



الشركة السعودية لمنتجات الألبان والأغذية  
SAUDIA DAIRY AND FOODSTUFF COMPANY

# The Ordinary General Assembly Meeting (First Meeting)

**Location:** Jeddah - at SADAFCO's headquarter via modern technology

**Date:** Tuesday 29/11/1443H corresponding to 28/06/2022G

**Time:** 18:30 PM



## Agenda of the Ordinary General Assembly Meeting

- 1- Voting on the Board of Directors Annual Report for the fiscal year ended 31/03/2022.
- 2- Voting on the External Auditors Report for the fiscal year ended 31/03/2022.
- 3- Voting on the financial Statements for the fiscal year ended 31/03/2022.
- 4- Voting on the Board of Directors recommendation to distribute dividends amounting to SAR 95,999,250 at SAR 3 per share, equivalent to 30% of the nominal share value for the second half of the financial year ended 31 March 2022, payable to shareholders at the closing of trading on Assembly Meeting Day, and for the Shareholders registry of the Securities Depository Center at the end of the second trading day following the eligibility date, dividends distribution date will be announced later.
- 5- Voting on authorizing the Board of Directors to distribute interim dividends to the shareholders for the financial year ending 31/03/2023.
- 6- Voting on the Audit Committee recommendation to appoint the external auditor to examine, review and audit the financial statements for the second, third and fourth quarter of 2022 and the first quarter of 2023 and set their fees.
- 7- Voting to release the Board Members from their liability for the fiscal year ended 31/03/2022.
- 8- Voting to pay (SAR 3,600,000) as remuneration for the Board Members (SAR 400,000) for each member for the financial year ending 31/03/2022.
- 9- Voting on the transactions and agreements made with Buruj Cooperative Insurance Company (Saudi Arabia), where the Vice-Chairman, Mr. Faisal Al Ayyar, and the Board Member Mr. Ahmed Al Marzouki have an indirect interest in it, this contract provides insurance services without preferential terms for a period of one year, starting from 01-07-2020G and ending on 30-06-2021G. These transactions had a total value of SAR 11,277,724. (Attached)
- 10- Voting on the transactions and agreements with PKC Advisory, where Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al Ayyar are Chairman and Vice President, and Mr. Abdullah Yacoub Bishara is a Board Member have indirect interest in it. This contract provides consultancy services without preferential terms. These transactions had total value of SAR 1,054,465. (Attached)
- 11- Voting on the transactions and agreements made with AXA Cooperative Insurance Co. (Saudi Arabia), where Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al Ayyar are Chairman and Vice President, and Mr. Abdullah Yacoub Bishara is a Board Member have indirect interest in it. The Company provides insurance services without preferential terms. These transactions had total value of SAR 634,200. (Attached)
- 12- Voting on the transactions and agreements made with Alternative Energy Projects Company (AEPC), where Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al Ayyar are Chairman and Vice President, and Mr. Abdullah Yacoub Bishara is a Board Member have indirect interest in it. This Contract for supply and installation of Solar project without preferential terms without preferential terms. These transactions for the year from 1/4/2021 to 31/03/2022 had total value of SAR 2,904,922. (Attached)
- 13- Voting on Corporate Social Responsibility Policy. (Attached)



# The External Auditor's Report for Fiscal Year Ended on 31 March 2022





# Independent auditor's report to the shareholders of Saudia Dairy & Foodstuff Company (SADAFCO)

## Report on the audit of the consolidated financial statements

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudia Dairy & Foodstuff Company (SADAFCO) (the "Company") and its subsidiaries (together the "Group") as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss for the year ended March 31, 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of financial position as at March 31, 2022;
- the consolidated statement of changes in equity for the year ended March 31, 2022;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Our audit approach

#### Overview

- Key audit matter
- Carrying value of goodwill

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

## Independent auditor's report to the shareholders of Saudia Dairy & Foodstuff Company (SADAFCO) (continued)

### Our audit approach

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p style="color: #C85130;"><i>Carrying value of goodwill</i></p> <p>As at March 31, 2022, the Group had goodwill amounting to Saudi Riyal 16.7 million, which arose on the acquisition of a total stake of 76% in Mlekoma group ("Mlekoma") on July 2, 2018, through SADAFCO Poland, a wholly owned subsidiary of the Group.</p> <p>In accordance with International Accounting Standard 36 <i>Impairment of assets</i> ("IAS 36"), an entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment.</p> <p>Goodwill is monitored by management at the level of cash-generating units ("CGUs"), which are the primary operating elements of the business concerned. Management carried out an impairment exercise in respect of goodwill allocated to Mlekoma by determining a recoverable amount based on value-in-use discounted cash flow model, which utilized the most recent five-year business plan prepared by the management. The outcome of this exercise did not result in any impairment loss to be recognized.</p> <p>We considered impairment testing of goodwill performed by management to be a key audit matter since the assessment of the recoverable amount of goodwill under the value-in-use basis is complex and requires considerable judgment on part of management. The critical judgmental elements of management's assessment were:</p> <ol style="list-style-type: none"> <li>(a) assumptions concerning the expected economic conditions, especially growth, beyond the forecasted period, in the markets in which Mlekoma primarily operates;</li> <li>(b) earnings before interest, taxes, depreciation and amortisation (EBITDA) margins; and</li> <li>(c) discount rate used in the value-in-use cash flow model.</li> </ol>	<p>We assessed management's impairment assessment of goodwill by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the methodology used by management to determine the recoverable value based on the value-in-use model and compared it to that required by IAS 36.</li> <li>• Tested the accuracy and relevance of the input data by reference to supporting evidence, such as approved business plan and considered the reasonableness of five-year business plan by comparison to the Group's historical results and performance against budgets.</li> <li>• Engaged our valuation experts to assist in review of the methodology of the value-in-use calculations and use of assumptions of discount rates and long-term growth rates.</li> <li>• Tested the arithmetical accuracy of the underlying calculations in the value-in-use model.</li> <li>• Reviewed the sensitivity analysis, performed by management, over key assumptions in order to assess the potential impact of a range of possible outcomes.</li> </ul> <p>We also reviewed the adequacy and appropriateness of the disclosures included in the notes to the accompanying consolidated financial statements.</p>

*Refer to Note 4 and Note 14 for estimates, judgements and assumptions made in applying the accounting policy and for related disclosures.*

## *Independent auditor's report to the shareholders of Saudia Dairy & Foodstuff Company (SADAFCO) (continued)*

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### *Other information*

Management is responsible for the other information. The other information comprises the information included in the annual report of the Group, (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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### *Responsibilities of management and those charged with governance for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Board of Directors, are responsible for overseeing the Group's financial reporting process.

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### *Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## *Independent auditor's report to the shareholders of Saudia Dairy & Foodstuff Company (SADAFCO) (continued)*

### *Auditor's responsibilities for the audit of the consolidated financial statements (continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **PricewaterhouseCoopers**



Mufaddal A. Ali  
License Number 447



May 16, 2022



# The Audit Committee Report for Fiscal Year Ended on 31 March 2022





**Saudia Dairy & Foodstuff Company (SADAFCO)**

**Audit Committee Report**

**For the year ending on 31/03/2022**

Dear shareholders,  
Greetings,

The Audit Committee (the “**Committee**”) of the Company’s Board of Directors, which was formed by a resolution issued by the General Assembly of Shareholders, has prepared this report in accordance to Article (104) of the Companies Law issued by the Ministry of Commerce, and Articles (22) and (91) of Corporate Governance Regulations issued by the Capital Market Authority. The Current members of the Audit Committee are:

- |   |                 |
|---|-----------------|
| <b>1. Mr. Faisal Hamad Mubarak Al-Ayyar</b>   | <b>Chairman</b> |
| <b>2. Mr. Ahmed Mohamed Hamed Al-Marzouki</b> | <b>Member</b>   |
| <b>3. Mr. Saied Ahmed Saied Basamh</b>        | <b>Member</b>   |

The Committee, by continuously supervising the internal and external audit processes, and through coordination with the management of the internal audit department and the executive management of the company, ensured the effectiveness of the company's internal control system, which the committee and BOD consider as very important. The Committee verifies the observations and recommendations of the auditors and the soundness of the procedures taken by the management to implement those recommendations through the information contained in the reports issued by the internal audit.

The following is a summary of the duties and work of the Committee during the year ending on 31/03/2022:

**First: External Audit and Financial Statements**

1. The Committee ensured the independence of the external auditors and their commitment to provide high quality and efficient service in return for fair professional fees that have been approved, in addition to a recommendation to the Board of Directors regarding the reinstatement or termination of their services.
2. The Committee reviewed the results of the company’s operations and its financial position as it appeared in the financial statements and the quarterly and annual audit reports for the year ending on 31/03/2022, in

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شركة مساهمة سعودية**

addition to the monthly report prepared by the management, in coordination with the external auditors and the company's senior management, and in light of Auditing standards, generally accepted accounting principles, and the company's strategy and budget. The committee approved these statements and reports and submitted its recommendations to the Board for approval.

3. It was confirmed that the abovementioned statements and reports contain all important financial information, including transactions with related parties.

### **Second: Internal Audit**

1. The Committee ensured the independence of the internal auditors, and the availability and adequacy of the resources and capabilities necessary for them to carry out their duties fully and in a manner that serves the interests of the company, and in line with international standards of internal auditing.

2. The Committee reviewed, approved the annual audit risk-based plan prepared by the Internal Audit Department, and ensured its implementation according to the timetable specified for it.

3. The Internal Audit Department, through the performance of its regular duties, reviewed the company's internal control and risk management systems to ensure their adequacy, efficiency and effectiveness, and their implementation and compliance therewith by the company's employees, which is partially achieved through the execution of the approved annual audit plan mentioned above.

4. The Committee, through the Internal Audit Department, ensured that the Executive Management took the necessary measures to implement the recommendations contained in the internal audit reports, including updating and issuing internal policies and procedures, which would contribute to enhancing and improving the effectiveness of the company's internal control system.

### **Third: Internal controls and risk management**

Based on the work of the internal and external auditors and the conclusions contained in their audit reports issued during the current year and management's representation with respect to the effectiveness of the Company's internal and financial control systems, no major control issues that require disclosure have been noted and thus the Board believes that these systems are effective.

Additionally, the appointment of a health, safety, and environment (HSE) manager, demonstrates management's commitment to the safety and health of its employees & customers in addition to its commitment towards a better environment, which would enhance the relevant internal control systems.

The committee also reviewed the results of the risk management process to ensure its effectiveness and the achievement of its objectives, which is to identify events that may negatively affect the achievement of company's objectives and thus take the appropriate measures and precautions to manage the effects of such events.

**Fourth:** The Audit Committee selected five audit firms-licensed to operate in the Kingdom of Saudi Arabia, and they were addressed to submit their offers to audit the company's accounts for the fiscal year from 01/04/2022 to 31/03/2023, prepared in accordance with International Financial Reporting Standards (IFRS), as follows:

1. **Deloitte & Touche Bakr Abulkhair & Partners**
2. **Ernst & Young International (E&Y).**
3. **KPMG Al-Fawzan and Al-Sadhan.**
4. **Allied Accountants RSM.**

Upon the review performed by the Committee for the submitted offers, which are as follows:

#	Nominated Accounting office	Value of the offer individually (SAR)
1	Deloitte & Touche Bakr Abulkhair & Partners	755,000
2	Ernst & Young International Limited (E&Y)	720,000
3	KPMG Al-Fawzan and Al-Sadhan	705,000
4	RSM Allied Accountants RSM	Not received

After verifying the expertise of the nominated offices in the field of auditing and their expertise in accordance with the International Accounting Standards (IFRS), the Audit Committee decided unanimously in its resolution by circulation on Thursday 25/10/1443H corresponds to 26/05/2022G to nominate:

1. **Deloitte & Touche Bakr Abulkhair & Partners**
2. **Ernst & Young International Limited (E&Y).**
3. **KPMG Al-Fawzan and Al-Sadhan.**

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شركة مساهمة سعودية**

Provided that one auditor shall be selected by the Ordinary General Meeting (AGM) of Shareholders when it is held after obtaining the necessary approval from the competent authorities, to audit the company's accounts and prepare the quarterly financial reports for the fiscal year starting from 01/04/2022 and ending on 31/03/2023. The Committee based its nomination of these auditors on that they possess the sufficient cadres to audit the company's accounts prepared in accordance with the International Standards (IFRS). In addition, each of them is among the well-known, experienced and reputable audit firms in this field.

**On behalf of Audit Committee  
Faisal Hamad Mubarak Al-Ayyar  
Chairman of Audit Committee**



# Limited Assurance Report and Chairman's Declaration Regarding Related Parties Transactions





**To the Shareholders  
Saudia Dairy & Foodstuff Company**

***Limited assurance report on declaration submitted by the Chairman of the Board of Directors' to the shareholders of Saudia Dairy & Foodstuff Company***

We have undertaken a limited assurance engagement in respect of the accompanying declaration of statement of transactions and contracts concluded between Saudia Dairy & Foodstuff Company ("SADAFCO") (the "Company") and its subsidiaries (together the "Group") and related parties of the directors of the Group (the "Declaration") for the year ended March 31, 2022 to be submitted by the Chairman of the Board of Directors (the "Board") of the Group in accordance with the applicable criteria mentioned below so as to comply with the requirements of Article 71 of the Regulations for Companies.

***Subject matter***

The Subject Matter for our limited assurance engagement is the Declaration prepared by the management of the Group and approved by the Chairman of the Board of Directors as attached to this report and submitted to us.

***Criteria***

The applicable Criteria is the requirement of Article 71 of the Regulations for Companies issued by the Ministry of Commerce (2015 – 1437 H) which states that any member of the Board with any interest, both directly or indirectly, in the transactions or contracts made for the account of the Group shall declare such interests for the approval of a Ordinary General Assembly of the Group. The Board member must notify the Board of such interest and refrain from voting in the vote by the Board to approve such transactions or contracts. The Chairman of the Board will notify the Ordinary General Assembly of transactions and contracts in which a member of the Board has a direct or indirect interest.

***Management's responsibility***

The management of the Group is responsible for the preparation of the Declaration in accordance with the criteria and ensuring its completeness. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Declaration that is free from material misstatement, whether due to fraud or error.

***Our Independence and Quality Control***

We have complied with the independence requirements of the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, and the ethical requirements that are relevant to our limited assurance engagement in the Kingdom of Saudi Arabia, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies the International Standard on Quality Control 1, as endorsed in the Kingdom of Saudi Arabia, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.





### ***Our responsibility***

Our responsibility is to express a limited assurance conclusion on the Declaration based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information', as endorsed in the Kingdom of Saudi Arabia. This standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Group has not complied with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration, for the year ended March 31, 2022.

The procedures selected depend on our judgment, including the assessment of risks such as failure of systems and controls, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Group's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration. Our procedures included examining, on a test basis, evidence supporting systems and controls in respect of the preparation of the Declaration in accordance with the requirements of Article 71 of the Regulations for Companies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

### ***Summary of work performed***

We have planned and performed the following procedures to obtain limited assurance over the Group's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration:

- Discussed with management the process for conducting business and entering into contracts by any of the Board members of the Group.
- Obtained the accompanying Declaration that includes the lists of all transactions and contracts entered into by any of the Board members of the Group, either directly or indirectly, with the Group during the year ended March 31, 2022.
- Reviewed the minutes of the Board meetings which indicate the Board member notified the Board on the transactions and agreement entered into by the Board member during the year ended March 31, 2022; and further that the concerned Board member did not vote on the resolution issued in this regard at the meetings of the Board.
- Tested the consistency of the transactions and contracts included in the Declaration with the disclosure in Note 25 to the Group's audited consolidated financial statements for the year ended March 31, 2022.

### ***Inherent limitations***

Our procedures regarding systems and controls relating to the preparation of the Declaration in accordance with the requirements of the Article 71 of the Regulations for Companies, are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) as endorsed in the Kingdom of Saudi Arabia. Consequently, the nature, timing and extent of the procedures outlined above for gathering sufficient appropriate evidence were deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our procedures did not constitute either an audit or a review made in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia or the International Standards on Review Engagements, as endorsed in the Kingdom of Saudi Arabia and accordingly we do not express an audit or a review opinion in relation to the adequacy of systems and controls.

This conclusion relates only to the Declaration for the year ended March 31, 2022 and should not be seen as providing assurance as to any future dates or periods, as changes to systems or controls may alter the validity of our conclusion.

### ***Limited assurance conclusion***

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration of related party transactions for the year ended March 31, 2022.

### ***Restriction of use***

This report, including our conclusion, has been prepared solely upon the request of the management of the Group, to assist the Group and its Chairman of the Board of Directors in fulfilling their reporting obligations to the Ordinary General Assembly in accordance with Article 71 of the Regulations for Companies. The report should not be used for any other purpose or be distributed to or otherwise quoted or referred to, without our prior consent to any other parties other than the Ministry of Commerce, Capital Market Authority and the shareholders of the Group.

### **PricewaterhouseCoopers**



Mufaddal A. Ali  
License Number 447



May 29, 2022



Dated: 21/10/1443H

Corresponds to: 22/05/2022

From the Chairman of the Board of Directors

To the Esteemed Shareholders (Assembly General Meeting "AGM"),

**Subject: Declaration Regarding Company's Related Party Transactions and BOD disclosures**

Pursuant to Article 71 of the Companies Law and Article (9/27) of Corporate Governance Regulations, in my capacity as the Chairman of the Company's Board of Directors and through this declaration, I would like to inform the Shareholders (AGM) regarding the transactions and contracts with direct or indirect interests for some of the Board members during the fiscal year 2021-22. The details of the transactions are as follows:

S. N	Company Name	Country	Nature of Transaction	Value (SAR)	Closing Balance (SAR)
1	Buruj Co-Op Insurance Company	KSA	Insurance Services	11,277,724	1,402,968
2	PKC Advisory	India	Consultation Services	1,054,465	-
3	AXA Cooperative Insurance Co.	KSA	Insurance Services	634,200	-
4	Alternative Energy Projects Company (AEPC)	Kuwait	Solar Project	2,904,922	-

1-SADAFCO entered into a one-year Agreement with Al Buruj Cooperative Insurance Company (offering insurance services) with a total amount of SAR 11,277,724, starting on 1<sup>st</sup> July 2021 and ending on 30<sup>th</sup> June 2022 as its offer was the most suitable in terms of the price and benefits. Mr. Faisal Hamad Al-Ayyar (Vice Chairman of SADAFCO), is the Vice Chairman of the Gulf Insurance Company owning 28.5% in Al Buruj Cooperative Insurance Company. Also, to be considered that Mr. Ahmed Al Marzouki is a BOD Member of both Buruj Cooperative Insurance Company and SADAFCO, this transaction was disclosed in the Board's annual report for the fiscal year 2021-22. (Indirect interest)

2-SADAFCO has a Consultancy Agreement with PKC Advisory for various business advisory services for the period of one year from 1<sup>st</sup> April 2021 until 31<sup>st</sup> March 2022 with a total amount SAR 1,015,654, since PKC Advisory is part of Kuwait Investment Projects Company (KIPCO) Group. Noting that Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al-Ayyar are the Chairman and Vice Chairman of both SADAFCO and KIPCO, respectively. Also, to be considered that Mr. Abdullah Yagoub Bishara is a BOD Member of both KIPCO and SADAFCO, which was disclosed in the Board's annual report for the fiscal year 2020-21. (Indirect interest)

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شركة مساهمة سعودية**

3-SADAFCO entered into a one-year Agreement with AXA Cooperative Insurance Co. (offering insurance services) with a total amount of SAR 634,200, starting on 16<sup>th</sup> December 2021 and ending on 15<sup>th</sup> December 2022 as its offer was the most suitable in terms of the price and benefits. Mr. Faisal Hamad Al-Ayyar (Vice Chairman of SADAFCO), is the Vice Chairman of the Gulf Insurance Company which owning 50% in AXA Cooperative Insurance Co. Also, Gulf Insurance Company is part of Kuwait Investment Projects Company (KIPCO) Group. Noting that Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al-Ayyar are the Chairman and Vice Chairman of both SADAFCO and KIPCO, respectively. Also, to be considered that Mr. Abdullah Yagoub Bishara is a BOD Member of both KIPCO and SADAFCO, which was disclosed in the Board's annual report for the fiscal year 2021-22. (Indirect interest).

4- SADAFCO has an Agreement with Alternative Energy Projects Company (AEPC) on 14<sup>th</sup> February 2021 to Supply, install, test, Commissioning of and Operation & Maintenance for Solar Rooftop Photovoltaic Energy System at Central Warehouse located in Saudi Arabia – Jeddah until the full completion of the Project with a total amount SAR 4,620,000, since Alternative Energy Projects Company (AEPC) is part of Kuwait Investment Projects Company (KIPCO) Group. Noting that Sheikh Hamad Sabah Al Ahmed and Mr. Faisal Hamad Al-Ayyar are the Chairman and Vice Chairman of both SADAFCO and KIPCO, respectively. Also, to be considered that Mr. Abdullah Yagoub Bishara is a BOD Member of both KIPCO and SADAFCO, which was disclosed in the Board's annual report for the fiscal year 2021-22. (Indirect interest)

#### **Chairman of the Board of Directors**



# Corporate Social Responsibility Policy (CSR)



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## Corporate Social Responsibility Policy (CSR)

## سياسة المسؤولية الاجتماعية



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## Introduction

In order to enhance its social responsibility and its lofty and pioneering role in community service, with its positive social impact in achieving sustainable development, SADAFCO aims to establish a balance between its goals and the goals that the community aspires to, in order to develop and improve the social and economic conditions of the community to achieve and protect the interests of its individuals.

SADAFCO also aims to contribute effectively to social responsibility in line with the vision of the Kingdom of Saudi Arabia 2030, in the long run, which creates real opportunities for the individuals of the society in various fields to achieve its mission and goals; thus, achieving sustainable growth for its business, through its social initiatives, awareness programs for the community to define social responsibility, the disclosure of each of the social responsibility goals adopted by SADAFCO to its employees and their awareness and education thereof, and the plans developed to achieve social responsibility in the periodic reports related to the Company's activities.

## Definitions

- **The Company:** Saudia Dairy & Foodstuff Company (SADAFCO).
- **Corporate Social Responsibility (CSR):** CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. It is about enterprises deciding to go beyond minimum legal requirements and obligations stemming from collective agreements in order to address societal needs. Through CSR, enterprises of all sizes, in cooperation with their stakeholders, can help to

## المقدمة

تعزيزاً للمسؤولية الإجتماعية ولدورها السامي والريادي في خدمة المجتمع، ولما لها من أثر اجتماعي إيجابي في تحقيق التنمية المستدامة، تهدف سدافكو إلى إقامة التوازن بين أهدافها والأهداف التي يصبو المجتمع إليها، بغرض تطوير وتحسين الأوضاع الإجتماعية والإقتصادية للمجتمع لتحقيق وحماية مصالح أفرادها.

كما تهدف سدافكو إلى المساهمة الفعالة في المسؤولية الإجتماعية بما يتماشى مع رؤية المملكة العربية السعودية ٢٠٣٠م، وذلك على المدى البعيد الذي يخلق فرص حقيقية لأفراد المجتمع في مختلف المجالات من أجل بلوغ رسالتها وأهدافها لتحقيق النمو المستدام لأعمالها، وذلك من خلال ما تقدمه من مبادرات في العمل الإجتماعي، ووضع برامج توعية للمجتمع للتعريف بالمسؤولية الإجتماعية، والإفصاح عن كل من أهداف المسؤولية الإجتماعية التي تتبناها سدافكو للعاملين فيها وتوعيتهم وتنقيفهم بها، والخطط الموضوعة لتحقيق المسؤولية الإجتماعية في التقارير الدورية ذات الصلة بأنشطة الشركة.

## التعريفات

- **الشركة:** الشركة السعودية لمنتجات الألبان والأغذية (سدافكو)
- **المسؤولية الإجتماعية للشركات:** وهو مفهوم تقوم بموجبه الشركات بالتزام طوعي منها بدمج الإهتمامات الإجتماعية والبيئية في عملياتها التجارية وأثناء تفاعلها مع أصحاب المصالح، كما أنه يتعلق بالذهاب أبعد من المتطلبات والإلتزامات القانونية الناشئة عن الإتفاقات الجماعية لهدف تلبية الإحتياجات المجتمعية، ومن خلال المسؤولية الإجتماعية للشركات، يمكن للمؤسسات من مختلف الأحجام، وبالتعاون مع أصحاب

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reconcile economic, social and environmental ambitions.

- **Sustainability Steering Committee:** is an Executive Management Committee, where its responsibilities include, placing / overseeing environmental and social activities, initiatives and programs, as well as reviewing and appraising proposed transactions to be socially and environmentally sustainable and comply with local and international standards and guidelines as manifested in the best practices of ESG and sustainability management.
- **CSR Taskforce:** It consists of the Company's employees or others, who are selected by the ESG Steering Committee to execute activities, initiatives and programs in line with the Company's community development efforts.
- **Corporate Conduct:** Corporate conduct means activities ensuring management of and control over the Company's performance and including a set of relations among the Company's management and control bodies, shareholders, and other stakeholders. The Company uses corporate conduct as an instrument to enhance its business.
- **External Environment:** External environment means an aggregate of economic, political, social and cultural tendencies, as well as specific activities of the government, counterparties and competitors having impact on the Company's business within the territory of its presence. External environment of the Company is characterized by dynamic relations, diversified cooperation, and integrated business processes which are reflective of its vision and overall strategic goals.

المصالح المساعدة في التوفيق بين الطموحات الاقتصادية والاجتماعية والبيئية.

▪ **اللجنة التوجيهية للإستدامة ("اللجنة"):** هي لجنة مكونة من كبار التنفيذيين بالشركة، وتشمل مسؤولياتها وضع والإشراف على الأنشطة والمبادرات والبرامج البيئية والاجتماعية، فضلاً عن مراجعة وتقييم المعاملات المقترحة لتكون مستدامة إجتماعياً وبيئياً وتتوافق مع المعايير والمبادئ التوجيهية المحلية والدولية لأفضل ممارسات الحوكمة البيئية والاجتماعية وإدارة الإستدامة.

▪ **فريق عمل المسؤولية الاجتماعية:** وهو فريق عمل يتكون من بعض موظفي الشركة أو من غيرهم، ممن يتم إختيارهم من قبل اللجنة، وذلك لتنفيذ الأنشطة والمبادرات والبرامج الموضوعه بما يتماشى مع جهود الشركة في تنمية المجتمع.

▪ **سلوك الشركة:** وتعني الأنشطة التي تضمن الإدارة والتحكم في أداء الشركة والتي تتضمن العلاقة بين هيئات الرقابة والمساهمين وأصحاب المصالح، وتستخدمها الشركة كأداء من أجل تعزيز أعمالها.

▪ **البيئة الخارجية:** وتعني العوامل الخارجية التي تشتمل على العوامل الإقتصادية، والسياسية، والاجتماعية، والثقافية، فضلاً عن الأنشطة المحددة للحكومة والمنافسين التي لها تأثير على أعمال الشركة، وتتميز البيئة الخارجية للشركة بعلاقات ديناميكية وتعاون متنوع وعمليات تجارية متكاملة تعكس رؤيتها وأهدافها واستراتيجيتها الشاملة.

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- **Sustainable Development:** Sustainable development means development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
- **Stakeholders:** Stakeholders mean persons or group of persons having impact on the Company or being under its impact.

▪ **التنمية المستدامة:** وتعني الإيفاء باحتياجات الحاضر دون القصور في تلبية إحتياجات الأجيال القادمة.

▪ **أصحاب المصلحة:** وتعني أفراد أو مجموعة من الأفراد الذين يكون لهم تأثير على الشركة، أو قد يتأثروا بإجراءات وأهداف وسياسات الشركة.

### First: Purpose & Objectives of the Policy

The Company seeks to enhance and develop the performance of its work in the field of social responsibility and the objectives that fall under it, which is to raise the level of responsibility in order to achieve the word of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, “*You are partners in development,*” and to consolidate its values, which are an integral part of this policy to build generations, and social and economic support for the community.

### أولاً: الغرض وأهداف السياسة

تسعى الشركة لتعزيز وتطوير أداء أعمالها في مجال المسؤولية الاجتماعية وما يندرج تحتها من أهداف تتمثل في رفع مستوى المسؤولية تحقيقاً لكلمة خادم الحرمين الشريفين الملك سلمان بن عبد العزيز آل سعود "أنتم شركاء في التنمية"، ولترسيخ قيمها التي تعد جزءاً لا يتجزأ من هذه السياسة لبناء وصناعة الأجيال وتحقيق الدعم الاجتماعي والإقتصادي للمجتمع.

This policy aims to achieve the following:

1. Commitment to international standards represented in the good implementation of social responsibility as a long-term investment that benefits the company and its stakeholders.
2. Achieving sustainable development for society in general, and for company employees in particular.
3. Increasing the loyalty of stakeholders, especially that they tend to prefer companies interested in social responsibility.
4. Support and encourage various social projects.
5. Streamlining the Company's CSR activities to achieve a positive impact on external environments.

وتهدف هذه السياسة إلى تحقيق ما يلي:

١. الإلتزام بالمعايير الدولية المتمثلة بحسن تطبيق المسؤولية الاجتماعية كإستثمار بعيد المدى يعود بالنفع على الشركة وأصحاب المصالح.
٢. تحقيق التنمية المستدامة للمجتمع بوجه عام، وموظفي الشركة بوجه خاص.
٣. زيادة ولاء أصحاب المصالح، خصوصاً في ظل توجههم لتفضيل الشركات المهمة بالمسؤولية الاجتماعية.
٤. دعم وتشجيع المشاريع الاجتماعية المختلفة.
٥. تبسيط أنشطة المسؤولية الاجتماعية للشركة لتحقيق تأثير إيجابي على البيئة الخارجية.

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6. Strengthening and maintaining leadership in CSR and promoting CSR practices. تعزيز والمحافظة على الريادة في أنشطة المسؤولية الإجتماعية للشركة وتشجيع ممارستها.
7. Enhancing transparency of CSR activities through non-financial reporting and disclosure in compliance with global standards; and monitoring CSR efficiency. تعزيز الشفافية في أنشطة المسؤولية الإجتماعية للشركة من خلال إعداد التقارير غير المالية والإفصاح بما يتوافق مع المعايير العالمية، ومراقبة كفاءة المسؤولية الإجتماعية للشركة.

## Second: CSR Governance Structure

## ثانياً: هيكل حوكمة المسؤولية الإجتماعية



## Third: Areas of Focus

The Company shall focus its efforts on the field of social responsibility through sustainable initiatives and projects, in line with the Company's ambitions, resources and societal needs. These areas include the following:

1. Providing support to the programs of charitable and civil societies in the countries where the company operates in, in accordance with the applicable regulations.
2. Cooperating with universities and academic institutions, providing opportunities for cooperative training, supporting education programs and research and field studies aimed at achieving an added value for the Company and society.
3. Participation in founding, participating in or supporting the establishment and operation of social, charitable or health centers.

## ثالثاً: مجالات التركيز

ستقوم الشركة بتركيز جهودها في مجال المسؤولية الإجتماعية من خلال مبادرات ومشاريع مستدامة، تتماشى مع طموحات الشركة ومواردها والإحتياجات المجتمعية، ومن هذه المجالات مايلي:

1. تقديم الدعم لبرامج الجمعيات الخيرية والأهلية في دول عمليات الشركة وفقاً للأنظمة المعمول بها.
2. التعاون مع الجامعات والمؤسسات الأكاديمية وتقديم فرص التدريب التعاوني ودعم برامج التعليم والدراسات البحثية والميدانية الهادفة لتحقيق قيمة مضافة للشركة والمجتمع.
3. المشاركة في التأسيس أو المشاركة أو الدعم لإنشاء وتشغيل المراكز الإجتماعية أو الخيرية أو الصحية.

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4. Sponsoring educational, health, economic and environmental events, programs and activities. **٤. رعاية الفعاليات والبرامج والأنشطة التعليمية والصحية والإقتصادية والبيئية.**

5. Maintaining the environment, health, safety and security of the Company in accordance with the highest international practices and standards applied in this regard. **٥. الحفاظ على البيئة والصحة والسلامة والأمن في الشركة وفقاً لأعلى الممارسات والمعايير الدولية المطبقة في هذا الشأن.**

#### Fourth: Dimensions of CSR

#### رابعاً: أبعاد المسؤولية

The provisions of this Policy apply to all stakeholders and direct beneficiaries of the company's activities, as follows:

تسري أحكام هذه السياسة على جميع أصحاب المصالح والمستفيدين المباشرين من أنشطة الشركة وذلك على النحو الآتي:

##### A) Responsibility Towards Shareholders:

##### أ) المسؤولية تجاه المساهمين:

- Maximizing the value of the stock and achieving the maximum profit possible.
- Work in accordance with the principle of disclosure and transparency that guarantees the company's commitment to disclose material information to shareholders and stakeholders in accordance with the regulations and instructions of the Capital Market Authority.
- Protection of the company's assets, and the right to obtain adequate information on the company's performance.
- Treating shareholders fairly without discrimination.

- تعظيم قيمة السهم وتحقيق أقصى ربح ممكن.
- العمل وفقاً لمبدأ الإفصاح والشفافية التي تضمن التزام الشركة بالإفصاح عن المعلومات الجوهرية للمساهمين وأصحاب المصالح حسب لوائح وتعليمات هيئة السوق المالية.
- حماية أصول الشركة، والحق في الحصول على المعلومات الكافية عن أداء الشركة.
- التعامل العادل مع المساهمين دون تمييز.

##### B) Responsibility Towards Employees:

##### ب) المسؤولية تجاه الموظفين:

- Securing a fair and safe work environment for employees that enables them to perform their job duties and helps them contribute to improvement and development.
- Working to grant incentives to employees to enhance their job loyalty and maintain professional competencies.
- Strengthening the principle of freedom to express ideas in accordance with recognized ethical and code of conduct and enabling employees to freely participate in decision-making.

- تأمين بيئة عمل عادلة وآمنة للموظفين تمكنهم من أداء الواجبات الوظيفية، وتساعدهم على المساهمة في التحسين والتطوير.
- العمل على منح حوافز للموظفين لتعزيز ولائهم الوظيفي والمحافظة على الكفاءات المهنية.
- تعزيز مبدأ حرية إبداء الأفكار وفقاً للقواعد السلوكية والمهنية المتعارف عليها، وتمكين الموظفين من حرية المشاركة في إتخاذ القرارات.



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- Holding specialized workshops to listen to the opinions of the employees in the company and discuss with them the issues and topics that are the subject of important decisions.
- Encouraging the development initiatives and proposals submitted by the employees.
- Preparing training programs for all employees without discrimination and encouraging them to join, so that these programs contribute to improving their abilities and professional skills.
- Equality and non-discrimination between employees for any considerations whatsoever.
- Ensure that code conduct for managers and employees are applied to comply with sound professional and ethical standards.
- Establishing a social solidarity fund in the company for the purpose of providing financial support to eligible employees in cases of emergency or cases resulting from financial hardship in accordance with the company's internal controls and policies.

### C) Responsibility Towards Society & Environment:

The Company realizes that it is responsible in its operations and dealings with society, and the company is based on taking this responsibility into consideration as part of the process of making its strategic decisions, as it always seeks to:

- Provide support and assistance as much as possible to charitable, social and development institutions in order to improve the standard of living of members of the community in which they operate.
- Contribute to support and create job opportunities for the people of this community.

### ت) المسؤولية تجاه المجتمع والبيئة:

تدرك الشركة بأنها مسؤولة في عملياتها وتعاملاتها مع المجتمع، وتقوم الشركة على أخذ هذه المسؤولية بعين الاعتبار كجزء من عملية إتخاذ قراراتها الإستراتيجية، فهي تسعى دائماً إلى:

- تقديم الدعم والمساعدة قدر المستطاع للمؤسسات الخيرية والاجتماعية والتنمية من أجل تحسين المستوى المعيشي لأفراد المجتمع الذي تعمل فيه.
- المساهمة في دعم وخلق فرص عمل لأبناء هذا المجتمع.

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**The Company also is aware that its activities have an impact on the environment, therefore, it will:**

- Attempting to reduce that impact whenever possible.
- To ensure that the resources used in its activities are sustainable and recyclable, and that they are used effectively with the least amount of waste.
- To ensure that its suppliers and contractors adopt the same objectives.
- Supporting efforts aimed at developing clean or environmentally friendly applied methods and programs.

كما تعلم الشركة بأن لأنشطتها تأثير على البيئة، لذلك ستعمل على:

- محاولة تقليص ذلك التأثير كلما أمكن عملياً.
- العمل على أن تكون الموارد المستخدمة في أنشطتها مستدامة وقابلة للتدوير، وأن يتم إستخدامها بفعالية مع أقل قدر من الهدر.
- أن تعمل على أن يكون مورديها ومقاوليها يتبنون المقاصد ذاتها.
- دعم الجهود التي تهدف إلى تطوير الأساليب والبرامج التطبيقية النظيفة أو الصديقة للبيئة.

#### D) Responsibility Towards Customers:

- Providing products and services with high quality and reasonable prices, while ensuring transparency and accuracy in advertising, and providing clear guidelines on products.
- Listening to Customers' complaints and addressing them through the relevant departments in the company.
- Respecting the Customer's privacy by preserving his personal data and taking measures to ensure that it is not used by others.
- Establishing a good relationship with Customer to achieve mutual benefit for both parties.

#### ث) المسؤولية تجاه العملاء:

- تقديم المنتجات والخدمات بجودة عالية وأسعار مناسبة مع الحرص على الشفافية والدقة في الإعلان عنها، وتقديم إرشادات واضحة بشأن المنتجات.
- الاستماع لشكاوى العملاء ومعالجتها من خلال الإدارات المختصة في الشركة.
- إحترام خصوصية العميل من خلال المحافظة على بياناته الشخصية واتخاذ إجراءات تضمن عدم إستخدامها من قبل الغير.
- إقامة علاقة جيدة مع العملاء بما يحقق المنفعة المتبادلة للطرفين.

#### E) Responsibility Towards Suppliers:

- Giving priority to working with local suppliers to contribute to building a strong and sustainable national economy.
- Communicate with the company's suppliers in order to improve the level of service.

#### ج) المسؤولية تجاه الموردين:

- إعطاء الأولوية للعمل مع الموردين المحليين للمساهمة في بناء إقتصادي وطني قوي ومستدام.
- التواصل مع موردي الشركة بغرض تحسين مستوى الخدمة.

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- Commitment to concluded contracts and payment of dues within the agreed deadlines. الإلتزام بال عقود المبرمة وتسديد المستحقات في الأجل المتفق عليها.
- Commitment to the rules of fair and honest competition. الإلتزام بقواعد المنافسة العادلة والنزاهة.

#### F) Responsibility Towards Competitors:

#### (ح) المسؤولية تجاه المنافسين:

- Commitment to the rules of fair competition, and not to harm any competitor. الإلتزام بقواعد المنافسة النزاهة، وعدم الإضرار بأي منافس.
- Obligation to refrain from engaging in all forms of corruption and bribery in order to obtain illegitimate preferential advantages when submitting offers or delivering products or projects. الإلتزام بالإمتناع عن ممارسة كافة أشكال الفساد والرشوة بهدف الحصول على ميزات تفضيلية غير مشروعة عند التقديم للعروض أو تسليم المنتجات أو المشاريع.
- Commitment to all responsible competition practices that do not harm the consumer, the environment, the community or other stakeholders. الإلتزام بكافة ممارسات المنافسة المسؤولة التي تقتضي عدم الإضرار بالمستهلك، أو البيئة، أو المجتمع وغيرهم من أصحاب المصالح.

#### G) Responsibility for Market

#### (خ) المسؤولية تجاه السوق

- Supporting those segments and industries which contribute to further diversification of the economy and are driving it to innovative development. دعم القطاعات والصناعات التي تساهم في زيادة تنويع الإقتصاد ودفعه نحو التنمية المبتكرة.
- Supporting its local and international expansion through communicating and focusing not only on the current economic growth potential, but also on its vision of their needs for successful social and economic development in the future. دعم توسع السوق المحلي والدولي من خلال التواصل والتركيز ليس فقط على إمكانات النمو الاقتصادي الحالية، بل أيضاً على رؤيته لاحتياجاته لتحقيق تنمية اجتماعية واقتصادية ناجحة في المستقبل.

#### Fifth: Implementation

#### خامساً: تنفيذ السياسة

1. The responsibility for implementing this Policy rests with the ESG Steering Committee, which is responsible, amongst other things, for the following:
  - A- Preparing plans and programs for social responsibility to align with the short and long-term vision and business plan. تقع مسؤولية تنفيذ هذه السياسة على عاتق اللجنة التوجيهية للحوكمة الاجتماعية والبيئية، والتي من مسؤولياتها إضافة إلى مسؤولياتها الأخرى ما يلي:
    - أ- إعداد خطط وبرامج المسؤولية الاجتماعية للتوافق مع الرؤية قصيرة وطويلة المدى وخطة العمل.

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**B-** Supervising all social responsibility activities within the Company and making recommendations regarding the diversity of social responsibility programs and activities.

**C-** Activating the Company's website and all the company's accounts on social media and using them as an effective tool to demonstrate the company's efforts in the field of social responsibility.

**E -** Communicate with the relevant authorities that sponsor social responsibility programs and activities to know their needs to support the company.

**F-** Activating the company's employees' participation in social activities and voluntary work.

**G-** Submit periodic or annual reports to the Board of Directors regarding the actions taken in the field of social responsibility in the company.

**H-** Submitting a recommendation regarding the proposed annual budget for social responsibility programs.

2. The Board of Directors monitors the social responsibility programs in line with this policy and its objectives approved by the General Assembly.

3. The Board of Directors Review and approve charitable donations related to social responsibility work.

### Sixth: General provisions

1. This Policy has been prepared based on Articles (88 and 87) of the Saudi Corporate Governance Regulations issued by the Capital Market Authority in completion of the general framework for the Company's Corporate Governance.

**ب-** الإشراف على كافة أنشطة المسؤولية الاجتماعية داخل الشركة، وتقديم التوصيات بشأن تنوع برامج وأنشطة المسؤولية الاجتماعية.

**ت-** تفعيل الموقع الإلكتروني للشركة وكافة حسابات الشركة في مواقع التواصل الاجتماعي واستخدامها كأداة فعالة لإظهار جهود الشركة في مجال المسؤولية الاجتماعية.

**ث-** التواصل مع الجهات ذات العلاقة التي ترعى برامج وأنشطة المسؤولية الاجتماعية لمعرفة احتياجاتها لدعم الشركة.

**ج-** تفعيل مشاركة الموظفين بالشركة في النشاطات الاجتماعية والعمل التطوعي.

**ح-** تقديم تقارير دورية أو سنوية لمجلس الإدارة بشأن ما تم إتخاذه من إجراءات وأعمال في مجال المسؤولية الاجتماعية بالشركة.

**خ-** رفع التوصية بشأن الميزانية السنوية المقترحة لبرامج المسؤولية الاجتماعية.

٢. يقوم مجلس الإدارة بالرقابة على برامج المسؤولية الاجتماعية بما يتماشى مع هذه السياسة وأهدافها التي أقرتها الجمعية العامة.

٣. يقوم مجلس الإدارة بمراجعة واعتماد التبرعات الخيرية المتصلة بأعمال المسؤولية الاجتماعية.

### سادساً: أحكام عامة

١. تم إعداد هذه السياسة إستناداً للمادتين (٨٨،٨٧) من لائحة حوكمة الشركات السعودي الصادر عن مجلس هيئة السوق المالية إستكمالاً للإطار العام لحوكمة الشركة.

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2. The Company's ESG Steering Committee is specialized in the periodical revision of this Policy, assessing effectiveness in achieving its purposes. This policy is subject to periodical updating and revision- when needed. Any suggested amendments shall be presented by the committee to the Board. The Board shall analyse and revise these amendments and submit recommendations for the approval of the Shareholders General Assembly.
 

٢. تختص اللجنة التوجيهية بالمراجعة الدورية لهذه السياسة وتقييم مدى فاعليتها في تحقيق الأغراض المتوخاة منها، وتخضع هذه السياسة للتحديث والمراجعة بصفة دورية - عند الحاجة - ويتم عرض أي تعديلات مقترحة من قبل اللجنة على مجلس الإدارة، الذي يقوم بدراسة ومراجعة التعديلات المقترحة ويوصي بها للجمعية العمومية للمساهمين لإعتمادها.
3. This Policy will be effective and enforceable from the date of its approval by the Company Shareholders General Assembly.
 

٣. يبدأ سريان هذه اللائحة والعمل بها اعتباراً من تاريخ إعتمادها من الجمعية العامة للمساهمين في الشركة.
4. Texts or rules, whatsoever, not stated in this Policy, will be subject to the application of the Saudi Companies' Law, the Capital Market Authority and its Executive Regulations and decisions issued by the concerned bodies.
 

٤. كل ما لم يرد بشأنه نص أو حكم في هذه اللائحة يطبق عليه نظام الشركات السعودي ولوائحه ونظام هيئة السوق المالية ولوائحه التنفيذية ونظام الشركة الأساس والقرارات الصادرة من الجهات المختصة.
5. This Policy has been drawn in Arabic and English texts. In case of any discrepancy or misinterpretation, the Arabic text shall prevail.
 

٥. حررت هذه السياسة باللغتين العربية والإنجليزية، وفي حالة وجود أي تعارض بينهما يعتمد ما ذكر في الصياغة العربية.
6. This Policy will be published, after an approval by the Shareholders General Assembly, in the company website or via any other means for enabling the shareholders, the public and the stakeholders to review it.
 

٦. يتم نشر هذه اللائحة بعد إعتمادها من الجمعية العامة للمساهمين على الموقع الإلكتروني للشركة أو من خلال أي وسيلة أخرى لتمكين المساهمين والجمهور وأصحاب المصالح من الإطلاع عليها.