

البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



## Item (11) Amendments on Audit Committee Charter



## Audit Committee Charter

Current Clause	Clause after proposed changes
<p>3.1.3. Recommend to the Board of Directors annually the nomination or dismissal of the external auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contracts in line with all applicable regulations and guidelines, considering maximum allowed term for re-appointment and rotation of the licensed partner of external audit firm (SAMA requires that the engagement partners of the external audit firms are rotated every three years while CMA requires that the auditor's term shall not exceed seven consecutive or separate fiscal years and the Supervising Partner term shall not exceed seven consecutive or separate fiscal years.</p>	<p>3.1.3. Recommend to the Board of Directors annually the nomination or dismissal of the external auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contracts in line with all applicable regulations and guidelines, considering maximum allowed term for re-appointment and rotation of the licensed partner of external audit firm (SAMA requires that the engagement partners of the external audit firms are rotated every three years while CMA requires that the auditor's term shall not exceed seven consecutive or separate fiscal years and the Supervising Partner term shall not exceed seven consecutive or separate fiscal years; External Auditors may provide non-assurance services permitted by Saudi Organization of Chartered and Professional Accountants (SOCPA) in line with the Circular No. (000573) dated 17/08/1443H (corresponding to 20 March 2020G). Such non-assurance services include Group reporting engagements, assurance engagement for Zakat, Tax, Customs Regulations and VAT compliance services, agreed upon procedures on the financial information extracted from records and financial statements, engagement to prepare reports required in relation with Sukuk, IPOs, pre-emptive rights as per CMA laws and regulations.</p>
	<p>3.5.3. Review and approve the organizational structure of the Compliance Group periodically.</p>
<p>3.5.4 Review <del>the findings of any examinations by regulatory agencies, and any Compliance observations and ensure that BSF has taken the necessary actions in connection therewith;</del></p>	<p>3.5.4. Review details of supervisory inspection reports and quarterly progress implementation status.</p>
<p><del>3.5.5. Review the process for communicating the Code of Conduct to Bank's personnel, and for monitoring compliance therewith;</del></p>	
	<p>3.5.6. Review cases of compliance failure, shortcoming or negligence involving material risks, judicial procedures, supervisory penalties, financial or non-financial loss or harm for review, that are presented by the CCO.</p>
<p>3.5.9. Ensure that adequate whistleblowing mechanism is in place to enable Bank's employees to report improper conduct or activities including protection of confidentiality, independent investigation and follow-up as per the requirements of CMA CGR article #84</p>	<p>3.5.9. Ensure that adequate whistleblowing mechanism is in place to enable Bank's employees to report improper conduct or activities including protection of confidentiality, independent investigation and follow-up as per the requirements of CMA CGR article #81</p>
<p>3.5.10. Review and discuss quarterly reports submitted by the Compliance Group on Whistleblowing, Anti Bribery and Corruption incidents and related cases including status and actions taken.</p>	<p>3.5.10. Review and discuss quarterly reports submitted by the Compliance Group on Whistleblowing, Anti Bribery and Corruption incidents and related cases including status and actions taken. <b>The Audit Committee Chairman to update the Board of Directors on material whistleblowing cases;</b></p>
<p>4.5.5. Preparing the Committee's reporting packs that should be circulated to all Committee members with the meeting agenda at least five (5) <del>working</del> days prior to the meeting date;</p>	<p>4.5.5. Preparing the Committee's reporting packs that should be circulated to all Committee members with the meeting agenda at least five (5) <b>calendar</b> days prior to the meeting date;</p>
<p><del>6.3. c) Evaluate the overall performance of Compliance Committee and update the Board accordingly.</del></p>	

البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



**Item (12)**

**Amendments on Board Nomination,  
Membership, Assessment and Succession Policy**





Board Nomination Membership Assessment and Succession Policy.

Current Clause	Clause after proposed changes
-	<p><b>4. Laws, Regulations, Related Policies &amp; Supporting Procedures</b></p> <p>4.1 Laws &amp; Regulations</p> <p>A fundamental aspect of this Policy is ensuring compliance with all laws such as CMA and SAMA and other regulatory requirements.</p> <p>Key laws and regulations include:</p> <ul style="list-style-type: none"> <li>A. Companies Law – MoC</li> <li>B. Capital Markets Law – CMA</li> <li>C. Corporate Governance Regulations – CMA</li> <li>D. Requirements for Appointments to Senior Positions - SAMS</li> <li>E. The key principles of governance in financial institutions under the control and supervision of the Saudi Central Bank - SAMA</li> <li>F. Implementing Regulation of the Companies Law for Listed Joint Stock Companies - CMA</li> </ul>
<p><b>4.1.1 Composition of the Board of Directors</b></p> <p>The Board of Directors of BSF is composed of ten (10) members, the majority of whom are non-executive members, and (at least) four (4) are independent members, as stipulated in the Bank's bylaws, <del>and in accordance with the regulations issued by CMA</del>, taking into consideration <del>that</del> SAMA <del>has another criteria</del> of independence and requires minimum of two (2) BoD members or one-third of its members, whichever is greater to be independent <del>based on</del> it. The number of executive members on the Board shall not exceed two (2) members.</p> <p>The Board Chairman (preferably an independent member) and the Vice-Chairman shall be appointed, and both of them shall be from the non-executive members.</p>	<p><b>5.1.1 Composition of the Board of Directors</b></p> <p>The Board of Directors of BSF is composed of ten (10) members, the majority of whom are non-executive members, and (at least) four (4) are independent members, as stipulated in the Bank's bylaws, taking into consideration SAMA and CMA independence criteria which requires minimum of two (2) BoD members or one-third of its members, whichever is greater to be independent. The number of executive members on the Board shall not exceed two (2) members.</p> <p>The Board Chairman (preferably an independent member) and the Vice-Chairman shall be appointed at the Board's first meeting considering that both of them shall be from the non-executive members. The Board, may appoint a managing director or Chief Executive Officer from among its members.</p>
<p><b>4.1.2 Committees Composition</b></p>	<p><b>5.1.2 Committees Composition</b></p>





<p>e) <del>Corporate Social Responsibility Committee (CSRC);</del></p>	<p>e) Environmental, Social, and Governance Board Committee (ESGC)</p>
<p><b>4.2.1 Publishing the Nomination Announcement</b> The Bank shall publish the nomination announcement on the websites <del>of the Bank and the Tadawul website</del> and through any other medium specified by CMA; to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.</p>	<p><b>5.2.1 Publishing the Nomination Announcement</b> The Bank shall publish the nomination announcement on the <a href="#">Bank and Tadawul's</a> websites and through any other medium specified by CMA; to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.</p>
<p><b>4.2.2 Nomination and Election Procedures</b> Each shareholder of the Bank shall have the right to nominate himself/herself or others to the membership of the Board in accordance with the provisions of the Companies Law and Its Implementing Regulations. The NRC shall be responsible for assessing the qualifications, skills, and expertise to ensure the diversity and balance of the Board's competencies and effectiveness. Moreover, the candidates' qualifications shall comply with the requirements of the regulations issued by the regulators and with the special requirements of the Board or Committees as specified in the Board's Charter or the Committees' Charters. The following procedures shall be followed in implementing the nomination process:</p> <p>a) Nomination applications shall be received by the Board Secretary to ensure that they are complete and contain the required documents and information such as:</p> <ol style="list-style-type: none"> <li>I. A letter from the candidate expressing his/her desire for nomination. In the letter, he/she shall commit, if elected to the Board membership, to submit the required disclosures in accordance with the policy <del>of conflicting interests</del> of the Board members and the members of the Committees emanating from the Board;</li> <li>II. A copy of the national identity and the family register;</li> <li>III. Curriculum vitae, academic qualifications, practical experience and contact information;</li> <li>IV. Filling out the forms specified by the Bank and providing any additional information/documents as determined by the Bank;</li> <li>V. Filling out and attaching the relevant CMA form;</li> <li>VI. Filling out and attaching the SAMA Fit &amp; Proper Form;</li> <li>VII. Filling out independency forms as per CMA &amp; SAMA criteria which will be provided by CGD; and other forms that BSF may require;</li> </ol> <p>b) Board Secretary shall ensure candidates applications meet SAMA requirement and shall send it <del>to the NRC. The NRC in turn will</del> examine and evaluate the applications, identify the qualified</p>	<p><b>5.2.2 Nomination and Election Procedures</b> Each shareholder of the Bank shall have the right to nominate himself/herself <a href="#">or one or more from among shareholders</a> or others to the membership of the Board <a href="#">providing that Board members must be in their natural capacity</a> in accordance with the provisions of the Companies Law and Its Implementing Regulations. The NRC shall be responsible for assessing the qualifications, skills, and expertise to ensure the diversity and balance of the Board's competencies and effectiveness. Moreover, the candidates' qualifications shall comply with the requirements of the regulations issued by the regulators and with the special requirements of the Board or Committees as specified in the Board's Charter or the Committees' Charters. The following procedures shall be followed in implementing the nomination process:</p> <p>a) <a href="#">BSF Board of Directors shall call the Ordinary General Assembly to convene in ample time prior to the expiration of the board's term in order to elect the board of directors for the new term.</a></p> <p>b) Nomination applications shall be received by the Board Secretary to ensure that they are complete and contain the required documents and information such as:</p> <ol style="list-style-type: none"> <li>I. A letter from the candidate expressing his/her desire for nomination. In the letter, he/she shall commit, if elected to the Board membership, to submit the required disclosures in accordance with the <a href="#">Conflict of Interest</a> policy of the Board members and the members of the Committees emanating from the Board;</li> <li>II. A copy of the national identity and the family register;</li> <li>III. Curriculum vitae, academic qualifications, practical experience and contact information;</li> <li>IV. Filling out the forms specified by the Bank and providing any additional information/documents as determined by the Bank;</li> <li>V. Filling out and attaching the relevant CMA form;</li> <li>VI. Filling out and attaching the SAMA Fit &amp; Proper Form;</li> <li>VII. Filling out independency forms as per CMA &amp; SAMA criteria which will be provided by CGD; and other forms</li> </ol>





<p>candidates for membership, identify independent candidates, submit to the BoD for review and then send it officially to SAMA by the Chairman of NRC to obtain SAMA's "no-objection" on the candidates after ensuring that all candidates fitness and propriety is assessed in accordance with relevant laws and regulations, at least thirty (30) days before the date of the General Assembly meeting which <del>will vote to elect</del> new Board members;</p> <p>c) In the event that any information regarding the suitability of any of the candidates for the membership of the Board, Committees, <del>or leadership positions</del> is found, and this information affects the validity or suitability of the candidate, SAMA shall be notified in writing within <del>three (3)</del> working days from the date of finding out the information, even if this finding occurs after obtaining SAMA's non-objection to nominate the candidate concerned;</p> <p>d) The Bank shall announce on <del>the Market</del> website the information about the Board candidates when publishing the call for or <del>convoking</del> the General Assembly's meeting. Such information shall include a description of the candidates' experience, qualifications, skills, <del>job titles</del>, and previous and current memberships. The Bank shall provide a copy of this information at its headquarters and on its website;</p> <p>e) The vote in the General Assembly shall be limited to the candidates for the Board membership whose company has announced their information;</p> <p>f) The General Assembly shall elect the required number of members for the term stated in BSF's bylaws, provided that such term shall not exceed three years. Board members may be re-elected, unless otherwise provided for in the BSF's bylaws</p> <p>g) BSF shall notify SAMA, CMA &amp; MC of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes;</p> <p>h) The new members shall be notified of their appointment and shall be provided with a profile and comprehensive information about the Bank (strategic goals &amp; operations), including a memorandum specifying their roles,</p>	<p>that BSF may require;</p> <p>c) Board Secretary shall ensure candidates applications meet SAMA requirement and shall send it to the NRC to examine and evaluate the applications, identify the qualified candidates for membership and identify independent candidates. The NRC shall submit the list to the BoD for review and then send it officially to SAMA by the Chairman of NRC to obtain SAMA's "no-objection" on the candidates after ensuring that all candidates fitness and propriety is assessed in accordance with relevant laws and regulations. This shall be completed at least thirty (30) days before the date of the General Assembly meeting in which new Board members will be elected;</p> <p>d) In the event that any information regarding the suitability of any of the candidates for the membership of the Board and Committees is found, and this information affects the validity or suitability of the candidate, SAMA shall be notified in writing within a period not exceeding five (5) working days from the date of finding out the information, even if this finding occurs after obtaining SAMA's non-objection to nominate the candidate concerned;</p> <p>e) The Bank shall announce on Tadawul website the information about the Board candidates when publishing the call for or conveying the General Assembly's meeting. Such information shall include a description of the candidates' experience, qualifications, skills, and previous and current jobs and memberships. The Bank shall provide a copy of this information at its headquarters and on its website;</p> <p>f) The vote in the General Assembly shall be limited to the candidates for the Board membership whose company has announced their information;</p> <p>g) The General Assembly shall elect the required number of members for the term stated in BSF's bylaws, provided that such term shall not exceed three years. Board members may be re-elected, unless otherwise provided for in the BSF's bylaws</p> <p>h) BSF shall notify SAMA, CMA &amp; MOC of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes;</p> <p>i) The new members shall be notified of their appointment and shall be provided with a profile and comprehensive information about the Bank (strategic goals and objectives,</p>
---	---





<p>responsibilities, and contractual terms and conditions; <del>and</del></p> <p>i) The Executive Management of the Bank shall provide the Board members, the Non-Executive Directors in particular, and the committees of the Bank with all of the necessary information, details, documents and records, provided that they shall be complete, clear, correct and non-misleading, in due course to enable them to perform their duties and obligations; and</p>	<p>BSF's financial &amp; operations, obligations, duties and competencies of the Board committees), including a memorandum specifying their roles, responsibilities and rights, and contractual terms and conditions;</p> <p>j) The Executive Management of the Bank shall provide the Board members, the Non-Executive Directors in particular, and the committees of the Bank with all of the necessary information, details, documents and records, provided that they shall be complete, clear, correct and non-misleading, in due course to enable them to perform their duties and obligations; and</p> <p>k) In the event that the BoD term ends and the new BoD members are not elected, the current BoD members shall continue to perform their duties until the new board of directors is elected. The period of continuation of the BoD members whose term ended shall not exceed ninety (90) days from the date of the BoD end term. The BoD, therefore, must take the necessary measures to elect a Board of Directors to replace it before the expiry of the specified continuity period.</p>
<p><b>4.2.3 Candidate Disclosure of the Conflict of Interests</b></p> <p>A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board &amp; the General Assembly any cases of conflicts of interest, including:</p> <p>1) Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Bank in which he/she desires to be nominated to the Board.</p> <p>2) Engaging in business that may compete with the Bank or any of its activities; and</p> <p>3) <del>If the member has a relationship of first degree with any senior executive of the Bank or with any senior executive of the affiliated companies of the Bank.</del></p>	<p><b>5.2.3 Candidate Disclosure of the Conflict of Interests</b></p> <p>A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board &amp; the General Assembly any cases of conflicts of interest, including:</p> <p>1) Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Bank in which he/she desires to be nominated to the Board.</p> <p>2) Engaging in business that may compete with the Bank or any of its activities; and</p>
<p><b>4.2.4 Termination / Resignation of the Board Members or Committees Members</b></p> <p><del>Upon the resignation or termination of the services of a board,</del> the Board Secretary shall notify SAMA, CMA and MC in writing thereof within five (5) working days of the expiry date of membership, <del>explaining</del> the reasons; <del>and announcement thereof shall be made immediately on Tadawul website.</del></p>	<p><b>5.2.4 Termination / Resignation of the Board Members or Committees Members</b></p> <p>1) The Bank's bylaws specifies the manner by which membership of the Board may end or in which it may be terminated upon a request from the Board. The Ordinary General Assembly may, however, remove some or all Board members, even if BSF's bylaws provides otherwise, with consideration to any rules set out by the regulatory authorities. The Ordinary General Assembly shall elect a new Board or a replacement for the removed member, as the case may be, in accordance with the provisions of the Companies Law and its implementing regulations.</p> <p>2) The General Assembly may, upon a recommendation of</p>





	<p>the Board, terminate the membership of the Board member who did not attend three consecutive or five non-consecutive Board meetings during the course of his/her membership without a legitimate excuse accepted by the Board.</p> <p>3) Upon the end of the membership of a Board member by any way, the Board Secretary shall notify CMA and Tadawul immediately as well as notify SAMA, CMA and MoC in writing thereof within five (5) working days of the expiry date of membership, specifying the reasons thereof;</p> <p>4) A board member may resign pursuant to a written notice submitted to the chairman of the board of directors. If the chairman of the board resigns, the notice shall be submitted to the board members and the board's secretary. In both cases, the resignation shall take effect from the date specified in the notice.</p> <p>5) In the event that the chairman and members of the board of directors resign (full board resignation), the BoD shall call for an ordinary general assembly meeting for the purpose of electing a new board.</p> <p>6) Resignation of Chairman and members of the Board of Directors (full board resignation) shall not be effective unless the new Board is elected, provided that the resigning board does not continue to carry out its duties beyond the one-hundred and twenty (120) days from the date of resignation. The Board, therefore, shall undertake all necessary procedures to elect a new replacement Board before the expiry of the specified period.</p>
<p><b>4.2.5 Renewal of Membership to the Board or Committees</b></p> <p>The Board is aware that renewal of membership of some of its members or Board Committees members may have a positive impact on the performance and duration of the work of the Board and Committees, taking into account that the reappointment of members is not automatic but subject to General Assembly and SAMA's no-objection.</p> <p>a) Renewal of Board membership and Board Committees membership shall be subject to the General Assembly's <del>decision</del> based on a recommendation of the Board; and</p>	<p><b>5.2.5 Renewal of Membership to the Board or Committees</b></p> <p>The Board is aware that renewal of membership of some of its members or Board Committees members may have a positive impact on the performance and duration of the work of the Board and Committees, taking into account that the reappointment of members is not automatic but subject to General Assembly approval and SAMA's no-objection.</p> <p>a) Renewal of Board membership and Board Committees membership shall be subject to the General Assembly's approval based on a recommendation of the Board; and</p>
<p><b>4.3.1 Qualifications of Board Members and Committees Members</b></p> <p>The BoD and the NRC shall be responsible for determining the qualifications of candidates for appointment to the BoD and the Board Committees. The NRC shall assess all the candidates and recommend the appointments to the BoD. The qualifications of and prerequisites for the Board members and Committees members shall be determined as prescribed in the relevant regulations. These shall include the minimum necessary requirements prescribed</p>	<p><b>5.3.1 Qualifications of Board Members and Committees Members</b></p> <p>The BoD and the NRC shall be responsible for determining the qualifications of candidates for appointment to the BoD and the Board Committees. The NRC shall assess all the candidates and recommend the appointments to the BoD. The qualifications of and prerequisites for the Board members and Committees members shall be determined as prescribed in the relevant laws and regulations. These shall</p>





~~by the laws and regulations in force. The qualifications' prescribed requirements shall include the following:~~

- ~~a) Main principles of governance in financial institutions subject to the supervision of the Saudi Central Bank, issued by SAMA;~~
  - b) Appointment Requirements issued by SAMA for leadership positions in the financial institutions supervised by SAMA;
  - c) Corporate Governance Regulations issued by CMA;
  - d) The Bank's bylaws;
  - e) Any amendments or updates to the above or any additional requirements hereby impose.
- a) The board member must be of professional ~~competence, possessing~~ various practical and administrative skills and experiences, and appropriate personal qualities, especially honesty and integrity, in addition to the following:
- I. Leadership: A Member should ~~have~~ leadership skills ~~and the ability to delegate~~ powers, ~~to provide effective oversight over the affairs of the Bank and to adhere to corporate values and professional~~ ethics;
  - II. Independence: The ability of the member to be neutral and objective in decision making and without undue influence from ~~management or from other external entities;~~
  - III. Competence: ~~It is reflected by the level of education, training, skills and desire to continue learning, as well as diversified experience in different areas institutions position jurisdictions, such as banking, insurance, business, economics, and accounting, as well as knowledge of management;~~ law or governance;
  - IV. Guidance: Having technical and administrative ~~capabilities~~, making decisions promptly, understanding technical requirements related to ~~workflow~~, strategic ~~direction ability~~, long-term planning and a clear future vision.
  - V. Financial Knowledge: the ability to read and understand financial statements and reports as well as ratios used to measure performance; and
  - VI. Physical Fitness: He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.

~~In addition:~~

include the minimum necessary requirements prescribed in the following laws and regulations:

- a) Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank;
- b) Appointment Requirements issued by SAMA for leadership positions in the financial institutions supervised by SAMA;
- c) Corporate Governance Regulations issued by CMA;
- d) The Bank's bylaws;
- e) Any amendments or updates to the above or any additional requirements hereby impose.

**The qualifications' prescribed requirements shall include the following:**

- a) Board members should be qualified to perform the tasks entrusted to them. They should have a clear understanding of their required roles and have the ability to make decisions impartially and objectively judgment on all affairs of the Bank without any external influence from inside or outside the Bank.
- b) The board member must be of professional capabilities, and has the required experience, knowledge, skill and independence, which enable him/her to perform the duties efficiently, possess various practical and administrative skills and financial experiences, and appropriate personal qualities, especially high reputation and competence, honesty and integrity and ability to oversee, follow up and direct the Bank to achieve its strategic goals, in addition to the following:
  - i. Leadership: A Member should possess leadership skills that enable the member to delegate powers in order to enhance performance and apply best practices in effective management and to demonstrate & adhere to corporate professional values and ethics;
  - ii. Independence: The ability of the member to be neutral and objective in decision making as well as having the independency to perform the duties and responsibilities and without undue influence from job obligations, interest or other circumstances that might lead to conflict of interest or influence the member in any form his/her ability to exercise the duties and responsibility related to the position;
  - iii. Competence: He/She shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future business of the Bank and the knowledge of management, economics, and





<p>b) No member of the Board or Committees shall serve on any Board or Committee in any other bank in the Kingdom of Saudi Arabia. However, a member of the BoD of a bank outside the Kingdom may assume the post of a Board Member of BSF subject to approval by the Bank's BoD; and</p> <p>c) A Board member may participate in the membership of the Board of other companies other than banks, with a maximum of five listed companies provided that there should be no conflict of interests in his membership in any of these companies.</p>	<p>accounting, law or governance as well as the desire to learn and receive training.;</p> <p>iv. Guidance: Having technical, leadership and administrative capabilities, as well as the ability to making decisions promptly, understanding technical requirements and developments related to the job. He/She shall also be able to provide strategic guidance, long-term planning and have a clear future vision.</p> <p>v. Honesty, Integrity, Good Reputation and Justice: Acquiring the qualities of honesty, integrity, good reputation, and justice, without prior conviction of a crime involving honor and trust, unless rehabilitation has been granted</p> <p>vi. Financial Capacity: Acquiring the ability and previous experience in managing personal obligations and financial affairs prudently and appropriately, provided that this does not excuse the member's limited financial capabilities.</p> <p>vii. Financial Knowledge: The ability and skills to read and understand financial statements and reports as well as ratios used to measure performance; and</p> <p>viii. Physical Fitness: He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities</p> <p>c) No member of the Board or Committees shall serve on any Board or Committee in any other bank in the Kingdom of Saudi Arabia. However, a member of the BoD of a bank outside the Kingdom may assume the post of a Board Member of BSF subject to approval by the Bank's BoD; and</p> <p>d) A Board member may participate in the membership of the Board of other companies other than banks, with a maximum of five listed companies provided that there should be no conflict of interests in his membership in any of these companies.</p>
<p><b>4.3.2 Additional Qualifications for Board Committees Members</b></p> <p>a) Committee members collectively shall be knowledgeable of the matters presented to the Committee, have relevant work experience and appropriate qualifications and have a thorough understanding of the roles and responsibilities of the Directors and Executive Management. The Committee member shall be able to devote adequate time to their duties as members of this Committee.</p>	<p><b>5.3.2 Additional Qualifications for Board Committees Members</b></p> <p>a. Committee members collectively shall be knowledgeable of the matters presented to the Committee, have relevant work experience and appropriate qualifications and have a thorough understanding of the roles and responsibilities of the Directors and Executive Management. The Committee member shall be able to devote adequate time to their duties as members of this Committee.</p> <p>b. Each members of the Audit Committee should have</p>





<p>b) Each members of the Audit Committee should have academic qualifications, professional experience in auditing, finance, or risk management and relevant knowledge of auditing &amp; accounting standards, and the capacity to read financial reports and understand related rules and regulations issued by regulators.</p> <p>c) <del>Based on the recommendation of the BoD, the General Assembly shall issue the AC Charter. Such Charter shall include the rules and procedures related to the Committee's function, duties and rules for electing its members, manner of their nomination, term of their membership, their remuneration, and mechanism for the temporary appointment of its members when there is a vacancy in the Committee.</del></p> <p>d) Members of the BRC shall possess an adequate knowledge in risk management and finance. Among committee members, there should be member/s with experience in cyber and technical risks.</p>	<p>academic qualifications, professional experience in auditing, finance, or risk management and relevant knowledge of auditing &amp; accounting standards, and the capacity to read financial reports and understand related rules and regulations issued by regulators.</p> <p>c. Members of the BRC shall possess an adequate knowledge in risk management and finance. Among committee members, there should be member/s with experience in cyber and technical risks.</p>
<p><b>4.4.1 Appointment of Board Members</b></p> <p>A) The shareholders of BSF shall elect the Board members in the General Assembly after being nominated by the Board based on recommendations from the NRC.</p> <p>F) The Board should disclose the CV of all members of the Board of Directors so that shareholders and investors can judge their competence and their ability to carry out their functions effectively. <del>Taking care</del> not to nominate any member already sentenced by a court judgment or convicted of a crime involving moral turpitude and honesty.</p>	<p><b>5.4.1 Appointment of Board Members</b></p> <p>a) The shareholders of BSF shall elect the Board members in the General Assembly after being nominated by the Board based on recommendations from the NRC. <b>In all cases, it is required that the members of the Board of Directors be personals of natural capacity.</b></p> <p>f) The Board should disclose the CV of all members of the Board of Directors so that shareholders and investors can judge their competence and their ability to carry out their functions effectively. <b>Ensuring</b> not <b>nominating</b> any member already sentenced by a court judgment or convicted of a crime involving moral turpitude and honesty.</p>
<p><b>4.4.2 Appointment of Committee Members</b></p> <p>E) SAMA, Capital Market Authority (CMA) and Ministry of Commerce (MC) shall be notified by the Board Secretary of all the appointments or changes made to the BoD and its Committees within five (5) working days from the date of appointment. Moreover, SAMA shall be provided with a report on the Bank's Board members, Board Committees' members, as well as leadership positions in accordance with the instructions of SAMA. The report shall be submitted semi-annually <del>(at the beginning and</del></p>	<p><b>5.4.2 Appointment of Committee Members</b></p> <p>E) SAMA, Capital Market Authority (CMA) and Ministry of Commerce (MoC) shall be notified by the Board Secretary of all the appointments or changes made to the BoD and its Committees within five (5) working days from the date of appointment. Moreover, SAMA shall be provided with a report on the Bank's Board members, Board Committees' members, as well as leadership positions in accordance with the instructions of SAMA. The report shall be submitted semi-annually <b>(end of June and December)</b>. In</p>





<p><del>middle of the calendar year</del>). In the event of any changes, SAMA shall be provided with the updated report within a period not exceeding one (1) week from the date of the change.</p>	<p>the event of any changes, SAMA shall be provided with the updated report within a period not exceeding one (1) week from the date of the change.</p>
<p><b>4.5.1 Term of Membership in the Board</b> It is preferable that the board member's service does not exceed 12 consecutive or <del>in</del> consecutive years.</p>	<p><b>5.5.1 Term of Membership in the Board</b> It is preferable that the board member's service does not exceed 12 consecutive or non-consecutive years.</p>
<p><b>4.6. Board Members and Independent Committees' Members</b> The <del>BoD</del> shall assess the independence of independent members annually, as per the independence criteria set by SAMA in the key principles of governance, and those prescribed by CMA in the Corporate Governance Regulations.</p>	<p><b>5.6. Board Members and Independent Committees' Members</b> The <b>Board of Directors</b> shall assess the independence of independent members annually, as per the independence criteria set by SAMA in the key principles of governance, and those prescribed by CMA in the Corporate Governance Regulations.</p>
<p><b>4.6.1 Additional Independence Criteria for the AC</b> To ensure that the <b>AC</b> is fully independent, the following criteria shall be considered:</p> <ul style="list-style-type: none"> <li>a) The Committee shall comprise of at least three members and not exceeding five members.</li> <li>d) The <b>AC</b> member should not have any fiduciary relationship with the bank in his/her name or in the name of one of his/her relatives or have any financial or business relationship with the bank or other members of the Board or senior management.</li> <li>e) The <b>AC</b> chairman may not be the Chairman of the board.</li> </ul>	<p><b>5.6.1 Additional Independence Criteria for the Audit Committee</b> To ensure that the <b>Audit Committee</b> is fully independent, the following criteria shall be considered:</p> <ul style="list-style-type: none"> <li>a) The <b>Audit Committee</b> shall comprise of at least three members and not exceeding five members.</li> <li>d) The <b>Audit Committee</b> member should not have any fiduciary relationship with the bank in his/her name or in the name of one of his/her relatives or have any financial or business relationship with the bank or other members of the Board or senior management.</li> <li>e) <b>The member shall not be one of personals who works or has worked in the Bank's Financial Group, the Executive Management or as BSF's external auditor during the preceding two years.</b></li> <li>f) <b>Audit Committee member shall not be an AC member of more than five listed joint stock companies at the same time</b></li> <li>g) The <b>Audit Committee Chairman</b> may not be the Chairman of the board.</li> </ul>
<p><b>4.6.2 Annual Independence Assessment</b> a) The <del>Bank</del> shall assess independence (at least) annually. All the Board members and the Committees' members shall be required to complete detailed independence forms about their personal status annually and submit them through the Board Secretary, who in turn will submit these forms to the NRC. The member shall inform the Board if his/her independency has impaired for <del>whatever</del> reason.</p>	<p><b>5.6.2 Annual Independence Assessment</b> a) The <b>Board</b> shall assess independence (at least) annually. All the Board members and the Committees' members shall be required to complete detailed independence forms about their personal status annually and submit them through the Board Secretary, who in turn will submit these forms to the NRC. The member shall inform the Board if his/her independency has impaired for <b>any</b> reason. c) <b>The following transactions of the Board of Directors /external committee members will be exempted from the</b></p>





	<p>independency assessment criteria if the below conditions are fulfilled:</p> <ol style="list-style-type: none"> <li>For non-banking RPTs, the total amount should be below 5 million SAR, provided on arm length basis, and the interest of the Board Member/external committee member is not direct.</li> <li>For Banking RPTs, it should be provided on arm length basis and the interest of the Board Member/external committee member is not direct.</li> </ol>
<p><b>4.7.1 Termination of Board and Board Committees Membership</b></p> <p>a) If the person holding it resigns his/her office <del>or dies</del>;</p> <p>d) If the person has absented himself/herself from three (3) consecutive meetings of the Board or of the Board Committees, as the case may be, or from all such meetings for a continuous period of six (6) months, whichever is longer, without leave of absence from the Board or the Committee concerned, or without <del>good cause</del>, he/she shall be replaced with another member;</p> <p>g ) If the <del>GA</del>, for any reason, removes <del>such</del> board member ;</p>	<p><b>5.7.1 Termination of Board and Board Committees Membership</b></p> <p>a) If the person holding it resigns his/her office provided that such resignation takes place at an appropriate time as the member shall be liable to the Bank for the resulting damages;</p> <p>d) If the person has absented himself/herself from three (3) consecutive meetings or five (5) non-consecutive meetings of the Board or of the Board Committees, as the case may be, or from all such meetings for a continuous period of six (6) months, whichever is longer, without leave of absence from the Board or the Committee concerned, or without legitimate excuse accepted by the BoD or BoD committees, he/she shall be replaced with another member;</p> <p>g) If the OGA, for any reason, dismiss/ removes all or some of board members, even if the Bank's Bylaw stipulate otherwise in accordance with rules and regulations stipulated by regulatory authorities;</p>
<p><b>4.7.2 Filling the Board and Board Committee Vacant Position</b></p> <p>In the case of a Board or AC member, external member position becomes vacant, <del>and subject to the next General Assembly ratification</del>; the Board may appoint a new member for the vacant position, after obtaining SAMA's no-objection, provided that the new member have the required experience and competency. Ministry of Commerce, CMA and SAMA shall be notified within five (5) working days from Board member appointment date. If the General Assembly ratify the appointment, the new Board member shall serve the remaining term of his predecessor. In case of failure to meet the necessary conditions for the Board to convene due to having less than six (6) Board members, the rest of the members shall convoke the General Assembly to convene within sixty (60) days to choose the required number of members.</p>	<p><b>5.7.2 Filling the Board and Board Committee Vacant Position</b></p> <p>Unless the Bank's Bylaw stipulate otherwise, in the case of a Board or AC member, external member position becomes vacant due to a member death or resignation, and the vacancy does not result in a breach of the conditions necessary for the validity of the board's meeting due to a decrease in the number of its members below the minimum stipulated in law and regulation or BSF Bylaw, the Board may appoint a new member for the vacant position, after obtaining SAMA's no-objection subject to the upcoming General Assembly ratification;; provided that the new member have the required experience and competency. Ministry of Commerce, CMA and SAMA shall be notified within five (5) working days from Board member appointment date. If the General Assembly ratify the appointment, the new Board member</p>





	<p>shall serve the remaining term of his predecessor. In case of failure to meet the necessary conditions for the Board to convene due to having less than six (6) Board members, the rest of the members shall convoke the General Assembly to convene within sixty (60) days to choose the required number of members.</p>
<p><b>4.8. Assessment of the Performance of the Board and its Committees</b></p> <p>e) Assessment Procedures &amp; Mechanism: The performance assessment shall be carried out by an external third party at least once every three years. When the performance assessment is carried out internally, the relevant tools/documents shall be prepared by the Corporate Governance Division and shared with members of the board and board committees. Such tools/documents shall should cover by minimum:</p> <ul style="list-style-type: none"> <li>Assessing the performance of the Board of Director's in general.</li> <li>Assessment of the performance of the Board Committees.</li> <li>Assessment of the performance of the Chairmen of the board and board Committees.</li> <li><del>A self-assessment carried out by each board member.</del></li> <li>The effectiveness of governance policies and followed practices, and determining whether there is a need for any improvements or changes, and the Board must use the results of these assessments as part of the continuous improvement efforts, and if necessary, share the results with SAMA.</li> </ul> <p>f) Once the assessment exercise above is concluded, the results shall provided to NRC.</p> <p>g) Based on the outcomes of the assessment and SAMA requirements, the NRC shall determine the points of strength and weakness, and may propose appropriate solutions for improvement in case needed. Such solution may include training for the Board to enhance members' knowledge in banking industry e.g. Compliance, Risk &amp; IT Risk. Also, NRC may propose plans to resolve the weakness, if needed, by nominating competent professional staff able to improve the performance of the Board.</p>	<p><b>5.8. Assessment of the Performance of the Board and its Committees</b></p> <p>e) Assessment Procedures &amp; Mechanism: The performance assessment shall be carried out by an external third party at least once every three years. When the performance assessment is carried out internally, the relevant tools/documents shall be prepared by the Corporate Governance Division and shared with members of the board and board committees. Such tools/documents shall should cover by minimum:</p> <ul style="list-style-type: none"> <li>Assessing the performance of the Board of Director's in general.</li> <li>Assessment of the performance of the Board Committees.</li> <li>Assessment of the performance of the Chairmen of the board and board Committees.</li> <li>The effectiveness of governance policies and followed practices, and determining whether there is a need for any improvements or changes, and the Board must use the results of these assessments as part of the continuous improvement efforts, and if necessary, share the results with SAMA.</li> </ul> <p>f) Once the assessment exercise above is concluded, the results shall be provided to the NRC.</p> <p>g) Based on the outcomes of the assessment and SAMA requirements, the NRC shall determine the points of strength and weakness, and may propose appropriate solutions for improvement in case needed. Such solution may include training for the Board &amp; its Committees to enhance members' knowledge in banking industry e.g. Compliance, Risk &amp; IT Risk. Also, NRC may propose plans to resolve the weakness, if needed, by nominating competent professional staff able to improve the performance of the Board &amp; its Committees.</p>
<p><b>4.9. Succession of the Board and Committee Members</b></p> <p>The NRC shall maintain a list of potential candidates who have the qualifications and meet the requirements</p>	<p><b>5.9. Succession of the Board and Committee Members</b></p> <p>The NRC shall maintain a list of potential candidates who have the qualifications and meet the requirements</p>





<p>mentioned above in section (4.3) to sit in the Board and Board Committee seats, taking into consideration the additional requirements of membership for each committee. NRC may recommend candidate or select directly from those who applied for the Board membership, but weren't elected by the General Assembly. NRC may also utilize a head-hunter to recommend good potential candidates, but it shall review their C.Vs to ensure all candidates meet the required qualifications, experience and other requirements. The NRC have the right to interview any potential candidates in person when it deems needed. In case of a Board and Board Committee vacancy, the NRC shall promptly nominate a good candidate to the Board among the list it is maintaining.</p>	<p>mentioned above in section (5.3) to sit in the Board and Board Committee seats, taking into consideration the additional requirements of membership for each committee. NRC may recommend candidate or select directly from those who applied for the Board membership, but have not been elected by the General Assembly. NRC may also utilize a head-hunter to recommend qualified potential candidates, but it shall review their C.Vs to ensure all candidates meet the required qualifications, experience and other requirements. The NRC have the right to interview any potential candidates in person when it deems needed. In case of a Board and Board Committee vacancy, the NRC shall promptly nominate a qualified candidate to the Board among the list it is maintaining.</p>
<p><b>4.9.1 Board of Directors Succession</b></p> <p>a) NRC shall maintain a list of good candidates from outside the board who are ready to join as a Board member or a committee member upon call.</p> <p>b) In case of a Director or a Member of the Board Committees vacancy, the Board has the right to fill the vacancy, based on recommendation from the NRC, by a temporary assignment of a new member provided that such assignment must be presented at the first meeting of the General Assembly for approval and the new member has to complete the period of his/her predecessor;</p>	<p><b>5.9.1 Board of Directors Succession</b></p> <p>a) The Board of Directors Succession Plan shall be recommended by NRC and approved by the Board of Directors, at every new Board term.</p> <p>b) NRC shall maintain a list of qualified candidates from outside the board who are ready to join as a Board member or a committee member upon call.</p> <p>c) In case of a Director or a Member of the Board Committees vacancy, the Board has the right to fill the vacancy, based on recommendation from the NRC, by a temporary assignment of a new member provided that such assignment must be presented at the first upcoming meeting of the General Assembly for approval and the new member has to complete the period of his/her predecessor;</p>
<p><b>4.9.2 Succession of Audit Committee Members</b></p> <p>a) In case of a AC member vacancy, the Board has the right to fill the vacancy, based on recommendation from the NRC, by a temporary assignment of a new member provided that such assignment must be presented at the first meeting of the General Assembly for approval and the new member has to complete the period of his/her predecessor; taking into consideration that majority of AC members shall be external</p>	<p><b>5.9.2 Succession of Audit Committee Members</b></p> <p>a) In case of an Audit Committee member vacancy, the Board has the right to fill the vacancy, based on recommendation from the NRC, by a temporary assignment of a new member provided that such assignment must be presented at the first upcoming meeting of the General Assembly for approval and the new member has to complete the period of his/her predecessor; taking into consideration that majority of AC members shall be external</p>

البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



Item (13)

Amendments on Remuneration and Compensation  
Policy for Board and Board Committees





Remuneration and Compensation Policy for Board and Board Committees	
Current Clause	Clause after proposed changes
<b>Policy Name:</b> Remuneration and Compensation Policy for Board, Board Committees <del>and Senior Executives</del>	<b>Policy Name:</b> Remuneration and Compensation Policy for Board <del>and</del> Board Committees
<del>1.3.4 This policy shall be a permeant part of the induction program provided to the new Board and Board Committee members upon their appointment. It is the duty of the new members to understand and familiarize themselves with this policy.</del>	-
<b>2 Purpose of the Policy</b> The purpose of this document is to set out BSF policy on the remuneration and compensation of Board, Board Committees' members <del>and the executive management</del> to ensure that they are rewarded fairly, in-line with the Bank's objectives and in accordance with the Companies Law issued by a Royal Decree, regulations of the Saudi Central Bank (SAMA), as well as regulations of the Capital Market Authority (CMA).	<b>2 Purpose of the Policy</b> The purpose of this document is to set out BSF policy on the remuneration and compensation of <del>the Board and</del> Board Committees' members to ensure that they are rewarded fairly, in-line with the Bank's objectives and in accordance with the Companies Law issued by a Royal Decree, regulations of the Saudi Central Bank (SAMA), as well as regulations of the Capital Market Authority (CMA).
<b>3.1 Applicability</b> This policy applies to members of the BoD, members of the Board Committees' (including the external members), <del>and members of the Executive Management of BSF.</del>	<b>3.1 Applicability</b> This policy applies to members of the BoD and, members of the Board Committees' (including the external members).
<b>3.2 Remuneration Definition</b> Remunerations are: Amounts, allowances, dividends and the like, periodic or annual bonuses linked to performance, long or short-term incentive plans and any other in-kind benefits except the actual reasonable expenses and fees incurred by the Bank to enable the Board member to perform his/her duties.	<b>3.2 Remuneration Definition</b> Remunerations are: Amounts, allowances, dividends and the like, periodic or annual bonuses linked to performance, long or short-term incentive plans and any other in-kind benefits except the actual reasonable expenses and fees incurred by the Bank to enable the Board <del>&amp; Committee</del> member to perform his/her duties.
<b>4.1 Laws &amp; Regulations</b> A fundamental aspect of this Policy is ensuring compliance with the relevant laws and regulations in relation to remuneration & compensation. Below are the main Regulations that need to be considered: A. Companies Law – MoC B. Principles of Corporate Governance for Financial Institutions subject to Saudi Central Bank's Oversight and Supervision – SAMA C. Corporate Governance Regulations – CMA D. <del>Regulatory Rules and Procedures issued pursuant to the Companies Law relating to</del> Listed Joint Stock Companies – CMA E. <del>SAMA Rules on Compensation Practices</del> – SAMA	<b>4.1 Laws &amp; Regulations</b> A fundamental aspect of this Policy is ensuring compliance with the relevant laws and regulations in relation to remuneration & compensation. Below are the main Regulations that need to be considered: A. Companies Law – MoC B. Principles of Corporate Governance for Financial Institutions subject to Saudi Central Bank's Oversight and Supervision – SAMA C. Corporate Governance Regulations – CMA D. <del>Implementing Regulation of the Companies Law for</del> Listed Joint Stock Companies – CMA E. <del>Banks Remuneration Rules</del> – SAMA F. <del>Circular # 45048798 (Board and Board committees remuneration guidelines)</del> – SAMA.





<p><b>4.2 Related Policies &amp; Procedures, and Internal Documents:</b></p> <p>Certain other policies and procedures are relevant to this policy. These include, in particular:</p> <p><b>Policy</b></p> <p>A. Board of Directors Charter          B. Board Committees Charters          C. Board Nomination, Membership, Assessment and Succession Policy          D. Bank's Bylaws          E. <del>Human Recourses Policy</del>          F. The delegation of authority Manual          G. <del>Long Term Incentive Plan</del>          H. <del>Annual Performance Bonus Plan</del></p>	<p><b>4.2 Related Policies &amp; Procedures, and Internal Documents:</b></p> <p>Certain other policies and procedures are relevant to this policy. These include, in particular:</p> <p><b>Policy</b></p> <p>A. Board of Directors Charter          B. Board Committees Charters          C. Board Nomination, Membership, Assessment and Succession Policy          D. Bank's Bylaws          E. The delegation of authority Manual</p>
<p><b>5.1 Policy Statement</b></p> <p>It is BSF's policy that the Board, Board Committees' <del>and Executive Management</del> members are compensated fairly and in accordance with applicable laws and regulations.</p>	<p><b>5.1 Policy Statement</b></p> <p>It is BSF's policy that the Board <del>and</del> Board Committees' members are compensated fairly and in accordance with applicable laws and regulations.</p>
<p><b>5.2 Policy Principles <del>for Determining Wages and Remunerations and Compensation</del></b></p> <p><del>5.2.1 Attracting qualified and distinguished persons to serve on the BoD and to assume the roles entrusted to the Bank's Committees and management, based on their personal knowledge, experience, and aspirations. In return, the Bank shall offer them wages and remunerations commensurate with their individual capabilities and personal expectations, thus ensuring equitable pay internally while maintaining a competitive edge externally. Meanwhile, the Bank shall retain those who adhere to the values, regulations, and work procedures of Banque Saudi Fransi;</del></p> <p><del>5.2.2 Developing the framework and practices related to wages and remunerations, so that personnel of the Board and Committees, as well as those in executive positions may receive the best wages and remunerations offered in the labor market through introducing distinguished incentive programs that aim at attracting and retaining the best talent;</del></p> <p><del>5.2.3 Ensuring justice and equity internally through equitable treatment in compensation setting practices, consistent with employment regulations and working conditions;</del></p> <p><del>5.2.4 Maintaining external competitiveness by determining the compensation practices and aligning them with the labor market, the banking sector, and other companies;</del></p> <p><del>5.2.5 Maintaining the principle of performance-based remunerations through assessing the value of each</del></p>	<p><b>5.2 Policy Principles</b></p> <ul style="list-style-type: none"> <li>• The remunerations shall be provided with the aim of encouraging the Board members and Board Committee members to achieve the success of BSF and its long-term development;</li> <li>• The remuneration must be reasonable sufficient to attract, motivate and retain highly qualified and experienced members to serve on the BoD and to assume the roles entrusted to the Bank's Committees, based on their personal knowledge, experience, and aspirations;</li> <li>• The remunerations provided shall be consistent with the prevailing domestic practices, control system, BSF Risk Policy, the Bank's long-term strategic objectives and goals;</li> <li>• Take into 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;</li> <li>• The remuneration shall be consistent with the magnitude, nature and level of risks faced by the Bank and shall be proportionate to the Bank's activities and the required skills for its management;</li> <li>• The remuneration should not be solely based on industry practices but should also take into account the business model, financial condition, operating performance and business prospects of BSF;</li> <li>• Situations where remunerations should be suspended or reclaimed if it is determined that such</li> </ul>





<p><del>individual's performance and contribution to the Bank's growth;</del></p> <p><del>5.2.6 Ensuring that the amount of compensations is consistent with the prevailing domestic practices and supervisory regulations and aligned with the interests of depositors, shareholders and BSF's long-term strategic objectives;</del></p> <p><del>5.2.7 Ensuring that the incentives system is reviewed periodically and does not encourage participation in high risk transactions to achieve short term profits and it complies with BSF's risk policy approved by the Board; and</del></p> <p><del>5.2.8 The Bank shall compensate Board/Board Committees members for the actual expenses incurred by them to attend the Board/Board Committees meetings including airfare, transportation and accommodation expense;</del></p>	<p>remunerations were set based on inaccurate information provided by a member of the Board or a Board Committee, in order to prevent abuse of power to obtain unmerited remunerations;</p> <ul style="list-style-type: none"> <li>• The Bank shall compensate Board/Board Committees members for the actual expenses incurred by them to attend the Board/Board Committees meetings including airfare, transportation and accommodation expense;</li> <li>• Board members shall not on his/her personal capacity or on others behalf vote on the agenda item relating to the Remuneration of Board members at the General Assembly's meeting.</li> </ul>
<p><b>5.3 Policy Details:</b></p> <p><b>5.3.1 Remuneration Policy</b></p> <p><del>The NRC shall take into consideration the following in regard to remuneration:</del></p> <p><del>a) The remunerations shall be provided with the aim of encouraging the Board members, Board Committee members and Executive Management to achieve the success of BSF and its long term development, such as linking the variable part of the incentives to long term performance;</del></p> <p><del>b) The remunerations provided shall be consistent with the Bank's strategy and objectives;</del></p> <p><del>c) The remuneration of executive management shall be determined based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance;</del></p> <p><del>d) Take into 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;</del></p> <p><del>e) Attract talented professionals and retain and motivate them without exaggeration;</del></p> <p><del>f) Take into consideration the appropriate remuneration for new appointments;</del></p> <p><del>g) Situations where remunerations should be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a member of the Board or the executive management, in order to prevent abuse of power to obtain unmerited</del></p>	<p><b>5.3 Policy Details</b></p>





remunerations;

~~h) The remuneration shall be consistent with the magnitude, nature and level of risks faced by the Bank;~~

~~If BSF is buying-back its Shares for the purpose of allocating them to its employees within an Employees' Shares plan,~~

~~i) the Bank must, in addition to the other requirements of a share buy-back, comply with the following rules:~~

~~i. Approval of both regulators SAMA & CMA.~~

~~ii. Obtain the extraordinary General Assembly's approval on the Employees' Shares plan. The General Assembly may authorize the Board to determine the terms of the plan including the allocation price for each Share offered to employees if offered for consideration; and~~

~~Obtain the extraordinary General Assembly's approval on the Employees' Shares plan. The General Assembly may authorize the Board to determine the terms of the plan including the allocation price for each Share offered to employees if offered for consideration; and~~

~~Non-executive Board members shall not participate in the Employees' Shares plan, and executive Board members shall not vote on Board resolutions relating to the plan. j) BSF shall ensure that the remuneration provided by the remuneration system takes into consideration risk, capital, liquidity and the likelihood and timeliness of earning;~~

~~k) The remuneration should not be solely based on industry practices but should also take into account the business model, financial condition, operating performance and business prospects of BSF; and~~

~~l) Board members shall not on his/her personal capacity or on others behalf vote on the agenda item relating to the Remuneration of Board members at the General Assembly's meeting.~~

### 5.3.2 The Board Members' Remuneration and Compensations

~~Based on SAMA's instructions circular # 381000063670~~, the remuneration of the members of the Board of Directors of BSF has been fixed at a maximum of SR 500,000 per person per annum including any other remuneration paid to the director for his participation in any Board Committee and any other type of compensations including a maximum of SR 5,000 for attending each meeting of the Board either personally or through conference call, which is subject to proper disclosure and provided that the total remuneration so paid shall not exceed 5% of the net profit. However, the

### 5.3.1 The Board Members' Remuneration and Compensations

The remuneration of the members of the Board of Directors of BSF has been fixed at a maximum of SR 500,000 per person per annum including any other remuneration paid to the director for his participation in any Board Committee and any other type of compensations including a maximum of SR 5,000 for attending each meeting of the Board either personally or through conference call, which is subject to proper disclosure and provided that the total remuneration so paid shall not exceed 5% of the net profit. However, the





<p>Board may determine special remuneration for the chairman in addition to the remuneration provided to board members.</p>	<p>Board may determine special remuneration for the chairman in addition to the remuneration provided to board members.</p>
<p><b>5.3.2 The Board Members' Remuneration and Compensations</b></p> <p>i) If the General Assembly decides to terminate the membership of any Board member who fails to attend three consecutive Board meetings without a legitimate excuse, then such member may not be entitled to any remunerations for the period commencing from the last Board meeting he attended, and he shall return the remunerations received during that period;</p>	<p><b>5.3.1 The Board Members' Remuneration and Compensations</b></p> <p>i) If the General Assembly decides to terminate the membership of any Board member who fails to attend three consecutive <b>or five separate</b> Board meetings without a legitimate excuse, then such member may not be entitled to any remunerations for the period commencing from the last Board meeting he attended, and he shall return the remunerations received during that period;</p>
<p><b>5.3.5 Executive Management Remuneration</b></p> <p><del>The Executive Management remuneration may include Short term incentive plans or annual bonus/ associated with individual performance, Bank performance as a whole, and long term incentive plans such as equity share options and in line with article 5.3.1 (i) of this policy in determining the remuneration of the executive management the following shall be considered:</del></p> <p><del>a) Performance management:</del></p> <ol style="list-style-type: none"> <li><del>1. BSF shall have a performance measurement system in place to evaluate and measure the performance of its employees at various levels in an objective manner;</del></li> <li><del>2. Procedures and processes for performance appraisal and measurement should be clearly stated and documented. Such procedures and processes should provide for avoidance of undue influence and conflict of interest situations and be transparent to the employees concerned;</del></li> <li><del>3. Adherence to risk management framework, implementation of internal controls and compliance with the regulatory requirements should be given due weightage in performance measurement;</del></li> <li><del>4. Gross revenue or profit earned should not be the sole factor for measuring performance. Other factors such as risks associated with the underlying transactions, quality of business transacted, customer satisfaction, risk adjusted return on capital ,etc. should also be taken into account, where ever practicable, in measuring employee performance;</del></li> <li><del>5. The performance measurement of senior level employees should be based on longer term</del></li> </ol>	



~~performance of BSF and accordingly the performance based component of their compensation should not be based solely on the current year's performance; and~~

~~6. The performance measurement procedures and processes should provide for measuring individual contribution, to the extent practicable, to the overall performance of BSF. The individual contributions so measured should, however, be supplemented with managerial judgment in determining the performance based compensation of an employee.~~

~~b) Alignment of Remuneration with Risk Taking:~~

- ~~• The remuneration given to an executive should reflect effective alignment of compensation with prudent risk taking;~~
- ~~• In determining the amount of the remuneration, all existing and potential risks including difficult to measure risks such as liquidity risk, reputation risk, legal risk, and cost of capital. Furthermore, the size of the variable compensation pool and its allocation within the Bank should take into account the full range of risks;~~
- ~~• Remuneration payments should be sensitive to the time horizon of risks and, if needed, the variable component of remuneration should be deferred where risks are realized over long periods;~~

~~An appropriate technique/criteria should be put in place to adjust accounting profits for the full range of identifiable risks keeping in view the size and complexity of the Bank's operations;~~

~~c) Remuneration Structure:~~

- ~~• The remuneration structures should be designed to promote effective risk management and achieve compensation objectives;~~
- ~~• The mix of forms of remuneration can vary between managers based on criteria's set in this policy, and may include cash, equity and other forms of remuneration;~~
- ~~• The proportion of fixed and variable components of the remuneration may be determined taking into account the nature and level of responsibilities of the executive manager, business area in which he is working, and the overall remuneration philosophy of BSF. BSF should, however, ensure that total variable remuneration shall not limit BSF's ability to strengthen its capital base;~~
- ~~• A deferment of a reasonable proportion of performance bonus with a minimum vesting period of not less than three years may be provided. The proportion of bonus to be deferred and the vesting~~





<p><del>period should be determined based on the nature of the business, its risks and the activities of the concerned employee;</del></p> <ul style="list-style-type: none"> <li><del>• Where an executive is provided remuneration in the form of shares, a criteria for determining the value for allocated shares shall be put in place. Furthermore, the payouts shares should be subject to an appropriate share retention policy;</del></li> <li><del>• The compensation structure of employees working in control functions such as risk management, compliance, internal control, financial control, internal audit etc. should be designed to ensure objectivity and independence of these functions. In this regard, it should be ensured that performance measurement and determination of compensation of such employees are not dealt with by any person working in/associated with the business areas monitored by them;</del></li> <li><del>• The determination of bonus pool should take into account the overall performance of the bank whereas its distribution to individual employees should be based on performance of the employee as well as that of the business unit or division in which he is working. There should, however, be no guaranteed minimum bonuses and similar other payments, other than an employee's salary, that are not based on performance.</del></li> </ul>	
<p><b>5.3.6 Paying Remunerations</b></p> <p><del>Wages and</del> remunerations shall be paid in Saudi Riyals by a direct deposit in the bank account specified by the person concerned.</p>	<p><b>5.3.4 Paying Remunerations</b></p> <p>Remunerations shall be paid in Saudi Riyals by a direct deposit in the bank account specified by the person concerned.</p>
<p>-</p>	<p><b>5.3.5 Medical Insurance</b></p> <p>a) To ensure the well-being of the Board of Directors and their eligible dependents, a Board member &amp; his/her eligible dependents can be enrolled in BSF's group medical insurance policy.</p> <p>b) BSF will incur the cost of the medical insurance policy on behalf on the board member and his/her eligible dependents.</p> <p>c) The continuation of this benefit is subject to the approval of the insurance service provide and the fulfillment of its terms.</p>



	<p>d) The Medical Insurance Plan covers the relevant medical expenses and conditions (subject to inclusions and exclusions), as per the coverage details.</p>
<p><b>6. Disclosure of Salaries and Bonuses</b> The Board shall ensure the following:</p> <p><del>6.1 Disclosing the Remuneration as per relevant laws and regulations;</del></p> <p><del>6.2 Disclosing in the annual financial statements the aggregate quantitative information on remuneration paid to various categories of employees and their number with breakup of fixed and variable components and the forms of payment. The categorization of employees will include Executives whose appointment is subject to SAMA's "No-Objection" and employees engaged in control functions, outsourced, etc.";</del></p> <p><del>6.3 Disclosing in its Annual Financial Statements salient features of its compensation policy and its implications for the bank's risk profile as well as the composition and the mandate of the Nomination &amp; Remuneration Committee. Such disclosure shall also provide information on the overall design of compensation system and the manner of its implementation, description of the manner of risk adjustment, linkage of compensation with actual performance, deferral policy and vesting criteria, parameters for allocating cash versus other forms of compensation, and achievement of the stated policy objectives; and</del></p> <p>6.4 The disclosures in this section and in the Board report shall be in accordance with the disclosure requirements issued by the relevant regulatory authorities.</p>	<p><b>6. Disclosure of Remuneration</b> The Board shall ensure the following:</p> <p>6.1 Disclosure in the Board Annual Report details of the remuneration policy, a detailed account of all the amounts board members received or were entitled to receive during the fiscal year in the form of remuneration, meeting allowances, expense allowances, and other benefits. The report shall also include an account of the amounts received by board members in exchange for any executive, technical, managerial, or advisory work or positions.</p> <p>6.2 The disclosures of remunerations for Board and Board Committees members shall be in accordance with the disclosure requirements issued by the relevant regulatory authorities including reporting to SAMA on the total remuneration paid to the board members &amp; board committee members on an annual basis (end of March) in accordance to the template set by SAMA. For further details please refer to Transparency &amp; Disclosure Policy.</p>



البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



Item (14)

**Amendments on Corporate Social  
Responsibility Policy**



Corporate Social Responsibility Policy	
Current Clause	Clause after proposed changes
1.3.3 The minimum frequency for reviewing this policy is two years. However, the policy must be reviewed / updated earlier if required. <del>CSR department</del> is responsible for ensuring that this document is reviewed as required and approved by the General Assembly.	1.3.3 The minimum frequency for reviewing this policy is two years. However, the policy must be reviewed / updated earlier if required. <b>Marketing and Corporate Communication Division</b> is responsible for ensuring that this document is reviewed as required and approved by the General Assembly.
2.4 This document is intended as a statement of BSF policy. <del>It is not a procedure document, although certain procedures may be included where these are pertinent to a better understanding of the policy.</del>	2.4 This document is intended as a statement of BSF policy.
2.5 BSF and <del>departments</del> within BSF will, where deemed necessary, implement more detailed procedures, which are designed to support the Bank's on-going compliance with, among other things, this policy.	2.5 BSF and <b>divisions</b> within BSF will, where deemed necessary, implement more detailed procedures, which are designed to support the Bank's on-going compliance with, among other things, this policy.
4.1 The <del>main</del> principles of governance in financial institutions <del>subject to the</del> supervision and control of the Saudi Central Bank	4.1 The <b>Key</b> principles of governance in financial institutions <b>under the control and</b> supervision of the Saudi Central Bank
	<b>4.2 Environmental, Social, Governance Policy Framework</b>
5.3.1 The General Assembly is responsible for approving this policy. The <del>CSRC</del> is responsible for approving social responsibility programs. With regards to BSF's commitment to ethical behaviour in its business dealings managed through BSF's Code of Conduct, compliance and audit programmes, education and training with oversight from various board and management committees. In terms of philanthropy, social engagement, environmental issues and governance matters, the Board has established <del>a Corporate Social Responsibility Committee</del> to provide oversight of all these aspects and a <del>CSR Department</del> to implement BSF's strategy.	5.3.1 The General Assembly is responsible for approving this policy. The <b>ESG Board Committee</b> is responsible for approving social responsibility programs <b>based on the approved policy</b> . With regards to BSF's commitment to ethical behaviour in its business dealings managed through BSF's Code of Conduct, compliance and audit programmes, education and training with oversight from various board and management committees. In terms of philanthropy, social engagement, environmental issues and governance matters, the Board has established <b>an ESG Board Committee</b> to provide oversight of all these aspects and a <b>Marketing and Corporate Communication Division</b> to implement BSF's <b>CSR strategy</b> .
5.3.3 <del>Corporate Social Responsibility Committee ("CSRC")</del> The primary role of the <del>CSR Committee</del> is to: a) Approve CSR programs <del>b) Review, evaluate and oversee BSF's bank-wide charitable giving strategy and funding guidelines.</del> c) Review requests for funding from eligible community and charitable organizations. <del>d) Prepare an annual report to be submitted to the Board on the donations/goods provided by the fund-raising activities of BSF.</del> <del>e) Communicate with the Charities on an on-going basis</del>	5.3.3 <b>Environmental, Social, and Governance Board Committee (ESGBC)</b> The primary role of the <b>ESG Board Committee</b> is to: a) Approve CSR programs b) Review requests for funding from eligible community and charitable organizations c) Establishment and review of social contribution policies and programs; and d) Set short & long-term plans to achieve environmental, social & governance goals, governed with key targets, and ensure that such plans are incorporated in BSF's business strategy.





<p>f) Establishment and review of social contribution policies and programs; and</p> <p>g) Set short &amp; long term plans to achieve environmental, social &amp; governance goals, governed with key targets, and ensure that such plans are incorporated in BSF's business strategy.</p> <p>For more details on the Committee's Roles, Authorities and Responsibilities please refer to the <b>CSR</b> Committee Charter.</p>	<p>For more details on the Committee's Roles, Authorities and Responsibilities please refer to the <b>ESG Board Committee Charter</b> and the <b>DOA Manual</b>.</p>
<p><b>5.3.4 CSR Department</b></p> <p>The <b>CSR Department</b> is responsible for recommending and assessing all charitable donations and activity, sponsorship of events and activities from a social responsibility angle, coordinating efforts in relation to education, economic, health, and awareness and implementing sustainability and environmental issues.</p> <p>The <b>CSR Department</b> provides <b>CSR</b> Committee with periodic reports on progress on initiatives taken during the year <del>on a</del> <b>semi-annual basis</b></p>	<p><b>5.3.4 Marketing and Corporate Communication Division (M&amp;CC)</b></p> <p>The <b>M&amp;CC Division</b> is responsible for recommending and assessing all charitable donations and activity, sponsorship of events and activities from a social responsibility angle <b>and in alignment with the ESG Framework pillars</b>, coordinating efforts in relation to education, economic, health, and awareness and implementing sustainability and environmental issues.</p> <p>The <b>M&amp;CC Division</b> provides <b>ESG Board</b> Committee with periodic reports on progress on initiatives taken during the year</p>
	<p><b>5.3.5 Environmental, Social and Governance "ESG" Division</b></p> <p>The <b>ESG division</b> acts as focal point to coordinate BSF's ESG activities in coordination with other BSF's groups/ M&amp;CC division/ ESG Management &amp; Board Committees. <b>ESG division should provide input/confirmation on the alignment of proposed CSR activities with BSF's approved ESG policy framework/pillars.</b></p>
<p><b>5.3.5 Philanthropy and Charitable Donations</b></p> <p>BSF support a wide range of charitable organizations through donations <del>and other support. All donations and support are</del> managed through the <b>CSR Department</b>.</p> <p>As a general matter, charitable donations and support are focused on activities that have a nexus to welfare matters. As such, any charitable or CSR proposal for a donation in the name or on behalf of BSF, must be made through the <b>CSR Department</b> to ensure that such proposal is appropriate and in-line with the approved strategy and budget. These proposals will be reviewed and approved as per BSF's DoA Manual.</p> <p>Charitable donations will only be made according to SAMA's guidelines and to charities approved by the Saudi Ministry of Human Resources and Social Development, by Royal Decree or otherwise permitted by SAMA.</p>	<p><b>5.3.6 Philanthropy and Charitable Donations</b></p> <p>BSF is committed to support the communities it operates in to make a difference. BSF aims to deliver targeted activities and initiatives that further socioeconomic development through innovative, social and philanthropic initiatives. BSF also support a wide range of charitable organizations through donations <b>and other charitable activities, this support is</b> managed through the <b>M&amp;CC Division in coordination with the ESG Division in order to ensure alignment with the Bank's ESG Policy Framework/pillars.</b></p> <p>As a general matter, charitable donations and support are focused on activities that have a nexus to welfare matters.</p> <p>As such, any charitable or CSR proposal for a donation in the name or on behalf of BSF, must be made through the <b>M&amp;CC Division</b> to ensure that such proposal is appropriate and in-line with the approved strategy/ <b>ESG Framework</b> and budget. These proposals will be reviewed and approved as per BSF's DoA Manual.</p> <p>Charitable donations will only be made according to SAMA's guidelines and to charities approved by the Saudi</p>





	Ministry of Human Resources and Social Development, by Royal Decree or otherwise permitted by SAMA.
<p><b>5.3.6 Sponsorship and support</b> BSF provides banking services that meet the needs and requirements of the society at fair cost, and take the initiative to support and promote small and medium enterprises . In addition, BSF provides sponsorship and support for a wide variety of events and activities that have a social, educational, economic, health, welfare or environmental benefit with a focus on economic and cultural aspects of the community. Proposals for sponsorship and support in the name or on behalf of BSF, must be made through the <b>CSR Department</b> to ensure they are appropriate and in line with the approved strategy and budget. These proposals will be reviewed and approved as per BSF’s DoA Manual.</p>	<p><b>5.3.7 Sponsorship and support</b> BSF provides banking services that meet the needs and requirements of the society at fair cost, and take the initiative to support and promote small and medium enterprises. In addition, BSF provides sponsorship and support for a wide variety of events and activities that have a social, educational, economic, health, welfare or environmental benefit with a focus on economic and cultural aspects of the community. Proposals for sponsorship and support in the name or on behalf of BSF, must be made through the <b>M&amp;CC Division</b> to ensure they are appropriate and in line with the approved strategy and budget. These proposals will be reviewed and approved as per BSF’s DoA Manual <b>and applicable policies.</b></p>
<p><b>5.3.7 BSF Hosted Events Programs</b> BSF engages in events and programs that provide educational benefit to the Bank and the community, including events and training at schools and other establishments. These are typically designed to further understanding of finance, prepare participants for entering the job market or to provide general assistance within the sphere of its expertise. <b>These events and programs are coordinated by the CSR Department.</b></p>	<p><b>5.3.8 BSF Hosted Events Programs</b> BSF engages in events and programs <b>coordinated by the M&amp;CC Division</b> that provide educational benefit to the Bank and the community, including events and training at schools and other establishments. These are typically designed to further understanding of finance, prepare participants for entering the job market or to provide general assistance within the sphere of its expertise.</p>
<p><b>5.3.8 Environmental Issues</b> BSF expects all employees to have regard to the environment when utilizing the Bank’s resources and facilities. In addition, from time to time, BSF will implement initiatives designed to educate, and improve of environmental care. Such initiatives will be coordinated by <b>the CSR Department in line with the strategy set by the CSR Committee.</b></p>	<p><b>5.3.9 Environmental Management</b> <b>BSF is committed to protecting the environment, and is conscious of its environmental responsibilities and seeks to limit its environmental impact as stipulated in the ESG Policy Framework.</b> BSF expects all employees to have regard to the environment when utilizing the Bank’s resources and facilities. In addition, from time to time, BSF will implement initiatives designed to educate, and improve of environmental care. Such initiatives will be coordinated by the <b>M&amp;CC Division in coordination with ESG department in order to ensure alignment with the Bank’s set strategy/ESG Policy Framework.</b></p>



البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



## Item (15) Remuneration Policy for Senior Management

البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



## | Remuneration Policy for Senior Management



# Table of Contents

<b>Table of Contents</b> .....	<b>2</b>
<b>Table of Abbreviations and Definitions</b> .....	<b>3</b>
<b>1. Introduction</b> .....	<b>5</b>
1.1. Document Authorization Control Sheet .....	5
1.2. Document Approval Record.....	5
1.3. Review, Update & Maintenance .....	5
1.4. Policy Implementation & Disclosure .....	6
<b>2. Purpose of the Policy</b> .....	<b>6</b>
<b>3. Applicability &amp; Definition</b> .....	<b>6</b>
3.1. Applicability .....	6
3.2. Remuneration Definition .....	6
<b>4. Laws, Regulations, Related Policies &amp; Supporting Procedures</b> .....	<b>7</b>
4.1 Laws & Regulations .....	7
4.2 Related Policies & Procedures, and Internal Documents.....	7
<b>5. Policy</b> .....	<b>8</b>
5.1. Policy Objective .....	8
5.2. Policy Principles for Determining Wages and Remunerations .....	8
5.3. Policy Details: .....	10
<b>6. Disclosure Requirements</b> .....	<b>14</b>

## Table of Abbreviations and Definitions

S. No.	Abbreviation and Definitions	Expansion
1	BSF / the Bank	Banque Saudi Fransi
2	NRC	Nomination and Remuneration Committee
3	BoD	Board of Directors
4	CMA	Capital Market Authority
5	DoA	Delegation of Authority Manual
6	MoC	Ministry of Commerce
7	SAMA	Saudi Central Bank
8	Senior Management	The functions, roles and responsibilities entrusted to those positions who take, propose and implement strategic decisions and manage Banque Saudi Fransi's business processes, including senior management positions that requires SAMA's non-objection for appointment.
9	Control Functions	Those functions that have a responsibility independent from management to provide objective assessment, reporting and/or assurance including Risk Management, Compliance and Internal Audit.
10	Outsourced Employees	This refers to employees who undertake certain job roles within the Bank, through an arrangement with a third-party service provider, where such employees would remain under the sponsorship of the third-party service provider, and where the employees would be under BSF's direct supervision, control and management.
11	Misconduct	Conduct that falls short of expected standards, including legal, professional, internal conduct and ethical standards, and shall include, at the very least, the following (More detailed definitions of Misconduct exist within the HR Policy): <ul style="list-style-type: none"> <li>▪ Financial misstatement or fraud;</li> <li>▪ Gross negligence;</li> <li>▪ Financial losses;</li> <li>▪ Behavioral misconduct;</li> <li>▪ Material error;</li> <li>▪ Material downturn in performance;</li> <li>▪ Material failure of risk management and internal controls;</li> <li>▪ Unreasonable failure to protect the interests of employees, customers or shareholders;</li> </ul>



S. No.	Abbreviation and Definitions	Expansion
		<ul style="list-style-type: none"> <li>▪ Cases of misconduct that have led to significant loss to the bank, its customers or any party;</li> <li>▪ Violation of internal policies or any related rules or regulation; and</li> <li>▪ Reputational damage.</li> </ul>
12	Remuneration Adjustment	<p>Mechanisms to adjust variable remuneration, through In-year Adjustment, or Malus, or Clawback arrangements, which can reduce the variable remuneration before or after it is awarded or paid. This allows Banque Saudi Fransi to adjust remuneration to account for risks that have subsequently occurred, including Misconduct.</p> <p>Remuneration Adjustment guidelines are captured within the Human Resources Policy.</p>
13	In-year Adjustment	Downward adjustment by Banque Saudi Fransi of an anticipated annual variable remuneration award to reflect the impact of a negative event or behavior.
14	Malus	Permits Banque Saudi Fransi to reduce the value of all or part of deferred remuneration based on ex post risk adjustment before it has vested.
15	Clawback	Under this process the individual has to return ownership of an amount of variable remuneration paid in the past or which has already vested to Banque Saudi Fransi under certain conditions.
16	Fixed Compensation / Fixed Remuneration / Gross Salary	Comprises the basic salary and the following cash allowances: (Housing Allowance, Transportation Allowance, and the Other Consolidated Allowances: Ramadan, December and Travel Allowances).
17	Variable Compensation / Variable Remuneration	Performance-based remuneration, which is comprised of the annual performance bonus plan, sales incentive plan, and the long-term incentive plan.
18	Benefits	Comprises the various monetary and non-monetary benefits provided by BSF, such as the saving plan, medical insurance, life / disability insurance and the senior management car benefit.
19	Total Compensation / Total Remuneration	The combination of Fixed Compensation and Variable Compensation is referred to as Total Compensation.
20	Total Reward	The combination of Total Compensation and Benefits is referred to as Total Reward.

# 1. Introduction

## 1.1. Document Authorization Control Sheet

<b>Document Type</b>	Policy
<b>Document Title</b>	Remuneration Policy for Senior Management
<b>Version</b>	3.0 (English)
<b>Document Reference</b>	
<b>Date</b>	22 May 2024
<b>Policy Custodian</b>	Human Resources Group
<b>Policy Owner</b>	Human Resources Group

## 1.2. Document Approval Record

Version	Approval Date	Description of Changes
1.0		New Policy
1.2	May 1, 2019 (GA)	Comprehensive review to incorporate all regulatory & legal requirements and meet best practices
2.0	Dec 8, 2021 (GA)	General Periodic Review
3.0	May 22, 2024 (GA)	Separated the parts pertaining to the remuneration policy for Senior Executives from the overall “Remuneration and Compensation Policy for Board, Board Committees and Senior Executives”, which now stands as a separate policy: “Remuneration Policy for Senior Management”.  Conducted a comprehensive review to incorporate regulatory requirements pertaining to SAMA Banks Remuneration Rules – issued January, 2023.

## 1.3. Review, Update & Maintenance

1.3.1 The authority to amend this policy rest with the General Assembly upon Board of Directors recommendation;

1.3.2 Any amendment to this document should be as per the process set out in the DoA;



- 1.3.3 The minimum frequency for reviewing this policy is two (2) years. However, the policy must be reviewed / updated earlier if required. NRC is responsible for ensuring that this document is reviewed and approved as required; and
- 1.3.4 This policy shall be a permanent part of the induction program provided to the Board of Directors upon their election, and Senior Management upon their appointment. It is the duty of the new members to understand and familiarize themselves with this policy.

## 1.4. Policy Implementation & Disclosure

- 1.4.1 Banque Saudi Fransi (also referred to as “BSF” or the “Bank”) shall commit to this policy which shall be implemented from the date of its approval by the General Assembly, and shall be duly disclosed in accordance with the disclosure requirements issued by the relevant regulators.
- 1.4.2 The provisions of this policy came to express the law and the applicable rules and regulations, and in the event of any amendments thereof, or any conflict or inconsistency between the provisions of this policy and the applicable laws, rules and regulations, the latter shall prevail, and the new amended provisions shall be applicable to this policy and complied with from its effectiveness date.

## 2. Purpose of the Policy

The purpose of this document is to set out BSF’s policy on the remuneration of the Senior Management to ensure that they are rewarded fairly, in-line with the Bank’s objectives and in accordance with the Companies Law issued by a Royal Decree, regulations of the Saudi Central Bank (SAMA), as well as regulations of the Capital Market Authority (CMA) and other applicable laws and regulations.

## 3. Applicability & Definition

### 3.1. Applicability

This policy applies to the Senior Management of BSF, including regular, contractual FTE employees and insourced employees hired through third party service providers – if applicable.

### 3.2. Remuneration Definition

Remunerations are: Amounts, allowances, profits and their equivalent, periodic or annual bonuses linked to performance, long or short term incentive plans and any other in-kind benefits excluding the actual reasonable expenses and fees incurred by the Bank to enable the Senior Management of BSF to perform his/her duties.

## 4. Laws, Regulations, Related Policies & Supporting Procedures

### 4.1 Laws & Regulations

A fundamental aspect of this Policy is ensuring compliance with the relevant laws and regulations in relation to remuneration. Below are the main Regulations that need to be considered:

Law/Regulation	Authority
Companies Law	MC
Principles of Corporate Governance for Financial Institutions subject to Saudi Central Bank's Oversight and Supervision	SAMA
Corporate Governance Regulations	CMA
Implementing Regulation of the Companies Law for Listed Joint Stock Companies	CMA
SAMA Banks Remuneration Rules	SAMA

### 4.2 Related Policies & Procedures, and Internal Documents

Certain other policies and procedures are relevant to this policy. These include, in particular:

Policy
Board of Directors Charter
NRC charter
Bank's Bylaws
Human Resources Policy
The Delegation of Authority Manual
Share-based Employee Remuneration Plans
Code of Conduct and Professional Ethics at Banque Saudi Fransi



## 5. Policy

### 5.1. Policy Objective

It is BSF's policy that BSF's Senior Management are compensated fairly, while addressing the risk of misconduct that may be associated with improper reward practices, in accordance with applicable laws and regulations, while promoting effective risk management and achieving financial soundness and stability of the bank.

### 5.2. Policy Principles for Determining Wages and Remunerations

- 5.2.1 Attracting qualified and distinguished persons to assume the roles entrusted to the Bank's management, based on their personal knowledge, experience, and aspirations. In return, the Bank shall offer them wages and remunerations commensurate with their individual capabilities and personal expectations, thus ensuring equitable pay internally while maintaining a competitive edge externally. Meanwhile, the Bank shall retain those who adhere to the values, regulations, and work procedures of Banque Saudi Fransi;
- 5.2.2 Developing the framework and practices related to wages and remunerations, so that those in Senior Management positions may receive competitive wages and remunerations offered in the labor market through introducing distinguished incentive programs that aim at attracting and retaining the best talent;
- 5.2.3 Ensuring justice and equity – internally - through equitable treatment in remuneration-setting practices, consistent with employment regulations and working conditions;
- 5.2.4 Maintaining external competitiveness by determining the remuneration practices and aligning them with the labor market, the banking sector, and other companies;
- 5.2.5 Maintaining the principle of performance-based remunerations through assessing the value of each individual's performance and contribution to the Bank's growth;
- 5.2.6 Ensuring that the amount of remuneration is consistent with the prevailing domestic practices and supervisory regulations and aligned with the interests of depositors, shareholders and BSF's long-term strategic objectives;
- 5.2.7 Ensuring that the incentives system is reviewed periodically and does not encourage participation in high risk transactions to achieve short-term profits and it complies with BSF's risk policy approved by the Board, and ensuring that the incentives system addresses the risk of misconduct that may be associated with improper reward practices;
- 5.2.8 Complying with Senior Management's remuneration approval limits and any constraints that require NRC approvals, in line with the DoA;
- 5.2.9 Complying with regulatory caps on remuneration, if specified by SAMA or any other regulatory authority.
- 5.2.10 BSF shall ensure that Control Functions and Human Resources function are adequately involved in remuneration design and decision-making to ensure effective remuneration incentives in addressing misconduct risk;
- 5.2.11 The remunerations shall be provided with the aim of encouraging Senior Management to achieve the success of BSF and its long-term development, such as linking the variable part of the incentives to long-

term performance;

- 5.2.12 The remuneration provided shall be consistent with the Bank's strategy and objectives;
- 5.2.13 The remuneration of Senior Management shall be determined based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance;
- 5.2.14 The remuneration provided shall take into 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 remuneration;
- 5.2.15 Attract talented professionals and retain and motivate them without exaggeration;
- 5.2.16 Take into consideration the appropriate remuneration for new appointments;
- 5.2.17 Account for situations where remuneration should be suspended or reclaimed if it is determined that such remuneration was set based on inaccurate information provided by a member of the Senior Management, in order to prevent abuse of power to obtain unmerited remuneration;
- 5.2.18 The remuneration shall be consistent with the magnitude, nature and level of risks faced by the Bank;
- 5.2.19 If BSF is buying-back its shares for the purpose of allocating them to its employees within its shares-based employee remuneration plans, the Bank must, in addition to the other requirements of a share buy-back, comply with the following rules:
- i. Obtain approval of the relevant regulators.
  - ii. Obtain the extraordinary General Assembly's approval on the shares-based employee remuneration plans. The General Assembly may authorize the Board to determine the terms of the plans including the allocation price for each share offered to employees if offered for consideration.
- 5.2.20 BSF shall ensure that the remuneration provided by the remuneration system takes into consideration risk, capital, liquidity and the likelihood and timeliness of earning;
- 5.2.21 BSF shall ensure that the remuneration provided by the remuneration system takes into consideration the risk of misconduct that may be associated with improper reward practices;
- 5.2.22 BSF shall ensure that conduct goals and performance targets should work together as part of remuneration to drive good behavior and address potential conflicts of interest;
- 5.2.23 BSF shall embed multiple non-financial assessment criteria as part of its individual performance management and remuneration processes, including: (quality of risk management, compliance with laws and regulations, compliance with BSF values and conduct standards, and fair treatment of customers). This would enable BSF to manage Misconduct risks as part of its broader governance and risk management framework.
- 5.2.24 Remuneration should not be solely based on industry practices but should also take into account the business model, financial condition, operating performance and business prospects of BSF.



## 5.3. Policy Details:

### 5.3.1 Performance Management:

1. BSF shall have a performance measurement system in place to evaluate and measure the performance of its employees at various levels in an objective manner;
2. Procedures and processes for performance appraisal and measurement should be clearly stated and documented. Such procedures and processes should provide for avoidance of undue influence and conflict of interest situations and be transparent to the employees concerned;
3. Adherence to risk management framework, implementation of internal controls and compliance with the regulatory requirements should be given due weightage in performance measurement;
4. Performance assessments and remuneration outcomes should consider all risks, including those associated with the bank main activities and those stemming from conduct that may not be consistent with laws and regulatory requirements, internal policies and procedures or the bank's risk management framework. These factors should be given due weightage in performance measurement.
5. Gross revenue or profit earned should not be the sole factor when setting performance objectives or when measuring performance. Other factors such as risks associated with the underlying transactions, ethical behavior, quality of business transacted, customer satisfaction, risk adjusted return on capital, etc. should also be taken into account, where-ever practicable, in measuring employee performance;
6. The performance measurement of senior level employees should be based on longer-term performance of BSF and accordingly the performance based component of their remuneration should not be based solely on the current year's performance. The performance assessments of senior management and other employees who have an oversight responsibility within the bank should also include considerations regarding their relevant oversight responsibility in relation to the risk of misconduct within their business line;
7. The performance measurement procedures and processes should provide for measuring individual contribution, to the extent practicable, to the overall performance of BSF. The individual contributions so measured should, however, be supplemented with managerial judgment in determining the performance-based remuneration of an employee;
8. Senior Management shall ensure compliance with and accountability for the bank's legal, professional, and internal conduct standards and ethical values, by:
  - i. Promoting these standards and values;
  - ii. Ensuring that the potential consequences of Misconduct are clearly explained to all employees;
  - iii. Holding individuals accountable for ensuring that their own conduct is consistent with these values and standards; and
  - iv. Ensuring such standards and values are taken into account when assessing performance and promotion potential.
9. Further details concerning the performance management policies for Senior Management are covered under the Human Resources Policy.

### 5.3.2 Remuneration Structure:

1. The remuneration structure should be designed to promote effective risk management and achieve remuneration objectives;
2. The mix of forms of remuneration can vary between managers based on criteria's set in this policy, and may include (but not limited to) cash, equity and other forms of remuneration, and should take into account the full range of financial and non-financial incentives in an employment relationship;
3. The proportion of fixed and variable components of the remuneration should be determined taking into account the nature and level of responsibilities of each Senior Manager, business area in which he/she is working, and the overall remuneration policy and philosophy of BSF;
4. BSF shall ensure that a substantial portion (between a minimum of 40% and a maximum of 60%) of the Variable Remuneration of Senior Management (inclusive of both the Annual Performance Bonus, and the Long-term Incentive Plan) is subject to deferral with a minimum vesting period of not less than three years. The proportion of Variable Remuneration to be deferred, its form (which shall be in shares), and the vesting period shall be determined based on the nature of the business, its risks and the seniority and activities of the concerned Senior Manager, and in line with SAMA Banks Remuneration Rules;
5. All Variable Remuneration, deferred or otherwise, shall be subject to leaver provisions which illustrate the applicable terms covering the various scenarios of separation of employment, which are covered in more detail within the Human Resources Policy;
6. All Variable Remuneration, deferred or otherwise, will be subject to Remuneration Adjustment, which includes mechanisms to adjust the remuneration, through In-year Adjustment, or Malus, or Clawback arrangements, which can reduce the variable remuneration before or after it is awarded or paid. This allows Banque Saudi Fransi to adjust remuneration to account for risks that have subsequently occurred, including Misconduct, or in the event of negative contributions of the bank and/or the relevant line of business in any year during the vesting period, any unvested amounts may be clawed back, subject to the realized performance of the bank and the business line, among other factors. Remuneration Adjustment is covered in more detail within the Human Resources Policy;
7. BSF should ensure that total variable remuneration does not limit BSF's ability to strengthen its capital base;
8. Where a Senior Manager is provided remuneration in the form of shares, the payout in shares shall be subject to an appropriate share retention policy, which is covered in more detail within the Human Resources Policy;
9. The remuneration structure of employees working in control functions such as risk management, compliance, and internal audit, should be designed to ensure objectivity and independence of these functions. In this regard, it should be ensured that performance measurement and determination of remuneration of such employees are not dealt with by any person working in/associated with the business areas monitored by them;
10. The determination of the bonus pool should take into account the overall performance of the bank whereas its distribution to individual employees should be based on performance of the employee as well as that of the business unit or division in which he is working. There should, however, be no guaranteed minimum bonuses and similar other payments, other than an employee's salary, that are not based on



performance.

### **5.3.3 Alignment of Senior Management Remuneration to Misconduct Risk and Other Risks, and the Role of Senior Management in Addressing these Risks:**

1. Senior Management should implement the remuneration system that promotes effective governance, sound remuneration practices, ethical behavior and comply with laws, regulations, and internal conduct standards.
2. Senior Management shall be responsible for the following:
  - i. Promote, develop and communicate conduct expectations and clearly link remuneration and conduct standards, including as part of the performance assessment process and ensure that the potential consequences of misconduct on remuneration are clearly explained to all employees;
  - ii. Follow-up on the publication of the desired aspirations of every department in the bank regarding ethical behavior and work practices that are in compliance with the laws, regulations and internal standards of behavior, and the application and achievement of these aspirations; and
  - iii. Identify, monitor and report on relevant indicators of misconduct risk in every department in the bank, as well as monitor the role of each department in the bank in escalating and remediating identified deficiencies or other important matters in an appropriate and timely fashion, in such a way as to allow inclusion of relevant feedback and changes in the performance assessment process if needed.
3. Senior Management shall promote clear and well-understood legal, professional and internal conduct standards as well as ethical values and that are tailored and cascaded to individual business units, and shall ensure that such standards are adhered to, and shall ensure such standards are taken into account when assessing performance and promotion potential, and that individuals are held accountable for ensuring that their own conduct is consistent with these values and standards. Lastly, ensure that the potential consequences of misconduct on remuneration are clearly explained to all employees.
4. Senior Management (through the Chief Human Capital Officer) shall submit a report to the Nomination and Remuneration Committee, as well as SAMA, at least on a semi-annual basis, on measures taken and steps to be taken within the framework of applying the Banks Remuneration Rules issued by SAMA and any relevant Laws, Regulations, Principles and Standards.
5. The remuneration given to a Senior Manager should reflect effective alignment of remuneration with prudent risk taking;
6. In determining the amount of the remuneration, all existing and potential risks including difficult-to-measure risks such as liquidity risk, reputation risk, legal risk, and cost of capital, regulatory and misconduct risks should be taken into account. Furthermore, the size of the variable remuneration pool and its allocation within the Bank should take into account the full range of risks;
7. Remuneration payments should be sensitive to the time horizon of risks and, if needed, the variable component of remuneration should be deferred where risks are realized over long periods;
8. An appropriate technique/criteria should be put in place to adjust accounting profits for the full range of identifiable risks keeping in view the size and complexity of the Bank's operations;

### 5.3.4 Remuneration Adjustment

1. BSF shall ensure the following: the remuneration system includes Remuneration Adjustment mechanisms to adjust variable remuneration, including, for instance, through In-year Adjustment, Malus and Clawback arrangements, which can reduce the variable remuneration before or after it is awarded or paid;
2. The bank's poor financial performance during any period is expected to lead to a decrease in the total Variable Remuneration, taking into account both current remuneration and reductions in payments previously earned during that period. BSF shall submit clear justifications of such decrease to SAMA as support documents along with the compliance report;
3. Remuneration Adjustment should allow BSF to adjust remuneration to account for risks that have subsequently occurred, including instances of employee misconduct or material error, material downturn in performance or a material failure of risk management;
4. Remuneration Adjustment should take into account, as a minimum, those under review when determining accountability for adverse risk events; the liability or proximity to the misconduct, rank and role, individual's motivation (e.g. personal gain, malice, fraud, ignorance, lack of training), negligence in exercise of individual's duties, level of participation in and responsibility for the events under review, history of misconduct, actions that were taken or could have been taken to prevent such events from occurring, including any failures within the bank to internally supervise and oversee staff, and the root cause of the events triggering review;
5. When deciding the amounts of remuneration to be adjusted, performance and Remuneration Adjustment policies should take into account all relevant indicators of the severity of impact;
6. The details, mechanisms and criteria that could trigger and influence the scope and extent of the use of Remuneration Adjustment are captured within the HR Policy and the DoA;
7. Once the use of Remuneration Adjustment is triggered, it will result in reductions to Variable Remuneration regardless of the individual's performance;
8. Where Remuneration Adjustments are made before the full impact of the risk management failures or misconduct is known, appropriate subsequent adjustments should be made to ensure that the final adjustment fully reflects the impact of the incident or misconduct;
9. Remuneration Adjustment also requires that the granting and vesting of all awards made to individuals undergoing internal or external investigation are frozen until the investigation has concluded and a decision has been made and communicated to the relevant employee(s);
10. The use of Remuneration Adjustment should not be limited to those most directly involved and responsible for misconduct, but it should extend beyond them. Specifically, adjustment should be considered for the heads of Control Functions and for employees in control or direct line of business functions who by virtue of their role could be considered responsible or accountable for the failure or for the weakness in the control framework relevant in the employee misconduct, if such failure or weakness was attributed to lack of due diligence or misuse. Also it should be considered for Senior Managers who, while not directly responsible were either aware, or could have been reasonably expected to be aware due to their seniority or role in the bank, of the failure or misconduct at the time, but failed to take adequate steps to promptly address it;



11. Remuneration Adjustment requires adequate documentation and rationale of final decisions, and whenever Remuneration Adjustment is triggered, transparency should be ensured by clearly communicating in writing to all affected individuals the value of Remuneration Adjustments made to Variable Remuneration and the reasons for such adjustments;
12. Whenever Remuneration Adjustment is triggered, the Board or Nomination and Remuneration Committee shall be notified. Moreover, such reductions, whether in relation to reductions in the total Variable Remuneration due to poor bank performance, or reductions in payments previously earned, should be reported to SAMA together with clear justifications as support documents along with the semi-annual compliance report.

### **5.3.5 Paying Remunerations**

Wages and remunerations shall be directly deposited in Saudi Riyals in the Senior Manager's Banque Saudi Fransi account, as per the Bank's internal policies and procedures.

## **6. Disclosure Requirements**

The Board shall ensure the following:

1. Disclosing remuneration as per relevant laws and regulations;
2. Disclosing in the annual financial statements the aggregate quantitative information on remuneration paid to various categories of employees and their number with breakup of fixed and variable components and the forms of payment. The categorization of employees includes at a minimum Senior Management, employees engaged in Control Functions and outsourced employees;
3. Disclosing in its Annual Financial Statements salient features of its remuneration policy and its implications for the bank's risk profile as well as the composition and the mandate of the Nomination & Remuneration Committee. Such disclosure shall also provide information on the overall design of the remuneration system and the manner of its implementation, description of the manner of risk adjustment, linkage of remuneration with actual performance, deferral policy and vesting criteria, parameters for allocating cash versus other forms of remuneration, and achievement of the stated policy objectives; and
4. Ensuring that an annual review of the remuneration (internally through Internal Audit or externally commissioned by a recognized firm) is carried out independently without the intervention of Senior Management. The review must assess the compliance with SAMA Banks Remuneration Rules and any relevant Laws, Regulations, Principles and Standards, as well as the Bank's internal policies that are prepared according to SAMA Banks Remuneration Rules, before March 31 of each year, in accordance with article #59 of SAMA Banks Remuneration Rules. The Board shall take into account the results of such a review when making decisions related to remuneration, and could briefly disclose those results in the Board of Directors Annual Report.
5. The disclosures in this section and in the Board report shall be in accordance with the disclosure requirements issued by the relevant regulatory authorities.

**Submission of the Semi-Annual Compliance Report to SAMA:**

BSF is required to submit a semi-annual compliance report to SAMA that includes an assessment of the Bank's existing remuneration practices and alignment with SAMA Banks Remuneration Rules; by assuring full compliance, or highlighting gaps along with an action plan (how to cover the gap, responsible person / department and target date) in addition to updates on the progress of the action plan until all gaps are covered. The report should include the items mentioned in "**Appendix – I**" of SAMA Banks Remuneration Rules.

BSF shall submit along with the semi-annual compliance report the following about all types of remuneration:

- a. Details of total remuneration, including break-up of Fixed and Variable Remuneration, and Remuneration Adjustments, as per "**Appendix – II**" of SAMA Banks Remuneration Rules.
- b. Details of remuneration of the top 12 highly compensated employees of BSF, as per "**Appendix – III**" of SAMA Banks Remuneration Rules.
- c. Whenever Remuneration Adjustment is triggered, the Board or Nomination and Remuneration Committee shall be notified. Moreover, such reductions, whether in relation to reductions in the total Variable Remuneration due to poor bank performance, or reductions in payments previously earned, should be reported to SAMA together with clear justifications as support documents along with the semi-annual compliance report.
- d. BSF shall submit its semi-annual Compliance Report for the second half year before March 31, and for the first half of the year before August 31.
- e. BSF shall submit the results of the annual review of the remuneration, and any consequential actions before March 31 of each year.





## Item (16) Share-Based Employee Remuneration Plans



البنك  
السعودي  
الفرنسي  
Banque  
Saudi  
Fransi



## | Share-based Employee Remuneration Plans





<input checked="" type="checkbox"/> <b>POLICY</b>   <input type="checkbox"/> <b>PROCEDURE</b>   <input type="checkbox"/> <b>CHARTER</b>	
<b>Purpose</b>	To establish rules governing Banque Saudi Fransi’s share-based employee remuneration plans, including: BSF’s long-term incentive plan; “Thrive”, as well as BSF shares granted under BSF’s annual performance bonus plan.
<b>Document Title</b>	Share-based Employee Remuneration Plans
<b>Version</b>	3.0
<b>Scope</b>	Applies to all BSF Groups / Divisions / Departments and BSF Subsidiaries.
<b>Issued by</b>	<b>Human Resources Group</b>
<b>Date of issuing</b>	<b>14 / February / 2019</b>
<b>Effective Date</b>	<b>27 / March / 2019</b>
<b>References</b>	<ul style="list-style-type: none"> <li>- Human Resources Policy.</li> <li>- Human Resources Procedures.</li> <li>- Remuneration Policy for Senior Management.</li> </ul>
<b>Classification</b>	<input checked="" type="checkbox"/> Internal BSF Use <input type="checkbox"/> Restricted to (N/A) <input type="checkbox"/> Confidential
<b>Policy/document Categorization</b>	<input checked="" type="checkbox"/> Strategic <input type="checkbox"/> Transactional <input type="checkbox"/> Procedural <input type="checkbox"/> Not applicable
<b>Review Frequency</b>	As required.



**APPROVAL**

Name	Who	Signature
	General Assembly	

**REVIEW**

Name	Who	Signature
	Human Resources	
	Legal & Governance	
	Compliance	
	Risk Management	
	Internal Audit	
	Chief Executive Officer (CEO)	
	Nomination and Remuneration Committee (NRC)	
	Board of Directors (BoD)	

**Document Approval Record**

Version	Approval Date	Description of Change
1.0	01/May/2019	New document.
2.0	30/Dec/2021	<p>The following changes:</p> <ol style="list-style-type: none"> <li>1- Removed <b>“Royal Decree”</b> entirely from the Plan Rules, and updated all relevant rules and definitions accordingly.</li> <li>2- Amended the definitions of <b>“Board”</b> and <b>“Committee”</b>.</li> <li>3- Amended the terms of Rule 13 and renamed it: from <b>“DESIGNATION OF BENEFICIARY”</b> to <b>“DEATH OF A PARTICIPANT”</b></li> <li>4- Amended the terms of Rule 15: <b>“NON-TRANSFERABILITY”</b>.</li> <li>5- Corrected the retirement age as per the Labor Law.</li> <li>6- Added Rule 21: <b>“PURCHASING, SELLING AND TRANSFER OF SHARES”</b>.</li> <li>7- Added Rule 22: <b>“SUBSIDIARIES OF THE BANK”</b>.</li> <li>8- Modified Rule 6: <b>“CESSATION OF EMPLOYMENT PRIOR TO THE END OF THE VESTING PERIOD”</b>: <ul style="list-style-type: none"> <li>• Altered the Award’s vesting terms for scenarios involving <b>Death of a Participant</b>, by removing the proration clause.</li> <li>• Scenario added: <b>Transfer to a Wholly Owned Subsidiary of the Bank.</b></li> </ul> </li> </ol>
3.0	dd/mmm/yyyy	<p>Renamed the document from <b>““Thrive”: Long Term Incentive Plan – Plan Rules”</b> to <b>“Share-based Employee Remuneration Plans”</b>, to enable the bank to comply with SAMA Banks Remuneration Rules (updated in 2023), by increasing the document’s scope to include, in addition to the already existing LTI Plan Rules (which is now <b>“Chapter 1”</b> of the document), additional rules pertaining to shares granted under BSF’s annual performance bonus plan (under the new <b>“Chapter 2”</b> of the document).</p> <p>Rule 6 under <b>“Chapter 1”</b> has been renamed from: <b>“Cessation of Employment Prior to the End of the Vesting Period”</b> to: <b>“Award Impact Scenarios and Events”</b> and has been expanded to include the following scenarios:</p> <ol style="list-style-type: none"> <li>1- <b>“Capital Increase Through Granting Bonus Shares”</b>;</li> <li>2- <b>“Stock Split Without Capital Increase”</b> and</li> <li>3- <b>“Capital Increase Through Tradable Rights Issue”</b>.</li> </ol> <p>The above scenarios have also been embedded into the newly added <b>“Chapter 2”</b> of the document.</p>

**Document Owner**

Human Resources Group

**Document Accountability**

All BSF Groups / Divisions / Departments / BSF Subsidiaries



# TABLE OF CONTENTS

<b>Share-based Employee Remuneration Plans - Introduction .....</b>	<b>5</b>
<b>Chapter 1: "Thrive": Long Term Incentive Plan – Plan Rules - Introduction .....</b>	<b>6</b>
1 Definitions .....	7
2 Purpose .....	10
3 Grants of Awards under the Plan.....	11
4 Performance Conditions and other Restrictions Applicable to Awards .....	12
5 Vesting of Awards .....	13
6 Award Impact Scenarios and Events .....	14
7 Prorated Awards.....	16
8 Satisfaction of Awards.....	17
9 Distribution of Fair Market Value .....	18
10 Valuation of Shares .....	19
11 Administration .....	20
12 Amendments and Termination .....	21
13 Death of a Participant.....	22
14 Employment Rights .....	23
15 Non-Transferability .....	24
16 Expenses .....	25
17 Severability of Provisions.....	26
18 Governing Law .....	27
19 Effective Date.....	28
20 Data Protection.....	29
21 Purchasing, Selling and Transfer of Shares .....	30
22 Subsidiaries of the Bank .....	31
<b>Chapter 2: Shares Granted Under the Annual Performance Bonus Plan – Plan Rules - Introduction .....</b>	<b>32</b>
1 Definitions .....	33
2 Grants of Awards under the Plan.....	36
3 Restrictions Applicable to Awards .....	37
4 Vesting of Awards .....	38
5 Award Impact Scenarios and Events .....	39
6 Satisfaction of Awards.....	41
7 Distribution of Fair Market Value .....	42
8 Valuation of Shares .....	43
9 Administration .....	44
10 Amendments and Termination .....	45
11 Death of a Participant.....	46
12 Employment Rights .....	47
13 Non-Transferability .....	48
14 Expenses.....	49
15 Severability of Provisions.....	50
16 Governing Law .....	51
17 Effective Date.....	52
18 Data Protection.....	53
19 Purchasing, Selling and Transfer of Shares .....	54
20 Subsidiaries of the Bank .....	55





# SHARE-BASED EMPLOYEE REMUNERATION PLANS - INTRODUCTION

---

In line with SAMA Banks Remuneration Rules, the Bank's remuneration system encourages effective governance, sound remuneration practices, ethical behavior and compliance with laws, regulations, and internal conduct standards.

Accordingly, the Bank's remuneration system ensures that the remuneration of the Bank's employees takes into account all existing and potential risks including difficult-to-measure risks such as liquidity, cost of capital, reputation, regulatory and misconduct risks.

Therefore, the Bank retains the option to pay executive level employees as well as key and high potential employees a portion of their total remuneration through a form of share-based Long Term Incentive Plan (LTIP) in order to ensure that a significant portion of the total remuneration is linked to the long-term performance of the bank.

Furthermore, the Bank shall ensure, and in line with regulatory guidelines, that the bonuses of employees classified as Senior Management or Material Risk Takers (MRTs) shall also be subject to Bonus Deferral, where at least 40% of the annual performance bonus is deferred over 3 years, and where the deferred amounts are converted to BSF shares.

In total, BSF ensures that a substantial portion (between a minimum of 40% and a maximum of 60%) of the variable remuneration of senior and executive employees in the Bank, in addition to senior management roles that require SAMA's non-objection prior to appointment, and in addition to material risk-takers (MRT's) (inclusive of both the Annual Performance Bonus, and the Long-term Incentive Plan) is subject to deferral with a minimum vesting period of not less than three years.

The proportion of Variable Remuneration to be deferred, its form (which shall be in shares), and the vesting period shall be determined based on the nature of the business, its risks and the seniority and activities of the concerned senior and executive employee or material risk-takers (MRT's), and in line with SAMA Banks Remuneration Rules.

These "**Share-based Employee Remuneration Plans**" comprise the Plan Rules which govern the Bank's various share-based employee remuneration programs, including: the "**Thrive: Long Term Incentive Plan – Plan Rules**", and the "**Shares Granted under the Annual Performance Bonus Plan – Plan Rules**", each detailed in separate chapters.



# CHAPTER 1: "THRIVE": LONG TERM INCENTIVE PLAN — PLAN RULES - INTRODUCTION

---

"Thrive" is a long term incentive plan program that aligns the Bank's future performance with the individual personal success of the Bank's leadership team, key and high potential employees.

In an industry that is undergoing significant change, the Bank understands that having a winning strategy is the easy component. The more complex factor is having a leading team that will successfully execute its ambitious plans. Delivering on the Bank's vision will mean delivering as one team while placing people and clients at the forefront of the Bank's collective agenda.



# 1 DEFINITIONS

---

In this Plan, the following words and expressions shall, where the context so admits, have the meanings set out below. Any reference herein to a statutory provision shall include a reference to that provision as amended or reenacted from time to time. Where the context so admits, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine.

"Adoption Date"	shall mean the 27 <sup>th</sup> of March, 2019, being the effective date on which this Plan was approved and adopted by the General Assembly of the Bank;
"Award"	shall mean an award of Shares by the Bank to a Participant in accordance with the terms and conditions of the Plan;
"Award Certificate"	shall mean the certificate and/or letter notifying the Participant of the grant of an Award and the Vesting Conditions applicable to such an Award;
"Award Date"	shall mean the date that a Participant is granted an Award, as specified in the Award Certificate;
"Bad Leaver"	means a Participant who ceases employment with the Bank and who is not a Good Leaver;
"Bank"	shall mean Banque Saudi Fransi, a joint stock bank incorporated in the Kingdom of Saudi Arabia;
"Board"	shall mean the Board of Directors of the Bank;
"Committee"	shall mean the Nomination & Remuneration Committee of the Board, save that should any person obtain Control of the Bank, the Committee shall consist of the members of the Nomination & Remuneration Committee of the Board immediately prior to such Control being obtained;
"Control"	shall mean the ability to direct the activities of the Bank by virtue of holding greater than 50% of its equity;
"Disability"	shall mean any physical or mental condition that, in the opinion of the Committee, renders a Participant incapable of performing a role for which he is suited by reason of experience, training or education;





“Eligible Employee”	shall mean any person who is an employee of the Bank;
“Fair Market Value”	shall mean the market value of the Shares comprised in an Award or a Prorated Award (if applicable) as determined in accordance with Rule 10;
“Good Leaver”	shall mean a Participant whose employment with the Bank ceases for any of the following reasons: <ul style="list-style-type: none"><li>(i) Transfer to a Wholly Owned Subsidiary of the Bank;</li><li>(ii) Death;</li><li>(iii) Disability;</li><li>(iv) Redundancy;</li><li>(v) Retirement; or</li><li>(vi) any other reason as determined by the Committee.</li></ul>
“Initial Value”	shall mean the Fair Market Value of the Shares at the Award Date determined in accordance with Rule 10;
“CEO”	shall mean the duly appointed Chief Executive Officer (“CEO”) of the Bank from time to time (or where there is no CEO, the one who is substantially carrying out that function);
“Participant”	shall mean an Eligible Employee who has been approved by the Committee, or the Board, to participate in the Plan and who has been granted an Award by the Bank;
“Performance Conditions”	shall mean such performance conditions as are set out in the Award Certificate (subject to any amendment made by the Committee pursuant to Rule 12) to which a granted Award is subject;
“Plan”	shall mean The Banque Saudi Fransi Long Term Incentive Plan: "Thrive" herein contained;
“Plan Rules”	shall mean the rules of the Plan as amended from time to time, in accordance with the provisions hereof;
“Prorated Award”	shall mean an Award which is pro-rated as set out in Rule 7;
“Redundancy”	shall mean the termination of employment, other than for cause (as defined under the Saudi labor law), of a Participant by the Bank for valid reasons which shall include, but are not limited to, a reduction in workforce, as determined by the Committee and in accordance with the Saudi labor law;



“Retirement”	shall mean the cessation of a Participant’s employment, other than for cause (as defined under the Saudi labor law), with the Bank, upon reaching the age of sixty (60), unless otherwise mutually agreed upon by the Bank and the Participant in a fixed term contract. In this scenario, ‘Retirement’ is not considered to take place until such time the fixed term contract, any amendment or renewal of the fixed term contract has terminated;
“Sale of the Bank”	shall mean the sale of the shares in the Bank by the Bank, or any subsequent majority shareholder, such that the purchaser owns not less than 50% of the Bank;
“Service Condition”	shall mean the requirement that a Participant remains in employment with the Bank throughout the Vesting Period applicable to an Award. Awards, however, are liable to be withdrawn or reduced in cases of misconduct, as per the terms of the Bank’s Human Resources Policy, and in line with the Bank’s DoA.
“Shares”	shall mean the shares comprising an Award;
“Vesting Conditions”	shall mean the Service Condition and the Performance Conditions;
“Vesting Notice”	shall mean the written notification sent from the Committee, or the Board, to the Participant following the end of the Vesting Period, after confirmation of the Vesting Conditions and after determining the extent of vesting of the Award or Prorated Award;
“Vesting Period”	shall mean the three year period beginning on an Award Date and ending on the third anniversary thereof.



## 2 PURPOSE

---

The purpose of the Plan is to:

- I. align the interests of the Bank's key employees with the interests of the shareholders of the Bank;
- II. enhance market competitiveness for key roles; and
- III. retain key employees of the Bank.





## 3 GRANTS OF AWARDS UNDER THE PLAN

---

**3.1** Subject to the Plan Rules, the Committee shall, after receiving the recommendations of the CEO of the Bank, consider such recommendations and may in its absolute discretion decide to grant Awards, to all or none of the Eligible Employees so recommended in relation to:

- I. which Eligible Employees should participate in the Plan in any calendar year or period;
- II. the number of Shares to be comprised in an Award; and
- III. the Performance Conditions (if any) to be attached to an Award.

The Committee shall also confirm that each Eligible Employee is in the employment of the Bank and is not subject to a period of notice relating to the termination of such employment.

**3.2** Subject to the Plan Rules, and in relation to the grant of Awards to the CEO, the Board shall have absolute discretion in deciding the grant of Awards to the CEO in relation to:

- I. participation of the CEO in the Plan in any calendar year or period;
- II. the number of Shares to be comprised in the CEO's Award; and
- III. the Performance Conditions (if any) to be attached to the CEO's Award.

**3.3** The Committee shall provide to each Eligible Employee to whom an Award is granted an Award Certificate in which the number of Shares comprised in his Award is specified, and the Vesting Conditions applicable to his Award shall be noted.

**3.4** The amount of any compensation deemed to be received by any Participant as a result of this Plan shall not constitute compensation with respect to which any other employee benefits of such Participant are determined, including, without limitation, any end of service benefits or other benefits under any bonus, pension, profit sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board or the Committee.



## 4 PERFORMANCE CONDITIONS AND OTHER RESTRICTIONS APPLICABLE TO AWARDS

---

**4.1** Any Performance Conditions attached to Awards or Prorated Awards shall relate to the business of the Bank as a whole and shall be reasonable and fair.

**4.2** Whether the Performance Conditions have been satisfied at the end of the applicable Vesting Period shall be determined by the Committee based on the audited financial statements of the relevant year.

**4.3** Where, in the reasonable opinion of the Committee, the Performance Conditions attached to an Award or a Prorated Award become unreasonable or unfair for any reason it shall if appropriate amend such Performance Conditions (either in whole or in part) such that they are fair. The Committee shall then notify the Participant as soon as practicable of the amendments to the Performance Conditions attached to his Award or Prorated Award.

**4.4** The Committee shall be entitled to waive any Performance Conditions attached to an Award or a Prorated Award (either in whole or in part) at any time, with the exception of the Performance Conditions related to Awards for the CEO, in which case the Board shall be entitled to the waiver of such Performance Conditions.

**4.5** Any Participant who seeks to sell, transfer, pledge, hypothecate or otherwise encumber or dispose of an interest in an Award or a Prorated Award during the Vesting Period shall forfeit his Award in its entirety without further obligation on the part of the Bank.



## 5 VESTING OF AWARDS

---

**5.1** Subject to Rules 6 and 7 below, at the end of the Vesting Period applicable to an Award, provided the Service Condition is met, an Award will vest to the extent the Performance Conditions have been met as set out in the Award Certificate and such vested percentage of the Award shall be satisfied pursuant to Rule 8.

**5.2** The Committee shall determine the extent to which the Performance Conditions attached to an Award have been satisfied at the Vesting Date and shall notify the Participant through a written Vesting Notice of the percentage of the Award which has vested as soon as practicable following the Vesting Date.

**5.3** The Board shall determine the extent to which the Performance Conditions attached to the CEO's Awards have been satisfied at the Vesting Date and shall notify the CEO through a written Vesting Notice of the percentage of the Award which has vested as soon as practicable following the Vesting Date.

**5.4** Subject to Rules 6 and 7 below, if a Participant does not meet the Service Condition on the Vesting Date applicable to his Award, he shall forfeit his Award in its entirety.





## 6 AWARD IMPACT SCENARIOS AND EVENTS

---

**6.1 Capital Increase Through Granting Bonus Shares:** If the Bank increases its capital through granting bonus shares, the Award shall be adjusted to include the bonus shares, subject to the prevailing laws and regulations governing such capital increases through the granting of bonus shares in the Kingdom of Saudi Arabia, and subject to the extent to which the Performance Conditions attached to the original Award have been satisfied at the end of the Vesting Period as set out in the Award Certificate. In case there are any fractional shares as a result of the capital increase, the fraction shares will be grouped into a single portfolio on behalf of all of Participants, who would otherwise have been entitled to receive such fractional shares, and sold at the market price. Subsequently, the net cash proceeds of that sale shall be assigned to each respective Participant, based on their fractional share entitlements. Such proceeds, for Participants, shall only be released along with the Award, subject to satisfying the Award's Vesting Conditions as set out in the Award Certificate.

**6.2 Stock Split Without Capital Increase:** If the Bank splits its stock without increasing its capital, the Award shall be adjusted to include the split shares, subject to the prevailing laws and regulations governing such stock splits without capital increases in the Kingdom of Saudi Arabia, and subject to the extent to which the Performance Conditions attached to the original Award have been satisfied at the end of the Vesting Period as set out in the Award Certificate. In case there are any fractional shares as a result of the stock split, the fraction shares will be grouped into a single portfolio on behalf of all Participants, who would otherwise have been entitled to receive such fractional shares, and sold at the market price. Subsequently, the net cash proceeds of that sale shall be assigned to each respective Participant, based on their fractional share entitlements. Such proceeds, for Participants, shall only be released along with the Award, subject to satisfying the Award's Vesting Conditions as set out in the Award Certificate.

**6.3 Capital Increase Through Tradable Rights Issue:** If the Bank increases its capital through the issuance of tradable rights, the Award shall be adjusted based on the reasonable opinion of the Committee, where the impact of such an event shall be assessed by the Committee to ensure that the outcome is reasonable and fair for both the Participant and the Bank, subject to the prevailing laws and regulations governing such capital increases through the issuance of tradable rights in the Kingdom of Saudi Arabia, and subject to the extent to which the Performance Conditions attached to the original Award have been satisfied at the end of the Vesting Period as set out in the Award Certificate.

**6.4 Transfer to a Wholly Owned Subsidiary of the Bank:** If a Participant ceases to be an employee of the Bank prior to the end of the Vesting Period by reason of Transfer to a Wholly Owned Subsidiary of the Bank, an Award shall be payable, at the end of the Vesting Period applicable to his original Award, subject to the extent to which the Performance Conditions attached to the original Award have been satisfied at the end of the Vesting Period as set out in the Award Certificate.

**6.5 Death:** If a Participant ceases to be an employee of the Bank prior to the end of the Vesting Period by reason of death, an Award shall be payable, at the end of the Vesting Period applicable to his original Award, in accordance with Rule 13, subject to the extent to which the Performance Conditions attached to the original Award have been satisfied at the end of the Vesting Period as set out in the Award Certificate.



**6.6 Disability or Retirement:** If a Participant ceases to be an employee of the Bank prior to the end of the Vesting Period by reason of Disability or Retirement, he shall be entitled to a Prorated Award at the end of the Vesting Period applicable to the original Award in accordance with Rule 7, subject to the extent to which the Performance Conditions attached to the original Award have been satisfied at the end of the Vesting Period as set out in the Award Certificate. Notwithstanding the above, it will be a continuing condition during the remainder of the Vesting Period that a Participant who ceases to be an employee of the Bank prior to the end of the Vesting Period by reason of Disability or Retirement shall be prohibited from solicitation of employees of the Bank and to such other restrictions as the Bank may impose and notify to the Participant at the time he ceases to be an employee of the Bank. The Committee shall have absolute discretion in determining whether a Participant has solicited the employees of the Bank or has breached such other restriction during the remainder of the Vesting Period. Where it is determined that a Participant does subsequently solicit the employees of the Bank or breaches such other restriction during the remainder of the Vesting Period, his Prorated Award shall be forfeited.

**6.7 Redundancy:** If the Bank by reason of Redundancy terminates the employment of a Participant, he shall be entitled to a Prorated Award at the end of the Vesting Period applicable to his original Award in accordance with Rule 7, subject to the extent to which the Performance Conditions attached to the original Award have been satisfied at the end of the Vesting Period as set out in the Award Certificate. Notwithstanding the above, it will be a continuing condition during the remainder of the Vesting Period, that a Participant who is made redundant shall be prohibited from solicitation of employees of the Bank and to such other restrictions as the Bank may impose and notify to the Participant at the time he is informed of such Redundancy. The Committee shall have absolute discretion in determining whether a Participant has solicited the employees of the Bank or has breached such other restriction during the remainder of the Vesting Period. Where it is determined that a Participant does subsequently solicit the employees of the Bank or breaches such other restriction during the remainder of the Vesting Period, his Prorated Award shall be forfeited.

**6.8** Where the employment of a Participant is terminated by virtue of Disability, Retirement or Redundancy and the Participant subsequently dies before the end of the Vesting Period applicable to an Award, the provisions of Rule 6.5 shall take immediate effect. Rules 6.4, 6.5, 6.6 and 6.7 refer to cessation of employment where the Participant is referred to as a Good Leaver.

**6.9** If a Participant ceases to be employed by the Bank for any reason other than a reason contemplated by Rules 6.4, 6.5, 6.6 and 6.7 prior to the end of the Vesting Period applicable to an Award, or if prior to such date, he has been given notice by the Bank, or has himself given notice to the Bank of his cessation of employment with the Bank, the Participant's Award shall be immediately forfeited, unless the Committee determines otherwise and advises to that effect. With the exclusion of any exceptions determined by the Committee, Rule 6.9 refers to cessation of employment where the Participant is referred to as a Bad Leaver.



## 7 PRORATED AWARDS

---

**7.1** Where a Participant ceases to be employed by the Bank prior to the end of the Vesting Period applicable to an Award and is entitled to a Prorated Award, that Prorated Award shall be such proportion of his Award as relates to his period of employment during the relevant Vesting Period and shall be calculated as follows:

$$\frac{A}{B} \times C$$

Where:

A = the number of days during the Vesting Period during which the Participant was employed by the Bank

B = 1095

C = the number of Shares comprised in his Award

**7.2** A Prorated Award shall only be payable to the extent to which the Vesting Conditions attached to the original Award have been satisfied at the end of the applicable Vesting Period as set out in the Award Certificate.

**7.3** Prorated Awards shall be deemed to have replaced the Awards in the circumstances set out in these Plan Rules.





## 8 SATISFACTION OF AWARDS

---

**8.1** As soon as practicable following the end of the Vesting Period and (i) confirmation of the Vesting Conditions relating to an Award or a Prorated Award and (ii) determination of the extent to which such Award or Prorated Award has vested pursuant to these Plan Rules, the Committee will inform the Participant through a written Vesting Notice the vested percentage of the Award and the equivalent relevant number of vested Shares, as well as the net cash proceeds of the sale of any fractional share entitlements assigned to each respective Participant, based on their fractional share entitlements.

**8.2** The Bank will, as soon as practicable, exchange the relevant number of Shares in the Plan for listed ordinary shares in the Bank and will cause such listed ordinary shares to be transferred or delivered to the Participant in a manner to be determined by the Bank, as well as the net cash proceeds of the sale of any fractional share entitlements assigned to each respective Participant, based on their fractional share entitlements, subject always to the prevailing laws and regulations governing share transfers in the Kingdom of Saudi Arabia.



## 9 DISTRIBUTION OF FAIR MARKET VALUE

---

Where Fair Market Value is to be provided to the Participants pursuant to the terms of the Plan, the Bank will arrange for Fair Market Value to be distributed to the Participant within a time period of 35 days from date of the declaration of the financial year-end market value of the Bank.



## 10 VALUATION OF SHARES

---

The Fair Market Value of each Share is equal to the value of an ordinary share in the Bank.





## 11 ADMINISTRATION

---

The Plan shall be administered by the Committee in accordance with the Plan Rules as amended from time to time by the Committee, in accordance with Rule 12. The determination of the Committee in respect of any dispute arising under this Plan, including any questions of construction or interpretation thereof shall be final, binding, and conclusive upon all persons.



## 12 AMENDMENTS AND TERMINATION

---

The Committee may in its absolute discretion at any time and from time to time modify or amend, in whole or in part, any or all of the Plan Rules or suspend or terminate the Plan entirely, provided that such modification, amendment, suspension or termination would not prejudice any rights of existing Participants in respect of Awards or Prorated Awards in existence prior to such modification, amendment, suspension or termination, and provided that such modification, amendment, suspension or termination is also approved by the Board.

The Committee shall notify Participants as soon as reasonably practicable if the Plan is amended in any material respect or terminated.



## 13 DEATH OF A PARTICIPANT

---

Entitlements under the Plan, in the event of a Participant's death, shall be distributed in accordance with the laws of descent and distribution applicable in the relevant jurisdiction.





## 14 EMPLOYMENT RIGHTS

---

No provision of the Plan Rules shall give any Eligible Employee the right to become a Participant and an Award or Prorated Award under the Plan shall not be deemed to give any Participant any right to retention as an employee of the Bank.



## 15 NON-TRANSFERABILITY

---

A Participant's rights under the Plan may not be assigned, pledged, hypothecated or otherwise transferred except in the event of the Participant's death, where the provisions of Rule 13 shall apply.



## 16 EXPENSES

---

The expenses of administering the Plan shall be borne by the Bank.



## 17 SEVERABILITY OF PROVISIONS

---

If any provision of this Plan is, for any reason, held by any court or other competent authority of any jurisdiction to be illegal, invalid or unenforceable in whole or in part, the remaining provisions of this Plan shall continue to be valid and, if appropriate, the affected provision and the legality, validity or enforceability of such provision in any other jurisdiction shall be unaffected. Under any such circumstances, the Bank shall compensate a Participant for the loss of any rights due to the unenforceability of any provision.

Compensation shall only be paid in respect of vested Awards or Prorated Awards at the Fair Market Value of an Award as determined in accordance with Rule 10 prior to the date of the ruling.





## 18 GOVERNING LAW

---

This Plan shall be construed, administered and governed in all respects under and by the laws of the Kingdom of Saudi Arabia. Any dispute or difference hereunder or in relation to the Plan shall be subject to the exclusive jurisdiction of the Kingdom of Saudi Arabia's courts.



## 19 EFFECTIVE DATE

---

This Plan shall be effective as of the Adoption Date.



## 20 DATA PROTECTION

---

A Participant in the Plan will be deemed to have authorised:

- I. the release to the Bank of any personal information or data necessary in connection with the administration of the Plan;
- II. the Bank to obtain, hold or process personal data for the purposes of the Plan or provide the Bank (as is necessary) with any personal data relevant to the Plan (and the holding and processing of any personal data by the Bank); and
- III. the transfer of the personal data to any jurisdiction which the Bank considers appropriate as well the processing and storage of the personal data in such jurisdictions.



## 21 PURCHASING, SELLING AND TRANSFER OF SHARES

---

The CEO, for the purpose of administering the Plan, and subject to the prevailing laws and regulations in the Kingdom of Saudi Arabia, and subject to the budgetary limitations established by the Board, shall be authorized to:

- I. open, manage and close local banking and/or investment accounts and portfolios, including, but not limited to, portfolios of Murabaha (collectively the “Accounts”);
- II. place orders to buy shares of the Bank;
- III. place orders to sell or transfer shares of the Bank (upon satisfaction of the Awards, subject to the Plan Rules); and
- IV. delegate to other persons, including third parties, the authorities specified above.





## 22 SUBSIDIARIES OF THE BANK

---

Subsidiaries of the Bank may, based on a service-level agreement (SLA) between the Bank and any of its subsidiaries, duly signed by both companies, enrol their employees to participate in this Plan.

The Bank may, based on an SLA between the Bank and any of its subsidiaries, duly signed by both companies, purchase shares, on behalf of the concerned subsidiary, for the purpose of administering the independent plans of the subsidiary.



## CHAPTER 2: SHARES GRANTED UNDER THE ANNUAL PERFORMANCE BONUS PLAN – PLAN RULES - INTRODUCTION

---

SAMA Banks Remuneration Rules require that the Bank's compensation policies and practices and the incentives created for managing risk, capital and liquidity must be managed effectively, ensuring sufficient oversight measures, and for procedures to be established across the Bank's various levels, to ensure that all compensation practices and policies are aligned with prudent and effective risk-taking, and address the risks of misconduct.

Thus, and as a form of risk-mitigation, the Bank applies performance bonus deferral to the annual performance bonuses of Senior Executives, as well as to the annual performance bonuses of employees occupying senior roles that require SAMA's prior non-objection, as well as to the annual performance bonuses of those classified as 'Material Risk Takers' (MRTs).

Performance bonus deferral is the process by where the Bank defers at least 40% of a given year's performance bonus, which is then converted into Shares, and is kept in the custody of the bank for no less than 3 years (the vesting period).

Accordingly, and as a form of risk-mitigation, the bank may apply Remuneration Adjustment mechanisms to reduce or withdraw deferred bonus amounts in the event of misconduct. This allows Banque Saudi Fransi to adjust remuneration to account for risks that have subsequently occurred, including misconduct.



# 1 DEFINITIONS

---

In this Plan, the following words and expressions shall, where the context so admits, have the meanings set out below. Any reference herein to a statutory provision shall include a reference to that provision as amended or reenacted from time to time. Where the context so admits, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine.

"Adoption Date"	shall mean the 1 <sup>st</sup> of February, 2024, being the effective date on which this Plan was approved and adopted by the General Assembly of the Bank;
"Award"	shall mean an award of Shares by the Bank to a Participant in accordance with the terms and conditions of the Plan, as determined in accordance with Rule 2, and includes any dividends these Shares may accumulate while under the custody of the Bank;
"Award Certificate"	shall mean the certificate and/or bonus letter notifying the Participant of the grant of an Award and the Vesting Conditions applicable to such an Award;
"Award Date"	shall mean the date that a Participant is granted an Award, as specified in the Award Certificate;
"Bad Leaver"	Means, in accordance with Rule 5, a Participant who ceases employment with the Bank and who is not a Good Leaver;
"Bank"	shall mean Banque Saudi Fransi, a joint stock bank incorporated in the Kingdom of Saudi Arabia;
"Board"	shall mean the Board of Directors of the Bank;
"Committee"	shall mean the Nomination & Remuneration Committee of the Board, save that should any person obtain Control of the Bank, the Committee shall consist of the members of the Nomination & Remuneration Committee of the Board immediately prior to such Control being obtained;
"Control"	shall mean the ability to direct the activities of the Bank by virtue of holding greater than 50% of its equity;
"Disability"	shall mean any physical or mental condition that, as determined by the Board, or the Committee, or the CEO, as per the Human Resources Policy and in accordance with the Saudi labor law, renders a Participant



incapable of performing a role for which he is suited by reason of experience, training or education;

“Eligible Employee”	shall mean any person who is an employee of the Bank;
“Fair Market Value”	shall mean the market value of the Shares comprised in an Award as determined in accordance with Rule 7;
“Good Leaver”	shall mean a Participant whose employment with the Bank ceases for any of the following reasons: <ul style="list-style-type: none"><li>(i) Transfer to a Wholly Owned Subsidiary of the Bank;</li><li>(ii) Death;</li><li>(iii) Disability;</li><li>(iv) Redundancy;</li><li>(v) Retirement; or</li><li>(vi) any other reason as determined by the Committee.</li></ul>
“Initial Value”	shall mean the Fair Market Value of the Shares at the Award Date determined in accordance with Rule 8;
“CEO”	shall mean the duly appointed Chief Executive Officer (“CEO”) of the Bank from time to time (or where there is no CEO, the one who is substantially carrying out that function);
“Participant”	shall mean an Eligible Employee who has been approved to participate in the Plan and who has been granted an Award by the Bank, in accordance with Rule 2;
“Plan”	shall mean The Banque Saudi Fransi Shares Annual Performance Bonus Plan, herein contained;
“Plan Rules”	shall mean the rules which govern the Awards granted under the Plan as amended from time to time, in accordance with the provisions hereof;
“Redundancy”	shall mean the termination of employment, other than for cause (as defined under the Saudi labor law), of a Participant by the Bank for valid reasons which shall include, but are not limited to, a reduction in workforce, as determined by the Board, or the Committee, or the CEO, as per the Human Resources Policy and in accordance with the Saudi labor law;
“Retirement”	shall mean the cessation of a Participant’s employment, other than for cause (as defined under the Saudi labor law), with the Bank, upon





reaching the age of sixty (60), unless otherwise mutually agreed upon by the Bank and the Participant in a fixed term contract. In this scenario, 'Retirement' is not considered to take place until such time the fixed term contract, any amendment or renewal of the fixed term contract has terminated;

- "Sale of the Bank" shall mean the sale of the shares in the Bank by the Bank, or any subsequent majority shareholder, such that the purchaser owns not less than 50% of the Bank;
- "Service Condition" shall mean the requirement that a Participant remains in employment with the Bank throughout the Vesting Period applicable to an Award. Awards, however, are liable to be withdrawn or reduced in cases of misconduct, as per the terms of the Bank's Human Resources Policy, and in line with the Bank's DoA;
- "Shares" shall mean the shares comprising an Award;
- "Vesting Conditions" shall mean the Service Condition;
- "Vesting Notice" shall mean the notification sent from the Bank to the Participant following the end of the Vesting Period or the Vesting Date, after confirmation of the Vesting Conditions and after determining the extent of vesting of the Award;
- "Vesting Period" shall mean the three year period beginning on an Award Date and ending on the third anniversary thereof, where the Award vests in a staged manner over 3 years, as per the Vesting Schedule.
- "Vesting Schedule" shall mean the schedule throughout the three year Vesting Period, which determines when the Award vests. As per the Vesting Schedule, the Award is released in a phased manner over 3 years, in three installments, where a third of the Award vests and would be released each subsequent year following the Award Date. Thus, the Vesting Schedule is comprised of 3 Vesting Dates and is captured in the Award Certificate.
- "Vesting Date" shall mean one of the 3 Vesting Dates that comprise a Vesting Schedule, when a third of the Award vests and is released. The Vesting Dates are captured as part of the Vesting Schedule in the Award Certificate.



## 2 GRANTS OF AWARDS UNDER THE PLAN

---

**2.1** Subject to the terms of the Bank's Human Resources Policy, and in line with the Bank's DoA, the Bank may, in its absolute discretion, provide performance-based variable remuneration to its Eligible Employees under the annual performance bonus plan.

**2.2** Subject to the terms of the Bank's Human Resources Policy, and in line with the Bank's DoA, and as a form of risk-mitigation, the Bank applies performance bonus deferral to the annual performance bonuses of Senior Executives, as well as to the annual performance bonuses of employees occupying senior roles that require SAMA's prior non-objection, as well as to the annual performance bonuses of those classified as 'Material Risk Takers' (MRTs), where:

- I. At least 40% is taken from the Annual Performance Bonus, and is converted to shares.
- II. Certain employees may be subject to a rate higher than 40%, which shall be determined by taking into account the individual's role, function, and overall total compensation and compensation structure, in order to meet SAMA's remuneration ratios, in line with SAMA Banks Remuneration Rules, and in line with the Bank's DoA.
- III. The quantity of shares shall be determined based on the average Bank share price of the last quarter of the same performance year relevant to the annual performance bonus.
- IV. As the shares vest, they shall also accumulate dividends which shall only be released along with the vested relevant shares, of the relevant portions of deferred bonuses, as per the Vesting Schedule.

**2.3** The Bank shall provide each Eligible Employee to whom an Award is granted an Award Certificate in which the number of Shares comprised in his Award is specified, and the Vesting Conditions applicable to his Award shall be noted.

**2.4** In cases of misconduct, and subject to the terms of the Bank's Human Resources Policy, and in line with the Bank's DoA, and as a form of risk-mitigation, the Bank may apply remuneration adjustment mechanisms, through "In-year Adjustment", or "Malus", or "Clawback" arrangements, to the Awards of Senior Executives, the Awards of employees occupying senior roles that require SAMA's prior non-objection, as well as the Awards of those classified as 'Material Risk Takers' (MRTs).

**2.5** The amount of any compensation deemed to be received by any Participant as a result of this Plan shall not constitute compensation with respect to which any other employee benefits of such Participant are determined, including, without limitation, any end of service benefits or other benefits under any bonus, pension, profit sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board or the Committee.



## 3 RESTRICTIONS APPLICABLE TO AWARDS

---

**3.1** Any Participant who seeks to sell, transfer, pledge, hypothecate or otherwise encumber or dispose of an interest in an Award during the Vesting Period shall forfeit his Award in its entirety without further obligation on the part of the Bank.



## 4 VESTING OF AWARDS

---

**4.1** Subject to Rule 5, on the Vesting Date applicable to an Award, provided the Service Condition is met, an Award will vest as per the Vesting Schedule, as set out in the Award Certificate, and pursuant to Rule 6.

**4.2** Subject to Rule 5, if a Participant does not meet the Service Condition on the Vesting Date applicable to his Award, he shall forfeit his Award in its entirety.





## 5 AWARD IMPACT SCENARIOS AND EVENTS

---

**5.1 Capital Increase Through Granting Bonus Shares:** If the Bank increases its capital through granting bonus shares, the Award shall be adjusted to include the bonus shares, subject to the prevailing laws and regulations governing such capital increases through the granting of bonus shares in the Kingdom of Saudi Arabia, and subject to the Vesting Schedule applicable to the Award, as set out in the Award Certificate. In case there are any fractional shares as a result of the capital increase, the fraction shares will be grouped into a single portfolio on behalf of all Participants, who would otherwise have been entitled to receive such fractional shares, and sold at the market price. Subsequently, the net cash proceeds of that sale shall be assigned to each respective Participant, based on their fractional share entitlements. Such proceeds, for Participants, shall only be released along with the Award, subject to satisfying the Award's Vesting Conditions, and subject to the Vesting Schedule applicable to the Award, as set out in the Award Certificate.

**5.2 Stock Split Without Capital Increase:** If the Bank splits its stock without increasing its capital, the Award shall be adjusted to include the split shares, subject to the prevailing laws and regulations governing such stock splits without capital increases in the Kingdom of Saudi Arabia, and subject to the Vesting Schedule applicable to the Award, as set out in the Award Certificate. In case there are any fractional shares as a result of the stock split, the fraction shares will be grouped into a single portfolio on behalf of all Participants, who would otherwise have been entitled to receive such fractional shares, and sold at the market price. Subsequently, the net cash proceeds of that sale shall be assigned to each respective Participant, based on their fractional share entitlements. Such proceeds, for Participants, shall only be released along with the Award, subject to satisfying the Award's Vesting Conditions, and subject to the Vesting Schedule applicable to the Award, as set out in the Award Certificate.

**5.3 Capital Increase Through Tradable Rights Issue:** If the Bank increases its capital through the issuance of tradable rights, the Award shall be adjusted based on the reasonable opinion of the Committee, where the impact of such an event shall be assessed by the Committee to ensure that the outcome is reasonable and fair for both the Participant and the Bank, subject to the prevailing laws and regulations governing such capital increases through the issuance of tradable rights in the Kingdom of Saudi Arabia, and subject to the Vesting Schedule applicable to the Award, as set out in the Award Certificate.

**5.4 Transfer to a Wholly Owned Subsidiary of the Bank:** If a Participant ceases to be an employee of the Bank prior to the end of the Vesting Period by reason of Transfer to a Wholly Owned Subsidiary of the Bank, the Award shall be payable, as per the Vesting Schedule applicable to the Award, as set out in the Award Certificate.

**5.5 Death:** If a Participant ceases to be an employee of the Bank prior to the end of the Vesting Period by reason of Death, the Award shall be payable, as per the Vesting Schedule applicable to the Award, as set out in the Award Certificate, and in accordance with Rule 11.

**5.6 Disability or Retirement:** If a Participant ceases to be an employee of the Bank prior to the end of the Vesting Period by reason of Disability or Retirement, the Award shall be payable, as per the Vesting Schedule applicable to the Award, as set out in the Award Certificate. Notwithstanding the above, it will be a continuing condition during the remainder of the Vesting Period that a Participant



who ceases to be an employee of the Bank prior to the end of the Vesting Period by reason of Disability or Retirement shall be prohibited from solicitation of employees of the Bank and to such other restrictions as the Bank may impose and notify to the Participant at the time he ceases to be an employee of the Bank. The Committee shall have absolute discretion in determining whether a Participant has solicited the employees of the Bank or has breached such other restriction during the remainder of the Vesting Period. Where it is determined that a Participant does subsequently solicit the employees of the Bank or breaches such other restriction during the remainder of the Vesting Period, his Award shall be forfeited.

**5.7 Redundancy:** If the Bank by reason of Redundancy terminates the employment of a Participant, the Award shall be payable, as per the Vesting Schedule applicable to the Award, as set out in the Award Certificate. Notwithstanding the above, it will be a continuing condition during the remainder of the Vesting Period, that a Participant who is made redundant shall be prohibited from solicitation of employees of the Bank and to such other restrictions as the Bank may impose and notify to the Participant at the time he is informed of such Redundancy. The Committee shall have absolute discretion in determining whether a Participant has solicited the employees of the Bank or has breached such other restriction during the remainder of the Vesting Period. Where it is determined that a Participant does subsequently solicit the employees of the Bank or breaches such other restriction during the remainder of the Vesting Period, his Award shall be forfeited.

**5.8** Where the employment of a Participant is terminated by virtue of Disability, Retirement or Redundancy and the Participant subsequently dies before the end of the Vesting Period applicable to an Award, the provisions of Rule 5.5 shall take immediate effect. Rules 5.4, 5.5, 5.6 and 5.7 refer to cessation of employment where the Participant is referred to as a Good Leaver.

**5.9** If a Participant ceases to be employed by the Bank for any reason other than a reason contemplated by Rules 5.4, 5.5, 5.6 and 5.7 prior to the end of the Vesting Period applicable to an Award, or if prior to such date, he has been given notice by the Bank, or has himself given notice to the Bank of his cessation of employment with the Bank, the Participant's Award shall be immediately forfeited, unless the Committee determines otherwise and advises to that effect. With the exclusion of any exceptions determined by the Committee, Rule 5.9 refers to cessation of employment where the Participant is referred to as a Bad Leaver.



## 6 SATISFACTION OF AWARDS

---

**6.1** As soon as practicable following the end of the Vesting Period or a Vesting Date and (i) confirmation of the Vesting Conditions relating to an Award and (ii) determination of the extent to which such Award has vested pursuant to these Plan Rules, and in accordance with the Vesting Schedule, the Bank will inform the Participant through a written Vesting Notice the vested percentage of the Award and the equivalent relevant number of vested Shares, and any dividends those Shares may have accumulated while in the custody of the Bank, as well as the net cash proceeds of the sale of any fractional share entitlements assigned to each respective Participant, based on their fractional share entitlements.

**6.2** The Bank will, as soon as practicable, exchange the relevant number of Shares in the Plan for listed ordinary shares in the Bank and will cause such listed ordinary shares to be transferred or delivered to the Participant, along with any dividends those Shares may have accumulated while in the custody of the Bank, as well as the net cash proceeds of the sale of any fractional share entitlements assigned to each respective Participant, based on their fractional share entitlements, in a manner to be determined by the Bank, subject always to the prevailing laws and regulations governing share transfers in the Kingdom of Saudi Arabia.



## 7 DISTRIBUTION OF FAIR MARKET VALUE

---

Where Fair Market Value is to be provided to the Participants pursuant to the terms of the Plan, the Bank will arrange for Fair Market Value to be distributed to the Participant within a time period of 35 days from date of the declaration of the financial year-end market value of the Bank.





## 8 VALUATION OF SHARES

---

The Fair Market Value of each Share is equal to the value of an ordinary share in the Bank.



## 9 ADMINISTRATION

---

The Plan shall be administered by the Committee in accordance with the Plan Rules as amended from time to time by the Committee, in accordance with Rule 10. The determination of the Committee in respect of any dispute arising under this Plan, including any questions of construction or interpretation thereof shall be final, binding, and conclusive upon all persons.



## 10 AMENDMENTS AND TERMINATION

---

The Committee may in its absolute discretion at any time and from time to time modify or amend, in whole or in part, any or all of the Plan Rules or suspend or terminate the Plan entirely, provided that such modification, amendment, suspension or termination would not prejudice any rights of existing Participants in respect of Awards in existence prior to such modification, amendment, suspension or termination, and provided that such modification, amendment, suspension or termination is also approved by the Board.

The Committee shall notify Participants as soon as reasonably practicable if the Plan is amended in any material respect or terminated.



## 11 DEATH OF A PARTICIPANT

---

Entitlements under the Plan, in the event of a Participant's death, shall be distributed in accordance with the laws of descent and distribution applicable in the relevant jurisdiction.





## 12 EMPLOYMENT RIGHTS

---

No provision of the Plan Rules shall give any Eligible Employee the right to become a Participant and an Award under the Plan shall not be deemed to give any Participant any right to retention as an employee of the Bank.



## 13 NON-TRANSFERABILITY

---

A Participant's rights under the Plan may not be assigned, pledged, hypothecated or otherwise transferred except in the event of the Participant's death, where the provisions of Rule 11 shall apply.



## 14 EXPENSES

---

The expenses of administering the Plan shall be borne by the Bank.



## 15 SEVERABILITY OF PROVISIONS

---

If any provision of this Plan is, for any reason, held by any court or other competent authority of any jurisdiction to be illegal, invalid or unenforceable in whole or in part, the remaining provisions of this Plan shall continue to be valid and, if appropriate, the affected provision and the legality, validity or enforceability of such provision in any other jurisdiction shall be unaffected. Under any such circumstances, the Bank shall compensate a Participant for the loss of any rights due to the unenforceability of any provision.

Compensation shall only be paid in respect of vested Awards at the Fair Market Value of an Award as determined in accordance with Rule 8 prior to the date of the ruling.



## 16 GOVERNING LAW

---

This Plan shall be construed, administered and governed in all respects under and by the laws of the Kingdom of Saudi Arabia. Any dispute or difference hereunder or in relation to the Plan shall be subject to the exclusive jurisdiction of the Kingdom of Saudi Arabia's courts.





## 17 EFFECTIVE DATE

---

This Plan shall be effective as of the Adoption Date.



## 18 DATA PROTECTION

---

A Participant in the Plan will be deemed to have authorised:

- I. the release to the Bank of any personal information or data necessary in connection with the administration of the Plan;
- II. the Bank to obtain, hold or process personal data for the purposes of the Plan or provide the Bank (as is necessary) with any personal data relevant to the Plan (and the holding and processing of any personal data by the Bank); and
- III. the transfer of the personal data to any jurisdiction which the Bank considers appropriate as well the processing and storage of the personal data in such jurisdictions.



## 19 PURCHASING, SELLING AND TRANSFER OF SHARES

---

The CEO, for the purpose of administering the Plan, and subject to the prevailing laws and regulations in the Kingdom of Saudi Arabia, and subject to the budgetary limitations established by the Board, shall be authorized to:

- I. open, manage and close local banking and/or investment accounts and portfolios, including, but not limited to, portfolios of Murabaha (collectively the “Accounts”);
- II. place orders to buy shares of the Bank;
- III. place orders to sell or transfer shares of the Bank (upon satisfaction of the Awards, subject to the Plan Rules); and
- IV. delegate to other persons, including third parties, the authorities specified above.



## 20 SUBSIDIARIES OF THE BANK

---

Subsidiaries of the Bank may, based on a service-level agreement (SLA) between the Bank and any of its subsidiaries, duly signed by both companies, enrol their employees to participate in this Plan.

The Bank may, based on an SLA between the Bank and any of its subsidiaries, duly signed by both companies, purchase shares, on behalf of the concerned subsidiary, for the purpose of administering the independent plans of the subsidiary.