

In the name of Allah, the most gracious, the most merciful

## **Policy**

# **Remunerations of the Board of Directors, its committees and the executive management**

**Al khaleej Company for Training and Education  
(a Saudi joint stock company)**

Approved by the decision of the General Assembly of Shareholders on 01/12/1444 AH corresponding to 19/06/2023 AD

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## **Policy Remunerations of the Board of Directors, its committees, and the executive management**

### **Introduction:**

The policy for the remuneration of the Board of Directors, its committees, and the executive management of Al-Khaleej Training and Education Company has been prepared by the Nominations and Remunerations Committee in accordance with the provisions of Paragraph (1) of Article Fifty-eighth of the Corporate Governance Regulations issued by the Capital Market Authority, as amended by Resolution No. (8-5-2023) and on 25/06/1444 AH corresponding to 18/01/2023 AD based on the Companies Law issued by Royal Decree No. (M / 132) and dated 01/12/1443 AH

Accordingly, after reviewing the Saudi Companies Law, its amendments, and its executive regulations, after reviewing the Capital Market Law and its regulations, and after reviewing the Corporate Governance Regulations issued on 25/06/1444 AH corresponding to 18/01/2023, and after reviewing the company's articles of association, the Board of Directors of Al-Khaleej Company decided For training and education, with its powers to issue a policy for the remuneration of the Board of Directors, its committees and the executive management, provided that this policy is presented to the General Assembly of Shareholders at its first meeting for approval.

### **Article 1: Policy Objectives**

This policy aims to set clear criteria for the remuneration of the members of the Board of Directors, its committees, and senior executives, and organize the rewards to attract members of the Board of Directors with scientific, technical, and administrative competence and experience in the field of the company's business, so that they can perform their tasks and duties with professionalism and high efficiency by adopting incentive plans and programs for rewards and related to performance, which contributes In improving the company's performance and achieving the interests of its shareholders.

### **Article Two: General Standards of Policy**

The remuneration policy must take into account the following:

1. The rewards should be commensurate with the company's activity and the skills needed to manage it.
2. Taking into account the compatibility of rewards with the company's strategy and objectives and with the size, nature, and degree of risks it has.
3. Providing bonuses for the purpose of urging members of the Board of Directors and executive management to make the company successful and develop it in the long term, such as linking the variable part of the bonuses to performance in the long term.
4. Taking into account the practices of other companies and what is prevalent in the labor market in determining remuneration, while avoiding what may result from an unjustified increase in remuneration and compensation.
5. To be prepared in coordination with the Nominations and Remunerations Committee regarding new appointments.
6. Rewards are determined based on the job level, tasks and responsibilities assigned to the incumbent, academic qualifications, practical experience, skills, and level of performance.
7. Taking into account the sector in which the company operates its size and the experience of the members of the Board of Directors.
8. The reward should be reasonably sufficient to attract, maintain and motivate professional talent, without exaggerating it.
9. In the case of developing a program to grant shares in the company to members of the Board of Directors, the executive management and its employees, whether it is a new issue or shares purchased by the company, this will be done under the supervision of the Nominations and Remuneration Committee and in accordance with the company's articles of association and the relevant rules and regulations of the Capital Market Authority.

### **Article Three: Board members' remuneration**

1. The Nominations and Remuneration Committee issues a recommendation on an annual basis regarding the amount of annual remuneration to which the members of the Board of Directors are entitled.
2. The reward may be a specific amount, attendance allowance for sessions, expenses allowance, and other benefits, and it is permissible to combine two or more of these benefits.
3. The remuneration of the members of the Board of Directors may vary in amount, reflecting the member's experience, competencies, tasks entrusted to him, independence, the number of sessions he attends, and other considerations.
4. A member of the Board of Directors may obtain remuneration for his membership in the committees formed by the Board of Directors, in addition to the remuneration he receives in his capacity as a member of the Board of Directors in accordance with the companies' regulations and the company's articles of association.
5. A member of the Board of Directors may obtain remuneration for any additional executive, technical, administrative, or advisory work or positions - under a professional license - assigned to him in the company, in addition to the remuneration that he may obtain in his capacity as a member of the Board of Directors and in committees formed by Before the Board of Directors, in accordance with the companies' bylaws and the company's articles of association.
6. The remuneration of the independent members of the Board of Directors shall not be a percentage of the company's profits or be based directly or indirectly on the company's profitability.
7. It must be taken into account that the remuneration is fair and commensurate with the terms of reference of the member and the work and responsibilities that the members of the Board of Directors undertake and assume, in addition to the goals set by the Board of Directors to be achieved during the fiscal year.
8. The report of the Board of Directors to the General Assembly of Shareholders at its annual meeting must include a comprehensive statement of all that each member of the Board of Directors received or deserved to receive during the fiscal year in terms of remuneration, allowances for attending sessions, expenses and other benefits. It shall also include a statement of what the members of the Council have received in their capacity as workers or administrators, or what they have received in return for technical, administrative or consulting work (if any). It shall also include a statement of the number of Council sessions and the number of sessions attended by each member.

### **Article Four: Remuneration of committee members**

1. The Nominations and Remuneration Committee issues a recommendation on an annual basis regarding the amount of annual remuneration to which members of the committees of the Board of Directors are entitled.
2. The Board of Directors approves membership remuneration for its committees, attendance allowances, and other entitlements based on the recommendation of the Nominations and Remunerations Committee.
3. The reward may be a specific amount, attendance allowance for sessions, expenses allowance, and other benefits, and it is permissible to combine two or more of these benefits.
4. Remunerations for committee members may vary in amount to reflect the member's experience, competencies, tasks entrusted to him, independence, the number of sessions he attends, and other considerations.

### **Article Five: Senior Executives Remuneration**

1. The Nominations and Remuneration Committee issues a recommendation on an annual basis regarding the amount of annual remuneration to which the senior executives of the company are entitled.
2. What is meant by the company's senior executives are the Chief Executive Officer, Executive Vice President, Chief Financial Officer, heads of sectors, and managers who report directly to the Chief Executive Officer in the organizational structure.
3. The following criteria must be taken into account when determining the remuneration of senior executives:
  - Remunerations shall be determined based on the level of the job, the tasks and responsibilities assigned to the incumbent, academic qualifications, practical experience, skills, and level of performance.
  - That the reward be linked to the achievement of performance indicators for each member of the senior executives.
4. The remuneration of senior executives shall include the following:

- Salaries and allowances, including but not limited to housing allowance, transportation allowance, and communication allowance.
- Annual performance bonuses - if any - which are paid to the executive management according to the company's performance during the year.
- Other related benefits, including but not limited to annual leaves, medical insurance, annual travel tickets, and end-of-service gratuity according to the work system and human resources policy approved by the company.
- Short-term incentive plans associated with exceptional performance and long-term incentive plans such as stock options programs (when applicable)

#### **Article Six: General Provisions**

1. Members of the Board of Directors may not vote on the item of remuneration for members of the Board of Directors at the meeting of the General Assembly of Shareholders.
2. The company shall disclose the remuneration of board members, committees and senior executives in the annual report of the Board of Directors in accordance with the controls and directives issued under the Companies Law and the Capital Market Authority's regulations and their implementing regulations.
3. The member shall be entitled to the reward starting from the date of joining the council or the committee and according to the terms of his membership.
4. The allowance for attending council meetings, committee remunerations, and the allowance for attending committee meetings may be paid annually or in semi-annual or quarterly installments. As for the annual remuneration for the council, it shall be paid in full after its approval at the annual general assembly meeting.
5. In the event that a member of the Board of Directors is exempted from membership for any reason, his remuneration shall be calculated according to the period he spent in the membership of the Board.
6. The company has the right to stop the payment of the bonus, recover it, or claim compensation if it appears that it was decided based on inaccurate information provided by a member of the Board of Directors or the executive management; This is to prevent exploitation of the job position to obtain undeserved rewards, as well as in the event that the member commits any act violating honor and honesty, forgery, or violating the laws and regulations in the Kingdom, or when he fails to carry out his responsibilities, tasks and duties, which results in harm to the interest of the company.
7. If the General Assembly decides to terminate the membership of a member of the Board of Directors who is absent due to his failure to attend three consecutive meetings or five separate meetings of the Board during his term of membership without a legitimate excuse accepted by the Board, then this member shall not be entitled to any remuneration for the period following the last meeting he attended, and he must return all bonuses paid to him for that period.
8. The Board of Directors determines the annual remuneration for the members of the Board in line with the Companies Law, its implementing regulations, the company's Articles of Association, and the applicable regulations and instructions from the relevant authorities.

#### **Article Seven: Final Provisions (Publication, Enforcement and Amendment)**

1. These regulations shall be applied, adhered to, and enforced by the company as of the date of its approval by the General Assembly of Shareholders.
2. This policy is published on the company's website to enable shareholders, the public, and stakeholders to view it.
3. This policy is reviewed periodically - when needed - by the Nominations and Remunerations Committee, and any amendments proposed by the Committee are presented to the Board of Directors, which studies and reviews the proposed amendments and recommends them to the General Assembly of Shareholders for approval.
4. This policy is complementary to what is stated in the laws and regulations of the regulatory authorities in the Kingdom of Saudi Arabia and is not a substitute for it. In the event of any conflict between what is stated in the regulation and the rules and regulations of the regulatory authorities, the rules and regulations of the regulatory authorities shall prevail.

Allah bless,