



# **Remuneration Policy of the Members of the Board of Directors, the Board Sub- committees, and the Senior Executives**

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## **Article One: Preamble**

In order for the Company's management to enhance the effectiveness of governance within the Company, in order for it to apply the related statutory legislations and instructions, and in order for it to achieve the Company's objectives, and the growth and sustainability of its business; the Company has developed this policy.

The aim of this policy is to set clear standards for the remuneration of the members of the Board of Directors, members of its sub-committees and senior executives in accordance with the relevant laws and regulations. It also aims to attract individuals with scientific, technical and administrative competence and appropriate experience; to motivate them to work on the success and development of the Company in the long term, in addition to performing their missions and duties by adopting incentive remuneration plans and programs linked to performance. This, in turn, shall contribute to improving the company's performance, and achieving the interests of its shareholders.

Pursuant to the Companies Law which was issued by the royal decree no. m/132, dated 01/ 12/ 1443h, and the corresponding Corporate Governance Regulations which were amended the decision of the Capital Market Authority (CMA) no. 8-5-2023; dated 25/06/1444h, corresponding to 18/ 01/ 2023g, which states that the Nomination and Remuneration Committee shall set a clear policy for the remuneration of Board members, the Board Sub-committees, and the Executive Management, and submitting it to the Board of Directors for consideration, in order to be approved by the General Assembly.

## **Article Two: Scope of application**

This policy is to be applied to the Company's Board of directors and its committees, and Executive Management. This policy may also be taken as a guide to be applied, in whole or in part, to all employees of the company.

## **Article Three: Responsibility for implementation**

Nomination and Remuneration Committee shall coordinate with the Company's executive management in order to follow the implementation of this policy, to verify the integrity of the procedures taken, and to correct any deviations that may arise in the implementation. It shall also report to the Board any matter that requires instruction.

## **Article Four: General principles for remuneration**

Without prejudice to the provisions of the Companies Law and CMA Law and their executive regulation, the remuneration of Board members, the Sub-committees, and the Senior Executives shall be subject to the following principles:

- 1- This policy shall be consistent with the Company's strategy and objectives.
- 2- The purpose of providing remuneration is to motivate the Board members and the executive management to drive the Company towards success and development in the long term.
- 3- The remuneration shall be determined based on the level of the given job, the tasks and responsibilities entrusted to its holder, his academic and practical qualifications, the level of performance, and the attained achievements.
- 4- This policy shall be consistent with the size and nature of the risks surrounding the company,

otherwise it may cause a conflict of interests.

5- The Company's bylaws and regulations shall be consistent with this policy.

6- Taking into account the sector in which the company operates, and the practices of other companies in determining remuneration, while avoiding unjustified increase in remuneration and compensation which may result.

7- This policy aims to attract, maintain and motivate professional competencies, but without exaggeration; and remuneration shall also be reasonably sufficient to achieve this.

8- This policy shall be implemented upon any new appointments; in coordination with the Nomination and Remuneration Committee and the Company's executive management.

9- Taking into consideration the cases in which payment of remuneration is stopped or refunded if it was found that they were based on inaccurate or false information provided by the person concerned, in order to prevent taking advantage of the job position to obtain undeserved remuneration.

10- This policy, in accordance with laws, allows giving shares in the company to Board members and the executive management; whether the shares are newly issued or bought by the Company.

11- The remuneration shall be fair and commensurate with the member's competencies, and shall take into account the work and responsibilities he performs; and without disregarding other objectives set by the Board of Directors for each fiscal year.

12- These remuneration shall be based on the recommendation of the Nomination and Remuneration Committee.

## **Article Five: Remunerations of the Board members and committees**

1- Remuneration of the Board members shall be a certain sum of money, session attendance allowance, in-kind benefits, or a certain percentage of net profits. Two or more of these benefits may be combined.

2- The members' remuneration may vary in amount to reflect the member's experience, specialization, tasks assigned to him, his independence, the number of sessions he attended, and any other considerations at the discretion of the Board of Directors.

3- The report of the Board of Directors, which is to be submitted to the Ordinary General Assembly at its annual meeting, shall include a comprehensive statement of all the remuneration attendance allowances, expenses allowances and other benefits. The report shall also include what was paid to the Board members in their capacity as employees or executives, and what was paid to them in return for technical, administrative or consulting work. It shall also show the number of Board sessions; and the number of sessions attended by each member.

4- A Board member may receive remuneration against his membership in the Audit Committee which is formed by the Board of Directors; or against any extra works, executive, technical, administrative or advisory positions (a professional license is required if the nature of works is advisory) which the Company may assign to him.

This is in addition to the remuneration which he may receive in his capacity as a Board member, and as a member in the committees which are formed by the Board of Directors in accordance with the Companies Law and the Company's Articles of Association.

5- Remuneration of the independent Board members may not be a percentage of the profits gained by the Company, or based directly or indirectly, on the Company's profitability.

6- Board members may not vote on the remuneration item of the Board of Directors and the Board Sub-committees during the meeting General Assembly.

7- Eligibility for remuneration shall be proportionate to the number of sessions which the member attended; and estimate contrary to this is invalid.

8- Compensation for travel and accommodation costs shall be disbursed in accordance with the attendance of the actual reasonable sessions; which are incurred by the members for the sake of the attending the meetings. These costs and expenses shall be excluded from the amount of the annual remuneration.

9- A Board member, upon his request and after obtaining the approval of the Board of Directors, is eligible for adequate medical insurance for himself, his family members, or his parents, as the Board deems appropriate.

10- Disbursement of remuneration may be stopped, or required to be refunded, if it turns out that it were decided on the basis of inaccurate information which was provided by the Board member, a member in the Board sub-committees, or by the executive management. This is in order to prevent misuse of power in obtaining undeserved remuneration. The decision of the Board may be to stop disbursement of remuneration, if it is already being disbursed to him, or recover it partially or wholly depending on the conditions and circumstances of the case.

11- If the General Assembly decided to terminate the membership of a Board member due to his absence from three consecutive meetings or five separate meetings of the Board during his term of membership without a legitimate excuse accepted by the Board; then he may not be eligible for any remuneration or benefits from the period which follows the last meeting he attended. He shall further return all the remuneration amounts which were disbursed to him for that period.

12- The Board of Directors, upon a recommendation from the Nomination and Remuneration Committee, may grant additional remuneration to the Chairman of Board, the Managing Director, or the CEO (if he is a Board member).

13- Nomination and Remuneration Committee shall determine the upper limits of the remuneration of the Board members, the members of the Board sub-committee, and the senior executives of the Company. It further recommends awarding the annual remuneration at its discretion and adoption by the Board of Director; provided that it does not exceed the upper limits included in this policy.

**Pursuant to what is stated in the above articles, the upper limits of the remuneration of the Board members and the members of the Sub-committees shall be as follows:**

Statement	Upper limit for remuneration
Chairman of Board	250 thousands SAR
Board member	200 thousands SAR
Committee member (a member board as well)	100 thousand SAR
Committee member (not a member board)	125 thousand SAR
Board secretary (a member board)	50 thousand SAR
Committee secretary (a member board)	25 thousand SAR

**General provisions:**

- A board member or committee member, whether inside or outside the Board, is eligible for a session attendance allowance estimated by 3 thousand SAR per session. Board secretary, or the secretary of one of the sub-committee is eligible for a session attendance allowance estimated by 1500 SAR per session.
- Chairman of board is eligible for a lump sum estimated by 60 thousand SAR to be paid monthly against the works and tasks that he performs to assist the Company in carrying out its activities.
- Attendance allowances are not included under the upper limits of the remuneration which are above-mentioned in the table.
- In the event the awarded remuneration sums exceeded the upper limits for remuneration which are above-mentioned in the table; then those sums shall be presented to the General Assembly for approval.

**Article Six: Remunerations of Company's executive management**

- a) The Company's policies shall be observed in this regard upon adoption of the executive management remuneration, and shall achieve its goals.
- b) Approved remuneration for each employee in the executive management may vary according to the results achieved during the year under evaluation.
- c) When approving the remuneration, companies operating in the sector as well as companies operating in the Saudi market shall be taken into consideration.
- d) Upper limit for the remuneration of the executive management may be reviewed annually; and any proposed amendments shall be submitted to the Board.
- e) This policy shall be consistent with the Company's strategy and goals, and with the applicable performance and evaluation policy; and that in relation to the remuneration of the Executive Management.
- f) If the remuneration of the Executive Management is based on inaccurate or false information, whatever the reason for that, then such case shall be reported to the Board to take the appropriate decision regarding it.
- g) The decision of the Board for the former paragraph is to stop disbursement of remuneration, if it is already being disbursed to him, or recover it partially or wholly depending on the conditions and circumstances of the case.

**Article Seven: Policy review and amendment**

- a) Nomination and Remuneration Committee shall regularly review this policies once every four years, or whenever required, to verify its compatibility with the objectives set for it.

- b) The Committee share with the Executive Management any amendments or suggestions to this policy, and explore its visions and remarks so that the policy may achieve its goal.
- c) The Committee may report any amendments or suggestions to this policy to the Board for adoption according to the laws followed in this regard.

## **Article Eight: Disclosure**

- a) The Board shall disclose the remuneration policy, and how the remuneration of the Company's Board members and the Executive Management is determined.
- b) Accurate, transparent, and detailed disclosure in the Board's report of the remuneration sums which were given to the Board members, and the Executive Management, directly or indirectly. If such remuneration are shares in the Company, then, the entered value of the shares shall be the market value at maturity date.
- c) Explain the relation between the given remuneration and the applicable remuneration policy; and explain any significant deviation from this policy.
- d) The necessary details about the paid remuneration and compensations shall be stated for each of the following:
  - 1- Members of the Board of Directors.
  - 2- Five from the Senior Executives of the Company who have received the highest remuneration; including the CEO and the CFO.
  - 3- Members of the Board sub-committees.
- e) Disclosure shall be in accordance with annex (1) of the Corporate Governance Regulations.

## **Article Nine: Effectiveness**

- a) This policy shall be effective after being adopted by the General Assembly.
- b) Any amendments made to this policy falls under the Board's authority, by an authorization from the General Assembly of Shareholders. Such amendments shall be consistent with the laws and regulations which are issued by the relevant authorities; after coordination with the Nomination and Remuneration Committee.
- c) Everything that is not mentioned in this policy shall be subjected to the related laws and regulations.