

## 2-9 Risk Management

The efficient risk management is one of the pillars of First Milling Company's management approach as the Company adopts a wise culture in dealing with such topic. In general, the Company is keen on ensuring the sustainability of its work to mitigate the danger of its risks as necessary and acceptable in order to fully and efficiently apply the Company's strategy. This is achieved by following a robust risk management system. As one of many companies that works in any of

the market economic sectors, a number of risks would be faced, especially if this economic environment is fertile with lots of hectic transformations and increasing growth, as is the case here in the Kingdom.

In addition to the above, the region is witnessing a number of accelerated events at all levels and in all political, economic and social aspects of life.

### Risk Management Framework:

First Milling Company's risk management framework is aligned with the leading global standards and the best industry practices.

### Risk Management Governance:

One of the Company's points of strength is its ability to manage risks. Risk management is generally handled by a number of employees at various levels, with the help of the Company's Audit Committee. Risk management is under the supervision of the Board of Directors and the Chief Executive Officer has a direct oversight of governance, risk and compliance management. Operationally, the Company relies on supply, wholesale, and retail operations, achieving profits that depend on economies of scale and value chain integration. The Company seeks to maintain its profit levels by applying comprehensive and strict policies, practices and guidelines approved by the Board of Directors to motivate the Company to adopt proactive and preventive measures to mitigate the impact of risks.

The Executive Management Team carries out a periodical assessment of the Company's general risks by setting suitable policies to ensure the management of main risks and maintaining such risks at acceptable levels. In the cases in which the risks exceed acceptable levels, the Company's Executive Management Team works on laying down clear action plans that include specified responsibilities and timetables to mitigate the strength of risks. The Executive Management Team also periodically follows up work to ensure progress within timetables of action plans.

### Determining & Identifying Risks:

Risk management starts with determining the total potential risks, by analyzing the Company's operations, the external environment within which the Company operates and the regulatory landscape. This would include impacts on the Company's strategy, objectives and key processes.

### Prioritizing Risks:

The potential risks are arranged according to their effect in order to optimally manage resources and facilitate the decision-making process. Usually, risks are arranged according to the priority of their effect on limiting their potential occurrence and resisting their potential effect on the Company.

The Company constantly works on assessing all the risks facing its usual business and activities. Through such assessment, various risks are periodically reviewed, whether at the level of teams, departments sectors or at the level of the Executive Management Team by holding weekly, monthly and quarterly meetings, in order to review such risks and to take the right measures to combat and handle the same.

### Risk Response:

The Company takes necessary measures to respond to risks and closely monitors such risks in order to avoid and mitigate the same to avert any potential damage they may cause.

