

SARCO

شركة المصافي العربية السعودية
Saudi Arabian Refineries Company

Introduction

This regulation aims to define clear criteria for the remuneration of members of the Board of Directors, its committees and senior executives in light of the Companies Law and the regulations of the Capital Market Authority, and the regulations also aim to attract members with a degree of competence, ability and talent to work in the Board of Directors, committees and executive management by adopting incentive plans and programs for remuneration and related to performance, which contributes to improving the company's performance and achieving the interests of its shareholders.

Introductory

The remuneration regulations of the members of the Board of Directors, committees and executive management have been prepared in accordance with the Companies Law and its Implementing Regulations, the Corporate Governance Regulations issued by the Authority and the Company's Articles of Association.

These Bylaws shall not be amended except upon the recommendation of the Nomination and Remuneration Committee, and the amendment shall not take effect except after the approval of the Company's General Assembly, unless the laws, regulations and instructions issued by the competent authorities include otherwise.

Definitions

For the purpose of applying the provisions of these Regulations, the words and phrases listed below shall have the meanings assigned to each of them, unless the context otherwise requires.

Company: Sarco (Saudi Arabian Refineries Company).

"Board" means the Board of Directors of the Company.

"Authority" means the Capital Market Authority.


Companies Law: issued by Royal Decree No. M/3 on 28/1/1437H and its amendments issued by Royal Decree No. M/79 on 25/7/1439H. As amended by Royal Decree No. (M/17) dated 26/01/1441 AH. As amended by Royal Decree No. (M/132) dated 01/12/1443 AH.

Company's Articles of Association: The Company's Articles of Association.

Corporate Governance Regulations: Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 16/08/2017. Based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H, as amended by the CMA Board Resolution No. 8-5-2023 dated 25/6/1444H corresponding to 18/01/2023G. Based on the Companies Law issued by Royal Decree No. M/132 dated 1/12/1443 AH.

General Assembly: The company's shareholders' assembly in accordance with the provisions of the Companies Law and the Company's Articles of Association.

Remuneration Regulation: The Remuneration Regulations of the members of the Board of Directors, Committees and Executive Management.



Annual Remuneration: Amounts, allowances, profits and the like, periodic or annual remuneration related to performance, short- or long-term incentive plans, and any other in-kind benefits, except for reasonable actual expenses and expenses incurred by the Company on behalf of a member of the Board of Directors for the purpose of performing his work.

Attendance Allowance: It is the specific amount received by a member of the Board or Committee for attending periodic meetings or for internal or external work missions in which the member represents the company with the authorization of the Board or the Executive Management.

Senior Executives: People entrusted with managing the company's day-to-day operations, proposing and implementing strategic decisions, such as the CEO, his deputies and the Chief Financial Officer.

Non-Executive Member: Member of the Board of Directors who is not full-time to manage the Company and does not participate in the day-to-day business of the Company.

Independent Member: Non-executive board member who enjoys full independence in his position and decisions, and does not apply to any of the symptoms of independence stipulated in the Corporate Governance Regulations issued by the Authority.

Attending meetings: It is the number of previously scheduled meetings in which the member was present, whether in person or through one of the modern methods of communication, video or telephone meeting.

Fund & Finance Market

Energy



1- Objectives of the regulation

1. Setting clear and specific criteria and procedures that clarify to the shareholders of the company the conditions, standards and procedures followed when granting remuneration to members of the Board of Directors, members of committees and senior executives of the company.
2. Attracting individuals with a degree of competence, ability and experience to serve on the Board of Directors, committees and executive management.

2- Remuneration of the members of the Board of Directors

1. The company's articles of association determine the remuneration of the chairman and members of the board of directors, where the board of directors proposes the remuneration of the members based on the recommendation of the nomination and remuneration committee, and then the remuneration is approved after the approval of the general assembly.
2. The remuneration of the members of the Board of Directors shall be a certain amount, attendance allowance for meetings, financial or in-kind benefits, or a certain percentage of the net profits, and two or more of these benefits may be combined.
3. The minimum annual remuneration for the Chairman of the Board of Directors shall be (400,000) Four Hundred Thousand Saudi Riyals, the members of the Board of Directors shall be (300,000) Three Hundred Thousand Saudi Riyals, and the maximum amount of the total remuneration and financial or in-kind benefits received by the member shall be (700,000) seven hundred thousand Saudi Riyals annually for his membership in the Board of Directors, including additional remuneration, in the event that the member participates in any of the committees emanating from the Board of Directors, in accordance with the controls set by the competent authorities.


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1. Each member of the Board and the committees (members of the Board or from outside), including the Chairman of the Board, shall be paid the actual expenses incurred by them in order to attend the meetings of the Board or the committees emanating from the Board of Directors, including travel, accommodation and subsistence expenses (if their place of residence is outside the company's headquarters).
 2. Remuneration may be granted to members of the Board of Directors and committees in the form of shares, after fulfilling all the statutory controls prescribed in this regard, in which case the entered value of the shares shall be the market value at maturity date.
 3. The remuneration of the members of the Board of Directors and the committees may be of varying amounts to reflect the extent of the member's experience, terms of reference, tasks entrusted to him, his independence, and the number of sessions attended by other considerations.
 4. If the General Assembly decides to terminate the membership of any member of the Board of Directors who is absent due to his failure to attend three consecutive meetings of the Board without a legitimate excuse, such member shall not be entitled to any remuneration for the period following the last meeting he attended, and he shall return all the remuneration paid to him during that period.



3- Remuneration of committee members

An annual remuneration is granted to the members of the committees' remuneration and is paid at the end of the company's fiscal year according to the following table:

Bonus Amount	Definitions
Chairman and members of the Audit Committee	Annual remuneration with a maximum amount of (100,000) One Hundred Thousand Riyals.
Chairman and members of other committees	An annual remuneration with a maximum amount of (50,000) fifty thousand riyals.
Non-Council members in committees	Annual remuneration with a maximum amount of (100,000) One Hundred Thousand Riyals.

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5. If the Audit Committee or the Authority finds that the remuneration disbursed to any of the members of the Board of Directors is based on incorrect or misleading information presented to the General Assembly or included in the annual report of the Board of Directors, he shall return them to the Company, and the Company shall have the right to demand their refund.
 6. Members of committees may not combine the annual remuneration, whether they are members of one committee or several committees.
 7. Attendance allowances and expenses shall be paid every six months during the company's fiscal year.
 8. The annual remuneration shall be paid at the end of the fiscal year and shall be calculated on the basis of the number of annual meetings of each member upon the recommendation of the Remuneration and Nomination Committee.

4- Senior Executive Remuneration

1. The Board of Directors shall determine, upon the recommendation of the Nomination and Remuneration Committee, the types of remuneration granted to senior executives of the Company, such as fixed bonuses or performance-related bonuses.
2. The Remuneration and Nomination Committee continuously reviews and approves the salary scale for all employees and senior executives and the incentive program and plans based on the recommendation of the executive management and according to the remuneration policy for the company's employees.
3. Senior executives are awarded annual bonuses based on performance appraisal, in addition to compensation and fixed bonuses based on their employment contracts.

1. Remuneration may be granted to senior executives in the form of shares, after fulfilling all the statutory controls prescribed in this regard, in which case the input value of the shares shall be the market value at maturity.
2. The performance evaluation of senior executives is mainly based on their professional performance during the year and the extent of their professional interaction in achieving the company's strategic objectives.

5- Remuneration of the Secretary of the Board of Directors

1. The Board shall determine the attendance remuneration and the annual remuneration granted to the Secretary by a separate resolution.
2. The attendance bonus for the secretary is calculated according to the strategic and operational objectives and the extent to which the predetermined performance indicators are achieved.
3. The secretary shall be paid an additional lump sum of (1,000) riyals for each day if the meeting venue is outside the city of the company's headquarters, in addition to travel and accommodation expenses.

6- Remuneration of the Secretary of the Committees

1. The committees shall determine the attendance remuneration and the annual remuneration granted to the secretary by a separate decision, provided that it does not exceed one thousand riyals per meeting.
2. The attendance bonus is calculated for the secretary for decisions that are prepared by pass.
3. The secretary shall be paid an additional lump sum of (1,000) riyals for each day if the meeting venue is outside the city of the company's headquarters, in addition to travel and accommodation expenses.



6- Allowance for attending meetings of the Council and committees

A financial fee shall be granted for the allowance for attending the meetings of the Board of Directors and committees according to the following schedule:


Attendance Allowance	Amount of Money
Allowance for attending board meetings	The amount of (4,000) four thousand riyals.
Allowance for attending committee meetings	The amount of (2,500) two thousand five hundred SR.



8- Rules and criteria for granting bonuses

Without prejudice to the provisions of the Companies Law, the Capital Market Law, its Implementing Regulations and the Company's Articles of Association, the following rules and criteria shall be taken into account when determining the remuneration of the members of the Board of Directors, Committees and Executive Management:


1. The remuneration should be based on the recommendation of the Nomination and Remuneration Committee.
2. The remuneration shall be fair and proportionate to the terms of reference of the board member, committee member or executive and the work and responsibilities he performs and bears, in addition to the objectives set by the board of directors to be achieved during the fiscal year, in a manner consistent with the company's strategy and objectives.
3. Linking the variable portion of remuneration to long-term performance in order to motivate board members, committees and executive management to make the company successful in the long term.
4. Remuneration is determined based on the level of the job, the tasks and responsibilities assigned to the occupant, educational qualifications, work experience, skills and level of performance.
5. Consistency with the size and nature of the company's risks.
6. If it is found that the remuneration has been decided based on inaccurate information provided by a member of the Board of Directors or any of the committees or executive management, its disbursement will be suspended or legal measures will be taken towards its recovery if it is disbursed.
7. The remuneration should be commensurate with the company's activity and the skill necessary to manage it.

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8. Taking into account the sector in which the company operates, its size and the experience of the members of the Board of Directors.
 9. The remuneration shall be reasonably sufficient to attract, motivate and retain members of the Board, committees and executives with appropriate experience and competence.
 10. The practices of other companies shall be taken into account in determining remuneration.
 11. The annual remuneration of the members of the Board and the committees shall be calculated according to the member's attendance at the number of meetings of the Board throughout the fiscal year and shall be calculated on the basis of actual attendance.

6- Assigning the Board of Directors to one of the members of the Board to represent the company internally or externally

In the event that a member of the Board is assigned work tasks or representation of the company internally or externally, so that this serves the interests of the company and its shareholders for the following controls:

1. Such controls shall not apply to executive members who perform executive functions of the Company and receive monthly salaries for the performance of their duties and job responsibilities.
2. The allowance for commissioning to represent the company in meetings, seminars and conferences related to the company's business organized by the official or semi-official authorities at home shall be determined by an amount of (1,500) thousand five hundred riyals daily from the date of travel to the date of completion of the work assigned to him.

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3. The allowance for commissioning to represent the company in meetings, seminars and conferences related to the company's business organized by official or semi-official bodies abroad shall be determined by an amount of (2,500) two thousand five hundred riyals per day from the date of travel to the date of completion of the work assigned to him.
 4. For the purposes of the application of this paragraph, a member shall be deemed to represent the Company if he performs internal or external tasks or as a delegate entrusted with a mandate and a resolution of the Board by majority specifying the nature of the task, the expected results thereof, any relevant directives and the time period of the mission.
 5. The company shall bear the travel and accommodation expenses of the member if the mission is outside his place of residence. In return for representing the company or performing internal or external work tasks, after the member submits a detailed report on the task assigned to him and the report is approved by him, the entitlement to the allowance fulfills the tasks assigned to him.

7- Disclosure of remuneration

1. 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 amounts and financial and in-kind benefits paid to each member of the Board of Directors for any executive, technical, administrative or advisory work or position.
2. The report of the Board of Directors, the committees and the executive management shall be disclosed accurately, transparently and in detail, directly or indirectly, whether amounts, benefits or benefits, whatever their nature and name.
3. If the benefits are shares in the company, the input value of the shares is the market value at maturity



8- Review and Enforcement

1. The Bylaws are subject to periodic review and supervision when needed by the Remuneration and Nomination Committee, and any amendments proposed by the Committee are presented to the Board of Directors, which shall study and review the amendments and recommend them to the General Assembly of Shareholders for approval.
2. The amendment of these Bylaws shall be approved by the resolution of the General Assembly of Shareholders approving the amendment upon the recommendation of the Board of Directors, and the Bylaws shall be effective as soon as they are approved by the General Assembly.
3. All that is not provided for in these Bylaws shall be subject to the Companies Law and its Regulations, the Company's Articles of Association and the decisions issued by the competent authorities in relation to these Regulations.

Regulation of remuneration of members of the Board of Directors

Version	The First	28/06/2022
Update	Second	01/06/2024
Auditing	Nomination and Remuneration Committee	24/06/2024
Approved By	General Assembly	28/06/2022
Approved By	General Assembly	21/08/2024