



**Middle East Paper Company**

**Remuneration Policy for Board Members & Executive  
Management**

## Document Review and Approval

### Document Reference & Control:

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## Abbreviations

| Acronyms     | Full Form                        |
|--------------|----------------------------------|
| <b>BoD</b>   | Board of Directors               |
| <b>CGR</b>   | Corporate Governance Regulations |
| <b>CMA</b>   | Capital Market Authority         |
| <b>MEPCO</b> | Middle East Paper Company        |
| <b>SAR</b>   | Saudi Riyal                      |

## Definitions

| Words                                       | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Articles of Association/ Bylaws/ AoA</b> | Articles of Association of MEPCO                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Authority</b>                            | Capital Market Authority                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Board or Board of Directors</b>          | Board of Directors of the Middle East Paper Company.                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Capital Market Authority</b>             | The regulatory authority in Saudi Arabia responsible for overseeing the capital markets, including listed companies.                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Companies Law</b>                        | Companies Law issued by Royal Decree No. (M/132) dated 1/12/1443 AH and its amendments                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Company or MEPCO</b>                     | Middle East Paper Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Competent Authorities</b>                | Any regulatory, governmental, supervisory, and semi-governmental bodies or agencies within the Kingdom of Saudi Arabia or any other jurisdiction where the Company or its subsidiaries operate, that have legal authority over the Company's operations, governance, financial reporting, and commercial conduct. This includes, but not limited to, CMA, Ministry of Commerce, GOSI, Ministry of Human Resource and Social Development, Zakat, Tax and & Custom Authority etc.          |
| <b>Conflict of Interest</b>                 | Conflict of interest is a situation where the personal interest of an individual interferes in any way - or even appears to interfere with the interests of the Company as a whole.                                                                                                                                                                                                                                                                                                      |
| <b>Corporate Governance</b>                 | Rules to lead and guide the Company that includes mechanisms to regulate the various relationships between the Board, Executive Management, shareholders and Stakeholders, by establishing rules and procedures to facilitate the decision-making process and add transparency and credibility to it with the objective of protecting the rights of shareholders and Stakeholders and achieving fairness, competitiveness and transparency on the Exchange and the business environment. |

| Words                                                    | Definition                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Corporate Governance Regulations</b>                  | Corporate Governance Regulations issued by the Capital Market Authority pursuant to Resolution No. 8162017 dated 16/05/1438H corresponding to 13/02/2017G and its amendments.                                                                                                                   |
| <b>Executive Management/ Senior Executives / C-Suite</b> | Persons responsible for managing the daily operations of MEPCO, proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her direct reporters.                                                                                                            |
| <b>General Assembly or Assembly</b>                      | An assembly formed of the Company's shareholders duly convened in accordance with the provisions of the Companies Law and its implementing regulations and the Company's AoA.                                                                                                                   |
| <b>Market</b>                                            | Saudi Stock Exchange 'Tadawul'                                                                                                                                                                                                                                                                  |
| <b>Independent Director</b>                              | A non-executive Member of the Board who enjoys complete independence in his/her position and decisions and none of the issues affecting independence stipulated in Article 19 of CGR apply to him/her.                                                                                          |
| <b>Non-Executive Director</b>                            | A member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities.                                                                                                                                                     |
| <b>Executive Director</b>                                | A Member of the Board who is a full-time Member of the Executive Management team of MEPCO and participates in its daily activities. <sup>1</sup>                                                                                                                                                |
| <b>Policy</b>                                            | The Remuneration Policy for Board Members and Executive Management                                                                                                                                                                                                                              |
| <b>Remuneration</b>                                      | 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 Company to enable the Board member to perform his / her duties. |

*The definitions and terms in the relevant laws and regulations issued by the Competent Authorities shall apply to any words or phrases not defined in this Policy.*

<sup>1</sup> CGR Article 1.

## 1. Introduction

Middle East Paper Company (“MEPCO” or the “Company”) is dedicated to maintaining the highest ethical standards and ensuring full compliance with the applicable laws and regulations in the Kingdom of Saudi Arabia (KSA). In pursuit of these objectives, the Company has established this Remuneration Policy for Board Members & Executive Management to guide remuneration practices and ensure transparency, fairness, and accountability in all dealings. This Policy aligns with all applicable laws and regulations and aims to support MEPCO’s strategic objectives and governance standards.

### 1.1 Scope

This Policy applies to the conditions, criteria, and procedures followed when granting Remuneration to Board, Board Committees’ and Executive Management.

### 1.2 Objectives

This Policy aims to establish a fair, transparent, and performance-driven Remuneration framework for MEPCO’s Board of Directors, Board Committee Members, and Executive Management.

### 1.3 Custodian

It is the responsibility of the Board to own and maintain the Policy through its Secretary and ensure its adequacy to cater with the changes in business conditions and regulatory requirements. This Policy shall be implemented in a manner that does not contradict the provisions of the Company’s Bylaws.

The Secretary shall periodically review and update the Policy, in consultation with the GRC department, to ensure that it is relevant and aligned to applicable laws & regulations. The Policy shall be reviewed once every four (4) years or more frequently if deemed necessary.

This Policy may only be amended based on an endorsement from the Board of Directors. Any proposed amendment shall not take effect until approved by the General Assembly of the Company, unless otherwise stipulated by the laws, regulations, and directives issued by the Competent Authorities.

## 2. General Criteria for Granting Remuneration:

Without prejudice to the statutory requirements and the Company's AoA, the Remuneration of the Board and its Committee Members, and the Executive Management is subject to the following criteria:

1. Aligned with the Company’s strategy, objectives, and risk exposure.
2. Encourage long-term Company success by linking variable Remuneration to performance.
3. Based on job level, assigned tasks, qualifications, experience, skills, and performance.
4. Benchmarked against industry practices without leading to excessive compensation.
5. Designed to attract and retain talented professionals.
6. Developed in coordination with the Nomination & Remuneration Committee.
7. Include provisions for suspending or recovering Remuneration if it was granted based on inaccurate information, and/or unlawful acts.
8. Regulate the granting of shares to Board Members and Executive Management.

### 3. Remuneration of Board, Board Committee Members and Executive Management

The following guidelines establish the rules and conditions governing the compensation of the Board of Directors, its Committee members, and Executive Management ensuring compliance with the Companies Law, its regulations, and the Company's Articles of Association.

#### 3.1 Remuneration for Board and Board Committee Members

1. The Company's Articles of Association shall determine the Remuneration of Members of the Board of Directors, provided that the amount received by each member does not exceed the limitations stipulated in Companies Law and its regulations. The Remuneration and attendance allowance of the Board Committee Members shall be determined by the regulations of the respective committees.
2. Board and Committee Members Remuneration should be directly linked to members' attendance, participation, competencies, skills, experience and contribution to meetings and related activities.
3. Remuneration must be fair, reasonable, and proportionate to each member's responsibilities, tasks, and the strategic objectives set by the Board of Directors.
4. The Remuneration shall be based on the recommendation of the Nomination & Remuneration Committee of the Company.
5. Independent Board Members' Remuneration should not be a percentage of the Company's profits or directly or indirectly based on the Company's profitability.
6. A Board Member may receive Remuneration for any executive, technical, administrative, or advisory roles they are licensed for within the Company. This is in addition to their compensation as a Board or Committee Member, in compliance with the Companies Law and the Company's AoA.
7. The Board Members and their Committee Members may receive reimbursement of reasonable expenses incurred in line of their performance of duties
8. If the General Assembly decides to terminate the membership of a Board Member due to his/her absence from three (3) consecutive meetings without a valid excuse, this member shall not be entitled to any Remuneration for the period following the last meeting he/she attended and must return all Remuneration received for that period.
9. If the Audit Committee or the Capital Market Authority determines that a Board Member's Remuneration was granted based on incorrect or misleading information provided to the General Assembly or included in the Board's annual report, the member must return the amount to the Company.

#### 3.2 Remuneration for Executive Management

1. The Board of Directors defines the types of remuneration for Senior Executives, including fixed, performance-based, and share-based compensation, ensuring compliance the Company's Law, Code of Corporate Governance, the Company's Bylaws, their contracts, and all other relevant regulations.
2. The remuneration shall be based on the recommendation of the Nomination & Remuneration Committee of the Company.
3. The Executive Management may receive reimbursement of reasonable expenses incurred in line with their performance of duties.
4. Performance assessment criteria shall include a range of short- and long-term objectives, liquidity, solvency, profitability, and growth, ensuring the performance assessment metrics are effectively cascaded across all levels including business units and employees.

5. The application of performance criteria for Senior Executives' remuneration is regularly monitored to ensure alignment and appropriateness with the remuneration granted.
6. Remuneration is designed to enhance competitiveness, attracting and retaining skilled employees while maintaining the expertise required by the Company.

#### 4. Granting Compensation in the Form of Shares

The Company may grant compensation in the form of shares to Senior Executives, and employees of the Company, subject to the following stipulations:

1. Such shares shall be acquired and allocated in strict compliance with the regulations prescribed by the Capital Market Authority.
2. The Company's Articles of Association must explicitly authorize the granting of shares as compensation to its employees.
3. The implementation of any employee stock program shall be contingent upon the approval of the Extraordinary General Assembly, which may delegate to the Board of Directors the authority to determine the terms and conditions of such a program, including, where applicable, the allocation price of shares offered to employees.
4. The Board of Directors shall disclose, in its annual report, detailed information concerning the shares held by the Company for the purpose of the employee stock program, as well as their utilization.
5. Non-Executive Directors shall not be eligible to participate in any employee stock program, whereas executive members, if any, shall be entitled to vote on Board resolutions pertaining to such programs.

#### 5. Role of the Nomination & Remuneration Committee

The Nomination & Remuneration Committee is responsible for approving, monitoring and reviewing the remuneration system to ensure that it remains valid and updated. Further the Nomination & Remuneration Committee is responsible for the following:

##### 5.1 Policy Formulation:

The Committee shall formulate and maintain a comprehensive and transparent Policy governing the compensation of members of the Board of Directors, Board Committees established thereby, and the Executive Management. The Policy shall be submitted to the Board of Directors for their due consideration, with the ultimate objective of securing its adoption and ratification by the General Assembly.

##### 5.2 Relationship Clarification:

The Committee shall articulate with precision the nexus between the compensation awarded and the prevailing Policy. Furthermore, the Committee shall be responsible for identifying and reporting any material deviations or inconsistencies between the compensation practices and the established Policy framework.

##### 5.3 Periodic Evaluation:

The Committee shall conduct periodic evaluations of the Policy, with the aim of assessing its efficacy and effectiveness in achieving its predetermined objectives. This evaluation shall encompass a comprehensive analysis of the Policy's impact on attracting, retaining, and motivating qualified personnel, as well as its alignment with the Company's strategic goals and performance.

##### 5.4 Compensation Recommendations:

The Committee shall formulate and submit recommendations to the Board of Directors regarding the appropriate compensation for Board and its Committee Members and Senior Executives of the

Company. These recommendations shall be with the approved Policy and shall consider relevant factors such as individual performance, experience, and market conditions.

## 6. Annual Disclosure

The Board’s report shall provide detailed disclosures on remuneration granted to Board and its Committee Members, and Executive Management, ensuring full transparency and accountability.

The report submitted by the Board of Directors to the General Assembly at its annual meeting shall include 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 their capacity as employees or executives, or in exchange for technical, administrative, or consulting services as well as an account of the number of board meetings and the number of meetings attended by each member.<sup>2</sup>

## 7. Reference Documents

The reference documents are as follows:

| Sr No. | Name of Documents                                                  |
|--------|--------------------------------------------------------------------|
| 1.     | Nomination & Remuneration Committee Charter                        |
| 2.     | Confidentiality, Transparency and Disclosure of Information Policy |

## 8. Remuneration Schedule

The remuneration schedule is as follows (Illustrative):

| Position                | Fixed Remuneration (SAR) | Variable Remuneration (SAR) | Attendance & Other Allowance (SAR) | Total (SAR) |
|-------------------------|--------------------------|-----------------------------|------------------------------------|-------------|
| Board Chair             |                          |                             |                                    |             |
| Board Members           |                          |                             |                                    |             |
| Committee Chair         |                          |                             |                                    |             |
| Committee Members       |                          |                             |                                    |             |
| Chief Executive Officer |                          |                             |                                    |             |
| Chief Financial Officer |                          |                             |                                    |             |

## 9. Legislative Background

This Policy has been prepared in accordance with:

1. The Corporate Governance Regulations (CGR) issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/5/1438H (13/2/2017G), as amended
2. The Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H, and amended by Resolution of the Board of the Capital Market Authority No. 8-5-2023 dated 25/6/1444H (18/1/2023G), based on the Companies Law issued by Royal Decree No. M/132 dated 1/12/1443H; and

<sup>2</sup> Article 76 (2) of CL

3. The laws and regulations applicable to the Middle East Paper Company (MEPCO) as a listed company (Open Joint-Stock Company), as well as its Articles of Association.

## 10. Disclaimer

The references to laws, regulations, and guidelines in this document, including but not limited to the Corporate Governance Regulations (CGR) issued by the Capital Market Authority (CMA) and the Companies Law of the Kingdom of Saudi Arabia, are provided for informational purposes only. These references are intended to align the policies and procedures of Middle East Paper Company (“MEPCO” or the “Company”) with applicable legal and regulatory requirements. However, this document does not constitute legal advice, nor does it replace or supersede the official texts of the laws, regulations, or guidelines referenced herein.

In the event of any discrepancy or conflict between the content of this document and the official laws, regulations, or guidelines of the Kingdom of Saudi Arabia, the official laws, regulations, and guidelines shall prevail. The Company reserves the right to update or amend this document to ensure continued compliance with any changes in applicable laws, regulations, or governance standards.

---- End of the Document ---

# Comparison and New Sections

| Article No./Title<br>(Old Regulation) | Before amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Article No./Title<br>(New Regulation) | After amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Notes                 |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
|                                       | Remuneration policy for members of the Board of Directors, committees, and executive management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                       | Remuneration Policy for Board Members and Executives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |
| Article One:<br>Definitions           | <p>“Subject to the definitions set forth in the Market Terms Regulation and the amended Corporate Governance Regulations, the following words and phrases shall have the meanings shown beside each of them unless the context requires otherwise. Company: Middle East Paper Co. (MEPCO). Board: the Board of Directors of Middle East Paper Co. Authority: the Capital Market Authority. Market: the Saudi Stock Exchange. Companies Law: the Companies Law issued by Royal Decree No. (M/3) dated 28-01-1437H, as amended. Articles of Association: the Articles of Association of Middle East Paper Co. (MEPCO). Corporate Governance Regulations: the Corporate Governance Regulations issued by the Capital Market Authority under Resolution No. 8-16-2017 dated 16/05/1438H (13/02/2017G), as amended. General Assembly / Shareholders’ Assembly: the assembly formed from the Company’s shareholders pursuant to the Companies Law and the Articles of Association. Regulation: the Policy on Remuneration of Board Members, committees, and Executive Management. Remuneration: amounts, allowances, profits and the like; periodic or annual performance-linked rewards; short- or long-term incentive plans; and any other in-kind benefits, excluding reasonable actual expenses borne by the Company for a Board member to perform his duties. Senior Executives: persons responsible for managing daily operations, proposing and implementing strategic decisions, such as the CEO and his deputies and the CFO. Non-Executive Member: a Board member who is not dedicated to managing the Company and does not participate in its daily work. Independent Member: a non-executive Board member who enjoys full independence in his position and decisions and to whom none of the independence impediments stipulated in Article Twenty of this Regulation apply. Conflict of Interest: the situation or position that ... (full definition as in the Regulation).”</p> | Definitions                           | <p>“Terms/Definitions: Articles of Association; the Authority (defined as the regulatory body ...); Companies Law (Royal Decree M/132 and its amendments); the Company or MEPCO; the Competent Authority (inclusive definition of relevant regulators); Conflict of Interest; Corporate Governance; Corporate Governance Regulations; Executive Management; General Assembly; Market (Tadawul); Independent Member; Non-Executive Member; Executive Member; the Policy (Remuneration Policy for Board Members, committees, and Executive Management); Remuneration. Terms not defined herein shall have the meanings given in applicable laws and regulations.”</p> | Modified/Restructured |

| Article No./Title<br>(Old Regulation)          | Before amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Article No./Title<br>(New Regulation)     | After amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Notes                 |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Article Two:<br>Preface                        | “This Policy and Standards on Remuneration ... is prepared in accordance with the Companies Law and its regulations, the Articles of Association, and the requirements of the Corporate Governance Regulations. It sets the controls and procedures for granting remuneration to Board members, Board committees, and Senior Executives. This Policy may not be amended except upon a Board recommendation ... and any amendment shall not take effect until approved by the General Assembly ...” | Introduction +<br>Scope + Policy<br>Owner | “Introduction: MEPCO commits to the highest ethical standards and full compliance with the Kingdom’s regulations ... This Policy aims to steer remuneration practices and ensure transparency, fairness, and accountability ... and to support strategic objectives and sound governance. Scope: applies to the terms, standards, and procedures for granting remuneration to the Board, its committees, and Executive Management. Policy Owner: the Board (through the Corporate Secretary) is responsible for the Policy’s fitness and periodic review (every four years or as needed) in consultation with Governance, Risk, and Compliance; no amendments except by Board resolution and General Assembly approval unless regulations provide otherwise.” | Modified/Restructured |
| Article Three:<br>Purpose of the<br>Regulation | “This Regulation aims to set clear standards and procedures ... for remuneration of Board members, committees, and Senior Executives ... to attract competent individuals ...”                                                                                                                                                                                                                                                                                                                     | Objectives                                | “The Policy aims to establish a fair, transparent, performance-based framework for remuneration of Board members, committees, and Executive Management; align pay with the Company’s strategy and risk management; support governance; and serve the interests of shareholders and stakeholders.”                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Modified/Restructured |

| Article No./Title<br>(Old Regulation)                              | Before amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Article No./Title<br>(New Regulation)                                                                                          | After amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Notes                 |
|--------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Article Four:<br>Criteria for granting remuneration and allowances | <p>“General criteria: (1) Alignment with the Company’s strategy, objectives, and risks. (2) Linking the variable component to long-term performance. (3) Setting remuneration according to job level, duties, qualifications, experience, skills, and performance. (4) Considering peer practices without unjustified increases. (5) Attracting, retaining, and motivating talent without exaggeration. (6) Preparing remuneration in coordination with the Nominations Committee for new appointments. (7) Stipulating clawback/forfeiture in case of inaccurate information. (8) Governing share-based grants for Board members and Executive Management. Board &amp; committees remuneration: set by the Articles of Association within the Companies Law limits; linked to attendance, participation, and effectiveness ... independent members’ remuneration not linked to profits ... possibility of remuneration for other licensed roles ... reimbursement of reasonable expenses ... clawback where granted based on inaccurate information. Senior Executives: determined by the Board (fixed/performance/share-based) per regulations; based on Committee recommendation; reimbursement of reasonable expenses; short- and long-term performance metrics (profitability, solvency, liquidity, growth) applied across levels; periodic review of criteria suitability; design to attract and retain skills ...”</p> | <p>General criteria for granting remuneration + Remuneration of Board &amp; committees + Executive Management remuneration</p> | <p>“Remuneration is subject to criteria: alignment with strategy and risk; incentivizing long-term success by linking variable pay to performance; based on job level, qualifications, experience, skills, and performance; sector benchmarking without unjustified increases; designed to attract and retain talent; coordinated with the Nominations &amp; Remuneration Committee; provisions to suspend/claw back remuneration in case of inaccurate information or unlawful acts; governance of share-based awards. Board &amp; committees: comply with Companies Law limits; link to attendance, participation, and effectiveness; fairness and proportionality; upon Committee recommendation; independent members’ remuneration not tied to profits; ability to remunerate additional licensed roles; reimbursement of reasonable expenses; loss of entitlement for repeated absence; clawback where based on inaccurate information. Executive Management: types (fixed/performance/share-based) by Board resolution and in compliance with regulations; upon Committee recommendation; expense reimbursement; short/long-term KPIs (liquidity, obligations, profitability, growth) applied across levels; ongoing monitoring of suitability; competitive design to attract and retain talent.”</p> | Modified/Restructured |

| Article No./Title<br>(Old Regulation)                          | Before amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Article No./Title<br>(New Regulation)            | After amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Notes                 |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Article Four:<br>Granting remuneration in the form of shares   | “The Company may grant share-based remuneration to executive Board members, Senior Executives, and employees subject to: purchase/grant under the Competent Authority’s rules; express permission in the Articles of Association; approval of the Extraordinary General Assembly and authorization of the Board to set conditions and grant price; disclosure in the Board report of shares held and their uses; non-participation of non-executive members in employee share plans, while executive members may vote on Board resolutions related to such plans.” | Share-based remuneration                         | “Share-based remuneration may be granted to Senior Executives and Company employees provided that: CMA rules are complied with; the Articles of Association expressly permit it; the Extraordinary General Assembly approves it (with possible Board authorization to set conditions and grant price where appropriate); annual disclosure is made of shares allocated to the program and their uses; non-executives do not participate; executives (if any) may vote on Board resolutions concerning such programs.”                                      | Modified/Restructured |
| Article Five: Role of the Nominations & Remuneration Committee | “The Committee shall: prepare a clear policy for remuneration of Board members, committees, and Executive Management and submit it to the Board for approval by the General Assembly; explain the relationship between granted remuneration and the Policy and highlight any material deviation; periodically review the Policy’s effectiveness; recommend remuneration for Board members, committees, and Senior Executives in line with the approved Policy.”                                                                                                    | Role of the Nominations & Remuneration Committee | “Responsible for approving, overseeing, and reviewing the remuneration system; drafting the comprehensive Policy and submitting it to the Board and then the General Assembly; explaining linkages between remuneration and the Policy and reporting deviations; periodic evaluation of the Policy’s effectiveness and its impact on attraction, retention, motivation, and alignment with Company goals; remuneration recommendations for Board members, committees, and Senior Executives consistent with the Policy, performance criteria, and market.” | Modified/Restructured |
| Article Six:<br>Disclosure of remuneration                     | “The Board shall disclose in its annual report the details of policies, determination mechanisms, and amounts and financial/in-kind benefits for each member; disclose accurately and transparently all direct and indirect remuneration regardless of its nature; if benefits are shares, the amount recognized shall be the market value at the vesting date.”                                                                                                                                                                                                   | Annual disclosure                                | “The Board’s annual report includes detailed disclosures of remuneration granted to Board members, their committees, and Executive Management; and presents to the General Assembly a detailed listing of all amounts received or entitled during the year (remuneration, meeting attendance allowances, expense allowances, other benefits), amounts received as employees/executives or for technical/administrative/consulting services, and the number of Board meetings and each member’s attendance.”                                                | Modified/Restructured |

## Remuneration Policy for Board Members and Executives — Comparison and New Sections

| Article No./Title<br>(Old Regulation)                                         | Before amendment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Article No./Title<br>(New Regulation) | After amendment                                                                                                                                                                                                                                                                                                                                                                                                                                              | Notes                         |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Article Seven /<br>Nine: Review and<br>effectiveness (as<br>appeared in 2020) | “The Regulation is subject to periodic review by the Nominations & Remuneration Committee; any amendment is submitted to the Board to recommend to the General Assembly for approval; the Regulation becomes effective from the first General Assembly following amendment unless regulations provide otherwise. The Committee, with Internal Audit, monitors compliance with this Policy. The Saudi Companies Law and its regulations, CMA laws and regulations, the Articles of Association, and resolutions of competent authorities apply where no text exists.” | Policy Owner +<br>Disclaimer          | “No amendment to the Policy except by Board approval and General Assembly ratification unless regulations provide otherwise; periodic review every four years or as needed ... Disclaimer: references to laws and regulations are for alignment and do not constitute legal advice; in case of conflict, official texts of the Kingdom prevail; the Company reserves the right to update/amend the Policy to ensure compliance with any regulatory changes.” | Modified/Restructured         |
| —                                                                             | —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Reference<br>Documents                | “Charter of the Nominations & Remuneration Committee; Policy on Confidentiality, Transparency, and Disclosure of Information.”                                                                                                                                                                                                                                                                                                                               | New article in the new policy |
| —                                                                             | —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Remuneration<br>Table                 | “Illustrative table (for clarification only): positions / fixed remuneration / variable remuneration / meeting allowance / total — (Chairman, Board members, Committee Chair, Committee members, CEO, CFO, ...).”                                                                                                                                                                                                                                            | New article in the new policy |
| —                                                                             | —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Legislative<br>Background             | “Prepared in accordance with: Corporate Governance Regulations (Resolution 8-16-2017 and its amendments); Companies Law (including CMA Resolution 8-5-2023 and based on M/132); and the laws and regulations applicable to MEPCO as a listed company and its Articles of Association.”                                                                                                                                                                       | New article in the new policy |
| —                                                                             | —                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Disclaimer                            | “References to laws and regulations are for information and for aligning MEPCO’s policies and procedures with regulatory requirements; they do not replace official texts nor constitute legal advice; in case of conflict, official texts prevail; the Company may update the Policy to ensure compliance with regulatory changes.”                                                                                                                         | New article in the new policy |