



## Remuneration Policy of Board of Directors, its Subcommittee and Executive

### Management - Raydan Food Co.

#### **I: Preamble:**

The Board of Directors' remuneration policy, its subcommittees and the executive management of "Raydan Food Co." has been prepared in order to comply with the Corporate Governance Regulations issued by the CMA Board pursuant to Resolution No. (16/08/2017) dated 16/05/1439 AH corresponding to 13/02/2017 AD. And which provided that the Nominations and Remuneration Committee shall prepare a clear policy for the remuneration of the Directors, the Board's subcommittees and the Executive Management, and raise it to the Board of Directors for consideration in preparation for approval by the General Meeting.

#### **II: Objective:**

This policy aims at establishing clear standards for the remuneration of the Directors, its committees and chief executives, under the requirements of the companies' law and the laws and regulations of the CMA. The policy also shall aim at attracting competent, capable, talented individuals to serve on the Board of Directors, subcommittees and executive management by adopting plans and programs that stimulate remunerations and are related to performance, thus contributing to improving the Company's performance and achieving the interests of its shareholders.

#### **III: General Standards for Remunerations:**

The Nomination and Remuneration Committee shall be responsible for recommending to the Board the remuneration of Directors, subcommittee members and chief executives of the Company, in accordance with the approved standards, as follows:

1. Remuneration shall be commensurate with the Company's activity and the skills needed to manage it.
2. Consider linking the variable portion of remunerations to long-term performance.
3. The Company takes into account the compatibility of the remuneration with the Company's strategy and objectives, and with the size, nature and degree of its risks.
4. The Company shall be interested in the practices of other companies and what is prevalent in the labor market in determining remunerations, while avoiding the resulting undue increase in remunerations and compensation.
5. To be prepared in coordination with the Remuneration and Nomination Committee regarding new appointments.
6. Remunerations shall be determined based on the level of the position, the tasks and responsibilities assigned to the incumbent, educational qualifications, work experience, skills, and performance level.
7. That the remuneration shall be fair and proportionate to the member's competencies and the works and responsibilities that the directors or committees' members assume and bear, in addition to the objectives set by the board of directors to be achieved during the fiscal year.



8. Taking into consideration the sector in which the Company shall operate, its size, and the experience of Directors.

9. Remuneration shall be reasonably sufficient to attract, motivate and retain competent and experienced Directors.

10. The remuneration of the Directors may be of varying amount to reflect the Director's experience, competencies, tasks assigned to him and his independence, the number of sessions he attends, and other considerations.

11. Remuneration disbursement or refund shall be suspended if it appears that it is issued based on inaccurate information provided by Directors or executive management, in order to prevent the exploitation of the position of employment to obtain undue remunerations.

12. If a Company equity program is developed for both Directors, executive management and its employees, whether they are in issue or shares purchased by the Company, this shall be executed under the supervision of the Remuneration and Nominations Committee and in accordance with the Company's articles of association and the relevant CMA laws and regulations.

#### **IV: Remuneration of Directors:**

1. The remuneration of the Directors in the Company consists of a certain amount, an attendance allowance for sessions, an expenses allowance, benefits in kind, or a percentage of profits. It is permissible to combine two or more of these benefits in a manner that does not exceed what is provided in the Companies Law and its regulations in accordance with the schedule included in this policy and any amendments to this schedule later and are approved in accordance with the law.

2. This remuneration shall be of varying amount and under a policy issued by the Remuneration and Nominations Committee and approved by the Meeting. The Board of Directors' annual report to the General Meeting of shareholders shall include a comprehensive statement of all remunerations, expenses allowances and other benefits that Directors received during the fiscal year. It should also include a statement of what the Directors have paid as personnel or administrators or in return for technical or administrative works or consultations (if any). 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 Meeting.

3. In the event that the remuneration of the Directors shall be a proportion of the profits, the provisions of Paragraph No. (2) of Article No. (76) of the Companies Law and Article No. (20) of the Company's Articles of Association shall be observed. Provided that the total remuneration and financial and in-kind benefits that a single Director receives in all cases does not exceed the amount of (50,000) fifty thousand Saudi riyals annually, in addition to the remuneration for attending sessions.

4. Taking into account that the remuneration of the independent Directors shall not be a proportion of the profits achieved by the Company, or that it is based directly or indirectly on the profitability of the Company.

#### **V: Remuneration of Committee Members:**

1. The Board of Directors shall determine and approve the membership remuneration of its subcommittees - with the exception of the Audit Committee - and attendance allowances and other entitlements based on a recommendation from the Remuneration and Nominations Committee.

(2)



2. Membership remuneration of Board of Directors' committees consists of annual remuneration (a lump sum), attendance allowances, and other entitlements as shown in this policy in accordance with the schedule included therein.
3. The membership remuneration for the audit committee shall be approved by the General Meeting of shareholders based on the recommendation of the Board of Directors under the law.
4. When forming the Board subcommittees membership, the number of committees that a director can occupy is taken into consideration, so that the total remuneration of a member for membership in the board and the committees does not exceed the upper limit stipulated in the Companies Law.

#### **VI: Remuneration for the Executive Management:**

The Remuneration and Nomination Committee shall review the salary scale set for all employees and chief executives and the incentive program and plans on an ongoing basis and approve them based on the recommendation of the executive management. The remuneration of the executive management includes the following:

- Basic salary (shall be paid at the end of each month, on a monthly basis).
- Allowances that include, but are not limited to, a housing allowance, a transportation allowance, a children's education allowance, a telephone allowance and medical insurance for him and his family.
- Life insurance policy (includes work injuries, partial and total disability, and death at work).
- An annual remuneration related to performance indicators according to the annual assessment that is executed in this regard.
- Short-term incentive plans associated with exceptional performance, and long-term incentive plans such as stock options programs (whenever any).
- Other benefits that include, but are not limited to, annual leave, annual tickets, operational airport services and end-of-service remuneration according to the work system and the human resources policy approved by the Company.
- The plans, program, and general directions for the remuneration of chief executives shall be approved by a Remuneration and Nomination Committee.
- The CEO executes the remuneration policy for employees and chief executives under the general plans, programs and directions approved by the committee.

#### **VII: Additional Criteria of Remunerations and the Disbursement Method:**

1. Directors shall not vote on the Directors remuneration clause at the shareholders 'General Meeting.
2. The Company shall disclose the remuneration of Directors, subcommittees and chief executives in the Board of Directors' annual report in accordance with the controls and directives issued under the Companies Law and the CMA laws and their executive regulations.

3. A member shall be eligible for remuneration as of the date he joined the Board or committee and in accordance with the term of his membership.

4. The procedures for disbursing remuneration for Directors and subcommittees members shall be prepared by the Board Secretary, provided that the order for their disbursement shall be approved by the Chief Executive Officer.

5. Allowance for attending board meetings, subcommittees' remuneration, and attendance allowance for committee meetings shall be disbursed in installments at the end of each quarter. As for the annual remuneration for the board, it shall be paid in full after its approval in the annual General Meeting.

### **VIII: Statement of Remuneration Details for the Directors and its subcommittees:**

#### **1) Directors:**

(1000) SAR

A) Allowance for attending one session

(50.000) SAR

B) an annual lump sum for a director

\*Remuneration related to profits: A certain percentage of net profits determined under the recommendation of the Remuneration and Nominations Committee in the event the Company achieves profits, taking into account Paragraph No. (b) of Article No. (4) of the regulatory controls and procedures issued in implementation of the Companies Law.

\* Amendment and disbursement mechanisms: The annual remuneration amount deducted for a director referred to in Paragraph No. (b) of Clause No. (1) mentioned above shall be revised from one period to another based on the study of the Nominations and Remuneration Committee under the changes related to performance. And then taking the approval of the General Meeting of shareholders, according to that, the meeting attendance allowance and the additional attendance allowance shall be paid on a quarterly basis, while the annual deductible remuneration shall be disbursed after its approval by the General Meeting.

#### **2) Committee members for the Board of Directors:**

(1000) SAR

A) Allowance for attending one session

(5000) SAR

B) Lump sum annual remuneration for a member

The deducted annual remuneration and session attendance allowance shall be paid quarterly.

#### **3) Other Expenses and Benefits:**

The Company bears the costs of air tickets for directors and committees residing outside the city of Jeddah.

All travel tickets (round trip) for directors and Committees are first class or business class, with preference given to the national carrier (according to the available reservation).

### **IX: Final Provisions (Review, Amendment, and Publication of this Policy):**

The provisions of this policy shall be executed and adhered to by the Company as of the date of its approval by the General Meeting of shareholders. This policy shall be reviewed periodically - when needed - by the Remuneration and Nominations Committee. Any amendments proposed by the committee shall be submitted to the Board of Directors, which studies and reviews the proposed amendments and recommends them to the General Meeting of shareholders for approval.