



Remuneration Policy for Board of Directors, its Committees and Executive Management (2ND Version)

1-Introduction:

The Remuneration Policy for Board of Directors , its Committees and the Executive management is prepared in accordance with paragraph 1 of Article (58) of the Corporate Governance Regulations issued by CMA Board, which states “The Remuneration and Nomination Committee (RNC) shall prepare a clear policy for the remuneration of the board members, its Committees and the Executive management and presenting such policy to the board in preparation for General Assembly approval.

2- General Standards for Remunerations

The Remuneration & Nomination Committee is competent to recommend to the board in respect of the remunerations of its members, Committee members, and Senior executives in accordance with the following criteria:

- 1-The Remuneration shall be consistent with the company’s strategy, objectives and with the size, nature, and level of risk faced by the company.
- 2-Providing the remuneration with the aim of encouraging Board members and Executives Management to achieve the success of the company and its long-term development.
- 3- Remuneration shall be determined based on job level, duties and responsibilities, qualifications, practical experience, skills, and level of performance.
- 4-The remuneration must be appropriate to the company’s activities and the required skills for its management.
- 5-Taking into consideration the practices of other companies in respect of determination of remuneration and avoiding the disadvantages of such comparison in leading to unjustifiable increases in remuneration and compensations.
- 6-Take into consideration the sector in which the company operates, its size and the experience of its board members.
- 7-The remuneration shall be fair and proportionate to the member's competencies, duties and responsibilities carried out and borne by the members of the Board of Directors, committees, or top executives, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
- 8- Be reasonably sufficient to attract, motivate and retain highly qualified and experienced board members.
- 9-The Remuneration should be based on recommendations from the Remuneration & Nomination Committee.
- 10-The remuneration of different Board Members may vary depending on board member’s experience, competencies, and the duties he undertakes, independence and the number of the board meetings he attends in addition to other considerations.
- 11-The remuneration shall be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a member in the board or the executive management, to prevent abuse of power to obtain unmerited remunerations.

3-Board Members Remuneration

- 1-The remuneration of board members may consist of a fixed amount, attendance allowance , expenses fees , in-kind benefits, a certain percentage of net profit, or it may be combination of two or more of such benefits.



2-The remunerations of different Board members may vary depending on the board member's experience, duties he undertakes, independence and number of board meetings he attended in addition to other considerations.

3-The remuneration of the independent board members shall not be a percentage of the net profit realized by the company, nor shall it be based directly or indirectly on the Company's profitability.

4-The Board member is entitled to remuneration from the date of joining the board, provided that the remuneration must be proportionate to the actual term of his membership.

5- If the General Assembly decides to terminate the membership of any member who has been absent from attending three consecutive meetings or five non – consecutive meetings during the term of his membership without a valid excuse accepted by the board, then such member shall not be entitled to any remuneration for the period starting from the last board meeting he attended , and he shall pay back any remuneration he received for that period.

6-The Board of Directors report to the General Assembly during its annual meeting shall include a comprehensive statement of all the amounts received or entitled to be received by each board member during the fiscal year, including remunerations, attendance allowance, expenses allowance and other benefits. It shall also include a statement of what they received in their capacity as officers or executives of the Company, or in consideration for technical, administrative or consulting services. Such a report shall also include a statement of the number of board meetings held as well as the number of meetings attended by each member.

7-Board members shall not vote on the agenda item relating to the remuneration of the Board members at the General Assembly's meeting.

4- Committee members Remuneration

1-The board shall determine and approve the remuneration of its committee and the attendance fees based on recommendation from the Remuneration & Nomination Committee.

2-Committee Members' remunerations shall compromise annual remuneration (fixed amount), attendance fees and other allowances.

5- Executive Management Remuneration

1-The Board of Directors shall determine the remuneration of the Executive Management based on recommendation from Remuneration & Nomination Committee.

2-Remuneration of the Executive Management shall compromise the following:

- Basic Salary
- Allowances such as, Housing allowance, Transportation, and Education allowances as per the company's policy.
- Medical Insurance for him and his family.
- Annual remuneration based on performance indicators.
- Other benefits include annual leave, annual tickets, and an end-of-service award as per the company's approved policy.
- MD/ CEO shall implement the remuneration policy for employees and Senior executives as per recommendation from Remuneration and Nomination Committee and Board approval.



6-Details of the remuneration of the Board and its committees:

A- Board Members remuneration

- Attendance allowance SR (3,000) per session
- Overnight allowance SR (2,000) per night, and travel expenses SR (2,500) for members who come from outside Dammam City.
- Annual remuneration of SR (200,000) for each member.

B- Committee members Remuneration:

- Attendance allowance SR (3,000) per session.
- Overnight allowance and travel allowance shall be applied if the meeting of the committees does not coincide with the board meetings.
- Annual remuneration of SR (100,000) for each member if he is from the board.
- Annual remuneration of SR (150,000) for each member if he is from outside the board.

7- Mechanism of disbursing the remuneration

- 1-Attendance allowances for Board and Committees meetings may be paid on a quarterly basis.
- 2-The annual remuneration of the board and the committees shall be paid after the end of the fiscal year of the company as per recommendation from the Remuneration & Nomination Committee and Board of Directors approval.
- 3-The remuneration of Board members and the committees shall be processed by the Secretary of the Board.

8-Implementation and amendment of the Policy

- 1- This policy shall enter into force starting from 2023 after its adoption by the General Assembly.
- 2-This policy may be amended upon recommendation of the Remuneration & Nomination Committee, approval of the Board of Directors and adoption of the General Assembly.

Date of approval by EGM: 28 Sept.2023