

- Item 15:

## Remunerations Regulation for Members of the Board of Directors, Committees Emanating from the Board and Executive Management

### Introduction


The remuneration regulation for the members of the Board of Directors and the committees emanating from the Board and the executive management of the company, has been prepared on the basis of what is stipulated in paragraph (1) of Article Sixty One of the Corporate Governance Regulations issued by the Board of the Capital Market Authority dated 2\2017\13 and based on the corporate system issued by Royal Decree No. (3\m) dated 28\01\1437H, and the guidance document for controls and procedures issued in implementation of the system of joint-stock companies.


### 1. Policy Objectives

The remuneration and compensation regulation for the members of the Board of Directors, committees and executive management, aims to define clear criteria for remuneration and compensation that are approved and disbursed according to performance, and ensure disclosure and verification of policy implementation. It also aims to attract professional competencies and maintain their motivation.

### 2. General criteria for remuneration

- 1) Its consistency with the company's strategy and objectives.
- 2) To offer remuneration for the purpose of urging members of the Board of Directors and executive management to make the company successful on the long term, such as linking the changing part of the remuneration to long-term performance.
- 3) Remuneration are determined based on the level of post, tasks and responsibilities assigned to them, educational qualifications, work experience, skills and level of performance.
- 4) Its consistency with the scale, nature and degree of risk of the company.
- 5) Taking into account the practices of other companies in determining remunerations, while avoiding the unjustified rise in remuneration and compensation that may result from that.
- 6) To aim for attracting, maintaining and motivating professional competencies, without any exaggeration.
- 7) To be prepared, in coordination with the Remuneration and Nomination Committee, upon new appointments.





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- 8) Cases of stopping the exchange of the remuneration or its refund if it is determined that it was decided on the basis of inaccurate information provided by a member of the Board of Directors or executive management; This is to prevent the employment situation from being used to obtain unpaid remuneration.
- 9) Regulating the company share granting applicable to the Board of Directors and executive management, whether it is a new issue or shares bought by the company.

### 3. Remuneration of the members of the Board of Directors

- a) The Board of Directors must take into account in determining and disbursing remuneration obtained by each of its members, the relevant provisions mentioned in the Companies Law and the Corporate Governance Regulations, in addition to the following criteria:
  1. The remuneration should be fair and commensurate with the member's powers, actions, and responsibilities undertaken and assumed by the members of the Board of Directors, in addition to the objectives set by the Board of Directors to be achieved during the fiscal year.
  2. The remuneration should be based on the recommendation of the Remuneration and Nomination Committee.
  3. The remuneration should be commensurate with the company's activity and the skill needed to manage it.
  4. Taking into consideration the sector in which the company operates, its scale and the experience of the members of the Board of Directors.
  5. The remuneration is reasonably sufficient to attract, motivate and retain Board members with appropriate competence and experience.
- b) The members of the Board of Directors may not vote on the item of remuneration of the members of the Board of Directors at the General Assembly meeting.
- c) A member of the Board of Directors may obtain a remuneration for his membership in the audit committee formed by the General Assembly, or for any additional business, executive, technical, administrative, or advisory positions - under a professional license - assigned to him in the company. This is in addition to the remuneration that can be obtained 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.
- d) The remuneration of the members of the Board of Directors may be of varying amount to reflect the member's experience, terms of reference, tasks assigned to him, his independence, the number of sessions he attends and other considerations.
- e) The remuneration of the independent members of the Board of Directors must not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company.

- f) If the general assembly decides to terminate the membership of a member of the Board of Directors due to his absence from attending three consecutive 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 remunerations that were disbursed to him for that period.
- g) If the Audit Committee or the Commission found that the remuneration paid to any of the members of the Board of Directors is based on incorrect or misleading information that was presented to the General Assembly or included in the annual report of the Board of Directors, he must return it to the company, and the company has the right to ask for its refund.

#### 4. Remuneration of the Committees

1. The Board of Directors determines and approves the membership remuneration of its committees emanating from it – except for the Audit Committee - attendance allowances and other entitlements upon the recommendation of the Remuneration and Nomination Committee.
2. The annual membership remuneration for the committees is a lump sum and meeting attendance allowances.
3. The membership remuneration for the Audit Committee is approved by the shareholders' General Assembly upon the recommendation of the Board of Directors.
4. When forming the committees, the number of membership that a member of the board of directors can occupy shall be taken into account, so that the total remuneration received by the member for his membership in the Board and the committees, does not exceed the upper limit stipulated in the corporate system, taking into account Paragraph (c) of Article (4) of this policy.

#### 5. Remuneration of the Executive Management

The following criteria must be taken into account when determining executive management remuneration:

- a) The remuneration should be fair and commensurate with the powers, actions, and responsibilities of the members of the Board of Directors, in addition to the objective set by the Board of Directors to be achieved during the fiscal year.
- b) The Remuneration and Nomination Committee should evaluate the salary scale for executive management positions in accordance with the job description and the general market and comparison criteria for other similar companies.
- c) On the recommendation of the Remuneration and Nomination Committee, the Board of Directors determines the types of remuneration granted to the senior executives of the company - for example: fixed remuneration, performance-related remuneration, and

incentive remuneration - in a manner that does not conflict with the controls and regulatory procedures issued to joint-stock companies.

- d) The remuneration of senior executives should be consistent with the company's strategic objectives and commensurate with the company's activity and the skills needed to manage it, taking into account the sector in which the company operates and its scale.
- e) The Remuneration and Nomination Committee reviews the incentives schemes of senior executives on an ongoing basis and submits the recommendation to the Board of Directors for approval.
- f) The Remunerations aim to provide the competitive situation required to attract and retain qualified employees and maintain the high level of skills the company needs.

## 6. General provisions

1. The remuneration of the members of the Board of Directors, committees and the Secretary is paid annually after the approval of the (audited) Consolidated Annual Financial Statements, consolidated financial statements by the general assembly of the company's shareholders.
2. Attendance allowances may be paid after every session or quarterly or with annual bonuses.
3. Allowances and other expenses are paid only once if one or more meetings are held on the same day.
4. Executive management remuneration is paid annually upon approval by the Board of Directors in accordance with a recommendation from the Remuneration and Nomination Committee.

## 7. Amendment of the policy

- a) The General Assembly has the right to amend this policy at any time.
- b) This policy may be modified after its issuance, provided that the General Assembly approves any amendment at its first meeting following the change.