



Directors Board, its committee and Executive Department Remuneration Policy of Arab Sea Information Systems

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First: Introduction

Board of directors, its committees, and executive department remuneration policy of Arab Sea Information System ("Arab Sea Information Systems" or "Company"), in the purpose of conformity with paragraph 1 article 61 of Corporate Governance Regulation, which is issued by the Capital Market Authority under resolution no. 8/16/2017 AD dated 16/5/1438 AH corresponding to 13/2/2017 AD, which states that the remunerations and elections committee shall prepare a clear policy for the members of the board of directors, the derived committees of the board, and the executive department remuneration, and refer thereof to the board of directors to consider thereof to be approved by General Assembly.."

Second: Purpose:

This policy aims at determining clear standards for the remunerations of the board of directors, and its committees, and its senior executives in light of the requirements of Corporations Law and the Capital Market Authority Regulations. This policy aims at attracting the personnel who have the qualifications, capacity, and talent to work in the Board of Directors, Committees, and Executive Regulations through adopting plans and incentive programs for qualifications that are associated with performance. This contributed to the improvement of the company's performance and achieve the interests of its shareholders.

Third: General Standards for Remunerations"

Remunerations and election committee is specialized in recommending with the remunerations of Board Members, committee members, and senior executives as per the approved standards as follows:

1. Be proportionate to the company's activities and the required skills for its management;
2. The variable part of the remuneration shall be linked to the long-term performance;
3. Remuneration shall be consistent with the strategy, objectives, the magnitude, nature, and level of risks faced thereby;





4. The Company shall take into consideration the remuneration practices of other companies, in addition to the prevailing policies for determining the remuneration. The consequences which lead to unjustifiable increases in remunerations and compensations shall be avoided.
5. Shall be prepared in coordination with the Remuneration and nomination committee with respect to new appointments;
6. Remuneration shall be based on job level, duties, and responsibilities, educational qualifications, practical experience, skills, and level of performance;
7. Be fair and proportionate to the board or committees member's activities carried out and responsibilities borne by the board or committees members, in addition to the objectives set out by the board to be achieved during the financial year;
8. Take into consideration the sector in which the company operates, its size, and the experience of its board members;
9. Be reasonably sufficient to attract and retain highly qualified and experienced board members; and motivate and retain.
10. The remunerations of different board members may vary depending on the board members' experience, expertise, duties he/she undertakes, and independence and number of board meetings he/she attended in addition to other considerations.
11. The remuneration shall be suspended if it has been determined that such remuneration was based on inaccurate information provided by a member of the board or the executive management, in order to prevent exploitation of the job status to get ineligible remuneration.
12. If the company developed a program to grant some of its shares to board members, Executive management, and employees, whether a new issue or shares purchased by the company, the Remuneration, and nomination committee shall supervise this program in light of the company's bylaws and the relevant CMA laws and regulations.

4) The Board Members Remuneration

1. The remuneration of Arab Sea Information System's board members consists of a specified sum; an attendance fee; expense fees; other in-kind benefits; a certain percentage of the net profits; or a combination of two or more of those benefits. In no event, the remuneration of a board member shall not exceed the limit stated in the Companies Law and shall be in line with the table stipulated herein and any amendments may take place in the future to be approved as per law.
2. The remuneration of the various board members may vary in light of the policy issued by the remuneration and nomination committee and approved by the General Assembly. The Annual Directors' report to the GA shall include a comprehensive statement of all the amounts received by each board member during the fiscal year including remunerations, allowances, expenses, and other benefits, as well as all the amounts received by the members in their capacity as employees or executives, or in consideration of such technical, administrative, or advisory services (if any). Such a report shall also include a statement of the





number of the board meetings held and the number of meetings attended by each member beginning from the date of the last meeting of the General Assembly.

3. Where the remuneration of the Board of Directors represents a certain percentage of profits, it shall not exceed 10 % of the net profits after deducting the reserved amounts decided by the General Assembly pursuant to Article 20 of the Company's statute. In no event, may the total amount of any compensation and remuneration whether it being cash or in-kind benefits received by a board member be greater than SAR (500,000) Five Hundred Thousand Saudi Riyals annually.
4. It shall be taken into consideration that the remuneration of independent board members shall not be a percentage of the profits that are realized by the company, nor shall it be based directly or indirectly on the company's profitability.

5) The Committees' Members Remuneration

1. The board shall determine and approve its committee's remuneration –excluding the Audit committee remuneration-, attendance fees and other benefits based on the RNC committee recommendation.
2. Committee member remuneration shall comprise of an annual remuneration (a lump sum) and attendance fees, and other benefits as defined in this policy and as per the annexed schedule.
3. However, Audit committee members' remuneration shall be approved by the General Assembly of Shareholders based on the board's recommendation as per the law.
4. When forming any membership for the Directors of Board, the number of committees that can be occupied by each Board member shall be taken into consideration, such that the total amount collected by the member from the remunerations of his membership in the board and committees shall not exceed the limit defined in the companies' law.

6) Executive Management's Remuneration

The remunerations and nominations committee shall review and approve the salary scale and the incentive scheme for all employees and executive management, regularly, based on the management recommendations, and the executive management remuneration includes:

- Basic salary (to be paid monthly at the end of each Gregorian month)
- Allowances that include for example (and no limited to) housing, transportation, children's education fees, and phone allowances.
- Medical insurance benefits for executive management and their families.
- Life insurance policy (including events of partial or permanent disability, and death at the workplace).
- Annual bonus based on KPIs associated with individual annual appraisal mad in this respect.
- short-term incentive plans linked with extraordinary/exceptional performance and long-term incentive plans such as stock option programs (whenever exists);





- Other benefits including, but are not limited to, annual leave, annual air tickets, executive airport services, and end of service benefits according to labor law and HR policies adopted by the company.
- The executive management team's remuneration plans, programs, and general guidelines shall be approved by the RNC Committee.
- The CEO implements the remuneration policy for all employees and executive management in light of the plans, programs, and general guidelines approved by the RNC committee.

7) Additional guidelines for remuneration and payment process

1. Board members shall not vote on the members of the Board of Directors' remuneration item at the shareholders' general assembly meeting.
2. The company shall disclose the remuneration of the board of directors, its committee members, and executive management in the annual directors' report in line with applicable controls and guidelines issued under the corporates law and CMA Laws and its regulations.
3. Members are entitled to the remuneration from the date they join the board of directors or committee and as per the term of their membership.
4. Procedures of payment the remuneration of the Board of Directors and committees shall be prepared by the secretary, provided that payment order shall be approved by the CEO to pay thereof.
5. The payment of board meeting attendance fees, committee's remuneration, and committee's meeting attendance fees can be processed as installments quarterly, whereas the annual remuneration of the board shall be paid in full after being approved in the Annual General Assembly meeting.

8) Breakdown of Board Members and its committees' remuneration

1) Board members

Remuneration

a) Attendance fee per meeting 5000 Saudi Riyals

b) annual remuneration depending on performance and company results

c) Compensation based on profits: a certain percentage of the net profits shall be determined under a recommendation from the Remuneration and nomination committee if the company realized profits after fulfillment the legal conditions and requirements with taking into consideration paragraph (B) of Article 4 of the regulatory procedures and controls issued in accordance with the corporates law.

➤ e) Amendments and payment mechanisms:

The annual remuneration of the Board member referred to in paragraph (c) of the item (1) above may be reviewed from time to time upon a recommendation from the Remuneration and Nomination Committee in light of the variables related to the company's performance after obtaining the General Assembly meeting approval.





- Meeting attendance allowance and the additional attendance allowance shall be paid on a quarterly basis whereas the annual remuneration shall be paid after the approval of the general assembly of shareholders;

2) Board of Directors' Committee Members

Attendance allowance per meeting (3000 Saudi Riyals)

The lump-sum annual Committee remuneration and the meeting attendance allowances shall be paid quarterly.

3) Other expenses and benefits

Benefit

SAR 1500 including housing and transportation shall be calculated for each day in case of external secondment.

SAR 1000 shall be calculated for housing transportation in case of internal secondment.

A remuneration amounting to 1000 SR shall be paid per day for each member who participates in an external mission for the company.

All airfare tickets for board and committee members shall be borne by the company in case of holding any meeting outside Riyadh

All airfare tickets roundtrip for the board and committee members shall be in First or Business class, (preferably the national carrier) (as per availability).

9) Final Provisions (for revision, amendment, and publication of this policy)

This policy shall be implemented and complied with by the Company starting from the date of approval by the General Assembly. This policy shall be published on the Company's website to enable the shareholders, the public, and stakeholders to read thereof. The content of this policy shall be reviewed periodically - as needed - by the Remuneration and Nomination Committee, provided that, any amendments proposed by the committee shall be presented to the Board of Directors, which study and review the proposed amendments, it shall be recommended therewith to the shareholders to approve thereof.

