

## **Remuneration Policy for the Board of Directors, its Committees, and the Executive Management**

## 1-1 Introduction

The remuneration policy for the Board of Directors, its committees, and the executive management of the Arabian Contracting Services Company (alarabia) has been prepared in implementation of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, which mentioned that the Remuneration and Nomination Committee shall prepare a clear policy for the remuneration of members of the Board of Directors. and committees emanating from the Board and the Executive Management and submitting them to the Board of Directors for consideration in preparation for approval by the General Assembly.

## 1-2 Objective

This policy aims to define clear criteria for the remuneration of members of the Board of Directors, its committees and senior executives in line with the requirements of the Companies Law and the regulations of the Capital Market Authority, in addition to attracting individuals with a degree of competence, ability and talent to work in the Board of Directors, committees and executive management by adopting stimulating plans and programs for remunerations linked to performance, which contributes to improving the performance of the company and achieving the interests of its shareholders.

## 1-3 Rewards criteria

Without prejudice to the statutory requirements, the company's bylaws, and the requirements of the Governance Regulations, the remuneration of the members of the Board of Directors, its committees, and the executive management are subject to the following:

- Its consistency with the company's strategy and objectives.
- The remuneration shall be fair and commensurate with the member's competencies, business and responsibilities undertaken and borne 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.
- The remuneration shall be based on the recommendation of the Remuneration and Nomination Committee.
- The remuneration should be commensurate with the company's activity and the skill needed to manage it.
- Taking into account the sector in which the company operates, its size and the experience of the board members.
- That the remunerations are reasonably sufficient to attract, motivate and retain competent and expert individuals to the Board membership.
- The members of the board of directors shall not vote on the remuneration of the members of the board of directors during the meetings of the general assembly.
- A member of the Board of Directors may obtain a bonus in return for his/her membership in the board committees, or in return for any other executive, technical, administrative or advisory work or positions - by professional license/certificate - that he/she is assigned to the company, in addition to the bonus that he/she can obtain in his/her 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 Bylaws.

- The remuneration of the members of the board of directors may be of varying amounts to reflect the member's experience, competencies, tasks entrusted to him/her, his/her independence, the number of meetings he/she attends, and other considerations.
- The remuneration of independent board members shall not be a percentage of the profits achieved by the company or be based directly or indirectly on the company's profitability.
- If the General Assembly decides to terminate the membership of a member of the Board of Directors due to his/her failure to attend three consecutive meetings or five non-consecutive meetings of the Board without a legitimate excuse, then this member is not entitled to any remunerations for the period following the last meeting he/she attended, and he/she must return all the remunerations that were paid to him/her for that period.
- If the audit committee or the Capital Market Authority finds that the remunerations paid to any member of the board of directors are based on incorrect or misleading information that was presented to the general assembly or included in the annual report of the board of directors, then he/she must return it to the company, and the company has the right to claim it.

#### **1-4 Remuneration of Board Members**

- According to Article 76 of the Companies Law, the company's bylaws shall specify the method of remuneration for the members of the Board of Directors, and this remuneration may be a certain amount, attendance allowance for meetings, benefits, or a certain percentage of profits, and two or more of these benefits may be combined, the ordinary general assembly shall determine such amount, provided that it is fair, incentivizing, and commensurate with the performance of the member and the company.
- The report of the Board of Directors submitted to the Ordinary General Assembly must include a comprehensive statement of what the Board members obtained during the fiscal year Which includes salaries, share of profits, attendance allowance, expenses, and other benefits. The report must also include a statement of what the board members received in their capacity as employees or executives, or what they received in return for technical, administrative, or advisory work for the company, approved by the company's general assembly previously.

#### **1-5 Remuneration of committee members**

- The Board of Directors determines and approves the membership remuneration of the committees emanating from it, attendance allowances and other entitlements based on the recommendation of the Remuneration and Nomination Committee.

#### **1-6 Executive Management Remuneration**

- Basic salary.
- Allowances including, but not limited to, housing allowance, and transportation allowance.
- Medical insurance benefits for the Executive and his/her family.
- Annual bonus linked to performance indicators according to the annual evaluation.

### **1-7 Final Provisions**

In accordance with provisions of the Corporate Governance Regulations issued by the Capital Market Authority, the report of the Board of Directors addressed to shareholders must include in detail the remuneration and compensation paid to each of:

- Board of Directors.
- Five senior executives who received the highest remunerations and compensations from the company, provided that they include the CEO and the financial manager.
- Committee members.

### **1-8 Publication, Enforcement, and Amendment**

The provisions of this policy shall be implemented and shall be enforced by the company as of the date of its approval by the general assembly of shareholders. This policy shall be published on the company's website to enable shareholders, the public and stakeholders to view it. Presenting any proposed amendments to the Board of Directors, which studies and reviews the proposed amendments and recommends them to the Shareholders' General Assembly for approval.

