

Value Built
on Values



CORPORATE GOVERNANCE MANUAL

(RULES, POLICIES, PRINCIPLES, AND GUIDELINES)

SAVOLA GROUP

“A SAUDI PUBLIC LISTED COMPANY”

THIS CG MANUAL WAS APPROVED BY THE BOARD OF DIRECTORS

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>

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First. Preliminary Provisions

1) Introduction, Objectives and Importance

1-1) Introduction

In accordance with Savola Group's (the "Company" or "Savola") policy and strategy to ensure proper internal controls across Savola, compliance with rules and regulations and to provide its stakeholders with highly transparent and credible information, to strengthen its relations with them, and enhance its performance and decision making process, the Savola Board of Directors (the "Board") approved this Corporate Governance (CG) Framework and thereafter it shall be subject to changes and amendments as necessary.

1-2) Objectives of CG Framework

This Framework shows Savola's set of controls, principles, standards and policies that are managed and monitored through Savola's commercial, financial and administrative operations to achieve its objectives and plans. These rules shall ensure that the Company complies with best governance practices that enable the Board to exercise its responsibilities towards the Company and its Operating Companies (OpCos) to achieve the best results for shareholders and protect their rights as well as the rights of all stakeholders.

1-3) Importance of Corporate Governance for Savola

Corporate Governance is concerned with the way in which the business and the Company affairs are managed by the Board and Executive Management, particularly regarding the following:

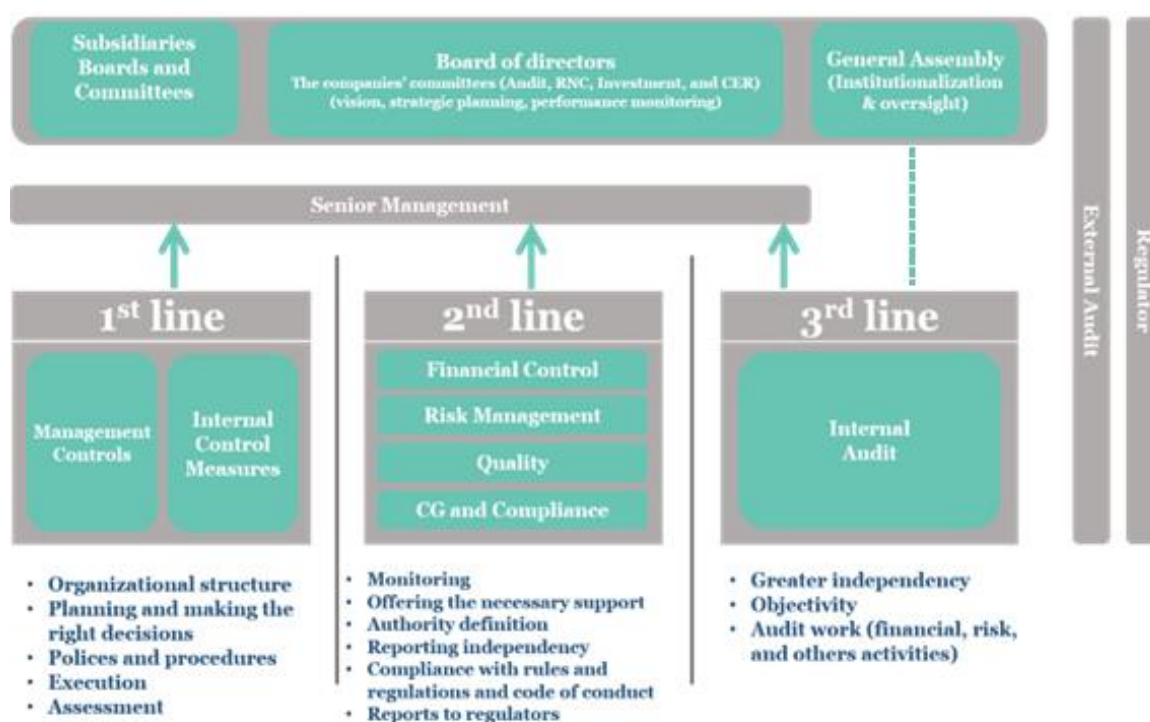
- a. Enhancing the mechanisms that help in setting Savola's objectives and strategies and following up their implementation through clear performance indicators;
- b. Setting effective mechanisms to manage Savola's affairs and its OpCos and activating the mechanisms of decision-making (i.e. activating the role of the Board and its Committees and determining the level of authority among Savola and its OpCos);
- c. Protecting the interests and rights of Shareholders;
- d. Being fully responsible towards the shareholders and other stakeholders and treating them in a just and fair manner;
- e. Enhancing compliance with applicable laws, regulations, and policies; and
- f. Enhancing the mechanisms of transparency and disclosure.

Savola believes that an effective CG system requires an efficient Board and Executive Management team that are aware of the importance of this Framework, as well as an effective organizational structure with clear roles, competencies and responsibilities. It also requires a sound internal control system through the implementation of a number of functions such as (sound planning and visibility, effective investment portfolio management, policies and procedures, external audit, internal audit, risk management, and governance and compliance), as well as providing a supportive and responsive culture and work environment.

This is further envisaged in Savola as depicted in the diagram below, which shows that there are three lines of defence whereby the Control Department is the “first line of defence”. The multiple risk controls (i.e. financial control, quality control, etc.) in addition to compliance oversight functions established by management are the “second line of defence”, and independent assurance (i.e. internal audit) is the “third line of defence”. Each of these three lines of defence plays a distinct role within Savola’s wider governance framework. The Board and senior management are the primary stakeholders served by the lines, and they are the parties best positioned to help ensure that the three lines of defence are reflected in Savola’s risk management and internal control and compliance processes.

This Framework shall apply to Savola as a joint stock company listed on the Saudi Stock Exchange and shall regulate the relationship between the Company, its Board of Directors’ Committee and its OpCos’ Boards (where and when appropriate). Each Savola’s OpCo shall prepare its own governance charter in the light of this Framework and in a manner consistent with them in accordance with its legal position and bylaws and under the supervision of its Board, its Boards’ Committees and Executive Management.

Three Lines of Defence



2) Definitions and Abbreviations

The expressions and terms in this Framework have the meanings they bear in the Company’s Bylaws and in the glossary of defined terms used in the regulations and the rules of CMA, unless otherwise stated in these regulations.

For the purpose of implementing these regulations, the following expressions and terms shall have the meaning they bear as follows, unless the contrary intention appears:

#	Term	Definition
1.	The Company	Savola Group (a joint stock company listed on the Saudi Stock Exchange) for more information about Savola please refer to the following link: https://www.savola.com/en/about-us/savola/history
2.	Corporate Governance (CG)	Rules to guide the Company, including mechanisms to regulate the various relationships between the Board, Senior Executives, shareholders and stakeholders by establishing special rules and procedures to facilitate decision making, transparency and credibility for the purpose of protecting shareholders 'and stakeholders' rights, fairness, competitiveness and transparency in the market and business environment.
3.	The Authority (CMA)	Saudi Capital Market Authority.
4.	Shareholder General Assembly (GA)	Savola's Shareholders' General Assembly which is formed under the provisions of the Companies Laws and the Company's Bylaws.
5.	Major Shareholders	Any person who owns (5%) or more of the Company shares or voting rights therein. for more information about the list of Major Shareholders please refer to the following link: https://www.savola.com/en/investors/corporate-governance/list-of-major-shareholders
6.	Board of Directors (the Board)	Savola's Board of Directors is formed of (11) members elected by the General Assembly in accordance with the period stated in the Company's bylaws. for more information about the Board members please refer to the following link: https://www.savola.com/en/about-us/savola/leadership-team
7.	Higher Administrative Body	As authorized by the General Assembly (GA), the Board is the higher administrative body and main responsible for the Company's management and is regarded as the main authority to formulate the policies and strategies, and oversee and monitor its performance in the framework of the Assembly resolutions in accordance with the required rules and regulations. The Board shall be responsible before the Assembly for its resolutions. The CEO or Managing Director (if any) position is the highest executive position in the Company, and all executive departments in the Group reports to the CEO. He/or She exercises his/her powers and authorities according to the Company's Bylaws and the authorities articulated in this framework under the supervision of the Board and its Committees, for more information about the executive team please refer to the following link: https://www.savola.com/en/about-us/savola/leadership-team
8.	Executive Member	The Board member who is a full time member of the Executive Management team of the Company and participates in its daily activities.

#	Term	Definition
9.	Non-Executive Member	The Board member who does not have a full-time management position at the Company and does not participate in its daily activities.
10.	Independent Member	A non-executive Board member who enjoys complete independence in his/her position and decisions and to which no independence rules stipulated in Article 19 of GC Regulations of CMA shall apply. He/she shall be able to perform his/her duties, express his/her opinion and vote on decisions objectively without bias; in a manner that contributes to achieving the interests of the Company.
11.	Chief Executive Officer (CEO)	Any natural person who heads the operations of Savola and represents the highest executive grade in the Company. The CEO shall include the chief executive officer, the president of the company or equivalent, or the Managing Director (if any)
12.	Senior Executives	Any natural person who manages and is responsible for making and implementing the Company's strategic decisions, including the CEO, deputies according to the job grade defined for Senior Executives and the CFO, as well as the CEO of Savola Foods (Food Sector), the CEO of Panda Retail (Retail Sector) and any other major sector that could be subsequently included in the Group portfolio. The CMA shall be notified of the names of Senior Executives and any changes that may occur to them in addition to their family members according to the form prepared by the CMA and within the period specified by the regulations.
13.	Controlling Interest	The ability to influence the actions or decisions of another person directly, indirectly, individually or collectively with a relative or an affiliate through: (a) Owning 30% or more of the voting rights in a company, or (b) Having the right to appoint 30% or more of the members of the governing body (administrative team members).
14.	Affiliate	A person who controls another person, or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.
15.	Subsidiary	Any other company on which Savola Group has a control directly or indirectly.
16.	Relatives	- Father, mother, grandfather and grandmother and their ancestors; - Children and grandchildren and their descendants; - Siblings, maternal and paternal half-siblings; and - Husbands and wives.
17.	Related Parties	1) affiliates of the Company except for wholly owned companies;

#	Term	Definition
		<p>2) substantial shareholders of the Company;</p> <p>3) directors and senior executives of the Company;</p> <p>4) directors of affiliates of the Company;</p> <p>5) directors and senior executives of substantial shareholders of the Company;</p> <p>6) any relatives of persons described at (1), (2), (3) or (5) above;</p> <p>7) any company controlled by any person described at (1), (2), (3), (5) or (6) above.</p> <p>For the purposes of paragraph (6) of this definition, the term “relatives” shall mean a parent, spouse, and children.</p>
18.	Operating Companies (OpCos)	<p>This refers to direct OpCos and core operating businesses of Savola Group. This includes:</p> <ol style="list-style-type: none"> 1. Savola Foods Company (SFC): fully owned by Savola Group; SFC owns and operates operations across different food categories (e.g., Edible Oils/Fats, Sugar, Pasta and Sea Foods) in different countries (e.g., KSA, Iran, Egypt, Turkey, Algeria, Sudan, Morocco) 2. Panda Retail Co. (Panda): fully owned by Savola Group; Panda owns and operates many stores (supermarkets, hypermarkets in KSA and outside).
19.	Stakeholders	Any person who has an interest in the Company, including shareholders, employees, creditors, customers, suppliers, public and private organizations and the community.
20.	Remunerations/Compensations	Amounts, allowances and equivalents, periodic or annual bonuses linked to performance, long or short term incentive schemes and any other in-kind benefits except the actual reasonable expenses and fees incurred by the Company to enable the Board or Committee member to perform his/her duties.
21.	Cumulative Voting	A voting method for the selection of Board members that grants each shareholder the voting power proportionate to the number of shares he holds. He shall be entitled to vote for one candidate or to divide them among his chosen candidates without repeating these votes. This method is adopted by Savola as a mechanism for electing its Board of Directors.
22.	Financial Year	A calendar year commencing in January and ending on 31 December.
23.	Day	Calendar day, unless otherwise indicated in this Manual.

Abbreviations:

CEO	Chief Executive Officer
CFO	Chief Financial Officer
GCIAO	Group Chief Internal Audit Officer
CMA	The Capital Market Authority

MOCI	Ministry of Commerce and Investment
CG	Corporate Governance
Bylaws	Article of Association (Bylaws of the company)
OpCos	Operational Companies
AC	Audit Committee
RNC	Remuneration and Nomination Committee
IC	Investment Committee
LoA	Level of Authority
GA	General Assembly

Second. Reference, Compliance and Implementation of Effective Governance

1) Reference

This Framework was first prepared by Savola Board in 2004 and has since undergone amendments. The first update was in 2006 when the first CMA CGR was issued, and the framework was subsequently amended in 2010 for the second time when the CMA amended the CGR. The last amendments remained effective over the years. The 2017 amendments are fundamental to Savola's history and experience in the area of corporate governance, due to the significant changes in the CGR issued by the CMA on 13 February 2017, as well as the operational model previously adopted by Savola, which regulates its relationship with OpCos. This framework was amended pursuant to the Board's resolution in its meeting No. (303) held on 10/05/2023 to comply with the latest amendments on the Corporate Governance Regulations amended by Resolution of the CMA Board No. 8-5-2023 dated 25/6/1444H Corresponding to 18/1/2023.

Savola drafted its CG in accordance with CG codes and international leading guidelines and practices, which are accepted within the legislative scope and applied in the Kingdom of Saudi Arabia (KSA).

In particular, the Manual has been drafted based on the following:

- Laws and regulations of the CMA in the Kingdom of Saudi Arabia and in particular, CGR issued by the Board of CMA pursuant to resolution No. 8/16/2017 dated 16/5/1438H corresponding to 13/2/2017 based on the Companies Law issued by Royal Decree no. M/3 dated 28/1/1437H, subsequent amendments¹ and circulars by CMA.
- The Saudi Companies Law.
- Savola Group Bylaws.
- General Assemblies meeting resolutions.
- International Best Practices in CG such as the Organization for Economic Co-operation and Development (OECD), S&P disclosure and transparency standards, and the UK CG Code and other leading practices.

¹ The first Corporate Governance Regulation was issued by the Capital Market Authority Board Resolution No. 1-212-2006 dated 21/10/1427H corresponding to 12/11/2006 according to the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H.

2) Amendment Procedures

As indicated above, this CG Framework shall not be amended without the approval of Savola's Board. In the event of any changes, these shall be incorporated only after fulfilling the following procedures:

- A. Any amendments initiated or recommended by the management, their consultants or any other body or Committee assigned by the Board shall be reviewed and approved by Savola's Board, except for the policies and regulations that require to be approved by the GA, which shall be incorporated in the CG documents after being approved by the GA.
- B. Any amendments made by CMA in its CGR or any other regulations issued by CMA or MOCI shall be immediately incorporated in the Framework and implicitly considered to be approved by the Board.

3) Principle of Comply or Explain

The rules, procedures and policies contained in this document shall constitute guiding principles for Savola (as a listed joint stock company) unless any regulations of the CMA, MoCI or any other regulatory body require that the provisions of this document shall be mandatory. These provisions shall be amended only by a decision of the Savola's Board. In compliance with the governance standards, Savola adopts the "Comply or Explain" approach. Accordingly, all the optional requirements (guiding requirements) in the Corporate Governance Regulation issued by the CMA and referred to in this document will remain optional for Savola unless the CMA decides to enforce these requirements later.

4) Implementation of Effective Governance

The Board shall establish corporate governance rules that do not contradict with the mandatory provisions of the Corporate Governance Regulations issued by the CMA, and shall monitor their application, verify their effectiveness and amend them when necessary. Also, the Board shall:

- 1) Verify the Company's compliance with these rules;
- 2) Review and update rules in accordance with regulatory requirements and best practices;
- 3) Review and develop codes of professional conduct that represent the Company's values, and other internal policies and procedures to meet the needs of the Company and conform to best practices; and
- 4) Keep the Board informed of the developments of the corporate governance and best practices or delegate this to the Governance Committee (if any) or any other Committee or management, in a manner not inconsistent with the relevant regulations.

Third. Rights of Shareholders and facilitation of exercising of their rights

All rights attached to any share shall be established for the Savola's shareholders in accordance with the Company's Bylaws, the Companies Law and regulations issued

by the CMA; in particular, the right to their respective portion of the profits to be distributed according to the dividend policy approved by the General Assembly²; the right to a share of the Company's assets upon liquidation; the right to attend the Ordinary or Special Assemblies, participate in deliberations and vote on relevant decisions; the right to dispose, convey, purchase or transfer the shares to the extent which is compatible with the applicable regulations; the right to monitor the performance of the Company and the activities of the Board; the right to hold Board members accountable and file liability lawsuits against them; and the right to participate, inquire and have access to information without prejudice to the Company's interests and in a manner that does not contradict the provisions of the Companies Law, the Capital Market Law and their implementing regulations.

The Company is committed to holding General Assemblies (ordinary and extraordinary) according to the statutory requirements and the specific terms of reference as stipulated in the Company's Bylaws, the Companies Laws and the relevant regulations of the CMA.

For more details about the Shareholders rights and GA meeting procedures, please refer to the Company's Bylaws, which is published on the Company's website and the CMA CG Regulation.

Fourth. Board of Directors and Executive Management

1) Board Charter

a) Purpose

The Board charter sets out the composition, responsibilities, principles and guidelines for the functioning of the Board and identifies the modes of interaction with the shareholders and Executive Management of Savola.

b) Board Structure and Composition

In connection with the Boards' composition, Savola is committed to the following:

1. The Company shall be managed by a Board of Directors consisting of (11) members to be nominated by the GA using the cumulative voting method for a period of four years.
2. The Board shall majorly consist of non-executive members.
3. The independent Board members shall not be less than one-third of the Board members (i.e. 4 out of 11).
4. It is prohibited to combine the positions of the Chairman and the Vice Chairman of the Board with any other executive position in the Company, such as the CEO and the Managing Director (if any).
5. The CEO, during the first year following the end of his/her service, shall not act as Chairman of the Board.⁽³⁾
6. The Bylaws of the Company shall specify the manner in which the membership of the Board terminates. The GA may dismiss all or any of the Board members even if the Bylaws provide for otherwise.

⁽²⁾ Dividend Policy was approved by the GA within the Company's Bylaws in accordance with Articles (45 – 46).

⁽³⁾ Guiding Article as per CMA Board resolution dated 14/05/2018.

7. Upon the recommendation of the Board, the GA may terminate the membership of Board members who fail to attend three consecutive or five non-consecutive Board meetings without a valid reason accepted by the Board.
8. On termination of membership of a Board member, the CMA and the Exchange shall be notified thereof, along with the reasons for such termination.
9. If a Board member resigns and has feedback on the performance of the Company, he/she shall submit a written statement elaborating on his/her feedback to the Chairman of the Board. This statement shall be presented to the Board members. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.
10. A Board member shall not act as a Board member of more than five publically listed joint stock companies at the same time.

c) Main Functions and General Duties of Savola's Board, including Independent Member's Duties

Main Functions and general duties of the Board:

Savola's Board shall exercise the following main functions:

1. laying down the plans, policies, strategies and main objectives of the Company; supervising their implementation and reviewing them periodically; And, ensuring that the human and financial resources required to fulfill them are available, including:
 - a. setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management and review and guide them
 - b. determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets;
 - c. overseeing the main capital expenditures of the Company and the acquisition or disposal of assets;
 - d. setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company;
 - e. reviewing and approving the organizational and human resources structures of the Company on a periodic basis; and
2. Setting rules and procedures for internal control and generally overseeing them, including, developing a written policy that would regulate actual and potential conflicts of interest which may affect the Board members, the Executive Management, any other employees of the Company, or shareholders and treating any possible cases of conflict, and this includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties
3. Drafting, supervising, monitoring its effectiveness, and reviewing, if necessary, the CG rules for Savola and ensuring that they do not contradict the Governance Regulations issued by the CMA.
4. Reviewing Savola's organizational structure including the implementation of the Savola's operating model which defines its relationship with its OpCos and the governance mechanisms.
5. Setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly;
6. Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of these Regulations;
7. setting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to

- shareholders and Stakeholders, and ensuring the compliance of the Executive Management with these policies and procedures;
8. supervising the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties;
 9. Providing recommendations to the Ordinary and Extraordinary GA regarding what it deems appropriate in line with the Company's Bylaws and relevant laws and regulations.
 10. Laying down procedures for orienting new Board members of the Company's business and, in particular, the financial and legal aspects, in addition to their training, where necessary.
 11. Ensuring that sufficient information about the Company is made available to all members of the Board generally, and, in particular, to the non-executive members, to enable them to fulfill their duties and responsibilities in an effective manner.
Preparing the Company's interim and annual financial statements and approving them before publication.
 12. Preparing the interim and annual financial statement for the company and approve them before publication.
 13. Preparing the Board report and approving it before publishing it.
 14. Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency;
 15. Developing effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments;
 16. Forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members;
 17. specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies;
 18. setting the values and standards that govern the work at the Company;

d) Responsibilities of the Board towards Shareholders

1. Inviting shareholders' to the ordinary and extraordinary general assemblies.
2. Ensuring that the annual report and the financial reports published and communicated to the shareholders reflect the real performance and position of Savola. Moreover, the Board shall ensure that Savola's management provides current and potential shareholders and the investment community with all information on the performance results and the most important developments in Savola, provided that this information shall be aligned with Savola's disclosure and transparency policy.
3. Strengthening the disclosure and transparency principle as a permanent and clear policy for the Board.
4. Recommending the dividend policy for GA approval.
5. Approving the shareholders' interim dividends (quarterly and semi-annually) and recommending it to the GA for approval the annual profits and distribution rates as defined in the company's Bylaws.
6. Recommending an increase or decrease in the Company's capital.

7. Approving the Audit Committee's recommendations regarding selecting and nominating external auditors and their fees and recommending the GA to approve the nominated external auditors.
8. Reviewing, evaluating and approving major corporate transactions including capital allocations, expenditures and capital investments.
9. Determining the optimal capital allocation model across core businesses and investments.
10. Authorizing and overseeing any merger and acquisition activity.
11. Notifying the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest; the notification shall include the information provided by the member of the Board and shall be accompanied by a special report of the Company's external auditor.

e) Responsibilities of the Board towards non-executive members

Keeping the Board members – especially the non-executives – informed of the shareholders' proposals and comments on the Company and its performance through the following procedures:

1. Presenting the shareholders' proposals and comments (if any) to the Board members at the nearest meeting or any other effective means of communication to achieve the purpose on an ongoing basis.
2. Organizing continuous meetings with investors (IR Programs) and briefing the Board on the substantive proposals they make.
3. Any other measures or arrangements taken by the Board as deemed appropriate for this purpose and not inconsistent with the regulations.
4. Publishing these procedures in the Board's annual report.
5. Board members including non-executive members are committed to attending the GA meetings where shareholders raise their suggestions to them during the meeting.

f) Responsibilities of the Board towards the Company

- 1) Setting overall strategy and investment plan, investment guidelines and parameters while consulting the investment Committee.
- 2) Reviewing activities related to organizational set-up and planning including adopting the organizational and functional design guidelines in line with Savola's policy.
- 3) Defining the risk profile of the Company.
- 4) Setting and monitoring key performance indicators (financial/non-financial targets).
- 5) Regulating, overseeing and monitoring the Executive Management's operating procedures and ensuring it performs the duties assigned to it such as:
 - a) Developing the necessary administrative and financial policies;
 - b) Ensuring that the Executive Management operates in accordance with the policies approved by the Board;
 - c) Selecting and appointing the Chief Executive Officer of Savola and oversee his/her work;
 - d) Appointing the manager of the internal audit function or the internal auditor; dismissing him and determining his remuneration (if any);
 - e) Convening periodic meetings with the Executive Management to explore the work progress and any obstacles and problems in connection therewith, and reviewing and discussing the important information in respect of Savola's business;
 - f) Developing standards for the performance of the Executive Management consistent with the objectives and strategy of Savola;

- g) Reviewing and evaluating the performance of the Executive Management; and
 - h) Developing succession plans for the management of Savola.
- 6) Keeping confidential information related to the Company and its activities and not disclose them to others.

g) Responsibilities of the Board towards OpCos

1. Ensuring that the OpCo's strategies and financial reporting practices are aligned with those of Savola.
2. Setting and following up the financial and non-financial key performance indicators.
3. Monitoring the approved key performance indicators of each OpCo and reporting to the Board periodically.
4. Approving major investments within pre- established and pre-defined Levels of Authority (LoA).
5. Assessing performance of OpCo Boards and their members.
6. Closely monitoring the activities of OpCos, with the Savola Group's Board maintaining all material decisions that have a legal or financial impact on the Parent Company.
7. Ensuring CG of the OpCos' are in line with Savola's CG framework.
8. Setting a clear DOA defining the relationship between the Savola and its OpCos and updating it on a regular basis and whenever necessary.
9. Choosing the nominees of Savola Group as a shareholder in OpCos' Boards in which Savola holds a share in its capital in the light of the recommendations of the RNC.

h) Responsibilities of the Board towards the Chairman, CEO, and Board members

1. **Mechanism for the selection of the Chairman and Vice Chairman:**
The Board shall select a Chairman and Vice Chairman among its non-executive members, and shall have the right to dismiss or re-select them at any time.
2. Reviewing and approving evaluation mechanisms of the Chairman and Board members by the RNC.
3. Upon the recommendation of the RNC, developing nomination and evaluation procedures and succession plans for executive positions in Savola Group including the CEO.
4. Following up the CEO activities and performance in light of the RNC's recommendations.
5. Approving the CEO compensation based on the RNC recommendations.

i) Role of the Chairman of the Board

The Chairman of the Board shall be responsible for ensuring that there are effective channels of communication with shareholders and articulating their opinions to the Board for discussion. He shall lead the Board and supervise its operations. His responsibilities include the following:

a-1) With respect to Board effectiveness

- 1) Ensuring that the Board has adequate resources in support of its work and that the Board is provided with the required information.
- 2) Managing Board room discussions and ensuring conclusions/decisions are reached and clearly understood by all Board members as well as recorded in the minutes.
- 3) Ensuring performance evaluation mechanisms are in place for the Board, its members, Committees, and the Executive Management.

- 4) Promoting a culture of frankness and debate by fostering constructive relationships and effective participation between the Board and the Executive Management on the one hand, and facilitating an effective exchange between non-executive members and independent members on the other.

a-2) With respect to leading the Board:

- 1) Inviting the Board to attend Board meetings and chairing those meetings.
- 2) Setting meeting agendas at the beginning of the year that factor in any issues presented by Board members or the external auditor, and consulting the Board members and CEO while preparing the Board's agenda.
- 3) Enabling all Board members to fully participate in the Board meetings.
- 4) Ensuring that processes are in place, so that the Board conducts its work effectively and efficiently.
- 5) Convening intermittent meetings exclusively for the non-executive directors.
- 6) Ensuring that responsibilities delegated to Committees or individual directors are carried out and results thereof are reported to the Board.
- 7) Ensuring that the Board is provided with enough support.
- 8) Approving the decisions of the Board and extracting resolutions from them.
- 9) Supervising the formation of all Committees of the Board, and recommending the Board to approve the names nominated for these Committees, in conjunction with the RNC.
- 10) Constantly working to improve the Board by selecting the best available people for its membership.

a-3) With respect to shareholders

- 1) Chairing the GA meetings.
- 2) Ensuring effective communication with shareholders.

a-4) Any other responsibilities as indicated in Savola's Bylaws:

i-4-1) Role of the Vice Chairman of the Board of Directors:

- a) Assisting the Chairman in any issues and concerns related to Savola's Board of Directors.
- b) Inviting the Board for meetings when the Chairman is absent.
- c) Chairing the Board meetings when the Chairman is absent.
- d) Chairing the GA meetings when the Chairman is absent.
- e) Leading the assessment of the performance of the Chairman, in coordination with other Board members.
- f) Any other responsibilities as indicated in Savola Group's Bylaws.

i-4-2) Role of the Independent Member

Independent Board members shall effectively participate in the following duties:

- a) Expressing their independent perspective regarding strategic issues, the Company's policies and performance, and the appointment of members of the Executive Management;
- b) Ensuring that the interest of the Company and its shareholders are prioritized in case of any conflicts of interest; and
- c) Overseeing the development of the Company's CG rules and overseeing their implementation by the Executive Management.

2) Policies, Standards and procedures for the membership of the Board of Directors:

The Board shall develop clear and specific policies, standards and procedures for membership of the Board upon the recommendation of the RNC, in a manner consistent with the provisions of the CMA's Governance Regulations and put them into effect after approval by the General Assembly. ⁽⁴⁾

3) Remuneration Policy for Board and Executive Management

The Board shall establish a clear policy for the remuneration of the Board members, Committees and Executive Management to be approved by the General Assembly, taking into consideration the adoption, disclosure and verification of performance standards. ⁽⁵⁾

4) Issues Affecting Independence:

- a. An independent Board member shall be able to exercise his or her functions, express opinions and vote on decisions objectively and impartially, so as to enable the Board to make sound decisions that contribute to the interests of the Company.
- b. The Board shall conduct an annual assessment of the member's independence and that there are no relationships or circumstances that affect or may affect him or her.
- c. The independence of the Board member shall be incompatible with – but not limited to – the following:
 1. To hold five percent or more of the shares of the Company or any other company within its group; or is a relative of who owns such percentage.
 2. To be a relative ⁽⁶⁾ of any member of the Board of the Company, or any other company within the Company's group;
 3. To be a relative ⁽⁷⁾ of any Senior Executive of the Company, or of any other company within the Company's group;
 4. To be a Board member of any company within the group of the Company for which he/she is nominated to be a Board member.
 5. To be an employee or used to be an employee, during the preceding two years, of the Company or a company within its group, or if he/she held a controlling interest in the Company or any party dealing with the Company or any company within its group, such as external auditors or main suppliers during the preceding two years.
 6. To have a direct or indirect interest in the businesses and contracts executed for the Company's account;
 7. To receive financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its Committees;

⁽⁴⁾ The first copy of the policies, standards and procedures of membership of the Savola Group Board was approved by the Ordinary GA Meeting held on 2/11/2017 and published through the Tadawul website and Company's website.

⁽⁵⁾ The first copy of the Remuneration Policy for the Board, its committees and executive management of the Savola Group was approved by the Ordinary General Assembly Meeting held on 2/11/2017 and published on the Tadawul website and Company's website.

⁽⁶⁾ **Relative:** Father, mother, grandfather and grandmother and their ancestors; Children and grandchildren and their descendants; Siblings, maternal and paternal half-siblings; and Husbands and wives.

⁽⁷⁾ **Relative:** as mentioned above

- exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less⁽⁸⁾
8. To engage in a business where he competes with the Company, or conducting businesses in any of the company's activities in accordance with the Competing Business Standards and Procedures for Savola Group approved by the General Assembly.⁽⁹⁾
 9. Have served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.
- d. Unless the Remuneration and Nomination Committee considers otherwise, the businesses and contracts with the board member to meet his/her personal needs shall not be deemed as an interest that affect the independence of the board member which require an authorization from the ordinary general assembly or the Board (if delegated by the GA), provided that such businesses and contracts are carried out in the same conditions and settings followed by the company with all contractors and dealers, and that such businesses and contracts must be within the normal course of the Company's activities¹⁰.

5) Board Meetings

5-1) Meeting Frequency:

The Board shall convene a minimum of four meetings during the year, with no less than one meeting every 3 months.

5-2) Meeting Procedure:

- Board meetings shall convene upon an invitation issued by its Chairman or a written request by a board member. The invitation shall be sent to each Board member at least five days prior to the date of the meeting and shall include the meeting agenda, and all essential documents and information. Unless the situation necessitates that an emergency meeting to be convened, the invitation of the extraordinary or emergency meeting along with the meeting agenda and all essential documents and information within a period less than the scheduled period of the planned ordinary meeting.
- If a Board member has queries or objections to an agenda item, such objection shall be reflected in the Board minutes of the meeting.

5-3) Quorum:

The Board meeting shall not be valid unless attended by at least one half of its members. The Board member may attend by telephone or video conference as stipulated in the company Bylaws.

5-4) Voting:

Board members shall have equal voting rights, and the resolutions of the Board shall be issued by a majority of the votes and in case of a tie, the Chairman shall have the casting vote.

⁽⁸⁾ Amended as per CMA Board resolution dated 14/05/2018.

⁽⁹⁾ The Competing Business Standards and Procedures for Savola Group approved by the General Assembly in its meeting held on 10 May 2023.

⁽¹⁰⁾ Amended as per CMA Board resolution dated 14/05/2018.

5-5) **Resolutions by Circulation:**

With respect of urgent matters, the Board may issue decisions on urgent matters by circulation to all members, unless a member submits a written request for a board meeting to deliberate such matters. The decisions shall be passed by the majority vote of members, and such decisions shall be presented to the board of directors at its subsequent meeting to be recorded in the minutes of said meeting.

5-6) **Board Members' Preparation:**

Preparation for the meetings involves reading and analyzing the information and documents sent to the Board members five days before the meeting. The Board pack received shall include an agenda and the supporting documents including:

1. The CEO's operational report – providing an overview of major events impacting the business since the last meeting.
2. A financial performance report, focusing on KPIs and strategic performance.
3. Minutes of the previous meeting.
4. A list of actions made in prior meetings and their progress.
5. Information and documents on specific issues to be discussed and decided on.

5-7) **Minutes of Meetings:**

- The Board shall minute, document, categorize and maintain the discussions and deliberations, including the voting conducted, for the purposes of retention and facilitating reference as necessary. Board members shall be provided with the draft meeting minutes during ten (10) business days after the date of the convened meeting for their comments. In case no comments were received within seven (7) days, this shall be deemed an implied consent and an approval for the drafts until being approved by the Board and signed off by all attending members during the first upcoming Board meeting or by circulation, if necessary.
- If any member of the Board has any remarks in respect of the performance of Savola or any of the matters presented which were not resolved in the Board meeting, such remarks shall be recorded and the procedures taken or to be taken by the Board in connection therewith must be set forth in the minutes of the Board meeting. If a member of the Board expresses an opinion which differs from the Board resolution, such opinion shall be recorded in detail in the minutes of the Board meeting.
- The absence of a member from attending any meeting in which the decision is issued shall not be considered a reason for relieving him/her of responsibility unless it is proved that the absent member is not aware of the decision or is unable to object thereto after being informed of it.

6) **Delegation of Authority Matrix**

The competencies and the responsibilities of the Chairman, the Vice-Chairman, the Board and the Executive Management including the CEO and the Managing Director - if any - are explicitly defined in writing either in this manual or in Savola's Bylaws. In all cases, no person shall have the sole and absolute power to make decisions in the Company. The Board shall also:

- 1) Develop and approve the internal policies related to the business of Savola, including specifying the duties, competencies and responsibilities assigned to the various organizational levels with identification of the matters which the Board reserves the right to decide on.

- 2) Approve a detailed written policy on the powers to be delegated to the Executive Management, clarifications of these powers, implementation method and period of delegation. The Board may request the Executive Management to submit periodic reports in respect of its exercises of such delegated powers.
- 3) Set a clear DOA that organizes the relationship between Savola Group and its OpCos and update it on a regular basis and whenever necessary.

7) OpCos Board Policies

Any Board member of the Savola Group who is also a member of any of the Boards of OpCos managed by the Group or of the Committees emanating from those Boards shall be subject to any decision in line with the schedule or matrix of powers (LoA) approved by the Savola Board. If these decisions have exceeded the scope of the LoA, the member should refer to the Savola's Board in this regard.

8) Segregation of Duties

- a) The Savola's Board shall appoint, among its members, a Chairman, Vice Chairman. The Board may appoint among its members a managing director or CEO.
- b) It is not permitted to combine between the position of the Chairman and any executive position, including the CEO or the Managing Director, if any.
- c) The Bylaws shall define the competencies and responsibilities of the Chairman, Vice Chairman and managing director – if any- and the CEO.
- d) In all cases, no one may have the sole and absolute power over the Company's decisions, and all decisions shall be taken at the organizational level.

9) Insider Trading

- a) The Board members, Senior Executives, Board Secretary and any other insider are prohibited from share trading on the basis of internal information. The Non- insider is also prohibited from trading on the basis of internal information if he receives this information from any insider and he or she knows or ought to have known that this information is internal.
- b) Insiders as well as non-insiders referred to in (a) above shall not disclose any internal information to any third party who knows or ought to have known that such third party may trade in the securities related the internal information.

10) Evaluation and Training

a) Performance Evaluation

1. The Board shall develop, based on a proposal of the RNC, the mechanisms for annual performance evaluation of the Board, its members, committees, and executive management.
2. The performance evaluation shall be in writing, clear and disclosed to the parties under evaluation to ensure the effective functioning of the Board, Board members, Committees and Executive Management.
3. The performance evaluation shall test against (and not be limited to) key performance indicators linked the strategic objectives of the Company, the quality of risk management, the efficiency of the internal control systems and relevant activities. Evaluations shall also entail an assessment of the strengths and weaknesses, and the corresponding methods to address weaknesses.

4. The individual assessment of 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, and overall contribution to Savola Group including focusing on areas in which the Board or management believes that the Board could improve its effectiveness, including attending the Board and its Committee meetings and dedicating adequate time thereof.
5. The Board shall obtain an assessment of its performance from an independent third party every four years. This independent and its relation with the Company shall be disclosed in the Board report.
6. The Board shall ensure that non-executive members carry out periodic assessments of the performance of the Chairman taking into consideration the executive members without the presence of the Chairman provided that weaknesses and strengths shall be identified, and a solution shall be proposed for the same in the best interests of the Company.
7. The Board annual report shall contain the results of the performance evaluations of the Board, its members, Committees and Executive Management.

b) Training

Savola should pay adequate attention to the training and qualification of the members of the Board, its committee members, and the Executive Management team, and develop the necessary programs, taking into account the following:

Preparing programs for the newly appointed members of the Board, committees, and Executive Management to introduce the company's operations and activities, in particular:

- a. The company's strategy and objectives;
- b. Financial and operational aspects of the Company's activities;
- c. Obligations, duties, responsibilities and rights of the Board members;
- d. Duties and competencies of the Company's Committees; and
- e. Developing the mechanisms necessary for the members of the Board, committees, and Executive Management to obtain continuous training programs and courses in order to develop their skills and knowledge in the fields related to the Company's activities.

In light of this, the Company's new member induction program includes the following:

- a) Preparing a file that contains the necessary documents that need to be accessed and considered. These include, for example, the Company's Bylaws, the annual report for the past two years, some internal regulations such as the Governance Regulations which include the duties, obligations, responsibilities and terms of reference of the Board members and Committees;
- b) Providing a comprehensive introduction by the Executive Management to the new member about Savola's plans and strategy, financial and operational aspects of the Company's activities, OpCos' operations, and all related activities related to Savola (Roadshow Presentation); and
- c) Coordinating to arrange a visit to Savola and its business divisions and to identify its activity and work on the ground.

11) Communication Protocol between the Board and Executive Management:

For purposes of enhancing and fostering communication between Savola Group's Board and OpCos' Boards inside and outside the Kingdom, the following directives shall be adhered to:

1. Invitations shall be extended for all meetings through the Board Chairman or designated Committee either at the Group level or at OpCos level.
2. The Board Chairman or designated Committee Chairman shall be informed before the cancellation or postponement of any scheduled meetings.

3. The Chairman of the Board may call for an unscheduled extraordinary meeting or a member of the Board as they deem necessary.
4. The meeting agenda shall be drawn in coordination between the Board Chairman, Board Secretary, Board members and CEO.
5. Coordination with the Board Chairman and Committees shall be essential prior to the distribution of information or conducting of meetings.
6. OpCos shall provide monthly performance reports to Savola Group's Board.
7. To avoid conflict, a schedule shall be developed in advance by the Parent Company (Savola Group) for meetings of the Group's Board and Committees, and OpCos' Boards and Committees and circulated to the concerned parties to take their views thereon and act accordingly.
8. The Board secretary shall be the key contact for Board members regarding Board affair matters. In the event of his absence or any emergency, a member of the Executive Management team who is involved and experienced in the Board work under the direction of the CEO shall carry out the task on his behalf until the return of the Secretary.
9. Board and Committees' members may contact the CEO, CFO and other executives when needed.

12) Communication with the Board and Provide them with Information

The Company's Executive Management shall provide Board members, particularly the non-executive members, and the Company's Committees with all necessary information, data, documents and records, provided that they shall be complete, clear, correct and not misleading and in a timely manner to enable them to perform their duties and tasks.

In light of this and to reinforce the effective communication between Savola and Board members, a special portal/intranet has been created for Savola's Board members and all members have been provided with a user name and password to access the portal/intranet. The portal/intranet contains the minutes of the meetings of the Board and all Committees and Savola's Bylaws, CG Framework, monthly, quarterly and annual financial reports, Board report, and documents related to the meetings of the Board and Committees well before convening each meeting.

Additionally, the portal provides a platform for members to interact with one another and state their opinions, or converse about and discuss any issues concerning Savola. There is also a meeting organizer to support the members if they wish to benefit from this service. The portal also provides the addresses of members of the Board and Executive Management team. The portal is periodically updated by the Board Secretary, who could be referred to in case of any difficulty in signing in or browsing the portal, and he is responsible for solving the problems that the members face while browsing the portal either by telephone or by visiting the member's office, notifying the Company's management thereof, or assigning IT support to solve the matter.

Confidentiality: All members are committed to maintaining the confidentiality of the information provided by this portal and taking the necessary measures.

13) Resources and Authority

In discharging its oversight role, the Board is empowered to investigate any matter brought to its attention with full access to all books, records, documents, facilities and Savola Group's Personnel Affairs. It shall also have the power to outsource to any third party, auditor or consultant, or incur other expenses for this purpose, which Savola Group

shall pay. The Board may require any employee of Savola or its OpCos, Savola Group's outside legal counsel, external auditors or any Committee to meet with. Additionally, the Board members shall be entitled to have Savola Group liability insurance on their behalf.

14) Competencies and Duties of Executive Management (including Group CEO)

The competencies and duties of the Executive Management shall include the following:

- 1) Implementing Savola Group's plans, policies, strategies, main objectives, and internal policies approved by the Board.
- 2) Recommending the Company's overall strategy and translating the strategic plan into operations as well as recommending and implementing principal and interim business plans, policies, investment mechanisms, financing, risk management and emergency management plans.
- 3) Presenting to the Board the periodic financial and non-financial progress reports in light of strategic plans and objectives.
- 4) Providing recommendations over the capital, organization and human resource structures of the Company and submitting them to the Board for discussion and approval.
- 5) Managing human, physical and financial resources in the most appropriate form in accordance with the objectives and strategies of Savola.
- 6) Managing the day-to-day operation of the Company and conducting its activities as well as managing its resources optimally conformance with the Company's objectives and strategies and the relevant laws and regulations.
- 7) Developing, implementing and managing Savola Group's risk management and internal controls framework along with ensuring that they are efficient and effective, and ensuring compliance with the level of risks approved by the Board.
- 8) Developing, implementing and updating Savola Group's internal policies and procedures approved by the Board.
- 9) Observing relevant trends in the industry and Savola Group's operating environment.
- 10) Carrying out the policy planned by the Board and shareholder assemblies, making decisions that are in the interest of Savola Group and achieving its goals.
- 11) Recommending to Savola's Board the following:
 - a) The overall Strategy and investment plan of Savola Group;
 - b) Financial objectives of Savola and OpCos; and
 - c) The most appropriate capital allocation model across the Group's OpCos and investments.
- 12) determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets.
- 13) Recommending the main capital expenditures of Savola in addition to the acquisition and disposal of assets.
- 14) proposing the organizational and human resources structures of the Company and presenting them to the Board for approval.
- 15) Implementing and overseeing the internal control systems, including:
 - a) The conflict of interest policy;
 - b) Accurately applying the financial and accounting procedures, including the procedures relating to the preparation of financial reports; and
 - c) Applying appropriate control systems for measuring and managing risks by generally forecasting the risks that Savola may encounter and creating an environment which is aware of the culture of risk mitigation at Savola level, and transparently disclosing them to Savola's Board and other relevant stakeholders.

- 16) Investing/ divesting in new businesses outside the jurisdiction of the OpCos.
- 17) Implementing and ensuring compliance with the CG standards set out in this document and defined by Savola's Board at Savola level and OpCos levels.
- 18) Implementing policies and procedures to ensure Savola's compliance with the laws and regulations and its obligation to disclose material information to shareholders and stakeholders.
- 19) Providing the Board with the required information to exercise its competencies and providing recommendations regarding the following:
 - a. increasing or decreasing the share capital of Savola;
 - b. dissolving Savola before the end of its term as specified in its Bylaws or deciding the continuity of Savola;
 - c. using the company's reserves, if they are not allocated for a specific purpose in the Company's bylaws Forming additional reserves;
 - d. forming additional financial allocations or reserves for the Company;
 - e. the method for distributing the net profits of Savola.
- 20) Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares Implementing internal control and risk management systems and ensuring that they are effective and efficient, and ensuring compliance with the level of risks approved by the Board
- 21) Recommending a clear policy to delegate tasks to the Executive Management and the method for implementing such policy.
- 22) Monitoring the financial performance of the OpCos within the reporting guidelines in the approved governance model.
- 23) Proposing the powers to be delegated to the Executive Management, the procedures for decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers.
- 24) Assessing and evaluating risks associated with the OpCos and the various investments and recommending the best risk management approach to Savola's Board.
- 25) Promoting a culture that reflects Savola's ethics and values.
- 26) Representing Savola and coordinating with the official authorities in developing legislation and laws to eliminate obstacles, and support the ability of Savola to achieve its goals.
- 27) In addition, the CEO shall exercise all the powers stipulated in Article (21) of the Company's Bylaws.
- 28) In line with the powers of the CEO contained in the Company's Bylaws, which gives him/her powers to accept reconciliation and relieve the company's debtors and others, without specifying a cap for the amounts of those claims and to enhance internal control, the Board of Directors has set a cap for each of these powers mentioned in Article (21) of the Bylaws, in which the amount of a single claim in any of the cases and powers mentioned in the aforementioned article does not exceed the amount of one million riyals, and in the event that the amount of the claim exceeds one million riyals, then it is referred to the Audit Committee and then presented to the Board for approval.
- 29) Keeping confidential information related to the Company and its activities and not disclosing them to others.
- 30) Developing a set of procedures to control communication with various media and ensure that the Company's disclosures comply with regulations and laws.

15) The Board Secretary

1) Roles and Responsibilities of the Board Secretary

- a) Documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried out during such meetings, as well as the place, date, times on which such meetings commenced and concluded; recording the decisions of the Board and voting results and retaining them in a special and organized register; including the names of the attendees and any reservations they expressed, if any; and signing these minutes by all of the attending members and the Board secretary;
- b) Retaining the reports submitted to the Board and the reports prepared by it;
- c) Providing the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information related to the topics included in the agenda items, requested by any Board member;
- d) Ensuring that the Board members comply with the procedures approved by the Board;
- e) Preparing the annual calendar for boards and committees meetings (for the Group and OpCo's) in line with the Group's CG code, charters and rules approved by the GA or the Board, and notifying the Board members of the dates of the Board's meetings within sufficient time prior to the date specified for the meeting;
- f) Presenting the draft minutes to the Board members to provide their opinions on them before signing the same;
- g) Ensuring that the Board members receive, fully and promptly, a copy of the minutes of the Board's meetings as well as the information and documents related to the Company;
- h) Coordinating among the Board members;
- i) Regulating the disclosure register of the Board and Executive Management in coordination with the CG Officer CG Regulations;
- j) Providing assistance and advice to the Board members;
- k) Coordinate with the Governance and Compliance Officer with regards to the governance requirements relevant to the Board and its Committees (where applicable) and their composition, responsibilities and regulations.

2) The Qualifications of the Board Secretary

- a) Holds a bachelor degree in law, management, administration, finance, accounting, or its equivalent with the relevant practical experience of not less than three years or has not less than five years of practical experience if he/she does not a bachelor's degree in one of the fields aforementioned.
- b) Has presence and good communication skills.
- c) Understands corporate and CMA laws.
- d) Understands Savola Group's business.
- e) Is detail-oriented, flexible and creative.
- f) Has good Arabic and English writing skills.

3) The Independence of the Board Secretary

The Board shall appoint a Secretary of the Board from among its members or others to carry out the functions stipulated in this Manual. The Secretary of the Board may be relieved only by a decision of the Board and the Board shall determine his/her wage.

4) Remuneration of the Board Secretary

The Board meeting attendance fee amounts to 3,000 (Three Thousand) Saudi Riyals per meeting for the Board Secretary, and the same fee is allocated for the General Assembly meeting. Moreover, the Board shall have the right to allocate a lump sum as remuneration or revisit the fees assigned for the Board Secretary from time to time as sees appropriate.

Fifth. Committees of Savola

1) Committee General Guidelines

Savola Group has three Committees and the Board of trustees of Savola World foundation for CSR activities including:

- a. Audit Committee (AC).¹¹**
- b. Remuneration and Nomination Committee (RNC).¹²**
- c. Investment Committee (IC).**
- d. Savola World foundation Board of trustees (Corporate Social Responsibility).**

The Board may form additional Committees if the majority of the Board members vote for this, including the optional Committees mentioned in the CG Regulations issued by the CMA or as may be required later.

a) Objectives of Committees

These Committees serve as auxiliaries to the Board in the process of administrative control and to study the topics related to the nature of its work in detail and recommend them to the Board to help it make sound decisions.

b) General Guidelines:

1. Committee formation shall be in compliance with the general procedures of the Board. The Committee shall inform the Board of its decisions and outcomes with full transparency. The Board shall regularly follow-up on the activities of the Committees. However, this does not relieve the Board of any responsibility it delegates to such Committees.
2. The Board shall define the functions and responsibilities of each Committee, as well as the methods of holding its meetings, its activities, and its members' rewards within the charters of these Committees.
3. The charters of the Audit Committee and RNC shall be approved by the GA.
4. Each Committee has the right to recommend to the Board the appropriate amendments to its charter for its approval except for the Audit Committee and RNC as any amendments on their charters requires GA approval.
5. The Company shall notify the CMA within 5 business days of their appointment or in case of any changes to the Committees with the relevant details of its Board Committees, including the names of the members and their membership types.

⁽¹¹⁾ The first copy of the Audit Committee charter has been approved by the Ordinary General Assembly on July 26, 2016, in accordance with the requirements of the Companies Law, as amended in compliance with the CGR issued by the CMA during February 2017. The amended regulation was approved by the Ordinary GA meeting held on 2/11/2017 and published in Tadawul's website and Company's website.

⁽¹²⁾ The first copy of the RNC charter was approved by the Ordinary GA meeting held on 2/11/2017 and published in Tadawul's website and the Company's website.

6. In discharging their oversight role, each respective Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and has the power to appoint outside counsel, auditors or consultants, provided that the Company shall incur all required expenses. With exceptions of the Audit Committee, the Board shall have the power to set the compensation as stated in the Bylaws. The details of such compensations are defined in the compensation policies of the Board, Committees and Executive Management approved by the GA.

c) Committee Membership :

1. Committee members shall be appointed by Savola's Board based on the recommendation of the remuneration and nomination Committee (RNC) for a period starting and ending with Savola's Board office tenure. The number of members of each Committee shall not be less than three or more than five. Committee members shall possess the experience and qualifications related to each respective Committee function and mandate. Savola Board has the right to dismiss all or any of the Committee members at any time as it deems appropriate for the achievement of the Committee's objectives.
2. A sufficient number of Non-Executive Directors shall be appointed to the committees which perform duties that may involve a conflict of interest, such as ensuring the integrity of financial and non-financial reports, reviewing Related Party transactions, nomination to membership of the Board, appointment of Senior Executives and determining the remuneration.⁽¹³⁾
3. Each Committee has the right to form a team from within itself for any reason it deems appropriate to achieve its goals, and it has the right to delegate to the team some of its authorities as deemed necessary provided that such a team is comprised of not less than two (2) members.
4. The Chairman of each respective Committee shall be appointed by Savola's Board or, if no such designation is made, shall be selected by the majority vote of the Committee. The chairmen or whom they delegate of each committee members, shall attend the General Assembly Meetings and answer any questions raised by the shareholders.
5. Each Committee member is entitled to resign pursuant to a written notice submitted to the chairman of the board of directors and Board secretary and the resignation shall take effect from the date specified in the notice.
6. In the event of vacancy in any Committee, the Board – upon the recommendation of the RNC – shall appoint a member in the vacant position to complete the period of his predecessor until the end of the tenure.

d) Committees' Meetings:

Each Committee shall hold three to four prescheduled meetings during the year, and extraordinary meetings may be held as and when required.

⁽¹³⁾ At its meeting held on 16-17 December 2017, the Board approved the charters of the Investment Committee as part of the Company's internal CG framework.

e) Committee Secretary:

Each Committee shall select its secretary, from among its members or the Company's employees, without having the right to vote on the Committee decisions (in case the secretary is not a Committee member) and shall be responsible for organizing the Committee meetings and activities, developing and documenting their minutes, following up on the implementation of their recommendations, directions and decisions, facilitating the communication process between their members, and providing administrative and logistical support. Each Committee shall set the wage and payment method of its respective secretary according to the relative Savola policies.

f) Reporting:

The Chairman of each respective Committee shall provide periodic report to Savola's Board about the performance and main achievements of the Committee. Each respective Committee shall prepare and publish an annual Committee report to the extent required under applicable laws and regulations. Each respective Committee shall report regularly to the Board on its activities and major decisions and recommendations. The report to the Board may take the form of an oral or written report by the Chairman or any other member of the Committee designated by the Committee to make such a report.

g) Assessment of Committee's Performance

- 1) Each Committee shall perform an evaluation of its performance according to its respective charter under the supervision of the RNC, and for that, the Committee considers whether it dealt with issues that are within, or should be within its scope of work. The Committee should deal with all issues relevant to its specialization, and these issues include the following:
 - The quality and comprehensiveness of information obtained by the Committee.
 - The reports and recommendations the Committee gives to the Board
 - The way the information has been discussed, and whether the number and the length of the Committee's meetings were enough to accomplish required work in a comprehensive and well planned manner.
 - Attendance and absence of members.
- 2) Every Committee provides a report to the Board that includes the evaluation results, including any suggested modifications.

h) Committee Charters

Each Committee has its own charter, which includes its duties, responsibilities, follow-up mechanisms, and the reward methods, and shall not be amended except with the approval of the Board for the Investment Committee and the Social Responsibility Committee and upon the approval of GA for the Audit Committee and RNC.

Conflict of Interest Policy

Within the responsibilities and duties of the Board, it shall develop a written and clear policy to deal with the actual or potential conflict of interest cases that may affect the performance of the members of the Board or the Executive Management or other employees when dealing with the Company or other stakeholders. This policy shall be based on the requirements stipulated in the CG Regulations issued by the CMA and the Companies Law. In light of this, the Board has developed the following policy:

Sixth. Conflict of Interest Policy and Addressing of Potential Conflict of Interest Cases

1) Purpose

The purpose of this policy is to outline the policies and procedures that shall regulate and prohibit actual and potential conflicts of interest situations for shareholders, the Board, Committees, Senior Executives, employees, auditors and consultants and other stakeholders as appropriate (collectively referred to as the “Concerned Persons”). This policy also aims to help “Concerned Persons” to appropriately manage conflicts of interest in accordance with legal requirements and the goals of accountability and transparency in Savola’s operations.

2) General Overview

Conflicts of Interest arise in organizations where a person’s private interests interfere in any way with the overall interests of the organization.

Savola Group acknowledges and respects the fact that its “Concerned Persons” have their own individual interests and have the right to engage in various activities provided that the activities do not in any possible way lead to a situation that conflict with the overall interests of Savola Group.

Furthermore, conflicts of interests may arise or be determined by the following examples:

1. When any concerned person exploits his/her position, information, or business opportunities acquired during work for his/her benefit or the benefit of third parties;
2. When a “Concerned Person” establishes a company that provides services similar to that of Savola;
3. When a “Concerned Person” (i.e. Board member) makes a purchasing or business choice to boost a business that he/she has stake in;
4. When an employee or his/her relatives performs any type of work for suppliers, sub-suppliers and competitors;
5. When a “Concerned Person” takes actions or has interests that may make it difficult to perform his or her work for Savola objectively and effectively;
6. When a “Concerned Person”, or members of his/her family, receive improper personal benefits as a result of his/ her position in Savola.
7. When a “Concerned Person” (i.e. Board member) accepts fees for providing consultations to another company that is in direct competition with Savola due to the main nature of the business in accordance with Competing Business Standards and Procedures for Savola Group approved by the General Assembly.
8. Savola Group and stakeholders with any conflicting interests must do all that it takes to make the Company's interest prevail, under the best of circumstances. “Concerned Persons” must also refrain from influencing the Company's decisions in all what might

cause a conflict of interest, including refraining from voting on any decision or anything subject to a possible conflict of interest. They must also report any conflict of interest arising from their relations with Savola Group, in compliance with the disclosure methods defined in this policy and regulations in force in the Kingdom of Saudi Arabia.

9. Mediating for the employment of relatives and friends at Savola Group or its OpCos or recommending them. If a relative applies for a job, the concerned persons shall not mediate, and act in accordance with the procedures and policies determined by the Company without any direct or indirect impact or interference.

3) Policy Application

This policy applies to the following stakeholders:

1. Major shareholders who own 5% or more of the Company's capital;
2. Members of the Board AC, and other Board's Committees;
3. Senior Executives and employees;
4. External auditors and Company's advisors; and
5. Other stakeholders as appropriate.

4) The Cases of Conflict of Interests (CoI)

The stakeholders referred to in the paragraph above shall refrain from dealing with the Company and/or one of its OpCos in any action that could lead to a potential conflict of interest, except in accordance with the rules included in this policy, the regulations and laws in force in the Kingdom of Saudi Arabia. Conflicts of interests are as follows:

5) Conflict of Interest Associated with Major Shareholders

- 1) All transactions and contracts undergone with major shareholders and their relatives who own directly or indirectly 5% and more of the Company's shares or who own a controlling share in one of Savola's OpCos and their subsidiaries abide by the same conditions applied to dealing with third parties.
- 2) All transactions undergone with major shareholders and their relatives who own directly or indirectly 5% and more of the Company's shares or who own a controlling share in one of Savola's OpCos and its subsidiaries and the disclosure shall be made as per regulations.

6) Conflict of Interest Associated with the Board

1. A Board member shall not, without an authorization of the GA in accordance with the procedures approved by the competent authority has any interest (whether direct or indirect) in the Company's activities and contracts¹⁴.
2. A Board member shall notify the Board about any personal interest he/she may have in the activities and contracts that are undergone for the Company's account. Such notification shall be included in the minutes of the meeting. A Board member who has an interest shall not be entitled to vote on the resolution to be adopted in this regard.
3. The Board shall notify the GA, when convened, about the activities and contracts in which a Board member may have a personal interest, after the Board assesses the board member's 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 Competing Business Standards and Procedures for Savola Group approved by

⁽¹⁴⁾ Amended as per CMA Board resolution dated 14/05/2018.

the Shareholder's General Assembly on May 10th 2023 and published on the Company's website.

7) Conflicts of Interest Associated with Savola's Executive Management and Employees

The Board shall be notified of any external activities performed by an Executive Management team; the Board shall approve such activities and the disclosure shall be made as per regulations. Any Senior Executive/employee who wishes to do so, shall present the matter to the CEO to study the matter, evaluate it and provide recommendation to be submitted to the Board for a decision.

8) Conflicts of Interest Associated with External and Internal Auditors and Consultants

1. Savola's external auditors shall be independent.
2. The internal auditors' independency shall be preserved and shall have enough support to carry out their internal audit role and shall report functionally to the Audit Committee and administratively to the Company's management.
3. When appointing any legal or financial advisor or external auditors, the cases of conflicts of interest shall be taken into consideration as per the applicable laws and regulations.

9) Conflicts of Interest Associated with other Stakeholders

All transactions and contracts undergone with suppliers and the other clients of the Company or its OpCos or subsidiaries shall be subject to the same conditions applied to third parties in terms of evaluation, equitable execution, disclosure and required reporting.

10) Other Miscellaneous Provisions

In addition to the above, Savola Group shall consider and deal with the following cases of conflicts of interest for the members of the Board, the Committees and employees, as per the following :

- 1) Members of the Board, the Committees and employees shall not be allowed to misuse or benefit-directly or indirectly- from the Company's assets, resources, information or investment opportunities presented to the Company or him/her capacity as a Board member, committee member, or an employee for any personal interest, for their own benefit, or for other purposes that do not fall within the scope of Savola's activity. 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 Board members who resign to use investment opportunities, directly or indirectly, that the Company wishes to use, which may have come to their knowledge during their membership in the Board.
- 2) Members of the Board shall be prohibited from voting on a decision taken by the Board or the GA with respect to transactions and contracts that are executed for the Company's account, if he/she has a direct or indirect interest therein.
- 3) No member of the Board, committees, or Senior Executives may accept gifts from any person who has entered into commercial transactions with the Company if such acceptance of gifts may lead to conflicts of interest unless the gift has unsubstantial value of not more than SAR 1,000 and a refusal to accept it would be discourteous or otherwise harmful to Savola.
- 4) The Company shall disclose any contracts when it enters into a transaction with a Related Party, this shall include notifying the CMA and the public without any delay

of that contract or transaction if it equals to or exceeds 1% of the Company's total revenues according to the last annual audited financial statements unless a Board member have any interest (whether direct or indirect) in this case he/she shall have authorization of the GA as per regulations.

- 5) Once a member has notified the Board of a potential conflict of interest, the interested Board member shall:
 - a) Not participate in discussions or be permitted to hear the Board's or Committee's discussions in which they are an interested party, except to disclose material facts and to respond to questions.
 - b) Abstain from voting on decisions after notifying the Board. In all cases, when the Board is voting on an issue in which a Board member has a potential conflict of interest, all voting must be done anonymously.

11) Confidentiality

1. Protect the confidentiality of the information related to the Company and its activities, and not to disclose any of such information to any person.
2. In other than the meetings of the ordinary general assembly, the members of the Board of directors may not disclose the company's confidential information that may have become known to them, nor may they use any information known to them by reason of their position as members with a view toward achieving any benefit for themselves or for their relatives or third parties. Otherwise, they shall be dismissed and compensation must be claimed from them.

12) Disclosure of Conflicts of Interest

All Board members and employees shall be committed to immediately disclose and notify about their following personal interests:

- 1) Interests regarding investment or ownership in a commercial activity or a facility having interests or providing services to any of the OpCos or its subsidiaries, benefiting from the Company and its OpCos, or receiving any services from them.
- 2) A commercial activity or any facility providing or seeking to provide a particular service with any of the Company's OpCos or subsidiaries, such as banks, media, etc.
- 3) Any interest with a customer, client or any other facility which receives a service or benefits from the Company or its OpCos.
- 4) A commercial activity, client or any other facility which is in a position to benefit from any procedures performed by a Board member or employee.
- 5) Direct or indirect interests to any member of the Board, Senior Executives, direct relatives, or submitting a denying proof.
- 6) Summary of current and proposed contracts to members of the Board, the CEO, and Senior Executives.
- 7) Full details of any contract or arrangement in which the CEO, the CFO, Board members or any relative has substantial interest and is important for the Company's activities, or submitting a denying proof.

A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board or the GA any cases of conflict of interest, including having a direct or indirect interest in the contract and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board; and engaging in a business that may compete with the Company or any of its activities.

13) Monitoring the Implementation and Violations of the Policy

The Audit Committee shall supervise the implementation of this policy, through a review of cases, transactions and contracts that are made with stakeholders or that are likely to

result in conflicts of interest and shall submit the recommendations it deems necessary to the Board. Moreover, any violations regarding this policy may be reported using the procedures outlined in the whistle blowing policy, regulating relationship with stakeholders' policy and complaint policy.

14) Review and Amendments of this Policy

This policy shall be effective once approved by the Board. The Board shall review this policy from time to time as required, any amendments shall only be made upon the Board's approval.

15) Publishing

This policy is published on Savola's website to enable the stakeholders to access it or on any other publication as deemed appropriate by the Board.

Seventh. Internal Control

1) Internal Control System

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implementation of the provisions of the Company's governance rules approved by the Company and compliance with the relevant laws and regulations. Such system shall ensure compliance with clear accountability standards at all executive levels in the Company, and that Related Party transactions are implemented in accordance with the relevant provisions and controls.

2) Establishing Independent Units or Departments within the Company for Internal Audit, CG, and RM

- 2-1) For purposes of implementing the approved internal control system, the Company shall establish units or departments for the assessment and management of risks, internal auditing and governance and compliance.
- 2-2) The Company may utilize external entities to perform the duties and competencies of the units or departments of risks assessments and management and internal control without prejudice to the Company's responsibility for those duties and competencies.
- 2-3) Segregation of duties of departments of risk management and internal audit shall be made to ensure independence.

a) Internal Audit Department

a-1) Internal Audit Department Duties

The internal audit unit or department shall assess and supervise the internal control system and verifies the extent to which the company and its employees comply with applicable regulations and instructions and the Company's policies and procedures. The internal audit unit or department shall consist of at least one internal auditor who shall be recommended by the Audit Committee and reporting to it. In composition and operation of the internal audit unit or department, the following shall be considered:

- 1) The staff shall be competent, independent, have appropriate training, and shall not be charged with any other work conflicting with internal audit or affecting their independence;

- 2) The unit or department shall report to and be associated with the Audit Committee;
- 3) The compensations of the Director of the Audit Unit or Department shall be determined on the proposal of the Audit Committee in accordance with the Company's policies; and
- 4) The Unit or Department shall have access to the information and document without restriction.

a-2) Internal Audit Plan

The internal audit unit or department shall operate pursuant to a comprehensive audit plan approved by the audit committee. Such plan shall be updated annually. Key activities and operations, including the activities of risk management and compliance departments, shall be reviewed at least annually.

a-3) Internal Audit Reporting:

1. The internal audit unit or department shall prepare and submit a written report on its activities at least quarterly to the Board and the audit committee. Such report shall include an assessment of the Company's internal control system and the final opinion and recommendations of the unit or department. Such report shall also specify the procedures taken by each department for addressing the findings and recommendations from the previous audit, and any remarks thereon, particularly failures to promptly address such findings and recommendations and the reasons for such failure;
2. The internal audit unit or department shall prepare a general written report to be submitted to the Board and the audit committee on the audit activities it carried during the fiscal year compared to the approved plan. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year;
3. The Board shall specify the scope of the report of the internal audit unit or department, based on recommendations from the audit committee and the internal audit unit or department. The report shall include the following in particular:
 - procedures for monitoring and overseeing the financial affairs, investments and risk management;
 - assessing the development of risk factors threatening the Company and the existing systems, in order to confront radical or unexpected changes in the Exchange;
 - an assessment of the performance of the Board and the Senior Management with respect to the implementation of internal control systems, including specifying the number of times the Board has been informed of control issues (including risk management) and a description of the method followed to address such issues;
 - failures or weaknesses in the implementation of internal control, or emergency situations that have affected or may affect the Company's financial performance, and the measures taken by the Company to address such failures (particularly the issues disclosed in the Company's annual reports and its financial statements);
 - the extent to which the Company has complied with the internal controls when determining and managing risks; and
 - information describing the Company's risk management operations.

a-4) Maintaining Internal Audit Reports:

The Company shall keep records of the audit reports and business documents, which shall clarify its accomplishments, findings and recommendations, and all actions taken in their regard.

b) CG & Compliance Department:

The CG & Compliance Department shall be responsible for the effective implementation of the Company's CG Framework and shall report to the CEO or Managing Director (if any), submits its performance report thereto and report to the CG Committee (if any). Also, the CG & Compliance Department shall:

- a. Ensure that the Company complies with the CG requirements by applying the regulations and instructions issued by the CMA and other relevant regulatory bodies and the company bylaw;
- b. Develop internal regulations, rules and policies related to CG and compliance in a manner that does not conflict with the regulations issued by regulators, and ensure the Company's compliance with them, and propose amendments and updating them in accordance with regulatory requirements and best practices as needed;
- c. Take preventive measures to ensure that the Company achieves compliance and assess their appropriateness on an ongoing basis.
- d. Provide the necessary advice to the Board, its Committees and Executive Management in the field of governance and its applications.
- e. Keep the Board and its Committees informed about the developments in CG and best practices.
- f. Prepare the necessary responses to the inquiries received from the regulatory bodies related to governance and compliance;
- g. Preparing and coordinating with local and international agencies that are interested in evaluating the company's efforts in the field of CG and give rating and awards, which enhance the company's reputation in the field of CG and transparency.
- h. Develop a related parties' transactions register for Board members, Executives, their relatives and major shareholders, and update it on a continuous basis in cooperation with the Group's management, OpCos and "Concerned Persons";
- i. Develop the annual report (CG and compliance Part) as well as the related periodic reports and ensure their compliance with regulatory standards and requirements;
- j. Arrange for the Ordinary and Extraordinary GA in light of the provisions of Chapter II of the CG Regulations issued by the CMA and the Company's Bylaws that related to the Shareholders Assemblies.
- k. Review the minutes and resolutions of the Board and Committees to make any observations thereon (if any) in light of the CG requirements, relative regulations and the LoA approved by the Board to confirm compliance;
- l. Review all material disclosures that may affect security price before it is publication, including periodicals, newsletters and publications issued by the company as well as the company's website and social media sites to ensure their compliance with the laws

and regulations of the listed companies, so that the company avoids any violations that may occur as a result of that;

- m. Manage the operating online systems and Company's account with the CMA and (Tadawul) and update them periodically.
- n. Prepare the Company's announcements, and ensure their compliance with rules and standards and supervise their publication on Tadawul website and circulate them to the Board members and the executives. In addition, the department shall notify/update the Board members and executives regularly about relevant announcements issued by CMA and other listed companies published in Tadawul and CMA websites through the CG and Compliance Officer.

The Company, from time to time, may seek consultation from a specialized external entity to assist it to update and enhance its CG framework and standards to regularly match the leading international practices in the field of CG and compliance.

c) Risk Management

c-1) Risk Management policy

The objective of this policy is to ensure having an effective and efficient risk management for the Group and its subsidiaries. To achieve this goal, the Board of Directors and the Company's committees, including the Risk Management Committee (if any), AC, IC, RNC Committee and the Executive Management, supervise the risk management activities and work (each in its area). The Board is responsible for ensuring that the risk management procedures and measures are being implemented effectively and efficiently. As this leads to the achievement of the Company's strategic, operational and commercial objectives. The Board may take the appropriate measures and mechanisms to help achieving this objective, including the establishing of a special risk management unit.

The Group, like any other economic entity, may be affected by risks through the nature of its commercial activities in basic food commodities, retail, and other investments. These risks may be summarized in the possibility of Group operations being exposed to geopolitical risks that result from its operations outside the Kingdom, as well as fluctuations in raw material prices, currencies, speculation, and unfair price competition in the local and international markets where it operates. There are also economic and political risks in the countries where it operates and risks pertaining to new markets in the region, in line with the Group's geographic expansion strategy. Further risks include fluctuation in foreign currency, exchange rates against the Saudi riyal, or other currencies of the countries that the Group operates in, and inflation in the economies of countries where the Group operates; risks related to entering into new investments; and risks that might be associated with the current economic conditions and political situation in countries where the Group operates or exports its products. The Group faces other risks from its various investment shareholdings in different companies and funds, locally and internationally

As part of the Company's policy in managing these risks, is to establish effective mechanisms and procedures to closely monitor the risks which the Company is exposed to through its Board, the Company Committees, the Executive Management, the relevant team members in the subsidiaries, the Risk Management Unit (if any) and the Risk Management Committee (if any). Also the subsidiaries have policies, plans, procedures

and measures in this regard. The company continuously develops and updates its existing risk management systems. The Group also discloses annually the overall perception of potential risks through the annual directors' report.

The most important types of risk faced and managed by the Group through the mechanisms mentioned in this policy are credit risk, currency risk and fair value cash flow interest rate risks, Liquidity risk, and price risk as well as risks of human resources, compliance with laws and regulations, investments and others.

Within the framework of risk management mechanisms and procedures, the company develops an integrated (Enterprise Risk Management "ERM") program for itself and operating companies and it will be activated by a GRC system developed by the company with the assistance of a specialized consultant in this field under the supervision of the Executive Management. The objective of this system is to effectively enhance the participation of the Board and the Executive Management Team in the risk management process to ensure a unified vision of the risks faced by the Group.

c-2) Risk Management Department

The Risk Management Department reports to the CEO, the Managing Director (if any) or any other executive, submit its performance reports thereto and report to the Risk Committee (if any). It is a completely independent Function of Internal Audit Function. The Executive Management shall provide regular report on risk management activities to the Board in the light of their risk management competencies set out in this Manual. Also, the Risk Management Department shall:

- a. Develop an effective strategy, plans, policies, procedures and measures for Savola Group's and OpCos' risk management and systems to assess risks to identify and address deficiencies;
- b. Implement risk management plans and strategy;
- c. Monitor the risks to which the Savola Group and its OpCos may be exposed, and the extent to which they are exposed to such risks and conduct ongoing assessments in this regard;
- d. Develop a plan for crises and emergencies;
- e. Coordinate with the Executive Management of Savola Group and its OpCos to ensure that the risk management system is efficient and effective and that is implemented;
- f. Develop risk exposure reports and proposed steps to manage these risks and submit them to the Board; and
- g. Study and review issues raised by the Audit Committee that may affect the Company's risk management.

The Company may from time to time appoint a specialized consultant or expert to assist in the development/updates and effective implementation of risk management systems and plans.

Eighth. The Company's External Auditor

1) Assigning the Audit Function

The Company shall assign the function of auditing its interim (quarterly), and annual accounts to an independent and competent external auditor who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board and the shareholders, setting out whether the Company's financial statements clearly and impartially express the financial position of the Company and its performance in the significant areas.

2) Appointment and Duties of the External Auditor:

a) Appointment of External Auditor:

The Ordinary General Assembly shall appoint the Company's external auditor based on a recommendation from the Board, provided that the following requirements are met:

- 1) the nomination shall be based on a recommendation from the audit committee;
- 2) the external auditor shall be authorized by the Competent Authority;
- 3) the external auditor's interests shall not conflict with the interests of the Company;
- 4) the number of nominees shall not be less than two.

b) Auditor Duties:

The external auditor shall:

- 1) owe the duties of loyalty and care to the Company;
- 2) notify the Authority if the Board fails to take appropriate actions in respect of suspicious issues it raises; and
- 3) Request the Board to call for a General Assembly meeting if the Board has not facilitated his 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.

Ninth. Stakeholders

1) Organizing Relations with Stakeholder

The Board shall establish clear and written policies and procedures to regulate the relationship with stakeholders in order to protect and preserve their rights, including the requirements stipulated in the CMA's CG Regulations. In light of this, the Board has developed the following policy:

Stakeholders' Relation Policy

1) Purpose

The purpose of this policy is to outline the guidelines that shall govern Savola Group for issues related to Stakeholder Relations within Savola Group ("Savola" or the "Company") and enable them to file complaints, grievances and report any violating practices.

2) Overview

Savola's Board of Directors is committed to the highest ethical standards as Savola desires its stakeholders to have strong faith and commitment towards it. Stakeholders can be defined as individuals or groups of individuals that have a direct or indirect stake in an organization who can affect or be affected by the organization's actions, objectives and policies. Key stakeholders in an organization include "shareholders, Executive Management, employees, customers, creditors, banks, suppliers, local community and government". In order to develop successful stakeholder relations, Savola Group shall abide by the following principles:

1. Those affected by Savola's business have the right to be informed about the Company's activities, participate in a transparent stakeholder engagement process and be involved in issues and opportunities that affect them.
2. Stakeholders shall be provided with timely and accurate information about the business.
3. Savola Group shall keenly seek out feedback from its stakeholders on its business decisions.
4. Savola Group shall encourage stakeholders to define the manner in which they wish to be consulted, and shall strive to remain flexible and responsive to stakeholder preferences.
5. Savola Group respects the values and culture of each stakeholder.
6. Savola Group shall ensure that the Company's transactions with Board members and related parties are entered into on terms identical to the terms of transactions with stakeholders without any discrimination or bias.

3) Main Stakeholders

The table below shows the groups of stakeholders and their main interests and impact on Savola:

Stakeholder	The Company responsibility towards stakeholders
a) Shareholders	Savola Group is committed to creating sustainable shareholder value, in order to maximize their investments, achieve reasonable financial returns and act in the Shareholders' best interest provided for in the Company's Bylaws in accordance with the relevant laws and regulations.
b) Banks and Other Lenders (i.e. Creditors, Institutional Investors)	Careful attention shall be paid to Savola's obligations to its banks and financial institutions. Many lenders will have covenants in place that require Savola Group to adhere to predetermined ratios and other requirements in order to satisfy financing arrangements. Board members need to have a clear understanding of these requirements and ensure that management are appropriately monitoring Savola's position to ensure these covenants are not breached and penalties or other consequences are not triggered. In addition, care should be taken to establish open communication with Savola's financiers, engaging them in dialogue on a periodic basis and responding positively to their information needs and requests.

	Savola shall respect its creditors and it is important to understand and respond appropriately to the needs and expectations of the shareholders. Savola needs to ensure that it balances the expectations and demands of institutional investors against the interests of shareholders as a whole, and to ensure that there is fair, equitable and consistent treatment of all shareholders.
c) Board members, managers and employees	Savola Group is committed to treating its people (Board members and employees) with dignity and providing equal employment opportunities for all employees in its employment practices, including recruiting, compensation, professional development and promotion. The Board of Savola Group believe in providing safe and healthy working conditions, respecting human rights and respecting employees' rights. The Board of Savola Group expects its employees to speak out when they see ethical lapses in light of the whistleblowing policy approved by the Board. Board members shall also be aware of the importance of employee support and commitment to enable Savola to achieve its objectives.
d) Customers and Suppliers	<p>The Board shall take an active interest in how Savola handles and resolves customer complaints and not depend solely on management. Pertinent statistics and key emerging issues outlined in customer complaints shall be reported to the Board on a periodical basis.</p> <p>Savola Group is committed to providing end products of superior quality, excellent services and value-adding solutions. Savola Group seeks to deal with customers and suppliers in a straightforward and honest manner. The Company additionally seeks to build and maintain good relations with both its customers and suppliers and shall ensure the confidentiality of information related to them is protected.</p>
e) Community	<p>Public expectations require companies to be socially responsible in their operations and dealings with the community. This needs to be considered as part of Savola's decision-making processes and in the conduct of its business activities. Failure to understand and respond appropriately to relevant issues may have adverse financial, reputational or other consequences for the Company.</p> <p>As a result, Savola Group is committed to contributing to the overall quality of life wherever it operates and to use resources responsibly to preserve the environment. The Board wants communities to count on Savola's help in charitable and other community activities.</p>

4) Mechanisms to Resolve Disputes and Complaints of Stakeholders

In the event where a complaint or dispute may arise between the stakeholder and Savola Group other than employees, the stakeholder should contact Savola's Board Secretary or any other person designated by the Company. Once the Board Secretary or the designated person is notified, the concern shall be forwarded to the Audit Committee for direction, and appropriate actions and decisions shall be made in this regard. The Audit Committee shall ensure that corrective action is taken or recommended in order to adequately resolve

the issue in a manner that guarantees fair investigations and actions. The Company may also develop additional detailed policies and procedures, along with the established policy, to ensure the effective implementation.

If a dispute arises between Savola Group and any of its employees, the Grievance Committee established by Savola Group for this purpose shall handle all cases in line with the Company's grievance policy, along with the established policy, to ensure the effective implementation. Where the resolution is not satisfactory to the respective parties, the case could be referred to the RNC. In conducting the necessary investigations, the Committee shall also take into account conflicts of interest and avoid them, in the light of the existing policy of grievances and escalation mechanisms within the Group.

5) Review and Amendments of this Policy

To ensure that Savola Group operates in a manner consistent with this policy, the Board shall, periodically, conduct a review and assess for the effectiveness and adequacy of this policy and amend it when needed.

2) Reporting Non-Compliant Practices

The Board shall, upon the proposal of the Audit Committee, establish the necessary policies or procedures to be followed by stakeholders, including those who submit complaints or report infringing practices, taking into account CG Regulations issued by the CMA.

3) Employee Incentives and Remuneration Policy

Savola Group is keen to motivate its employees and treat them fairly in the light of this policy and its human resource policies, which guarantee the employee a mechanism for development and promotion without discrimination or bias, as the Company develops programs to develop and motivate the participation and performance of its employees. In the light of this, the RNC shall review the salary scale specified for all employees and Senior Executives and the incentive program and plans on a continuous basis and adopt them on the recommendation of the Executive Management, in a manner that does not contradict with the Labor Law and any applicable regulations. In this respect, employee rewards, including Executive Management, shall include:

- Basic salary (paid at the end of each month and on a monthly basis);
- Allowances which include, but are not limited to, housing allowance, transportation allowance, education allowance, and telephone allowance (as per the grades established by the internal human resources policy);
- Medical insurance benefits for employees and their families;
- Life insurance policy (including work injuries, partial and total disability and death at work);
- Annual bonus linked to the performance indicators according to the annual appraisal in this regard;
- Short-term incentive schemes associated with exceptional performance, and long-term incentive schemes such as equity options programs (if any) adopted by the Company in light of its Bylaws and relevant regulations;

- Other benefits including, but are not limited to, annual leave, annual travel tickets, executive airport services to Executive Management team, and end of service benefits according to the charter and human resources policy adopted by the Company;
- Employee housing loan program in light of the internal policy adopted in this regard;
- Plans, programs, and general guidelines for Senior Executive bonuses shall be approved by the RNC; and
- The CEO shall implement the bonus policy for staff and Senior Executives in the light of the plans, programs and general guidelines approved by the Committee.

Tenth. Professional and Ethical Standards

1) Code of Conduct and Ethical Values

The Board shall establish a policy of professional conduct and ethical values in the Company, taking into account the requirements of CG Regulations issued by the CMA.

2) Social Responsibility and Social Initiatives

In light of Savola's keenness to contribute to the development of the community in which it operates, the Board sets out the programs and necessary means to launch the company's social responsibility initiatives, including the formation of a Corporate Social Responsibility Committee and approval of its charter and duties to oversee the institutional plans, programs and initiatives of social responsibility and to determine the necessary budgets for this in a manner consistent with the provisions of the CG Regulations issued by the CMA in light of the charter of the Social Responsibility Committee approved by the Board. The Social Responsibility Committee shall:

1. Develop measurement indicators that link the performance of the Company to its initiatives in social work;
2. Disclose the objectives of the social responsibility adopted by the Company to its employees, raise their awareness thereon and educate them;
3. Disclose social responsibility plans in periodic reports related to the Company's activities;
4. Develop a social responsibility strategy and strive for sustainable social impact;
5. Oversee all corporate social responsibility activities and issues including health and safety, environmental issues, and employee rights;
6. Supervise and make recommendations on the diversity of social responsibility programs and activities, including the transformation of social responsibility activities to a non-profit organization and the development of procedures and frameworks that contribute to achieving this goal;
7. Oversee vital programs and activities aimed at strengthening Savola's community relations and developing community awareness programs to promote corporate social responsibility;
8. Review and approve charitable contributions related to social responsibility work;
9. Provide the Board with appropriate recommendations regarding the duties overseen by the Committee; and oversee and follow up any other major social responsibility activities;

10. Supervise and review the preparation of performance reports of social responsibility;
11. Assume any other responsibilities and duties assigned to it by the Board within the purposes and scope of the Committee's work.

Eleventh. Disclosure and Transparency

a) Disclosure and Transparency Policy

1) Purpose

The purpose of this disclosure and transparency policy is to ensure that Savola Group guarantees that timely and accurate disclosure is made on all material matters, including the financial situation, performance, governance, reporting of rules pertaining to disclosure of information, methods of classification of information, and the frequency of disclosure.

2) Disclosure of Material Information

- a) Material information is defined as any information relevant to Savolas' status, activities, its performance level and the information, which is expected to directly affect a major change in the stock exchange conditions or in Savola Group stock rate. Therefore, it is important to disclose such information in line with the rules and regulations.
- b) Savola Group has established a group of procedures, which are intended to be followed across Savola's communication. These procedures are:
 - 1) Preparing announcements and press release drafts in accordance with the CMA requirements.
 - 2) Presenting the draft announcement and press release to Savola CEO, Senior Executives, and other authorized employees. This draft may be circulated to the other Board members in order to know their viewpoints if the CEO see that as necessary.
 - 3) Publishing this in Tadawul website and websites (as appropriate).
- c) Any requests for any material information not allowed for publication should be rejected.

3) Disclosure of Financial Information

The interim and annual financial statements of Savola Group must be approved by the Board members and signed by a member authorized by the Board, CEO and CFO prior to their issuance and circulation to shareholders and other stakeholders. The interim and annual financial statements and the Board of director's report shall be submitted to the CMA immediately upon approval by the Board members. All mandatory announcements shall be made as per the requirements of the CMA.

4) Disclosure in the Board Report

Within the period set out on the regulations, an annual report shall be issued by the Board, sent to the CMA and announced to shareholders. The report of the Board shall include a full presentation of the Company's operations during the last financial year and all factors

affecting the Company's business. It shall include all the requirements mentioned the Companies Law and relevant CMA regulations.

5) Disclosure via the Website and other Media platforms including Social Media:

Savola Group gives a special importance to its website and constantly updates it as it is one of the most important windows and means of communication with shareholders, investors and all the public. It shall be supervised and continuously updated by the Savola Communication Department and the information shall be verified and reviewed - before posting on the site - by the CG & Compliance Department to ensure that this information and its contents comply with the disclosure regulatory requirements of the listed shareholding companies and to avoid any irregularities that may occur as a result of publishing information that should not be published in accordance with the regulations of the CMA.

The CG and compliance department shall review all disclosures before its publication, including periodicals, newsletters and media publications issued by the Company as well as newspaper and social media sites or platforms to ensure their compliance with the laws and regulations of the listed companies, this enables the company to avoid any violations that may occur as a result of that; also The management of the Group's and the operating companies should abide to the provisions herein this policy to avoid any violations in this regard.

6) Disclosure Regarding CG

Savola Group shall disclose CG policies and procedures through disclosure of the followings in its website or other means of communication as per company policy:

- Company's Bylaws;
- CG Manual and other relative documents;
- Annual Board Report;
- Interim financial statements (quarterly) and annual closing accounts;
- Audit Committee Annual Report;
- CG & Compliance Annual Report;
- Minutes and deliberations of GA;
- All announcements published in Tadawul; and
- Any other reports or documents that the company sees that it will enhance the disclosure and transparency process in a manner consistent with the laws and regulations.

7) Disclosure Regarding (CSR) Policies

Savola Group shall disclose its corporate social responsibility (CSR) policies and procedures related to employees, community and environment at least once a year in the Annual Board Report, website and other means of communication agreed by the CSR Committee.

8) Disclosure by the Board

The Board shall regulate the disclosures of each of its members and the members of the Executive Management, taking into consideration the following:

- a) Maintaining a register for the disclosures of the Board members and the Executive Management and updating it regularly based on disclosures required as per the Companies Law, the Capital Market Law and their implementing regulations; and
- b) Making such register available to the Company's shareholders free of charge.

9) Disclosure to the Regulatory Bodies

The Board shall promptly disclose to the CMA or/and the Exchange (when applicable) all requirements as defined by rules and regulations such as:

- Changes in the Board membership structure (resignation, appointment and classification).
- Changes in Committee structures.
- Changes in Executive Management including CEO and CFO.
- Savola is committed to disclose all information required by CG Regulations issued by CMA, Companies law, and other regulations.

10) Disclosure limitations

Board members may not disclose, in any place other than the GA meetings, the company's confidential information and may not benefit for themselves or for their relatives or third parties. Failure to do so would cause dismissal and compensation shall be claimed from them.

b) Additional initiatives to support the principle of disclosure and transparency:

1. Continuously pursuing the application of international best practices in disclosure and transparency, such as S&P and OECD principles, and reflecting this in the Annual Board Report, website and any other reports or publications of the Savola Group.
2. Encouraging and adopting the transparency screen initiative, which aims to monitor and analyze the data on the stock movement (buying and selling) for senior shareholders and some other segments (Board members, Senior Executives, investment funds, government share) and periodically publishing their results on the Company's website and any other means of publication that Savola deems suitable to reach the largest number of shareholders.

c) Spokesperson for the Savola Group:

1. The CEO or Managing Director (if any) is the Company's spokesperson before all media, the public and the investor community. From time to time, he may appoint another person from within the Company to speak on behalf of the Savola Group or to respond to certain inquiries when necessary.
2. No one other than the CEO or the Managing Director (if any) and the people assigned thereby may make any public statements on the following:
 - a. Savola Group Strategies and Plans;
 - b. Savola Group Operations and Activities;
 - c. Financial performance (current and future) and investment opportunities in general;
 - d. Production capacities;
 - e. Litigations; and

- f. Decisions on acquisition, merger, restructuring, selling, and exit from certain investments and other important strategic initiatives provided by the Savola Group.
- 3. The Board members and all Savola Group employees who are not authorized to speak on behalf of the Company shall refer all requests received from financial institutions, shareholders and various media to the authorized person to speak on behalf of the Company.

11) Review of the policy of information disclosure and transparency

The Board shall periodically – and whenever necessary - conduct a review of this policy to ensure its compliance with rules and regulations and satisfy the requirement of various stakeholders.

Twelfth. Retaining of Documents

Savola shall retain all minutes, documents, reports and other papers required to be maintained in the company's head office for at least ten years as per these Regulations. This shall include the Board report and audit committee report. Without prejudice to this period, Savola shall, in case of any lawsuit (filed or threatened to be filed) or ongoing claim or any investigation relating to those minutes, documents, reports and other papers, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

Thirteenth.Final Provisions (Publication and Enforcement)

This CG Manual shall be implemented and complied with by Savola Group upon approval of the Board and shall be published on the Company website.