



Saudi Economic and Development Securities Company (SEDCO Capital)

Board of Directors Report

2022





Introduction

The Board of Directors of the Saudi Economic and Development Securities Company (SEDCO Capital) is delighted to share with you the annual report which highlights the Company's performance and activities for the fiscal year ended on 31 December 2022.





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About SEDCO Capital





About SEDCO Capital

Overview

SEDCO Capital is a Shariah-compliant, ESG led asset management and investment advisory firm. We provide clients with investment solutions through a dynamic asset allocation process across diversified asset classes that deliver strong risk-adjusted returns. The firm is headquartered in Jeddah with offices in Riyadh, Luxembourg, London and Dubai, maintaining a global perspective and reach. SEDCO Capital obtained a license from the Capital Market Authority in the Kingdom of Saudi Arabia in 2009.

Our strategies are designed to deliver robust performance to our clients who comprise institutions, family offices, endowments, sovereign wealth Funds, pension Funds, ultra high net worth individuals, and other sophisticated investors.

Through SEDCO Capital, clients gain access to our expertise as well as that of more than 100 specialized managers, general partners and advisors.

Our investments span developed and emerging markets through investments in income assets that provide short to long term fixed income, in equities that are listed or private, and in real estate properties spanning a variety of market segments. We cultivate long-standing, trusted relationships with our clients and currently oversee more than USD 5.9 billion in total assets under management (AUM) built on a long record of success. A new investment philosophy was developed by SEDCO Capital in 2013 that combined the strengths of traditional responsible investing with Shariah investment principles. This unique set of principles is termed Prudent Ethical Investment (PEI).



Years in the making

In 2014 SEDCO Capital became the first Saudi and Shariah compliant asset manager to sign the United Nations' Principles of Responsible Investing (UNPRI). This emphasis has been central to SEDCO Capital for many years. Since the firm's inception, we have developed a reputation as a highly capable asset manager with Shariah compliance and ethical investing at our core.





About SEDCO Capital

Global Reach

SEDCO Capital stands out not only for its breadth of capabilities, but for the firm's unique global reach.

SEDCO Capital offices:

SEDCO Capital offices are distributed between Jeddah (head office) and Riyadh in the Kingdom of Saudi Arabia, and around the world in Luxembourg and London, in addition to Dubai office.

SEDCO Capital has three locations outside the Kingdom of Saudi Arabia:

Luxembourg

SEDCO Capital Luxembourg SA (SCLux) is a Fund management company regulated by the Commission de Surveillance du Secteur Financier (CSSF). SCLux is the manager of SEDCO Capital Global Funds (SCGF), launched in 2012 and now the most diversified and largest Shariah-compliant Fund platform with assets under management exceeding USD 1.8 billion. There are currently 17 strategies under this platform (10 liquid strategies and six private equity funds). SEDCO Capital Luxembourg launched the new UCITS platform in 2021. UCITS stands for 'Undertakings for the Collective Investment in Transferable Securities',

a regulatory framework that allows for the offering of cross-European mutual Funds.

London

SEDCO Capital UK Ltd (SCUK) houses the firm's international real estate team which operates globally with platform support from the Luxembourg and Jeddah offices. This team monitors and advises on all aspects of clients' international real estate investments comprising a number of properties including core, value-add, and opportunistic investments across primary and secondary markets in the UK, Europe, US and Asia.

Dubai

SEDCO Capital Management Ltd (SCDubai) is based at the Dubai International Financial Centre. It is home to the firm's co-investments team which currently oversees five funds with over USD 300 million of committed funding which it aims to invest in growth companies in the U S, Latin America, Europe and Asia.





About SEDCO Capital

Description of the Company's Main Activities

SEDCO Capital's activities, as licensed by the CMA 11157-37, are summarized as follows:

Dealing

To cover the Company dealings in securities, and includes the transaction of selling, buying or managing the underwriting of securities, or undertaking to cover them, as well as to achieve income from investments, which are mainly the profits generated from exits of investments and income from properties and other financial investments.

Arranging

By providing persons in connection with the securities business or providing financial advisory services for mergers or acquisitions by acting as financial advisor to the seller or buyer and negotiating with the seller or buyer until completion of the merger or the acquisition. Also, it includes arranging financings for companies whether it is related to a project finance or a real estate finance.

Advising

The company provides advisory services to clients regarding the risks and advantages of dealing with a financial security or exercising the right to deal for a security.

Custody

To preserve another person's assets that include securities, or arrange for another person to do so, and the preservation includes the necessary administrative procedures.

Managing investments and operating Funds

To perform management functions, represented through the asset management department to provide the following services to its clients:

- Management of public investment funds in various asset classes including public equity funds as well as public real estate fund (SEDCO Capital REIT).
- Management of private investment funds in various asset classes including money market funds, regional equity funds, private real estate funds and private equity funds.



The company is headquartered in the Kingdom of Saudi Arabia in Jeddah, has offices in Riyadh, Dubai, and London, in addition to SEDCO Capital Platform for Global Funds in Luxembourg, and carries out its activities all over the world. SEDCO Capital was licensed by the CMA on April 19, 2009. The business was initiated on March 29, 2010, and activities (arrangement / management / advice / custody). On April 23, 2012, the CMA granted permission to amend SEDCO Capital's activities list by adding another new activity (Dealing as Principal and Underwriter) which was initiated on April 23, 2012.





About SEDCO Capital

Philosophy

Principles

We are committed to complying with Shariah and environmental, social and governance (ESG) principles. In 2014 SEDCO Capital became the first Saudi and Shariah compliant asset manager to sign the United Nations' Principles of Responsible Investing (UNPRI). We adhere to a robust governance, compliance, and risk management framework ensuring that every stage of our investment process undergoes rigorous scrutiny, due diligence, and accountable approval processes.



Partnership

Partnerships create scale, spread costs of doing business, increase negotiation power and access to differentiated investment opportunities. Our partnership model ensures transparency and creates lasting relationships, mutual trust and shared success. We have fostered and continue to build a large network of reliable business partners, enabling us to be a truly global asset manager.



Performance

We focus on maximizing returns while minimizing undue risks. We believe consistent performance is achieved through diversification across multiple asset classes, geographies, and investment styles and strategies, all in an informed and controlled manner. Our disciplines endeavor to be diverse and innovative, satisfying investors' objectives of risks and returns.





About SEDCO Capital

The Company's Main Services

The firm is headquartered in Jeddah with offices in Riyadh, Luxembourg, London and Dubai, maintaining a global perspective and reach.

Asset Management

Providing best-in-class investment solutions is the core of what we do. Our funds and discretionary portfolio management (DPM) accounts are tailored to each client's objectives and risk appetite. Our Luxembourg-based SEDCO Capital Global Funds are acknowledged as the world's largest and most diversified range of Shariah-compliant and ESG Funds.

Corporate Finance

Our Corporate Finance Department is an experienced sell-side and buy-side advisory resource that provides clients in Saudi Arabia with a combination of in-depth market intelligence research and invaluable decision-making information.

Administration and Custody

Flawless execution, safekeeping and maintenance of assets are key disciplines that contribute to the performance of an investment, from the simplest to the most complex. Our expertise and comprehensive infrastructure minimize transactional, legal, and taxation risks and are integral to our performance.

Advisory

Our advisory services are tailored to help clients make informed decisions on their investments. Clients benefiting from bespoke services often upgrade their accounts to DPM in testimony to the quality of our services in this area.

Asset Classes





About SEDCO Capital

Asset Classes

SEDCO Capital provides sophisticated clients with comprehensive investment solutions across diversified asset classes and geographies using dynamic asset allocation strategies that are aligned with clients' investment objectives.



Public Equity

SEDCO Capital is an innovator in Shariah-compliant public equity investments. We were one of the first to onboard Shariah scholars to establish practical guidelines for investing in equities traded across world stock markets, and we were the first to encourage and work with Dow Jones to establish Islamic indices. We continued innovating by applying ESG criteria to all our strategies and building strong relationships with 30+ equities asset managers around the world. This drive for innovation provides SEDCO Capital and its clients with a wide choice of investment strategies and themes. We are one of few firms to offer such a large range of regional and international strategies, including both passive and active management.

Income Asset

SEDCO Capital invest in Shariah-compliant fixed income securities with high credit grades and low risk profiles, as well as other income generating assets such as leasing and infrastructure transactions. Our fixed income investments in developed and emerging markets are diversified across global money market, sukuk, leasing and infrastructure investments depending on clients' needs, investment objectives, and risk appetite.





About SEDCO Capital

Asset Classes



Real Estate

SEDCO Capital provides a range of real estate asset management services and solutions to private and institutional clients. Our primary aim is to help clients enhance income generated from their real estate assets and boost the value of their holdings. We invest on a principal, direct and active basis. We apply a rigorous pricing discipline and a strict underwriting process in all our investments, conducting thorough due diligence and well-defined asset management and business planning. Our investment approach and planning are executed on prudent underwriting and acquisition pricing discipline, driven by fundamental property level asset management, value-based asset refurbishment and redevelopment, property repositioning and a clear exit strategy.

Private Equity

SEDCO Capital pioneers in Shariah-compliant private equity investments in the mid-market, high potential growth segments across Europe, Latin America, US, and Asia, having established and implemented the criteria in 1997. We provide our clients with access to private equity through two dedicated teams – focusing on private equity Funds and co-investments – that have cultivated an extensive network of managers and partners representing a portfolio of more than 1,000 companies over 60+ Funds.





Governance

Board of Directors



Abdullah Baarmah
Chairman

Mr. Baarmah joined the SEDCO Capital Board in 2010, before which he was heading the Global Fixed Income Department at NCB Capital. He commenced his career in banking as a futures trader with the National Commercial Bank's Treasury division in 1994 and went on to hold positions of responsibility in the division.

He holds a degree in Business Administration from the University of Portland, Oregon, USA.



Rayyan Nagadi
Vice Chairman

Eng. Nagadi is CEO of SEDCO Holding. He was previously an advisor to His Excellency the Minister of Finance and CEO of the National Center for Privatization. Currently Eng. Nagadi serves on the boards and executive committees of several companies. He brings more than 20 years of experience in both the public and private sectors, leading mega projects in various sectors including banking, public utilities, petrochemicals, infrastructure and building materials.

He holds a Bachelor's Degree in Applied Electrical Engineering from King Fahd University of Petroleum & Minerals (KFUPM), Dhahran, Saudi Arabia.



Hasan AlJabri
Board Director

Mr. AlJabri was previously CEO of SEDCO Holding (2019-21) and SEDCO Capital (2010-19). He has more than 33 years' banking and investment experience, including senior roles at the National Commercial Bank, NCB Capital and Samba Financial Group. While at NCB Capital, Mr AlJabri was a Board member and Managing Director, and also served as Chairman of the Funds Board covering all of NCB Capital's 27 mutual funds. He served as Chairman of the Saudi Chapter of the World Presidents' Organization. He is currently a board member of several Saudi companies. He has a BSc in Engineering from American University of Beirut and is a graduate of Columbia University's Executive Management Program.



Governance

Board of Directors



**Abdulrazzak
Elkhrajy**
Board Director

Mr. Elkhrajy serves as Chairman of SEDCO Capital's audit committee. He has over 30 years' experience in regional banking and has served in several senior roles with the National Commercial Bank, including as Head of the bank's Islamic Banking Development Group. Apart from his duties as a board member of SEDCO Capital, Mr Elkhrajy also serves on the board of Trustees of the Accounting and Auditing Organization for Islamic Financial Institutions, and on the General Council for Islamic Banks and Financial Institutions.

He holds a BA in Economics and Business from Macalester College, St Paul, Minnesota, USA.



**Abdullah
Alhwaish**
Board Director

Mr. Al-Howaish is Chairman of Amlak International Real Estate Finance Company and Standard Chartered Capital Saudi Arabia. He is also a Vice-Chairman and a Director of several companies such as Halwani Brothers Company, Alessa Industries Co. and Al-Ittefaq for Steel Industries Company. Mr Al-Howaish also holds the chairmanship and membership of multiple committees, including the executive and internal audit committees in many companies and in various vital sectors of the Kingdom. He has 30 years' experience in banking and private and government companies, where he held senior executive positions with institutions such as the National Commercial Bank, the Saudi British Bank and the Arab National Bank. Mr Al-Howaish holds a Bachelor's degree in Economics from King Abdulaziz University, Jeddah, Saudi Arabia.



**Hashim
Almihtar**
Board Director

Mr. Almihtar is an expert in family wealth management through his work in several family offices and international companies across different sectors and industries. He has a Master's degree, a Diploma in Management, Design and Manufacturing, and a Diploma in Financial Management for Non-Financial Managers (ACCA) from Cambridge, UK. He also holds a Bachelor's in Manufacturing Systems Engineering with Management from King's College, London, UK.



Governance

Executive Management Team



Samer Abu Aker
Chief Executive Officer

Mr. Abu Aker is CEO of SEDCO Capital and brings more than 20 years' industry experience to his role. His association with SEDCO Capital spans 10 years. Apart from his responsibilities as CEO, Mr Abu Aker chairs SEDCO Capital's Investment Committee and Management Committee, where he is involved in setting the direction of the firm's governance, investment and compliance operations. Before joining SEDCO Capital, he held senior management positions with the Bank of New York (New York), Alternative Investment services (Bermuda) and Royal Bank of Canada. He is a Certified Public Accountant (CPA) and holds a BA with an accounting major from Canada's Brock University.



Valerio Salvati
Chief Investment Officer

Mr. Salvati joined SEDCO Capital as Chief Investment Officer and Head of Asset Management, adding to these roles nearly 30 years of global experience in asset and wealth management. He started his banking career in Fixed Income at Commerzbank in Germany before moving to Equities, He later joined the Portfolio Management department of BCC in Rome before moving to JPMorgan Asset Management as Head of Portfolio Management. After spending half of his career at JPMorgan, he moved to Deutsche Bank Wealth Management as Head of Discretionary Portfolio Management, UK.

MR. Valerio has been a member of the global and regional investment committees at both JPM and DB, as well as Chair of the UK Investment Committee in the latter. He holds a Master's in Business Administration for Banking and Insurance (Sinnea) and a Bachelor's in Political and Economic Sciences (University of Rome). He is also a member of the CFA UK Society.





Governance

Executive Management Team



Abdulwahhab Abed
Chief Business Development Officer

Mr. Abed is Chief Business Development Officer – his latest role in a 15-year association with SEDCO Capital. He chairs the firm’s Product Development Committee and sits on the Investment and Management Committees. His experience with SEDCO Capital makes him particularly skilled in due diligence, monitoring and divestment operations for private equity funds and co-investments. Previous roles at SEDCO Capital include Head of Corporate Finance and Vice President and Director of Private Equity, where he was involved in a portfolio of almost 100 private equity investments around the world. Mr. Abed has a Bachelor of Science (Finance and Accounting) double major and an MBA with a focus on finance from Bentley University’s McCallum School of Business in the US.



Ahmed Tourson
Chief Financial Officer

Mr. Tourson has been with SEDCO Capital since 2015. He previously worked with Deloitte & Touche Middle East and KPMG Saudi Arabia in independent auditing, quality assurance, and financial advisory. Mr. Tourson has more than 10 years’ experience in investment operations, securities, support services, auditing and financial analysis. He holds a Bachelor’s in Accounting Sciences from King Fahd University of Petroleum and Minerals.





Governance

Executive Management Team



Christian Guckel
Chief Risk Officer

As Chief Risk Officer, Mr. Guckel focuses on investment research, portfolio construction and portfolio analytics. He joined the firm in 2014 and is a member of the Investment Committee, Asset Management Committee and Tactical Asset Allocation Committee. Previously, he was an Investment Director for a Swiss asset management and advisory services firm. He also served as Portfolio Manager at Man Investments' multi-manager business and with HSBC Trinkaus & Burkhardt in the Structured Solutions Group. He started his career in risk control and management with Stadtsparkasse Magdeburg. Mr Guckel has an MBA from Colorado State University and a Master's (equivalent) in Finance from Otto-von-Guericke University, Germany. He is a certified Chartered Financial Analyst, a Financial Risk Manager, Chartered Alternative Investment Analyst, and an Energy Risk Professional.



Sultan Sukkar
Head of Compliance, AML & Shariah Monitoring

Mr. Sukkar is the Head of Compliance and AML at SEDCO Capital. He joined the firm in 2014 and has more than 15 years' experience. His previous positions include Head of Compliance and AML at Saudi Portfolio Securities; Compliance Manager, Private & Investment Banking at Samba Financial Group; and Senior Associate, Assurance Services at PricewaterhouseCoopers Saudi Arabia. Mr Sukkar holds a BSc in Accounting from the College of Industrial Management, King Fahd University of Petroleum & Minerals in Dhahran, KSA and an MBA from the Kania School of Management, University of Scranton, Pennsylvania, USA. He has a number of other training and certifications, including Islamic Finance Qualification (CISI), Certified Shariah Adviser and Auditor (AAOIFI), and CMA Advanced Certificates in Compliance and AML.





Governance

Executive Management Team



Anas Baksh
Head of Internal Audit

Mr. Baksh joined SEDCO Capital in 2021. His experience over 15 years includes key roles in global and leading Saudi companies. His expertise spans external and internal audits, risk, control and assurance and finance. He began his auditing career with Deloitte in assurance and external auditing. This was followed by his role as a Retail Banking Financial Controller at The National Commercial Bank (NCB), before moving into NCB's Internal Audit Department with responsibility in the Finance and Risk areas. Before joining SEDCO Capital, he headed the newly established Finance Department at the Ministry of Culture (Jeddah Historical District Program). Mr Baksh is a Certified Fraud Examiner (CFE) and holds a Master's of Accounting & Information Systems degree from Middle Tennessee State University (MTSU) in the USA and a Bachelor's in Accounting from King Fahd University of Petroleum and Minerals, Saudi Arabia.



Rayan Habis
Head of Human Resources

Rayan Habis joined SEDCO Capital in 2021 as Head of Human Resources, based in Jeddah. He has more than 16 years' professional HR experience in leading private wealth management; utilities and trading services industries; active involvement and responsibilities in building policies; leading different HRM initiatives; executing mega projects in manpower resourcing and rewarding; organization development, learning and development; and employee relations. Mr Habis started his career at Rabigh Arabian Water & Electricity Company in the Human Resources Department. He then joined SEDCO Holding as Head of Organization Development & Excellence in 2014. Currently, he is a member of the Compensation & Nomination Committees for Yusr International Schools and Alshiaka. He has an MBA and a Bachelor's degree in International Business Administration.





Governance

Executive Management Team



Imtyaz Sattar
Head of Legal Affairs

Mr. Sattar joined SEDCO Capital in 2021 as Head of Legal, based in Jeddah. He has more than 20 years of experience in a wide range of commercial and corporate areas including private acquisitions, joint ventures, strategic investments, and capital market regulatory matters. Mr Sattar began his legal career with seven years at Fasken, a leading Canadian international law firm. In 2007, he moved to Saudi Arabia and has since worked with Clifford Chance, Allen & Overy/K&A, and Dentons. Mr Sattar qualified as a lawyer in Ontario Canada. He holds a Bachelor's degree in Political Science from the University of British Columbia, a Master's in International Studies and Diplomacy from the University of Birmingham, and a Law degree and accreditation from the University of Manchester/Osgoode Hall Law School.





About SEDCO Capital

Supporting the Nation

Saudi Vision 2030

The firm strives to contribute as much as possible to realizing the far-reaching programs that have been established to maximize Saudi Arabia's wealth of diversified resources. The definitive example is Vision 2030, which has created a number of benefits for global multi-asset managers.

- First, it has established a roadmap by highlighting certain economic sectors that are expected to flourish and around which we expect to see increased investment activity. This has provided greater clarity for long-term planning and increased confidence in our investment decision-making.
- Another important factor is the increased transparency in reporting macro statistics – a key consideration for global investors – and heightening the inherent potential for co-investors
- Third, we believe that putting Saudi Arabia on the map so visibly will benefit Shariah-compliant investments, and therefore we feel well positioned to create value for existing and potential clients.
- Our investments in specific ventures or instruments open up opportunities that have not yet been fully explored in Saudi Arabia. We believe that the evolving market environment will enable firms like SEDCO Capital to attract more foreign direct investment as a result.

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As a proudly Saudi organization, SEDCO Capital supports the Kingdom's efforts to diversify its economy, providing a better future for all its people.





About SEDCO Capital

The Approved Resolutions During the Year

During the year ,the company's management presented the results of the company's business, which is in line with the company's approved strategy for the next five years (2022-2026). and the company's board of directors discussed what was presented. After fulfilling all the observations and requirements, the Board of Directors approved the following:

- Approved the goals and aspirations of the management to be achieved for the year 2023.
- Approved the budget for the year 2023.
- Approved the updated guides and policies of the company.
- Approved the updated organizational structure.
- The Board has directed management to:
 - **Expand** in investment products for regional real estate and global private equity Funds.
 - **Maintain** investment services and discretionary portfolios of local and global liquid asset strategies.
 - **Add new business lines** to access new investment asset classes and issuing its own products such as: local private equity, endowment Funds, multi-asset Funds, and corporate finance.

Achievements for the year 2022

- The year 2022 was full of challenges in many aspects, both in terms of the macro and the micro economy. However, SEDCO Capital was able to achieve most of the objectives and returns for its clients in addition to, achieve the expected profits by the company's shareholders. It is worth noting that despite all the economic conditions the world is going through, SEDCO Capital was able to increase the total assets under management by attracting new clients, to approximately SAR one billion and one hundred million.
- As the company continues to develop its efficiency at all levels, we have updated the corporate identity of SEDCO Capital and its various applications to reflect our core essence, values, strategic direction and to maintain our distinctive image and identity. This development comes as a confirmation of our commitment to our partners in the path of success, our continuous development and raising the quality of our outcomes in systematic methodology while spreading creativity spirit among the company's employees.





About SEDCO Capital

Future Plans and Decisions

SEDCO Capital has set future plans that are in line with the company's objectives, which are as follows:

- SEDCO Capital is in the process of launching a new dashboard system to improve clients' experience and efficiency by understanding their needs and making sure to match their expectations with what they actually find when dealing with the company, specifically through technology-enabled tools, in relation to: Automated account opening, Improve the experience of accessing the electronic portal for clients, Portfolio performance monitoring, In addition to, improve the current system by including investment reporting tools in the system to provide more comprehensive reports to clients in line with the market best practices.
- The company intends to increase the total value assets of SEDCO Capital REIT Fund which has been approved by Tadawul and the Capital Market Authority, as the increase aims to add value to Unitholders through acquire attractive real estate assets that add positive value to the Fund's real estate portfolio. In addition, the regional real estate team is exploring many diverse investment opportunities and built-to-suit strategies which contribute to diversify and expand the investments of regional real estate activities by taking advantage of growth sectors in "Saudi Vision 2030" projects and initiatives.
- SEDCO Capital aims to diversify the scope of its investments through new business lines such as: Local Private Equity, Corporate Finance, and Multi-Asset Strategy.
- SEDCO Capital seeks to expand its investors base and explore attractive opportunities in new markets by using UCITs platform to achieve outstanding returns and investment performance.
- Finally, the company is looking forward to expand its client base by marketing its products to other client categories such as: medium wealth owners and retail clients.





Governance





Governance

Guiding Principles

At SEDCO Capital, corporate governance is carried out in accordance with the following principles:

- Client commitment
- High-performance and results-driven
- Commitment to professional ethics
- Embracing accountability
- Team commitment
- Leading change

Our corporate governance policies establish bylaws for our Board of Directors, outline general corporate policies and the firm's code of conduct, and offer guidance on appointing employees as directors.

Board Committees

- Audit Committee
- Risk and Compliance Committee
- Compensation and Nomination Committee

Management Committees

- Management Committee
- Investment Committee
- Product Development Committee
- Asset Management Committee

Culture and Talent

Our organization nurtures a culture of professionalism and entrepreneurialism, underpinned by technology-enabled operations.

Our organization nurtures a culture of professionalism and entrepreneurialism, underpinned by technology-enabled operations.

We pride ourselves on fostering our distinctive culture to promote and instill independent and innovative thinking in every aspect of our business.

We cultivate dedicated teams of investment professionals for each business segment. We invest heavily in attracting and retaining outstanding talent through competitive remuneration, continuous training, and exposure to our global partners, platforms, and opportunities.





Governance

Guiding Principles

Technology

Technology plays a major role in how we deliver value to clients. SEDCO Capital continues to invest in advancing its technological capabilities, data, and analytics to optimize operations and ensure a centralized configuration that reports information to clients accurately and timely.

Shariah Supervisory

Our Shariah Supervisory Board is an independent body of jurists responsible for directing, reviewing, and supervising the firm's investment products, services, and activities.

Shariah Supervisory Board

- Dr. Mohammed ElGari - Chairman
- Dr. Abdulaziz Al-Qassar - Member
- Dr. Mohammed Daud Bakar - Member
- Mr. Khalid Gama – Internal Shariah Advisor





Governance

Board of Directors

SEDCO Capital's Board of Directors is responsible for creating and delivering strong, sustainable financial performance and long-term value to the company's owners and clients alike. Board members also play their role together as a team, to provide strategic leadership of the company's executive management and set the values and standards to be followed. Local, regional and global financial market. SEDCO Capital's Board of Directors is made up of six members, who are elected by the General Assembly for a maximum of three years with the possibility of being re-elected. The following tables shows the members of the Board of Directors during the year 2022, their classification, and their membership in the boards of directors of other companies:

Board Meetings

During 2022, SEDCO Capital's Board of Directors held four meetings, and the table below shows the dates and attendance record of these meetings:

Name	22 MAR	14 JUN	18 OCT	13 DEC	Total
Abdullah Mubark Baarmah	✓	✓	✓	✓	4
Rayyan Mohammed Nagadi	✓	✓	✓	✓	4
Abdulrazzak Mohammed Elkhrajy	✓	✓	✓	✓	4
Hasan Shakib AlJabri	✓	✓	✓	✓	4
Hashim Abdullah Almihdar	✓	✓	✓	✓	4
Abdullah Ibrahim Alhowaish	✓	✓	✓	✓	4

Board of Directors

- Abdullah Mubark Baarmah – Chairman (Non-Executive Member)
- Rayyan Mohammed Nagadi - Vice Chairman (Non-Executive Member)
- Abdulrazzak Mohammed Elkhrajy (Independent Member)
- Hasan Shakib AlJabri (Non-Executive Member)
- Hashim Abdullah Almihdar (Non-Executive Member)
- Abdullah Ibrahim Alhowaish (Independent Member)
- Sultan Sukkar (Head of Compliance, AML and Shariah Monitoring SEDCO Capital) - Board Secretary





Governance

Membership of Board Members in Other Companies

Name	Position	Membership in Other Companies
Abdullah Mubark Baarmah	Chairman Non-Executive Member	<ul style="list-style-type: none"> Member of the Board of Mopar Holding Company Member of the Board of Likmore Partners Ltd
Rayyan Mohammed Nagadi	Vice Chairman Non-Executive Member	<ul style="list-style-type: none"> Member of the Board of National Development Fund Member of the Executive Committee of SEDCO Holding Member of the Board of Saudi Hospitality Company Member of the Board of Saudi Postal and logistics company Chairman of Al-Mahmal Facilities Services Company
Abdulrazzak Mohammed Elkhrajji	Independent Member	<ul style="list-style-type: none"> Member of the Board of Trustees of the Islamic Accounting and Audit Authority
Hasan Shakib AlJabri	Non-Executive Member	<ul style="list-style-type: none"> Member of Board of Petroleum Products Trade Company (APSCO) Vice Chairman and Chairman of the executive Committee of Dar Al Tamleek Member of the Board of Al Munajjim Food Company, Chairman of the Remuneration and Nominations Committee and member of Audit Committee Member of the Board and Chairman of Investment Committee of Abu Nayyan Holding Vice Chairman of Bin Laden International Holding Group
Hashim Abdullah Almihdar	Non-Executive Member	<ul style="list-style-type: none"> Member of the Board of Red Sea Markets Company
Abdullah Ibrahim Alhowaish	Independent Member	<ul style="list-style-type: none"> Managing Director and Chief Executive Officer of the Board of Directors and Member of the Investment and Finance Committee of Sinad Holding Company Chairman of the Board and Chairman of the Executive Committee of Amlak International Real Estate Finance Company Vice Chairman of the Board of Directors and Chairman of the Executive Committee of Halawani Brothers Company – Saudi Arabia Vice Chairman of the Board of Directors, Chairman of the Executive Committee, Chairman of the Remuneration and Nominations Committee of Halawani Brothers Company – Egypt Vice Chairman of the Board of Directors ,Chairman of the Executive Committee and Member of the Remuneration and Nominations Committee - Alissa Industries Company Member of the Board of Directors - Emaar Economic City Company Member of the Board of Directors, Member of the Executive Committee and Chairman of the Nominations and Remunerations Committee - Al Rabie Saudi Food Company





Governance

The Board's Main Committees

Audit Committee

The Committee is made up of three non-executive members, who are all independent and experienced in accounting and auditing. Members are selected by the Board of Directors and the Committee reports directly to the Board of Directors on a regular basis:

- Abdulrazzak Mohammed Elkhrajy- Chairman – (Independent)
- Mohamed El Sayed El Ayouty - Member - (Independent)
- Abdelelah Ajbar – Member - (Independent)
- Aziz Ahmed (Risk Management SEDCO Capital) - Committee Secretary

Audit Committee Meetings

During 2022, SEDCO Capital Audit Committee held four meetings, the table below shows the dates and attendance record of these meetings:

Name	15 MAR	07 JUN	29 SEP	06 DEC	Total
Abdulrazzak Mohammed Elkhrajy	✓	✓	✓	✓	4
Mohamed El Sayed El Ayouty	✓	✓	✓	✓	4
Abdelelah Ajbar	✓	✓	✓	✓	4

Responsibilities and Duties of the Audit Committee

- Supervise, monitor, direct, and ensure implementation of the audit in accordance with the approved internal policies and procedures and the governance principles in line with CMA regulations;
- Develop the efficiency of the auditing process, and monitor the corrective actions of the remarks contained therein;
- Oversee the assessment of the effectiveness of the company's internal control system, including information technology security and control;
- Submit substantive audit observations and the Committee's proposals to the Board of Directors;
- Evaluate the performance of external auditors and propose their appointment to the Board of Directors;
- Resolve any disagreements between management and the external/internal auditors regarding financial reporting and/or any other matters;
- Ensure that financial statements are understandable, transparent, and reliable;
- Discuss the annual audited financial statements and oversee the process of preparing the interim financial statements with management and the external auditors, including SEDCO Capital's disclosures;
- Perform other activities as the Board of Directors requested.





Governance

The Board's Main Committees

Risk and Compliance Committee

The Committee consists of eight members, who are the members of the audit committee, in addition to the five members referred to below, and the Committee reports directly to the Board of Directors:

- Abdulrazzak Mohammed Elkhrajy– Chairman (Independent)
- Mohamed El Sayed El Ayouty – Member (Independent)
- Abdelelah Ajbar – Member (Independent)
- Samer Nayef Abu Aker – Member (Non-Independent)
- Christian Guckel – Member (Non-Independent)
- Ahmed Tourson – Member (Non-Independent)
- Sultan Sukkar – Member (Non-Independent)
- Anas Baksh - Non-Voting Member (Non-Independent)
- Aziz Ahmed (Risk Management SEDCO Capital) - Committee Secretary

Risk and Compliance Committee Meetings

During 2022, SEDCO Capital Risk and Compliance Committee held four meetings, and the table below shows the dates and attendance record of these meetings:

Name	15 MAR	07 JUN	29 SEP	06 DEC	Total
Abdulrazzak Mohammed Elkhrajy	✓	✓	✓	✓	4
Mohamed El Sayed El Ayouty	✓	✓	✓	✓	4
Abdelelah Ajbar	✓	✓	✓	✓	4
Samer Nayef Abu Aker	✓	✓	✓	✓	4
Christian Guckel	✓	✓	✓	✓	4
Ahmed Tourson	✓	✓	✓	-	3
Sultan Sukkar	✓	✓	✓	✓	4
Anas Baksh	✓	✓	✓	✓	4





Governance

The Board's Main Committees

Responsibilities and Duties of Risk and Compliance Committee

- Supervise, monitor, and direct the works of Risk Management in accordance with the approved policies and procedures and the governance principles in line with CMA regulations;
- Supervise, monitor, and direct the compliance activities regarding works of securities in accordance with CMA regulations and requirements;
- Improve the efficiency of the Risk and Compliance activities and ensure that their operations are correct;
- Assist the Management in understanding and controlling risks to protect and improve the value of shareholders' investments and returns;
- Ensure that the Company's business policies comply with CMA regulations and requirements and other relevant government laws to implement the best market practices;
- Review risk management policy and procedures, compliance management, and anti-money laundering;
- Review the internal auditor's report on compliance management and anti-money laundering;
- Review compliance management, anti-money laundering, and risk management reports;
- Review the Company's compliance with the CMA laws, regulations, and requirements as well as other relevant government laws and corporate governance policies;
- Review the effectiveness of monitoring and control procedures;
- Monitor and follow up on the results of Management investigations into any act contrary to the laws and regulations as well as activities;
- Develop procedures to maintain the confidentiality of complaints about suspicious practices related to accounting, audit, or internal control procedures;
- Review the results of any Company inspection or examination made by CMA or any other government agency;
- Review core lawsuits and their impact on the Company's, business progress;
- Submit substantive remarks of the Audit and Compliance departments and the Committee's proposals to the Board of Directors.





Governance

The Board's Main Committees

Compensations and Nominations Committee

The Committee currently consists of four non-executive members, referred to below, and reports directly to the Board of Directors:

- Abdullah Al Howaish – Chairman – (Independent)
- Hasan Shakib AlJabri – Member - (Independent)
- Rasha Al-Darwish – Member - (Independent)
- Rania Al-Turki – Member - (Independent)
- Rayyan Habis (Head of Human Resources SEDCO Capital) - Committee Secretary

Compensations and Nominations Committee Meetings

During 2022, the Compensations and Nominations Committee of SEDCO Capital held four meetings, and the table below shows the date and attendance record of the meeting:

Name	09 MAR	12 APR	10 OCT	08 DEC	Total
Abdullah Ibrahim Al Howaish	✓	✓	✓	✓	4
Hasan Shakib AlJabri	✓	✓	✓	✓	4
Rasha Al-Darwish	✓	✓	✓	✓	4
Rania Al-Turki	✓	✓	✓	✓	4

Responsibilities and Duties of Compensations and Nominations Committee

- Nominate potential directors of the Board to the General Assembly;
- Monitor the development of the Senior Executives;
- Monitor the recruit senior executives;
- Review and approve compensation (salaries and benefits) of the Board of Directors and Senior Executives; and
- Review and approve the compensation policy of all employees as well as workforce plans including employee development programs, replacement and succession plans;





Disclosures





Subsidiaries and Controlled Funds

By end of 2022, SEDCO Capital control the following companies:

SEDCO Capital Luxembourg S.A

Company: An international Fund management company in Luxembourg

Establish place: Luxembourg

The place of its operations: Luxembourg

Capital: SAR 621,844

SEDCO Capital's ownership percentage: 100% owned by SEDCO Capital

SEDCO Capital Cayman Limited

Company: Which advises the management of Cayman Islands-based Funds

Establish place: Cayman Islands

The place of its operations: Cayman Islands

Capital: US\$ 6,000,000

SEDCO Capital's ownership percentage: 100% owned by SEDCO Capital

SEDCO Capital UK Limited

Company: A real estate investment services provider

Establish place: United Kingdom

The place of its operations: United Kingdom

Capital: £175,000

SEDCO Capital's ownership percentage: 100% owned by SEDCO Capital

SEDCO Management Limited

Company: An international Fund management company

Establish place: United Arab Emirates

The place of its operations: United Arab Emirates

Capital: US\$ 3,190,000

SEDCO Capital's ownership percentage: 100% owned by SEDCO Capital

SC Sentinel Limited

Company: Buys and holds investments on behalf of SEDCO Capital Cayman Ltd.

Establish place: Cayman Islands

The place of its operations: Cayman Islands

Capital: US\$ 6,000,000

SEDCO Capital's ownership percentage: 65% owned by SEDCO Capital





Disclosures

Businesses and Contracts with Related Persons

The following are the businesses and contracts with related persons as shown in the financial statements for the year ended on 31 December 2022:

Company / Entity Name	Nature of the Transaction	Contract Conditions	Contract Term	Transaction Amount (SAR)	Relationship
Board of Directors	Remunerations / other benefits	N/A	N/A	2,081,889	Senior Management Personnel
Executive Management	Remunerations / other benefits	N/A	N/A	18,121,362	
Saudi Economic and Development Holding Company	Advisory and management services	By Investment Agreement	3 years, renewable	19,717,881	Shareholder
	Charges for shared services	N/A	N/A	3,300,000	
Methak Investment Holding	Advisory and management services	By Investment Agreement	1 year, renewable	13,211,094	Affiliate
SEDCO Capital REIT Fund	Advisory and management services	Fund's Terms & Conditions	N/A	24,384,997	Fund under management
	Dividend distribution	Based on the approval of the Fund's Board of Directors	N/A	267,422	
	Payments on behalf	N/A	N/A	491,002	
SEDCO Capital Built-to-Suit Real Estate Fund I	Advisory and management services	Fund's Terms & Conditions	Fund's Terms & Conditions	270,937	Fund under management
	Payments on behalf	N/A	N/A	1,250	





Disclosures

Businesses and Contracts with Related Persons

Company / Entity Name	Nature of the Transaction	Contract Conditions	Contract Term	Transaction Amount (SAR)	Relationship
SEDCO Capital Money Market Fund	Advisory and management services	Fund's Terms & Conditions	Undefined	1,697,659	Fund investment management Fund under management
SEDCO Capital Balanced Fund	Advisory and management services	Fund's Terms & Conditions	Undefined	3,441,538	
Elaf Hotels Company	Accommodation services	N/A	Undefined	21,683	Affiliate
Elaf for Travel and Tourism Company	Travel and tourism services	N/A	Undefined	757,180	
Intimaa Real Estate Services Company	Office rent and other services	N/A	1 year, renewable	1,125,386	
Private investment portfolio	Advisory and management services	By Investment Agreement	Undefined	578,534	Fund under management
SEDCO Capital Total Return Fund	Advisory and management services	Fund's Terms & Conditions	N/A	178,920	
SEDCO Capital High Conviction Fund	Advisory and management services	Fund's Terms & Conditions	N/A	81,068	





Disclosures

Sanctions and Penalties

SEDCO Capital was not subject to any sanction, penalty or precautionary restriction by the Authority or any other supervisory, regulatory or judicial body during the year of 2022.

Information Relating to the Interests of Directors

The Board of Directors declares that there are no interest, contractual securities and subscription rights belonging to a member of the Board of Directors, senior executives or their relatives in the shares or debt instruments of SEDCO Capita or any of the subsidiary companies except for the following:

Name	Position	Relation Type	No. of shares as of 01-01-2022	Ownership % as of 01-01-2022	No. of shares as of 31-12-2022	Ownership % as of 31-12-2022	Share Value (SAR)
Abdullah Mubark Baarmah	Chairman	Non-direct share	116,121.6	%0.580608	116,121.6	%0.580608	10
Hashim Abdullah Almihdar	Board Director	Non-direct share	1,238,707.2	%6.193536	1,238,707.2	%6.193536	10

Deals with Related persons

There were no transactions concluded between the company and any related person during the period ended on 31 December 2022.

Arrangements or Agreements Under which a Member of the Board of Directors Waives any Rewards or Compensation

According to the internal arrangements, no remuneration is granted to a non-executive member of SEDCO Capital Board of Directors when he starts an executive position in the mother company.





Disclosures

Remunerations and Compensations of the Board Directors and Senior Executives During the Year 2022

The tables below describe the rewards and compensation paid to board members and five senior executives, including CEO and CFO:

Description	Executive Board Members*	Non-Executive Board Members	Independent Board Members
Allowance for attendance of the Board of Directors' sessions	-	70,000	56,000
Allowance for attendance of the committees' sessions	-	42,000	-
Periodic and annual remunerations	-	800,000	1,000,000
Incentive plans	-	-	-
Any compensation or other in-kind benefits paid monthly or annually	-	58,646	55,243
Total		970,646	1,111,243

*As members of the Board of Directors.

Description	Five of the senior executives who received the highest remunerations and compensations, including CEO and CFO*
Salaries and wages	5,873,308
Allowances	2,684,737
Periodic and annual remunerations	5,031,250
Incentive plans	4,532,067
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	-
Total	18,121,362

*Amounts in Saudi Riyals





Financial Results





Financial Results

Summary of SEDCO Capital's Consolidated Financial Results

The table below shows a summary of the audited consolidated financial results for the fiscal year ending on December 31, 2022, compared to the years from 2018 to 2021:

Item	2022	2021	2020	2019	2018
Total Revenues	125,442,143	158,046,289	106,220,648	136,648,527	175,890,090
Total Operating Expenses	96,103,003	119,213,172	81,483,461	98,037,820	121,891,232
Operating Income	29,339,140	38,833,117	24,737,187	38,610,707	53,998,858
Net Income	29,409,196	33,362,975	16,858,840	32,258,144	46,008,579
Total Assets	418,507,086	438,036,447	386,354,285	395,891,661	430,453,986
Total Liabilities	69,905,423	101,657,860	72,979,033	74,645,946	89,530,697
Total Shareholders' Equity	348,601,663	336,378,587	313,375,252	321,245,715	340,923,289

Amounts in Saudi Riyals

Auditor's Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as of 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year ending on that date in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").





Financial Results

Reservations in the Auditor's Report on Financial Statements

There are no reservations about the 2022 financial statements.

Core Differences in Operating Results

The differences in the results of the company's operational activities for the year 2022 when compared to the results of the previous fiscal year were due to the following reasons:

- Revenues related to performance fees and related expenses.

Loan information

During the financial year ended on 31 December 2022, the Board of Directors acknowledges that there are no loans obtained by the Company, whether payable on demand or otherwise.





Internal Control and Risk Management





Internal Control

The results of SEDCO Capital internal control system's annual review

SEDCO Capital Internal Audit Department is the third line of defense in the company who is responsible for reviewing the effectiveness and efficiency of the company's internal control. The Internal Audit Department at SEDCO Capital conducts its audits' assignments and controls' review for the company objectively and independently by reporting directly to SEDCO Capital's Audit Committee. The Internal Audits' duties can include the following:

- A sample-based periodical review and assessments over SEDCO Capital departments' operations, their compliance with the regulators' requirements, and the defined policies and procedures.
- Evaluate the efficiency and effectiveness of the existing controls to safeguard the company's assets.
- Recommend controls addition or enhancements to reduce or mitigate risks.
- Provide advisory services at the request of the Board of Directors, the Audit Committee, or the top management.
- Conduct fact-finding operations for fraud or corruption cases, or any special inspection at the request of the Audit Committee.

During 2022, the Internal Audit Department reviewed the Company's operations in accordance with the approved Audit Plan by the Audit Committee to ensure the effectiveness and efficiency of the Company's internal control systems and protect its assets. As a result of the audits carried out, no significant weaknesses in the Company's internal control systems were discovered. The Internal Audit Department has completed all assignments according to 2022 approved Audit Plan and is monitoring the closure of all reported observations.

Below is a summary of Internal Audit Department achievements during 2022:

- Completed 9 assignments.
- Raised 22 new observations.
- Followed up 53 observations and managed to close 41.
- Completed an exercises to update the existing risk assessment for audit planning purpose.
- Approval of a newly developed extension matrix for audit's observations follow-up.
- Approval of a reputed audit program solution to be implemented for Internal Audit Department's activities.

Audit Committee's Opinion on the Internal Control System Adequacy

The Internal Audit Department uses a risk-based approach in conducting its activities. All 2022 audit assignments have been carried out and their reports have been issued to the Audit Committee concerning controls' effectiveness and efficiency. The Internal Audit Department plays an important role in evaluating the effectiveness and efficiency of SEDCO Capital's internal controls through the execution of a yearly audit plan, which is developed based on a periodical risk-assessment, followed by recommending control procedures to be implemented by SEDCO Capital.

The Audit Committee reviewed SEDCO Capital governance and the internal control framework through the conducted audit engagements during 2022, which indicate the effectiveness of the internal controls based on the selected samples. However, improvement points have been identified, communicated to the management , and being followed-up by the Internal Audit Department.





Risk Management

SEDCO Capital's Risk Management

Risk is inherent in all businesses and is therefore present within SEDCO Capital's activities. SEDCO Capital's Risk Management process seeks to effectively identify, quantify, monitor and manage each of its risks and actively promotes a risk awareness culture throughout the organization.

Risk Governance Structure

Managing risk at SEDCO Capital lies with the Board of Directors through the Risk and Compliance Committee. The Risk and Compliance Committee assists the Board of Directors in exercising its oversight of the operational activities of SEDCO Capital and the timely identification, mitigation, and management of those risks that could have a material impact. SEDCO Capital has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Company. The process is supported by policies as well as detailed procedures, methodologies, evaluation criteria and documentation requirements to ensure clarity and consistency.

Risk Management Framework

SEDCO Capital's risk management framework defines the processes and management of the risks that the Company and its investment strategies and products are exposed to, in particular (but not limited to) the management of market, credit, interest/profit rate risk, liquidity risk as well as operational, strategic and reputational risks. The Company's risk management framework seeks to ensure that there is an effective process in place to manage risk across the Company. The Company also has processes and procedures in accordance with CMA guidelines related to the Risk management. The Risk Management Framework which SEDCO Capital relies on is a well-proven methodology wherein all activities giving rise to risk are identified, measured, managed and monitored.

The risk management framework thus supports the achievement of the Company's strategic objectives. The strategic objectives for 2022 included:

- Strengthen capital base internally by changes in asset mix to cater to its strategic growth;
- Grow assets under management with a focus on specific investment strategies such as local real estate strategies and discretionary portfolio mandates;
- Increase SEDCO Capital's profile with KSA-based and regional investors;
- Strengthen SEDCO Capital's perception as an ESG (Environmental, Social and Governance) and Shariah-compliant investor;





Risk Management

Scope and Nature of Risk Reporting and Measurement Systems

The primary goal of risk management is to ensure that SEDCO Capital's asset and liability profile, its credit and operational activities do not expose it to losses that could threaten the viability of the Company. Internal control deficiencies, whether identified by the risk function self-review; an internal audit, compliance division or other personnel, are reported in a timely manner to the appropriate management and committee level and addressed accordingly.

SEDCO Capital periodically reviews their risk limitations to ensure that the overall effectiveness in risk management remains aligned to a changing organization. Risk management policies and procedures are constantly reviewed and updated. The review covers objectives and strategies, as well as changes relating to products, people, processes and systems.

Risk Management Process and Major Risk Categories

SEDCO Capital can be exposed to various risks, and to address these risks SEDCO Capital has a defined risk appetite, which facilitates the identification and management of both risks and opportunities.

Setting a risk appetite at SEDCO Capital is not about elimination of all risks; rather it is about accepting risks in areas in which management has the appropriate skills, knowledge and experience to take advantage of the opportunities presented, whilst limiting risks in other areas. The risk appetite statement empowers SEDCO Capital which enables the decisive accumulation of risk in line with the strategic objectives of the organization while giving the board and management confidence to avoid risks that could deviate from the strategic objectives. SEDCO Capital performs detailed assessments of three major risks: credit, market, and operational risk, which are monitored periodically.

Following are the details of these risks:





Risk Management

1- Market Risk

Market risk refers to the risk to SEDCO Capital resulting from movements in market price changes in interest rates, foreign exchange rates, and equity and commodity prices. SEDCO Capital's exposure to market risk is limited by the nature of its business, the fact that it manages assets on a fiduciary basis, does not trade on its own account and does not underwrite issues of financial instruments on a firm commitment basis. The market risk exposure of SEDCO Capital's balance sheet is thus limited to product initiatives in line with the firm's strategic objectives, besides liquid investments in low-risk money market instruments. Market risk is actively monitored through periodic analysis of the impacts of changes in market risks through stress tests. In 2022, volatility was a defining feature of the markets as higher interest rates, rising inflation, the Ukraine war, and recession fears sent markets tumbling. SC Risk Management performed a variety of investment and scenario analyses, based on tighter financial conditions, to assess the potential impact on the portfolios.

The ultimate goal of the stress/scenario exercise was to understand sensitivities and correlations to possible scenarios as well as historic and generic stress tests to consider the insights for decision-making. Additionally, liquidity risk analysis for equity funds was performed by SC Risk Management to mitigate any potential illiquidity risks. Portfolios were also stressed using extreme redemption scenarios.

2- Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The credit risk that SEDCO Capital faces arises mainly from (1) counterparty default, (2) non-receipt of fees due from its clients (3) an adverse financial outcome arising from changes in the level or volatility of third-party credit spreads. SEDCO Capital Investment Committee (SCIC) is responsible for formulating, reviewing, and monitoring adherence to the overall investment policies of the Company. The Company's risk management policies and processes are designed to identify and analyze risk, set appropriate limits and controls, monitor the risks, and adhere to limits using timely and reliable management information data. The Risk function regularly reviews and monitors counterparty exposure and management against limits and concentrations of exposure by type, sector, geography, and credit ratings. SEDCO Capital has a control process in place to mitigate settlement delays for fees due from its clients.





Risk Management

3- Operational Risk

Operational Risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems, or from external events, including changes in the regulatory environment. SEDCO Capital's operational risk is its primary source of risk and arises mainly through the investment process, distribution channels, product development, and information technology that includes cybersecurity and operations, including potential risks arising from business disruption and reliance on third-party service providers and outsourcing partners. The Company implements and maintains appropriate risk management principles and policies, internal controls, and processes designed to assess risks as determined by the approved risk management framework.

All identified risks are appropriately addressed according to the agreed process promptly. Business Continuity Plans (BCP) for all critical processes are already in place and are being tested on regular basis. SEDCO Capital recognizes that a pandemic or similar disruptive events can cause varying degrees of disruption to normal business processes and that it has the responsibility to its customers to continue critical operations during this event. SEDCO Capital's goal is to meet this obligation with no or minimal interruption, given the circumstances and scope of the disruptive event. Employees of SEDCO Capital are always prepared to work from home as part of the de-crowding plan for instances like past COVID-19 like events. Therefore, the Company developed a secure and comprehensive plan including enhanced monitoring to deal with Cybersecurity risks during these times.





Board of Directors Recommendations





Board of Directors Recommendations

Board of Directors' Recommendation for Dividends to Shareholders

The Board of Directors recommended a cash dividend of SAR 17,580,000 (SAR 0.879 per share) to the shareholders, for the year 2022, accounting for 8.79% of the Company's capital. Below is a detailed table of the shareholders, percentages of ownership, along with their shares of the profits

Shareholder Name	Shareholding Percentage	Value (SAR)
Saudi Economic and Development Holding Company	%96	16,876,800
Ehkam International Real Estate Company, Ltd	%1	175,800
Ta'aki International Real Estate Company, Ltd	%1	175,800
Ta'adiyah International Real Estate Company, Ltd	%1	175,800
Rushd International Real Estate Company, Ltd	%1	175,800
Total	%100	17,580,000





Conclusion

At the end of this report, the Board of Directors of SEDCO Capital is pleased to extend its sincere thanks and gratitude to the Custodian of the Holy Mosques, King Salman bin Abdulaziz Al Saud and to His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince, Vice Prime Minister and Minister of Defense, and to the Government of the Custodian of the Holy Mosques for the facilities they all provide to create an attractive business community for investors and to make the Kingdom a major destination for regional and foreign capital investments.

The Board also extends its thanks and appreciation to the Capital Market Authority (CMA), which is exerting all efforts to support the financial services industry in the Kingdom and effectively contributing to the prosperity of the national financial sector despite the major challenges facing all economies across the world.

The Board of Directors extends its sincere gratitude to the shareholders of the Company for their continued confidence and support for the business strategies set by the Company, and to the Company's clients constituting one of the most important and strong assets to the Company's continued success. In conclusion, we thank all the employees for their dedication and efficiency, which were and remain the main driver to achieve the outstanding results for the year 2022.

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SEDCO Capital Board of Directors

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