



Remuneration Policy for Board of
Directors and Committees Members and
Executive Management



SADAFCO**سدا فكو**

**SAUDIA DAIRY & FOODSTUFF COMPANY
SAUDI JOINT STOCK CO.**

**الشركة السعودية لمنتجات الألبان والأغذية
شركة مساهمة سعودية**

Proposed Amendments to the Remunerations & Compensations of the Board Members, Committees and Executive Management Policy

In compliance with the new Companies Law Issued by Royal Decree No. M/132 dated 1/12/1443H corresponding to 30/6/2022G, its Implementing regulations, and the Company's Bylaws as amended by Extraordinary General Assembly on 22/08/2023.

Before Amendments	After Amendments
<p>First: Introduction</p> <p>This Policy is prepared as per Companies' Law, its Executive Regulations, Corporate Governance Regulations issued by the Capital Market Authority and the Corporate Bylaw, and shall not be amended only upon a recommendation by the Shareholders' General Assembly for an approval, unless the regulations and instructions issued by such authorities include otherwise.</p> <p>This Policy aims at attracting persons with academic, technical, administrative qualifications, retaining and training them to perform their duties professionally and effectively to commensurate with the company's activities and purposes. In addition, it aims at setting clear and specific standards and conditions explaining to shareholders the Company's terms, conditions, and procedures for granting remunerations to the members of the Board of Directors, Committees, and Executive Management.</p>	<p>First: Introduction</p> <p>This Remunerations & Compensations of the Board Members, Committees and Executive Management Policy has been prepared to comply with Article 58(1) of the Corporate Governance Regulations Issued by the Board of the Capital Market Authority, and amended by Resolution of the Board of the Capital Market Authority Number 8-5-2023 Dated 25/6/1444H Corresponding to 18/1/2023G, which stipulated that the Remuneration and Nomination Committee shall “<i>preparing a clear policy for the remunerations of the Board members and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that linked to performance, and disclosing and ensuring the implementation of such policy</i>”.</p> <p>This Policy aims at attracting persons with academic, technical, administrative qualifications, retaining and training them to perform their duties professionally and effectively to commensurate with the company's activities and purposes. In addition, it aims at setting clear and specific standards and conditions explaining to shareholders the Company's terms, conditions, and procedures for granting remunerations to the members of the Board of Directors, Committees, and Executive Management.</p>

**Third: The Remunerations of the Board Members**

1- The remuneration of the Board of Directors' members consists of a certain amount of money, attendance allowance, in kind, or a percentage of net profit- two of the mentioned benefits may be combined together. ~~In case if the remuneration is a percentage, Articles (24) and (50) of the Company's Bylaw Article (76) of Corporates' Law must be followed, and the amount of the member's benefits shall not exceed more than SAR (500,000) annually.~~ The member is entitled to the remuneration from the effective date of membership.

2- The Board report to the Ordinary General assembly shall be comprehensive, including all benefits received by the members during the financial year, remunerations, expense allowances etc., the cash received by members, as employees and executives, or as per their exerted efforts including their technical, administrative, and consulting performances. In addition, the report shall include, the number of sessions attended by every member from the last date of the General Assembly meeting, pursuant to the Companies Law, Capital Market Authority Regulations and its Executive regulations.

Third: The Remunerations of the Board Members

1- The Remuneration and Nomination Committee shall submit a recommendation to the Board of Directors regarding the remuneration of the Board members. The Board of Directors shall propose the amount of the remuneration to the general assembly to determine the amount of the remuneration.

2- The remuneration of the Board of Directors' members consists of a certain amount of money, attendance allowance, in kind, or a percentage of net profit- two of the mentioned benefits may be combined together. The member is entitled to the remuneration from the effective date of membership.

3- The Board report to the ordinary general assembly shall be comprehensive, including all benefits received by the members during the financial year, remunerations, expense allowances etc., the cash received by members, as employees and executives, or as per their exerted efforts including their technical, administrative, and consulting performances. In addition, the report shall include, the number of sessions attended by every member from the last date of the General Assembly meeting, pursuant to the Companies Law, Capital Market Authority Regulations and its Executive regulations.

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| <p>3- The remunerations of the independent members of the Board shall not be a percentage of the achieved Company's incomes, or based, directly or indirectly, on the Company's profitability.</p> <p>4- Remunerations may vary as per the member's experience, specialty, duties, independence, and the number of sessions attended along with other considerations.</p> <p>5- The Board of Directors may not vote for the remuneration article of the Board' members during the Shareholders General Assembly.</p> <p>6- A member of the Board may receive a remuneration or salary for any additional executive, technical, administrative, or consulting performances assigned by the Company, in addition to the received remuneration as a member of the Board and its committees as per the Companies Law, the Corporate Bylaw, CMA Regulations and its Executive regulations.</p> <p>7- Remunerations in form of shares may be granted for the Board of Directors members after meeting the bylaws and procedures in this regard.</p> <p>8- The Company shall cover the cost of traveling-ticket for members living outside Jeddah city.</p> <p>9- The Company shall cover the cost of five- star hotels stay and tickets, whenever the meeting is convened outside Jeddah city.</p> <p>10- All round-trip tickets for members shall be on the First and Business classes.</p> | <p>4- The remunerations of the independent members of the Board shall not be a percentage of the achieved Company's incomes, or based, directly or indirectly, on the Company's profitability.</p> <p>5- Remunerations may vary as per the member's experience, specialty, duties, independence, and the number of sessions attended along with other considerations.</p> <p>6- The Board of Directors may not vote for the remuneration article of the Board' members during the Shareholders General Assembly.</p> <p>7- A member of the Board may receive a remuneration or salary for any additional executive, technical, administrative, or consulting performances assigned by the Company, in addition to the received remuneration as a member of the Board and its committees as per the Companies Law, the Corporate Bylaw, CMA Regulations and its Executive regulations.</p> <p>8- Remunerations in form of shares may be granted for the Board of Directors members after meeting the bylaws and procedures in this regard.</p> <p>9- The Company shall cover the cost of traveling-ticket for members living outside Jeddah city.</p> <p>10- The Company shall cover the cost of five- star hotels stay and tickets, whenever the meeting is convened outside Jeddah city.</p> <p>11- All round-trip tickets for members shall be on the First and Business classes.</p> |
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Sixth: Revision and Enforcement

1. Remuneration and Nomination 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, by the Remuneration and Nomination Committee. Any suggested amendments shall be presented by the committee to the Board. The Board will analyse and revise these amendments and submit recommendations for the approval of the Shareholders General Assembly.
2. This Policy will be effective and enforceable from the date of its approval by the Company Shareholders General Assembly.
3. 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.

Added

4. 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.

Sixth: Revision and Enforcement

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2. This Policy will be effective and enforceable from the date of its approval by the Company Shareholders General Assembly.
3. 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.
4. This Policy has been drawn in Arabic and English texts. In case of any discrepancy or misinterpretation, the Arabic text shall prevail.
5. 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.