

The Remuneration Policy of Board of Directors and Committees Emanating from the Board and Executive Management

Table of Content

Sr. No.	Content	Page No
1.	Introduction	2
2.	Objective	2
3.	Definitions	2
4.	General Standards and Remuneration disbursement mechanism	2
5.	Remuneration of Board of Directors and Committees Emanating from the Board	3
6.	Remunerations of the Chairman, Vice-Chairman, Board Secretary, and Board Committee Secretaries	4
7.	Remunerations of the Executive Management	5
8.	Suspension of Remunerations Disbursements and cases of claiming compensation and refunds	5
9.	Remunerations Disclosure	6
10.	Remuneration Policy Periodic Review	6
11.	Remuneration Policy Amendments	6
12.	Remuneration Policy Implementation and Approval	6

1- Introduction:

The Remuneration Policy of Board of Directors and Committees Emanating from the Board and Executive Management was prepared in order to comply with the rules and provisions of the Corporate Governance Regulations issued by the Board of the Saudi Arabian Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438 AH, and in accordance with the requirements of the Companies Law issued by Royal Decree No. M/3, dated 28/01/1437 AH, as amended by the decision of the Board of the Saudi Arabian Capital Market Authority No. (1-7 - 2021) and dated 6/1/1442 AH.

2- Objective:

The Remuneration Policy aims to clarify and indicate the standards, which the remuneration of the members of the Board of Directors, the committees emanating from the Board and the executive management are based on, in accordance with the requirements of the Companies Law and The Saudi Arabian Capital Market Authority regulations and its relevant executive regulation.

3- Definitions:

All definitions set out in the Corporate Governance Regulations issued by the Board of the Capital Market Authority shall apply to all terms mentioned in this policy, including but not limited to the definition of remuneration, independent board member, non-executive board member and senior executives, Etc.

4- General Standards and Remuneration disbursement mechanism:

The Nomination and Remuneration Committee (NRC) shall be competent to recommend the remuneration of the members to the Board of Directors and members of the committees emanating from the Board, in addition to the remuneration of the company's senior executives in accordance with the provisions of this policy, provided that the Committee shall observe the following standards and criteria:

- A. Consistency with the company's strategy and objectives.
- B. Remunerations shall be provided in order to inspire and motivate the members of the board of directors and the executive management for the success and development of the company in the long term, therefore remunerations shall be pursuant to the long-term performance.

- C. Remunerations shall be determined based on the job level and position, the tasks and its responsibilities, the educational qualifications, the practical experience, the skills and the level of performance.
- D. Consistency with the size, nature and degree of the company's risks.
- E. Taking into consideration the practices of other companies, especially those working in the same field in order to apply and practice the same activities in determining the remuneration, while avoiding the unjustified rise in remuneration and compensation that may result.
- F. The remuneration shall be a motivation that aims to attract, maintain and motivate professional competencies to work in the company, without exaggeration.
- G. In case of the company wishes to adopt a program to grant shares in the company to members of the board of directors and the executive management, whether it is a new issue or shares purchased by the company, this shall be done under the supervision of The Nomination and Remuneration Committee (NRC) in accordance with the company's articles of association, and according to the requirements of the Companies Law and The Saudi Arabian Capital Market Authority regulations and its relevant executive regulation.
- H. Meeting attendance allowances and other benefits or compensation for expenses related to meetings of the Board and its committees, general assemblies and other official meetings shall be paid immediately after each meeting, provided that all such benefits or allowances entitled to members of the Board and committees shall be disclosed within the Board of Directors annual report in accordance with the instructions the Capital Market Authority.

5- Remuneration of Board of Directors and Committees Emanating from the Board:

- A. Remuneration of members of the Board of Directors and members of the committees emanating from the same shall consist of an attendance allowance for meetings, in-kind benefits, a lump sum or a certain percentage of the company's net profits, and two or more of these benefits may be combined.

- B. The remuneration of the members of the board of directors may be a certain percentage of the company's net profits, or it may be based directly or indirectly on the company's profitability.
- C. The remuneration may not, in case of it was a certain percentage of the company's profits, exceed (10%) of the net profits after deducting the reserves decided by the General Assembly in compliance with the provisions of the Companies Law and the Company's Articles of Association, and after distributing a profit to shareholders of no less than (%5) of the company's paid-up capital, provided that the entitlement of such remuneration shall be commensurate with the number of sessions attended by the member, and any estimation contravenes this shall be considered null and void.
- D. The remuneration allocated to the members may be vary in its value and amount from one member to another according to the number of the member's attendances to the meetings as a ratio and proportion, the value or the amount of the remuneration of each member shall be estimated at the recommendation of The Nomination and Remuneration Committee (NRC) and upon an approval of the Board of Directors.
- E. The remuneration of the executive and non-executive members of the Board of Directors shall be disbursed and paid upon achieving any profits in accordance with the recommendation of the Board of Directors and after the approval of the General Assembly.
- F. The remuneration of the independent members of the Board of Directors shall be disbursed and paid under a decision of the Board of Directors in accordance with the classification described in the table shown below based on the recommendation of the Nomination and Remuneration Committee (NRC).
- G. The remunerations of all members of the committees emanating from the Board shall also be disbursed and paid under a decision of the Board of Directors based on the recommendation of the Nomination and Remuneration Committee (NRC).
- H. The maximum amount that a member will receive from attendance allowance for meetings of the Board of Directors, sub-committees and assemblies shall not exceed SAR 72,000 in a fiscal year.

- I. The maximum amount that a member will receive from the membership of the Board's committees, in case of it is a member of more than one committee, shall not exceed SAR 100,000 in a fiscal year.
- J. The minimum annual remuneration for the Chairman of the Board shall be (SAR 200,000) two hundred thousand riyals, and the minimum annual remuneration for the members of the Board shall be (SAR 150,000) one hundred and fifty thousand riyals, provided that the maximum annual remuneration shall not exceed the amount in the table (No. 1) shown below, which includes all allowances, remunerations, and any financial benefits, in accordance with the controls and regulations set by the Saudi Arabian Capital Market Authority and the Corporate Governance Regulations in this regard.
- K. Nomination and Remuneration Committee (NRC), at the end of each fiscal year, recommends the Board of Directors to disburse and pay the financial remuneration to the members of the Board and the committees emanating from the Board as follows, taking into account the attendance percentage: -

Table (1)

Classification of Remuneration	Chairman of Board of Directors	Member of Board of Directors	Committees of Board of Directors	Review Committee	Attendance Allowance	Maximum Limit
Minimum Limit (Failure to achieve any profits)	200,000	150,000	50,000	75,000	3,000	300,000
Maximum Limit (Upon achieving any profits)	250,000	200,000	50,000	75,000	3,000	400,000

- L. The company shall bear the costs of business class tickets, transportation, and subsistence and accommodation in five stars' hotel for members residing outside the city, in which the meeting will be held. The members shall be compensated, in case of such facilities and services is not provided by the company, for these actual expenses after submitting the invoices and the supporting documents for the incurred and disbursed amounts and in compliance with the attendance policy of meetings of the Board of Directors, committees emanating from the Board and assemblies, the regulations of paying the travel expenses and expenses approved by the Board in this regard.

- (ي) The remunerations and financial or in-kind benefits lump sum, in all instances and circumstances, which a member of the Board of Directors will receive shall not exceed the amounts specified in the above mentioned table, in accordance with the provisions of the Companies Law and its Executive Regulations and the controls set by the competent authority.

6- Remunerations of the Chairman, Vice-Chairman, Board Secretary, and Board Committee Secretaries:

Taking into account the provisions of the Article (5) mentioned above “the Board of Directors may disburse and pay an additional remuneration other than what is stipulated in Article (5) above to the Chairman and his Deputy according to a recommendation from the Nomination and Remuneration Committee (NRC). Moreover, The Board of Directors may disburse and pay the remuneration of the Board’s Secretary and the secretaries of the committees emanating from the Board, who are appointed from outside the Board according to a recommendation from the Nomination and Remuneration Committee (NRC), provided that the remunerations disbursed shall not exceed the ceiling of the maximum shown above.

7- Remunerations of the Executive Management:

The Remuneration Policy aims to provide a competitive situation required to attract and maintain the qualified and competent employees and provide the high level of skills that the company needs. The Board of Directors shall determine the remunerations types, which will be granted to senior executives of the company - according to the recommendation of the Nomination and Remuneration Committee – such as fixed remunerations, remunerations related to performance and encouraging remunerations, in a manner that shall not conflict with the related controls and procedures applied in joint stock companies.

The following matters shall be taken into consideration upon the disbursement of remunerations to the team of the Executive Management:

- A.** The Nomination and Remuneration Committee shall periodically review the approved payroll for all employees, including senior executives, and shall recommend the employee incentive plans and programs, whenever necessary.
- B.** The Nomination and Remuneration Committee shall recommend the appointment of the Chief Executive Officer “CEO” and determine the term of the its work contract, as well as its compensation with the proposed remuneration

provision, which shall be recommended to be disbursed by the Committee. The final approval and accreditation shall be from the Board of Directors.

- C. Performance standards for the CEO shall be defined and linked to remuneration by the Nomination and Remuneration Committee. The final approval and accreditation shall be from the Board of Directors.
- D. The Chief Executive Officer “CEO” shall determine the performance standards for senior executives, which are related to the company's general directives and assist in achieving the objectives required of the CEO, the final approval and accreditation shall be from the Board of Directors.
- E. The Nomination and Remuneration Committee shall discuss the recommendations of the Executive Management for the disbursement of annual or exceptional remunerations for performance and shall present the same to the Board of Directors for approval and accreditation.
- F. The Nomination and Remuneration Committee shall review the incentive plans and programs on an ongoing basis for senior executives and their employment contracts regarding annual remunerations (if any) and submit the relevant recommendations to the Board of Directors for approval and accreditation.
- G. Remunerations shall be determined based on the job level and position, tasks, responsibilities, educational qualifications, work experience, skills and level of performance.
- H. Travel and assignment allowances shall be disbursed and paid to all employees according to positions, job levels, employment contracts and in accordance with the internal policies approved by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee in this regard.

8- Suspension of Remunerations Disbursements and cases of claiming compensation and refunds:

Taking into consideration the company's financial conditions and work requirements, The Nomination and Remuneration Committee (NRC) may recommend to the Board of Directors to stop the disbursement of remunerations to all beneficiaries and demand their refund in certain cases (including but not limited to – The employee or the member commits an act of dishonorable offense or dishonesty or forgery and/or breaches his responsibilities or duties, which results in detrimental to the interests of

the company and/or terminates his membership by a decision of the general assembly, in case of its failure to attend three consecutive sessions without a legitimate excuse accepted by the board. Such employee or member shall return all the remunerations that were spent for the period following the last meeting he attended) or deduct the same in any appropriate manner, if it appears that they were decided based on inaccurate information provided by a member of the board of directors or the executive management, in order to prevent the exploitation of the job position to obtain undue remunerations.

9- Remunerations Disclosure:

- A. The Board of Directors annual report submitted to the Ordinary General Assembly shall include a comprehensive statement of all the remunerations, expenses allowances and other benefits that the members of the Board of Directors, the committees emanating from the Board and five senior executives (among them the CEO and Chief Financial Officer) received during the financial year. It shall also include a statement of what the board members received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy. It shall also include a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.
- B. Disclosure of remuneration shall be made in the Board of Directors' report according to the forms and templates prepared by the competent authorities.
- C. The Nomination and Remuneration Committee shall clarify the relationship between the granted remuneration and this policy, and shall indicate any material deviation from the same.

10- Remuneration Policy Periodic Review:

The Nomination and Remuneration Committee (NRC) shall conduct a periodic review for such policy, and evaluates its effectiveness in achieving the desired objectives, as part of Corporate Governance of the company or upon issuance of instructions or regulations related to it from the competent authorities.

11- Remuneration Policy Amendments:

This remuneration policy may not be changed or amended without a recommendation from The Nomination and Remuneration Committee (NRC) under a decision of the

Board of Directors after referring to the Companies Law and the Saudi Arabian Capital Market Authority 's Regulations with regard to the listed companies and the competent authorities, and the approval of such amendments shall be done by the General Assembly.

12- Remuneration Policy Implementation and Approval:

This policy shall be considered complementary to the Corporate Governance Regulations of the company and its memorandum of association, as this policy shall be approved and implemented from the date of its accreditation by the General Assembly and shall be applied starting from the fourth session of the Board of Directors.