

AI ASEEL

*Remuneration Policy of Members of Board of Directors and The Board  
of Directors Derived Committees and Executive Department*

**Thob Al Aseel**

**1441 AH - 2020 AD**

## Table of Contents

Subject	Page No.
Article One: Definition	4
Article Two: Preamble	5
Article Three: Purpose of Policy	5
Article Four: Basis of Preparation of Policy	5
Article Five: Board Members Remunerations	6
Article Six: Board Committees Remunerations	8
Article Seven Executive Department Remunerations	8
Article Eight: Regulation for offering company's shares	8
Article Nine: Controls for releasing and specifying remunerations	9
Article Eleven: Suspend payment of remuneration and recovering thereof	10
Article Twelve: Approval and Execution	11

## Article One: Definitions

SR	Terms and Expressions	Meanings
1.	<b>Corporates Law</b>	Corporates Law issued under the Royal Decree No. D/3 dated 28/1/1437 AH
2	<b>Capital Market Law</b>	Capital Market Law issued under Royal Decree No. D/30 dated 2/6/1424 AH
3	<b>Corporates Governance Regulations</b>	Corporates Governance Regulations issued by Capital Market Authority Board under Decree No. 8/16/2017 dated 16/5/1438 AH, corresponding to 13/2/2017, upon the corporates law issued under Royal Decree No. D/3 dated 28/1/1437 AH, amended under a resolution from the Capital Market Authority No. 3-57-2019 dated 15/9/1440 AH, corresponding to 20/5/2019 AC.
4	<b>Authority</b>	Capital Market Authority
5	<b>Company</b>	Thob Al Aseel Company
6	<b>Board of Directors</b>	Company's Board of Directors
7.	<b>Board Member</b>	Member of the Company's Board of Directors.
8.	<b>Policy</b>	Board Members, Board Committees, and Executive Department Remuneration Policy
9.	<b>Committees</b>	All committees derived from the Board of Directors except the Audit Committee
10	<b>Shareholders</b>	Company Shareholders'
11	<b>General Assembly</b>	An assembly composed of the company's shareholders under the provisions of Corporates Law and the Company's Articles of Association.
12.	<b>Executive Member</b>	Member of Board of Directors who works in the Company Executive Department as a full-timer and participates in its daily works.
13.	<b>Non-Executive Member</b>	Board Member who works for the company management as a part-timer and does not participate in its daily work.
14.	<b>Independent member</b>	A non-executive board member with full independence in his position and decisions. None of the independence incidents set out in Article 20 of this Regulation shall be applied to him.

15.	<b>Executive Management or Senior Executives</b>	Persons entrusted with managing the company's day-to-day operations, proposing and implementing strategic decisions, such as the Chief Executive Officer, his deputies, and the Financial Officer.
16.	<b>Remuneration</b>	Amounts, allowances, profits, etc., periodic or annual performance-related remuneration, short or long-term incentive plans, and any other in-kind benefits, except for reasonable actual expenses incurred by the company on behalf of the Board member for performing his work.

#### **Article Two: Preamble**

This Policy specifies the rules, controls, and procedures of board members, board committees, and executive management remunerations. The articles of this policy are applied in accordance with the Memorandum of Association, Articles of Association, relevant governing laws for the company's business without prejudice to the provisions of corporates Law, Capital Markets Law, Corporates Governance Regulations, regulatory controls, and procedures issued in implementation of corporates law of the listed Joint Stock Companies and other relevant laws. This policy is made in accordance with paragraph 1 of Articles 61 and 62 of the Corporate Governance Regulation.

#### **Article Three: Purpose of Policy**

1. Regulate the Remuneration process for the board members, board committees, and Executive Management, and deal therewith in accordance with this policy and as required by Law.
2. Protect the assets and interests of the company, and shareholders' rights through regulating the remuneration process of the board members, board committees, and executive management.
3. Enhance disclosure and transparency concept and detect the mechanism of payment of the remunerations of Board Members, Board Committees, And Executive Management in accordance with certain standards.

#### **Article Four: Basis of Preparing Policy**

This policy is prepared upon the following standards:

1. It shall be consistent with the company and its objectives.
2. Remuneration shall be provided for purpose of invoking the board members, and executive management to work on succeeding the company and develop thereof in the long run, as to connect the variable part of remuneration with the performance in the long run.
3. Remunerations shall be specified upon the job position, missions, and entrusted responsibilities to its occupier, academic qualifications, work experiences, skills, and performance levels.
4. It shall be consistent with the size, nature, and degree of risks at the company.
5. Take into consideration practices of other companies in determining remunerations, avoiding any unreasonable resulting increment for the remunerations and compensations.
6. It shall aim at recruiting, maintaining, and motivating the occupational competencies without exaggerating therein.
7. Suspending or recovering remunerations, if it is found that it was decided upon inaccurate information presented by a board member or executive management, to prevent using the position to get undeserved remunerations.

#### **Article Five: Remunerations of Board Members**

1. Pursuant to Article 76 of Corporates Law, Articles of Association determines the method of remunerating the board members. This remuneration may be a certain amount or in return for attending the meetings, in-kind benefits, or a certain percentage of the net profits. Two or more of these benefits may be combined.
2. If the Remuneration is a certain percentage of the company's profits, it shall not be more than 5 %, as per Article Forty-Five of the articles of association, of the net profits. After deducting the reserves decided by the General Assembly in accordance with the provisions of the corporates law and articles of association. In addition, it shall be after dividing the profits to the shareholders that shall not be less than the paid company's capital, provided that the entitlement of this remuneration shall be appropriate with the number of meetings attended by the board member. Any assessment that violates the above conditions shall be deemed void.

4. In accordance with Article twenty-one of the Company's Articles of Association, the remuneration of the board member is SAR 200000 annually, divided among the attendees.
5. The company books the travel tickets for the members who are living outside the city, where the meeting would be held, whether for internal or external trips on business class. In the event of unavailability, the booking shall be made for the first class. If the member purchased the ticket, the member shall be indemnified by SAR 2000 for internal trips or SAR 5000 for external trips.
6. The company shall provide accommodation for a maximum of two nights for the members who are living outside the country, where the meeting would be held (inside or outside KSA). Accommodation shall be in the executive room in five-star hotels. If the member paid for the room, the member would be indemnified by SAR 2000 as accommodation allowance per one night and for a maximum of two nights. If the meeting is held outside KSA, and the member is booked directly, an amount of 3000 SAR shall be paid thereto per night and a maximum of two nights.
7. The company shall provide living expenses and transportation for members who are living outside the city where the meeting would be held (whether inside or outside KSA. In the event of failure to do so, the member shall be indemnified by an amount of SAR 2000 for each internal meeting. If the meeting is held outside KSA while living expenses and transportation are availed by the member, this allowance shall be paid as follows:
  - a. An amount of SAR 15000 shall be paid for each meeting if the meeting is held in any GCC companies or any adjacent Arab countries.
  - b. An amount of SAR 15000 shall be paid for each meeting if the meeting is held in any other country except those provided in paragraph A.
8. In all cases, the total remuneration of the board member, including remuneration, and financial and in-kind benefits shall not be more than five hundred thousand Saudi Riyal annually, as per the controls set by the competent authority.
9. The board of directors reports to the Ordinary General Assembly shall include a comprehensive statement for the amounts obtained by the board members within the financial year, including remuneration, expenses, and other benefits. It shall also include a statement of the collected amounts by the Board Members as being employees, and senior employees, or any collected amounts for technical or administrative works or Consultations. It shall also include a statement of the number of meetings attended by any member from the date of the last General Assembly Meeting.

**Article Six: Remunerations of the Board Committees' members and secretaries**

1. Remuneration of Board Committees Members is composed of SAR 80000, only eighty thousand Saudi Riyals, annually for auditing committee distributed to the attendees. In addition to an amount of SAR 40000, forty thousand Saudi Riyals, for elections committee members, and the remunerations distributed to the attendees shall be calculated as of the date of approval of the board of members for joining a member.
2. Secretary's remuneration shall be composed of SAR 50000, fifty thousand SAR, divided among the attendees.
3. Committees' secretaries' remunerations are composed of an amount of SAR 40000, (Forty thousand SAR) to be distributed to the attendees.
4. The report of the board of directors to the Regular General Assembly shall include a comprehensive statement for all the amounts obtained by the member, concerning remunerations, expenses allowances, and other benefits, within the fiscal year.

**Article Seven: Remunerations of Executive Management**

1. At the beginning of each financial year of the company, the board of directors works in coordination with the elections and remunerations committee to determine the main and strategic objectives of the company, which the Executive Administration shall achieve within the financial year including performance indicators to measure the achievement of these objectives.
2. These objectives and indicators are determined for each Executive Position on the job level, missions, entrusted responsibilities, academic qualifications, experiences, and skills.
3. The estimated budget for remunerations shall be generally determined upon performance, expected results for the company, and risk degree, taking into consideration the practices of other companies to determine the remunerations.
4. The Board of Directors shall monitor within the financial year and continuously how these objectives can be achieved and reconsidered as necessary.

5. With the end of the financial year, performance is assessed, and remunerations are determined by the Remunerations and elections committee and recommended therewith to the Board of Directors for approval.

#### **Article Eight: Regulating offering Company's shares**

If the purpose of purchasing a company's shares is to allocate thereof to the company's employees among the employees' shares program. The company shall, in addition to other controls in respect of purchasing shares, fulfil the following conditions:

1. The company's Articles of Association shall state that it is possible.
2. Get the approval of the Extraordinary General Assembly for the Employees' shares program. The assembly may authorize a board of directors to determine the conditions of this program, including the allocation price for each share offered to the employees if it has a price.
3. Not to engage the non-executive board members among the employee's shares program. The Executive members shall not vote on the program-related decisions of the board of directors.

#### **Article Nine: Controls of payment and determining remunerations**

Pursuant to the Laws and other relevant regulations, issued by the other regulatory authorities, the board of directors shall take into consideration, in determining and payment of remunerations obtained by all members, the relevant provisions provided in Corporates Law and Executive Regulations, in addition to the following standards:

1. Remunerations shall be fair and appropriate with the members' competencies, works, and responsibilities performed thereby and incurred by board members, in addition to the objectives specified by the board of directors required to be achieved within the financial year.
2. These remunerations shall be based on recommendations from the elections and remuneration committees.
3. Remunerations shall be appropriate to the company's business, and required skills for managing thereof.
4. Take into consideration the sector in which the company works, its volume, and the expertise of board members.



5. Remuneration shall be reasonably sufficient to recruit, motivate and keep qualified and experienced board members.
6. Board Members shall not vote on remunerations of the board members in the General Assembly.
7. Board members may get a remuneration against their membership in the auditing commission, which is constituted by General Assembly, or against any executive works, or executive, technical, administrative, and consultancies offices, under occupational license, in addition to as assigned by the company. As well as the remuneration that may be obtained by the member in his capacity as board and committee members, as constituted by the board of directors, as per the corporates law and Articles of Associations.
8. The remunerations of the board members are variable as it reflects the expertise, competencies, and missions assigned thereto, independence, number of meetings the member attended, as well as other considerations.
9. The remuneration of independent board members shall not be a profit share, which was achieved by the company, otherwise, these remunerations shall be directly or indirectly based on the company's profits.
10. The remunerations of meeting attendance, ticket allowance, accommodation, living, and transportation allowance shall be paid to members quarterly.
11. In the annual report, the board of directors shall disclose the detailed policies of the remunerations and mechanisms of determining financial and in-kind benefits paid by each member of the board of directors against any works, executive, technical, administrative, and consultation position.

#### **Article Eleven: Suspension and Recovery of Remunerations**

1. If the auditing committee, authority, board of directors, elections, and remunerations committee found that the remunerations paid to any board member or executive regulation are based on untrue and misleading information, which is presented to the General Assembly or included in the annual report of the General Assembly, it shall be returned to the company, and the company shall reclaim thereof.

2. If the General Assembly decided to suspend the membership of board members who were absent due to the failure to the attendance of three consecutive meetings without any legal excuse, this member shall not be deemed entitled to any remuneration for the period that follows the last attended meeting, and all paid remunerations thereto for this period shall be returned.
3. In the event of the resignation of a Board Member or Board Committees from his office, the determined remuneration shall be paid thereto according to the period lapsed in his office.
4. If a board member or board committee members joined within the financial year, when remunerations are determined, the remuneration shall be appropriately paid for the period from the appointment date until the end of the year.
5. If an executive member resigned from his office, this member is not entitled to claim for an annual increment, which will be put after the resignation letter effective date.
6. In the event of the appointment of an executive management member within the financial year, then at determining remunerations, it shall be paid appropriately with the period from appointment date until the end of the year, provided that this period shall not exceed three months.

#### **Article Twelve: Certification and Enforceability**

This policy shall be deemed effective as of the date of certifying thereof by the General assembly, after the recommendation of the board of directors to constitute the Remunerations and Elections Committee, the board of directors reviews thereof as required, and it shall only be reviewed under General Assembly.

**This regulation is certified under a resolution from the General Assembly of all shareholders in the meeting held on:**