

4 - 11 Provisions and Compliance

First Milling Company Management has laid down the rules through which it can lead and direct the Company. Such rules include the mechanisms for organizing various relations between the Board, CEOs, Shareholders and Stakeholders, by developing special procedures to facilitate decision making and to add a sense of transparency and credibility in order to protect the rights of Shareholders and Stakeholders and to establish justice, competitiveness and transparency in the market and business environment. The Company is keen to abide by the Corporate Governance Regulations issued by the Capital Market Authority (CMA) which require the Company

to declare in the Board's report the provisions of the Corporate Governance Regulations that have been applied and those that were not, stating the reasons beyond failure to apply such provisions.

The Governance and Compliance Department at the market works, in coordination with the Executive Management and Executive Committees, on reviewing and updating the governance policies and practices, with the aim of enhancing integrity, transparency and compliance. First Milling Company applies all provisions stated therein except the guiding articles included below:

No. of Article/ Paragraph	Title	Text of Article/ Paragraph	Degree of Application	Causes of Non-Application
37	Training	The Company shall pay adequate attention to training and qualifying Members of the Board, Committees and the Executive Management, and shall develop the necessary programs for the same, taking the following into account: 1) Preparing programs for the newly appointed Members of the Board and Executive Management to familiarize them with the progress of the Company's business and activities, particularly the following: A. The Company's strategy and objectives. B. Financial and operational aspects of the Company's activities. C. The obligations, duties, responsibilities and rights of the Board Members. D. Duties and competencies of the Company's Committees. 2) Developing the necessary mechanisms for Members of the Board, Committees and the Executive Management to continuously enroll in training Programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	Partially Applied	Guiding Article There is no fixed program, but rather according to need, as courses and attendance of some specialized international conferences are also arranged, in addition to field visits.
39	Performance Assessment	A) The Board shall develop, based on a proposal of the Nomination Committee, the necessary mechanisms for annual performance assessment of the Board, its Members, Committees and Executive Management annually. This shall be done using appropriate performance indicators. These indicators are linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others. The strengths and weaknesses shall be identified, and proposals for addressing them shall be made in accordance with the best interests of the Company. B) The performance assessment shall be in writing, clearly stated and disclosed to the Board Members and parties concerned with this assessment. C) The performance assessment shall entail an assessment of skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general. D) The individual assessment of Board Members shall take into account the extent of effective participation of the Member and his commitment to performing his duties and responsibilities, including attending the Board and its Committee meetings and dedicating adequate time thereof. E) The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years. F) The Board shall ensure that Non-Executive Members carry out periodic assessment of the performance of the Chairman taking into consideration the views of the Executive Members, without the Chairman attending the discussion designated for this purpose. The strengths and weaknesses shall be identified, and proposals for addressing them shall be made, in accordance with the best interests of the Company.	Not Applied	Guiding Article The company is working on activating it in the coming period, as the Board has not performance indicators or individual assessments for this year.
67	Risk Management Committee Formation	The Company's Board shall, by resolution therefrom, form a committee to be named the "Risk Management Committee". Chairman and majority of its Members shall be Non-Executive Members. The Members of that Committee shall possess an adequate level of knowledge in risk management and finance.	Not Applied	Guiding Article The Company did not allocate an independent committee for risk management, but its tasks have been included with the Audit Committee as a single committee
68	Competencies of Risk Management Committee	The competencies of the Risk Management Committee shall include the following: 1- Developing 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- Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level. 3- Ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months. The competencies of the Risk Management Committee shall include the following: 1- Developing 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- Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level. 3- Ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months. 4- Overseeing the Group'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 reassessing the Company's ability to take risks and be exposed to such risks through stress tests as an example. 6- Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board. 7- Providing recommendations to the Board on matters related to the risk management. 8- Ensuring the availability of adequate resources and systems for risk management. 9- Reviewing the organizational structure for the risk management and providing recommendations regarding the same before approval by the Board. 10- Verifying the independence of the risk management employees from activities that may expose the Company to risk. 11- Ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of risk culture. 12- Reviewing any issues raised by the Audit Committee that may affect the Company's risk management.	Not Applied	Guiding Article The Company did not allocate an independent committee for risk management, but its tasks have been included within the Audit Committee as a single committee

No. of Article/ Paragraph	Title	Text of Article/ Paragraph	Degree of Application	Causes of Non-Application
69	Meetings of Risk Management Committee	The Risk Management Committee shall convene periodically at least once every six months, and as may be necessary.	Not Applied	Guiding Article The Company did not allocate an independent committee for risk management, but its tasks have been included within the Audit Committee as a single committee
82	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.	Partially Applied	Guiding Article The Company establishes other programs to develop and motivate the participation and performance of the Company's employees.
85	Social Initiatives	The Board shall establish programs and determine necessary methods for proposing social initiatives by the Company, which include: 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. 4. Establishing awareness programs to the community to familiarize them with the Company's social responsibility.	Partially Applied	Guiding Article The Company shall focus on promoting participation in social activities in order to sustain them and achieve desired goals
92	Formation of the Corporate Governance Committee	If the Board forms a Corporate Governance Committee, it shall assign to it the competencies stipulated in Article (94) of these Regulations. Such Committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Not Applied	Guiding Article The Board shall ensure compliance with the Company Corporate Governance Regulations, review and update them. The Board shall also review and develop the Code of Professional Conduct and other internal policies and procedures, and shall keep the Board Members informed of developments in the field of governance, as the Company does not see the need to form a committee now.