

Regulations and policies generated from Corporate Governance

Zahrat Al Waha for Trading

Saudi public joint stock company



شركة زهرة الواحة للتجارة
Zahrat Al Waha for Trading Company



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Rewards policy for members of the Board of Directors, committees of the Board and the Executive Management

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This policy was issued pursuant to the decision of the company's shareholders' general assembly held on Monday 14/09/1442 corresponding to 04/26/2021, based on the recommendation of the Board of Directors at its meeting No. 4/2020 held on 12/12/1441 corresponding to 07/23/2020.

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1- Introduction

In the interest of the company's management to raise the effectiveness of governance, and with the aim of achieving a high degree of transparency, achieving the company's objectives and developing its performance, the company has adopted a policy of remuneration for members of the Board of Directors, the committees emanating from it, and the executive management in the company in accordance with the standards and controls contained in the Companies 'Law and the Corporate Governance Regulations. And other related laws.

The remuneration policy for the Board of Directors, the committees emanating from it and the executive management of the company has been prepared in order to comply with Article (61) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, which stipulates that the Remuneration and Nominations Committee shall "prepare a clear policy for the remuneration of members of the Board of Directors and the committees emanating from The Board and the Executive Management, and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly, taking into account in this policy as following standards related to performance, disclosing them, and verifying their implementation.

2- Definitions

The following words and expressions shall have the meanings expressed in front of them, unless the context of the text requires otherwise:

The Authority: The Capital Market Authority.

Policy: The remuneration policy for members of Board of Directors, its committees, and executive management.

Governance Regulations: Corporate Governance Regulations issued by Board of Capital Market Authority.

Corporate Governance System: The corporate governance system for Zahrat Al Waha For Trading Company - a public Saudi joint stock company.

The company: Zahrat Al Waha For Trading Company - a public Saudi joint stock company.

General Assembly: An association formed from the company's shareholders under the provisions of the Companies Law and the Company's Articles of Association.

Board of Directors or Board: The Board of Directors of Zahrat Al Waha For Trading Company - a Saudi public joint stock company.

The Committee: Nominations and Remuneration Committee emanating from Company's Board of Directors.

Executive Management/ Senior Executives: The persons entrusted with managing the daily operations of the company, proposing and implementing strategic decisions, and this includes the CEO of the company and the rest of the members of the executive management in the company

Invited persons: Any person who is invited to attend the committee meeting who is not a member.

Remunerations: amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other in-kind benefits, with the exception of reasonable actual expenses and expenses incurred by the company on behalf of a member of the board of directors for Purpose of performing his work.

3- Policy Objectives

This policy aims to set clear standards for the remuneration of members of the Board of Directors, its committees and senior executives in light of the requirements of the companies' system and the rules and regulations of the Capital Market Authority. The policy also aims to attract individuals with a degree of competence, ability and talent to work in the Board of Directors, the committees emanating from it and the executive management through Adopting plans and programs that stimulate rewards and are linked to performance, which contribute to improving the company's performance and achieving the interests of its shareholders.

4- Responsibilities

- The Nomination and Remuneration Committee is responsible for preparing and reviewing the policy and proposing the changes it deems appropriate and submitting it to the Board of Directors for consideration.
- The Board Secretary is responsible for supporting the Nominations and Remuneration Committee to issue and update this policy and to develop procedures that assist in its implementation.
- Remuneration policy is submitted to the General assembly for approval.
- The financial department and the human resources department in the executive management of the company is responsible for implementing what is stated in this policy under the supervision of the board of directors responsible for its implementation.

5- References

- Companies Law issued by Royal Decree No. (M/3) on 1/28/1437 AH corresponding to 11/10/2015, as amended by Resolution of the Board of the Capital Market Authority on 7/1/1441 AH corresponding to 02/25/2020.
- Articles of association of the company issued on 10/10/1440 AH corresponding to 6/13/2019 based on the decision of the company's extraordinary general assembly on 9/14/1440 AH corresponding to 5/19/2019.
- The regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
- Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. (16-8-2017) on 16/5/1438 AH corresponding to 2/13/2017

amended by Resolution of the Board of the Capital Market Authority No. (3-57-2019) on 15/9/1440 AH corresponding to 5/20/2019

- Corporate Governance Regulations.
- Nomination and Remuneration Committee Regulation.
- Corporate Governance Committee regulation.

6- Remuneration criteria

Without prejudice to the statutory requirements, the company's articles of association, and the requirements of the governance regulation, the remuneration of the members of the Board of Directors, the committees emanating from it, and the executive management are subject to the following standards:

- Its consistency with the company's strategic plans, long-term and short-term goals, its activities, the sector in which it operates, the skill required to manage it, and the size, nature and degree of risks of the company.
- That the remuneration be presented for Purpose of inducing the members of the board of directors, the committees emanating from it, and the executive management on the long-term success and development of the company, such as linking the variable part of the remuneration to performance in the long term.
- That remuneration is determined based on the level of the position, the tasks and responsibilities of the occupant, academic qualifications, practical experiences, skills, and level of performance.
- Considering the practices of other companies in determining remuneration, while avoiding the unjustified increase in rewards and compensation that may result from that.
- To aim to attract, maintain and motivate professional competencies, without exaggerating them.
- To prepare in coordination with the Nomination and Remuneration Committee and the Human Resources Department upon new appointments.
- Organizing the award of shares in the company to members of the Board of Directors, the committees emanating from it and the executive management, whether they are a new issue or shares purchased by the company.
- That the remuneration be fair and commensurate with the member's competencies, business and responsibilities undertaken by the members of the Board of Directors, in addition to Purposes set by the Board of Directors to be achieved during the fiscal year.
- Remuneration should be based on the recommendation of the Nomination and Remuneration Committee.
- Taking into consideration the sector in which the company operates, its size and the experience of the members of the Board of Directors.
- The remuneration is reasonably sufficient to motivate and retain competent and experienced board members.
- The remuneration of the members of Board of Directors and committees emanating of it consist of an annual bonus (a lump sum), attendance allowances per meetings and other entitlements as explained in this policy.

- The remuneration of the members of the audit committee is approved by the general assembly and upon the recommendation of the board of directors.
- A member of the Board of Directors may obtain a remuneration for his membership in the audit committee formed by the General Assembly, or for any business, executive, technical, administrative or advisory positions - under a professional license - additional assigned to him in the company, in addition to the bonus that can be He obtains it as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and articles of Association.
- The remuneration of the members of the Board of Directors may be of varying magnitude to reflect the member's experience, competencies, tasks assigned to him, his independence, the number of sessions he attends, and other considerations.
- If the audit committee or body found that the remuneration paid to any of the members of the board of directors or the executive management was based on incorrect or misleading information that was presented to the general assembly or included in the annual report of the board of directors, then they must be returned to the company and the company has the right to ask him to return them.

7- Remuneration for members of the Board of Directors and its committees

- The remuneration of a member of the Board of Directors and all the benefits that he obtains - if any - shall be as approved by the General assembly, in accordance with the official decisions and instructions issued in this regard, and within the limits of what is stipulated in the Companies Law and its Regulations.
- The remuneration of a member of the Board of Directors may be a certain amount, an attendance allowance for sessions, benefits in kind, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits.
- If the remuneration is a specific percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of the Companies Law and the Company's Articles of Association, and after distributing a profit of no less than (1%) of the company's paid-up capital, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member, and every estimate that is otherwise is void.
- In all cases, the total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors gets should not exceed an amount of five hundred thousand riyals annually, according to the controls set by the competent authority.
- The remuneration of the independent members of the board of directors should not be a percentage of the profits achieved by the company or based directly or indirectly on profitability of company.
- Pursuant to what was mentioned in the previous clauses of this article, the remuneration and benefits of the members of the Board of Directors and committees emanating from it shall be according to the table below:

1- Members of the Board of Directors:



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Subject	Amount
Allowance for attending one session	SAR 3,000
Remuneration for a non-executive board member (Deducted)	SAR 100,000
Remuneration for an executive board member	SAR Zero

Allowances for attending meetings and other allowances are disbursed annually, while the deducted allowance is disbursed after it has been approved by the General Assembly

2- Members of the Audit Committee:

Subject	Amount
Allowance for attending one session	SAR 3,000
Remuneration for a non-executive committee member (Deducted)	SAR 30,000

Allowances for attending meetings and other allowances are paid annually, in addition to annual deducted bonus.

3- Members of the Nomination and Remuneration Committee:

Subject	Amount
Allowance for attending one session	SAR 2,000
Remuneration for a non-executive committee member (Deducted)	SAR 20,000

4- Members of Risks Committee:

Subject	Amount
Allowance for attending one session	SAR 2,000
Remuneration for a non-executive committee member (Deducted)	SAR 20,000

5- Members of Governance Committee:

Subject	Amount
Allowance for attending one session	SAR 2,000
Remuneration for a non-executive committee member (Deducted)	SAR 20,000

8- Remuneration for the Executive Management

- The Remuneration and Nomination Committee reviews the salary scale set for all employees and senior executives and the incentive program and plans on an ongoing basis and approves them based on the recommendation of the Executive Management. The remuneration of the Executive Management includes the following:
 - basic salary.
 - Medical insurance for him and his family.
 - Social insurance.
 - Transportation allowance or securing a suitable means of transportation.
 - Housing allowance or adequate housing insurance for him and his family.
 - Annual increase linked to performance indicators and according to the annual evaluation that is made in this regard.
 - An annual reward related to performance indicators and according to the annual evaluation that is made in this regard.

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- A long-term incentive bonus, if any.
- Allowances and other benefits such as children's education allowance, travel tickets for him and his family, annual paid leave, and end-of-service benefits in accordance with the Saudi Labor Law and the company's human resources management regulations.
- Any bonuses or other allowances approved by the company's board of directors.
- The Nomination and Remuneration Committee reviews the general policies, plans and programs for the remuneration of senior executives and submits its findings to the Board of Directors' approval.
- The CEO implements the remuneration policy for employees and senior executives in light of the general policies, plans and programs approved by the Nomination and Remuneration Committee and approved by the Board of Directors.
- The Nomination and Remuneration Committee reviews the CEO's annual incentives and rewards and submits them to the Board of Directors for approval.

9- Bonus Payments

- Rewards - according to what is stipulated in the bonuses and benefits tables attached to this policy - shall be disbursed in Saudi riyals or its equivalent in any other currency, and the payment is made through a direct entry in the bank accounts specified by the concerned person.

10- General Provisions

- Board members may not vote on the board members remuneration item at the general assembly meeting.
- This policy is complementary to the company's articles of association, corporate governance system, and governance regulations.
- Anything for which there is no text in this policy to apply the relevant laws and regulations issued by the competent authorities.

11- Disclosure

- The report of the Board of Directors to the General assembly must include a comprehensive statement of all remuneration, expenses allowance and other benefits that Board members received during the fiscal year, and it should also include a statement of what board members received as workers or administrators or what they received in return Technical, administrative or consulting works, and it should also include a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last general assembly meeting or during the fiscal year ending on December 31.
- Without prejudice to what is stated in the previous paragraph of this article, the company discloses the members of the board of directors, the committees emanating from it and the executive management (the five largest executives who received the largest rewards, including CEO and CFO) in accordance with regulatory requirements specified in governance regulation.

12- Implementation

This policy shall be effective from the date of its approval by the General assembly, and the responsibility for its implementation lies with the Board of Directors. This policy is published on the company's website to enable shareholders, the public and stakeholders to view it.

The Board of Directors - with the support of the Nomination and Remuneration Committee - reviews this policy periodically to ensure its suitability to changes that may occur to the nature of company's business, its strategic objectives, relevant legislation and regulations and the recommendation to General Assembly in this regard.

