

Before

**Policies, controls, standards, and procedures for members of the  
Board of Directors' compensation  
And the committees emanating from the Board of Directors and the  
executive management**

## **Policies, standards, controls and procedures for compensation and remuneration of members of the Board of Directors And the committees emanating from the Board of Directors and the executive management**

### **Introduction:**

These policies aim to set clear standards, controls and procedures for compensation and remuneration of members of the Board of Directors and members of the committees emanating from the Board of Directors, in implementation of the provisions of Paragraph (1) of Article Sixty-one of the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority in accordance with Resolution No. ( 16/8-2017) and dated 5/16/1438 AH corresponding to 2/13/2017 AD.

### **First: Remuneration for Board Members:**

Board members 'remuneration are amounts, allowances, profits and the like, periodic or annual bonuses related to performance, short or long-term incentive plans, and any other in-kind benefits except for reasonable actual expenses and expenses incurred by the company on behalf of a member of the board of directors.

This reward may be a specific amount, attendance allowance for sessions, in-kind benefits, or a certain percentage of net profits, and two

or more of these benefits may be combined, and if the reward is a certain percentage of the company's profits, this percentage may not exceed (10 %) Of the net profits, after deducting the reserves decided by the general assembly in application of the provisions of the law and the company's articles of association, and after distributing a profit to the shareholders of not less than (5%) of the company's capital.

And within the limits stipulated in the Companies Law, the Corporate Governance Regulations, and the Company's Articles of Association

### **Second: Standards, controls and procedures for remuneration of members of the Board of Directors and Board Committees:**

1-That the remuneration be fair and proportional to the member's competencies and the works and responsibilities that the board members carry out and bear, in addition to the goals set by the board of directors to be achieved during the fiscal year.

2-Remuneration must be based on the recommendations of the nomination committee. Remuneration.

3-That the remuneration be commensurate with the activity of the company and the skill required to manage it. Its size and the experience of members of the board of directors and board committees in the business related to the company.

4-That the remuneration is reasonably sufficient to attract members of the Council of those with appropriate experience and competence.

5-That the remuneration be fair and appropriate with the member's specializations, business, and responsibilities that the members of the board of directors or committees bear, in addition to the goals set by the board of directors to be achieved during the fiscal year.

6-A member of the Board of Directors may obtain a remuneration in return for his membership in the audit committee formed by the General Assembly, or for any business, executive, technical, administrative or advisory positions - under a professional license - additional to be assigned to the company, in addition to the remuneration that can be To obtain it in his capacity as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and the Company's Articles of Association. And that the total remuneration that a member gets according to the above is not included in it The scope of the maximum limit for the remuneration stipulated in Paragraph (3) of Article (76) of the Companies Law described in Paragraph (4) above.

7-The remuneration of the members of the Board of Directors may be of varying magnitude to reflect the member's experience, competencies, tasks entrusted to him and his independence, the number of sessions he attends, and other considerations.

8-The remuneration of independent members of the board of directors should not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company. This is in order that the association of their rewards with

the performance of the company or any other factors does not affect the independence of their decisions.

9-According to what was stated in the twenty-first term of the articles of association of the company, the board of directors, and according to its discretion and decision, determines the special remuneration that the chairman of the board, his deputy and the managing director receive for each of them in addition to the remuneration determined for the members of the board of directors, within the limits of what is stipulated in the Companies Law and its regulations.

10-Board members may not vote on the board members remuneration item at the general assembly meeting in order to ensure the independence of the decision issued by the company's general assembly regarding the board members remuneration item.

11-If the General Assembly decides to terminate the membership of a member of the Board of Directors who is absent from attending three successive meetings of the Board without a legitimate excuse, then this member is not entitled to any remuneration for the period following the last meeting he attended, and he must return all the remuneration that was paid to him for that period .

12-If the audit committee or the Financial Market Authority finds that the remuneration paid to any of the board members is based on incorrect or misleading information that was presented to the general assembly or included in the annual board of directors'

report, he must return them to the company, and the company has the right to ask him to return them. This does not exempt the member of the board of directors from any liability for any damages that occurred to the company, its shareholders, or any other related persons as a result of that.

13-The Board of Directors must disclose in its annual report the details of the policies related to remuneration and the mechanisms for determining them, the amounts and the financial and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative or advisory work or positions.

### **Third: Remuneration and remuneration of members of the Board of Directors and Board Committees:**

According to the above, the remuneration and fees of the Board of Directors are calculated as follows:

- 1-Annual remuneration for membership of the board of directors and committees emanating from the board of directors, up to 250,000 riyals
- 2- Annual bonus for membership in committees emanating from the Board of Directors for all members:
  - 2/1The Audit Committee up to 50,000 riyals.
  - 2/2Other committees up to 25,000 riyals.
- 3-The allowance for attending the sessions of the Board of Directors and the committees emanating from the Board of Directors for all members is 3,000 riyals for each session.

4-The Board of Directors determines, according to its discretion and a decision by it, the additional remuneration that the Chairman of the Board, his Deputy and the Managing Director receive in exchange for the effort and additional work that they do in addition to the remuneration determined for the members of the Board

**Fourth: Remuneration for senior executives in the company (executive management):**

1-Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors determines the types of remuneration granted to senior executives in the company, such as fixed bonuses, performance-related bonuses and incentive bonuses that do not conflict with the regulatory controls and procedures issued to joint-stock companies.

2-The remuneration aims to attract and reward executives, retain qualified and competent employees, and maintain the high level of skills needed by the company.

**Fifth: The remuneration of the council's secretary and secretaries of the council's committees:**

The Board of Directors determines the remuneration of the Board Secretary and the Secretaries of the Board Committees in accordance with the detailed mentioned in the Board of Directors' policies and procedures.

**Sixth: Effective Date:**

These policies shall be enforced from the date of their approval by the  
General Assembly.



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### **First: Remuneration for Board Members:**

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This reward may be a specific amount, attendance allowance for sessions, in-kind benefits, or a certain percentage of net profits, and two or more of these benefits may be combined, within the limits of what is

stipulated in the Companies Law, the Corporate Governance Regulations, and the Company's Articles of Association.

**Second: Standards, controls and procedures for remuneration of members of the Board of Directors and Board Committees:**

- 1-The Board of Directors determines the remuneration of its members based on the recommendation of the Nominations and Remuneration Committee within the statutory limits stipulated in the Corporate Governance Regulations issued by the Capital Market Authority and the Companies Law and Supervisory Authorities.
- 2-The remuneration of the members of the Audit Committee and the Nomination and Remuneration Committee is determined by the General Assembly of shareholders based on a proposal from the Board of Directors.
- 3-The Board of Directors may establish other committees according to the company's need and circumstances, and it may determine its work and remuneration based on the recommendation of the Nominations and Remuneration Committee.
- 4-That the remuneration be fair and proportional to the member's competencies and the works and responsibilities that the board members undertake and bear, in addition to the goals set by the board of directors to be achieved during the fiscal year.

- 5-Remuneration must be based on the recommendation of the Remuneration Nominations Committee.
- 6-That the remuneration be commensurate with the activity of the company and the skill required to manage it. Its size and the experience of members of the board of directors and board committees in the business related to the company.
- 7-That the remuneration is reasonably sufficient to attract members of the Council of those with appropriate experience and competence.
- 8-That the remuneration is fair and appropriate with the member's competencies, business and responsibilities that the members of the board of directors or committees bear, in addition to the goals set by the board of directors to be achieved during the fiscal year.
- 9-A member of the Board of Directors may obtain a remuneration in return for his membership in the audit committee formed by the General Assembly, or in exchange for any executive, technical, administrative or advisory positions - under a professional license - additional to be assigned to the company, in addition to the bonus that can be To obtain it in his capacity as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and the Company's Articles of Association. And that the total remuneration obtained by a member according to the above does not fall within the scope of the maximum reward provided for in paragraph (3) of Article (76) of the Companies Law described in paragraph (4) above.

- 10-The remuneration of the members of the Board of Directors may be of varying magnitude to reflect the member's experience, competencies, tasks entrusted to him and his independence, the number of sessions he attends, and other considerations.
- 11-The remuneration of the independent members of the board of directors should not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company. This is in order that the association of their rewards with the performance of the company or any other factors does not affect the independence of their decisions.
- 12-According to what was mentioned in the twenty-first term of the company's articles of association, the board of directors, according to its discretion and a decision from it, determines the special remuneration that the chairman, his deputy, and the managing director receive for each of them in addition to the remuneration determined for the members of the board of directors, within the limits of what is stipulated in the Companies Law and its regulations.
- 13-Board members may not vote on the board members remuneration item at the general assembly meeting in order to ensure the independence of the decision issued by the company's general assembly regarding the board members remuneration item.
- 14-If the General Assembly decides to terminate the membership of a member of the Board of Directors who is absent from attending

three successive meetings of the Board without a legitimate excuse, this member is not entitled to any remuneration for the period following the last meeting he attended, and he must return all the remuneration that was paid to him for that period .

15-If the audit committee or the Financial Market Authority finds that the remuneration paid to any of the board members is based on incorrect or misleading information that was presented to the general assembly or included in the annual board of directors' report, he must return them to the company, and the company has the right to ask him to return them. This does not exempt the member of the board of directors from any liability for any damages that occurred to the company, its shareholders, or any other related persons as a result of that.

16-The Board of Directors must disclose in its annual report the details of the policies related to remuneration and the mechanisms for determining them, the amounts and the financial and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative or advisory work or positions.

### **Third: Remuneration and remuneration of members of the Board of Directors and Board Committees:**

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2-Annual bonus for membership in committees emanating from the Board of Directors for all members:

2/1Members of the Audit Committee from among the members of the Board of Directors up to 100,000 riyals.

2/2Members of the Audit Committee from outside the Board of Directors, up to 50,000 riyals

2/2members of other committees up to 25,000 riyals.

3-The allowance for attending the sessions of the Board of Directors and the committees emanating from the Board of Directors for all members is 3,000 riyals for each session.

4-The Board of Directors, according to its discretion and a decision from it, determines the additional remuneration that the Chairman, Vice President, and Managing Director receive, in exchange for the effort and additional work that they perform in addition to the remuneration determined for the members of the Board of Directors

5-The company pays all reasonable actual expenses incurred by the members of the board of directors and the committees emanating from the board of directors in order to attend the meetings, which include accommodation and subsistence expenses and travel and transportation expenses.

**Fourth: Remuneration for senior executives in the company (executive management):**

1-Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors determines the types of remuneration granted to senior executives in the company, such as fixed bonuses, performance-related bonuses and incentive bonuses that do not conflict with the regulatory controls and procedures issued to joint-stock companies.

2-The remuneration aims to attract and reward executives, retain qualified and competent employees, and maintain the high level of skills needed by the company.

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