


Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		



Corporate Governance Rules of Almarai Company




Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

TABLE OF CONTENTS


Adoption Page	7
PART 1 PRELIMINARY PROVISIONS	8
Introduction	8
Compliance with this Rules	8
The Reference to the Governance Rules	8
Objectives	9
Definitions	9
PART 2 RIGHTS OF SHAREHOLDERS GENERAL RIGHTS OF SHAREHOLDERS	13
Fair Treatment of Shareholders	13
Rights Related to Shares	13
Buy-back and Pledge of Shares	14
The Company's Purchase of its Shares	14
Shareholder Access to Information	14
Communicating with Shareholders	14
Electing Board Members	15
Distribution of Dividends	15
Shareholder Rights Related to General Assembly Meetings	15
Responsibilities of the Extraordinary General Assembly	16
Responsibilities of the Ordinary General Assembly	17
Shareholders' Assembly	18
The Agenda of the General Assembly	19
Management of the Shareholders Assembly	19
Voting Rights	20
PART 3 BOARD OF DIRECTORS	21
FORMATION OF THE BOARD	21
Composition of the Board	21
Appointment of Board Members	21
Conditions for Board Membership	21

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


Issues Affecting Independence.....	22
Board Membership Termination	23
Resignation of Board Members	23
Responsibilities and Authorities of the Board	24
Responsibility of the Board	24
Duties of Care and Loyalty	24
Main Functions of the Board of Directors	26
Distribution of Responsibilities and Duties	28
Separation of Positions	28
Oversight over the Executive Management	29
Responsibilities and Duties of the Executive Management	29
RESPONSIBILITIES OF THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS	32
Responsibilities and Duties of the Chairman of the Board	32
Tasks and Duties of the Board Members	32
Duties of the Independent Director	34
The Business Judgment Rule	34
Liability Lawsuits	35
Granting Loans	35
BOARD PROCEDURES	37
Board Meetings	37
Board Resolutions and Deliberations	37
Board Member Remarks	37
Organizing the Attendance of the Board Meetings	38
Board Meeting Agenda	38
Exercising the Responsibilities of the Board	38
Board Secretary	38
Board Remuneration	39
Non-Entitlement or Reimbursement of Remuneration	40
TRAINING & SUPPORT	42

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


Training Board Members	42
Providing Board Members with Information	42
CONFLICTS OF INTEREST	43
Conflict of Interest Policy	43
Avoiding Conflicts of Interest	43
What Constitutes Direct and Indirect Conflicts of Interest.....	45
Exceptions to Conflicts of Interest by Board Members	45
Disclosure of Conflicts of Interest by Nominees	45
Competing with the Company	46
Concept of Competing Businesses.....	46
Refusal to Grant the Authorization	47
Accepting Gifts	47
Examples of Conflicts of Interest.....	47
PART 4 COMPANY COMMITTEES GENERAL PROVISIONS.....	48
Committee Formation	48
Committee Membership	48
Studying Subjects.....	49
Committee Meetings	49
Committees formed by the Company	49
Regulations of Board Committee	51
PART 5 INTERNALCONTROL.....	72
Internal Control System.....	72
Establishing Independent Departments within the Company.....	72
Duties of the Internal Audit Department.....	72
Composition of the Internal Audit Department.....	72
Internal Audit Plan	73
Internal Audit Report	73
Maintaining Internal Audit Reports	74
PART 6 THE COMPANY'S EXTERNAL AUDITOR	75

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Appointment of the External Auditor	75
Duties of the External Auditor	75
PART 7 STAKEHOLDERS	76
Regulating the Relationship with Stakeholders	76
Reporting Non-Compliant Practices	76
Employee Incentives	77
PART 8 PROFESSIONAL & ETHICAL STANDARDS	78
Professional Conduct Policy	78
Social Responsibility	78
Social Initiatives	78
PART 9 DISCLOSURE & TRANSPARENCY	80
Policies and Procedure of Disclosure	80
The Board's Report	80
The Audit Committee's Report	84
Disclosure by the Board	84
Disclosure of Remunerations	84
PART 10 IMPLEMENTATION OF CORPORATE GOVERNANCE	86
PART 11 RETAINING DOCUMENTS	87
PART 12 PUBLICATION & ENTRY INTO FORCE	88
APPENDICES	89
Almarai Board Membership Policies, Standards and Procedures	89
Remuneration Policy for the Members of Board of Directors, Members of Committees & Executive Management	93
Disclosure Policy	97
Risk Management Policy	103
Policy for Reporting Violations	111
First Scope of Policy	111
Policy Regulating the Relationship with Stakeholders	114
Policy for the Distribution of Dividends	116


Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Policy on Remunerations Granted to Employees	118
Professional Conduct Policy	123
Misrepresentation and Use of the Company's Name.....	125
Records.....	125
Health and Safety	126
The Environment.....	126
Reporting Responsibility	126
Final Provisions (Publication and Amendment).....	126
Conflicts of Interest Policy	127
Competing Business Standards	132

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Adoption Page

Version Number	Date			Adopted by
(1)	23/03/1439H 11/12/2017G	corresponding	to	Board of Directors
(2)	11/08/1441H 05/04/2020G	corresponding	to	Board of Directors
(3)	29/04/1442H 14/12/2020G	corresponding	to	Board of Directors
(4)	03/08/1445H 13/02/2024G	corresponding	to	Board of Directors
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Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 1 PRELIMINARY PROVISIONS

Introduction

The Corporate Governance Rules of the Company define its corporate management standards to ensure compliance with best corporate governance practices that protect the rights of shareholders and Stakeholders. The Company is committed to the highest standards of corporate governance, born out of its belief that sound corporate governance rules are important for the long-term growth of shareholder equity. These rules are consistent with the Company's commitment to quality in all of its operations, activities and products.

Governance is the optimal system through which the Company is managed and controlled. This is accomplished through the distribution of powers and responsibilities among the various Company participants, such as the Board of Directors, Executive Management, shareholders and Stakeholders. This system thus clarifies the rules, policies and procedures for making decisions relating to the Company's affairs, and provides a framework for the Company's objectives and the means by which to achieve and monitor performance; with the Board of Directors responsible for adopting and enforcing the Governance Rules.


The role of shareholders in governance involves appointing members of the Board of Directors and auditors, as well as ensuring the efficiency of said governance system; while the responsibility of the Board of Directors is to set the Company's strategic objectives, provide the leadership that endeavors to implement them, supervise the Company's management, and prepare reports to shareholders on their management of the Company. The actions of the Board of Directors shall be subject to applicable laws, regulations, the Company's Bylaws and the shareholder's supervision in the General Assembly.

Compliance with this Rules

The rules, policies and procedures set out herein ("**Governance Rules**" or "**Rules**") are binding on all members of the Company's Board of Directors, Executive Management and employees; and these Rules may only be amended by a decision of the Company's Board of Directors.

The Reference to the Governance Rules

These Rules were drafted in compliance with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority's ("**CMA**") Board pursuant to Resolution No. 8-6-2017 dated 13/2/2017G as amended by Capital Market Authority Board Resolution No. 8-5-2023 Dated 25/6/1444H (corresponding to 18/1/2023G.) (the "**Governance Regulations**"), and in accordance with internationally recognized corporate governance standards. The Governance Rules should be considered as the basis for corporate governance and not an alternative to management policies adopted by all levels of management within the Company. They should be viewed as complementary to the laws and regulations in force in the Kingdom of Saudi Arabia. In particular the following,

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- **The Capital Market Law** promulgated by Royal Decree No. M/30 dated 2/6/1424H and its implementing regulations thereof.
- **The Companies Law** issued by the Royal Decree M/132 dated 1/12/1443H.
- **Decisions and circulars** issued by the Ministry of Commerce and the CMA's Board.
- **The Company's Bylaws** adopted by a Shareholders' Extraordinary General Assembly Resolution on 23/09/1445H, corresponding to 02/04/2024G. and amendments thereof.


The Board of Directors may amend these Rules from time to time when necessary, in accordance with the instructions and requirements of the CMA, the Company's business needs and sound management requirements, in a manner consistent with the provisions of the Governance Regulations issued by the CMA Board.

Objectives

Almarai's Corporate Governance Rules aim to establish an effective legal framework for the Company's governance. These rules specifically aim to:

- Enhance the role of Company's shareholders and facilitate the exercise of their rights.
- Define the roles and responsibilities of the Board of Directors and Executive Management.
- Enhance the role of the Board of Directors and the committees, as well as develop their capabilities to enhance the decision-making mechanisms in the Company.
- Achieve transparency, impartiality and equity in Saudi Stock Exchange (Tadawul), its transactions, as well as in the business environment, while enhancing disclosure therein.
- Provide effective and balanced tools to deal with conflicts of interest.
- Enhance the control and accountability mechanisms for the Company's employees.
- Establish the general framework for dealing with Stakeholders and protecting their rights.
- Support the effectiveness of the system for overseeing the Company and the necessary tools therefor.
- Raise the awareness of the Company about the concept of professional conduct and encourage it to adopt and develop it to suit their nature.

Definitions

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Unless the context requires otherwise, the following terms and expressions shall have the meaning set forth below,

“Administrative Team” means a group of individuals who make the strategic decisions of the person. The Board is the Company’s Administrative Team.

“Affiliate” means a company that may be directly or indirectly controlled by Almarai, or controls Almarai or is under common control with Almarai by a third person.

“Board of Directors” or “Board” means Almarai’s Board of Directors.

“Bylaws” means Almarai’s Bylaws adopted by a Shareholders’ Extraordinary General Assembly Resolution on 23/09/1445H, corresponding to 02/04/2024G and amendments thereof.

“Capital Market Law” means the Capital Market Law issued by Royal Decree M/30 dated 2/6/1424H.

“CMA” means the Capital Market Authority.

“Companies Law” means the Companies Law issued by the Royal Decree M/132 dated 1/12/1443H.

“Company” means Almarai Company.


“Controlling Interest” means the ability to influence 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, (B) having the right to appoint 30% or more of the Administrative Team.

“Corporate Governance” means rules to lead and guide the Company that include mechanisms to regulate the various relationships between the Board, the Executive Management, shareholders and Stakeholders, by establishing rules and procedures to facilitate the decision making process and add transparency and credibility to said process with the objective of protecting the rights of shareholders and Stakeholders and maintain market and achieving fairness, competitiveness and transparency on Tadawul and the business environment.

“Cumulative voting” means a method of voting for electing Board members that gives each shareholder a voting capacity equivalent to the number of shares that he/she owns, and by which the shareholder is entitled to either exercise all of his/her votes in favor of one nominee or to divide his/her votes in favor of several nominees without any duplication of such votes.

“Day” means calendar day whether a business day or not.

“Executive Director” means a member of the Company’s Board who is a full- time member of the Company’s Executive Management and participates in its daily activities.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

“Executive Management” or “Senior Executives” means persons responsible for managing the daily operations of the Company, as well as proposing and executing strategic decisions, such as the Chief Executive Officer, the delegates thereof and the Chief Financial Officer.

“Governance Regulations” means the Corporate Governance Regulations issued by the Capital Market Authority Board pursuant to Resolution No. 8-6-2017 dated 16/5/1438H, corresponding to 13/2/2017H and amended by Capital Market Authority Board Resolution No. 8-5-2023 dated 25/6/1444H (corresponding to 18/1/2023G.)

“Governance Rules” or “Rules” means Almarai’s corporate governance rules.

“Group” means when referring to the Company, means Almarai and its Affiliates.

“Independent Director” means a non-executive member of the Company’s Board who enjoys complete independence in his/her position and decisions. Members are deemed to be independent when none of the issues affecting independence set out in Article 19 of the Governance Regulations apply to such member.

“Non-executive Director” means a member of the Company’s Board who is not a full-time member of the Company’s Executive Management and does not participate in its daily activities.


“Related Parties” means the following:

- (a) Affiliates of the Company except for wholly-owned companies.
- (b) Substantial Shareholders of the Company.
- (c) Directors and Senior Executives of the Company.
- (d) Directors of Affiliates of the Company.
- (e) Directors and Senior Executives of Substantial Shareholders.
- (f) Any relatives of the persons described in (a), (b), (c) or (e) above.
- (g) Any company controlled by any person described in (a), (b), (c), (e) or (f) above.

For purposes of paragraph (f), the term “relatives” shall mean a parent, spouse, or child.

“Relatives” means the following:

- (a) Fathers, mothers, grandfathers, grandmothers and their ancestors.
- (b) Children, grandchildren and their descendants.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

(c) Siblings, maternal and paternal half-siblings and their children.

(d) Husbands and wives.


“Remunerations” means amounts, allowances, dividends and the like, periodic or annual bonuses linked to performance, long or short term incentive plans and any other in-kind benefits, except the actual reasonable expenses and fees incurred by the Company to enable the Board member to perform his duties.

“Shareholders Assembly” means an assembly consisting of the shareholders in the Company formed in accordance with the provisions of the Companies Law and the Company’s Bylaws.

“Stakeholder” means any person who has an interest in the Company, including employees, creditors, customers, suppliers and the community.

“Substantial Shareholders” means any person who owns (5%) or more of the Company’s shares or voting rights therein.

“Tadawul” means the Saudi Stock Exchange.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 2 RIGHTS OF SHAREHOLDERS GENERAL RIGHTS OF SHAREHOLDERS


Fair Treatment of Shareholders

- The Board is obliged to seek shareholders' rights protection to ensure fairness and equality among them.
- The Company's Board and Executive Management are obliged not to discriminate among shareholders who own the same class of shares nor prevent them from accessing any of their rights.
- In its internal policies, the Company shall specify the procedures necessary to guarantee that all shareholders exercise their rights.

Rights Related to Shares

Shareholders shall be guaranteed their rights related to Shares, particularly the following:

- To obtain his/her portion of the net profits which are to be distributed in cash or through the issuance of shares.
- To obtain his/her share of the Company's assets upon liquidation.
- To attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their decisions.
- To dispose of his/her shares in accordance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
- To enquire and request viewing the Company's books and documents, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations.
- To monitor the performance of the Company and the activities of the Board.
- To hold Board members accountable, to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the Company's Bylaws.
- Preemptive rights to subscribe for new shares issued in exchange for cash unless the Extraordinary General Assembly suspends preemptive rights (if the same is specified in the Company's Bylaws) as per Article 128 of the Companies Law.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- To record his/her name in the Company's shareholders register.
- To request access to the Company's articles of association and Bylaws unless the Company publishes them on its website.
- To nominate and elect members of the Board.

Buy-back and Pledge of Shares

Shares purchased by the Company shall have no voting rights in shareholder assemblies. Shares may be pledged and the pledgee may receive dividends and exercise share-related rights, unless the pledge agreement stipulates otherwise. The pledgee may not attend shareholder assembly meetings nor vote therein.

The Company's Purchase of its Shares


The Company may not purchase its shares to be used as Treasury Shares except to:

1. Fulfill the rights of debt stock holders that are convertible into shares in accordance with the terms and conditions relating thereto.
2. To exchange for the acquisition of additional shares or interests or assets.
3. To set aside as part of employee share ownership plans.
4. To cancel such shares in accordance with the provisions of capital reduction.
5. Any other purpose determined by the Company and approved by the Ministry of Commerce.

Shareholder Access to Information

- The Board undertakes to make available to shareholders complete, clear, accurate and non-misleading information to enable them to properly exercise their rights. Such information shall be provided at the proper times and shall be updated regularly.
- The method used to provide information to shareholders shall be clear and detailed, and shall include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders holding the same type or class of shares.
- The Company shall use the most effective methods in communicating with shareholders and shall not discriminate among shareholders in respect of providing information.

Communicating with Shareholders

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- The Board shall ensure that communication between the Company and shareholders is based on the common understanding of the strategic objectives and interests of the Company.
- The Chairman of the Board and the Chief Executive Officer shall inform remaining Board members of the opinions of shareholders and discuss these opinions with them.
- No shareholder may intervene in the operations of the Board or the work of the Company's Executive Management unless he/she is a member of its Board or management; or unless his/her intervention occurs through the Ordinary General Assembly according to its powers or within the limits and situations permitted by the Board.

Electing Board Members


- Upon calling for the General Assembly, the Company shall announce on Tadawul's website information about the nominees for the membership of the Board which shall include the nominees' experience, qualifications, skills and their previous and current jobs and memberships. The Company shall make a copy of the mentioned information available in the Company's head office and its website.
- As per Article 5 of the Implementing Regulations of the Companies Law for Listed Joint Stock Companies, cumulative voting shall be used in electing the Board, in which it is not allowed to use the voting right of a single share more than once.
- Voting in the General Assembly shall be confined to the Board nominees whose information was announced by the Company.

Distribution of Dividends

- The General Assembly shall determine the percentage of the net profits to be distributed to the shareholders and deduct the reserves if any.
- The Board shall establish a clear policy for the distribution of dividends to achieve the interests of both shareholders and the Company as per the Company's Bylaws.
- Shareholders are entitled to receive their share of dividends as resolved by the General Assembly in respect of the distribution of dividends to shareholders, or the Board resolution on the distribution of interim dividends. Such resolutions shall specify the record date and distribution date provided that resolutions are executed as per Implementing Regulations to the Companies Law for Listed Joint Stock Companies.

Shareholder Rights Related to General Assembly Meetings

The Company's General Assembly shall be competent in all of their affairs. A duly constituted General Assembly shall represent all shareholders in exercising their powers in respect of the Company. The General Assembly shall

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


exercise its role in accordance with the provisions of the Companies Law, its implementing regulations thereof and the Company's Bylaws.

Responsibilities of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the following responsibilities:

- Amending the Company's Bylaws, except for amendments which are deemed null and void pursuant to the provisions of the Companies Law.
- Increasing the Company's share capital in accordance with the situations provided by the Companies Law and its implementing regulations thereof.
- Decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the situations provided by the Companies Law and its implementing regulations thereof.
- Resolving to maintain or liquidate the Company before the end of the term specified in its Bylaws.
- Approving the Company's shares buy-back, sale and mortgaging of shares, as set out in Article 15 of the Company's Bylaws.
- Issuing preferred shares or approving the buying thereof, or the conversion of ordinary shares into preferred shares, or converting preferred shares into ordinary shares as per Article 10 of the Company's Bylaws and in accordance with the Regulatory Rules and Procedures relating to Listed Joint Stock Companies issued pursuant to the Companies Law.
- Issuing debt instruments or financing deeds convertible into shares and stating the maximum number of shares that may be issued against these instruments or deeds.
- Allocate shares or portions thereof issued to employees of the Company and its Affiliates or some of them, or any of them, upon a capital increase, as per Article 12 of the Company's Bylaws.
- Suspending preemptive rights of shareholders in subscribing for a capital increase in exchange for cash or giving priority to non-shareholders in cases it deems in the best interests of the Company.


The Extraordinary General Assembly may issue resolutions that fall within the powers of the Ordinary General Assembly, provided that such resolutions are issued in accordance with the issuance requirements of Ordinary General Assembly resolutions which require that the absolute majority of shares be represented at the meeting.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Responsibilities of the Ordinary General Assembly

Except for the responsibilities reserved to the Extraordinary General Assembly, the Ordinary General Assembly shall have responsibilities in all Company affairs, and particularly the following:


- Appointing and dismissing Board members.
- Permitting a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account, in accordance with the provisions of the Companies Law and its implementing regulations.
- Permitting a Board member to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in accordance with the provisions of the Companies Law and its implementing regulations.
- Monitoring the compliance of Board members with the provisions of the Companies Law, its implementing regulations thereof and other relevant laws, and the Company's Bylaws; reviewing any damage that may occur as a result of their violation of such provisions or mismanagement of Company affairs, determine the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and its implementing regulations.
- Reviewing and discussing the Company's financial statements.
- Reviewing and discussing the Board's report.
- Deciding on the proposals submitted by the Board with respect to the method of distributing net profits.
- Appointing the Company's external auditors, specifying their remunerations, reappointing them, replacing them and approving their reports.
- Looking into the violations and errors committed by the Company's external auditors when performing their duties and any difficulties, reported by the Company's external auditors, regarding their empowerment by the Company's Board or management to review the books, records and other documents, statements and clarifications required to perform their duties, and respond to that as it deems appropriate in this regard.
- Using the Company's consensual reserve, if such has not been set aside for a specific purpose, provided that the utilization thereof is based on a proposal submitted by the Board and used in ways that benefit the Company or its shareholders.
- Forming the Company's reserves and determining their uses.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- Setting aside amounts from the Company's net profits to achieve social purposes for the benefit of the Company's employees in accordance with Article 123 of the Companies Law.

Shareholders' Assembly

- The Ordinary General Assembly shall convene in accordance with the situations and circumstances stated in the Companies Law, its implementing regulations and the Company's Bylaws.
- The Ordinary General Assembly shall convene at least once per year within the six months following the end of the Company's financial year. Ordinary General Assemblies may also be called to convene as needed.
- The General and Special Assemblies shall convene upon an invitation from the Board in accordance with the situations stated in the Companies' Law, its implementing regulations and the Company's Bylaws. The Board shall invite the Ordinary General Assembly to convene upon the request of the external auditor, the Audit Committee or a number of shareholders holding shares equal to at least (10%) of the Company's share capital. The external auditor may invite the assembly to convene if the Board does not invite the assembly to convene within thirty days from the date of the external auditor's request.
- The date, place and agenda of the General Assembly shall be announced at least 21 days prior to the date thereof; the invitation shall be published on Tadawul's website and the Company's website. The Company may invite the General and Special Shareholders' Assemblies to convene using contemporary technological means.
- The Company may amend the agenda of the General Assembly within the period falling between publishing the announcement and the date of convening the General Assembly meeting, provided that the Company shall make the announcement in accordance with prescribed conditions.
- Shareholders shall be granted the opportunity to effectively participate and vote in General Assembly meetings. Shareholder General Assembly meetings may be convened, and shareholders may participate in their deliberations and vote on their resolutions using contemporary technological means in accordance the implementing regulations of the Companies Law for Listed Joint Stock Companies.
- The Board shall endeavor to facilitate the participation of the largest number of shareholders in General Assembly meetings, including choosing the appropriate place and time for such meetings.
- The Company shall undertake to record the data of shareholders who desire to visit the Company's head office prior to the specified time for convening the assembly.


Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

The Agenda of the General Assembly

- When preparing the General Assembly agenda, the Board shall take into consideration the matters that the shareholders wish to include. Shareholders holding no less than (10%) of the Company's shares are entitled to add one or more items to the agenda upon its preparation.
- The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which Board members have a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.
- Through the Company's and Tadawul's websites, shareholders shall be allowed when the invitation for convening the General Assembly is published to obtain the information related to the items on the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit Committee's report in order to enable them to make an informed decision in this regard.
- The Company shall update said information when the General Assembly's agenda is amended.
- The CMA may add any items it deems appropriate to the agenda of the General Assembly.


Management of the Shareholders Assembly

- The shareholders' General Assembly meetings shall be chaired by the Chairman of the Board, his deputy (if the Chairman is absent) or the Board member delegated to do so by the Board of Directors when the Chairman and his deputy are absent. If all the preceding positions are not available, the General Assembly shall be chaired by a delegate of the shareholders from amongst the Board members or others by voting.
- The Chairman of the Shareholders Assembly shall undertake to grant shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly and avoid any procedure that may prevent them from attending assemblies or the exercise of their voting right. Shareholders shall be informed of the rules governing such meetings and the voting procedures thereat.
- Shareholders are entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to Board members and the external auditor. The Board or the external auditor shall answer the questions raised by shareholders to the extent that does not jeopardize the Company's interest.
- The Company undertakes to grant shareholders access to the minutes of the General Assembly meeting and provide the CMA with a copy of such minutes within 10 days of the date of any such meeting.
- The Company undertakes to publicly announce and inform the CMA and Tadawul, as per the rules prescribed by the CMA, of the results of a General Assembly meeting immediately following its conclusion.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Voting Rights

- Voting is a basic shareholder right. Thus, in accordance with Article 30 of the Company's Bylaws, during General Assembly meetings, each shareholder shall have one vote for each share that s/he holds. Cumulative voting shall be used to elect the Board of Directors, whose members may not participate in voting relating to discharging them of their liabilities pertaining to managing the Company or relating to any of their direct or indirect interests.
- Shareholders may participate in voting on General Assembly resolutions via contemporary technological means, in accordance with the Companies Law and its implementing regulations.
- Ordinary General Assembly resolutions shall be adopted by an absolute majority of the shares represented at the meeting. Extraordinary General Assembly resolutions shall be adopted by a two-thirds majority of the shares represented at the meeting unless the decision relates to a capital increase or decrease, extending the Company's duration, its dissolution prior to the expiry of the term specified in its Bylaws, or its merger with another company, when such resolutions are valid only if passed by a three-quarters majority of the shares represented at the meeting.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 3
BOARD OF DIRECTORS
FORMATION OF THE BOARD

Composition of the Board

The following shall be taken into consideration when composing the Board

- The number of its members shall be suitable for the size and nature of the Company's activities.
- The majority of Board members shall be Non-Executive Directors.
- The number of Independent Directors shall not be less than two members or one- third of the Board members, whichever is greater.

Appointment of Board Members

- In accordance with Article 16 of the Company's Bylaws, the Company shall be managed by a Board of Directors composed of nine (9) members, elected by cumulative vote for a period not exceeding three (3) years; said members may be re- elected.
- The Company undertakes that a Board member shall not be a member of the Board of Directors of more than five listed joint stock companies at the same time and that Board members shall be natural persons.
- The Company undertakes to notify the CMA of the names of its Board members and the description of their memberships within five business days from the commencement date of the Board's term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership, within five business days from the occurrence of such changes.


Conditions for Board Membership

Board members shall be professionally capable and possess the required experience, knowledge, skill and independence, which enable them to effectively and efficiently perform their duties. In particular, they must satisfy the following:

a. Ability to Lead

Demonstrate leadership skills that allow him to grant powers in a manner that leads to stimulating performance, as well as adopting the best practices for effective management and adherence to professional values and ethics.

b. Competence

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Possess the appropriate qualifications, professional and personal skills, training, practical experience relevant to the Company's current and future activities, or expertise in management, economics, accounting, law or governance, as well as the desire to learn and train.

c. Ability to Provide Guidance

Possess the required technical, leadership and managerial skills, as well as the ability to quickly take decisions, understand the technical requirements related to business, and be able to provide strategic guidance, planning and well-defined foresight.

d. Financial Knowledge

Be able to read and understand financial statements and reports.


e. Physical Fitness

Not hindered by health issues that may impede them from exercising their duties and responsibilities.

When electing Board members, the General Assembly shall take into consideration the recommendations of the Remuneration and Nomination Committee and the satisfaction of personal and professional requirements necessary for the effective performance of their duties.

Issues Affecting Independence

- Independent Directors must be able to perform their duties, express opinions and vote on decisions objectively and impartially, in order to enable the Board to make correct decisions that contribute to achieving the Company's interests.
- The Board of Directors shall conduct an annual assessment of its members independence and ensure that there are no relationships or circumstances that prejudice or may prejudice said independence.
- By way of example, the following shall constitute an infringement upon Board member independence:
 1. Holds (5%) or more of the shares of the Company or any of its corporate group of companies; or is the relative of such a shareholder.
 2. Is a relative of any member of the Board of the Company, or any other Company within the Group.
 3. Is a relative of any of the Company's Senior Executives or any other Company within the Group.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


4. Is a member of the Board of Directors of any other company within the Group.
5. Within the preceding two years, was an employee or ex-employee of the Company, any company within the Group, any party that deals with the Company, or was an employee or ex-employee of one of its corporate group of companies, such as an auditor or key supplier, or held a controlling interest in any such party within the preceding two years.
6. Has a direct or indirect interest in business or contracts entered into on behalf of the Company.

Board Membership Termination

- In accordance with Article 17 of the Company's Bylaws, Board membership shall expire upon the expiry of the Board's term or the expiry of the member's membership in accordance with the Companies Law and its implementing regulations and any applicable CMA guidelines. The Board of Directors shall call the Ordinary General Assembly to convene in ample time prior to the expiration of the Board's term to elect a board of directors for a new term. If the election cannot be held and the term of the current board expires, its members shall continue to carry out their duties until a board of directors is elected for a new term, provided that they do not continue to carry out their duties beyond 90 days from the Board's expiry date.
- The Ordinary General Assembly may at any time remove all or some members of the Board of Directors, without prejudice to the terminated member's right to claim compensation from the Company if said termination occurred without just cause or at an inappropriate time. Board members may retire on condition that they do so at an appropriate time lest they be held liable towards the Company for damages resulting therefrom.
- The General Assembly may, on the recommendation of the Board of Directors, terminate the membership of a member who fails to attend three consecutive meetings of the Board without legitimate cause.
- The Company shall promptly notify the CMA and Tadawul and specify the reasons for such termination when Board membership is terminated through any of the methods set forth therefor.
- If a Board member resigns, and he/she harbored remarks on the performance of the Company, then he/she shall submit a written statement relating thereto to the Chairman of the Board, who shall present said remarks to all Board members.

Resignation of Board Members

- In the event that the Chairman and members of the Board resign, they shall call for the Ordinary General Assembly to convene in order to elect a new board, such resignation shall not be effective until a new board is elected, provided that the period of such continuation of the resigned board does not exceed 120 days from the date of such resignation.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


- A Board member may resign pursuant to a written notice submitted to the Chairman of the Board. 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.
- If the position of a Board member becomes vacant due to his death or resignation, and if the minimum number of members required for the validity of board meetings as stipulated in the Companies Law or its Implementing Regulation, or the Company's Bylaws is not affected by such vacancy, the Board may appoint a qualified person with relevant expertise to provisionally fill the vacancy. The appointment shall be reported to the Commercial Register, and to the CMA within 15 days from the date of such appointment, and it shall be submitted to the Ordinary General Assembly in its first meeting. The appointed member shall complete the term of his predecessor.
- If the number of Board members falls below the minimum number required for the validity of board meetings as stipulated in the Companies Law or its Implementing Regulations or the Company's Bylaws, the remaining members shall call for an Ordinary General Assembly meeting within 60 days to elect the required number of members.
- If the Board is not elected for a new term or if the required number of board members is not satisfied, any person with interest may petition the competent judicial authority to appoint qualified persons with expertise, in any number it deems appropriate, to supervise the management of the Company and call on the General Assembly to convene within 90 days to elect a new Board or appoint Board members to satisfy the required number, as the case may be, or may petition the competent judicial authority to dissolve the Company.
- If a Board member resigns, and has feedback on the performance of the Company, such Board member shall submit a written statement describing their feedback to the Chairman of the Board. This statement shall be presented to the Board. If the Chairman of the Board resigns, such notice shall be submitted to the Board through the Board's Secretary.

Responsibilities and Authorities of the Board


Responsibility of the Board

- The Board represents all the shareholders, and thus it shall perform its duties of care and loyalty in managing the Company's affairs and undertake all actions in the general interest of the Company and develop it and maximize its value.
- The Board is responsible for the Company's business even if it delegates some of its powers to committees, individuals or other third parties. In any case, the Board may not issue a general or an open-ended delegation.

Duties of Care and Loyalty

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


- A Board member shall exercise duty of care and duty of loyalty, particularly in:
 1. Carrying out his/her duties within the scope of his/her powers.
 2. Acting in the interest of the Company and promoting its success.
 3. Making decisions or voting independently thereon.
 4. Exercising reasonable and expected due diligence, skill, and care.
 5. Avoiding conflicts of interest.
 6. Disclosing any direct or indirect interest s/he has in the transactions conducted and the contracts concluded for the Company's account.
 7. Not accepting any benefit granted thereto by third parties in relation to his/her role in the Company.
- Board members shall comply with the following:
 1. Exercising their powers in accordance with the Companies Law and its Implementing Regulations, the Company's Bylaws and other relevant laws, to achieve the purposes for which those powers were granted.
 2. Acting in good faith to achieve the interests of the Company, making sure to undertake all actions that would promote the success and growth of the Company, ensure its continuity, and maximize its value for the benefit of partners or shareholders.
 3. Exercising their duties objectively and impartially with regard to managing the Company and making decisions, while avoiding circumstances that would affect their impartiality when making decisions or voting.
 4. Carrying out their duties and responsibilities with the reasonable skill of a diligent person, subject to the general knowledge and experience personally possessed thereby, and those expected of a person assuming such a position.
 5. Avoiding circumstances that may give rise to a conflict of interest, and disclosing such circumstances promptly and in accordance with the provisions of the Companies Law and its Implementing Regulations.
 6. Not exploiting their position, duties and powers vested therein as Company Board members in any way, to obtain benefits from third parties.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Main Functions of the Board of Directors


Without prejudice to the powers conferred upon the General Assembly in the Company's Bylaws and the Companies Law and its implementing regulations thereof, the Board shall have the broadest powers to manage the Company and direct its operations for the purpose of achieving its objectives. The main functions and responsibilities of the Board of Directors include:

1. Developing the Company's main plans, policies, strategies and objectives, as well as supervise the implementation and periodic review thereof, while ensuring the availability of necessary human and financial resources to achieve said objectives, including:
 - a. Setting the Company's overall strategy, key business plans, policies and mechanisms of risk management, as well as reviewing the same and provide guidance in that regard.
 - b. Determining the Company's optimal capital structure, its strategies and financial objectives; as well as approve estimated budgets.
 - c. Overseeing the Company's main capital expenditures, and the acquisition or disposal of assets.
 - d. Setting performance objectives and monitoring the Company's execution thereof and overall performance.
 - e. Periodically reviewing and adopting the Company's organizational and human resources structures.
 - f. Ensuring the availability of human and financial resources necessary to achieve the Company's objectives and main plans.
2. Setting the rules and procedures for internal control and generally overseeing them, including:
 - a. Developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties.
 - b. Ensuring the integrity of financial and accounting rules, including rules relating to the preparation of financial reports.
 - c. Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

level and disclosing such risks transparently to the Stakeholders and parties related to the Company.

- d. Reviewing, on an annual basis, the effectiveness of the Company's internal control procedures.
3. Setting forth specific and explicit policies, standards and procedures for membership on the Board - without prejudice to the compulsory provisions set forth in the Governance Regulations - and implementing said policies following approval by the General Assembly.
4. Developing written policies regulating the relationship with stakeholders, in accordance with the provisions of the Governance Regulations.
5. Adopting policies and procedures to ensure that the Company is in compliance with rules and regulations and committed to disclose material information to shareholders and Stakeholders, as well as ensuring Executive Management compliance therewith.
6. Overseeing the management of the Company's finances, cash flows and financial and credit relations with third parties.
7. Proposing recommendations to the Extraordinary General Assembly regarding the following:
 - a. Increasing or decreasing the Company's capital
 - b. Dissolving the Company prior to its Bylaws defined term or deciding that it remains a going concern business.
8. Proposing recommendations to the Ordinary General Assembly regarding the following:
 - a. The use of the Company's consensual reserve in case not allocated for a specific purpose.
 - b. Forming additional Company reserves or financial allocations.
 - c. The method for distributing the Company's net profits.
9. Preparing and approving the Company's preliminary and annual financial statements prior to their publication.
10. Preparing and approving the Board report prior to its publication.
11. Ensuring the accuracy and integrity of data and information to be disclosed in accordance with applicable disclosure and transparency policies.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

12. Developing effective channels of communication allowing shareholders to have continuous and periodic access to the various aspects of the Company's businesses and material developments.
13. Forming specialized committees emanating therefrom through resolutions specifying the terms, powers and responsibilities thereof, as well as the manner by which the Board shall oversee said committees. The relevant resolutions shall name committee members and determine the duties, rights and obligations thereof, while evaluating the performance and work of said committees and their members.
14. Determining the remuneration granted to Company employees, such as fixed salaries, performance-related and share-based bonuses, in a manner consistent with the implementing regulations of the Companies Law for Listed Joint Stock Companies.
15. 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 as per paragraph 14 of Article 28 of the Governance Regulations and shall be accompanied by a special report of the Company's external auditor.
16. Setting the values and standards that govern the work at the Company.


Distribution of Responsibilities and Duties

The Company's organizational structure should specify the responsibilities and distribute the duties between the Board and Executive Management in accordance with the best practices in corporate governance, and to improve the efficiency of the Company's decision-making process and achieve a balance in the powers and authorities granted to each of them. Towards that end, the Board shall:

- a. Approve and develop internal policies relating to the Company's business, including defining the duties, authorities and responsibilities assigned to the various organizational levels.
- b. Approve a written and detailed policy that identifies the authority delegated to Executive Management, a matrix stating those powers, means of implementation and duration of delegation. The Board of Directors may request that the Executive Management to submit periodic reports in respect of its performance of such delegated powers.
- c. Identify the matters on which the Board reserves the power to decide.

Separation of Positions

- In accordance with Article 21 of the Company's Bylaws, the Board shall appoint from among its members a Chairman and a Vice Chairman. It may also appoint a Managing Director or a CEO.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- No one person may concurrently hold the position of Chairman of the Board and any executive position in the Company, including the position of Managing Director, Chief Executive Officer or Director General, even if the Company's Bylaws provide otherwise.
- Paragraphs 3, 4, 5 and 6 of Article 21 of the Company's Bylaws define the respective powers and responsibilities of the Chairman and Managing Director.
- In all cases, no one person may have the sole and absolute powers to take decisions in the Company.

Oversight over the Executive Management


The Board shall form the Company's Executive Management, regulate its operating procedures, monitor and oversee it and ensure that it performs the duties assigned to it, and to achieve this, the Board shall:

- Develop the necessary administrative and financial policies.
- Ensure that Executive Management is operating in accordance with the policies approved by the Board.
- Select and appoint the Company's Chief Executive Officer and supervise his/her work.
- Appoint the manager of the internal audit unit or department, or the internal auditor and dismiss him/her and determine his/her remuneration.
- Hold periodic meetings with Executive Management to discuss work progress, any obstacles and problems associated therewith, and review and discuss important information about the Company's business.
- Develop Executive Management performance standards that are consistent with the objectives and strategy of the Company.
- Review and evaluate Executive Management performance.
- Develop plans of succession for the Company's management.


Responsibilities and Duties of the Executive Management

Without prejudice to the powers conferred upon the Board of Directors under the provisions of the Companies Law and its implementing regulations, the Executive Management shall be responsible for implementing the Company's plans, policies, strategies and main objectives to achieve its aims. The responsibilities and duties of the Executive Directorate include the following:


1. Implementing the Company's internal policies and regulations as approved by the Board of Directors.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

2. Proposing a comprehensive corporate strategy, master and interim business plans, investment policies and mechanisms, funding, risk management, as well as contingency management and implementation plans.
3. Proposing an optimal capital structure, financial strategies and objectives for the Company.
4. Proposing the Company's main capital expenditures, as well as the acquisition and disposition of the assets.
5. Proposing the Company organizational and human resources structures, as well as submit the same to the Board for adoption.
6. Implementing and overseeing the Company's internal control systems, including:
 - a. Implementing a conflict of interest policy.
 - b. Appropriate implementation of financial and accounting systems, including relevant financial reporting systems.
 - c. Applying appropriate control systems for measuring and managing risks by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk mitigation at the Company level, and transparently disclosing them to the Company's Board and other Stakeholders.
7. Effectively implementing the Company's Governance Rules - without prejudice to the provisions of the Governance Regulations - and proposing amendments thereto as necessary.
8. Implementing policies and procedures that ensure the Company's compliance with laws and regulations and its commitment to disclosing material information to shareholders and stakeholders.
9. Providing the Board with the necessary information to exercise its powers and making recommendations on the following:
 - a. Increasing or decreasing the Company's capital.
 - b. Dissolving the Company before the end of its term as specified in the Bylaws or deciding the continuation thereof.
 - c. Utilizing the Company's reserves if they are not allocated for a specific purpose under the Bylaws.
 - d. Forming additional reserves.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- e. Manner by which Company net profits are distributed.
10. Proposing the policy and types of remuneration granted to employees, such as fixed remunerations, performance-related bonuses and share awards.
 11. Preparing periodic financial and non-financial reports on the progress of the Company's business in light of the Company's strategic plans and objectives and present those reports to the Board.
 12. Managing the Company's day-to-day operations and facilitate its activities, as well as optimally managing its resources in accordance with the Company's objectives and strategy.
 13. Actively participating in building and developing a culture of ethical values within the Company.
 14. Implementing internal control and risk management systems, verifying the effectiveness and adequacy of those systems, and ensuring compliance with the Board adopted risk level.
 15. Proposing and developing internal policies relating to the Company's business, including the definition of the functions, authorities and responsibilities assigned to different organizational levels.
 16. Proposing a clear policy for the delegation of business and the manner by which the latter is implemented.
 17. Proposing the powers to be delegated to the Executive Management, the decision-making procedures and the duration of the mandate; with periodic reports submitted to the Board on its implementation of said powers.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

RESPONSIBILITIES OF THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS

Responsibilities and Duties of the Chairman of the Board


Without prejudice to authorities of the Board, the Chairman of the Board shall lead the Board and oversee its activities and the effective performance of its duties. In particular, the Chairman of the Board's responsibilities and duties shall include the following:

1. Ensuring that Board members receive timely, complete, clear, correct and non-misleading information.
2. Ensuring that the Board discusses all key issues in an effective and timely manner.
3. Representing the Company before third parties in accordance with the Companies Law and its implementing regulations and the Bylaws.
4. Encouraging Board members to exercise their functions effectively and in the best interest of the Company.
5. Ensuring that effective channels of communication exist with shareholders and that their views are communicated to the Board of Directors.
6. Promoting the establishment of constructive relationships and effective participation between the Board and Executive Management, as well as between Executive, Non- executive and Independent Directors; in addition to establish a culture that encourages constructive criticism.
7. Preparing the agendas of Board meetings, taking into account any matter raised by a member thereof or by the Auditor, and consult with Board members and the Chief Executive Officer in preparing the Board's agenda.
8. Holding periodic meetings with Non-executive Board members without the presence of any of the Company's executives.
9. Article 21 of the Company's Bylaws set out the complete authorities and duties of the Chairman of the Board.


Tasks and Duties of the Board Members

By virtue of their membership therein, Board Directors shall perform the following tasks and duties:

1. Making proposals for the development of the Company's strategy.
2. Monitoring the performance of Executive Management and the extent to which it achieves the objectives and purposes of the Company.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

3. Reviewing Company performance reports.
4. Ensuring the integrity and reliability of the Company's financial statements and information.
5. Ensuring the robustness of the Company's financial control and risk management systems.
6. Determining the appropriate level of remuneration of the Executive Management members.
7. Expressing opinions on the appointment and dismissal of Executive Management members.
8. Participating in the development of the Company's executive position succession and replacement plans.
9. Fully complying with the provisions of the Companies Law, Capital Market Law and their implementing regulations, other relevant regulations and the Company's Bylaws in the exercise of their Board membership functions, and refraining from engaging in or participating in any act that constitutes mismanagement of the Company's affairs.
10. Attending Board and General Assembly meetings and not being absent except for legitimate excuse of which the Chairman of the Board shall be notified by prior notice, or in cases of emergency.
11. Allocating sufficient time to carry out his/her responsibilities, effectively prepare and participate in meetings of the Board and its committees, including by posing relevant questions and engaging in discussions with the Company's Senior Executives.
12. Studying and analyzing relevant information on matters before the Board prior to giving an opinion in that regard.
13. Enabling other Board members to freely express their views and urging the Board to discuss topics and explore the views of specialists from the Executive Management and others if need be.
14. Fully and immediately informing the Board of Directors of any direct or indirect interest in any business and contracts made on behalf of the Company, including the nature and extent of said interest, the names of any concerned persons and the direct or indirect benefit expected therefrom, whether financial or not. The concerned member shall not partake in voting on any resolution related thereto in accordance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

15. Fully and immediately informing the Board of Directors of any direct or indirect participation in any business or upon engaging in commerce related to that of the Company, and that competes with that of the Company - directly or indirectly - in accordance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
16. Refraining from disseminating or disclosing to Shareholders or others any secrets that may have been disclosed as a result of Board membership, except during General Assembly meetings, as required by the provisions of the Companies Law, the Capital Market Law and their implementing regulations.
17. Working on the basis of complete information, in good faith, with due care and attention, and in a manner that is beneficial to the Company and all shareholders.
18. Recognizing the duties, roles and responsibilities arising from Board membership.
19. Developing his/her knowledge in the field of the Company's activities and business, as well as any related financial, commercial and industrial sectors.
20. Resigning from the Board of Directors in the event that he/she is unable to fully fulfill his/her functions related thereto.


Duties of the Independent Director

Without prejudice to the authorities of the Board, an Independent Director of the Board shall effectively participate in the following duties:

1. Expressing his/her independent opinion in respect of strategic issues and the Company's policies and performance and appointing members of the Executive Management.
2. Ensuring that the interest of the Company and its shareholders are taken into account and given priority in case of any conflicts of interest.
3. Overseeing the development of the Company's Corporate Governance Rules and monitoring the implementation of the Rules by the Executive Management

The Business Judgment Rule

- The Company may provide liability insurance coverage for a Board member during the term of service or membership against any claim made against him in his capacity as Board member.
- A Board member or its Chairman are deemed to have fulfilled their duties in good faith in any decision made or voted on if the following is achieved:

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


1. They are not in a conflict of interest regarding the subject of the vote;
2. They are reasonably knowledgeable and fully informed of the subject of the vote as appropriate in the relevant circumstances; and
3. They honestly believed the vote to be in the best interests of the Company.
4. The burden of proof shall lie with the person claiming otherwise in liability lawsuits.

Liability Lawsuits


- The Company may initiate a derivative action against a manager or Board member for any damage incurred by the Company resulting from the violation of the Companies Law or its Implementing Regulations or the Company's Bylaws or from a wrongful act, negligence, or omission in the performance of their duties.
- The decision to initiate the action and to designate a representative on behalf of the Company to pursue such action shall be made by the General Assembly.
- If the Company is under liquidation, the liquidator shall initiate the action. If any liquidation proceedings are initiated against the Company under the Bankruptcy Law, the action shall be initiated by its legal representative.
- A Shareholder, or more, representing 5% of the Company's capital, may initiate a derivative action on behalf of the Company if such action is not initiated by the Company, provided the action serves the interests of the Company and is based on valid grounds, and the plaintiff is acting in good faith and is a partner or shareholder in the Company at the time of initiating the action.
- To initiate the action, the Company's manager or Board members, as the case may be, shall be notified of the intent to initiate the action at least 14 days prior to the initiation date.
- A shareholder may initiate a private right of action against the manager or Board members if the wrongful act attributed thereto results in specific damages to the shareholder.

Granting Loans

- The Company may not grant any type of loan to its Board members nor may it act as a guarantor or provide guarantees for any loans they conclude with a third party. This shall apply to any loan or guarantee provided to any of their relatives.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- The above shall not apply to loans and guarantees granted by the Company in accordance with its employee incentive programs which are approved in accordance with the Company's Bylaws or pursuant to a resolution by the General Assembly.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

BOARD PROCEDURES

Board Meetings

In accordance with Articles 22 and 23 of the Company's Bylaws,

- The Board shall meet at least four times per year and at least once every three months upon an invitation by its Chairman or at the request of one of its members.
- Invitations to the meeting shall be sent to each of the Board members no less than two weeks prior to the date of the meeting accompanied by its agenda and the necessary documents and information, unless Board members agree otherwise.
- Meetings shall be quorate when attended by at least 5 Board members in person and by proxy, provided that the number of attendees in person shall not be less than 4.
- Board members may delegate other members to attend Board meetings pursuant to the following:
 1. A Board member may not represent more than one member at the same meeting.
 2. The delegation shall be made in writing and pertain to one specific meeting.
 3. The proxy may not vote on decisions that the principal is legally prohibited from voting on.


Board Resolutions and Deliberations

Articles 23, 24 and 25 of the Company's Bylaws stipulate that:

- Board resolutions shall be passed by a majority vote of members present in person or represented thereat. In the event of a tie, the Chairman shall have the deciding vote.
- The Board may pass emergency resolutions by circulation when the latter are sent to all Board members individually unless a member requests in writing that a meeting be held for deliberations. Such resolutions shall be submitted before the Board at its first subsequent meeting.
- Board deliberations and decisions shall be documented in minutes signed by the Board's Chairman, attending members, and Secretary. Said minutes shall be recorded in a special register signed by the Chairman and the Secretary.

Board Member Remarks

- When Board members have remarks regarding the Company's performance or any of the issues discussed but not resolved during the Board meeting, said remarks shall be recorded in the minutes with a statement made about the measures taken or considered by the Board in their regard.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- The meeting minutes shall document in detail dissenting opinions pertaining to resolutions adopted by the Board.

Organizing the Attendance of the Board Meetings

- In accordance with Paragraph 1 of Article 17 of the Company's Bylaws, "the General Assembly may - based on a recommendation from the Board - terminate the membership of members who fail to attend three consecutive meetings or five separate meetings during his membership period without a legitimate excuse accepted by the Board."
- Board remuneration shall be commensurate with the number of meetings attended by each member.
- Independent Board members shall endeavor to attend all meetings where important and material decisions are taken affecting the Company's position.

Board Meeting Agenda


- The Board shall approve its agenda upon convening a meeting. Meeting minutes shall document any objection to said agenda.
- Board members shall have the right to propose the inclusion of additional agenda items.

Exercising the Responsibilities of the Board

- The Board of Directors shall exercise its responsibilities and duties to lead the Company within a framework of effective and prudent controls that allow assessing and managing risks and limiting and mitigating their effects.
- Subject to Paragraph 9 of Article 19 of the Company's Bylaws, the Board of Directors, within the scope of its authorities, may delegate one or more of its members or others to undertake certain acts or functions that fall within its authorities, with the Board being entitled to cancel said delegation in full or in part.
- The Board of Directors shall establish an internal policy setting out its working procedures with the aim of encouraging its members to effectively fulfill their duties towards the Company.
- The Board of Directors shall organize its activities and allocate sufficient time to carry out the tasks and responsibilities entrusted to it, including preparing for Board and committee meetings, while emphasizing coordinating, recording and keeping minutes of its meetings.

Board Secretary


- In accordance with Paragraph 7 of Article 21 of the Company's Bylaws, the Board of Directors shall appoint a Board Secretary of the Board from among its members or others.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- The Board shall set the remuneration of the Board Secretary.
- The Secretary's responsibilities shall include:
 1. Documenting Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, times on which such meeting commenced and concluded; and recording the decisions of the Board and voting results and retaining them in a special and organized register, and including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.
 2. Retaining the reports submitted to the Board and the reports prepared by it.
 3. Providing Board members with the agenda of the Board and related worksheets, documents, data and any additional information requested by Board members and related to the topics included in the agenda items.
 4. Ensuring that Board members comply with the procedures approved by the Board.
 5. Notifying Board members of the dates of the Board's meetings sufficiently prior to the date set therefor.
 6. Presenting the draft minutes to members of the Board in order for them to provide their opinions thereon prior to signing the same.
 7. Ensuring that Board members receive, fully and promptly, a copy of the Board meetings' minutes, as well as the information and documents related to the Company.
 8. Coordinating among the Board members.
 9. Regulating the disclosure register of the Board and Executive Management.
 10. Providing assistance and advice to the Board members.
- The Secretary of the Board may not be dismissed except pursuant to a decision by the Board.

Board Remuneration

- The remuneration of Board members shall be subject to Articles 20 the Company's Bylaws, based on Article 76 of the Companies Law. Article 20 states that "the remuneration of Board members may be a specific amount, meeting attendance allowance, benefits in kind, or a certain percentage of net profits. Two or more of these benefits may be combined in accordance with the provisions of the Companies Law, the Corporate


Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Governance Regulations and the rules and standards established by the CMA in this regard. The Board of Directors report submitted to the Ordinary General Assembly in the annual meeting shall include a detailed statement of all the amounts Board members received or were entitled to receive during the fiscal year in the form of remuneration, meeting allowances, expense allowances, and other benefits. The report shall also include a statement of the amounts received by Board members in their capacity as employees or executives, or in exchange for technical, administrative, or consulting services as well as a statement of the number of Board meetings and the number of meetings attended by each member.”

- Board member remuneration shall be determined based on the recommendation of the Remuneration and Nomination Committee. If the recommendation is to pay a certain percentage of net profits as remuneration to the Board of Directors, then
- The Bylaws may set the maximum amount of remuneration, and the Ordinary General Assembly shall determine such amount, provided that the Remuneration:
 1. Shall be fair and commensurate with the member's authorities, duties and tasks entrusted thereto, in addition to the objectives set by the Board to be achieved during the fiscal year.
 2. Shall be commensurate with the Company's activity and the skill required for the management thereof.
 3. Take into consideration the size of the Company, and experience of its Board members.
 4. Shall be appropriate to attract, motivate and retain highly qualified and experienced Board members.
- The Remuneration of Board members may vary in amount to take into account the member's experience, specializations, duties, and number of sessions attended thereby, as well as other considerations.
- The Remuneration of independent board members shall not be a percentage of the profits realized by the Company, nor shall it be based directly or indirectly on the Company's profitability.
- In its annual report, the board of directors shall disclose details of the Remuneration policies, mechanisms for determining such Remuneration, including amounts and in-kind benefits paid to each Board member in exchange for any executive, technical, managerial, or advisory work or position.


Non-Entitlement or Reimbursement of Remuneration

- If the Ordinary General Assembly decides to terminate the membership of a Board member who failed to attend three consecutive meetings or five non-consecutive meetings during the course of his membership without an excuse acceptable to the Board, then such member shall not be entitled to any remuneration for

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

the period following the last meeting attended thereby, and he shall reimburse all remuneration amounts paid thereto for that period.

- If it is determined that remuneration paid to any Board member was based on incorrect or misleading information, then such Board member shall reimburse the remunerations to the Company, which shall be entitled to request reimbursement thereof from the Board member.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

TRAINING & SUPPORT


Training Board Members

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

- preparing programs for the recently appointed members of the Board and Executive Management to familiarize them with the progress of the Company's business and activities, particularly the following:
 - a. The strategy and objectives of the Company.
 - b. The financial and operational aspects of the Company's activities.
 - c. The obligations, duties, responsibilities and rights of Board members.
 - d. The duties and responsibilities of the Company's committees.
- Developing the necessary mechanisms for members of the Board members and Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.

Providing Board Members with Information

The Company's Executive Management shall, in a timely manner, provide Board members, in particular Non-Executive Directors and the Company's committees, with all of the necessary information, details, documents and records, provided that they shall be complete, clear, correct and non-misleading; thus enabling them to perform their duties and obligations.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

CONFLICTS OF INTEREST


Conflict of Interest Policy

The Board shall develop an explicit and written policy to deal with actual and potential conflicts of interest situations which may affect the performance of Board members, the Executive Management or any other employees of the Company when dealing with the Company or other Stakeholders. This policy shall include the following in particular:

- Informing Board members, Substantial Shareholders, Senior Executives and other Company employees of the need to avoid situations that may lead to a conflict between their interests and the interests of the Company, and dealing with them in accordance with the provisions of the Companies Law and its implementing regulations.
- Providing examples of conflicts of interest situations that are relevant to the nature of the Company's activity.
- Clear procedures for disclosing conflicts of interest and obtaining authorization or the requisite approval prior to commencing the activities that may lead to conflicts of interest.
- The obligation to constantly disclose situations that may lead to conflicts of interest or upon the occurrence of such conflicts.
- The obligation to abstain from voting or taking part in decision making when there are conflicts of interest.
- Clear procedures when the Company contracts or enters into a transaction with a Related Party, this shall include notifying the CMA and the public without delay of said contract or transaction if it equals to or exceeds (1%) of the Company's total revenues according to the last annual audited financial statements.
- Procedures to be taken by the Board when discovering that such policy is violated.


Avoiding Conflicts of Interest

- Board members shall:
 - a. Perform their duties with honesty and integrity and put the interests of the Company over their own interest, and not use their position to achieve personal interests.
 - b. Avoid situations of conflicts of interest and notify the Board of such situations that may affect their neutrality when looking into matters presented before the Board. The Board shall not allow such

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

member to be involved in deliberations and shall not count their vote on such matters being deliberated by the Board and shareholders assembly meetings.

- c. Protect the confidentiality of the information related to the Company and its activities, and not disclose any such information to any person.
- Board members are prohibited from:
 - a. Voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if they have a direct or indirect interest therein.
 - b. Misusing or benefitting, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to them or the Company in their capacity as members of the Board. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to Board members who resign to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to their knowledge during their tenure on the Board.
 - In accordance with the provisions of Article 30 of the Company's Bylaws, a member of the Board of Directors may not have any direct or indirect interest in any business and contract made on behalf of the Company, except with the authorization of the Ordinary General Assembly.
 - Board members shall inform the Board of any direct or indirect interest in any business and contract made on behalf of the Company; with such notification recorded in the meeting minutes. Conflicted members may not participate in voting on resolutions taken by the Board and shareholder assemblies in this regard. The Chairman of the Board shall inform the Ordinary General Assembly at the time of its convening of any business and contract in which a Board member has a direct or indirect interest. The notification shall be accompanied by a special report drafted by the Company's external auditor.
 - If a Board member violates this Policy, the Company may petition the competent judicial authority to invalidate the contract and order him to return any profit or benefits realized from such violation.
 - Liability for damages arising from the transactions and contracts referred to in paragraph (a) above shall be borne by the Board member having interest in such transactions or contracts; liability shall also be borne by other Board members for their omission or negligence in the performance of their duties in violation of said paragraph, or if it is established that the transactions and contracts are unfair or involve a conflict of interest and shareholders sustain damage therefrom.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- Board members who object to the resolution shall not be liable if their objection is explicitly recorded in the meeting minutes. Absence from the meeting at which the decision is issued shall not exempt the absentee from liability, unless it is established that he was not aware of the decision or was unable to object to it after becoming aware thereof.

What Constitutes Direct and Indirect Conflicts of Interest

- A Board member's interest shall be deemed indirect if the transactions and contracts executed for the Company's account may result in financial or non-financial benefits to, without limitation, the following categories:
 - The Relatives of the Board member.
 - A partnership, limited partnership or limited liability company where a Board member or any of his/her Relatives are a partner in.
 - A joint-stock company or simplified joint-stock company in which a Board member or Relatives thereof, individually or collectively, own 5% or more of the total shares thereof.
 - An entity, other than companies, in which a Board member or Relatives thereof hold a shareholding or managerial position.
 - A company in which a Board member or Relatives thereof are managers, members of its board of directors or senior executives.


Exceptions to Conflicts of Interest by Board Members

The Conflicts of Interest Policy shall not apply to the following:

- Transactions conducted and contracts concluded pursuant to public tenders.
- Transactions and contracts that aim to meet personal needs if they are carried out under the same terms and conditions the Company applies to all persons and contractors it deals with and are within the Company's regular activities.
- Any other transactions or contracts specified by the Companies Law and its Implementing Regulations which are not inconsistent with the Company's interest.

Disclosure of Conflicts of Interest by Nominees

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

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

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


Competing with the Company

- If a member of the Board desires to engage in a business that may compete with the Company or any of its activities, the following shall be taken into account:
 - a. Notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting.
 - b. The conflicted member shall abstain from voting on the related decision in the Board meeting and General Assemblies.
 - c. The Chairman of the Board informing the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board is engaged in, 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 standards issued by the Ordinary General Assembly upon a proposal from the Board and published on the Company's website, provided that such businesses are assessed on an annual basis.
 - d. Obtaining consent from the Company's Ordinary General Assembly authorizing the member to engage in the competing business.
- If the Board member does engage in business that may compete with the Company or any of its activities, without the authorization of the Ordinary General Assembly, the Company may petition the competent judicial authority for appropriate compensation.

Concept of Competing Businesses

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

- a. The Board member establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a Company or any other entity that engages in business activities that are similar to the activities of the Company or its group.
- b. Accepting membership in the Board of a company, an entity that competes with the Company or its group or managing the affairs of a competing sole proprietorship or any competing company of any form.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- c. The Board member acting as an overt or covert commercial agent for another company or entity competing with the Company or its group.

Refusal to Grant the Authorization

If the General Assembly refuses to grant the authorization allowing a Board member to have a direct or indirect interest in businesses or contracts entered into on behalf of the Company, or engaging in business activities that compete with the Company or any of the activities thereof, the Board member Board shall resign within a period specified by the General Assembly; otherwise, his/her membership on the Board shall be deemed terminated, unless he/she decides to withdraw from such contract, transaction or competing venture or regularize his/her situation in accordance with the Companies Law and its implementing regulations prior to the end of the period set by the General Assembly.

Accepting Gifts

Board members, committee members and Senior Executives may not accept gifts from any person who has business dealings with the Company, if such acceptance of gifts may lead to a conflict of interest.

Examples of Conflicts of Interest


Hypothetical 1: By virtue of his/her position as a Board member in the Company, Board Member A learns of an investment opportunity that requires the Company engaging in a service level agreement with a third party. Board Member A is presented with three options for service providers. Board Member A chooses a service provider whom he knows is owned by his Relative without disclosing such relationship.

Hypothetical 2: By virtue of his/her position as a Board member in the Company, Board Member B learns of an investment opportunity which will create great returns. Board Member B then instructs his/her spouse to pursue such opportunity.

Hypothetical 3: Board Member C is invited to a dinner in his personal capacity. At the dinner, Board Member C is asked about his role on the Board of the Company. Board Member C provides confidential information at the dinner.

Hypothetical 4: Board Member D serves as a board member in a competing company without having first disclosed such position to the Board.

Hypothetical 5: Board Member E accepts a vacation package as a gift from a vendor. Board Member E then votes to purchase more than what the Company needs from the vendor.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 4 COMPANY COMMITTEES GENERAL PROVISIONS


Committee Formation

The Board shall form specialized committees as follows:

1. As may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties.
2. The formation of the committees shall be made in accordance with general procedures developed by the Board, which shall determine the duties, duration and powers of each committee, and the manner in which the Board monitors the activities of each committee. The committee shall inform the Board of its findings or decisions with complete transparency. The Board shall regularly follow up the activities of such committees to ensure the performance of the duties delegated to them.
3. Each committee shall be responsible before the Board for its activities; this shall not relieve the Board of its responsibility for such activities, duties and powers that it has delegated to such committee.
4. The number of members of a committee shall not be less than three or more than five.
5. The chairmen or whom they delegate from among committee members shall attend the General Assembly Meetings and answer any questions raised by the shareholders.
6. The Company shall provide the CMA with the names of the members and the status of the memberships in such Board committees within five days of their appointment, and shall notify the CMA of any changes thereto within five days of the date of such changes.
7. The Company may merge remuneration and nomination committees into one committee named the Remuneration and Nomination Committee. In such case, said committee must satisfy the requirements pertaining to either and exercise all the powers granted to them, provided that the committee convenes periodically at least every six months.

Committee Membership

- The Company undertakes to appoint a sufficient number of Non-Executive Directors to the committees which perform duties that may involve conflicts 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 remunerations. Chairmen and members of these committees shall comply with principles of truthfulness, honesty, loyalty, and care and shall attend to the interests of the Company and its shareholders and give them precedence over their personal interests.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- In forming the remuneration and nomination committees, the Company shall take into consideration that their members are of Independent Directors. The Board may appoint Non-Executive Directors or persons other than Board members either from shareholders or others, provided that the chairmen of said two committees are Independent Directors.
- The Chairman of the Board shall not be a member of the Audit Committee. He/she may be a member of other committees, provided that he/she is not the chairman of committees set forth in these Rules.

Studying Subjects

- Each committee shall assess the matters that fall within its purview or those referred to it by the Board and shall communicate its recommendations to the Board to issue decisions in connection therewith. The committees shall take decisions in regard to these matters if delegated by the Board, with the Board held liable for said decisions.
- Each committee may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting, while noting the name of the expert and his relation to the Company or its Executive Management.


Committee Meetings

- No member of the Board or Executive Management, except the secretary or a member of the committee may attend the meetings of a committee unless such committee requests his/her opinion or advice.
- Committee meetings are quorate if attended by a majority of its members. Committee resolutions shall be adopted by a majority of the votes present and, in case of a tie, the chairman of the relevant committee shall have the casting vote.
- Board meetings shall be documented and minutes including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the committees and voting results shall be documented and retained in a special and organized register, including the names of attendees and any reservations they expressed (if any). Such minutes shall be signed by all attending members.


Committees formed by the Company

Based on the foregoing, the Company has formed the following committees:

- a. Audit Committee.
- b. Remuneration and Nomination Committee.
- c. Investment Committee.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- d. Risk Management Committee.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Regulations of Board Committee


Chapter 1

Audit Committee Charter

This Charter was adopted pursuant to a General Assembly Resolution at its meeting held on 23/9/1445H corresponding to 2/04/2024G, in accordance with paragraph (h) of Article 51 of the Corporate Governance Regulations issued by the board of directors of the Capital Market Authority pursuant to resolution number (8-6-2017) dated 16/5/1438H. corresponding to 13/2/2017G as amended pursuant to resolution number (8-5-2023) dated 25/6/1444H. corresponding to 18/1/2023G.

First: Audit Committee Formation, Nomination of Members and Duration of Appointment

1. An Audit Committee shall be formed by a resolution of the Company's Board and the members of the Audit Committee shall be from the shareholders or others, provided that no Executive Director is among its members. The number of members of a committee shall not be less than three or more than five, provided that one member is specialized in finance and accounting.
2. Members of the Audit Committee are nominated based on the recommendation of the Nominations and Remuneration Committee.
3. The Audit Committee members shall include at least one Independent Director.
4. Any person who works or has worked in the executive or financial management of the Company or with the Auditor of the Company during the last two years may not be a member of the Audit Committee.
5. A member of the Audit Committee shall not be a member of the audit committees of more than five listed joint stock companies at the same time.
6. Members of the Audit Committee shall be selected in such a way as to ensure that they possess a variety of skills and expertise, taking into account their possession of appropriate expertise in the Company's business sector.
7. Members of the Audit Committee shall be appointed for a period not exceeding three years and may be reappointed as needed for the Committee's formation.
8. The Board of Directors shall appoint the Chairman of the Audit Committee from among its members, and the Audit Committee shall appoint a Secretary from among its members or the Company's employees during its first meeting.
9. If an Audit Committee seat becomes vacant, the Company's Board of Directors may appoint a temporary member to the vacant position, provided that the latter has the required expertise and

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

competence. The CMA shall be informed thereof within five business days from the date of appointment. The new Audit Committee member shall complete the term of his predecessor.

- The Company undertakes to notify the CMA of the names of its Audit Committee members and the status of their memberships within five business days from the date of their appointment, as well as any changes that may affect their membership, within five business days from the occurrence of such changes.

Second: Duties and Responsibilities of the Audit Committee


The Audit Committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the Audit Committee shall particularly include the following:

Financial Reports

- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Analyzing any important or non-familiar issues contained in the financial reports.
- Accurately investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties, or the Company's Compliance Officer or External Auditor.
- Examining accounting estimates in respect of significant matters that are contained in the financial reports.
- Examining the Company's accounting policies and providing the Board with its opinion and recommendations thereon.

Internal Audit

- Examining and reviewing the Company's internal and financial control systems, as well as its risk management policies.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


2. Analyzing internal audit reports and following up on the implementation of corrective measures in respect of the remarks contained therein.
3. Monitoring and overseeing the performance and activities of the Company's internal auditor and internal audit department, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
4. Submitting a recommendation to the Board on appointing a director for the internal audit department and suggest the remunerations thereof.

External Auditor Responsibilities

1. Providing recommendations to the Board to nominate auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
2. Verifying the independence of the auditor, its objectivity, fairness, and effectiveness of audit activities, taking into account relevant rules and standards.
3. Reviewing the plan of the Company's auditor and its activities and ensuring that it does not provide any technical or administrative works that are beyond its scope of work and provides its opinion thereon.
4. Responding to queries of the Company's auditor.
5. Reviewing the auditor's reports and its comments on the financial statements, as well as following up on the procedures taken in connection therewith.

Ensuring Compliance

1. Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
2. Ensuring the Company's compliance with relevant laws, regulations, policies and instructions.
3. Reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board in connection therewith.
4. Reporting to the Board any issues in connection with what it deems necessary to take action on and providing recommendations as to the steps that should be taken.
5. Study and review the Company's risk management.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


Third: Audit Committee Powers

In the performance of its duties, the Audit Committee may:

1. Investigate any matter falling within its functions or any subject specifically requested by the Board of Directors.
2. Access the Company's records and documents.
3. Request any explanation or statement from Board members, Executive Management or the Company employees for the purpose of investigating and inquiring about any information.
4. Seek legal and technical advice from any third party or other independent consultant when necessary to assist the Committee in performing its functions.
5. Investigate any shortcoming relating to risk management and internal audit management.
6. Executive Management shall inform the Chairman of the Audit Committee of any defect, fraud or excess, as per the seriousness thereof.
7. Ask the Board of Directors to call the General Assembly to convene if the Board of Directors hinders its work or when the Company suffered serious damages or losses.

Fourth: Audit Committee Meetings


1. The audit committee shall convene periodically, provided that at least four meetings are held during the Company's financial year.
2. Audit Committee meetings are quorate if attended by a majority of its members. Committee resolutions shall be adopted by a majority of the votes present and, in case of a tie, the Chairman of the meeting shall have the casting vote.
3. The Audit Committee may hold a meeting, at emergency situation by telephone, conference Call or any other electronic means.
4. The Chairman of the Audit Committee shall call for the convening of Audit Committee meetings. Any member of the Audit Committee, the Auditor, the Head of the Internal Audit Department or the Chairman of the Board may ask the Chairman of the Audit Committee to call the Audit Committee to meet.
5. The audit committee shall convene periodically with the Company's auditor and Head of the Internal Audit Department.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

6. The Head of the Internal Audit Department and Auditor may call for a meeting with the Audit Committee at any time as may be necessary.
7. The Head of the Internal Audit Department may be invited to attend all or some Audit Committee meetings.
8. The Chairman of the Audit Committee may, upon notifying the CEO thereof, invite Senior Executives or Company employees to apprise the Committee of any aspect of the Company's activities.
9. No member of the Board of Directors or Executive Management shall be entitled to attend Audit Committee meetings unless the Committee requests to hear his/her opinion or obtain his/her advice. Attendance of Audit Committee meetings shall be limited to the members and Secretary of the Committee.
10. Audit Committee meetings shall be documented and minutes including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the Committee and voting results shall be documented and retained in a special and organized register, including the names of attendees and any reservations they expressed (if any). Such minutes shall be signed by all attending members.

Fifth: Audit Committee Reports

1. The Audit Committee shall prepare a report which includes details of its performance of its objectives and duties as listed in this charter, provided that such report includes its recommendations and opinions in respect of the adequacy of the Company's internal control systems. The Board shall make available sufficient copies of said report at the Company's head office and shall publish the report on the Company's website as well as on the stock exchange's website at the time of publication of the invitation to convene the General Assembly, which shall be at least 21 days prior to date set for the General Assembly meeting, in order to provide each shareholder with a copy of said report, a summary of which shall be read during the Assembly.
2. The Audit Committee shall submit summary reports to the Board following each of its meetings.
3. The Head of the Internal Audit Department shall submit to the Board an annual report that includes the views of the Audit Committee.
4. The Audit Committee shall assess the matters that fall within its purview or those referred to it by the Board and shall communicate its recommendations to the Board to issue decisions in connection therewith. The Audit Committee shall take decisions in regard to these matters if delegated by the Board, with the Board held liable for said decisions.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

5. The Audit Committee may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the Committee meeting, while noting the name of the expert and his relation to the Company or its Executive Management.
6. The Chairman of the Audit Committee or the person he delegated from among Committee members shall attend the General Assembly Meetings and answer any questions raised by the shareholders.

Sixth: Communicating with the Audit Committee

1. To ensure the independence of the Audit Committee's work, both the Head of the Internal Audit Department and the Auditor shall directly deal and communicate with the Audit Committee, without an intermediary.
2. The Company's management has established a reporting mechanism to facilitate communication with the Audit Committee in cases of serious and emergency risks faced by the Company's business.

Seventh: Conflicts between the Audit Committee and Board of Directors


When conflicts arise between the recommendations of the Audit Committee and the decisions of the Board of Directors, or when the Board rejects the recommendation of the Audit Committee regarding the appointment, dismissal, remuneration, and performance evaluation of the Company's Auditor, or appointment of the Company's Internal Auditor, then the Board of Directors' report shall include the Committee's recommendations, justifications therefor and reasons for rejecting them.

Eighth: Arrangements for Providing Remarks

The Audit Committee shall establish a mechanism that allows Company employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The Audit Committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy and shall adopt appropriate follow-up procedures.

Ninth: Audit Committee Membership Termination

1. Audit Committee membership shall expire upon the expiry of the Committee's term or the expiry of the member's membership in accordance with any applicable Saudi law or instruction. However, the Board of Directors may at any time remove all or some members of the Audit Committee, without prejudice to the terminated member's right to claim compensation from the Company if said termination occurred without just cause or at an inappropriate time. Committee members may resign on condition that they do so at an appropriate time lest they be held liable towards the Company for damages resulting therefrom.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


2. The Board of Directors may terminate the membership of a member who fails to attend three consecutive meetings of the Board without legitimate cause.

Tenth: Audit Committee Members Remuneration

1. The remuneration of the Committee members shall be a fixed cash amount, in addition to attendance allowance.
2. The annual remuneration for the members of the Committee shall be determined as per the recommendation of the Remuneration & Nomination Committee to the Board of Directors.

Eleventh: Final Provisions (Publication and Amendments)

1. This Regulation shall become effective starting from the date of its approval by the General Assembly of Shareholders. This Regulation shall be published on the Company's Website for the perusal of the shareholders, stakeholders and the Public.
2. The Regulation shall be reviewed as needed by the Board of Directors, and any amendments shall be approved by the General Assembly at its nearest meeting.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Chapter 2

Remuneration and Nomination Committee Regulation

Introduction:


This Regulation was issued pursuant to a General Assembly Resolution at its meeting held on 18/01/1439H corresponding to 8/10/2017G, in accordance with Articles 57 (previously Articles 60 and 64 of the Corporate Governance Regulations issued by the Capital Market Authority Board pursuant to Decision No. 8-6-2017 dated 16/5/1438H corresponding to 13/2/2017G) of the Corporate Governance Regulations, which stipulated that “the Company’s General Assembly, as per the Board’s recommendation, issue a regulation for the Remuneration and Nomination Committee, including its procedures, duties and rules for selecting its members, the term of their membership and their remunerations.”

First: Merging the Remuneration and Nomination Committees into One Committee

The Board of Directors decided to merge the respective Remuneration and Nomination Committees into a single committee called the Remuneration and Nomination Committee, based on paragraph 7 of Article 47 of the Governance Regulations, which stated the following, “a company may combine remuneration and nomination committees into one committee named Remuneration and Nomination Committee. In such case, the Remuneration and Nomination Committee must satisfy the requirements related to any of them, and exercise all its powers, provided that the Committee convenes periodically at least every six months.”

Second: Rules for Selecting Members of the Remuneration and Nomination Committee, how they are Nominated and the Duration of their Membership


1. A Remuneration and Nomination Committee consisting of non-executive members of the Board shall be formed by a resolution of the Company’s Board of Directors. It shall include at least one independent member.
2. Members of the Remuneration and Nomination Committee shall be selected from among the independent members of the Board. Non-Executives directors or persons other than Board members may also be appointed, whether they are shareholders or otherwise.
3. The Chairman of the Board may be a member of the Remuneration and Nomination Committee, provided that he shall not serve as Chairman of the Remuneration and Nomination Committee.
4. The Chairman of the Remuneration and Nomination Committee shall be an independent member and shall be appointed by the members thereof at the first Committee meeting.
5. The Remuneration and Nomination Committee shall be composed of no less than three and no more than five members.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

6. Members of the Remuneration and Nomination Committee shall be selected in such a way as to ensure that they possess a variety of skills and expertise, taking into account their possession of appropriate expertise in the Company's business sector.
7. Members of the Remuneration and Nomination Committee shall be appointed for a period not exceeding three years and may be reappointed as needed for the Committee's formation.
8. At its first meeting, the Remuneration and Nomination Committee shall appoint a Secretary from among its members or the Company's employees.
9. If a Remuneration and Nomination Committee seat becomes vacant, the Company's Board of Directors may appoint a temporary member to the vacant position, provided that the latter has the required expertise and competence. The CMA shall be informed thereof, within five business days from the date of such appointment.
10. The Company shall notify the CMA of the names of its Remuneration and Nomination Committee members and the status of their membership, within five business days from the date of their appointment, as well as any changes that may affect their membership within five business days from the occurrence of such changes.
11. Membership of the Remuneration and Nomination Committee shall expire upon the expiry of the Committee's term or the expiry of the member's membership, in accordance with any applicable Saudi law or instruction. However, the Board of Directors may, at any time, remove all or some members of the Remuneration and Nomination Committee. Committee members may also resign.

Third: Duties and Responsibilities of the Remuneration and Nomination Committee


1. Regarding remunerations, the Committee shall be competent to deal with the following:
 - a. Preparing a clear policy for the remunerations of the Board members and its committees, and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy;
 - b. Clarifying the relation between the paid remuneration and the adopted remuneration policy and highlighting any material deviation from that policy.
 - c. Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- d. Providing recommendations to the Board in respect of the remunerations of its members, its Committees and Senior Executives, in accordance with the approved policy.
- e. Reviewing the financial remuneration of the Chief Executive Officer, including long-term and short-term incentives, in addition to setting the performance level to be achieved by the Chief Executive Officer, and providing recommendations to the Board in respect thereof.
- f. Reviewing and authorizing the Chief Executive Officer's recommendations as to financial remunerations of Senior Executives.
- g. Ensuring and observing the compliance of the Company with respect to the policy for the remunerations of the Board members and its committees, and the Executive Management approved by the General Assembly of Shareholders.

2. Regarding nominations, the Committee shall be competent for the following:

- a. Suggesting clear policies and standards for membership of the Board and the Executive Management.
- b. Providing recommendations to the Board for the nomination or re-nomination of its members, in accordance with approved policies and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
- c. Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
- d. Determining the amount of time that the member shall allocate to the activities of the Board.
- e. Annually reviewing the skills and expertise required of the Board members and the Executive Management, while determining the strengths and weaknesses of the Board and Executive Management and recommending remedy solutions that serve the Company's interests.
- f. Reviewing the structure of the Board and Executive Management, as well as providing recommendations regarding changes that may be made to such structure.
- g. Annually ensuring the independence of Independent Directors and the absence of any conflicts of interest, if a Board member also acts as a member of the Board of directors of another company.
- h. Providing job descriptions for the Executive, Non-Executive and Independent Directors and Senior Executives.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- i. Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- j. Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
- k. Providing an appropriate level of training and induction to new Board members regarding the Company's tasks and achievements, so that they can perform their duties effectively.
- l. Examining and reviewing the Executive Management's performance.
- m. Examining and reviewing succession plans for the Company in general, and for the Board of Directors, Chief Executive Officer and Senior Executives.
- n. Examining and reviewing the recommendations of the Chief Executive Officer regarding the appointment and termination of Senior Executives, except for the Head of Internal Audit Department who shall be appointed and dismissed upon the recommendation of the Company's Audit Committee.

Nomination Procedures

When nominating a Board member, the Remuneration and Nomination Committee shall take into consideration the provisions of the Corporate Governance Regulations, the requirements set by the CMA and the Company's Governance Rules.


Publishing the Nomination Announcement

The Company shall publish the nomination announcement on the websites of the Company and the Exchange, and through any other medium specified by the Authority, to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.

Fourth: Powers of the Remuneration and Nomination Committee

In the performance of its duties, the Remuneration and Nomination Committee may:

- 1. Investigate any matter falling within its functions, or any subject specifically requested by the Board of Directors.
- 2. Access the Company's records and documents.


Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

3. Request any explanation or statement from Board members, Executive Management or Company employees for the purpose of investigating and inquiring about any information.
4. Seek legal and technical advice from any third party or other independent consultant, when necessary, to assist the Committee in performing its functions.

Fifth: Meetings of the Remuneration and Nomination Committee

- The Remuneration and Nomination Committee shall convene periodically, at least every six months.
- The Remuneration and Nomination Committee meetings are quorate, if attended by a majority of its members. Committee resolutions shall be adopted by a majority of the members present. In the event of a tie vote, the Chairman shall cast the deciding vote.
- The Chairman of the Remuneration and Nomination Committee shall call for the convening of the Committee meeting. Any member of the Remuneration and Nomination Committee or the Chairman of the Board may ask the Chairman of the Remuneration and Nomination Committee to call the Committee to meet.
- The invitation to convene the Remuneration and Nomination Committee shall be sent to the Committee members, together with the agenda, seven days before the date of the scheduled meeting, unless the members agree otherwise.
- No member of the Board of Directors or Executive Management shall be entitled to attend Remuneration and Nomination Committee meetings unless the Committee requests to hear his/her opinion or obtain his/her advice. Attendance of Remuneration and Nomination Committee meetings shall be limited to the members and Secretary of the Committee.
- The Remuneration and Nomination Committee meetings shall be documented and minutes including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the Committee and voting results shall be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.
- The Chairman of the Remuneration and Nomination Committee or a member designated by him shall attend the Company's General Assemblies to answer shareholders' questions.
- The Remuneration and Nomination Committee shall submit summary reports to the Board of Directors following each of its meetings.


Sixth: Remuneration and Nomination Committee Member Remuneration

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- The remuneration of the Committee members shall be a fixed cash amount, in addition to attendance allowance.
- The annual remuneration for the members of the Committee shall be determined as per the recommendation of the Remuneration & Nomination Committee to the Board of Directors.

Seventh: Final Provisions (Publication and Amendments)

This Regulation shall become effective starting from the date of its approval by the General Assembly of Shareholders. This Regulation shall be published on the Company's Website for the perusal of the shareholders and stakeholders. The Regulation shall be reviewed as needed by the Board of Directors, and any amendments shall be approved by the General Assembly at its nearest meeting.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Chapter 3

Investment Committee Regulation


The Investment Committee Regulation was approved by the Board of Directors on 16/10/1441H (corresponding to 08/06/2020G).

The purpose of the Investment Committee (the “Investment Committee” or “Committee”) regulation is to set out the composition, responsibilities and duties of the Committee and to define the interaction with the Board of Directors and Executive Management.

The primary purpose of the Committee is to assist the Board in fulfilling its responsibilities towards the strategic planning and investments of Almarai Company and to oversee the Company’s existing and future investments.

First Rules for Selecting Members of the Investment Committee, how they are Nominated and the Duration of their Membership

1. An Investment Committee shall be formed from among the Board members or others by a resolution of the Board of Directors.
2. Nomination of Investment Committee members shall be pursuant to the recommendation of the Remuneration and Nomination Committee.
3. The number of members of the Committee shall not be less than three nor more than five.
4. The Committee Chairman shall be appointed by the members thereof at the first Committee meeting.
5. Members of the Investment Committee shall be appointed for a period not exceeding three years and may be reappointed as needed for the Committee’s formation.
6. At its first meeting, the Investment Committee shall appoint a Secretary from among its members or the Company’s employees.
7. The Committee members shall have the appropriate experience and qualifications relevant to the duties, responsibilities and the nature of the Committee’s functions.
8. If an Investment Committee seat becomes vacant, the Company’s Board of Directors may appoint a temporary member to the vacant position, provided that the latter has the required expertise and competence. The CMA shall be informed thereof, within five business days from the date of such appointment.
9. The Company undertakes to notify the CMA of the names of its Investment Committee members and the status of their membership, within five business days from the date of their appointment, as well as

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


any changes that may affect their membership within five business days from the occurrence of such changes.

10. Membership of the Investment Committee shall expire upon the expiry of the Committee's term or the expiry of the member's membership, in accordance with any applicable Saudi law, regulation or instruction. However, the Board of Directors may, at any time, remove all or some members of the Investment Committee. Members may also resign, on condition that they do so at an appropriate time, lest they be held liable towards the Company for damages resulting therefrom.

Second, Duties and Responsibilities of the Investment Committee

The Investment Committee shall be competent to,


1. Working with Executive Management to develop an investment strategy and policy for the company commensurate with the nature of its business, activities, and risks, and making appropriate recommendations to the Board of Directors.
2. Reviewing the investment strategy and policy regularly to ensure its alignment with any changes that may occur in the external work environment in which the company operates, legislation regulating business, or strategic objectives or otherwise, and recommending to the Board proposed changes.
3. Overseeing the Company's investment activities and establishing appropriate processes for measuring and assessing investment performance.
4. Studying and evaluating the investment opportunities proposed by the Executive Management regarding the following transactions and making appropriate recommendations,
 - Mergers or acquisitions of companies, businesses, or assets.
 - Any termination, sale, transfer of ownership, exit, or disposition of an existing investment.
 - Joint ventures under partnership agreements.
 - Investments/expansions in new or existing projects.
 - Investment opportunities that Executive Management wishes to enter.
 - Examination of financing prospects for the above transactions.
5. Ensuring that the proposed investment opportunities comply with relevant regulations and instructions.
6. Identifying and prioritizing proposed investment proposals.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

7. Studying the progress on the approved investment opportunities.
8. Carry out any tasks assigned by the Board of Directors.
9. Review and follow up on the implementation of Board and Investment Committee decisions.

Third, Meetings of the Investment Committee

1. The Investment Committee shall convene periodically, at least every six months, and whenever needed.
2. The Investment Committee meetings are quorate, if attended by a majority of its members. Committee resolutions shall be adopted by a majority of the members present. In case of a tie, its Chairman shall have the casting vote.
3. The Chairman of the Investment Committee shall call for the convening of Committee meetings. Any member of the Investment Committee or the Chairman of the Board may ask the Chairman of the Investment Committee to call the Committee to meet.
4. The invitation to the meeting of the Investment Committee shall be sent to the Committee members, together with the agenda, seven days before the date of the scheduled meeting, unless the members agree otherwise.
5. No member of the Board of Directors or Executive Management shall be entitled to attend Investment Committee meetings unless the Committee requests to hear his/her opinion or obtain his/her advice. Attendance of Investment Committee meetings shall be limited to the members and Secretary of the Committee.
6. Investment Committee meetings shall be documented and minutes including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the Committee and voting results shall be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.
7. The Chairman of the Investment Committee or his assignee shall attend the Company's General Assemblies to answer shareholders' questions.
8. The Investment Committee shall submit summary reports to the Board of Directors following each of its meetings.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

9. Within the scope of its powers, the Investment Committee may seek assistance from any experts or specialists, whether internal or external. This shall be included in the minutes of the Committee meeting. Such minutes shall state the name of the expert and his relation to the Company or its Executive Management.

Fourth, Powers of the Investment Committee

In the performance of its duties, the Investment Committee may,


1. Request appropriate information that will enable the Committee to carry out its roles and responsibilities.
2. Investigate any matter falling within its functions, or any subject specifically requested by the Board of Directors.
3. Access the Company's records and documents.
4. Seek legal and technical advice from any third party or other independent consultant, when necessary, to assist the Committee in performing its functions.
5. Review investment opportunities proposed by the Executive Management, provided that the justifications for approval or rejection are documented in the minutes of meetings.
6. Recommend investment opportunities to the Board of Directors.

Fifth, Investment Committee Members Remuneration

1. The remuneration of the Committee members shall be a fixed cash amount, in addition to attendance allowance.
2. The annual remuneration for the members of the Committee shall be determined as per the recommendation of the Remuneration & Nomination Committee to the Board of Directors.

Sixth, Final Provisions (Application and Review)


This Regulation shall be effective from the date of its approval by the Board of Directors. This Regulation shall be reviewed by the Board of Directors, and any amendments shall be approved by the Board of Directors.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Chapter 4 Risk Management Committee Regulation

First, Rules for Selecting Members of the Risk Management Committee, how they are Nominated and the Duration of their Membership

1. A Risk Management Committee shall be formed by a resolution of the Company's Board of Directors.
2. The Chairman and majority of members of the Risk Management Committee shall be non- executive members of the Board of Directors. The Chairman shall be appointed by the members thereof at the first Committee meeting.
3. The members of the Risk Management Committee shall possess an appropriate level of knowledge regarding risk management and financial affairs.
4. The number of members of the Risk Management Committee shall not be less than three or more than five.
5. Members of the Risk Management Committee shall be appointed for a period not exceeding three years and may be reappointed as needed for the Committee's formation.
6. At its first meeting, the Risk Management Committee shall appoint a Secretary from among its members or the Company's employees.
7. If a Risk Management Committee seat becomes vacant, the Company's Board of Directors may appoint a temporary member to the vacant position, provided that the latter has the required expertise and competence. The CMA shall be informed thereof, within five business days from the date of such appointment.
8. The Company undertakes to notify the CMA of the names of its Risk Management Committee members and the status of their membership, within five business days from the date of their appointment, as well as any changes that may affect their membership within five business days from the occurrence of such changes.
9. Membership of the Risk Management Committee shall expire upon the expiry of the Committee's term or the expiry of the member's membership, in accordance with any applicable Saudi law, regulation or instruction. However, the Board of Directors may, at any time, remove all or some members of the Risk Management Committee. Committee members may also resign, on condition that they do so at an appropriate time, lest they be held liable towards the Company for damages resulting therefrom.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


Second, Duties and Responsibilities of the Risk Management Committee

The Risk Management Committee shall be competent to,

1. Develop a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors.
2. Determine and maintain an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level.
3. Ensure the feasibility of the Company's continuation, the successful continuity of its activities, and determine the risks that threaten its continuation during the following twelve (12) months.
4. Oversee the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein.
5. Regularly reassess the Company's ability to manage risks and be exposed to such risks.
6. Prepare detailed reports on the exposure to risks and the recommended measures to manage such risks and presenting them to the Board.
7. Provide recommendations to the Board on matters related to risk management.
8. Ensure the availability of adequate resources and systems for risk management.
9. Review the organizational structure pertaining to risk management and provide recommendations regarding the same before approval by the Board.
10. Verify the independence of risk management employees from activities that may expose the Company to risk.
11. Ensure that risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk.
12. Review any issues raised by the Audit Committee that may affect the Company's risk management.

Third, Meetings of the Risk Management Committee

1. The Risk Management Committee shall convene periodically, at least every six months, and whenever needed.


Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

2. The Risk Management Committee meetings are quorate, if attended by a majority of its members. Committee resolutions shall be adopted by a majority of the members present. In case of a tie, its Chairman shall have the casting vote.
3. The Chairman of the Risk Management Committee shall all for the convening of Committee meetings. Any member of the Risk Management Committee or the Chairman of the Board may ask the Chairman of the Risk Management Committee to call the Committee to meet.
4. The invitation to the meeting of the Risk Management Committee shall be sent to the Committee members, together with the agenda, seven days before the date of the scheduled meeting, unless the members agree otherwise.
5. No member of the Board of Directors or Executive Management shall be entitled to attend Risk Management Committee meetings unless the Committee requests to hear his/her opinion or obtain his/her advice. Attendance of Risk Management Committee meetings shall be limited to the members and Secretary of the Committee.
6. Risk Management Committee meetings shall be documented and minutes including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the Committee and voting results shall be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.
7. The Chairman of the Risk Management Committee or his assignee shall attend the Company's General Assemblies to answer shareholders' questions.
8. The Risk Management Committee shall submit summary reports to the Board of Directors following each of its meetings.
9. Within the scope of its powers, the Risk Management Committee may seek assistance from any experts or specialists, whether internal or external. This shall be included in the minutes of the Committee meeting. Such minutes shall state the name of the expert and his relation to the Company or its Executive Management.

Fourth, Powers of the Risk Management Committee

In the performance of its duties, the Risk Management Committee may,

1. Investigate any matter falling within its functions, or any subject specifically requested by the Board of Directors.


Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

2. Access the Company's records and documents.
3. Request any explanation or statement from Board members, Executive Management or Company employees for the purpose of investigating and inquiring about any information.
4. Seek legal and technical advice from any third party or other independent consultant, when necessary, to assist the Committee in performing its functions.
5. Investigate any shortcoming relating to risk management.

Fifth, Risk Management Committee Member Remuneration

1. The remuneration of the Committee members shall be a fixed cash amount, in addition to attendance allowance.

The annual remuneration for the members of the Committee shall be determined as per the recommendation of the Remuneration & Nomination Committee to the Board of Directors

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 5 INTERNAL CONTROL

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.

Establishing Independent Departments within the Company

For purposes of implementing the approved internal control system, the Company has established departments for the assessment and management of risks and for internal auditing. The Company may utilize external entities to perform the duties and responsibilities of the units or departments of risks assessments and management and internal control without prejudice to the Company's responsibility for those duties and responsibilities.


Duties of the Internal Audit Department

An Internal Audit Department shall assess and monitor the implementation of the internal control system and verifies that the Company and its employees comply with applicable laws, regulations and instructions, and the Company's policies and procedures.

Composition of the Internal Audit Department

The Internal Audit Department shall be composed of an internal auditor whose appointment is recommended by the Audit Committee. Such internal auditor shall be responsible before the Audit Committee and a number of competent employees. The formation and operation of the Internal Audit Department shall take into consideration the following,

1. Employees of such Department shall be competent, independent and adequately trained, and shall not be entrusted with any functions other than internal audit duties and internal control system or infringe upon its independence.
2. The internal audit department shall report to the Audit Committee and shall be subordinate and accountable to it.
3. The remunerations of the manager of the Audit Department shall be determined by a recommendation of the Audit Committee, as per Company's policies.
4. The Department shall be given access to information and documents and shall be able to obtain the same without any restrictions.


Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Internal Audit Plan

The Internal Audit 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.

Internal Audit Report


- The Internal Audit Department shall prepare and submit, at least quarterly, a written report on its activities 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 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.
- The Internal Audit Department shall prepare a general written report to be submitted to the Board and the Audit Committee on the audit activities it carried out during the financial 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.
- The Board shall specify the scope of the report of the Internal Audit Department, based on recommendations from the Audit Committee and the Internal Audit Department. The report shall include the following in particular,
 1. Procedures for monitoring and overseeing the financial affairs, investments and risk management.
 2. Assessing the development of risk factors threatening the Company and the existing systems, in order to confront radical or unexpected changes on Tadawul.
 3. 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.
 4. 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).
 5. The extent to which the Company has complied with the internal controls when determining and managing risks.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

6. Information describing the Company's risk management operations.

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.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 6 THE COMPANY'S EXTERNAL AUDITOR

The Company shall assign the function of auditing its 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.

Appointment of the 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.
5. The term of office of an individual auditor shall not exceed 10 consecutive fiscal years.
6. A person who suspended auditing work for a period of less than two fiscal years may be re-appointed for the remaining period of the maximum terms stipulated in (5) above.
7. External auditors maximizing their appointment terms may be re-appointed after the lapse of two fiscal years after the date upon which his term of office has expired

Duties of the External Auditor

The External Auditor shall:

1. Owe fiduciary duty to the Company.
2. Notify the CMA when the Board fails to take appropriate actions in respect of suspicious issues it raises.
3. Request the Board to call for an Ordinary General Assembly meeting, if the Board has not facilitated his mission; and he shall be liable for compensating 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.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 7 STAKEHOLDERS

Regulating the Relationship with Stakeholders


The Board shall establish clear and written policies and procedures regulating the relationship with Stakeholders, with the aim of protecting them and safeguarding their rights, which shall include the following, in particular,

1. Methods to compensate Stakeholders when their rights established by laws or protected by contracts are infringed.
2. Methods for resolving complaints or disputes that may arise between the Company and the Stakeholders.
3. Methods for building good relationships with customers and suppliers and maintaining the confidentiality of their information.
4. Rules of professional conduct for Company managers and employees that are prepared in compliance with the proper professional and ethical standards and regulate their relationship with Stakeholders, provided that the Board shall establish mechanisms for supervising the implementation of, and compliance with, such rules.
5. The Company's social contribution.
6. Ensuring 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.
7. Stakeholders obtaining of information relevant to their activities to enable them to perform their duties. Such information shall be correct and sufficient and shall be provided in a timely manner and on a regular basis.
8. Treating Company employees pursuant to the principles of justice and equality and without discrimination.

Reporting Non-Compliant Practices

The Board shall, based upon a proposal from the Audit Committee, develop the necessary policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations, taking the following into consideration,

1. Facilitating the method by which Stakeholders (including Company employees) report to the Board conducts and practices of the Executive Management that violate applicable laws, regulations and rules,

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


or raising doubts as to the financial statements or the internal audit controls or others, whether such conducts or practices are against them or not, and conducting the necessary investigation in that regard.

2. Maintaining the confidentiality of reporting procedures through facilitating direct contact with an independent member of the Audit Committee or other specialized committees.
3. Appointing an employee to receive and address complaints or reports sent by Stakeholders.
4. Dedicating a telephone number or an email address for receiving complaints.
5. Providing the necessary protection to the Stakeholders.

Employee Incentives

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

1. Forming committees or holding specialized workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions.
2. Establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees and setting up an independent fund for such program.
3. Establishing social organizations for the benefit of the Company's employees.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 8 PROFESSIONAL & ETHICAL STANDARDS

Professional Conduct Policy

The Board shall establish a policy for professional conduct and ethical values at the Company, which shall particularly take the following into consideration,


1. Ensuring that each member of the Board or the Executive Management and employees perform his/her duties of loyalty and care to the Company, and undertake the measures that may protect the Company's interests and contribute to its development and increase its value, and shall, at all times, prioritize the Company's interests over his/her own interests.
2. A Board member shall represent all shareholders of the Company and take all actions to achieve the best interests of the Company and its shareholders, while protecting the rights of the other Stakeholders rather than only the interests of the group that elected him.
3. Entrench among the Board members and Senior Executives the principle of compliance with all relevant laws, regulations and instructions.
4. Preventing the Board or Executive Management members from abusing their positions, with the aim of achieving benefits for himself/herself or a third party.
5. Ensuring that the Company's assets and resources are only used to achieve the Company's purposes and objectives, and not to achieve personal interests.
6. Establishing accurate, well-formed, and clear rules regulating the authority to access the Company's internal information and timing to access it, in a way that prevents the Board members, the Executive Management and others from making personal use or disclosing the same to any person, except within the prescribed limits or as permitted by law.

Social Responsibility


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

Social Initiatives

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

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

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

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 9 DISCLOSURE & TRANSPARENCY

Policies and Procedure of Disclosure


Without prejudice to the Listing Rules, the Board shall set forth in writing the policies, procedures and supervisory rules related to disclosure, pursuant to the disclosure requirements provided for in the Companies Law and the Capital Market Law, taking into consideration the following,

1. Such policies shall include proper disclosure methods that enable the shareholders and other Stakeholders to access the financial and non-financial information pertaining to the Company as well as its performance, and information in respect of ownership of shares, and to obtain a comprehensive view of the Company's position.
2. Disclosure to shareholders and investors shall be made without discrimination in a clear, correct and non-misleading fashion, and in a timely, regular and accurate manner, in order to enable shareholders and other Stakeholders to exercise their rights to the fullest extent.
3. The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods.
4. Reporting rules shall be established and shall describe the information required to be disclosed, and the method of its classification in terms of its nature, and the frequency of its disclosure.
5. The disclosure policies shall be reviewed periodically and their compliance with the best practices and the provisions of the Capital Market Law and its implementing regulations shall be verified.


The Board's Report

The Board's report shall include the Board's operations during the last financial year and all factors that affect the Company's businesses. Such report shall include the following,


1. Implemented and non-implemented provisions of these Rules, and justifications therefor.
2. Names, current and past positions, qualifications, and experience of the Board and committee members and Executive Management.
3. Names of the companies inside and outside the Kingdom in which a Board member is a current or previous Board member, or manager.
4. Composition of the Board and classification of its members, as follows, Executive Directors, Non-Executive Director, or Independent Director.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


5. Procedures taken by the Board to inform its members, Non-Executive Directors in particular, of shareholder suggestions and remarks on the Company and its performance.
6. A brief description of the responsibilities and duties of the committees, such as the Audit Committee, the nomination committee and the remuneration committee indicating their names, names of their chairmen, names of their members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting.
7. Where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with the Company, if any.
8. Disclose the remuneration of the Board members and Executive Management, as stated in Article 90 of the Corporate Governance Regulations. This shall include details of the remuneration and compensations paid to, (1) members of the Board of Directors; (2) the five Senior Executives who received the highest remuneration from the Company, including the Chief Executive Officer and the Chief Financial Officer; and (3) committee members.
9. Any punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future.
10. Results of the annual review of the effectiveness of the internal control procedures of the Company, and the opinion of the Audit Committee with respect to the adequacy of the Company's internal control system.
11. The Audit Committees recommendation on the need for appointing an internal auditor for the Company, if there is no internal auditor.
12. The Audit Committee's recommendations that conflict with Board resolutions, or those that the Board rejects in relation to the appointment, dismissal, assessment or remuneration of an external auditor, as well as justifications for those recommendations and reasons for rejecting them.
13. Details of the Company's social contributions, if any.
14. A list of the dates of the General Assembly meetings held during the last financial year and the names of the Board members who attended them.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

15. A description of the main scope of business of the Company and its affiliates. If there are two or more, a statement showing each activity and how it affects the Company businesses and results shall be attached.
16. A description of the Company's significant plans and decisions (including changes to the structure, expanding the Company's operations or halting them) and the future expectations of Company's works.
17. Information on any risks facing the Company (operational, financial or market related) and the policy of managing and monitoring these risks.
18. A summary in a form of table or graph showing the Company's assets, liabilities and results of the last five financial year or since the incorporation date, whichever is shorter.
19. Geographical analysis of the Company's and its affiliates' revenues.
20. Any material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Company.
21. Any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountant.
22. Name of each affiliate company, its capital, the Company's ownership percentage therein, the main scope of business, country of operation and country of incorporation.
23. Details of shares and debt instruments issued for each affiliate company.
24. A description of the dividends distribution policy.
25. A description of any interest in a class of voting shares held by persons (other than the Company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article 45 of Listing Rules, together with any change to such interests during the last financial year;
26. A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Company or its affiliates, and any change in these interest or rights during the last financial year.
27. Information on any loans (payable upon request or not), a statement of the total indebtedness of the Company and its affiliates, any amounts paid by the Company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount. In case there are no debts, a declaration thereof shall be presented.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

28. A description of the class and number of any convertible debt instruments, contractual securities, warrants or similar rights issued or granted by the Company during the financial year, as well as stating any compensation obtained by the Company in this regard.
29. A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company.
30. A description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments, and the value of such securities outstanding, distinguishing between those listed securities purchased by the Company and those purchased by its affiliates.
31. The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting listing the names of the attendees.
32. Numbers of Company's requests of shareholders records, dates and reasons thereof.
33. A description of any transaction between the Company and any Related Party.
34. Information relating to any business or contract to which the Company is a party and in which a director of the Company, a Senior Executive or any person related to any of them is or was interested, including the names of persons concerned by such business or contract, the nature, conditions, durations and the amount of the business or contract. If there are no such businesses or contracts, the Company must submit a statement thereof.
35. A description of any arrangement or assignment agreement under which a director or a Senior Executive of the Company has waived any remuneration.
36. A description of any arrangement or agreement under which a Company shareholder has waived any rights to dividends.
37. A statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor.
38. A statement as to the value of any investments made, or any reserves set up, for the benefit of the employees of the Company.
39. Declarations that:
 - a. Proper books of account have been maintained.
 - b. The system of internal control is sound in design and has been effectively implemented.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

c. There are no significant doubts concerning the Company's ability to continue its activity.

40. If the External Auditor's report contains reservations on the annual financial statements, the Board report shall highlight this, mentioning the reasons and any relevant information.

41. If the Board recommended replacing the external auditor before the end of its term, the report shall indicate this, mentioning the reasons for the replacement recommendation.

The Audit Committee's Report

1. The Audit Committee's report shall include details of its performance of its responsibilities and duties stated in the Companies Law and its implementing regulations, provided that the report contains its recommendations and opinion on the adequacy of the Company's internal, financial control, and risk management systems.
2. The Board shall make available sufficient copies of the Audit Committee's report at the Company's head office, and publish them on the Company's and Tadawul's websites, when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.


Disclosure by the Board

The Board shall regulate the disclosures of each of its members and the members of the Executive Management, observing the following,


1. 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.
2. Making such register available for review by the Company's shareholders free of charge.

Disclosure of Remunerations

- The Board shall:
 1. Disclose the remuneration policy and the method by which remunerations of the Board and Executive Management are determined.
 2. Provide an accurate, transparent and detailed disclosure in the Board report on the remunerations granted to the Board members and Executive Management, directly or indirectly, without any omission or misleading information, and whether these were in cash or other benefits of any nature. In case they were shares of the Company, the value of the shares is the market value on the due date.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


3. Explain the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy.
4. A description of the necessary details with respect to the remuneration and compensations granted to each of the following, separately,
 - a. Board members.
 - b. Five Senior Executives who have received the highest remuneration from the Company, provided that the chief executive officer and chief financial officer are among them.
 - c. Members of committees.
- The disclosures in this Article and in the Board report shall be pursuant to the forms prescribed by the Governance Regulations from time to time.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 10 IMPLEMENTATION OF CORPORATE GOVERNANCE


The Board has established these Governance Rules in accordance with the provisions of the Governance Regulations, and shall monitor their implementation, verify their effectiveness, and amend them as necessary. To that end, the Board shall,

1. Verify that the Company is in compliance with these Rules.
2. Review and update the Rules pursuant to statutory requirements and best practices.
3. Review and develop codes of professional conduct representing the Company's values and other internal policies and procedures, in order to fulfill the Company's requirements and in accordance with best practices.
4. Regularly inform the Board members of the developments in corporate governance and best practices or authorize the Audit Committee or any other committee to undertake this task.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


PART 11 RETAINING DOCUMENTS

The Company shall retain all minutes, documents, reports and other documents required to be maintained at the Company's head office for at least ten years, as per the Governance Regulations. This shall include the Board and Audit Committee reports. Without prejudice to this period, the Company, in case of any lawsuit (pending or threatened) or ongoing claim, or any investigation relating to those minutes, documents, reports and other documents, shall maintain them until the end of the ongoing lawsuit, claim or investigation.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

PART 12
PUBLICATION & ENTRY INTO FORCE

These Rules shall become effective starting from the date of its approval by the Board of Directors. These Rules shall be published on the Company's Website for the perusal of the shareholders, stakeholders and the public.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

APPENDICES

Almarai Board Membership Policies, Standards and Procedures

Approved by EGM on 08/10/2017G


Introduction

The policies, standards and procedures for membership on the Board of Directors of Almarai Company (the “**Company**”) have been prepared in accordance with the provisions of Article 22 (3) of the Corporate Governance Regulations issued by the Capital Market Authority Board pursuant to Decision No. 8-6-2017 dated 16/5/1438H, corresponding to 13/2/2017G (“**Corporate Governance Regulations**”); which state that it is within the responsibilities and duties of the Board of Directors to “set forth specific and explicit policies, standards and procedures for membership on the Board, without prejudice to the mandatory provisions of these Regulations, and implementing them following approval by the General Assembly.”


These policies, standards and procedures for membership on the Company’s Board of Directors are based on the provisions of the Companies Law, Corporate Governance Regulations, and the Company’s Bylaws.

First, Policies and Standards for Membership on the Company’s Board of Directors,

1. Board membership candidates shall not have been convicted of an offense that violates honor and fiduciary duty, have been adjudicated bankrupt, made arrangements or conciliation with their creditors, or deemed unfit for membership on a Board of Directors under any applicable Saudi law or instructions.
2. Board members shall not concurrently hold seats on the boards of more than five joint stock companies listed on Tadawul.
3. Candidates shall not be government employees.
4. Candidates shall be professionally capable, and possess the required experience, knowledge, skill and independence, which enable them to effectively and efficiently perform their duties.
5. They shall have the **Ability to Lead**, By demonstrating leadership skills that allow them to grant powers in a manner that leads to stimulating performance, as well as adopting the best practices for effective management and adherence to professional values and ethics.
6. Possess **Competence**, Possess the appropriate qualifications, professional and personal skills, training, practical experience relevant to the Company’s current and future activities, or expertise in management, economics, accounting, law or governance, as well as the desire to learn and train.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


7. Have the **Ability to Provide Guidance**, Possess the required technical, leadership and managerial skills, as well as the ability to quickly take decisions, understand the technical requirements related to business, and be able to provide strategic guidance, planning and well-defined foresight.
8. Possess **Financial Knowledge**, Be able to read and understand financial statements and reports.
9. Be **Physically** Fit, Not hindered by health issues that may impede them from exercising their duties and responsibilities.
10. Candidates should be able to communicate effectively and think strategically.
11. Candidates shall comply with the principles of truthfulness, honesty, loyalty, and care for the interests of the Company and its shareholders and prioritize the latter's interests over their own personal interests. Honesty is achieved where the relationship between the Board member and the Company is honest, and shall involve disclosing to the Company any significant information before entering into any transaction or contract with the Company or any of its affiliates; while loyalty shall require avoiding transactions that may entail conflicts of interest and ensure fairness of dealing, in compliance with the provisions relating to conflict of interest in the Corporate Governance Regulations; in turn, care and attention shall be achieved by performing the duties and responsibilities set forth in the Companies Law, the Capital Market Law and their implementing regulations, as well as the Company's Bylaws and other relevant laws.
12. Ensure the availability of diverse scientific qualifications and practical experience, while prioritizing the Board nomination of those possessing the required skills.
13. Independent members shall comprise no less than two directors or one third of the Board's membership, whichever is greatest.
14. Independent members shall enjoy complete independence in their positions and decisions. They shall satisfy none of the infringements to independence set out in Article 20 of the Corporate Governance Regulations.
15. A Board member shall represent all shareholders of the Company and take all actions to achieve the best interests of the Company and its shareholders, while protecting the rights of the other Stakeholders rather than only the interests of the group that elected him.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

16. Board membership shall terminate upon the member's resignation, death, dismissal by a resolution of the General Assembly, conviction of any offense that violates honor and fiduciary duty; when adjudicated bankrupt, upon making arrangements or conciliation with creditors, or when deemed unfit for membership on a Board of Directors under any applicable Saudi law or instructions.
17. A Board member must resign before the end of his/her term, in the event of his/her incapacity to serve as a member of the Board of Directors, inability to perform his/her duties, or inability to allocate the time or effort required to perform his/her Board functions. In the event of a conflict of interest, board members shall have the option to secure the General Assembly's authorization in that regard or submit his/her resignation.

Second, Procedures for Membership on the Company's Board of Directors


1. The Remuneration and Nomination Committee shall coordinate with the Company's Executive Management to announce opening the window for candidacy to the Company's Board of Directors in accordance with the Companies' Law, the Corporate Governance Regulations and Capital Market Authority instructions.
2. Each shareholder shall have the right to nominate himself or one or more persons for membership on the Board of Directors proportionally with his/her percentage ownership in the Company's capital.
3. Persons wishing to nominate themselves for membership on the Company's Board shall make their intent known via a notice addressed to the Company's management in accordance with the terms and conditions stipulated in applicable laws, regulations, circulars and resolutions. Said notice shall include a curriculum vitae of the candidate that sets out the latter's qualifications and practical experience. Candidates shall also fill out any relevant forms issued by the Capital Market Authority.
4. Any person wishing to be nominated for Board membership shall disclose to the Board or the General Assembly any conflicts of interest, including,
 - a. The existence of any direct or indirect interest in business and contracts that are executed for the account of the Company to whose Board he/she is nominated.
 - b. Participate in activities that may compete with those of the Company or engage in commerce related to that of the Company.
5. Candidates who previously served on the board of directors of a joint stock company shall disclose the number and dates of said tenures.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

6. Candidates who have already served on the Company's Board shall attach to their
7. notice of nomination a statement from the Company's management indicating the term of their last Board membership session, as well as the following information,
 - a. The number of Board meetings held during each session year.
 - b. The number of meetings attended in person by the member, and the latter's total attendance ratio.
 - c. The permanent committees in which the member participated, the number of meetings convened by each of these committees during each session year, the number of meetings attended, and the total attendance ratio.
8. Clarify the membership status i.e. whether the member is an executive, a non- executive, or an independent member.
9. Clarify the membership type i.e. whether the member is nominated in his/her personal capacity or as a representative of a legal person.
10. The Remuneration and Nomination Committee, in coordination with the Company's Executive Management, shall provide the CMA with the curricula vitae of Board membership candidates in accordance with the "Curriculum Vitae Form of Nominees for the Board of Directors of a Joint Stock Company listed on the Saudi Stock Exchange (Tadawul)", as well as copies of any nomination notices and attachments thereto.
11. The Remuneration and Nomination Committee shall address any observations received from the competent authorities on any candidate.
12. General Assembly voting shall be confined to those who nominated themselves in accordance with the above policies, standards and procedures.

Third, Final Provisions (Publication & Amendment)

The Company shall abide and comply with this policy as of the date when it is approved by the General Assembly and shall be published in the Company's website to enable shareholders, stakeholders and the general public to access them. The content of this Policy shall be reviewed as and when needed based on the recommendation of the Board, and such amendments shall be approved by the General Assembly at its nearest meeting.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Remuneration Policy for the Members of Board of Directors, Members of Committees & Executive Management

Approved by EGM on 08/10/20178

1. Applicability

This policy shall be applicable to the Members of Board of Directors, members of Committees and Executive Management of Almarai Company (the “Company”).

2. Policy Purpose and Description


This policy has been formulated according to the provisions of the Companies Law and the Capital Market Law and their implementing regulations in order to remunerate the members of Board of Directors, members of committees (except Audit Committee) and Executive Management in a fair and equitable manner, and to harmonize the aspirations of human resources with the goals of the Company.

3. Remuneration Philosophy

- a) The Company aims to attract highly competent and talented individuals based on their personal profile and expectations to serve on the Board of Directors, committees and Executive Management roles, and reward them accordingly whilst maintaining the internal equity and external competitiveness. The Company further focuses on retaining such individuals who are committed to the Company’s values and desired behaviors.
- b) The Company aims to align its remuneration framework in such a way that the individuals who serve board, committee and executive positions are receiving the best remuneration paid in the market. The Company shall also put in place exclusive benefits programs for such individuals in order to be able to attract and retain the best possible talent.

4. Remuneration Principles

- a) The Company intends to maintain internal equity through fairness in pay practices based on an individual’s job, geographical location and working conditions.
- b) The Company intends to maintain its external competitiveness by benchmarking remuneration practices with companies in other business sectors within various locations.
- c) The Company intends to maintain pay for performance culture by appreciating the value of each individual’s performance and his/her contribution to the growth of the business.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

5. Remuneration Policy


The Remuneration and Nomination Committee shall provide recommendations to the Board of Directors in respect of the remunerations of the Board Members, the Committees Members and Senior Executives, in accordance with the approved policy based on the following,

5.1 The Company's remuneration policy shall,

- 1) be consistent with the Company's strategy and objectives.
- 2) provide remunerations with the aim of encouraging the Board members and Executive Management to achieve the success of the Company and its long-term development, by for example making the variable part of the remuneration linked to the long-term performance.
- 3) determine remuneration based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance.
- 4) be consistent with the magnitude, nature and level of risks faced by the Company.
- 5) take into consideration the practices of other companies in respect of the determination of remunerations, and avoid the disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensations.
- 6) attract talented professionals and retain and motivate them without exaggeration.
- 7) coordinate with the Remuneration and Nomination Committee in respect of new appointments.
- 8) take into consideration situations where remunerations should be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a member of the Board or the Executive Management, in order to prevent abuse of power to obtain unmerited remunerations.
- 9) regulate the grant of Company's shares to the Board members and the Executive Management, whether newly issued or purchased by the Company.

5.2 Board Members

As per Article 20 of Almarai's Bylaw, the remuneration of the members of the Board of Directors may be a fixed cash amount, attendance allowance, in kind benefits or specified percentage of the Company's net profits. The remuneration may be combination of two or more of these benefits, within the limits of the provisions of the Companies Law, Corporate Governance Regulations and regulatory rules issued by the Capital Market Authority in this respect. The annual report submitted by the Board of Directors to the Ordinary General Assembly shall contain a detailed statement of the remuneration policies and mechanisms for determining such remuneration, including all payments made to the members of the Board during the fiscal year in cash or in kind, remuneration, allowances, expenses and other benefits. It shall as well contain a statement of payments made in consideration for executive,

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

technical, administrative or consultancy assignments carried out by the Board's members, which assignments have been approved by the Company's General Assembly.

Remuneration of independent Board members shall not be a percentage of the Company's profits nor shall it be based directly or indirectly on the Company's profitability

5.3 Committees Members

The Regulation of each Committee shall include the remuneration of the Committee Members.

5.4 Executive Management

The total remuneration of Executive Management shall include,

- a) basic salary, (to be paid at the end of the month on a monthly basis).
- b) allowances such as but not limited to housing allowance, car allowance, mobile allowance, education allowance.
- c) insurance benefits such as but not limited to medical insurance, health insurance, life insurance, accident insurance.
- d) short-term incentive schemes linked with the individual and Company's performance, and long term incentive schemes such as stock options.
- e) other benefits such as but not limited to annual leave, annual flight tickets, end of service benefit.


6. Payment of Remuneration

Remuneration shall be paid in Saudi Riyals. The amount shall be credited directly to the designated bank accounts.

7. Policy Governance

The Remuneration & Nomination Committee is responsible for periodically reviewing, updating and management of this policy as well as assessing its effectiveness in achieving its objectives. Given that this policy is a dynamic document in order to respond and adapt to changes in market conditions, growth and expansion of the Company and other related factors that may have an impact.

8. Breach of Remuneration Confidentiality

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


Individual's remuneration is confidential in nature and is based on an agreement between each individual and the Company. Maintaining confidentiality with regard to remuneration is the responsibility of all concerned, both management and the individual.

Breach of confidentiality with regard to any aspect of remuneration shall be deemed to be a serious matter and individual who disregard this responsibility shall be liable to disciplinary action in accordance with Company's disciplinary policy and the disciplinary policy driven by local regulatory authority.

9. Final Provisions (Publication and Amendment)

The Company shall abide and comply with this policy as of the date when it's approved by the General Assembly and shall be published in the Company's website to enable shareholders, stakeholders and the general public to access them.

The content of this Policy shall be reviewed as and when needed based on the recommendation of the Board, and such amendments shall be approved by the General Assembly at its nearest meeting.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Disclosure Policy

Introduction

Through its Disclosure Policy, Almarai Company (the “**Company**”) aims to affirm the Company’s commitment to disclose material information to shareholders and stakeholders, and to provide them with accurate and updated information and data on a regular basis. This Disclosure Policy addresses all information and data relating to the Company, which is developed and updated whenever a change is made thereto and announced on various media outlets.

The Company regularly publishes and updates any information and data pertaining to the organizational structure of its affiliates, operations and investment, as well as other information and data relating to its business activities. This is achieved by adopting disclosure methods enabling its shareholders, stakeholders, and investors - without discrimination, and in a clear, accurate, non-misleading and timely manner- to access the Company’s financial and non-financial information, as well as information pertaining to its performance and share ownership, in order to formulate a comprehensive view of the Company’s position. Being a listed joint stock company, the Company recognizes the need to respond reasonably to the legitimate questions raised by shareholders, consumers, customers, government and media agencies, as well as stakeholders.


Information disclosed under this Disclosure Policy is available on different websites, including the Company’s site, www.almarai.com and the Saudi Stock Exchange’s (Tadawul) site “Tadawul”, www.tadawul.com.sa

Information contained in this Disclosure Policy is annually updated and disseminated, as required under the Capital Market Authority (**CMA**) Law and its implementing regulations, the Companies Law, as well as decisions and circulars issued by the Ministry of Commerce (MOC) (the information listed below is part of other published information),


First The Board’s Report

The Board of Directors (“Board”) shall prepare an annual report, which shall detail the Board’s operations during the last financial year and all factors that affected the Company’s businesses, as required by investors to evaluate the Company’s assets, liabilities and financial situation. Such report shall be based on the template issued by the CMA, and shall include the following,


1. Implemented and non-implemented provisions of the Corporate Governance Regulations, and justifications, therefore.
2. Names, current and past positions, qualifications, and experience of the Board and Committee Members and Executive Management.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


3. Names of the companies inside and outside the Kingdom in which a Board member is a current or previous Board member, or manager.
4. Composition of the Board and classification of its members, as follows, Executive Director, Non-Executive Director, or Independent Director.
5. Procedures taken by the Board to inform its members, and in particular its Non- Executive Directors, of shareholder suggestions and remarks on the Company and its performance.
6. A brief description of the responsibilities and duties of the committees, such as the Audit Committee, the Nomination Committee and the Remuneration Committee indicating their names, names of their chairmen, names of their members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting.
7. The means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with the Company, if any.
8. The remuneration of the Board and Executive Management, as stated in Article 90 of the Corporate Governance Regulations.
9. Any punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the CMA or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future.
10. Results of the annual review of the effectiveness of the internal control procedures of the Company, and the opinion of the Audit Committee with respect to the adequacy of the Company's internal control system.
11. The Audit Committee's recommendation regarding the appointment of an internal auditor for the Company, if there is no internal auditor.
12. The Audit Committee's recommendations that conflict with Board resolutions, or those that the Board rejects in relation to the appointment, dismissal, assessment or remuneration of an external auditor, as well as justifications for those recommendations and reasons for rejecting them.
13. Details of the Company's social contributions, if any.
14. A list of the dates of the General Assembly meetings held during the last financial year and the names of the Board members who attended them.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

15. A description of the main scope of business of the Company and its affiliates. If there are two or more, a statement showing each activity and how it affects the Company's businesses and results shall be attached.
16. A description of the Company's significant plans and decisions (including changes to the structure, expanding the Company's operations or halting them) and the future expectations of Company's works.
17. Information on any risks facing the Company (operational, financial or market related) and the policy of managing and monitoring these risks.
18. A summary in a form of table or graph showing the Company's assets, liabilities and results of the last five financial years or since the incorporation date, whichever is shorter.
19. Geographical analysis of the Company's and its affiliates' revenues.
20. Any material differences in the operational results compared to the preceding year's results, along with any expectations announced by the Company.
21. Any inconsistency with the standards approved by the Saudi Organization for Certified Public Accountants (SOCPA).
22. Name of each affiliate company, its capital, the Company's ownership percentage therein, the main scope of business, country of operation and country of incorporation.
23. Details of shares and debt instruments issued for each affiliate company.
24. A description of the Company's dividends distribution policy.
25. A description of any interest in a class of voting shares held by persons (other than the Company's directors, Senior Executives and their relatives) who have notified the Company of their holdings pursuant to Article 45 of Listing Rules, together with any change to such interests during the last financial year.
26. A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the Company or its affiliates, and any change in these interest or rights during the last financial year.
27. Information on any loans (payable upon request or not), a statement of the total indebtedness of the Company and its affiliates, any amounts paid by the Company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount. In case there are no debts, a declaration thereof shall be presented.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

28. A description of the class and number of any convertible debt instruments, contractual securities, warrants or similar rights issued or granted by the Company during the financial year, as well as stating any compensation obtained by the Company in this regard.
29. A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company.
30. A description of any redemption, purchase or cancellation by the Company of any redeemable debt instruments, and the value of such securities outstanding, distinguishing between those listed securities purchased by the Company and those purchased by its affiliates.
31. The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting listing the names of the attendees.
32. Numbers of Company's requests of shareholders records, dates and reasons thereof.
33. A description of any transaction between the Company and any Related Party.
34. Information relating to any business or contract to which the Company is a party and in which a Board of the Company, a Senior Executive or any person related to any of them is or was interested, including the names of persons concerned by such business or contract, the nature, conditions, durations and the amount of the business or contract. If there are no such businesses or contracts, the Company must submit a statement thereof.
35. A description of any arrangement or assignment agreement under which a director or a Senior Executive of the Company has waived any remuneration.
36. A description of any arrangement or agreement under which a Company shareholder has waived any rights to dividends.
37. A statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor.
38. A statement as to the value of any investments made, or any reserves set up, for the benefit of the employees of the Company.
39. Declarations that,
 - a. Proper books of account have been maintained.
 - b. The system of internal control is sound in design and has been effectively implemented.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

c. There are no significant doubts concerning the Company's ability to continue its activity.

40. If the external auditor's report contain reservations on the annual financial statements, the Board report shall highlight this, mentioning the reasons and any relevant information.

41. If the Board recommended replacing the external auditor before the end of its term, the report shall so indicate while mentioning the reasons behind the replacement recommendation.

Second, The Audit Committee's Report

1. The Audit Committee's report shall include details of its performance of its responsibilities and duties stated in the Companies Law and its implementing regulations, provided that the report contains its recommendations and opinion on the adequacy of the Company's internal, financial control, and risk management systems.
2. The Board shall make available sufficient copies of the Audit Committees' report at the Company's head office, and publish them on the Company's and the Tadawul's websites, when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly meeting.


Third, Disclosure by the Board Members

The Board shall regulate the disclosures of each of its members and the members of the Executive Management, observing the following,

1. 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.
2. Making such register available for review by the Company's shareholders free of charge.

Fourth, Disclosure of Remunerations

1. The Board shall,
2. Disclose the remuneration policy and the method by which remunerations of the Board and Executive Management are determined.
3. Provide an accurate, transparent and detailed disclosure in the Board report on any direct or indirect remuneration granted to members of the Board and Executive Management, and whether

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

said remuneration were in cash or other benefits or privileges, of any type or designation. If in the form of Company shares, then the value of said shares shall be the market value thereof as on their redemption date.

4. Explain the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy.
5. A description of the necessary details with respect to the remuneration and compensations granted to each of the following, separately,
 - a. Board members.
 - b. Five Senior Executives who have received the highest remuneration from the Company, provided that the Chief Executive Officer and Chief Financial Officer are among them.
 - c. Members of committees.

Fifth, Information not Disclosed by the Company

1. Information affecting the business interests of the Company, its business partners or third parties, in which case there is no public interest in disclosing such information,
2. Information which the Company is required not to disclose under a contractual, legal or judicial obligation; with such disclosure leading to a vote of no confidence in the Company.
3. The personal information of the Company's employees or Board members, where disclosure of such information would result in a breach of the principles of protecting personal data.
4. Information affecting investigation proceedings, crime detection or due process.


Sixth, Documentary Information

Information posted on the Company's website is up to date. However, the website also contains some documentary information regarding the Company.

Seventh, Final Provisions (Publication and Amendment)

The Company shall abide and comply with this policy as of the date when it's approved by the Board and shall be published in the Company's website to enable shareholders, stakeholders and the general public to access them.

The content of this Policy shall be reviewed as and when needed based on the recommendation of the Board, and such amendments shall be approved by the Board.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Risk Management Policy

Introduction

Risk is defined as the possibility of an event occurring that will have a negative impact on the strategic or business objectives of Almarai Company (the “Company”). It is a part of conducting business and it varies according to the nature and volume of the Company’s activities. Effective risk management is critical for the immediate and future success of the Company. Risk management is dynamic and constantly evolving, allowing the Company to manage risks effectively and efficiently, and ensuring that short and long term strategic and business objectives can be met.

1. Regulatory and Operational Environment

Almarai Company (the “Company”) is a publicly listed joint stock company. It is recognized as a manufacturer/producer of high-quality food and beverage products in the Kingdom of Saudi Arabia and abroad. The Company operates in a highly regulated environment, corresponding to the complex requirements of its business activities. As a result, it is requested to comply with a number of regulatory requirements and legal obligations. The Company is governed by the laws, rules and regulations effective in the Kingdom of Saudi Arabia, namely the Capital Market Law and its implementing regulations, the Companies Law, and the decisions and regulations issued by the Ministry of Commerce and other governmental entities, in addition to a number of other GCC and regional legislative requirements.

2. Risk Management Approach

A threat to the Company is determined and assessed based on the consequences of an event and the probability of its occurrence, this includes financial, scientific, and reputational implications. Below is a list of key risk categories.


3. Categories of Potential Risks

- **Strategic**

Including adverse strategic decisions, improper implementation of strategic decisions, lack of response to changes in industry, or exposure to economic, marketing or demographic factors that may affect the status of the Company in the market.

- **Financial**

Misuse of funds, such as using funds improperly or using them for other than their intended purposes, not managing finances to expectations or financial results are inappropriately accounted for or disclosed, risk of insufficient cash flow to meet financial obligations.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- **Operational**

Insufficient internal processes or human resources or failing internal processes or human resources due to external events.

- **Investment**

Not achieving the expected returns for defined objectives, and the risk of under- performing stated objectives.

- **Human Resources**

Exposure to changes in personnel, including the inability to recruit and retain qualified employees and inadequate succession planning strategy.

- **Governmental / Environmental**

External factors that may have an impact such as water shortage or any other environmental factor.

- **Legal**

Commercial and legal rights and obligations not clearly defined or misunderstanding of commercial and legal rights and obligations; and the Company's commercial interests not being adequately protected through well- written and well-prepared contracts and agreements.

- **Compliance**


- Violating laws, regulations, decisions, policies and internal procedures.

- **Reputational**

Any of the risks mentioned above may have a negative impact on the Company's reputation, especially with regard to what may occur in terms of violations or wrong practices.

It is clear that the Company's approach to risk management is through establishing the framework in which the Company and the relevant business divisions operate, including consideration of relevant strategic and business objectives, to ensure that decision- making is based on accurate inputs and involve an acceptable level of risk that may be faced by the Company. For this, the Company must provide the following basic components for risk management Organizational structure Affirmation and satisfaction.

1. Human Resources

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

2. Culture


4. Basic Components of Risk Management Framework at the Company Organizational Structure

The Company's risk management is supported by the Board of Directors (the "Board"), the Company's Committees including the Audit Committee and the Risk Committee, and the Executive Management. The Board is responsible for ensuring that the processes and controls necessary for effective risk management are adhered to, so as to achieve the Company's strategic and commercial goals. The roles of the Board, the Company's Committees and the Executive Management are based on the following,

- **Role of the Board of Directors**

The Board is responsible for the following,

3. To ensure the implementation of appropriate risk management control procedures by determining the risks threatening the Company and disclosing them transparently to all related parties. In addition to creating a work environment familiar with the culture of risk management.
4. To ensure that the financial control and risk management systems are sound.
5. To assume its roles and tasks in leading the Company, within a framework of robust and effective controls that allow for determining, managing and mitigating the impact of risk.
6. Based on the recommendation of the Remuneration and Nomination Committee, to devise the mechanisms necessary to evaluate, on an annual basis, the performance of the Board, the Company's Committees and the Executive Management, using suitable performance measuring indicators based on achieving the Company's strategic objectives, the quality of risk management, and the sufficiency of internal control systems and other systems, identifying strengths and weaknesses and ways to address such weaknesses in a manner consistent with the Company's interests.
7. To approve an internal control system to evaluate risk management policies and procedures, and to implement the Company's approved governance rules.
8. The Board of Directors' report shall include all the information related to any risks facing the Company (operational, financial or market-related) as well as the policy to manage and monitor such risks.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

9. The Board of Directors shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management.
10. The Board of Directors shall determine the scope of the Internal Audit Management report based on the recommendation of the Audit Committee. Specifically, the report must include the following,
 - a. Control and supervision procedures for financial affairs, investments and risk management.
 - b. Evaluation of the development of risk factors within the Company and the existing systems to respond to radical or unexpected changes in the financial market.
 - c. Evaluation of the performance of the Board and the Senior Management in terms of implementing the internal control system, including specifying the number of times in which the Board was notified of control issues (including risk management) and the manner in which such issues were addressed.
 - d. The extent of the Company's compliance with the internal control systems when determining and managing risks.
 - e. Information describing the Company's risk management operations.

- **Role of the Audit Committee**


The Audit Committee is responsible for the following,

1. Examining and reviewing the Company's internal control, financial and risk management systems.
2. Reviewing key activities and operations, including risk management and compliance management, at least once a year.
3. Impartial and independent internal auditing and providing consultations to improve the performance of operations in the Company.
4. The Audit Committee's report shall include the Committee's recommendations and assessment of the adequacy of the Company's internal and financial controls as well as its risk management.

- **Role of the Risk Management Committee**

The Risk Management Committee oversees,

1. Developing a comprehensive risk management strategy and policies that are consistent with the nature and volume of the Company's activities, monitoring the implementation of such strategy and

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


policies, and reviewing and updating them in light of the Company's internal or external changing factors.

2. Setting and maintaining an acceptable risk level for the Company and ensuring the Company does not go beyond it.
3. Ensuring the feasibility of the Company continuation, the continued success of its activities, and determining the risks to its continuation during the following twelve months.
4. Overseeing the Company's risk management system, and evaluating the effectiveness systems and mechanisms for determining, assessing and monitoring risks threatening the Company and identifying any inadequacies therein.
5. Regular reassessment of the Company's ability to take risks and to be exposed to such risks (through stress tests as an example.)
6. Preparing detailed reports on risk exposure and proposed measures to manage such risks and presenting these reports to the Board.
7. Submitting recommendation to the Board on issues related to risk management.
8. Ensuring the availability of sufficient risk management resources and systems.
9. Reviewing the organizational structure for risk management and submitting relevant recommendations before approval by the Board.
10. Verifying the independence of risk management employees from any activities that may expose the Company to risk.
11. Ensuring that risk management employees understand the threats facing the Company and working to promote awareness of the culture of risk.
12. Reviewing any issues raised by the Audit Committee regarding the Company's risk management.

• **Role of Executive Management**

The Executive Management oversees,

1. The implementation of risk management and internal control policies approved by the Board.
2. Ensuring that lower risks (those that can be controlled on site or within the department and that don't appear on the high-risk register) are actively managed, and that appropriate and effective controls

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

exist. In addition to providing timely and sufficient information to the Board and the Audit Committee regarding risks and methods to control them.

3. Presenting and implementing the Company's comprehensive risk management strategy and emergency management plans.
4. Implementing appropriate control systems for risk assessment and management through developing a general overview of risks threatening the Company and creating a company environment familiar with the culture of risk management, as well as disclosing such risks transparently to the Board and other interested parties.
5. Implementing internal control and risk management systems, and ensuring the effectiveness and efficiency of such systems, as well as ensuring compliance with the risk level set by the Board.

- **Other Committees**


There are also other committees, such as the Nomination and Remuneration Committee that must consider the Company's risk nature, volume and level in determining remuneration. In addition to reviewing the structure of the board and executive management, annually ensuring the independence of independent directors. Determining the strengths and weaknesses of the board, reviewing succession plans for the company in general and for the Board of Directors, CEO and Senior Executives.

5. Ensuring Risk Management Effectiveness

The Company has various levels to ensure the effectiveness and competence of risk management through risk assessment and management units throughout the Company as well as management reports and meetings. The Company also recruits outsiders to perform the functions of risk assessment and management units and departments, as needed. Risk management includes a number of elements that work together to find effective operation that helps the Company respond to several operative, financial and trade risks. For example, having a high-risk registry helps with determining, assessing and constantly monitoring major risks at the Company, leading to minimizing them. These records are assessed annually to consider and address arising risks through continuously monitoring them, taking measures to mitigate their impacts and developing plans to systematically respond to them in the future and updating these plans as needed.

The status of the registry of high risks is discussed at the regular meetings of the Executive Management and is communicated on a regular basis to the Board and the financial and Audit Committees.

6. Human Resources

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Recruiting competent human resources and promoting a culture of risk management are considered among the top factors for the Company's success. Additionally, ensuring the existence of an effective structure for competency, quality, incentives, training and appreciation for all employees is the basic component for risk management in the Company. Therefore, the Company is committed to promoting a culture of risk awareness and response.

7. Risk Assessment

The risk management approach is designed to determine risks in each unit in the Company. All risks are then documented and assessed in workshops and registries managed by the Company's Risk Manager. These workshops and registries promote an open discussion, which leads to determining key risks.

8. Business Continuity Management (BCM)

The nature of the Company's business requires the ability to provide rapid recovery of key services in the event of business interruptions. Business Continuity Management is used to counter interruptions to business activities and to protect critical business processes from the effects of major failures or disasters. The Company's ability to resume its basic operations in the aftermath of major interruptions is tested annually through the Business Continuity Management in addition to robust processes, controls and infrastructure, which help restore business to normal.


9. Policies and Training

Policies are used to clarify the Company's position and expectations in terms of risk management legal and regulatory requirements. Policies are saved on the Company's intranet and are accessible to all employees. Additionally, courses are held to communicate and introduce the Company's policies to employees.

The Company believes that training is an essential tool to create increasing awareness, communication and discussion of the key requirements, including policies and procedures. Training also ensures that all employees know and understand the risk management framework and promotes the culture of risk awareness and transparency.

10. Reporting

The Company has clear mechanisms for inspection, notification and reporting. This includes keeping a central registry for all Company-related issues and risks. The Management produces a series of reports on a quarterly basis, whereas risks are assessed and reported independently to the Board and the Company's Committees.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


11. Establishing Independent Units or Departments within the Company

- a. To implement the existing internal control system, the Company shall establish units or departments for risk assessment and management as well as internal audit.
- b. The Company may recruit outsiders to perform the functions of risk assessment and management and internal control units or departments, without prejudice to the Company's responsibility for these functions.

12. Final Provisions (Publication and Amendment)

The Company shall abide and comply with this policy as of the date when it's approved by the Board and shall be published in the Company's website to enable shareholders, stakeholders and the general public to access them.

The content of this Policy shall be reviewed as and when needed based on the recommendation of the Board, and such amendments shall be approved by the Board.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Policy for Reporting Violations

This Policy shall apply to all stakeholders (including the Almarai Company's staff the "Company"). For the purposes of this Policy, the term Company shall refer to all of Almarai Company affiliates or the companies over which the Company shall have direct or indirect control.


The Company is committed to the highest standards of transparency. An important aspect of accountability and transparency is a mechanism to enable staff to disclose violations in a responsible and effective manner. It is a fundamental term of every contract of employment that an employee of the Company will faithfully serve the Company and not disclose confidential information about the Company's affairs. Nevertheless, where an individual discovers information which they believe it shows serious violations or involves wrongdoing within the Company, then said information should be reported to the competent department in the Company without fear of reprisal, and there should be arrangements to enable this to be done independently of line management.

This Policy is designed to ensure that no members of staff are discouraged from raising issues and to provide them with a means to report such issues. This Policy is not designed to question financial or business decisions taken by the Company, nor should it be used to raise any matters which would normally be considered under the Company's complaint, behavioral, disciplinary or other procedures. Minor incidents should be dealt with through the Company's normal management structure, and wherever possible, employees should approach their line manager in the first instance to discuss their concerns about any malpractice.

First Scope of Policy

This Policy is designed to achieve the following,

1. Help the stakeholders (including the Company's staff) report to the Board of Directors any acts or practices committed by the Executive Management and which violate the laws, rules and regulations in force or call the financial statements, internal controls systems or others into question, whether or not said acts and practices are committed against them, and conduct the necessary investigation.
2. Maintain the confidentiality of the reporting procedures by facilitating direct contact with an independent member of the Audit Committee or any other competent committee.
3. Assign a competent person to receive complaints or reports of the stakeholders and deal therewith.
4. Allocate a telephone or email to receive complaints.
5. Provide necessary protection for the stakeholders.
6. Enable the Company's employees to raise serious concerns to the Company's management and at the highest level. These concerns include,

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- a. Financial malpractice, or fraud.
- b. Failure to comply with the obligations prescribed under the laws, rules and regulations in force.
- c. Health, security or environment related risks.
- d. Criminal activities.
- e. Improper conduct or unethical behavior.
- f. Attempts to commit any of the abovementioned acts.

Second, Safeguards Prevention

This Policy is designed to offer protection to those employees of the Company who disclose such concerns (a 'whistleblower'). Thus, disclosing a genuine concern can be made without fear of reprisal.

Disclosures must however be made in all cases,

- a. In good faith.
- b. In the reasonable belief of the individual making the disclosure that it tends to show a violation or impropriety.
- c. To an appropriate person or through the company hotline.
- d. The Company shall not tolerate harassment or victimization of a whistleblower, which may be treated as a disciplinary offence.


Third, Confidentiality

The Company shall undertake to treat all such disclosures in a confidential and sensitive manner. The identity of the whistleblower shall be kept confidential so long as it does not hinder or frustrate any investigation. In all cases, the whistleblower may be requested to provide a statement as part of the evidence required.

Fourth, Untrue Allegations

If an individual makes an allegation in good faith, which is not confirmed by subsequent investigation, no action will be taken against the whistleblower. In making a disclosure, the whistleblower should exercise due care to ensure the accuracy of the information. If, however, an individual makes malicious or vexatious allegations, and particularly if he persists with making them, disciplinary action may be taken against that individual.

Fifth, Disclosure Procedures

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

The Company shall design a mechanism to receive the complaint/report to ensure the independency of the investigation and to deal with it in a sensitive manner based on the nature of the risks represented with it.

In the event that the person who makes the disclosure is one of the Company's employees, he can disclose to the direct manager in order to take the necessary action. Also, the Employee can bypass his direct manager and report to Almarai's Head of the internal Audit, Chairman of the Audit committee or to the Legal General Counsel if he does not wish to report to his direct manager. In addition, he can use the designated phone and email to receive any report.

Sixth, Investigations

If there is evidence of criminal activity, or activity which contravenes any law or regulations under which the Company operates, then the "investigating officer" (Company's Secretary, Head of Internal Audit or Audit Committee Chairman) shall take the necessary actions to inform the appropriate authorities.


The Company will ensure that any internal investigation does not hinder a formal external investigation. Due to the varied nature of these sorts of complaints, timescales for investigations may vary considerably depending on the type and nature of each case. The "investigating officer" will ensure that investigations are undertaken as quickly as possible, without affecting the quality and depth of those investigations. The "investigating officer" will, as soon as practically possible, send a written acknowledgement of the concern to the whistleblower, and thereafter report back to them the outcome of the investigation and the action that is proposed. If the investigation is a prolonged one, the investigating officer should keep the whistleblower informed as to the progress of the investigation and to when it is likely to be concluded.

All responses to the whistleblower will be in writing and sent to their home address or an address nominated by the whistleblower. Alternatively, the format may be electronic - depending on the wishes of the whistleblower. Under no circumstances should written correspondence from the investigating officer be shared by the whistleblower to any third party, failure to abide by this will result in disciplinary action against the employee.

Seventh, Final Provisions (Publication and Amendment)

The Company shall abide and comply with this policy as of the date when it's approved by the Board and shall be published in the Company's website to enable shareholders, stakeholders and the general public to access them.

The content of this Policy shall be reviewed as and when needed based on the recommendation of the Board, and such amendments shall be approved by the Board.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Policy Regulating the Relationship with Stakeholders

The purpose of this policy is to provide the rules and procedures to be followed by Almarai Company (the “Company”) with a view to protecting and preserving Stakeholders’ rights. In particular, this Policy includes mechanisms for indemnifying the Stakeholders in case of contravening their rights, mechanisms for the settlement of disputes arising between them and the Company, and mechanisms for maintaining good relationships with them and protecting the confidentiality of information related to them. More generally, this Policy defines a general framework for deal with Stakeholders, commit to disclose material information and transparently provide them therewith.

The term “Stakeholder” refers to any person who has an interest in the Company, such as shareholders, employees, creditors, customers, suppliers, and the community.

1. Settling Complaints or Disputes Arising between the Company and the Stakeholders

The Company is striving to resolving complaints or disputes arising between the Company and the Stakeholders, immediately after being notified thereof. The Company shall examine and verify facts and ensure their credibility, and that they are not malicious, incorrect or intended to discredit the Company and then address them accordingly. Complaints or disputes may be settled in accordance with the respective contracts concluded between the Company and the Stakeholders, or pursuant to the Company’s Bylaws, policies or internal regulations.

2. Building Good Relationships with Stakeholders

The Company is committed to building good relationships with Stakeholders, in particular with customers and suppliers. The Company is also keen on maintaining the confidentiality of their information, so that their relationship conforms with professional standards, and to the principles of justice, equality and non- discrimination.


3. Professional Conduct Rules

The Company is keen on the commitment of its managers and employees to professional conduct rules and ethical standards regulating their relationship with the Stakeholders, as per the Corporate Professional Conduct Policy.

4. Social Contribution of the Company

The Company supports several events and activities with various sectors of the society and also contributes to the protection of the environment and natural resources. The Company shall disclose its social contributions, sponsorships and Corporate Social Responsibility plans in periodic reports relating to the Company’s activities and in its annual report.

5. No Discrimination

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

The Company confirms that its 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.

6. Access to Information

The Company shall provide the Stakeholders with information relevant to their activities to enable them to perform their duties. Such information shall be correct and sufficient and shall be provided in a timely manner. The Company shall also give the Stakeholders an access to financial and non-financial information pertaining to the Company's performance and information in respect of ownership of shares, and provide them with a comprehensive view of the Company's position through reports issued by the Company or advertised on the Company's website.


7. Treatment of Company's Employees

The Company confirms its commitment to treat its employees, pursuant to the principles of ethics, fairness, equality and in line with global best practices.

8. Final Provisions (Publication and Amendment)

The Company shall abide and comply with this policy as of the date when it's approved by the Board and shall be published in the Company's website to enable shareholders, stakeholders and the general public to access them.

The content of this Policy shall be reviewed as and when needed based on the recommendation of the Board, and such amendments shall be approved by the Board.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Policy for the Distribution of Dividends

1. Distribution of Dividends

Dividends of Almarai (the “**Company**”) shall be distributed in accordance with Article 38 of the Company’s Bylaws, which provides as follows:

Subject to the requirements of other relevant laws, the Company’s annual net profits shall be allocated as follows,

The Ordinary General Assembly may, when determining the percentage of shares in the net profits, decide to form reserves, to the extent that achieves the interest of the Company or guarantees the distribution of fixed profits, as much as possible, to the shareholders. The Ordinary General Assembly may also deduct amounts from the net profits to achieve social purposes for the Company’s employees.

The General Assembly shall determine the percentage that must be distributed among the shareholders from the net profits after deducting the reserves, if any.

2. Entitlement to Profits

Regarding entitlement to profits, Article 39 of the Company’s Bylaws provides as follows, “Shareholders shall be entitled to their share of profits pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in the shareholders register shall be entitled to their shares of profit by the end of the day of their entitlement. The Board of Directors must implement the decision of the General Assembly regarding the distribution of profits to shareholders”.

3. Changes in the Percentage of Targeted Dividends Being Distributed


Any changes to targeted dividends percentage is considered highly sensitive from a commercial standpoint and may only be changed with the prior approval of the Board of Directors.

4. Consistent Payment of Dividends Over the Financial Years

When measuring the Company’s performance for the purpose of distributing any dividends for the concerned fiscal year and while maintaining the same dividend payout ratio over the medium term, the Board of Directors shall, from one year to another, maintain consistency in the cash flows and reduce the impact of any distribution of annual profits on free cash flows, as may have attributed impact on profit or loss in future specific years.

5. Definition of Free Cash Flows


For the purposes of this Policy, “free cash flows” is defined as net cash flows from operating activities, less any capital investments during the fiscal year.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

6. Final Provisions (Publication and Amendment)

The Company shall abide and comply with this policy as of the date when it's approved by the Board and shall be published in the Company's website to enable shareholders, stakeholders and the general public to access them.

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Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Policy on Remunerations Granted to Employees

1. Applicability

This policy shall be applicable to all the Company employees based in the regions, countries and territories where the Company operates. This policy complies with the laws, rules and regulations governing the Kingdom of Saudi Arabia and the laws, rules and regulations of all other regions, countries and territories where the Company operates.

2. Policy Purpose and Description

The Company's Total Rewards policy defines the way the Company shall compensate its employees in a fair and equitable manner and administer the elements of total rewards.

The Company's total rewards philosophy and principle is to attract, motivate, engage and retain talents, and align the goals of the Company's shareholders and employees in order to enhance the value of the Company.


Employee's remuneration shall be based on his or her role in the organization, the market value of the job in the country where the employee is located in, his or her job performance and responsibilities, affordability of the Company, and the local regulatory requirements.

2.1 Remuneration Philosophy

- a) The Company aims to attract competent talents based on their personal profile and expectations and reward them accordingly whilst maintaining the internal equity and external competitiveness.
- b) The Company focuses on retaining its high performing employees with right skill sets and abilities, who are aligned with the Company values and desired behaviors.
- c) The Company aims to align its remuneration framework to the market median and pay its employees at 50th percentile. However, the percentile may be revisited from time to time based on business requirements for particular segments, to be decided when deemed necessary.
- d) The Company targets to reach 75th percentile in the benefits programs for 'M' grade employees to be able to attract and retain the best possible talent available. For other employee groups, the Company targets to reach the market median i.e. 50th percentile.

2.2 Remuneration Principles

- a) The Company intends to maintain internal equity through fairness in employee pay practices in consideration with individual's job, performance, geographical location and working conditions.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


- b) The Company intends to maintain its external competitiveness by benchmarking remuneration practices with business sectors in other companies within different geographies.
- c) The Company appreciates the value of each individual's performance and understands his/her contribution in the growth of the business and aims to establish performance driven culture across all employee groups and intends to recognize and reward its employees based on both Company and individual performance.

2.3 Elements of Remuneration

- **Compensation**
 - Compensation is a monetary return offered to an employee for performing a job at the required standards. It consists of different elements, values and payment frequency which may vary depending on the market best practices, Company performance and employee performance.
 - The total compensation consists of both fixed and variable elements. The ratio between fixed and variable compensation (pay mix ratio) depends on the employee role and may vary between different job groups and job grades.
- **Benefits**
 - Benefits are the monetary and/or non-monetary support provided by the Company to supplement employee's earning and well-being to maintain their lifestyle choices.

2.4 Salary Payment

- a) Salaries shall be paid to the eligible employees by the end of the month on a monthly basis according to the Annual Payroll Calendar, which will be in line with MHRSD guidelines and shall be prepared and published by Human Resources.
- b) The salaries shall be paid in the local currency of the country of employment.
- c) Salaries shall be paid to the employees through local bank accounts, however, in case of newly joined employees the salaries may be paid in cash until the local bank account is opened.
- d) Each employee shall be issued with a detailed breakdown of the calculation of his/her salary, including details of any allowances paid and deductions made, on a monthly basis.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		


2.5 Standard Hours of Work and Overtime Payments

- a) The standard working hours for Head Office and other office location is governed by local labour law of the country.
- b) Employees of certain categories who are required to work additional hours over and above the basic hours shall be compensated by overtime payment in accordance with local labour law.
- c) Employees of other categories such as but not limited to management and supervisory roles may require to work additional hours in excess of normal hours; however, they shall not be eligible to receive overtime payments and their salaries shall be inclusive of all additional hours they work.

2.6 Basic Salary and Premiums

- a) Basic salary is the fixed element of every employee's remuneration package which shall be paid on monthly basis for performing the job at required standards.
- b) Basic salary shall be the base unit which is used for computing all other payments made to the employee such as but not limited to allowances, premiums, bonus, commissions, overtime payments and severance payments.
- c) The Company offers various premiums to the qualifying employees based on specific business needs in order to support the attraction and retention of employees in the business.
- d) Premiums are the payments made to an employee for a definite or an indefinite period for working in extra ordinary circumstances and/or on business need that may be caused by internal or external factors specific to particular job.
- e) The following premiums are paid to the qualifying employees based on the employee's role such as but not limited to Long Haul Driver Premium, Heavy Duty License Premium, Light Duty License Premium, Production Maintenance Premium, Cold Store Premium, Bio Security Premium, Risk Premium, Special Duty Premium.
- f) Any adjustment made to the basic salary shall not impact the premiums except those premiums which are directly linked with the increase or decrease of basic salary. The premiums are not part of the basic salary and shall not be included in the calculation of salary increments, salary adjustments, or other benefits.

2.7 Variable Pay

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- a) Variable pay shall be offered to employees for achieving certain pre-determined targets and is a motivational pay element to encourage employees to enhance their performance.
- b) The following variable pay elements are paid to the qualifying employees such as but not limited to Short Term Incentive (STI), Annual Performance Bonus, Long Term Incentive (LTI), Sales Commission and Trip Allowance.

2.8 Benefits

- a) The Company offers various benefits to its employees such as but not limited to housing allowance, car allowance, transport allowance, location allowance, extended location allowance, food allowance, children education assistance, Company provided accommodation, Company car, medical insurance, life insurance, health insurance, social insurance, flight tickets, food subsidy, end of service benefit, child care premium, disability premium and mobile phone premium.
- b) In addition to above benefits, Company also provides salary advances, bank loan support and housing loan support to eligible employees.


2.9 Breach of Remuneration Confidentiality

- a) Employee's remuneration is confidential in nature and is based on an agreement between each employee and the Company. Maintaining confidentiality with regard to remuneration is the responsibility of all concerned, both management and employee.
- b) Breach of confidentiality with regard to any aspect of remuneration shall be deemed to be a serious matter and employees who disregard this responsibility shall be liable to disciplinary action.
- c) Employees responsible for the administration or handling of remuneration data shall take utmost care to ensure that the information in their possession is secure at all times.

3. Policy Governance

3.1 Policy Owner

- a) The EVP - Human Resources is responsible for updating and management of this policy through the Human Resources Department. This policy is a dynamic document, which will be updated and reviewed periodically, to respond and adapt to changes in market conditions, growth and expansion of the Company and other related factors that may have an impact.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- b) As with all Company HR Policies and Procedures, in the event that interpretation of any section of the foregoing shall be inconsistent with the purpose, spirit or intent of this policy or is in any way detrimental to the best interests of the Company or other relevant parties, then the EVP - Human Resources shall amend the policy, without notice, and shall apprise the Group Executives as soon as possible in order to ratify the appropriate changes.

3.2 Non-Compliance /Violations of Policy

- a) Violations of policy are grounds for discharge or other disciplinary action, adapted to the circumstances of the particular violation and having as a primary objective furtherance of the Company's interest in preventing them and making clear that violations are neither tolerated nor condoned.
- b) Disciplinary action will be taken, not only against individuals who authorize or participate directly in a violation of the policy, but also against,
- any employee(s) who may have deliberately failed to report a violation of the Policy.
 - any employee(s) who may have deliberately withheld relevant and material information concerning a violation of this policy; and
 - the violator's managerial superiors, to the extent that the circumstances of the violation reflect inadequate leadership and lack of diligence.


3.3 Queries Related to the Policy

Employees shall contact Divisional HR Manager in case of any clarification required on this policy.

4. Final Provisions (Publication and Amendment).

The Company shall abide and comply with this policy as of the date when it's approved by the Board of Directors and shall be published in the Company's website to enable shareholders, stakeholders and the general public to access them.

The content of this Policy shall be reviewed as and when needed based on the recommendation of the Board of Directors, and such amendments shall be approved by the Board of Directors

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Professional Conduct Policy

This Policy is developed to serve as a standard for Almarai Company's (the "Company") professional conduct and ethical values, in accordance with the following controls,

1. Each member of the Board or Executive Management and employees shall perform his/her duties of loyalty and care to the Company, and undertake all measures that may protect the Company's interests and contribute to its development and increase its value, and shall, at all times, prioritize the Company's interests over his/her own interests.
2. A Board member shall represent all shareholders of the Company and take all actions to achieve the best interests of the Company and its shareholders, while protecting the rights of the other Stakeholders, rather than only the interests of the group that elected him.
3. Board members and Senior Executives shall comply with all relevant laws, regulations and instructions.
4. Members of the Board or Executive Management may not abuse their positions, with the aim of achieving benefits for themselves or a third party.
5. Company's assets and resources may be only used to achieve the Company's purposes and objectives, and not to achieve personal interests.

Professional Conduct Standards,


The Company is keen on carrying out its activities in accordance with the highest standards of honesty, integrity, respect and ethics towards its shareholders, customers, suppliers and employees at all levels.

The Company is committed to ensuring that working conditions in the Company's supply chain are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible. The Company's suppliers ("Suppliers") are therefore obligated, in all of their activities, to operate in full compliance with the laws, rules, and regulations of the countries in which they operate. This Policy goes further, drawing upon internationally recognized standards, in order to advance social and environmental responsibility. The Company requires that Suppliers implement, and abide by, this Policy.

In particular, the Company requires the compliance of its employees and its suppliers with the following,

- **Ethics**

Employees and Suppliers must be committed to the highest standards of ethical conduct when dealing with workers, customers and authorities and other Stakeholders. The Company values its business relationship with suppliers, based upon their performance and future business from the

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Company is based upon the supplier's ability to deliver on quality, performance and cost of goods and services being purchased.

- **Combating Corruption**

Corruption in any form, is strictly prohibited and is not accepted at all within the Company and the Company works to combat corruption in the corporate environment. Suppliers and employees shall not engage in corrupt acts of any kind, including extortion, embezzlement, cheating, bribes or any other form of corruption. Violations of this prohibition may result in immediate termination as a supplier of the Company, and in legal action against the concerned supplier.

- **Bribes, Kickbacks & Commissions**

Bribes or other means of obtaining undue or improper advantage or influence (i.e. commissions or incentives) are not to be offered or accepted at all. They may not be offered or solicited, either directly or through a third party. If a Company employee asks a supplier for a bribe, this should be reported immediately to the Company's management or its Internal Audit Department.

- **Gifts & Gratuities**


Company employees are forbidden from soliciting gifts, entertainment or other benefits. The Company has strict limits and only allows its employees to accept token gifts of minimal value (SAR 150 as a maximum). If a gift would create an obligation, or appear to create an obligation, it will be considered to be a bribe. The Company respectfully requests that suppliers do not give gifts to its employees.

- **Conflict of Interest**

A conflict of interest occurs when the Company's Board member, employee or supplier's personal or family interests interfere with their ability to make a sound business decision, in the best interests of the Company. Board members, employees and suppliers alike must avoid anything which may interfere with the proper performance of their required duties, and with the transparency ensuring a fair selection of suppliers for the Company.

- **Disclosure of Information**

The Company's employees must disclose to the concerned authority what may lead to a conflict of interest or negatively affect their ability to take the necessary decisions in the interest of the Company. The Company's employees and suppliers must disclose information regarding its business activities, financial situation, and proper performance, in accordance with applicable laws, regulations and prevailing industry practices.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- **Fair Business, Advertising, and Competition**

The Company's employees and suppliers must uphold fair business standards in advertising, sales, and competition.

- **Reporting Violations, Whistle blower Protection and Anonymous Complaints**

The Company must create programs to ensure the protection of supplier and worker whistleblower's confidentiality and prohibit retaliation against workers who participate in such programs in good faith or refuse an order that is in violation of the Company's Code of Conduct.

Protecting the Company's Assets, Intellectual Property and Confidential Information

The Company's employees and suppliers must protect all the assets of the company whether tangible assets such as building, materials, products and equipment or intangible assets such as intellectual property rights including trade secrets, confidential information, trademarks, industrial designs, patents, copyrights, and undisclosed information as well as customer information. Transfer of technology and know-how must be done in a manner that protects intellectual property rights. Suppliers must protect the Company's assets including but not limited to:

1. Trade secrets, confidential information and other intellectual property rights, such as trademarks, industrial designs, patents, copyrights, and undisclosed information.
2. Equipment & buildings - some areas of the Company's facilities may be exclusive to contractors and suppliers.


Misrepresentation and Use of the Company's Name

The Company's employees and suppliers may not present themselves as acting on behalf of the Company, unless specifically authorized to do so in writing by way of a special authorization signed by the Company's Board Chairman or Managing Director, or anyone authorized by them.

Suppliers may not use the Company's trademarks, logos, industrial property and any other intellectual property rights, without prior written permission, nor use the Company's name to advertise their products, goods or services. Suppliers are not permitted to disclose the Company as a customer, or release information about relationships with the Company, whether directly or indirectly without the Company's prior written consent.

Records

The Company and the suppliers shall maintain accurate financial books and records. It is important that both the Company and the suppliers retain accurate business records during the course of their relationship. Contractual requirements and legal provisions also require retention of such records for a period of time beyond termination of

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

the relationship. The Company does not permit or otherwise allow falsification of documents. Suppliers should immediately report to the Company's management or Internal Audit Department any attempt to falsify information in the Company's records.

Health and Safety

The Company recognizes that integrating sound health and safety management practices into all aspects of business is essential to maintain high morale and produce innovative products. Suppliers must be committed to creating safe working conditions and a healthy work environment for all of their workers.

The Environment

At the Company, environmental considerations complement our business practices. Suppliers must be committed to reducing adverse impact of their designs and manufacturing processes on the environment, in order to limit non-environmentally friendly emissions.


Reporting Responsibility

The Company expects its suppliers to report issues if they arise. There will be no negative reflection on any person or company for reporting in good faith a potential ethical issue. The Company will investigate each allegation thoroughly to determine the facts and the parties involved in such practices and take necessary actions. Knowing about the violation and not reporting the same shall be considered as a violation of this Policy. Suppliers should report to the Company's management or Internal Audit Department any potential ethical issue or violations of this Policy - whether by the Company's staff or supplier employees.

Final Provisions (Publication and Amendment)

The Company shall abide and comply with this policy as of the date when it's approved by the Board and shall be published in the Company's website to enable shareholders, stakeholders and the general public to access them.

The content of this Policy shall be reviewed as and when needed based on the recommendation of the Board, and such amendments shall be approved by the Board.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Conflicts of Interest Policy


Conflicts of interest situations and Related Party transactions shall be dealt with in accordance with the provisions of this Policy. The definition of Related Parties includes the following,

- a. Affiliates of the Company except for wholly-owned companies.
- b. Substantial shareholders in the Company.
- c. Directors and Senior Executives of the Company.
- d. Directors of Affiliates of the Company.
- e. Directors and Senior Executives of Substantial Shareholders of the Company.
- f. Any relatives of persons described at (a), (b), (c) or (e) above.
- g. Any company controlled by any person described at (a), (b), (c), (e) or (f) above.

For purposes of paragraph (f) of this definition, the term “relatives” shall mean a parent, spouse and child.

First: Dealing with Conflicts of Interests and Related Parties Transactions

1. A member of the Board of Directors may not have any direct or indirect interest in any business and contract made on behalf of the Company, except with the authorization of the Ordinary General Assembly. The Board member shall inform the Board of any direct or indirect interest in any business and contract made on behalf of the Company; with such notification recorded in the meeting minutes. Such member may not participate in voting on resolutions taken by the Board and shareholder assemblies in this regard. The Chairman of the Board shall inform the Ordinary General Assembly at the time of its convening of any business or contract in which a Board member has a direct or indirect interest. The notification shall be accompanied by a special report drafted by the Company's external auditor. If the conflicted Board member failed to disclose his/her interest, then the Company or any stakeholder may seek recourse from the competent judicial authority and have the contract annulled, or oblige said member to surrender any profits or benefits achieved as a result thereof.
2. A Board member may not participate in any business that may compete with the Company or any of its activities. Otherwise, the Company may seek appropriate compensation before the competent judicial authority, unless such member obtains the authorization from the Ordinary General Assembly.
3. The Company may not grant loans of any type to any of its Board members or shareholders, or secure any loan contracted by any of them with a third party. The foregoing excludes loans and guarantees granted by the Company under employees' incentive programs, which are already approved in


Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

accordance with the provisions of the Company's Bylaws, or by a resolution from the Ordinary General Assembly. Any contract breaching the provisions of this Article shall be deemed null and void. The Company shall have the right to seek damages from the violator before the competent judicial authority.

4. All Board members, substantial shareholders, executive management and Company employees shall avoid situations that may lead to a conflict between their interests and the interests of the Company, and shall deal with them in accordance with the provisions of the Companies Law and its implementing regulations.
 5. Board members and employees may not undertake any activity resulting in a personal interest which may, in any way, conflict with the interests of the Company, unless pursuant to prior written approval in that regard.
 6. Each Board member, members of the Executive Management and employees may not, directly or indirectly, misuse or take advantage of the Company's assets and resources, for any personal interest, or use the same for their own benefit or for other purposes falling within the scope of the Company's business and activity.
 7. Board members undertake to constantly disclose situations that may lead to conflicts of interest, or upon the occurrence of such conflicts.
 8. When a conflict of interest exists, Board members shall abstain from voting or taking part in decision making.
 9. When the Company contracts, or enters into a transaction with a Related Party, it shall notify the CMA and the public without delay of said contract or transaction, if it equals to or exceeds 1% of the Company's total revenues, as recorded in the latest annual audited financial statements.
- If the Board of Directors determines that this Policy was breached, violators shall be liable before the competent judicial authorities for appropriate compensation for all damages or losses incurred by the Company with regard thereto, unless authorization was obtained in that regard from the Ordinary General Assembly.

Second: Avoiding Conflicts of Interest

- Board members shall:
 1. Perform their duties with honesty and integrity and put the interests of the Company above their own interest, and not use their position to achieve personal interests.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

2. Avoid situations of conflicts of interest and notify the Board of such situations that may affect their neutrality when looking into matters presented before the Board. The Board shall not allow such member to be involved in deliberations and shall not count their vote on such matters being deliberated by the Board and General Assembly meetings.
3. Protect the confidentiality of the information related to the Company and its activities, and not disclose any such information to any person.

• **Board members are prohibited from:**

1. Voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the Company's account, if they have a direct or indirect interest therein.
2. Misusing or benefitting, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to them or the Company, in their capacity as members of the Board. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to Board members who resign to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to their knowledge during their tenure on the Board.

Third: Disclosure of Conflicts of Interest by Nominees


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

1. The existence of a direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board.
2. Engaging in business that may compete with the Company or any of its activities.

Fourth: Competing with the Company

Subject to the provisions of Article 27 of the Companies Law, the following shall be taken into account when a member of the Board desires to engage in a business that may compete with the Company or any of its activities,

1. Notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting.
2. The conflicted member shall abstain from voting on the related decision in the Board and General Assembly meeting.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

3. The Chairman of the Board informing the Ordinary General Assembly, once
4. convened, of the competing businesses that the member of the Board is engaged in.
5. Obtaining the Ordinary General Assembly's authorization for the member to engage in the competing business.

Fifth: Concept of Competing Businesses

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

1. The Board member establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a Company or any other entity engaging in business activities that are similar to the activities of the Company or its group.
2. Accepting membership in the Board of a company, an entity that competes with the Company or its group or managing the affairs of a competing sole proprietorship or any competing company of any form.
3. The Board member acting as an overt or covert commercial agent for another
4. company or entity competing with the Company or its group.

Sixth: Refusal to Grant the Authorization

If the General Assembly refuses to grant the authorization given pursuant to Article 12 of the Governance Regulations, allowing a Board member to have a direct or indirect interest in businesses or contracts entered into on behalf of the Company, or engaging in business activities that compete with the Company or any of the activities thereof, then the Board member shall resign within a period specified by the General Assembly; otherwise, his/her membership on the Board shall be deemed terminated, unless he/she decides to withdraw from such contract, transaction or competing venture or regularize his/her situation in accordance with the Companies Law and its implementing regulations prior to the end of the period set by the General Assembly.

Seventh: Accepting Gifts


Board members and Senior Executives may not accept gifts from any person who has business dealings with the Company, if such gifts lead to a conflict of interest.

Eighth: Final Provisions, (Publication and Amendment)

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

The Company shall abide and comply with this policy as of the date when it's approved by the Board and shall be published in the Company's website to enable shareholders, stakeholders and the general public to access them.

The content of this Policy shall be reviewed as and when needed based on the recommendation of the Board, and such amendments shall be approved by the Board.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

Competing Business Standards

Approved by EGM on 05/04/2020G

Introduction

In compliance with Article 27 of the Companies Law and Article 45 of the Corporate Governance Regulations, these Competing Business Standards (“**Standards**”) set out the standards and procedures regulating the rules for engaging in a competing business by members of the Board of Directors of the Company. These Standards are based on the relevant provisions of the Companies Law, Corporate Governance Regulations, Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies and the Company's bylaws.

The Company's business and related activities are set out in detail in its Bylaws and mainly consist of the food and beverage manufacturing. Competing business situations related to members of the Board of Directors of the Company shall be dealt with in accordance with the provisions of these Standards.

Competing Business Standards Scope of Applicability


These Competing Business Standards apply to members of the Company's Board.

These Standards will not have a prejudice to other duties of the members of the Company's Board under relevant provisions in other policies, such as the Company's Conflict of Interest Policy. Obligations in accordance with these Standards apply in addition to duties under such policies and have to be adhered to at all times.

Concept of Competing Businesses

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


1. The Board member establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a company or any other entity engaging in business activities that are similar to the activities of the Company or its group.
2. Accepting membership in the Board of a company that competes with the Company or its group or managing the affairs of a competing sole proprietorship or any competing company of any form.
3. Accepting membership in any committee of a company that competes with the Company or its group.
4. The Board member acting as an overt or covert commercial agent for another company or entity competing with the Company or its group.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

5. The Board member providing advice or guidance to any company or business or a person working for a company or business that is competing with the Company or its group.
6. The Board member using his/her knowledge of or influence over any of the Company's or its group's clients, suppliers or advisors for the benefit of any company or person working for a company or business that is competing with the Company or its group.

Competing with the Company

1. A Board member may not participate in any business that may compete with the Company, its group or any of their activities, nor be a member of the board in a company that competes with the Company, its group or any of their activities, unless such member obtains the authorization from the Ordinary General Assembly.
2. The above duty is the personal responsibility of each member of the Board. Board members undertake to disclose to the Board on an ongoing basis of any change in their respective positions.
3. When a Board member wishes to engage in a business that may compete with the Company, its group or any of their activities, the following shall be considered,
 - a. Notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting.
 - b. The conflicted member shall abstain from voting on the related resolution or taking part in decision making in the Board and General Assembly meeting.
 - c. The Chairman of the Board informing the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board is engaged in.
 - d. Obtaining the consent of the Company's Ordinary General Assembly authorizing the member to engage in the competing business.
4. The Board, when assessing the Board member's competition with the Company's business, shall take into account the following standards,
 - a. The geographical reach of the business competing with the Company, its group or any of its activities.
 - b. Whether engaging in the competing business would prevent the Board member from giving sole consideration to the interests of the Company.

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

- c. Whether the activities undertaken by the Board member in one role are likely to have a material impact on his/her role as a Board member of the Company.
5. The deliberations and decisions around the competing business of a Board member shall be recorded in the minutes of meeting of the Board.
6. If the Board of Directors determines that these Standards were breached, violators shall be liable before the competent judicial authorities for appropriate compensation for all damages or losses incurred by the Company with regard thereto, unless an authorization was obtained in that regard from the Ordinary General Assembly.

Disclosure of Competing Business by Nominees

A person who desires to nominate himself /herself for membership on the Board shall disclose to the Board or the General Assembly if he/she is engaging or intending to engage in a business that may compete with the Company, its group or any of their activities.


Duties of Board Members Engaged in a Competing Business

1. Board members shall perform their duties with honesty and integrity and put the interests of the Company above their own interest, and not use their position to achieve personal interests.
2. Board members shall protect the confidentiality of the information related to the Company and its activities, and not disclose any such information to any person.
3. Board members shall not misuse or benefit, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to them or the Company, in their capacity as members of the Board. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to Board members who resign to, directly or indirectly, use investment opportunities that the Company wishes to use, which came to their knowledge during their tenure on the Board.

Refusal to Grant the Authorization

If the Ordinary General Assembly rejects granting the authorization pursuant to Article 12 of the Corporate Governance Regulations, the member of the Board shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such contract, transaction or competing venture or regularize his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

Standards Governance

Version, 05		Corporate Governance Rules of Almarai Company	
Date	16/02/2025		

The Remunerations & Nomination Committee shall be responsible for periodically reviewing these Standards as well as assessing their effectiveness in achieving their objectives pursuant to Article 62 of the Corporate Governance Regulations.

Publication and Amendment

The Company shall abide by and comply with these Standards as of the date when it is approved by the Ordinary General Assembly of Shareholders and shall be published on the Company's website to enable shareholders, stakeholders and the general public to access them.

The content of these Standards shall be reviewed and amended as and when needed based on the recommendation of the Board, and such amendments shall be approved by the Ordinary General Assembly of Shareholders.