



## Competing Business Standards and Procedures for Savola Group

These Standards and Procedures were approved based on the Savola Group Extraordinary General Assembly's resolution in its meeting held on May 10th 2023

<u>DISCLAIMER</u>	<u>تنويه هام لأخذه في الاعتبار</u>
<p>This English version of this document is a translation of the original Arabic document and has been made for the purpose of informing non-Arabic speakers of the said document.</p> <p>In case of any discrepancy or misinterpretation of any clause or article, the original Arabic document shall prevail.</p>	<p>هذه النسخة الإنجليزية من هذه الوثيقة تمثل ترجمة للنسخة الأصلية الصادرة باللغة العربية، والغرض منها تعريف الناطقين بغير اللغة العربية بهذه الوثيقة، وفي حالة وجود اختلاف في الترجمة أو خطأ في تفسير النص لأي بند أو مادة من هذه الوثيقة يُعتبر النص الأصلي الصادر باللغة العربية هو الحاكم.</p>

## 1. Introduction

The "Competing Business Standards and Procedures for Savola Group ("Savola" or the "Company")" has been prepared to comply with point (3) of Article (44) of the Corporate Governance Regulations issued by the Capital Market Authority Board pursuant to its Decision No. (8-6-2017) Dated 16/05/1438H corresponding to 13/2/2017, as amended pursuant to its decision No. (8-5-2023) dated 25/06/1444H corresponding to 18/01/2023, which stipulates that "the Board shall assesses the members' competition with the Company's business or if he/she is in competition with one of the branch activities that it conducts in accordance with the standards issued by the Ordinary General Assembly upon a proposal from the Board".

## 2. Purpose

The purpose of the Competing Business Standards and Procedures" is to define businesses and activities that are considered competing with the Company's or its subsidiaries businesses or one of the branch activities. These standards and procedures also aim to clarify the procedures to be followed if a Board or a Committees member or a Board nominee participates in a competing business in accordance with the controls stipulated in the Implementing Regulations of the Companies' Law for listed joint-stock companies and Corporate Governance Regulations, which contributes in enhancing the transparency in all of the Company's transactions and avoid conflicts of interest.

## 3. Competing with the Company

1. A Board or Committee member may not engage in any business that may compete with the Company or any of its subsidiaries or with one its branch activities without the authorization of the Company's General Assembly, or the Board if it was delegated from the General Assembly in accordance with the conditions mentioned in these standards and procedures, the Companies' Law, and the relevant CMA regulations.
2. The election not to engage in a business that may compete with the Company or its group is a personal responsibility of each member of the Board, and If he/she violates these procedures, the Company may claim for appropriate compensation before the competent judicial authority.<sup>(1)</sup>

## 4. Duties of Members & Nominees of the Board of Directors regarding Competing Business

1. A person who desires to nominate himself/herself for the Board membership shall disclose to the Board and the General Assembly if he/she engages in a business that may compete with the Company or any of its activities.
2. The Board member shall perform his/her duties with honesty and integrity and

(1) Article (27) of the company's law

Article (44) of the Corporate Governance Regulation issued by the Capital Market Authority.

put the interests of the Company above his/her own interests, and not use his/her position to achieve personal interests.<sup>(2)</sup>

3. The Board member shall protect the confidentiality of the information related to the Company and its activities, and not disclose any such information to any person.
4. Board member shall not misuse his/her position, duties and authorities in anyway or benefit, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to them or the Company, in his/her capacity as member of the Board. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to the Board member who resign to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to their knowledge during their tenure on the Board.

## 5. Concept of the Competing Businesses <sup>(3)</sup>

The following shall be deemed a participation in any business that may compete with the Company, any of its activities or any of its subsidiaries:

- 1) The Board members' establishing a company, an establishment, or owning of a considerable percentage of shares or stakes in a company or any other entity that engages in business activities that are similar to the activities of the Company or its group.
- 2) Accepting membership in the Board of a company or an entity that is competing with the Company or its group, or handling the management of a competing establishment or competing company of any form, except the Company's subsidiaries.
- 3) Accepting membership in any committee of a company that competes with the Company or any other company in its group.
- 4) The Board member's acting as an overt or covert commercial agent or the like for another company or entity competing with the Company or its group.
- 5) The Board member getting consideration for providing consultations to another company competing with the Company, which is in any main activity that Savola operates within. .
- 6) The Board member using his/her knowledge of or influence over any of the Company's or its group's clients, suppliers or advisors for the benefit of any company or person working for a company that is competing with the Company or its group.

(2) Item (2) of Article (45) of the Corporate Governance Regulation issued by the Capital Market Authority.

(3) Article (45) of the Corporate Governance Regulation issued by the Capital Market Authority.

## 6. Competing Business & Activities Standards:

Any business related to the Company's main activities stipulated in the Company's bylaws or/and its subsidiaries, shall be deemed a business that competes with the Company including but not limited to the following activities:

1. Manufacturing and trading in all types of food products, especially the production and processing of vegetable oils, margarine, specialty fats, sugar, frozen foods, spices, nuts, and snacks, as well as marketing, distributing, and selling these products.
2. Wholesale and retail marketing, through supermarkets, of food products, household goods, stationery and school supplies, clothes, electrical and cosmetic items, perfumes, cars accessories, equipment and paints.
3. Establishing and managing restaurants and bakeries.

## 7. Assessing the Competition

The Board, when assessing the Board member or a member of any of the Company's or its subsidiaries Committees' competition with the Company's business, shall take into account the following standards:

1. The geographical reach of the business competing with the Company and/or any of its subsidiaries.
2. The total revenues of the competing activity during the fiscal year compared to the revenues of the Savola Group in this activity, so that the business practiced by the member is considered competitive to the Company if its total revenues represent a substantial percentage of not less than 5% of the revenues of the Savola Group in this activity according to the latest audited financial statements.
3. Whether engaging in the competing business would prevent the Board member from providing the required care towards the interests of the Company.
4. Whether engaging in the competing business by the Board member is likely to have a material impact on his/her role as a member in the Company's Board or any of its Committees.

## 8. Controls of Competing with the Company<sup>(4)</sup>

If a member of the Board, or a member of one of its Committees, desires to engage in a business that may compete with the Company or any of its activities, the following shall be taken into account:

1. Notifying the Board of the competing businesses (direct or indirect) that he/she desires to engage in and recording such notification in the minutes of the Board meeting.

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(4) Article (44) of the Corporate Governance Regulation issued by the Capital Market Authority.

2. The conflicted member shall abstain from voting on the related decision in the Board meetings, the meetings of its Committees, and General Assemblies.
3. The Board informing the General Assembly, once convened, of the competing businesses that the member of the Board, or a member of one of its Committees, is engaged in, after the Board assessing the member's competition with the Company's business or if he/she is in competition with one of the branch activities that it conducts or its subsidiaries in accordance with these standards, , provided that such businesses are assessed on annual basis.
4. Obtaining an authorization of the General Assembly of the Company, for the Board member to engage in the competing business. The Ordinary General Assembly shall have the right to delegate the authorization powers to the Board provided that the resolution of that General Assembly specifies the competing businesses and activities that the Board may authorize during the delegation period. Any member of the Board shall not be allowed to vote on the items of delegation and its revocation in the Ordinary General Assembly.
5. The period for the delegation referred to in the point (4) above, shall be a maximum of one year from the date of the Ordinary General Assembly approval to delegate its powers to the Company's Board, or until the end of the term of the delegated Board, whichever is earlier.

## 9. Refusal to Grant the Authorization for Competing Business<sup>(5)</sup>

If the General Assembly or the Board - through a delegation of the Ordinary General Assembly - rejects granting the authorization for the member to participate in an activity competing with the Company or any of its subsidiaries, the member of the Board shall resign within a period specified by the General Assembly or the Board (if the Board was authorized by the General Assembly); otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such competing activity or amend his/her situation in accordance with the Companies' Law and its implementing regulations prior to the end of the period set by the General Assembly or the Board (if the Board was authorized by the General Assembly).

## 10. Governance of the Standards and Procedures

The Remunerations & Nomination Committee shall be responsible for periodically reviewing these Standards and Procedures as well as assessing their effectiveness in achieving their objectives.<sup>(6)</sup>

(5) Article (67) of the Implementing Regulation of the Companies law for listed companies.

(6) item (7) of Article (62) of the Corporate Governance Regulation issued by the Capital Market Authority.

## **11.Final Provisions (Review, Amendment, and Publication of these Standards)**

The "Competing Business Standards and Procedures for Savola Group" shall be implemented and complied with by the Company starting from the date it is approved by the General Assembly and shall be published and made available to the shareholders, the public, and the stakeholders in the Company's website. These Standards shall be reviewed periodically as needed, and any amendment to the content shall be presented to the board. The Board will study and review such amendments and recommend for its approval by the General Assembly.