as members of the Board. However, Non-Executive Board members and non-employees are not to be included in any consultation arrangement prior to the approval of the Nomination and Remuneration Committee. In addition, it is not permissible for Audit Committee members, directly or indirectly, to obtain compensation on consultancy, accountancy, legal, investment, or financial services rendered to the Company. Furthermore, the Company shall not contribute to a charity that a member is affiliated with.
- Any violation of the policy in determining the compensation shall be deemed void and cancelled.

Relationship between compensation and policy

- Board members have been awarded an annual remuneration based on article (a) of the above-mentioned policy that amounted to SAR 200,000, and SAR 100,000 if they were members of any sub-committee of the Board.
- The remuneration was based on a performance indicator that was meeting attendance, as the meeting attendance amount differed based on the number of meetings they have attended in both the Board and its sub-committees.
- The remuneration of all Board members did not exceed the annual limit of SAR 500,000.
- The remuneration did not include any other service other than the memberships of the Board and sub-committees.

14. Board of Directors' Committees

Based on the Company's Governance Manual and its bylaws, the Board has three main subcommittees: Audit Committee, Nomination and Remuneration Committee and Executive Committee.

A. Audit Committee

The Audit Committee is composed of three non-executive members, one of which is an external party competent in financial and accounting affairs and is chaired by an independent Board member. The duties and responsibilities of this Committee include the study of the internal control systems, accounting policies, external auditor review and financial statements review, supervision of the Internal Audit Department, compliance, information technology supervision, reporting, and other responsibilities. The supervision on the Internal Audit department is to verify how efficient it is in the implementation of work and tasks determined by the Board of Directors.

It also studies the Internal Audit reports and follows up on the corrective actions in connection with the reported observations. The Committee also makes recommendations to the Board of Directors with regard to the appointment and removal of external auditors; determination of their remuneration; verification of their independence; follow-up of their duties; and studying the audit plan with the Internal Audit Department. The Committee studies the external auditors' notes to the Company's Financial Statements and follows up presenting them to the Board, expresses opinion thereon and makes recommendations to the Board of Directors in this regard. The Committee further studies the accounting policies of the Company, expresses opinions thereon and makes recommendations to the Board of Directors in their regard; and assesses the Company's estimation of material risks and the procedures taken by the Company's management to control and address such risks. The Audit Committee also prepares an Annual Report that is presented to the shareholders in the Annual General Assembly.

During 2018, there was no recommendation to appoint an Internal Auditor for the Company, as it already has an Internal Audit Division. In addition, there are no recommendations of the Audit Committee that conflict with the Board's decisions, nor did the Board refuse to take any of the Audit Committee's recommendations into consideration regarding the appointment, dismissal, assessment, or determining the remuneration of the external auditor. Due to the fact that the new Saudi Arabian Companies Law came by virtue of the need for prior approval of the General Assembly regarding the appointment of members of the Audit Committee and the fact that the Committee was appointed before the new law came into effect, appointment of the new members of the Committee was approved during the Extraordinary General Assembly meeting on April 17, 2017.

Members of the Audit Committee

Raed Ibrahim Al Mudaiheem

Chairman

Current positions

- CEO of Masdar Building Materials, KSA (JCC)
- Board Member, United Mining Industries, KSA (JCC)
- Board Member, Northern Region Cement Co., KSA (Listed)
- Board Member, Bawan Company, KSA (Listed)
- Board Member, Northern Region Cement Co Jordan, Jordan (JST)
- Board Member, Al Badia cement Syria, Syria (JST)
- Board Member, SUEZ Cement Co, Egypt (JST)
- Board Member, Al Yamamah Steel, KSA (Listed)
- Board Member, Al Muhaidib Group, KSA (Ltd.)

Previous positions

- Board Member, Arabian Pipes Co., KSA (Listed)

Academic qualifications

- Bachelor's in Electrical Engineering, King Saud University
- Masters' Degree in Electrical Engineering, King Saud University

Professional experience

Diversified Engineering & Managerial experience covering more than 28 years in both public and private sectors. In the beginning of his career Raed worked in diversified engineering activities within the power and water sectors, then moved to the private sector and acquired vast experience in building materials (trading and manufacturing), namely steel, cement, timber, gypsum, pre-cast and electrical transformers manufacturing. He participated in tens of conferences, training courses, seminars, economic forums in Management, Finance, Strategy and Leadership in the Kingdom of Saudi Arabia and in many countries in the world.

Ayman Tarik Al-Tayyar

Current positions

- Executive Vice President Head, NCB Private Banking, KSA (Listed)
- Board Member, Program of Advisory - Dar Al Hekma University, KSA (Ltd.)

Previous positions

- Executive Vice President Head Lease Finance, National Commercial Bank, KSA (Listed)
- Executive Vice President Head Branch Banking, National Commercial Bank, KSA (Listed)

Academic qualifications

- Bachelor's of Business Administration, Marketing, University of Montana

Professional experience

Al-Tayyar has over 22 years of experience in the banking sector, working in management roles from 1996-2001 and later holding the positions of senior manager personal banking (2001-2003) and senior executive manager (2004-2006), SABB Head Office. Due to his continued development and expertise he joined NCB as executive vice president and headed the Islamic branch network in 2006. From 2012 to 2016 he held the position of executive vice president and head of lease finance division. Currently, he has been tasked to lead the Private Banking Division. Ayman Al-Tayyar graduated from the University of Montana, USA, in 1993 with a Bachelor's Degree in business administration major in marketing. As part of his professional development he has attended many banking sector executive management training programs at Harvard University, Stanford University, Darden Business School, London Business School and HSBC Executive Management program throughout his career at reputed institutions in the UK and the United States.

In line with the Company's by-laws, SACC's Board is formed of nine Board members who were appointed by the AGM for the current term starting from January 26, 2016, which will end on January 25, 2019.

On January 28, 2016, Yahya Al-Yahya was unanimously appointed by the Board as Chairman. In addition, Raed Al-Mudaiheem was appointed as the Vice Chairman by the Board for the current Board term under the power of authority granted to them in accordance with Article 23 of the Company's by-laws during their meeting which was held on May 3, 2017.

Corporate Governance (continued)

14. Board of Directors' Committees (continued)

A. Audit Committee (continued)

Khaled Ali Otain

Current positions

- CEO and Managing Partner of International Accountants
- Member of Accounting Standards Committee at the Saudi Organization for Certified Public Accountants (SOCPA)
- Member of the Exam Committee at the Saudi Institute for Internal Auditors

Previous positions

- Independent Auditor Ernst and Young
- Independent Auditor TAG
- Audit Committee member, Mohammed Abdulaziz AlRajhi Group

Academic qualifications

- BSc in Accounting, King Saud University
- Certified Public Accountant (SOCPA)
- Certified Management Accountant (CMA)
- Certified Fraud Examiner (CFE)
- Certified Financial Consultant (KSA)
- Certified Administrative Consultant (KSA)

Professional experience

Over the last 20 years, Otain has developed extensive in-depth knowledge and experience in practices involving assurance, taxation, litigation cases, IT and corporate governance. Otain is an approved Arbitrator in financial disputes by the Ministry of Justice in Saudi Arabia.

Before joining International Accountants, he served in key positions as an active member of the senior management team with a number of international accounting firms and major oil & gas companies. Also, he has participated as an audit committee member in number of major and listed companies.

Otain has a rich experience in the field of accounting, assurance, tax and related areas gained through working with diversified industries in the MENA region.

Table of Audit Committee meetings

| Name | Nature of Membership | Number of Meetings (6) | | | | | | Total |
|-------------------|----------------------|------------------------|-------------|------------|-------------|------------|-------------|-------|
| | | 19/06/2018 | 15/03/2018* | 30/04/2018 | 26/07/2018* | 30/10/2018 | 27/12/2018* | |
| Raed Al-Mudaiheem | Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Ayman Al Tayyar | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Khaled Otain | Member | ✓ | ✓ | ✓ | ✓ | X | ✓ | 5 |

* The Audit Committee conducted its meetings held on 15/03/2018, 26/07/2018 and on 27/12/2018 via conference call.

Remuneration of the Audit Committee members

SAR

| Name | Fixed Remuneration | Allowance for attending the meeting | Total |
|-------------------|--------------------|-------------------------------------|---------|
| Raed Al-Mudaiheem | 100,000 | 18,000 | 118,000 |
| Ayman Al Tayyar | 100,000 | 9,000 | 109,000 |
| Khaled Otain | 100,000 | 6,000 | 106,000 |
| Total | 300,000 | 33,000 | 333,000 |

B. Nomination and Remuneration Committee

The Committee is composed of four non-executive members of the Board of Directors, one of which is an independent Board member. The duties and responsibilities of the Committee include: making recommendations to the Board of Directors with regard to nominations to the membership of the Board, its sub-committees and Executive Management in accordance with the approved policies and standards, provided that no person may be nominated if previously convicted in a felony involving moral turpitude; undertaking the annual review of the skill requirements for the Board of Directors; preparing the description of skills and qualifications required for Board membership including determination of the time that the Board member should dedicate to the business of the Board; and determination of the compensation and remuneration of Board members, its sub-committees and Executive Management.

The Committee also reviews the structure and formation of the Board, makes recommendations concerning changes that can be made and identifies the weaknesses and strengths of the Board with recommendations on how to address them to serve the interests of the Company. On an annual basis, the Committee ensures the independence of the independent members and that there are no conflicts of interest if the member holds membership of the Board of Directors of another company. It develops clear policies for the compensation and remuneration of Board members and senior executives, taking into consideration performance-related standards.

Lastly, the Committee prepares periodic and annual reports on the Committee's activities and the annual disclosure report according to the by-laws. These reports are presented to the Board of Directors.

Members of the Nomination and Remuneration Committee

Fahad Abdulmohsen Al-Rasheed

Chairman

Current positions

- Board member, Emaar The Economic City, KSA (Listed)
- Board member, Petromin Co., KSA (Ltd.)
- Board member, Ports Development Co., KSA (Ltd.)

Previous positions

- CEO and Managing Director of Emaar The Economic City, KSA (Listed)
- Deputy Governor and Head of Economic Cities Agency at Saudi Arabian General Investment Authority (SAGIA), KSA (Government Authority)
- Chief Financial Officer (CFO) at the Saudi Arabian General Investment Authority (SAGIA), KSA (Government Authority)
- Financial Analyst at Saudi Aramco, KSA (Government Authority)

Academic qualifications

- Bachelor's in Business Administration, Washington University
- MBA, The Stanford Business School

Professional experience

Fahad is a board member of Emaar the Economic City, a publicly listed company leading the development of King Abdullah Economic City, the largest private-funded new city development in the world and the fastest growing logistics and manufacturing hub in the region. Al-Rasheed is the Founding Chairman of the non-profit Red Sea Foundation, Vice Chairman of the Board of Trustees of Prince Mohamed Bin Salman College of Business and Entrepreneurship.

He was the CEO and Managing Director of Emaar the Economic City, he serves on the boards of several organizations, including King Abdullah Port, Harvard Kennedy School Dean's Council, Petromin, Saudi Airlines Catering Company, the New Cities Foundation, and the Foundation Board of the Global Shapers of the World Economic Forum.

Prior to joining EEC, Al-Rasheed held the post of CFO and Deputy Governor of the Saudi Arabian General Investment Authority (SAGIA). Previous to his work in SAGIA, he led strategic initiatives in investments and corporate finance for Saudi Aramco.

Abdullah Jameel Taibah

Current positions

- Board Member, EMAAR Economic City, KSA (Listed)
- Board Member, Alessa Industries Co., KSA (Ltd.)
- Board Member, Qudra Energy Co, KSA (Ltd.)

Previous positions

- Board Member, Arabian Qudra Company, KSA (Ltd.)

Academic qualifications

- B.S. in Electrical Engineering, King Fahd University of Petroleum and Minerals

Professional experience

Abdullah has over 28 years of experience in strategic and operations management through various posts in the region. Abdullah held the position of CEO, Qudra Energy, in the way of transforming the company into an Energy Platform for ACWA Holding Group. In this assignment Abdullah was able to structure an energy group that is composed of Power, Renewable and Natural resources business lines, supported by engineering services platforms to cater for the growth in the Middle East. The renewable business is mainly focused on solar solutions technology and installations in the CSP and PV technologies, while the natural resources are focused on tonnage industrial gases while the power business is focusing on winning EPCM projects for thermal and CC technologies.

Corporate Governance (continued)

14. Board of Directors' Committees (continued)

B. Nomination and Remuneration Committee (continued)

Shawgi Mohammed Mushtag

Current positions

- Retired

Previous positions

- DG. Privatization Advisor Saudi Arabian Airlines, KSA (Government Est.) EVP Privatization, Saudi Arabian Airlines, KSA (Government Est.)
- VP Catering, Saudi Arabian Airlines, KSA (Government Est.)
- G.M. Skysales, Saudi Arabian Airlines, KSA (Government Est.)
- G.M. Marketing Training, Saudi Arabian Airlines, KSA (Government Est.)
- Manager of Management Development Programs, Saudi Arabian Airlines, KSA (Government Est.) Manager Sales Training, Saudi Arabian Airlines, KSA (Government Est.)
- Manager Field Training, Saudi Arabian Airlines, KSA (Government Est.) Manager Charter Coordination, Saudi Arabian Airlines, KSA (Government Est.) Country Manager Baghdad, Saudi Arabian Airlines, KSA (Government Est.) District Manager Gizan, Saudi Arabian Airlines, KSA (Government Est.)
- Staff Manager Gulf and Far East Region, Saudi Arabian Airlines, KSA (Government Est.) Staff Manager Personnel records, Saudi Arabian Airlines, KSA (Government Est.)

Academic qualifications

- B.S. Marketing and Management, Davis and Elkins College
- Project Management Professional
- Certified Assessor

Professional experience

Shawgi Mushtag has more than 30 years of operational and management experience in the airline and catering industries.

He joined Saudia in 1975 and has held various senior management positions at Saudia, including General Manager for marketing and training from 1987-1997, General Manager for Sky Sales from 1997-2005 and VP - Catering from 2005-2008. Shawgi Mushtag served as Executive VP - Privatization at Saudia, during the period from 2008 to 2015.

Jonathan Stent-Torriani

Current positions

- Founding Partner and Co-CEO, Newrest Group Holding S.L, France (S.L.)
- Majority owner, Director Ritz Carlton Montreal, Majority owner, Director
- Board member, Strategic Catering Co., KSA

Previous positions

- Management training, various (during University), Ritz Carlton Montreal
- Operations Manager, Gate Gourmet Geneva
- Project Director, Icarus Consulting
- Managing Director, Gate South Africa
- CEO, Nuance Australasia
- President EMEA, Gate Gourmet
- CEO, Southern Europe, Compass Group Co-owner, Bebebiz

Academic qualifications

- B.S. Marketing and Management, Davis and Elkins College
- Project Management Professional
- Certified Assessor

Professional experience

Jonathan Torriani worked for Gate Gourmet Group ("GGG") from 1991-1997 in various roles, including Managing Director for Operations Management, and Managing Director of GGG's operations in South Africa. He left GGG in 1997 to join Naunce Group as Chief Executive Officer of its operations in Australasia before returning to GGG as President of the European Division from 2000-2004. He was the Chief Executive Officer for the Southern Europe region at Compass Group from 2004-2006. Jonathan Stent-Torriani is the co-founder, co-owner and has been co-chief executive officer of Newrest Group since 2006.

Table of Nomination and Remuneration Committee meetings

| Name | Nature of Membership | Number of Meetings (2) | | Total |
|-------------------|----------------------|------------------------|-------------|-------|
| | | 19/03/2018 | 11/10/2018* | |
| Fahad Al Rasheed | Chairman | X | ✓ | 1 |
| Jonathan Torriani | Member | ✓ | ✓ | 2 |
| Abdullah Taibah | Member | ✓ | ✓ | 2 |
| Shawgi Mushtag | Member | ✓ | ✓ | 2 |

* Nomination and Remuneration Committee meeting held on October 11th, 2018 was conducted via conference call.

Remuneration of the Nomination and Remuneration Committee members

SAR

| Name | Fixed Remunerations | Allowance for attending the meeting | Total |
|-------------------|---------------------|-------------------------------------|---------|
| Fahad Al Rasheed | 100,000 | 0 | 100,000 |
| Jonathan Torriani | 100,000 | 3,000 | 103,000 |
| Abdullah Taibah | 100,000 | 3,000 | 103,000 |
| Shawgi Mushtag | 100,000 | 3,000 | 103,000 |
| Total | 400,000 | 9,000 | 409,000 |

C. The Executive Committee

The Committee is composed of three non-executive members of the Board of Directors, two independent members of the Board of Directors, and one member of the executive management who is the CEO (Executive Member). The duties and responsibilities of the Committee include: assisting the Board in conducting responsibilities and duties in determining the Company's mission, vision, and direction of business; assisting the Board in determining the strategic and investment goals of the Company; assist in determining the vision and duties of the Board; determining main and strategic goals to assist the Company in achieving the required results; assisting the Board in the periodic strategic evaluation of the Company's performance; participating in the evaluation and review of the main investment decisions; form and reform partnerships and their budgets; develop Company investments; develop and enhance information technology; manage relationships with main suppliers; responsible for the main commercial transactions, policies, and executive procedures of commercial day-to-day transactions; finding development methods; coordinate between Executive Management and other main functions' managers; supervise the performance of the CEO and Executive Management Members; review the ability of the commercial partner (if any); determine the investment strategy and policies; periodic review of potential investments' feasibility; review and approve measures and indicators to evaluate investments; review Zakat and Tax matters in relation to investment transactions in coordination with the Audit Committee; review and disclose accounting procedures and methods of all investment transactions based on the approved accounting standards; continuous review of investment consultants of the Company and determine if they should continue their service; review and report investment results to the Board; and any other tasks related to investments, Company policies, and other matters.

Members of the Executive Committee

Yahya Abdullah Al Yahya

Chairman

Current positions

- Board Member, International Gulf Bank in Bahrain.

Previous positions

- Chairman, Gulf International Bank, UK. (Ltd.)
- Chairman of the Emerging Markets Advisory Council of the Institute of International Finance (IIF), Washington DC, USA (Institute)
- Co-Chairman of the Emerging Markets Advisory Council of the Institute of International Finance (IIF), Washington DC, USA (Institute)
- Board Director, Institute of International Finance, Washington DC, USA (Ltd.) Chairman, Shuaibah Expansion Project Company, KSA (Ltd.)
- Chairman, Shuaibah Water & Electricity Company, KSA (Ltd.)
- Chief Executive Officer, Gulf International Bank B.S.C., Bahrain (Ltd.)
- Board Director, GIB Capital, KSA (Ltd.)
- Steering Committee Member to establish the Saudi Real Estate Refinancing Company (SRERC), KSA (Ltd.)
- Member of the Group of Twenty (G20) High Level Panel on Infrastructure Investment (HLPII), KSA (Ltd.)
- Member of Strategy Steering Group of Sanabil, Saudi Arabia, KSA (Listed)
- Board Director, Oger Telecom, Dubai, UAE (Ltd.)
- Board Director, The National Commercial Bank, KSA (Listed)
- Board Director & Member of the Audit & Investment Committees, Saudi Re, Riyadh, KSA (Ltd.)
- Board Director and Member of the Executive Committee, Gulf Investment Corporation, Kuwait (Ltd.)

Corporate Governance (continued)

14. Board of Directors' Committees (continued)

C. The Executive Committee (continued)

- KSA Representative on the Steering Group (USA, EU, Japan and KSA) of the International Efforts for the Reconstruction of Afghanistan, KSA (Association)
- Executive Director for Saudi Arabia, The World Bank, Washington DC, USA (Organization)
- Board Director, Gulf International Bank, Bahrain (Ltd.)
- Board Director, Saudi Engineering Committee, Riyadh, KSA (Ltd.)
- Member of the Audit Committee, Banque Saudi Fransi (BSF), Riyadh, KSA (Listed)
- General Manager, Central Region, EA Juffali & Bros, Riyadh, KSA (Ltd.)
- Board Director, Saudi Agricultural Bank, Riyadh, KSA (Ltd.)
- Director General, The Institute of Banking, SAMA, Riyadh, KSA (Government Authority)
- Assistant Professor, Industrial Engineering, King Saud University, Riyadh, KSA (Government Authority)
- Consultant, Ford Motor Company, KSA (Ltd.)
- Assistant Professor, Industrial & Systems Engineering, The University of Michigan, USA (Government Authority)
- Graduate Assistant, College of Engineering, Riyadh University, KSA (Government Authority)
- Project Analyst, Saudi Industrial Development Fund, Riyadh, KSA (Ltd.)

Academic qualifications

- Fellow, Eisenhower Exchange Fellowship
- PhD, Industrial & Operations Engineering, The University of Michigan
- MSE, Industrial & Operations Engineering, The University of Michigan
- BSE, Systems Engineering, King Fahd University of Petroleum and Minerals

Professional experience

Al Yahya has more than 40 years of experience in academia, government and the private sectors, thus bringing with him a large and diversified skill set that would aid and serve in accomplishing the strategic goals of the Company. Those skill sets were established and polished through various positions he held both nationally and internationally.

Raed Ibrahim Al Mudaiheem

Current positions

- CEO of Masdar Building Materials, KSA (JCC)
- Board Member, United Mining Industries, KSA (JCC)
- Board Member, Northern Region Cement Co., KSA (Listed)
- Board Member, Bawan Company, KSA (Listed)
- Board Member, Northern Region Cement Co Jordan, Jordan (JST)
- Board Member, Al Badia cement Syria, Syria (JST)
- Board Member, SUEZ Cement Co, Egypt (JST)
- Board Member, Al Yamamah Steel, KSA (Listed) Board Member, Al Muhaidib Group, KSA (Ltd.)

Previous positions

- Board Member, Arabian Pipes Co., KSA (Listed)

Academic qualifications

- Bachelor's in Electrical Engineering, King Saud University
- Masters' Degree in Electrical Engineering, King Saud University

Professional experience

Diversified Engineering & Managerial experience covering more than 28 years in both public and private sectors. In the beginning of his career Raed worked in diversified engineering activities within the power and water sectors, then moved to the private sector and acquired vast experience in building materials (trading and manufacturing), namely steel, cement, timber, gypsum, pre-cast and electrical transformers manufacturing. He participated in tens of conferences, training courses, seminars, economic forums in Management, Finance, Strategy and Leadership in the Kingdom of Saudi Arabia and in many countries in the world.

Fahad Abdulmohsen Al Rasheed

Current positions

- Board Member, Emaar The Economic City, KSA (Listed)
- Board member, Petromin Co., KSA (Ltd.)
- Board member, Ports Development Co., KSA (Ltd.)

Previous positions

- CEO and Managing Director of Emaar The Economic City, KSA (Listed)
- Deputy Governor and Head of Economic Cities Agency at Saudi Arabian General Investment Authority (SAGIA), KSA (Government Authority)
- Chief Financial Officer (CFO) at the Saudi Arabian General Investment Authority (SAGIA), KSA (Government Authority)
- Financial Analyst at Saudi Aramco, KSA (Government Authority)

Professional experience

Fahad is a board director in Emaar the Economic City, a publicly listed company leading the development of King Abdullah Economic City, the largest private-funded new city development in the world and the fastest growing logistics and manufacturing hub in the region. Al-Rasheed is the Founding Chairman of the non-profit Red Sea Foundation, Vice Chairman of the Board of Trustees of Prince Mohamed Bin Salman College of Business and Entrepreneurship.

He was the CEO and Managing Director of Emaar the Economic City, he serves on the boards of several organizations, including King Abdullah Port, Harvard Kennedy School Dean's Council, Petromin, Saudi Airlines Catering Company, the New Cities Foundation, and the Foundation Board of the Global Shapers of the World Economic Forum.

Prior to joining EEC, Al-Rasheed held the post of CFO and Deputy Governor of the Saudi Arabian General Investment Authority (SAGIA). Previous to his work in SAGIA, he led strategic initiatives in investments and corporate finance for Saudi Aramco.

Jonathan Stent-Torriani

Current positions

- Founding Partner and Co-CEO, Newrest Group Holding S.L, France (S.L.)
- Majority owner, Director Ritz Carlton Montreal, majority owner, Director
- Board member, Strategic Catering Co., KSA

Previous positions

- Management training, various (during University), Ritz Carlton Montreal
- Operations Manager, Gate Gourmet Geneva
- Project Director, Icarus Consulting
- Managing Director, Gate South Africa
- CEO, Nuance Australasia
- President EMEA, Gate Gourmet
- CEO, Southern Europe, Compass Group
- Co-owner, Bebebiz

Academic qualifications

- B.S. Marketing and Management, Davis and Elkins College
- Project Management Professional Certified Assessor

Professional experience

Jonathan Torriani worked for Gate Gourmet Group ("GGG") from 1991-1997 in various roles, including Managing Director for Operations Management, and Managing Director of GGG's operations in South Africa. He left GGG in 1997 to join Nance Group as Chief Executive Officer of its operations in Australasia before returning to GGG as President of the European Division from 2000-2004. He was the Chief Executive Officer for the Southern Europe region at Compass Group from 2004-2006. Jonathan Stent-Torriani is the co-founder, co-owner and has been co-chief executive officer of Newrest Group since 2006.

Corporate Governance (continued)

14. Board of Directors' Committees (continued)

C. The Executive Committee (continued)

Abdulmohsen Abdulaziz Al Yahya

Current positions

- Board Member, Gulf West Co., KSA (Ltd.)
- Board Member, Awal Al Qoutouf Co., KSA (Ltd.)
- Board Member, Alkhaleej Training and Education Co., KSA (Listed)

Previous positions

- Board Member for Saudi Association for Hearing, KSA (Association).
- CEO and owner, Kudu Restaurants, KSA (Ltd.)

Academic qualifications

- Bachelor's in Civil Engineering, King Saud University (Jeddah)

Professional experience

Abdulmohsen Al-Yahya has over 35 years of operational and management professional experience. He started his career as a Projects Manager in the military engineering works at the Ministry of Defense in 1981. In 1988, he established the Kudu Restaurants and stayed as founder and CEO for Kudu until April 2015 when he sold his share. In 2011, he was awarded the best CEO in Retail Business. In 2006 he was appointed a board member of Al-Khaleej Training and Education Company.

Wajdy Al-Ghabban

Current positions

- Chief Executive Officer, Saudi Airlines Catering
- Chief Executive Officer, Strategic Catering Company
- Board member at Saudi French Company for Operating and Managing Duty Free Shops

Previous positions

- Deputy CEO, Saudi Airlines Catering
- Chief Operating Officer, Saudi Airlines Catering
- General Manager - Riyadh Region, Saudi Airlines Catering
- Chief Catering Unit - Cairo Unit, Saudi Airlines Catering

Academic qualifications

- Masters of Business Administration from Robert Kennedy College, University of Wales, Switzerland

Professional experience

29 years' service in Saudi Airlines Catering Co., in which he held various positions within the company. Wajdy displays expertise in the fields of airline & non-airline catering. In addition, his interests include software development for airline catering use, automation of production and ware wash systems, catering unit project design and execution, real estate development (construction/renovation of hotel and labor housing projects), and budgeting and contract negotiation.

Schedule of meetings of the Executive Committee

| Name | Nature of Membership | Number of Meetings | |
|----------------------|----------------------|--------------------|-------|
| | | 19/06/2018 | Total |
| Yahya Al-Yahya | Chairman | ✓ | 1 |
| Abdulmohsen Al-Yahya | Member | ✓ | 1 |
| Fahad Al-Rasheed | Member | ✓ | 1 |
| Jonathan Torriani | Member | ✓ | 1 |
| Raed Al-Mudaiheem | Member | ✓ | 1 |
| Wajdy Al-Ghabban | Member | ✓ | 1 |

Remuneration of members of the Executive Committee

SAR

| Name | Fixed Remuneration | Attendance Allowance | Total |
|----------------------|--------------------|----------------------|---------|
| Yahya Al-Yahya | 100,000 | 3,000 | 103,000 |
| Abdulmohsen Al-Yahya | 100,000 | 3,000 | 103,000 |
| Fahad Al-Rasheed | 100,000 | 3,000 | 103,000 |
| Jonathan Torriani | 100,000 | 3,000 | 103,000 |
| Raed Al-Mudaiheem | 100,000 | 3,000 | 103,000 |
| Wajdy Al-Ghabban | - | - | - |
| Total | 500,000 | 15,000 | 515,000 |

15. Executive Management

Wajdy Al-Ghabban

Current position

- Chief Executive Officer, Saudi Airlines Catering
- Chief Executive Officer, Strategic Catering Company
- Board member at Saudi French Company for Operating and Managing Duty Free Shops

Previous positions

- Deputy CEO, Saudi Airlines Catering
- Chief Operating Officer, Saudi Airlines Catering
- General Manager - Riyadh Region, Saudi Airlines Catering
- Chief Catering Unit - Cairo Unit, Saudi Airlines Catering

Academic qualifications

- Masters of Business Administration from Robert Kennedy College, University of Wales, Switzerland.

Professional experience

29 years' service in Saudi Airlines Catering Co., in which he held various positions within the company. Wajdy displays expertise in the fields of airline & non-airline catering. In addition, his interests include software development for airline catering use, automation of production and ware wash systems, catering unit project design and execution, real estate development (construction/renovation of hotel and labor housing projects), and budgeting and contract negotiation.

Corporate Governance (continued)

15. Executive Management (continued)

Sultan Al-Booq

Current positions

- General Counsel & VP, Corporate Affairs
- VP Procurement and Strategic Sourcing

Previous positions

- Legal Advisor and Board Secretary at Ma'aden
- Lawyer for Microsoft as a secondment under the Law Firm of Mohammed Aldhabaan & Partners (Eversheds)
- Lawyer & Legal Advisor at United Legal Group Law Firm

Academic qualifications

- LLM (Masters' Degree) Comparative Legal Studies (Elisabeth Haub School of Law) New York
- BSc in Law (King Abdulaziz University), Jeddah

Professional experience

Procurement and corporate supply chains; local and international litigation; legal and corporate negotiation; outsourcing of legal cases to internationally renowned legal professional; contract and MoU drafting; government advocacy; intellectual property; handling of liaison between Company functions and divisions for discussion with the Board of Directors; corporate market and government regulations; corporate policy and procedure.

Matti Kivekas

Current positions

- Chief Financial Officer

Previous positions

- VP Finance and Business Control with Fazer Food Services in Finland
- Regional CFO and GM Business control in Brazil and India with Salcomp
- CFO with Componenta PLC
- VP Finance & IT with UPM-Kymmene, China and Asia Pacific
- Head of Finance and Business Control with Metso Automation for South America, Asia-Pacific and South Africa
- Treasurer with Tampella Power

Academic qualifications

- B.Sc.(Economics), University of Tampere
- MBA (Helsinki School of Economics)

Professional experience

Matti brings 25 years of experience from various industries: heavy metal, industrial automation, pulp and paper, electronics and food services. He has been involved in all areas of finance from Treasury to Management Accounting. During his career he has participated in many turnaround projects and mergers & acquisitions. Besides finance responsibilities he has managed strategy, IT, payroll and HR. He is a reserve officer with Finnish Defense Forces.

Besides his native country, Finland, he has lived and worked for more than 15 years in Singapore, China, India, Brazil and now in Saudi Arabia.

Tarek Tharwat

Current positions

- Chief Audit Executive

Previous positions

- Chief Internal Auditor at Saudi Binladin Group – Public Buildings and Airports Division 'PBAD'
- Corporate Internal Audit Manager at Orascom Construction Industries 'OCI' in Egypt, responsible for the cement division in Egypt and the overseas network
- Internal Audit Manager for North Africa and the overseas network of Abdul Latif Jameel "ALJ"; based in Algeria
- Internal audit supervisor at Abdul Latif Jameel "ALJ", the dealer of Toyota in KSA
- Credit Manager at 'Rhodia', French chemical group in Egypt
- Chief Accountant at 'Rhodia', French chemical group in Egypt
- Supervisor Deloitte & Touche Egypt (External Audit Firm)

Academic qualifications

- MBA in International Business from the University of Liverpool in UK
- BSc. in accounting from Alexandria University in Egypt
- Chartered Accountant
- Certified Internal Auditor (CIA)
- Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors (IIA) in USA
- Certified Financial Consultant (CFC) from the Institute of Financial Consultants (IFC)

Professional experience

Tarek Tharwat holds an MBA in International Business from the University of Liverpool and a BSc in Accounting from Alexandria University in Egypt, and is a registered Chartered Accountant. Tarek also holds the Certified Internal Auditor (CIA) and the Certification in Risk Management Assurance (CRMA) both from the Institute of Internal Auditors (IIA), the Certified Financial Consultant (CFC) from the Institute of Financial Consultants (IFC) in addition to other audit and internal control professional certificates. Tarek has over 26 years of professional experience in Internal Control, Risk Management Inspection & both operational and financial audit. Worked as external auditors in Deloitte & Touche Egypt then moved to the French chemical group 'Rhodia' in Egypt as a group Chief Accountant then promoted to the Group Credit Manager. In 2003, Tarek joined Abdul Latif Jameel "ALJ", the dealer of Toyota in KSA, as internal audit supervisor then transferred to Algeria as Internal Audit Manager where he set up the Internal Audit function for North Africa and the overseas network.

Tarek also joined Orascom Construction Industries 'OCI' in Egypt as Corporate Internal Audit Manager responsible for the cement division, then joined Saudi Binladin Group as Chief Internal Auditor for the Public Buildings and Airports Division 'PBAD'. Currently Tarek is the Chief Audit Executive at Saudi Airlines Catering Company.

Jacob Roest

Current positions

- Chief Operating Officer – In-Flight Catering

Previous positions

- Board Member, Thai Airport Ground Services
- Board Member, LSG Sky Chefs (Thailand) Ltd.
- Managing Director LSG Sky Chefs New Zealand and Rarotonga
- Director Operations LSG Sky Chefs Thailand, India, Nepal and Myanmar
- General Manager LSG Sky Chefs Thailand and Myanmar
- Deputy General Manager LSG Sky Chefs Thailand
- Various middle management roles with Alpha Flight Services in Europe

Academic qualifications

- Bachelor's in Hotel Management 1984-1988 (Hotel school) Groningen

Professional experience

Jacob comes to SACC with over 25 years of experience gained through working in airline catering positions across Europe, Asia, India and New Zealand. His experience also includes working in production and management roles in the UK, Portugal and the Netherlands where he served in the national service for 2 years. He joined SACC as COO in January 2016.

Corporate Governance (continued)

15. Executive Management (continued)

Abdulwahab Saati

Current positions

- Chief Operating Officer – Retail
- Board Member, Saudi French Company for Operating and Managing Duty Free Shops

Previous positions

- Chief Commercial Officer
- General Manager, Airlines Sales and Business Development
- Manager Marketing Sales and Customer Services
- Manager Sales and Marketing
- Assistant Manager, Foreign Airlines and Private Aviation
- Assistant Manager, Royal VIP and Saudia

Academic qualifications

- Many professional certificates in the field

Professional experience

Joined SACC in Riyadh during 1991 and since then he has worked in various managerial positions within the organization. Abdulwahab has extensive experience of over 26 years in the field of Aviation, Retail Services, and In-Flight Catering, with a very strong orientation in the field of Marketing & Sales Business Development, handling all Saudia, local and foreign airlines and private aviation.

Strategic and resourceful executive with proven ability to recognize and capture business opportunities. Possessing excellent communication skills and able to establish sustainable and profitable relationships with customers and suppliers. Strong record of achievement in progressive leadership roles within the aviation industry—repeatedly stepping up to new challenges, launching innovative programs, creating customer loyalty, and building top-performing organizations with excellent revenue and profit performance.

Martial Verine

Current positions

- Chief Operating Officer – Catering and Facilities

Previous positions

- Regional Director for Chad & East Africa at Catering International & Services (CIS)
- Managing Director for Chad at Catering International & Services (CIS)
- Managing Director Algeria at Newrest
- General Manager In-Flight Catering in Tunisia at Newrest
- Various Operational Management positions in West Africa for Compass Group (Eurest Support Services) and Sodexo
- Various middle management positions in hotel & catering industry in France

Academic qualifications

- Bachelor's of Marketing & Hotel Management – ESITEL Montpellier (France), 1994
- Scientific Baccalaureate Montpellier, 1991

Professional experience

Martial brings around 20 years of experience gained through working in multi-segment catering positions within the hospitality & catering sector.

Prior to his appointment as Regional Director for Catering International & Services (CIS) in 2010 overseeing Central & East Africa, he was appointed as the General Manager for Newrest In-Flight Catering in Tunisia in 2005 followed by Managing Director for Newrest Algeria in 2009.

Martial's experience also includes working for leading brands such as Eurest and Sodexo.

Fahad Khayat

Current positions

- VP, Internal Control and Performance Improvement

Previous positions

- General Manager, Internal Control and Performance Improvement
- VP Catering (A) and Quality Assurance, Saudia Catering
- G.M. Catering Operations and Quality Assurance, Saudia Catering
- G.M. Quality Assurance
- G.M. Total Quality Management, Saudia Catering
- G.M. Human Resources, Technical Projects, Quality and Food Safety, Saudia Catering
- G.M. Technical Projects, Quality and Food Safety, Saudia Catering
- Corporate manager Quality and Food Safety, Saudia Catering
- Manager Hygiene and Food Safety, Saudia Catering
- Corporate Manager of food microbiological activities of the six quality control laboratories located at Jeddah, Dhahran, Hallat Am mar, Jazan, Al Hadetha and Riyadh, Saudi Food Drug Organization (SDA), Ministry of Commerce

Academic qualifications

- Doctor of Philosophy in Science, Utah State University, Logan, Utah, USA. 1987
- Masters in Science, Utah State University, Logan, Utah, USA. 1986
- Bachelor of Science, Weber State University, Ogden, Utah, USA. 1981

Professional experience

Dr. Fahad's department has delivered key ISO/HACCP/OHSAS/Halal (HAB) qualifications for the business. With over 25 years' experience, he has delivered quality assurance through establishing robust, quality driven processes, which are key to SACC's subsequent awards and recognition in the field of food production.

Ibrahim Alsini

Current positions

- VP Hajj and Umrah
- International arbitrator at Hotelier Middle East

Previous positions

- Dean of Faculty of Tourism, King Abdulaziz University, Jeddah
- Member of The Board of Directors of Dhyafat Albalad Alameen

Academic qualifications

- PhD in Hospitality Management from the University of Surrey, UK
- Certificate of competence in hospitality management from the high School in Lausanne, Switzerland.

Professional experience

Dr. Ibrahim Alsini joined the company on 06/05/2018 as the Vice President of Hajj and Umrah Department of Saudi Airlines Catering Company. He was formerly dean of the Faculty of Tourism at King Abdulaziz University in Jeddah. He was also a member of the Board of Directors of the Security Country Assembly, a private company focused on developing Hospitality and Tourism in Mecca. He has worked also as International arbitrator at Hotelier Middle East since 2014. Alsini obtained a PhD in Hospitality Management from the University of Surrey, UK and Certificate of competence in hospitality management from the high School in Lausanne, Switzerland.

Talal Al Toaimi

Current positions

- VP Hospitality

Previous positions

- Multiple managerial positions

Academic qualifications

- Certificate in Technical Sciences from Riyadh Industrial College 1984-1987

Professional experience

Al Toaimi joined Saudi Catering Company in 2003 and has held many administrative positions there. He has over 15 years of experience in hospitality, catering and high communication skills to maintain and establish a good and profitable business relationship with customers. His development has been demonstrated by his rise in the career ladder in leadership positions. Talal oversees the management and operation of business and hospitality lounges known as Al Fursan lounges at the Kingdom's airports in Jeddah, Riyadh, Dammam, Medina and other hospitality sectors and centers.

Corporate Governance (continued)

15. Executive Management (continued)

Sylvain Benoit

Current positions

- Chief Operating Officer – Catering and Facilities

Previous positions

- Chief Operating Officer, SODEXO, China
- Head of the Chinese Food Program
- Head of Contracts and Employment Department of China
- Operations Manager, China
- Regional director in China
- Operations Manager in China

Academic qualifications

- Certificate of Hospitality Management Supervisor, France
- Higher Diploma in Restaurant Management, Hospitality School, Toulouse, France
- Diploma in Catering and Hospitality, Toulouse, France

Professional experience

Sylvain has extensive professional experience over the past 15 years, during which he has held various positions in the field of catering for many companies in the hospitality and catering sector, before taking up the post of Chief Operating Officer, Catering and Facilities Management in Saudi Airlines Catering Company on July 15th 2018. He was appointed successor to Professor Martial Verine, who submitted his resignation on July 14th, 2018. Sylvain has held several positions at Sodexo in China, including Chief Operating Officer, Head of the Food Program, Head of Contracts and Operations Department, Operations Manager and Regional Director.

Compensation of Executive Management

| Item | SAR |
|--|------------------|
| Salaries and Compensation | 4,404,840 |
| Allowances | 380,500 |
| Annual Remuneration | 2,228,948 |
| Incentives | — |
| Any Compensation or Benefit that is Paid Monthly or Annually | — |
| Total | 7,014,288 |

Description of the interest of the members of the senior management or their relatives in the shares of the Company

Description of the interest of the members of the senior management and their spouses and minor children in the shares of the Company:

| Name | Beginning of year | | End of year | | Net change | Change percentage | Relative ownership from the first degree |
|------------------|-------------------|------------------|------------------|------------------|------------|-------------------|--|
| | Number of shares | Debt instruments | Number of shares | Debt instruments | | | |
| Wajdy Al-Ghabban | — | — | — | — | — | — | 1,000 |
| Sultan Al-Booq | — | — | — | — | — | — | — |
| Tarek Tharwat | — | — | — | — | — | — | — |
| Matti Kivekas | — | — | — | — | — | — | — |
| Abdelwahab Saati | — | — | — | — | — | — | — |
| Fahad Khayyat | — | — | — | — | — | — | — |
| Sylvain Benoit | — | — | — | — | — | — | — |
| Talal Al Toaimi | — | — | — | — | — | — | — |
| Ibrahim Alsini | 16 | — | 16 | — | 0 | 0 | — |

Description of interests, contractual based securities, and subscription entitlements of Executive Management members or their relatives on debt instruments of the company

Description of interests, contractual based securities, and subscription entitlements of Executive Management members or their wives or children on debt instruments of the company:

| Name | Beginning of year | | End of year | | Net change | Change percentage | Relative ownership from the first degree |
|------------------|-------------------|------------------|------------------|------------------|------------|-------------------|--|
| | Number of shares | Debt instruments | Number of shares | Debt instruments | | | |
| Wajdy Al-Ghabban | — | — | — | — | — | — | — |
| Sultan Al-Booq | — | — | — | — | — | — | — |
| Tarek Tharwat | — | — | — | — | — | — | — |
| Matti Kivekas | — | — | — | — | — | — | — |
| Abdelwahab Saati | — | — | — | — | — | — | — |
| Fahad Khayyat | — | — | — | — | — | — | — |
| Sylvain Benoit | — | — | — | — | — | — | — |
| Talal Al Toaimi | — | — | — | — | — | — | — |
| Ibrahim Alsini | — | — | — | — | — | — | — |

Description of the interest of the members of the senior management or their relatives in the shares of the affiliate company (Saudi French Company for Operating and Managing Duty Free Shops)

Description of the interest of the members of the senior management and their spouses and minor children in the shares of the affiliate company:

| Name | Beginning of year | | End of year | | Net change | Change percentage | Relative ownership from the first degree |
|-------------------|-------------------|------------------|------------------|------------------|------------|-------------------|--|
| | Number of shares | Debt instruments | Number of shares | Debt instruments | | | |
| Wajdy Al-Ghabban* | — | — | — | — | — | — | — |
| Sultan Al-Booq | — | — | — | — | — | — | — |
| Tarek Tharwat | — | — | — | — | — | — | — |
| Matti Kivekas | — | — | — | — | — | — | — |
| Abdelwahab Saati* | — | — | — | — | — | — | — |
| Fahad Khayyat | — | — | — | — | — | — | — |
| Sylvain Benoit | — | — | — | — | — | — | — |
| Talal Al Toaimi | — | — | — | — | — | — | — |
| Ibrahim Alsini | — | — | — | — | — | — | — |

* Mr. Wajdy Al-Ghabban and Mr. Abdelwahab Saati are members of the Board of Directors of Saudi French Company for Operating and Managing Duty Free Shops, without any remuneration, bonus or other incentives.

Description of interests, contractual based securities, and subscription entitlements of Executive Management members or their relatives on debt instruments of the affiliate company (Saudi French Company for Operating and Managing Duty Free Shops)

Description of interests, contractual based securities, and subscription entitlements of Executive Management members or their wives or children on debt instruments of the affiliate company:

| Name | Beginning of year | | End of year | | Net change | Change percentage | Relative ownership from the first degree |
|-------------------|-------------------|------------------|------------------|------------------|------------|-------------------|--|
| | Number of shares | Debt instruments | Number of shares | Debt instruments | | | |
| Wajdy Al-Ghabban* | — | — | — | — | — | — | — |
| Sultan Al-Booq | — | — | — | — | — | — | — |
| Tarek Tharwat | — | — | — | — | — | — | — |
| Matti Kivekas | — | — | — | — | — | — | — |
| Abdelwahab Saati* | — | — | — | — | — | — | — |

Corporate Governance (continued)

15. Executive Management (continued)

| Name | Beginning of year | | End of year | | Net change | Change percentage | Relative ownership from the first degree |
|-----------------|-------------------|------------------|------------------|------------------|------------|-------------------|--|
| | Number of shares | Debt instruments | Number of shares | Debt instruments | | | |
| Fahad Khayyat | — | — | — | — | — | — | — |
| Sylvain Benoit | — | — | — | — | — | — | — |
| Talal Al Toaimi | — | — | — | — | — | — | — |
| Ibrahim Alsini | — | — | — | — | — | — | — |

* Mr. Wajdy Al-Ghabban and Mr. Abdulwahab Saati are members of the Board of Directors of Saudi French Company for Operating and Managing Duty Free Shops, without any remuneration, bonus or other incentives.

Executive Management's Compensation Policy

- The Board of Directors shall determine the compensation of the Chief Executive Officer in their appointment resolution and shall be stated in the contract with that Chief Executive Officer.
- The Executive Management members' compensation shall be in accordance with the Company's internal policies, and shall be determined based on the employment grade of each member. This shall exclude the Chief Audit Executive who will have his compensation determined by the Board of Directors based on the Audit Committee's recommendation.
- In determining compensations of the Executive Management, the size of the responsibilities, tasks, and duties and the expertise, qualifications, skills, and performance should be taken into account.
- The Company should immediately stop a compensation of an Executive Management Member, upon its knowledge of any misleading information given by the Executive Management member to misuse his employment status to gain undeserved compensations. The Company reserves its right of claiming all undeserved compensation that was awarded to that member either internally, or externally by the responsible authorities.
- The Nomination and Remuneration Committee should review the compensations of the Executive Management periodically to ensure its reasonable sufficiency to attract and retain members of merit and experience and motivate them to develop the Company on a long-term basis.
- Indicators relating to performance should be taken into account when determining the remuneration of Executive Management members.

Relationship between Compensation and Policy

- The Chief Executive Officer's compensation was determined by the Board of Directors and is reflected in his employment contract.
- The Executive Management members' compensations were determined by the Company's internal policies, except for the Chief Audit Executive whose compensation was determined by the Board based on the Audit Committee's recommendation.
- The compensations were based on a performance indicator that Executive Management members are evaluated against annually.

16. Related Party Transactions

Saudi Airlines Establishment (Saudia) is the largest Shareholder in the Company. A large portion of the Company's business is conducted with Saudia, such as providing meals to passengers and crew on board Saudia flights, as well as other services such as producing and preparing menus, ground services that are mainly meals for the employees of this sector, and luggage services.

During its meeting held on 16th Safar 1435 Hijri (December 19, 2014), the SACC Board approved the agreement with Newrest to provide consultations and technical services (Technical Services Agreement). The agreement was directly signed between SACC and Newrest Holding S.L. where they own shares in Saudi Strategic Catering Company Ltd.

The agreement adopts the principle of development and growth of revenues and profits for the Company in general and for every section of business it runs in particular. The agreement will adopt specific objectives and outcomes for these sections. Additionally, it will focus on financial and quality results, the best utilization of assets and development of human resources. The agreement, moreover, adopts the principle of gaining technical support for future potential business including railway catering, noting that Newrest Holding S.L. is one of the leading companies in Europe specializing in catering services on trains.

The agreement ran for three years starting from January 1, 2014 and was renewed on January 1, 2017 to December 31, 2020. All contracts signed with related parties were approved during the meeting of the Company's General Assembly authorized for 2017. These related parties include Saudi Arabian Airlines Establishment, Newrest Group Holding S.L. Saudi Airlines Cargo, Saudi Airlines Ground Services, Saudi Airlines Real Estate Development Company, Flyadeal, Abdulmohsen Abdulaziz Al-Hokair Group, National Commercial Bank, Gulf West Co., Emaar the Economic City, and Saudi French Company for Operating and Managing Duty Free Markets.

17. Summary of related parties transactions and purchases

| Related party | Its relation with the Company | Transaction/purchase Type | Its duration | Its value |
|--------------------------------------|--|--|--|-----------------------------|
| Saudi Arabian Airlines Establishment | One of major shareholders in the Company who own more than (5%) of the total company's capital | Inflight Catering services | This contract took effect on January 1st, 2015 and ends on December 31st, 2019 | Provisional based on orders |
| | | Inflight Catering services for Bayraq flights | This contract took effect on May 1st, 2016 and ends on April 30th, 2019 | Provisional based on orders |
| | | Sky Sales services for Bayraq flights | This contract took effect on May 1st, 2016 and ends on April 30th, 2019 | Provisional based on orders |
| | | Catering and hospitality services for Al Forsan Lounge Terminal 5 in King Khaled International Airport | This contract took effect on October 4th, 2016 and ends on October 3rd, 2025 | Provisional based on orders |
| | | Catering services in Al Forsan Lounge in Egypt International Airport | This contract took effect on February 16th, 2016 and ends on February 15th, 2022 | Provisional based on orders |
| | | Lease agreement in (AM1) building in King Khaled International Airport | This contract took effect on March 1st, 2016 and ends on February 28th, 2018 | 5.205.200 Saudi Riyal |
| | | Catering services in (AM1) building in King Khaled International Airport | This contract took effect on March 1st, 2016 and ends on February 28th, 2019 | Provisional based on orders |
| | | Catering and Hospitality services for (Welcome) lounge in Prince Mohammed Bin Abdulaziz International Airport in Madinnah Monawara | This contract took effect on February 22nd, 2017 and end on February 22nd, 2018 | Provisional based on orders |
| | | Agreement with Saudia for operating and managing central baggage store | This contract took effect on October 1st, 2017 and ends on September 30th, 2020 | 27.000.000 Saudi Riyal |
| | | Catering and hospitality services for Al Forsan Lounges in King Abdulaziz International Airport in Jeddah, King Khaled International Airport in Riyadh, King Fahd International Airport in Dammam and Prince Mohammed Bin Abdulaziz International Airport in Madinnah Monawara | This contract took effect on December 19th, 2011 | Provisional based on orders |
| | | Catering Service Agreement to Saudia IT Building | This contract took effect on January 1st, 2016 | Provisional based on orders |
| | | Catering Service to Saudia Reservations Diplomatic Quarter | This contract took effect on April 7th, 2016 | Provisional based on orders |

Corporate Governance (continued)

17. Summary of related parties transactions and purchases (continued)

| Related party | Its relation with the Company | Transaction/purchase Type | Its duration | Its value |
|--|--|---|---|--|
| Saudi Arabian Airlines Establishment (continued) | | Catering Service Agreement to Saudia Ticketing & Reservation office, Al Murooj | This contract took effect on October 17th, 2013 | Provisional based on orders |
| | | Inflight Catering Service to Saudia other flights | The contract entered into force 01/02/2019 and ends on 1/01/2022 | Provisional based on orders |
| | | Catering and hospitality services for Al Forsan Lounges for Saudi and other airlines cash passenger in King Abdulaziz International Airport in Jeddah King Khaled International Airport in Riyadh, King Fahd International Airport in Dammam and Prince Mohammed Bin Abdulaziz International Airport in Madinnah Al Monawarah | The contract entered into force 16/04/2017 and ends on 16/07/2020 | Provisional based on orders |
| | | IT Service Level agreement with Saudia | The contract entered into force 01/05/2018 and ends on 0/04/2019 | There is no value as per the contract nature |
| Saudi Ground Services SGS | A subsidiary of Saudi Arabian Airlines Establishment | Catering services | This contract took effect on January 1st, 2015 and ends on December 31st, 2019 | Provisional based on orders |
| | | Lease agreement with SGS in King Fahad International Airport | This contract took effect on November 28th, 2015 and ends on December 27th, 2019 | Provisional based on orders |
| | | Transport services agreement with SGS in King Fahad International Airport in Dammam | This contract took effect on November 28th, 2015 and ends on November 27th, 2019 | Provisional based on orders |
| | | Laundry services to SGS in Riyadh | This contract took effect on December 26th, 2016 and ends on December 25th, 2019 | Provisional based on orders |
| | | Laundry services to SGS in Jeddah | This contract took effect on December 26th, 2016 and expires on December 25th, 2019 | Provisional based on orders |
| Saudi Airlines Cargo | A subsidiary of Saudi Arabian Airlines Establishment | Cargo services | This contract took effect on December 8th, 2014 and ends on December 31st, 2019 | Provisional based on orders |
| | | Security services | This contract took effect on June 1st, 2016 and ends on May 30th, 2019 | Provisional based on orders |
| | | Catering services | This contract took effect on January 1st, 2017 and ends on December 31st, 2019 | Provisional based on orders |

| Related party | Its relation with the Company | Transaction/purchase Type | Its duration | Its value |
|--|--|--|--|--|
| Saudi Airlines Real Estate & Development Company SARED | A subsidiary of Saudi Arabian Airlines Establishment | Lease of Residential Units in Saudi City compound | This contract took effect on July 15th, 2017 and ends on July 15th, 2020 | 1.845.000 Saudi Riyal |
| | | Lease agreement for two commercial shops in Saudi City compound | This contract took effect on March 1st, 2018 and ends on March 28th, 2019 | 174.000 Saudi Riyal |
| | | Investment of Motel in Saudi City compound | This contract took effect on April 1st, 2016 and ends on March 31st 2023 | 2.400.000 Saudi Riyal |
| | | Lease agreement for head office of the company and central kitchen in Saudi City compound | This contract took effect on January 1st, 2017 and ends on December 31st, 2018 | 6.104.608 Saudi Riyal |
| Flyadeal | A subsidiary of Saudi Arabian Airlines Establishment | Inflight Catering services and Skysales Services | This contract took effect on September 5th, 2017 and ends on December 31st, 2019 | 9.000.000 Saudi Riyal (estimated value) |
| | | Lease agreement for a building space | This contract took effect on August 1st, 2017 and ends on August 1st, 2019 | 587.500 Saudi Riyal |
| Newrest Holding Co. | The main owner of Strategic Catering Company, one of the biggest shareholders of the company and membership in Board of Directors Jonathan Stent-Torriani | Management and Consultancy Services with Newrest Group Holding S.L | This contract took effect on January 1st, 2017 and ends on December 31st, 2019 | Estimated value according to the service |
| Sami Abdul Mohsin Al-Hokair Group | One of major shareholders of the Company and member of Board of Directors Sami Abdul Mohsin Al-Hokair | Leasing relations of retail sale stores and other locations | This contract took effect on August 15th, 2014 and ends on August 14th, 2019 | Estimated value according to the service |
| Gulf West Company | According to membership of the Eng. Abdulmohsin Al Yahya in the company, as he is the owner and CEO of West Gulf Company | Raw material and consumption goods import agreement with Gulf West Co. | This contract took effect on February 22nd, 2015 and ends on December 31st, 2019 | Provisional based on orders |
| Emaar, the Economic City | Fahad Al-Rasheed is a Board member at SACC and the CEO and Managing Director at Emaar Economic City Company. In addition, Abdullah Taibah is a mutual Board member of SACC and Emaar Economic City Company | Building and residential units commercial transactions with Emaar the Economic City Company | This contract took effect on January 1st, 2018 and ends on December 31st, 2019 | Provisional based on orders |
| | | Fahad Al-Rasheed is a Board member at SACC and the CEO and Managing Director at Emaar Economic City Company. In addition, Abdullah Taibah is a mutual Board member of SACC and Emaar Economic City Company | Lease Agreement with KAEC - Single Unit - Al Waha - for Saudi Laundry Services Maintenance Manager | This contract took effect on January 5th, 2017 and ends on January 4th, 2019 |

Corporate Governance (continued)

17. Summary of related parties transactions and purchases (continued)

| Related party | Its relation with the Company | Transaction/purchase Type | Its duration | Its value |
|---|---|--|--|---|
| | Fahad Al-Rasheed is a Board member at SACC and the CEO and Managing Director at Emaar Economic City Company. In addition, Abdullah Taibah is a mutual Board member of SACC and Emaar Economic City Company | lease agreement with Emaar for Saudi Laundry Services Land | This contract took effect on February 1st, 2012 and ends on January 30th, 2032 | 2.50.8876 Saudi Riyal |
| National Commercial Bank | Ayman Al-Tayyar is a Board member at SACC and part of the executive management of National Commercial Bank | Banking relations with National Commercial Bank | This contract took effect on January 1st, 2018 and ends on December 31st, 2019 | All transactions with national commercial bank are unaffected amounts which represents regular administrative bank fees for example transferring money fees |
| Saudi French Company for Operating and Managing Duty Free Shops | An affiliate company, which Saudi Airlines Catering company owns 40% of the company's capital and also according to membership of Mr. Wajdy Al Ghabban Chief Executive Officer of Saudi Airlines Catering Company and Mr. Abdelwahab Saati Chief Operating Officer Retail | Managing and Operating Duty Free Shops in the Airports | This contract took effect on November 23rd, 2016 and continues for 25 years and the Shareholders agreement stipulates that the services will continue throughout the duration of the Company | Provisional based on orders |

Income and expenses in SAR from related parties during 2018

| Related party | Income | Expenses |
|---|---------------|------------|
| Saudi Airlines Establishment | 1,405,713,684 | 4,050,650 |
| Mohammed Abdulmohsen Abdulaziz Al-Hokair Group | 98,168 | 27,213 |
| Newrest Holding Group | - | 11,390,614 |
| Saudi Airlines Cargo | 14,718,896 | -- |
| Saudi French Company for Operating and Managing Duty Free Shops | 9,855,414 | -- |
| Saudi Airlines for Real Estate Development SARED | - | 13,397,623 |
| Saudi Ground Services SGS | 45,144,079 | 1,207,643 |
| Flyadeal | 3,736,118 | -- |
| Emmar, Economic City | - | 2,572,053 |
| National Commercial Bank, NCB | - | 900,097.59 |
| Gulf West Company | - | 7,925,799 |

Accounts payable and receivable in SAR from related parties during 2018

| Related party | Debtor accounts | Debited accounts |
|---|-----------------|------------------|
| Saudi Airlines Establishment | 658,978,027 | 4,606,589 |
| Mohammed Abdulmohsen Abdulaziz Al-Hokair group | (159,913) | -- |
| Newrest Holding Group | -- | (29,850) |
| Saudi Airlines Cargo | 14,179,765 | 7,455,197 |
| Saudi French Company for Operating and Managing Duty Free Shops | 12,338,822 | -- |
| Saudi Airlines for Real Estate & Development, SARED | 418,052 | 21,150,466 |
| Saudi Ground services, SGS | 32,527,902 | 1,422,838 |
| Flyadeal | 4,031,337 | -- |
| Emmar, Economic City | -- | 246,480 |
| National Commercial Bank, NCB | -- | -- |
| Gulf West Ltd | -- | 829,168 |

18. Related Party matters

| Nature of work or act | Value of work or act | Duration of work or act | Conditions of work or act | Name of BM, EM, or their related party |
|---|--|---|---|---|
| Management and Consultancy Services with Newrest Group Holding S.L. | Estimated value according to the service | This contract took effect on January 1st, 2017 and expires on December 31st, 2019 | No preferential conditions compared to local market | Jonathan Stent-Torriani is a Board member at SACC and a founding partner and Co-CEO at Newrest Group Holding S.L. |
| Commercial transactions for retail shops with Abdulmohsen Abdulaziz Al-Hokair Holding Group | Estimated value according to the service | This contract took effect on August 15th, 2014 and expires on August 14th, 2019 | No preferential conditions compared to local market | Sami Al-Hokair is a Board member at SACC and the Managing Director at Abdulmohsen Abdulaziz Al-Hokair Holding Group |
| Raw material and consumption goods import agreement with Gulf West Co | Provisional based on orders | This contract took effect on February 22nd, 2015 and expires on December 31st, 2019 | No preferential conditions compared to local market | Abdulmohsen Al-Yahya is a Board member at both SACC and Gulf West Co. |
| Building and residential units commercial transactions with Emaar the Economic City Company | Provisional based on orders | This contract took effect on January 1st, 2018 and expires on December 31st, 2019 | No preferential conditions compared to local market | Fahad Al-Rasheed is a Board member at SACC and Board Member at Emaar Economic City Company. In addition, Abdullah Taibah is a mutual Board member of SACC and Emaar Economic City Company |

Corporate Governance (continued)

18. Related Party matters (continued)

| Nature of work or act | Value of work or act | Duration of work or act | Conditions of work or act | Name of BM, EM, or their related party |
|---|---|---|---|---|
| Lease Agreement with Emaar the Economic City Company for Single Unit - Al Waha - for Saudi Laundry Services Maintenance Manager | 66,600 SAR | This contract took effect on January 5th, 2017 and expires on January 4th, 2019 | No preferential conditions compared to local market | Fahad Al-Rasheed is a Board member at SACC and Board Member at Emaar Economic City Company. In addition, Abdullah Taibah is a mutual Board member of SACC and Emaar Economic City Company |
| Lease Agreement with Emaar the Economic City Company for Saudi Laundry Services land | 2,508,876 SAR | This contract took effect on February 1st, 2012 and expires on January 30th, 2032 | No preferential conditions compared to local market | Fahad Al-Rasheed is a Board member at SACC and the Board Member at Emaar Economic City Company. In addition, Abdullah Taibah is a mutual Board member of SACC and Emaar Economic City Company |
| Banking and Financial Transactions with National Commercial Bank | All transactions with National Commercial Bank are unaffected amounts which represents regular administrative bank fees for example transferring money fees | This contract took effect on January 1st, 2018 and expires on December 31st, 2019 | No preferential conditions compared to local market | Ayman Al-Tayyar is a Board member at SACC and part of the executive management of National Commercial Bank |

19. Summary of payments made to the Government

| Declaration | 2018 | | Summary description | Reasons |
|---|------------|--|---|---|
| | Paid | Dues on the end of financial year and are not paid yet | | |
| GOSI | 29,439,611 | 2,611,683 | Paid amounts are for the period Dec 2017 - Nov 2018 and Dec 2018 paid in Jan 2019 | Paid amounts are for the period Dec 2017 - Nov 2018 and Dec 2018 paid in Jan 2019 |
| Customs | 8,850,561 | 0 | All actual payments to Customs in FY2018 | All actual payments to Customs in FY2018 |
| Visa and passports fees and work office taxes | 26,591,416 | 0 | All actual payments to Ministry of Labor & Ministry of Interior | All actual payments to Ministry of Labor & Ministry of Interior |
| Zakat | 29,096,684 | 28,259,464 | Fiscal year 2018 provisions | Payable in April 2019 |
| Income tax | 8,897,566 | 2,050,550 | Fiscal year 2018 provisions | Payable in April 2019 |

20. Due payments

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Employees dues | 29,831,466 | 30,378,918 | 38,012,927 | 32,321,739 | 40,203,728 |
| Due expenses and liabilities | 197,527,942 | 106,123,165 | 204,690,235 | 142,703,795 | 175,064,403 |
| Restructuring allowance | 13,747,775 | -- | -- | -- | -- |
| Zakat and income tax | 40,295,776 | 35,106,943 | 27,100,352 | 31,190,091 | 30,310,014 |
| Total | 281,402,959 | 171,612,026 | 269,803,514 | 206,215,625 | 245,578,145 |

21. Company's investments

| The investment | Its type | Date | Amount | Maturity date |
|----------------------------|-----------|------------|------------|---------------|
| Saudi British Bank - Sukuk | Long term | 18/12/2013 | 40,000,000 | 18/02/2020 |

22. Organizational structure

The Company retains the services of experienced specialists relating to key operational and supportive function activities. The Company maintains a high standard of knowledge and skills required to manage the Company's operations through several administrations, all of which are coordinated by the CEO.

23. Internal audit and annual audit results of internal control systems

Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Saudi Airlines Catering Company.

The internal audit vision is to act as a catalyst in improving the internal control environment through raising awareness and providing assurance, in addition to developing creative audit approaches in response to change.

On the other hand, the mission of the internal audit activity is to assist in the protection and enhancement of the Company's values and support the Company's mission and objectives by providing independent objective assurance and consulting services to the Board of Directors and Audit Committee. The scope also includes the examination and evaluation of the validity and effectiveness of the governance systems, risk management and internal procedures of the Company in addition to checking the quality of performance of responsibilities assigned to managers in order to achieve the Company's goals.

The internal audit activity is established by the Board of Directors and Audit Committee. The internal audit activity's responsibilities are defined by the Board and Audit Committee. The internal audit activity is governing itself by adherence to 'The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). The internal audit activity is also adhering to relevant SACC policies and procedures.

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of SACC's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity is also having free and unrestricted access to the Board and Audit Committee.

The Chief Audit Executive is reporting functionally to the Audit Committee and administratively to the Chief Executive Officer.

The internal audit activity will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or reporting content to permit maintenance of a necessary independent and objective mental attitude.

The Chief Audit Executive confirms to the Board, at least annually, the organizational independence of the internal audit activity. The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives.

On an annual basis, the Chief Audit Executive submits to the Board and Audit Committee the internal audit plan for review and approval. The internal audit plan is developed based on a prioritization of the audit universe using a risk-based methodology, including input of Senior Management and the Board. A written report will be prepared and issued by the Chief Audit Executive following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board. This report may include management action plan to clear any reported findings. The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations.

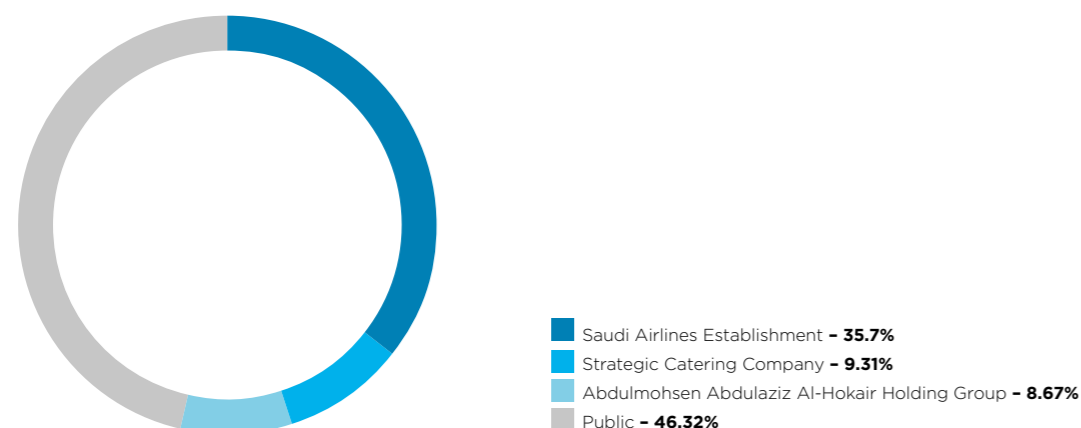
During 2018, the Chief Audit Executive confirmed to the Audit Committee that SACC management did not impose any scope limitation on the internal audit scope. In addition, the Audit Committee confirmed that there were no substantial findings related to the annual internal control effectiveness review or any material departure to the Company's policies and internal regulations. In addition, the Audit Committee did not discover any irregularities or any obvious weaknesses in the internal control system of the Company or in any of its various operations in 2018.

Corporate Governance (continued)

24. Shareholders' capital shares ratio

| The shareholder | The capital as in 01/01/2018 SAR | Percentage | Number of Shares | The capital as in 31/12/2018 SAR | Number of Shares | Percentage |
|---------------------------------------|----------------------------------|---------------|-------------------|----------------------------------|-------------------|---------------|
| Saudi Airlines Establishment | 292,740,000 | 35.70 | 29,274,000 | 292,740,000 | 29,274,000 | 35.70 |
| Strategic Catering Company | 76,413,790 | 9.31 | 7,641,379 | 76,413,790 | 7,641,379 | 9.31 |
| Abdulmohsen Abdulaziz Al Hokair Group | 71,112,560 | 8.67 | 7,111,256 | 71,112,560 | 7,111,256 | 8.67 |
| The public | 379,733,650 | 46.32 | 37,973,365 | 379,733,650 | 37,973,365 | 46.32 |
| Total | 820,000,000 | 100.00 | 82,000,000 | 820,000,000 | 82,000,000 | 100.00 |

25. Structure of distribution of capital and shares on Shareholders



26. Dividend Policy

- The Board of Directors with a delegation of authority from the General Assembly may recommend the distribution of any periodic and annual dividends prior to the approval of shareholders in the General Assembly meeting.
- Dividends are distributed based on the following:
 - 10% of the net profit is to be allocated to the statutory reserve of the Company, and that allocation may be stopped based on the Ordinary General Assembly's approval if the reserve is more than or equal to 30% of the paid-up capital.
 - The Ordinary General Assembly, based on the Board's recommendation may allocate a percentage of the net profit to establish a consensual reserve for specific reasons that are determined in the establishment of that reserve's resolution by the General Assembly.
 - The Ordinary General Assembly may establish other reserves to the extent that would accomplish the Company's benefit or ensure the distribution of dividends as stable as possible. That mentioned General Assembly may allocate amounts of the net profit to establish social establishments for the benefit of employees or to assist such existing establishments.
 - Dividends are then distributed to shareholders with a minimum amount that is equal to 5% of the paid-up capital.
 - The Ordinary General Assembly may use reserved earnings and other distributable consensual reserves to pay the remaining amount of the share or part of, if that would not affect the equality between shareholders.

The Board of Directors intends to adopt a policy for dividend distribution that provides for the distribution of about 60-80 percent of the Company's net annual profits taking into account the Company's objectives, the commercial, legal and organizational considerations in addition to the Company's financial position and level of income at present.

SACC distributed SAR 348.5 million in the first three quarters of 2018, which equals 42.5% of the net income before Zakat and income tax.

The Company has distributed the following dividends during 2018 (in SAR):

| Distribution date | 30/07/2018 | 26/09/2018 | 10/01/2019 | 10/04/2019 | Total |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| Percentage | 13.5 % | 14% | 15% | 13% | 55.5% |
| Amount | 110,700,000 | 114,800,000 | 123,000,000 | 106,600,000 | 455,100,000 |

27. General Assembly meetings

Two successful meetings of SACC General Assembly were held during 2018 in the Catering Unit in King Abdulaziz International airport in Jeddah, as shown below. The Company announced the scheduled dates for this General Assembly meeting on Tadawul website and other platforms in accordance with the laws and regulations, and within the time frame stipulated in those relevant laws and regulations.

The announcements highlighted the meeting's time, place and agenda as well as the proxy template. In addition, the Company allowed the shareholders to effectively participate and vote on topics listed on the agenda and informed them on the meeting's rules and voting procedures through the invitation for the General Assembly meeting. In addition, in the second General Assembly the Company facilitated for shareholders to vote electronically through the means provided by Tadawul. It also distributed well-prepared files containing relevant information to help the shareholders take their decisions. The Company also informed the relevant authorities on the results of its meeting immediately after the conclusion of the meeting. The shareholders were allowed access to the meeting's minutes inside the Company's offices or through its website upon their request.

A. The first General Assembly meeting

After reaching the quorum required for the meeting, the Extraordinary General Assembly has convened a meeting on 06/09/1439 corresponding to 21/05/2018; and its decisions and results were as the following:

- Approval for the Board of Directors Annual Report for the fiscal year ending on 31st Dec 2017 and its contents.
- Approval for the financial statements of the Company for the year ending on 31st Dec 2017.
- Approval for the external auditor's report for the year ending on 31st Dec 2017.
- Approval for the appointment of the External Auditor KPMG Al Fozan and Partners based on the recommendation issued by the Audit committee for the Financial Audit of the Company on a quarterly and annual basis for the second, third, fourth quarter and 2018 year end and the first quarter 2019 with a total yearly fee amounted to SAR 640,000.
- Approval for the discharge of the Board of Directors from liability for their activities during the year 2017 until the date of this AGM meeting.
- Ratification of the Board of Directors resolutions regarding the distribution of dividends for the year 2017 with the total amount valued at SAR 455,100,000 which represents 55.5% of the share capital after Zakat and before income tax.
- Approval for authorizing the Board of Directors to distribute the biannual or quarterly dividends for the fiscal year of 2018 and to determine the eligibility date in accordance to the regulations and procedures issued to implement the companies law and in accordance with the Company's financial position, cash flows, expansion plans and investment.
- Approval for the payment of the Board of Directors remuneration and compensation which are detailed within the Board of Directors' Annual Report, against their work, from the period of 1st Jan 2017 until 31st Dec 2017 with the total amount of SAR 3,029,932.
- Approval for the transactions with Newrest Group Holding Co., a controlling shareholder of Strategic Catering Co., one of the Company's main shareholders within which SACC's Board of Director Mr. Jonathan Stent-Torriani holds interest, and permitting for these transactions for one coming year for the performance of consultancy and administrative services, with a total amount of SAR 11,779,983 for the year 2017. The terms of such contractual agreements each differ according to the nature and location of each agreement and without any preferential conditions compared to the local market.
- Approval for the transactions with Abdulmohsen Abdulaziz Al-Hokair Holding Group, one of the company's main shareholders within which SACC's Board of Director Mr. Sami Al-Hokair holds interest, and permitting for these transactions for one coming year for the performance of several lease agreements of retail stores, with a total amount of revenues of SAR 11,595 for the year 2017. The terms of such contractual agreements each differ according to the nature and location of each agreement and without any preferential conditions compared to the local market.
- Approval for the transactions with Gulf West Co. Ltd., a company within which one of SACC's Board of Directors, Eng. Abdulmohsen Abdulaziz Al Yahya, owns controlling shares and permitting for these transactions for one coming year for the performance of supplying raw materials and consumable goods to the company, with a total amount of revenues of SAR 3,545,045 for the year 2017. The terms of this contractual agreement are for one renewed year, without any preferential conditions compared to the local market.
- Approval for the transactions with Emaar, The Economic City, within which the Board of Director Mr. Fahd Abdulmohsen Al Rasheed holds interest as he is a Managing Director and Chief Executive Officer, and within which the Board of Director Eng. Abdullah Taibah holds interest as he is a Board Director, and permitting for these transactions for one coming year for the performance of lease agreements for the automatic laundry facility of the Company, and for the residential units of the Company employees, with a total amount of revenue of SAR 1,445,061 for the year 2017. The contractual relationship did not contain any preferential conditions compared to the local market. The terms of such contractual agreements each differ according to the nature and location of each agreement.
- Approval for the transactions with National Commercial Bank, of which Mr. Ayman Tarek Al Tayyar holds interest as he is a deputy chief executive officer and banking head of, and permitting for these transactions for one coming year for the performance of banking services, without any preferential conditions compared to the local market.
- Approval for amending article 31 of the Company's bylaws concerning the invitation of General Assemblies meetings.
- Approval for amending article 42 of the Company's bylaws concerning the Audit Committee's Reports.
- Approval for amending article 46 of the Company's bylaws concerning the Company's Budget.

Corporate Governance (continued)

27. General Assembly meetings (continued)

B. The second General Assembly meeting

The Company has also convened another General Assembly meeting during year of 2018 in its Unit in King Abdulaziz International Airport in Jeddah on 10/04/1440 corresponding to 17/12/2018 at 18:30, and its decision came as the following:

- Electing the new Board Directors' members for the new term for a period of three Gregorian years commencing as of 26/01/2019 and ending on 25/01/2022, the elected members for the new term are:
 - Jonathan Stent-Torriani
 - Sami Abdulmohsen Al-Hokair
 - Raid Ibraheem Al Mudaiheem
 - Hassan Shakeeb Al Jabri
 - Mohammed Abdulaziz Al Sarhan
 - Yousef Hamad Al Yousefi
 - Fahad Abdulmohsen Al Rasheed
 - Abdulkarim Al Sulami
 - Khaled Mohammed Al Hukail
- Approval on the amendment of article four of the Company's bylaws.

C. Attendance of the General Assembly by the Board of Directors' members and the Committee members and Executive Management members

| Name | Membership | Type of membership | General Assembly | |
|----------------------|--|--------------------|------------------|---------------------|
| | | | May 21st, 2018 | December 17th, 2018 |
| Yahya Al Yahya | Chairman of Board of Directors and Chairman of Executive Committee | Independent | ✓ | ✓ |
| Raed Al Mudaiheem | Vice Chairman of Board of Directors and Chairman of Audit Committee | Independent | ✓ | ✓ |
| Sami Al-Hokair | Board Member | Non-Executive | X | X |
| Jonathan Torriani | Member of Board of Directors and the Executive Committee and the Nomination and Remuneration Committee | Non-Executive | ✓ | X |
| Shawgi Mushtag | Member of Board of Directors and member of the Nomination and Remuneration Committee | Independent | ✓ | ✓ |
| Fahad Al Rasheed | Member of Board of Directors and the Executive Committee and Chairman of the Nomination and Remuneration Committee | Non-Executive | X | X |
| Abdullah Taibah | Member of Board of Directors, member of the Nomination and Remuneration committee | Non-Executive | X | X |
| Ayman Al Tayyar | Member of Board of Directors, member of the Audit Committee | Non-Executive | X | X |
| Abdulmohsen Al Yahya | Member of Board of Directors, member of the Executive Committee | Non-Executive | X | X |
| Wajdy Al Ghabban | Chief Executive Officer and member of the Executive Committee | Executive | ✓ | ✓ |
| Sultan Al-Booq | Executive Management, Board Secretary, Audit Committee Secretary, NRC Secretary, and Executive Committee Secretary | Executive | X | ✓ |
| Matti Kivekas | Executive Management, CFO | Executive | ✓ | X |

28. Role of the Shareholders

SACC's General Assembly is the platform where shareholders exercise their voting rights. Shareholders' consent is required for key decisions such as the approval of the financial statements, Board of Directors Annual Report, the review and approval of the Board of Directors' recommendation on dividend payments, the election of Board members, amendments to the bylaws, appointment of external auditors and raising registered capital. Each shareholder is entitled to attend the General Assembly and is entitled to one vote per share; and may delegate his attendance and voting power to any other person (other than employees of the Company and Board members).

29. Investor relations

At SACC Investor Relations, we strive to be a world-class investor relations team. Our commitment as a key resource to the financial community and SACC leadership is to be a reliable, responsive and transparent source of valuable information. We are dedicated to upholding our core values of integrity and high ethical standards in our relationships with our stakeholders.

Our investor relations program ensures transparency in all communications while complying fully with the continuous and consistent disclosure obligations stipulated by the Kingdom's Capital Market Authority. We also ensure timely flow of information through various channels such as the website, Tadawul announcements and conference attendance. In addition, we offer access to our Investor Relations team by phone and email, and host special events for analysts and investors including an Investor Day and earnings calls.

We follow a policy of proactive communication with the market and informing our stakeholders of all key developments that will have an impact on the business. We hold dialogs with the investor community and advise the Company's Senior Management about market perceptions. Our dialogs with shareholders have become increasingly important as our individual and institutional investors are always looking for up-to-date information on Company developments, our business plans, achievements and challenges.

30. Requests to obtain Shareholder records

| Number | Request date | Request reasons |
|--------|--------------|-----------------------|
| 1 | 31/01/2018 | Company procedures |
| 2 | 09/04/2018 | Dividend distribution |
| 3 | 31/05/2018 | General Assembly |
| 4 | 24/02/2018 | Dividend distribution |
| 5 | 16/09/2018 | Dividend distribution |
| 6 | 17/12/2018 | General Assembly |
| 7 | 24/12/2018 | Dividend distribution |

31. Communication with Shareholders

SACC maintains regular communications with the shareholders. The Company has taken a series of measures to ensure their rights of access to information through Tadawul website and SACC website, www.saudiacatering.com. SACC provides full and comprehensive information about its activities and businesses through its Annual Report, periodic financial statements and dividends procedures.

The Company also endeavors to maintain links with its shareholders, answer their queries and provide them with the required information on a timely basis.

32. Initiatives planned to improve transparency or communications with investors in 2018

We provide potential and current investors with maximal knowledge and access to the Company's financial updates. Focusing on accuracy, we provide investors with a comprehensive outline of what they can expect for the upcoming financial year.

We provide an informative FAQ page on our SACC website, which aims to deliver meaningful answers to investors' common inquiries. For those who may need to seek information beyond the FAQs page, a direct email address is provided and dedicated specifically for issues concerning investors. This email is easy to find on SACC's website and users are acknowledged with a timeframe of when they will expect to receive an answer from SACC.

To foreign investors, we understand that feeling secure about the Company's processes and benefits on an international scale is important. We therefore provide a page devoted solely to information relevant to foreign investors, including but not limited to rights and exemptions they may face in the Kingdom of Saudi Arabia. As part of that effort, SACC has participated in establishing its profile in SharesInside and aims to provide all relevant information to its international shareholders through that innovative platform.

From a technical perspective, we may decide to design a mobile application which provides investors with essential access to the Company's news and important data.

33. Risks

SACC is exposed to various risks through the normal course of its activities. Every business has to accept a certain level of risk, and any expected gains from business activities must be assessed against the relevant risks.

The purpose of risk management is to ensure the Company can effectively execute its strategies and achieve its targets, in the short term and beyond. The key is to identify the risks that could prevent the Company from reaching its goals, and then to determine an acceptable level for those risks. Risks identified need to be avoided, mitigated, transferred, or monitored.

SACC's management processes use a set of reactive, proactive, protective, and preventive tools to protect it against threats, and to turn some of the risks into opportunities.

Corporate Governance (continued)

33. Risks (continued)

To be managed, risks need to be identified and understood in advance. Risk treatment and mitigation plans must be established, and continuous follow-up must be in place for the related controls. Consequently, risk management is an essential part of SACC's strategic and operational management.

Strategic risks factors

Strategic risk assessment is part of the Company's strategic planning process. A risk is defined as strategic if it could have a long-term impact on the business.

The Company defines the areas of strategic risk as:

Business environment risk

Business cycles in the economy, and in customer industries, influence the demand for SACC's products, as well as its financial condition and operating results. Some sectors of the business could be affected by adverse changes in economic conditions and employment levels. The Company's diversification strategy provides a degree of stability in cyclical markets.

Market and customer risk

SACC's business relies on securing and retaining a diverse range of clients in various industry segments. Despite this diversification, SACC's business still relies largely on its relationship with Saudia, so any adverse development affecting the airline could have a negative impact on SACC. The Company has strategies in place to strengthen long-term relationships with clients and consumers based on quality, value, and innovation. The diversification strategy ensures that SACC does not rely on a particular sector, geography, or group of clients.

Global political risk

The airline industry is global and is hence dependent on political and economic developments, not only in the Kingdom of Saudi Arabia, but worldwide. SACC's businesses are largely dependent upon the airline industry and may be impacted adversely by negative global events and trends. We try to anticipate and contribute to important changes in public policy, when possible.

People risk factors

Recruitment

Failure to attract and recruit people with the right skills at all levels could limit SACC's success. The Company faces resourcing challenges in some of its businesses due to a lack of industry experience among candidates, finding appropriately qualified people, and the seasonal nature of some of its businesses. The Company aims to mitigate this risk using efficient, time-critical resource management, mobilizing existing experienced employees, and providing appropriate training and development programs.

Retention and motivation

At all levels of the organization, retaining and motivating the best people with the right skills is vital to SACC's long-term success. The Company has established training, development, performance management, and reward programs to retain, develop, and motivate its people. Effective communication channels help the senior management team to monitor, understand, and respond appropriately to employees' needs.

Operational risks factors

Hazard risks

The Company's occupational health and safety systems, travel safety instructions, and crisis management guidelines are designed to protect employees. Appropriate insurance is in place for all personnel. SACC operates at five airports in industrial-size catering units, two laundry plants, and numerous other smaller premises, including catering outlets, retail shops, lounges, industrial sites, and on-shore oil-rigs. SACC leases most of its sites. While operating, SACC is exposed to risks in areas such as occupational health, employee safety, environment, fire, natural events, and site security. The Company manages these risks with established management procedures and loss prevention programs. Risks that cannot be directly influenced are transferred, where feasible, to insurance companies. SACC has a large number of contracts with many clients. Failing to comply with contractual terms and conditions could lead to loss of business. The Company has processes in place to ensure that it meets the required standards, and that it complies with the contractual terms and conditions.

Financial risks factors

SACC's activities expose it to a variety of financial risks: market risk (cash flow and interest rate risk), credit risk, and liquidity risk. The Board has put in place appropriate structures to ensure risk governance and monitoring across the Company. SACC's overall financial risk management focuses on the unpredictability of financial markets and clients' payment behavior, seeking to minimize potentially adverse effects on the Company's financial performance. Financial risk is managed at the headquarters and group level, identifying, evaluating, and acting on financial risks where appropriate. The principles of overall financial risk management are formally documented, as are policies covering specific areas such as credit risk and the investment of excess liquidity.

Cash flow and interest rate risk

As SACC has no significant interest-bearing assets, the Company's income and associated operating cash inflows are substantially independent of changes in market interest rates. SACC has no interest-bearing liabilities.

Credit risks

Credit risk reflects the risk that a counterparty will default on its contractual obligations, resulting in financial loss to SACC. The credit risk arising from cash and cash equivalents, and from deposits with banks and financial institutions, is limited because the counterparties are banks and financial institutions which, in general, have an investment-grade rating assigned by international credit-rating agencies.

We monitor our third- and related-party trade receivables continuously, and have a policy in place to manage and collect overdue receivables. Due to its proper monitoring and appropriate provisioning, management does not expect any additional losses due to client non-performance.

Liquidity risks

Prudent liquidity risk management includes maintaining sufficient cash and available funding from an adequate amount of committed credit facilities. The Company ensures flexibility in funding by maintaining sufficient availability of cash and cash equivalent instruments. SACC does not have any credit facilities in place. The management team monitors the risk of a shortage of funds by continuously reviewing short-term cash forecasts, and by using mid-term cash forecasts throughout the year.

Information technology and cyber security

Information technology and cyber-security risks related to SACC's internal operations are constantly identified and mitigated using network security, endpoint protection, access risk management, and vulnerability management. The IT department monitors internal threat exposure levels with vulnerability-scanning capabilities, and coordinates a response to identified cyber-security incidents. The management team also closely monitors SACC's information security capabilities.

The Company relies on a variety of IT systems to manage and deliver services and communicate with clients, consumers, suppliers, and employees. The management team focuses on maximizing the effectiveness of information systems and technology as a business enabler, and to reduce resulting cost and exposure.

SACC actively identifies and responds to cyber- security risks. Cyber-security strategy work and implementation will continue during the coming years.

Risks management policy

Purpose

- The Risk Management Policy is considered an integral part of the Company's internal controls and governance.
- The policy clarifies the definition the Company holds for risks, describes the purpose of risk management, explains the Company's mechanism to manage risks, documents the roles and responsibilities of the main stakeholders, describes the role of the Risk Management procedure in the internal control system as a whole, determines the main report procedures, and explains the procedure the Board should undertake to evaluate the internal control procedures.

Definitions and purposes of Risk Management

- Risk can be defined as anything that may hinder the Company or prevent it from achieving any of its goals.
- The purpose of this policy is to determine risks as much as possible that may face the Company. This is to enable the Company to take the proper procedures to avoid and mitigate their affect towards the Company's results and achieve its goals and strategy in the required manner.

Role of the Board of Directors in Risk Management

The Board of Directors has the responsibility of overseeing the Risk Management practice in the Company as a whole, and their role is mainly as follows:

- Determine main risks that the Company may face.
- Determine the required procedure to prevent facing that risk, or mitigate its effect on the Company.
- The Board has the right to delegate risk related decisions to any of the Company's divisions, for example delegating the Finance Department for financial risks, the Legal Department for legal risks, and that delegation shall not relieve the Board from their responsibility.
- The Board has other roles that were determined in its chapter in the Corporate Governance Manual of the Company.

Role of the Audit Committee in Risk Management

- Analyse and review Risk Management systems of the Company.

Role of the Executive Management in Risk Management

- Implement the Risk Management and Internal Control Policies that were approved by the Board.
- Ensure that minor risks are under control and managed efficiently; and provide sufficient information in the appropriate time frame to the Board and Audit Committee regarding the status of that risk and the level of control over it.
- Provide data and updates to the Board that relate to risks and their management that were determined by the Board.
- Provide data and updates regarding risks that face the Company, which were not determined previously.

Corporate Governance (continued)

33. Risks (continued)

Risk Management procedures

- The Chief Executive Officer upon his knowledge (if the need requires it, based on the followed policies) informs the Board to review the matter based on the followed policies. If the followed policies did not require informing the Board, the Chief Executive Officer should take the necessary actions regarding those risks and inform the Board in its following meeting.
- The procedures of Risk Management should be followed in accordance with the Risk Management procedures of the related responsible authority in the Company such as the Board, committees, divisions, and departments based on the size and type of that risk.
- The Board and Audit Committee are responsible for reviewing the effectiveness of the policy and procedure of the Company's Risk Management based on the information provided by the Executive Management, relevant divisions, and external auditor.

34. Penalties, sanctions, prudential measures or restrictions imposed on the Company by the financial market authority or any party supervisory, regulatory or judicial

| Penalties, sanctions, prudential measures | Reasons of violation | The Authority issuing the violation | How to solve and avoid it |
|---|---|---|--|
| Fine with value of ten thousand Saudi Riyals (SAR 10,000) | The Company did not facilitate the Ministry's inspectors to do their mission | Ministry of Labor and Social Development | The Company has paid the fine and directs its employee to act accordingly. |
| Fine with value of ten thousand Saudi Riyals (SAR 10,000) | No extra chairs for employees in retail shops and non-existence of rest places for employees | Ministry of Labor and Social Development | The company has provided the required chairs, furthermore the company's employees are using one of the coffee shops located in King Abdulaziz International Airport as a rest place. |
| Fine with value of one thousand and five hundred Saudi Riyals (SAR 1,500) | Fire system crashes for the Laundry Project located in King Abdallah Economic City | Board of Economic Cities in King Abdallah Economic City | After the technical verification of the violation, the company found that the firefighting system is working properly and that the reason for the failure of the system is due to the fact that the external water pump did not work because the associated valve was closed during the inspection period. |
| Fine with value of five hundred Saudi Riyals (SAR 500) | Violation of general health and safety conditions | General Authority of Civil Aviation | The Company carried out the required corrective actions at the time and assured its employees to follow the rules and regulations and not to repeat them in the future. |
| Fine with value of five hundred Saudi Riyals (SAR 500) | Throwing catering materials on the walkway of international lounge No. (02) departure area in King Khaled International Airport in Riyadh | General Authority of Civil Aviation | The Company carried out the required corrective actions at the time and assured its employees to follow the rules and regulations and not to repeat them in the future. |
| Fine with value of five hundred Saudi Riyals (SAR 500) | Dumping boxes in the international Lounge No. (02) arrival area in King Khaled International Airport in Riyadh | General Authority of Civil Aviation | The Company carried out the required corrective actions at the time and assured its employees to follow the rules and regulations and not to repeat them in the future. |
| Fine with value of five hundred Saudi Riyals (SAR 500) | Incorrect car parking without a driver in the walkway of international Lounge No. (02) in King Khaled International Airport in Riyadh | General Authority of Civil Aviation | The Company carried out the required corrective actions at the time and assured its employees to follow the rules and regulations and not to repeat them in the future. |

35. The Company's social contributions during 2018

In the area of corporate social responsibility, the Company continued to enhance its social role by participating in two important initiatives, one of which is related to the main sector of the Company (catering sector) with Iteam Association, which aims to preserve the grace of waste by conveying the idea of food banks which are applied in the world and in the Kingdom of Saudi Arabia, with a professional manner that preserves the privacy of the community and the beneficiary.

On the other hand, we have proudly continued our relationship with Quadroun Association, which aims to integrate persons with disabilities as equal and active members. SACC reaffirms its commitment to work together to achieve sustainability and build a society that is inclusive, fair and accessible to all groups and assist in achieving the National Plan and the Vision of the Kingdom 2030. It is worth mentioning that we are in the process of establishing a new section on social initiatives to expand the scope of participation and link it to the Company's core values.

36. The Board of Directors declarations

The Board of Directors approved and declares the following, based on the Corporate Governance Regulations and the Listing Rules:

- The accounting records were properly and correctly prepared.
- The internal control system was properly designed and effectively implemented.
- There was no doubt about the Company's ability to continue the business.
- Consolidated financial statements were prepared in accordance with international financial standards, and in accordance with the Company's bylaws and Articles of Association with respect to the preparation and publishing of financial statements.
- There were no redemptions, purchases or cancellations by the Company of any recoverable debt instruments except for the investment with Saudi British Bank - Sukuk which the Company redeemed on 31/12/2018, the redemption was before the maturity date.
- The Company did not issue or grant any debt instruments convertible to shares, contractual based securities, option rights, subscription right notes or similar rights.
- The Company does not have any conversion or subscription rights under any convertible debt instrument, contractually based securities, warrants, or similar rights, both issued or granted.
- The Company did not issue any shares or debt instruments for any of its affiliates.
- There are no differences from the standards approved by the Saudi Organization for Certified Public Accountants (SOCPA), which are the IFRS Standards.
- Apart from the disclosures in the section related to related parties' transactions, there were no contracts in which the Company was a party nor was there any material interest for any Board member, Executive Management Member, their relatives or any other related person.
- Except what was disclosed earlier in this report, there are no interests, contractually based securities, and subscription rights of the issuer's directors, senior executives, and their relatives in the shares or debt instruments of the issuer or any of its subsidiaries; nor was there any change in those interests or rights during 2018, except what was disclosed earlier in this report.
- There were no arrangements or agreements through which any Board member or any executive waived any salary or compensation.
- There are no arrangements or agreements through which any of the Company's shareholders waived the rights to profits.
- Except what was disclosed of shares owned by the Board and Executive Management, there are no other interests in the shares of eligibility of voting that are owned by any person (other than the Board, Executive Management, and their relatives) and any other contractual interests and any changes in those interests in line with Article 45 of the Listing Rules.
- There were no comments received by the shareholders regarding the Company and its performance.
- The external Auditor's Report doesn't contain any reservations on the relevant annual financial statements.
- There are no arrangements or recommendations by the Board to change the Company's external auditor.
- Except as disclosed in clause 34, the Company did not receive any fine, penalty, precautionary procedure, or preventive measure from the CMA nor any other regulatory, supervisory, or judicial authority.
- There was no recommendation to appoint an Internal Auditor for the Company, as it already has an Internal Audit Division.
- There are no recommendations of the Audit Committee that conflict with the Board's decisions, nor did the Board refuse to take any of the Audit Committee's recommendations into consideration regarding the appointment, dismissal, assessment, or determining the remuneration of the external auditor.
- The Company does not have any loans as of 31st December 2018.
- The Company does not have any investments for the benefit of its employees.
- The Company has no treasury shares.