

**Amendments to the Remuneration Policy for the Board of
Directors, Committees and Executive Management - Al-Andalus
Property Company**





Adoption of the regulation

This regulation was adopted by the resolution of the Ordinary General Assembly Eighteenth For the company held on 19/05/2024 AD.

According to the recommendation of the Board of Directors pursuant to its resolution issued on 21/04/2024 AD



1/ Preamble

Remuneration Policy of the Board of Directors, its Committees, and the Executive Management of Alandalus Property was prepared by the Nominations and Remuneration Committee pursuant to the provision Paragraph (1) of Article No. 58 of the Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No. (8-16-2017) dated 16/05/1438 AH, corresponding to 13/02/2017 AD, based on the Companies Law issued by Royal Decree No. M/3, dated 28/01/1437 AH, amended by Board of the Capital Market Authority Resolution No. 8-5-2023, dated 25/06/1444 AH, corresponding to 18/01/2023 AD, based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443 AH. Accordingly, after reviewing the Saudi Companies Law and its Executive Regulations, after reviewing the Financial Market Law and its Regulations, after reviewing the Corporate Governance Regulations, and after reviewing the Company's Articles of Association, the Board of Directors of Alandalus Property, with its powers, decided to issue Remuneration Policy of the Board of Directors, its Committees, and the Executive Management, provided that this policy shall be presented to the General Assembly of Shareholders at its first meeting for approval. This regulation shall be approved by the General Assembly's resolution, based on the proposal of the Board of Directors, in implementation of the statutory provisions in this regard. The same procedures shall be followed when making any amendment to it.

2/ **Article One: Definitions**

For applying the provisions of this regulation, the words and phrases mentioned below shall have the meanings indicated before each of them, unless the context requires otherwise:

Policy: Remuneration Policy of the Board of Directors, its emanating Committees, and the Executive Management.

Company: Alandalus Property Company.

Board of Directors: Company's Board of Directors.

Director: A member of the company's board of directors.

Executive Director: A board member who is dedicated to managing the company and participates in its daily work and receiving its compensation from the company.

Non-Executive Director: A member of the Board of Directors who is not full-time member to manage the company and does not participate in its daily work.

Independent Director: A Non-Executive Board member who is fully independent in its position and resolutions, and none of the circumstances of independence stipulated in the Corporate Governance Regulations shall apply to it.

Executive Management or Senior Executives: The people who are responsible for managing the company's daily operations, proposing and implementing strategic resolutions, such as the CEO, its Deputies, Financial Director, and Executive Directors.

Remuneration: Amounts, allowances, profits and its equivalent, periodic or annual remunerations related to performance, short-term or long-term incentive plans, and any other in-kind benefits, excluding actual reasonable expenses and costs incurred by the Company on behalf of a director for the purpose of performing the work. The regular remuneration includes salaries, allowances, and benefits in kind. It also includes variable remuneration, periodic bonuses, profits, short-term and long-term incentive plans, and granted shares.

General Assembly: The Company's General Assembly (ordinary or extraordinary).

Corporate Governance Regulations: Governance regulations for joint stock companies listed on the market issued by the Board of the Capital Market Authority.

Law: Companies Law and its Executive Regulations.

Articles of Association: The Articles of Association of Alandalus Property.

Executive Management: Executive Chairman and senior executives which are directly related to CEO in the organizational structure.

Secretary of the Board or Committee:

The person appointed by the (Board of Directors/Committee) to carry out the task of writing down, recording, and keeping minutes of meetings and any other tasks assigned to it by the Board in this regard.

Day: A calendar day, whether it is a working day or not.

Actual days: Number of days of membership during the general fiscal year.

3/ **Article Two: Policy Objectives**

This Policy aims to achieve the following:

1. Setting clear and fair standards for the remuneration of members of the Board of Directors, its committees, and Senior Executives, organizing remuneration in order to contribute to attracting members of the Board of Directors with scientific, technical, and administrative competence and experience in the field of the company's business, enabling them to perform their tasks and duties with professionalism and high efficiency through adopting plans and programs that motivate getting the remuneration and are related to performance, which contributes to improving the Company's performance and achieving the interests of its Shareholders.
2. Ensuring the Company's compliance with applying and adhering to the highest standards.
3. Compliance with achieving the most important governance principles related to transparency and disclosure in accordance with the applicable regulations and the provisions of this policy

4/ **Article Three: Scope of Implementation**

This Policy shall be applied to all members of the Board of Directors, members of its emanating permanent committees, and the Executive Management

5/ **Article Four: Responsibility for implementation**

The Nominations and Remuneration Committee, in coordination with the Company's Executive Management, shall follow up the implementation of this Policy, verify the soundness of the procedures taken, evaluate any deviations that may occur in the implementation, and report to the Board any matter that requires it for the purpose of guidance.

6/ **Article Five: Remuneration Policy Standards**

Subject to other relevant laws and regulations issued by the relevant regulatory authorities, the Board of Directors, in determining and disbursing the remuneration received by each of its members or members of the committees affiliated with the Board or the executive management of the company, shall take into account the relevant provisions contained in the Companies Law and its Executive Regulations, and the Corporate Governance Regulations issued by the Capital Markets Authority and **the following shall be maintained:**

- 1- Alignment with the Company's Strategy and its Objectives.
- 2- The remuneration shall be provided for urging the members of the Board of Directors and Executive Management to ensure the success of the company and its long-term development, taking into account the variable portion of the Remuneration to long-term performance.
- 3- Remuneration shall be determined based on the level of the job, the tasks and responsibilities assigned to its holder, academic qualifications, practical experience, skills, and level of performance.
- 4- Alignment with the size, nature and degree of risks of the Company.
- 5- Taking into account the practices of other companies in determining remuneration, while avoiding what may result from an unjustified increase in remuneration and compensation.

- 6- Aiming to attract, maintain and motivate professional competencies, without exaggerating them.
- 7- The policy shall be prepared by coordinating with the Nominations Committee upon new appointments. This policy is to be applied in any new appointments by coordinating with the Nominations and Remuneration Committee and the Executive Management of the company.
- 8- Taking into account the issue of stopping the payment of remuneration or recovering it if it is found to have been determined on the basis of inaccurate information provided by a member of the Board of Directors or Executive Management; to prevent the abuse of position for undue remuneration
- 9- Organizing the granting of shares in the company to members of the Board of Directors and Executive Management, whether it will be a new issue or shares purchased by the Company.

7/ **Article Six: Remuneration Policies**

First: Remuneration of Board of Directors:

A. Subject to other relevant laws and regulations issued by the other regulatory authorities, the Board of Directors, in determining and disbursing the remuneration received by each of its members, shall take into account the relevant provisions contained in the Companies Law and its Executive Regulations, and the Corporate Governance Regulations and shall take into account the following according to the law:

- 1- Remuneration shall be fair and proportionate to the member's duties, works and responsibilities carried out 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 financial year.
- 2- Remuneration will be based on the recommendation of the Remuneration Committee.
- 3- Remuneration shall be proportionate to the Company's Activity and the skill required to manage it.
- 4- The sector in which the company operates, its size, and the experience of the Board of Directors shall be taken into account.
- 5- Remuneration shall be reasonably sufficient to attract, motivate and retain Board of Directors with appropriate competence and experience.
- 6- Board of Directors may not vote on the remuneration item for Board of Directors at the General Assembly meeting.
- 7- A member of the Board of Directors may obtain a remuneration for any additional role or executive, technical, administrative, or advisory positions, under a professional license, assigned to it in the company, in addition to the remuneration it may obtain in its capacity as a member of the Board of Directors and in the Committees formed by Board of Directors, in accordance with the Companies Law and the Company's Articles of Association.
- 8- Remuneration of the Board of Directors may be of varying amounts to reflect the extent of the member's experience, its specializations, tasks assigned to it, its independence, the number of meetings it attends, and other considerations.
- 9- Remuneration of Independent Directors shall not be a percentage of the profits achieved by the Company or be based directly or indirectly on the Company's Profitability.
- 10- If the General Assembly decides to terminate the membership of a Board Member who is absent due to its failure to attend three consecutive meetings or five separate meetings of the Board during the term of its membership without a legitimate excuse accepted by the Board, then this member is not entitled to any remuneration for the period following the last meeting it attended, and shall return all remuneration that were disbursed to it for that period.
- 11- If it was found to the Audit Committee or the Authority that the remuneration paid to any member 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, it shall return them to the Company, and the Company shall be entitled to ask him to refund.

Second: Remuneration of members of committees of the Board:

- 1- The Nominations and Remuneration Committee shall make a recommendation to the Board of Directors regarding the remuneration of members of the committees of the Board of Directors.
- 2- The Company's General Assembly shall determine the remuneration of the members of the Audit Committee, and the Board of Directors shall determine the remuneration of the members of the remaining board committees in exchange for their attendance at committee sessions and any other allowances.
- 3- Members of the committees of the Board of Directors who reside outside the cities where the committee meetings are held shall be entitled to be paid for all expenses they incurred to attend the meetings, provided that these expenses shall be reasonable and customarily acceptable in accordance with business standards, such as travel, meals, accommodations and other expenses they incurred.
- 4- Remuneration shall be fair and proportionate to the member's duties, works and responsibilities carried out and borne by the members of the committees of the Board of Directors. The remuneration shall also be proportionate to the Company's Activity and the necessary skill of the Members.

Third: Remuneration for members of the Executive Management

- 1- The Nominations and Remuneration Committee shall make a recommendation to the Board of Directors regarding the remuneration of Members of the Company's Executive Management.
- 2- One of the tasks and duties of the Members of the Board of Directors is to determine the appropriate levels of remuneration for members of the Executive Management.
- 3- The annual remuneration of members of the Company's Executive Management shall be approved by the Board of Directors.
- 4- The Company shall provide standard, fair pay and job benefits that will attract and reward qualified executives.

8/ Article Seven: Determining the remuneration and compensation of the Board of Directors and its committees

Members of the Board of Directors and members of the committees of the Board shall be entitled the following remuneration:

1) Remuneration for members of the Board of Directors and committees emanating from the Board:

1.1 The remuneration of the Chairman and members of the Company's Board of Directors consists of annual remuneration (a lump sum) and an attendance allowance for meetings according to the following:

A- The Chairman of the Board of Directors is entitled to an annual bonus of 300,000 Saudi riyals.

B- A member of the Board of Directors is entitled to an annual bonus of 250,000 Saudi riyals.

C - Any member of the Board, including the Chairman of the Board of Directors, is entitled to an attendance allowance (for one meeting) of 5,000 Saudi riyals, with a maximum of 30,000 Saudi riyals per year.

1.2 The company's Audit Committee remuneration consists of annual remuneration (a lump sum) and an attendance allowance for meetings according to the following:

A- The Chairman of the Audit Committee is entitled to an annual bonus of 150,000 Saudi riyals.

B- A member of the Audit Committee member from inside the board is entitled to an annual bonus 100,000 Saudi riyals.

C- A member of the Audit Committee from outside the Board is entitled to an annual bonus 150,000 Saudi riyals.

D - Any member of the Audit Committee, including the Chairman of the Committee, is entitled to an attendance allowance (for one meeting) of 5,000 Saudi riyals, with a maximum of 30,000 Saudi riyals per year.

1.3 The company's Nominations and Remunerations Committee's remuneration consists of an annual bonus (lump sum) according to the following:

A- The Chairman of the Nominations and Remuneration Committee is entitled to an annual bonus of 150,000 Saudi riyals.

B- A member of the Nominations and Remuneration Committee member from inside the board is entitled to an annual bonus of 100,000 Saudi riyals.

T- A member of the Nominations and Remuneration Committee from outside the Board is entitled to an annual bonus of 150,000 Saudi riyals.

C - Any member of the Nominations and Remuneration Committee, including the Chairman of the Committee, is entitled to an attendance allowance (for one meeting) of 5,000 Saudi riyals, with a maximum of 30,000 Saudi riyals per year.

1.4 The company's Executive Committee remuneration consists of an annual bonus (lump sum) according to the following:

A- The Chairman of the Executive Committee is entitled to an annual bonus of 150,000 Saudi riyals.

B - A member of the Executive Committee from member from inside the board entitled to an annual bonus of 100,000 Saudi riyals.

D- A member of the Executive Committee from outside the Board is entitled to an annual bonus of 150,000 Saudi riyals.

C- Any member of the Executive Committee, including the Chairman of the Committee, is entitled to an attendance allowance (for one meeting) of 5,000 Saudi riyals, with a maximum of 30,000 Saudi riyals per year.

2) In order to be eligible for the annual bonus, the member must attend at least two-thirds of the meetings held during the year.

3) The remuneration of members of the Board and its committees, and the allowance for attending sessions, shall be paid in two installments every six months of the fiscal year, after their approval by the Board of Directors.

4) It is permissible to combine the remuneration for membership in the Board, and the remuneration for chairing or membership of one of the committees of the Board or the Audit Committee.

5) The fixed annual bonus amount does not include travel and related costs and will be compensated as follows:

A. Travel costs and airline tickets (business class).

B. Hotel accommodation and standard work costs.

C. The mentioned expenses shall be compensated after receiving the actual invoices.

9/ **Article Eight: Annual bonus calculation mechanism**

The annual bonuses for members of the Board of Directors and its sub-committees are calculated during their tenure and in case of joining or ending their membership during the fiscal year as follows:

Annual bonus value for the member ÷ Number of calendar days (365) × Number of actual days.

10/ **Article Nine: Determining the Remuneration of Executive Management**

1. The Nominations and Remuneration Committee shall review the functional benefits of the Executive Management and the bonuses programs and plans on a regular basis. After obtaining

the recommendations of the Executive Management, the Committee shall review them and submit its final recommendations to the Board of Directors for approval, taking into account the annual budget, the company's liabilities, and the available cash liquidity. The Executive Management's Remuneration shall include the following:

- (Basic salary) that shall be paid at the end of each calendar month on a monthly basis.
- Housing allowance, transportation allowance, and any other allowances that shall be adopted by the Board of Directors.
- Medical insurance benefits for the employee and its family.
- The annual remuneration, if adopted by the Board of Directors, shall be related to performance, assessment, and key performance indicators.
- End of service gratuity

10/ **Article Ten: Disclosure of the remuneration of members of the Board of Directors**

- 1- The Board of Directors shall disclose the remuneration policy and how to determine the remuneration of its members and members of the Company's Executive Management.
- 2- The Board of Directors shall disclose in its annual report the details of policies related to remuneration, the mechanisms for determining them, the amounts, and financial and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative, or advisory roles or positions.

11/ **Article Eleven: Final Provisions (Publication, Enforcement and Amendment)**

1. This Regulation shall be applied, adhered to and implemented by the Company as of the date of its approval by the General Assembly of Shareholders.
2. This Policy shall be reviewed periodically - when needed - by the Nominations and Remuneration Committee, any amendments proposed by the Committee shall be presented to the Board of Directors. Board of Directors shall investigate and review the proposed amendments, then recommend them to the General Assembly of Shareholders for approval.
3. The committee is working to share with the Executive Management any amendments or proposals to this Policy and to explore its views and observations in order to achieve the objective behind it.
4. This Policy shall be considered complementary to what is stated in the Laws and Regulations of the regulatory authorities in the Kingdom of Saudi Arabia and shall not be a substitute for it. In the event of any conflict between what is stated in the Regulation and the Laws and Regulations of the regulatory authorities, the Laws and Regulations of the regulatory authorities shall be considered.
5. This policy is adopted in both Arabic and English languages, and in case of any inconsistency between the two languages, the Arabic text shall prevail.



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6. This Policy shall be published after its approval by the General Assembly of Shareholders on the Company's Website or through any other means to enable Shareholders, the public and Stakeholders to view it
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