



Provisions and Compliance

First Milling Company acknowledges its application of all provisions stipulated in the Corporate Governance Regulations, with the following exceptions:

No. of Article	Title	Text of Article/ Paragraph	Degree of Application	Reason
37	Training	<p>The Company shall pay adequate attention to training and qualifying Members of the Board, Committees, and the Executive Management, and shall develop the necessary programs for the same, taking the following into account:</p> <p>1) Preparing programs for the newly appointed Members of the Board and Executive Management to familiarize them with the progress of the Company's business and activities, particularly the following:</p> <p>A. The Company's strategy and objectives.</p> <p>B. Financial and operational aspects of the Company's activities.</p> <p>C. The obligations of the Board Members and their duties, responsibilities, and rights.</p> <p>D. Duties and competencies of the Company's Committees.</p> <p>2) Developing the necessary mechanisms for Members of the Board, Committees, 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.</p>	Partially Applied	<p>Guiding Article</p> <p>There is no fixed program, but rather, according to need, as courses and attendance of some specialized international conferences are also arranged, in addition to field visits to improve knowledge and expertise.</p>
39	Performance Evaluation	<p>A) The Board shall develop, based on a proposal of the Nomination Committee, the necessary mechanisms for annual performance evaluations of the Board, its Members, Committees, and Executive Management annually. This shall be done through appropriate performance indicators. These indicators are linked to the extent of achieving the Company's strategic objectives, the quality of risk management, the adequacy of internal control systems, and others. The strengths and weaknesses shall be identified, and proposals for addressing them shall be made in accordance with the interests of the Company.</p> <p>B) The performance evaluation shall be in writing, clear, and disclosed to the Board Members and parties under evaluation.</p> <p>C) The performance evaluation shall include the skills and experience that the Board possesses, identify its strengths and weaknesses, and work to address its weaknesses in possible ways, such as nominating professional competencies that can develop the Board's performance. The performance evaluation shall also include an evaluation of the Board's working mechanisms in general.</p> <p>D) The individual assessment of Board Members shall take into account the extent of effective participation of the Member and his commitment to performing his duties and responsibilities, including attending the Board and its Committee meetings and dedicating adequate time thereof.</p> <p>E) The Board shall obtain an assessment of its performance from an independent third party every three years.</p> <p>F) The Board shall ensure that Non-Executive Members carry out periodic assessment of the performance of the Chairman taking into consideration the views of the Executive Members, without the Chairman attending the discussion designated for this purpose. The strengths and weaknesses shall be identified, and proposals for addressing them shall be made in accordance with the interests of the Company.</p>	Not Applied	<p>Guiding Article</p> <p>The Company is working on activating it in the coming period, as the Board has no performance indicators or individual assessments for this year.</p>
67	Formation of Risk Management Committee	<p>The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". The Chairman and majority of its Members shall be Non-Executive Members. The Members of that Committee shall possess an adequate level of knowledge in risk management and finance.</p>	Not Applied	<p>Guiding Article</p> <p>The Company did not allocate an independent committee for risk management, but its tasks have been included with the Audit Committee as a single committee.</p>
82	Employee Incentives	<p>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:</p> <p>1) Forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions.</p> <p>2) 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.</p> <p>3) Establishing social organizations for the benefit of the Company's employees.</p>	Partially Applied	<p>Guiding Article</p> <p>The Company establishes other programs to develop and motivate the participation and performance of the Company's employees.</p>



No. of Article	Title	Text of Article/ Paragraph	Degree of Application	Reason
68	Competencies of Risk Management Committee	<p>The competencies of the Risk Management Committee shall include the following:</p> <p>1) Develop 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.</p> <p>2) Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level.</p> <p>3) 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.</p> <p>4) Overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein.</p> <p>5) Regularly reassessing the Company's ability to take risks and be exposed to such risks through stress tests as an example.</p> <p>6) Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board.</p> <p>7) Providing recommendations to the Board on matters related to risk management.</p> <p>8) Ensuring the availability of adequate resources and systems for risk management.</p> <p>9) Reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board.</p> <p>10) Verifying the independence of the risk management employees from activities that may expose the Company to risk.</p> <p>11) Ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of risk culture.</p> <p>12) Reviewing any issues raised by the Audit Committee that may affect the Company's risk management.</p>	Not Applied	<p>Guiding Article</p> <p>The Company did not allocate an independent committee for risk management, but its tasks have been included with the Audit Committee as a single committee.</p>
69	Meetings of the Risk Management Committee	<p>The Risk Management Committee shall convene periodically at least once every six months and as may be necessary.</p>	Not Applied	<p>Guiding Article</p> <p>The Company did not allocate an independent committee for risk management, but its tasks have been included with the Audit Committee as a single committee.</p>
85	Social Initiatives	<p>The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include:</p> <p>1) Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities.</p> <p>2) Disclosing the objectives of the Company's social responsibility to its employees and raising their awareness and knowledge of social responsibility.</p> <p>3) Disclosing plans for achieving social responsibility in the periodical reports on the activities of the Company.</p> <p>4) Establishing awareness programs to the community to familiarize them with the Company's social responsibility.</p>	Partially Applied	<p>Guiding Article</p> <p>The Company shall focus on promoting participation in social activities in order to sustain them and achieve the desired goals.</p>
92	Formation of the Corporate Governance Committee	<p>If the Board forms a Corporate Governance Committee, it shall assign to it the competencies stipulated in Article (94) of these Regulations. Such a committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.</p>	Not Applied	<p>Guiding Article</p> <p>The Board shall ensure compliance with the Company Corporate Governance Regulations and review and update them. The Board shall also review and develop the Code of Professional Conduct and other internal policies and procedures. The Board shall further keep the Board Members informed of developments in the field of governance, as the Company currently does not see the need to form an independent committee for this purpose.</p>