

# Remuneration Policy

## for the Members of the Board, Its Committees and the Executive Management

This Policy has been issued pursuant to SEC General Assembly Meeting, held on      dated  
H, corresponding to      /      / AD upon a proposal of the Board of Directors.

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The Remuneration Policy for the members of the Board of Directors, Its-committees and the executive management of the Saudi Electricity Company has been prepared in accordance with the provisions of paragraph (1), of the article (58) of the Corporate Governance Regulation, issued by the CMA Board, pursuant to the resolution No (8-16-2017), dated 16/05/1438H, corresponding to 13/02/2017AD, based on the Companies law, issued by the Royal Decree No (M/3), dated 28/01/1437H, amended by the CMA's Board Resolution, No (8-5-2023), dated 25/06/1444H, corresponding to 18/01/2023AD, based on the Companies law, issued by the royal decree, No (5/132), dated 01/12/1443H, stipulating that the Remuneration Committee shall prepare a clear policy of remuneration for the members of the Board, its-committees and the executive management, and submit the same to the Board for review, prior to being approved by the General Assembly, taking into consideration that the policy shall comply with the performance-related standards, disclosure and verification of implementation.

### Article (1): Definitions

The following words and phrases, shall have the meanings herein specified, unless the context otherwise indicates:

<b>Authority:</b>	Capital Market Authority.
<b>Policy:</b>	Remuneration Policy for the Board Members, its-Committees and the Executive Management.
<b>Governance Regulation:</b>	Corporate Governance Regulations issued by the Board of the Capital Market Authority
<b>Company's Governance System:</b>	The governance system of the Saudi Electricity Company approved by the Board.
<b>The Company:</b>	The Saudi Electricity Company
<b>General Assembly:</b>	Assembly formed by the Company's shareholders, pursuant to the provisions of the Companies law and the Company bylaws.
<b>Board of Directors or Board:</b>	The Board of Directors of the Saudi Electricity Company
<b>Committee:</b>	The Nomination, Remuneration Board's Sub-committee
<b>Executive Management /Senior Executives:</b>	Persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and other executive management members (EVPs, SVPs) and subsidiaries' CEOs.
<b>Invitees:</b>	Any person who is invited to attend the meeting of the, other than its members.
<b>Remuneration:</b>	Amounts, allowances, profits and the like, periodic or annual remuneration linked to performance, long or short-term incentive plans and any other in-kind benefits, except for the actual reasonable expenses and fees incurred by the Ccompany to enable a board member to perform his/her duties.

### Article (2): Policy Objectives

Clarification of the standards of remuneration for the Board members, Board committees and executive management in accordance with the relevant laws and regulations.

### Article (3): Remuneration Standards

Without prejudice to the regulatory requirements, the Company bylaws and governance regulation requirements, all the remuneration of the Board, sub-committees and the executive management, are subject to the following standards:

1. In line with the Company strategy and objectives.
2. To provide the remuneration for the purpose of encouraging the members of the Board, its-committees and executive management, to work for the success and long-term development of the Company, such as linking the variable portion of the remuneration to the long-term performance.
3. To determine the remuneration based on the level of the job, the tasks and responsibilities assigned to him/her, practical qualifications, work experience, skills and performance level.
4. In line with the size, nature and level of the Company risks.
5. To consider the practices of other companies in determining remuneration, while avoiding unjustified increase in remuneration and compensation which may result.
6. To attract, maintain and motivate professional competencies without exaggeration.
7. Shall be prepared in coordination with the Nomination, Remuneration Committee, upon any new appointments,
8. Organize to grant shares in the Company for the Board members and executive management, whether the shares are newly issued or bought by the Company.
9. The remuneration shall be fair and proportionate to the members competencies, work and responsibilities performed and assumed by the member of the Board and its-committee, in addition to the objectives set by the Board, need to be achieved during the fiscal year.
10. The remuneration shall be based on the recommendation of the Nomination, Remuneration Committee.
11. The remuneration shall be proportionate to the Company business and skills needed to manage it.
12. Consider the sector in which the company operates, its size and the experience of the members of the board and its-committees.
13. Remunerations shall be reasonably sufficient, to attract and retain the Board and sub-committee members of an appropriate competence and experience.
14. A Board member may receive remuneration for his/her membership in the Audit Committee formed by the Board, or for any additional executive, technical, administrative, or advisory functions or positions - under professional license – he/she assumes. Such remuneration should be in addition to the remuneration he/she may receive in his/her capacity as a member in the Board and in the committees formed by the Board, pursuant to the Companies Law and the Company bylaws.
15. Remuneration of the Board members may vary according to the member's experience, competencies, responsibilities, independence, number of meetings attended, and any other considerations.

16. If the Audit Committee or any regulatory authority determines that the remuneration paid to the Board member is based on false or misleading information submitted to the General Assembly or included in the Board of Directors' report, the concerned member shall return the remuneration to the Company. Moreover, the Company may claim refund of this remuneration.

#### Article (4): Remuneration of the Board and Sub-committees Members

1. Remuneration of a member of the Board and all the benefits he/she receives, if any, shall be as approved by the Ordinary General Assembly in accordance with the resolutions and official instructions issued in this regard, and within the limits set forth in the provisions of Companies Law and its regulations.
2. Remuneration of a member of the Board may be a certain amount, attendance allowance for meetings, in-kind benefits, or a certain percentage of net profits, and two or more of these benefits may be combined.
3. The Remuneration of independent Board members shall not be a percentage of the profits that are realized by the Company, nor shall it be based directly or indirectly on the Company's profitability.
4. Pursuant to the provisions of paragraph (1) of this article, the remuneration and benefits of the members of the board and sub-committees, shall be in accordance with the table below:

<b>Table of Remunerations and Benefits of the Board and the Sub-Committees Members</b>	
<b>Remuneration Type</b>	<b>Recommended</b>
Allowance for attending the Board Meeting	The Board Member and the Board Trustee or the representatives thereof shall be paid an allowance of SAR (4000), for each meeting of the board meetings.
Allowance of attending the Sub-Committee Meetings	The Committee Member and the Committee Secretary or the representatives thereof shall be paid an attendance allowance of SAR (4000), for each meeting of the Committee meetings.

<p>Annual Remuneration of the Board Member</p>	<p>The Board member shall be paid remuneration of SAR, ( 300000) three hundred thousand Saudi Riyal based on the number of the meetings attended by him/her, of the total meetings held by the Board during the relevant fiscal year, the annual remuneration shall be divided among the representatives in case of appointment of new Board members, according to the date of appointment. This remuneration shall be paid in accordance with the approved procedures</p>
<p>Housing, transportation and petty cash allowances for attending meetings and work assignments in case the member's residence is outside the city where the meeting is held or the work assignment</p>	<p>-The Board/ Committee Member or the board trustee or representatives shall be paid a transportation allowance amounting to the value of first-class ticket on Saudi Airlines in case his/her residence is outside the city where the meeting is held. The Board/ Committee Member or the board trustee or representatives shall be paid a daily allowance for accommodation, transportation and petty cash amounting to (SAR 3000) Three thousand Saudi Riyal on a lump sum basis in case his/her residence is outside the city where the meeting/ work assignment or training sessions inside the Kingdom. The Board/ Committee Member or the board trustee or representatives shall be paid a daily allowance for accommodation, transportation and petty cash amounting to (SAR 5000) Five thousand Saudi Riyal or based on the actual costs, not exceeding (SAR 5000) Five Thousand Saudi Riyal in case his/her residence is outside the city where the meeting/ work assignment or training sessions outside the Kingdom, and any additional day is applied in case of travelling domestically and two- day allowance is applied in case of travelling internationally.</p>

	Provide Board/ Committee Members travel support service in accordance with the applicable SEC policy.
Participation/ presence of a member of the Board /Sub-committee, if he/she is requested to discuss a topic, attend a discussion that requires his/her participation, or a meeting of the company or the Board / Sub-committee, within his/her competence to discuss a topic, or attend a panel discussion.	A member of the Board/Sub-committee shall be paid an attendance allowance of SAR (4,000) four thousand Saudi riyals for each meeting he/her attends of the meetings of the Board/Sub-committee, in case he/she is requested to attend a discussion of a topic, or attend a discussion that requires his/her participation, for any meeting related to the Board/Sub-committee or the company within his/her competence approved.
Undertaking or executing technical, administrative or consultative works for the company or the Board/Sub-committee, within his/her competence, upon the request or approval of the board	The Board/ Committee Member shall be paid an amount of (SAR 5,000) five thousand Riyal for each day in return for conducting any technical, administrative or advisory works for the Company or the Board/ Committee, within his/her competence upon the request or approval of the Board, and the Board Chairman may delegate the approval of assignments not exceeding (20) days, provided that the remuneration for each assignment shall not exceed (SAR 50,000) fifty thousand Saudi Riyal and the annual remuneration amount shall not exceed (SAR 250,000) two hundred fifty thousand Saudi Riyal for each member.
A lump sum remuneration for additional tasks and efforts of the chairman of the Board.	Remuneration shall be paid to the Chairman of the Board for his assignments and additional efforts made, and shall be determined and valued by the Nominations and Remuneration Committee and approved by the Board of Directors, it shall not exceed (1,200,000) one million two hundred thousand riyals. It shall not be paid until the report of the Board and the annual financial statements have been reviewed and discussed by the General Assembly
Health Services for the Board Members	Health services shall be provided to the Board Member, his/her family and

	parents "upon his/her request", as per the SEC applicable policy.
Annual remuneration for the audit committee membership from outside the Board members	Annual remuneration of SAR (200,000) two hundred thousand Saudi riyals, shall be paid to a member of the audit committee from outside the Board, and in case of appointment of a replacement, the annual remuneration shall be divided between the two members, according to the number of meetings attended by each of them.
Annual remuneration for membership of the Board its-committees	Annual remuneration of SAR (180,000) one hundred eighty thousand Saudi riyals, shall be paid to each member of the Board sub-committee formed by the Board, as well as remuneration SAR (180,000) one hundred eighty thousand Saudi riyals, for membership in another Board sub-committee, and addition remuneration of SAR (50,000) fifty thousand Saudi riyals, shall be paid to the Committee Chairman, and the annual remuneration shall be divided between the two members in the event of appointment of a replacement member, according to the number of meetings attended by each of them.
Payment dates of annual remuneration for Board/ its-committee member	Remuneration of a committee member shall be paid quarterly, while a remuneration of the board member shall be paid on an annual basis, subject to the applicable payment procedures.
Implementation date of remuneration and benefits policy of the Board and Sub-committee member	The remuneration and benefits policy of the Board and Sub-committees shall be implemented as of FY2023, with regard the lump sum remuneration for the Chairman in return for additional efforts and assignments This policy applies to the all remunerations related to the financial years following 2024, as stated in its items.



### **Article (5): Executive Management Remuneration**

In accordance with the procedures and standards approved by the Board, the company grants the senior executives, specific financial benefits based on the salary scale and approved policies in this regard, the executive management remuneration include the following:

1. Base salary.
2. Medical insurance for him/her and his/her family.
3. Transport allowance.
4. Housing allowance.
5. Annual remuneration linked to the performance indicators, according to the annual evaluation carried out in this regard.
6. Long-term incentive remuneration, if any.
7. Any other remuneration or allowances approved by the company's Board.

### **Article (6): Disclosure**

1. The Report submitted by the Board to the ordinary general assembly annual meeting must include a statement of all the remuneration, expenses allowance, and other benefits received by the members of the Board during the fiscal year, and also include a statement of what the members of the Board received as employees or administrators, or what they received for technical, administrative or advisory work, and also include a statement of the number of Board meetings and the number of meetings attended by each member.
2. Without prejudice to the provisions of paragraph (1) of this article, the Company shall disclose the remuneration of the members of the Board and the executive management in accordance with the regulatory requirements set out in the Governance Regulation.

### **Article (7): Remuneration Payment**

The remuneration shall be paid, as stipulated in the schedule of remuneration and benefits attached to this policy, in Saudi riyals or its equivalent in any other currency and shall be paid through a direct debit to the bank accounts specified by the concerned person.

### **Article (8): General Provisions**

1. If the General Assembly decides to terminate the membership of a member of the Board who is absent due to his/her failure to attend three consecutive meetings or five separate meetings of the Board during his/her term of membership, without a legitimate excuse accepted by the Board, such member shall not be entitled to any remuneration, for the period following the last meeting he/she attended, and he/she must return all the bonuses paid to him/her for that period.

2. The members of the Board may not vote on the item of remuneration of the members of the Board at the General Assembly meeting.
3. This policy shall enter into force from the date of its approval by the General Assembly, and it shall not be amended Without being approved by the Assembly
4. This policy is complementary to the company bylaws, the company's corporate governance system, and the governance regulations.
5. Relevant laws and regulations issued by the competent authorities shall be applicable to any matters not mentioned in the Policy.
6. This policy supersedes all procedures, decisions and internal regulations of the company that contradict it.