



**Remuneration and Compensation  
Policy of the Members of the  
Board of Directors & the Board  
Committees & the Executive  
Management**



**Saudi Home Loans Company**

- Approved by the Board of Directors in its meeting No:4-2021 held on 22<sup>nd</sup> Dec. 2021 as recommended by the NRC.
- Approved by the General Shareholders Assembly held on 22<sup>nd</sup> Dec. 2021.

## Remuneration and Compensation Policy of the Members of the Board of Directors and the Board Committees and the Executive Management

### Article I - Purpose of the Policy:

The purpose of this document is to clarify the mechanism for determining and approving the remuneration of the members of the Board of Directors of the Saudi Home Loans Company "The Company" as well as the members of the Board committees of the Company, in addition to the criteria for determining and linking bonuses to performance, disclosing them, and verifying their implementation.

This Policy aims to attract the appropriate competencies to accomplish the tasks and responsibilities of the Board of Directors and its affiliated committees in line with the company's activity, strategy and objectives, and aims to urge the members of the Board of Directors to make the company a success and development in the long term, enhance the effectiveness of risk management and achieve the safety and stability of the financial situation of the company.

The Remuneration Policy for the members of the Board of Directors, the Board Committees, and the executive management of the Saudi Home Loans Company has been established as enforcement of the provisions of paragraph (1) of Article (61) of the Corporate Governance Regulations issued by the Board of the Capital Market Authority, which stipulates that the Nomination and Remuneration Committee shall establish a clear policy for the remuneration of the members of the Board of Directors and the Board Committees and the Executive Management, and submit it to the Board of Directors for consideration in preparation for approval and adoption by the General Assembly of the Company. Complies with the applicable laws and regulations issued by the relevant regulatory authorities in the Kingdom of Saudi Arabia, and the Company's Articles of Association.

### Article II. Definitions:

<b>Authority:</b>	Capital Market Authority.
<b>Policy:</b>	Remuneration policy for the members of the Board of Directors, its committees and executive management.
<b>Governance Regulation:</b>	Corporate Governance Regulation issued by the Capital Market Authority Board.
<b>Corporate Governance System:</b>	The Governance System of the Saudi Home Finance Company, approved by the Board of Directors of the Company.
<b>Company:</b>	Saudi Home Finance Company.
<b>General Assembly:</b>	An association formed from the shareholders of the company under the provisions of the Companies Law and the Company's Articles of Association.
<b>Board of Directors or Board:</b>	The Board of Directors of the Saudi Housing Finance Company.
<b>Committee:</b>	The Nomination, Remuneration and Human Resources Committee of the Board of Directors of the Company.
<b>Executive Management / Senior Executives:</b>	Persons entrusted with the management of the Company's day-to-day operations, the proposal and implementation of the strategic strategy of the

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**Remuneration:** Company, including the CEO of the Company, and the rest of the members of the Executive Management of the Company  
Amounts, allowances, profits and the like, periodic or annual remuneration associated with performance, short- or long-term incentive plans, and any other in-kind expenses, except for reasonable actual expenses and expenses incurred by the Company for the purpose of performing his work.

#### Article III - Remuneration Controls:

Without prejudice to the statutory requirements, the Company's Articles of Association, and the requirements of the Corporate Governance Regulation, the remuneration of the members of the Board of Directors and the Board Committees and the Executive Management shall be subject to the following controls and criteria:

- 1- The remuneration shall be fair and proportionate to the member's competencies and the works and responsibilities carried out by him and borne by the members of the Board of Directors who are aiming and willing to achieve them during the financial year.
- 2- The remuneration should be fair and proportionate to the results of the periodic evaluation of the performance of the member of the Board of Directors.
- 3- The remuneration shall be reasonably sufficient to attract members of a Board with appropriate competence and experience and the remuneration shall be an incentive for the members to attract them.
- 4- To be prepared in coordination with the Nomination and Remuneration Committee of the Board and the human resources of the company upon new appointments.
- 5- To taking into account the sector in which the company operates, its size and the experience of the members of the Board of Directors.
- 6- The remuneration of the members of the Board of Directors may be of varying magnitude so as to reflect the extent of the member's experience, competencies, tasks assigned to him, independence, number of meetings attended by him and other considerations.
- 7- In all cases, the total remuneration received by the member of the Board of Directors shall not exceed the requirements of the statutory laws and controls, and within the limits stipulated in the Companies Law and its regulations.
- 8- The annual remuneration shall be determined by analogy with the duration and date of enrollment and departure and provided that the minimum of two thirds of the meetings held since the date of joining or leaving is achieved.
- 9- The members of the Board of Directors may not vote on the item of remuneration of the Board of Directors at the General Assembly meeting, and this prohibition includes the member of the Board of Directors, whether his vote at the General Assembly meeting on his own behalf or by proxy for others.
- 10- The remuneration of the independent directors shall not be a percentage of the profits made by the company or be based directly or indirectly on the profitability of the company or any other factors that may affect the independence of their ranks.
- 11- If the General Assembly decides to terminate the membership of any of the members of the Board of Directors who are absent due to not attending three consecutive meetings of the Board without a

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legitimate excuse, such member shall not be entitled to any remuneration for the period following the last meeting he attended, and shall return all the remuneration paid to him for that period.

- 12- If the Audit Committee, the Board of Directors, the CMA or the SAMA finds that the remuneration paid to any of the members of the Board of Directors is based on incorrect or misleading information that has been presented to the General Assembly or included in the annual report of the Board of Directors, the Board or Committee member shall return them to the Company, and the Company shall have the right to demand his refund, and this shall not relieve the member of the Board of Directors or Committee of any liability for any damage resulted to the Company, its shareholders or any other related persons.

#### **Article Four – Remuneration of the Board of Directors and its Committees:**

- 1- The remuneration of a member of the Board of Directors may be a certain amount, attendance allowance for meetings, benefits in kind or a certain percentage of net profits and may be combined with two or more of these benefits.
- 2- The remuneration for membership of the Board Committees may consist of annual remuneration, meeting attendance allowances and other benefits as described in this Policy.
- 3- The Board of Directors shall propose the remuneration of the members of the Board of Directors and the Board Committees upon the recommendation of the Nomination and Remuneration Committee and in accordance with the relevant laws, regulations and instructions and with any conditions approved by the General Assembly and shall not approve any of the proposed remuneration and compensation to the Chairman and members of the Board except after approval by the General Assembly.
- 4- As an exception to paragraphs 2 and 3 of this Article, the remuneration for membership of the Audit Committee shall consist of an annual remuneration, meeting attendance allowances and other entitlements as described in the Charter of the Audit Committee of the Company.
- 5- The remuneration of the member of the Board of Directors and all the amounts he obtains, if any, shall be as approved by the Ordinary General Assembly in accordance with the principles and the official instructions issued in this regard, and within the limits of what is stipulated in the Companies Law and its regulations.
- 6- The Company shall ensure that all written details of the proposed bonuses and compensation shall be published to be made available to all Shareholders prior to the General Assembly at which such bonuses and indemnities are voted upon.
- 7- The annual remuneration of the member of the Board of Directors and /or the member of the Board Committee shall in all cases not exceed the total amount of the annual remuneration and the allowance for attending the meetings combined for each member of the Board of Directors and /or member of the Board Committee the amount of SAR 500,000 for each financial year of the Company and not less than SAR 200,000, and they may waive all or part of the Remuneration.
- 8- A member of the Board of Directors and a member of the Board Committee present at the meeting session shall be entitled to a cash amount in return for the allowance of travel expenses, provided that the meeting session is outside the city of permanent residence of that member. The total travel expenses allowance is not counted towards the upper limit established for each member's remuneration, as this allowance is considered to compensate for the actual expenses incurred by the member to attend the meeting , including travel, accommodation and subsistence expenses.

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- 9- Each member of the Board of Directors or the Board Committees shall be entitled to a cash amount in return for the attendance allowance of the meeting session, for each meeting session determined by the Board of Directors upon the recommendation of the Nomination and Remuneration Committee and in accordance with the relevant laws, regulations and instructions, provided that the maximum allowance for attending the meetings of the Board and its committees does not exceed the amount of SAR 3,000,000 for each meeting session not including travel, accommodation and subsistence expenses. The sum of the attendance allowance is calculated within the upper limit set for each member's bonuses.

#### **Article V – Remuneration of Executive Management**

- 1- The annual remuneration of the CEO of the Company shall be determined based on his achievement of the annual strategic objectives in accordance with the approved policy of the Company.
- 2- The annual remuneration of the executive management of the company shall be calculated in accordance with the policy and mechanism adopted in the company
- 3- The salaries and the funds allocated to the Executive Management shall be determined to include:
  - i. Basic salary
  - ii. Allowances
  - iii. RemunerationBased on the policy adopted in the company.

#### **Article VI – Disclosure:**

In its annual report, the Board of Directors shall disclose the details of the policies related to remuneration, the mechanisms for determining them and the financial and in-kind amounts paid to each member of the Board of Directors for any executive, technical, management or advisory work or positions.

#### **Article VII – Periodic Review:**

The implementation of the provisions of this policy shall be deemed to be from the date of its adoption by the General Assembly of Shareholders and shall be distributed to the relevant stakeholders for review and shall be reviewed periodically or whenever the need arises by the Nomination and Remuneration Committee and if the Committee wishes in the light of this deadline to amend this policy, it shall submit to the Board of Directors the proposed amendments for approval in preparation for submission to the General Assembly of the shareholders of the Company at its first meeting for approval.

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