



Tanmiah Food Company

Nomination, Remuneration Policy And procedures of selecting members in case of vacancy

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DOCUMENT CONTROL & APPROVAL

DOCUMENT CONTROL

Department	Document Title	Document Type
Compliance Department	Nomination and Remuneration Policy	Policy

DOCUMENT APPROVAL\AUTHORITY REFERENCE

VERSION	APPROVED BY NAME & DESIGNATION	DATE
2.0	Nomination and Remuneration Committee	February 2023
2.0	Board of Directors	February 2023
2.0	General Assembly	June 2023

APPROVAL RECORD

VERSION	APPROVAL DATE	DESCRIPTION
1.0	April 2019	New Policy
2.0	June 2023	Comprehensive review to incorporate regulatory requirements and updates.

Purpose:

Tanmiah Food Company seeks to increase the effectiveness of Corporate Governance, achieve a high level of transparency, reach the company's goals, and improve its performance, the company has adopted standards to elect members of the Board of Directors based on efficiency, and the ability to represent the Board of Directors and its Standing Committees in a manner that provides the experience and the educational and operational abilities and knowledge that will contribute in increasing the operational efficiency of the Company, and to determine their Remuneration in accordance with Companies Law and Governance regulations, and relevant regulations and Charters.

Scope:

This policy applies to all Board of Directors members, the members of its standing Committees, elected members, and the Committees' members.

Policy Statement:

a. Requirements for nomination for Board of Directors membership:

1. Present a report for the Company's management includes his willingness in nomination within one month from opening the registration, it should include his Curriculum vitae, qualifications, and his experience in the Company's activities according to the related forms and the regulated requirements.
2. Present a statement includes the names of the companies that he participates in their Board of Directors.
3. Present a statement includes the names of the companies or corporations that he participates in their management or ownership and it practices similar activities that of the Company.
4. The disclosure to the Board of Directors and the General Assembly for conflict of interests cases – according to the regulations stated by the organization – and it includes:
 - The existence of any interest directly or indirectly in activities and contracts with the Company.
 - His participation in a business that competes with the Company, or any of its activities.
5. Present a statement with the numbers and dates of the companies' board of directors that he took membership in if the membership was one of the Joint-Stock companies, if he undertook board of director's membership in previous courses, he shall then include a statement with the courses he participated in, and the Company shall fulfil the remaining.

b. Conditions for choosing Board of Directors members:

1. Board member should have the professional adequacy, experience, knowledge, and the necessary skill, as well as the scientific qualifications, which will enable him to practice his duties efficiently and accurately, in addition to the participation in managing, growing, and protecting the Company's earnings.
2. For the Board member not to occupy his Board membership of more than Five Listed Joint-Stock companies at the same time.
3. To enjoy a good health and does not have health issues that prevents him from practicing his duties and competencies.
4. The Board member cannot be an employee in a competitive company or participates in any activity that competes the Company.
5. To have never been isolated or fired from the Board of Directors of a Joint-Stock company or from any department due to his carelessness, or poor management, or the irregular attendance of Board of Directors or its Standing Committees meetings.
6. To have never been charged with dishonorable or dishonest cases.

c. General provisions for Board of Directors membership:

The Company makes available for the shareholders, information of the nominees for Board of Directors membership not less than Three days before the election date, such information contains a description of the nominees' experiences, their qualification, and skills.

Every shareholder has the right to nominate himself or someone else or more for Board of Directors membership. And that is within the limits of his percentage ownership of the Company.

d. Remunerations of Board of Directors members:

- The remuneration of the Board member shall be –For Board of Directors and committee members– a fixed amount and an allowance for attending the meetings.
- The Board can determine a remuneration for members/member of Board of Directors for his membership in the Board’s Sub Committees.
- The remunerations that the Board of Directors’ member receives shall be fair and coordinates with the member’s competences as well as the activities and the responsibilities that Board of Directors’ members undertake and endure, in addition to the specified goals from the Board of Directors that to be achieved during the fiscal year.
- Remuneration shall be consistent with the Company's strategy and objectives;
- Remunerations shall aim of encouraging the Board members and Executive Management to achieve the success of the Company and its long-term development, by for example making the variable part of the remuneration linked to the long-term performance;
- Remuneration shall be determined based on job level, duties and responsibilities, educational, qualifications, practical experience, skills and level of performance;
- Remuneration shall be consistent with the magnitude, nature and level of risks faced by the Company;
- Remuneration recommendation shall consideration the practices of other companies in respect of the determination of remunerations, and avoid the disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensations;
- Attract talented professionals and retain and motivate them without exaggeration;
- The remuneration payment shall be stopped or retrieved if it turns out that it was approved based on inaccurate information presented by Board of Directors’ member.
- The remuneration shall be coordinated with the number of meetings that the member attends.
- The remunerations of the members of Board of Directors and its Sub Committees shall be in accordance with the related charters and regulations.
- The member deserves a remuneration that coordinates with the additional activities or executive positions or technical or advisory that he is assigned for in the Company.

e. Remunerations of the Executive Management:

The annual remuneration for the Executive management in the Company shall be calculated according to the Policy and the mechanism for the approved annual remuneration in the Company.

The specified salaries and advantages for the Executive management shall be determined to include (the primary salary and advantages and allowances) according to the approved Policy in the Company.

f. Duties and Responsibilities of the Finance Department in the Company:

The Finance Department shall undertake the responsibility of Board of Directors’ and Committees’ members’ remunerations payroll in a quarterly basis.

The Finance Department shall pay the attendance fees to for board and committees’ members within 7 days at the end of each Quarter.

g. Vacancy in the Board of Directors:

- According to the Incorporation Document, when one of Board of Directors members position becomes vacant the Board shall hire a temporary member in that position according to their evaluation and must inform the Competent Authority within Five business days from the hiring date and shall be represented to the General Assembly in its first meeting and the new member shall resume the period of his predecessor. If the required conditions were not met to convene a Board of Directors meeting due to shortage in its members from the minimum stated in the Incorporation Document, the rest of the members must invite the General Assembly for a meeting within Sixty days to elect the required number of members.

- The Company's Incorporation Document explains the method on Board of Directors membership expiration and the General Assembly may at any time isolate all or some Board of Directors members, even if it was stated in the Incorporation Document otherwise.
- Upon the expiration of a member's membership in Board of Directors within the ways stated in the Incorporation Document for membership expiration, the Board Secretary shall notify the Competent Authority in the Ministry and the Organization immediately with a statement that contain the reasons for such actions.
- If a Board of Directors' member resigns with notes about the performance of the Company, he shall then present a written statement about such notes to the Board of Directors' Chairman, such statement must be presented to all Board of Directors' members.

h. Guidelines for remuneration and payment process

1. Board members shall not vote on the agenda item relating to the remuneration of board members at the AGM.
2. Disclosing the remuneration of the board, its committee members and executive management in the annual directors' report in line with applicable laws and regulations.
3. The annual remuneration of the Board member referred to in item (1) above might be subject to review from time to time based on NRC Committee recommendation considering the company's performance after obtaining the AGM approval.
4. Members are entitled to the stipulated remuneration from the date they have joined the board or committee and as per the duration of their membership.
5. Processing board and committee member remuneration payment shall be prepared by the board secretary and payment order shall be approved by the CEO.
6. The payment for Group board meeting attendance fees, committee's remuneration and committee's meeting attendance fees can be processed as installments on a quarterly basis,
7. The Group annual remuneration of the board shall be paid in full after Annual General Assembly meeting approval.

Appendixes:

- 1) Board of Directors Remuneration Schedule.
- 2) Committees Remuneration Schedule.

References:

- Companies Law issued by Royal Decree (M\132) dated 01\12\1443.
- Corporate Governance Regulation issued on Capital Market Authority by decision number (8-16-2-17) dated 18\01\2023.
- Regulatory standards and procedures issued to implement privet Joint-stock Companies' Corporate Law listed by Capital Market Authority.
- Company's Incorporation Document.
- Company's Governance Document.
- Nomination and Remuneration Charter.

Appendixes

1) BOARD MEMBERS REMUNERATION SCHEDULE

REMUNERATION	AMOUNT
Annual remuneration as a specific amount for the Chair of the Board	SAR 200,000
Annual remuneration as a specific amount for each Board Member	SAR 300,000
Attendance allowance per meeting	SAR 5,000

ADDITIONAL CONSIDERATIONS:

- The annual remuneration shall be paid after obtaining general assembly's Approval;
- The annual remuneration paid for the Chair of the Board is additional of the annual remuneration for being a board member;
- Meeting attendance allowance and any additional entitlement shall be paid on a quarterly basis;
- The remuneration of independent members of the board shall not be a percentage of the profits generated by the company;
- The said specific sum remuneration is not linked or indirectly to company profitability;
- Members are entitled to the remuneration from the date they have joined the board and as per the duration of their membership.

2) COMMITTEE MEMBERS REMUNERATION SCHEDULE

REMUNERATION	AMOUNT
Annual remuneration as a specific amount for the Chair of the Audit Committee	SAR 50,000
Annual remuneration as a specific amount for each Committee Member	SAR 50,000
Annual remuneration as a specific amount for each External Committee Member	SAR 120,000
Attendance allowance per meeting	SAR 1,500
Attendance allowance per meeting for External Committee Member	SAR 3,000

ADDITIONAL CONSIDERATIONS:

- Remuneration and attendance allowance shall be paid on a quarterly basis;
- The annual remuneration paid for the Chair of the Audit Committee is additional of the annual remuneration for being a Committee member;
- Members are entitled to the remuneration from the date they have joined the board and as per the duration of their membership.

3) OTHER NON-CASH BENEFITS

BENEFIT

- Travel cost for non-company Headquarter members for attending meetings shall be covered by the company.
- The company shall cover accommodation and transportation for all board, committee members and executive management for any meetings convening outside Company Headquarters.
- All airfare tickets for board and committee members shall be issued or refund in Business class, roundtrip.