


SARCO

شركة المصافي العربية السعودية
Saudi Arabian Refineries Company



Based on the Corporate Governance Regulations issued by the Capital Market Authority Chapter Three Remuneration Committee Article Fifty-Seven Formation of the Remuneration Committee Paragraph (B) and the Nomination Committee Article Sixty-One Formation of the Nomination Committee Paragraph (b)

Introduction

The Board approves the work of the Remuneration and Nomination Committee, which determines its function, scope of work, powers and tasks, and ensures the effectiveness of the regulations and compliance with them, provided that it submits its reports directly to the Board. The work shall be carried out in good faith and constant diligence with the necessary professional care and compliance with the relevant laws and regulations for the benefit of shareholders, insured and other stakeholders. In compliance with the Corporate Governance Regulations issued by the Capital Market Authority pursuant to Resolution No. 16/08/2017. and date 16/5/1438H corresponding to 13/2/2017G. Based on the Companies Law issued by Royal Decree No. M/3 dated 28/1/1437H, as amended by the CMA Board Resolution No. 08/05/2023G. Dated 25/6/1444H corresponding to 18/01/2023G. Based on the Companies Law issued by Royal Decree No. M/132 dated 1/12/1443H. Articles VII Fifty-first and sixty-first. When the Regulations s approved the provisions of Chapter Four on the formation of the company's committees, Chapter One: General Provisions Article A and the provisions of Article Forty-Seven: Formation of Committees The company may merge the Remuneration and Nomination Committees into one committee called the Remuneration and Nomination Committee. The Committee shall meet periodically at least every six months.

Definitions

The words and expressions mentioned in these Regulations shall have the meanings assigned to them unless the context otherwise requires.

Regulation: Bylaws of the Remuneration and Nomination Committee of the Saudi Arabian Refineries Company.

"Authority" Means the Capital Market Authority.

Capital Market: The Saudi Stock Exchange (Tadawul).

Board of Directors or Board: The Board of Directors of the Saudi Arabian Refineries Company.

Committee: Remuneration and Nomination Committee, Saudi Arabian Refineries Company.


Articles of Association: The Articles of Association of the Saudi Arabian Refineries Company.

Regulations: Audit Committee Bylaws, Saudi Arabian Refineries Company.

Board of Directors: The Board of the Saudi Arabian Refineries Company.

Executive Member: A member of the Board of Directors who is a member of the executive management of the company and participates in the day-to-day management of the company and receives a monthly salary in return.

Non-Executive Member: A member of the Board of Directors who provides technical opinion and advice and does not participate in any way in the management of the Company and the follow-up of its daily business and does not receive a monthly or annual salary.



Independent Member: A non-executive board member who enjoys full independence in his position and decisions, and none of the symptoms of independence stipulated in these Regulations apply to him.

Senior Management (Executive Management): These include the Managing Director, the CEO and their deputies, the Chief Financial Officer and directors of key departments.

Authorizer: The authority that has the authority to make decisions in accordance with the powers and competencies approved by the company.

1- Formation of the Remuneration and Nomination Committee

1. The Committee shall be formed by a decision of the Board of Directors of the Company, and membership shall begin at the beginning of the Board session and end with its termination.
2. The number of members of the Committee consists of three to five non-executive members of the Board of Directors, whether shareholders or others, provided that they include at least one independent board member.
3. Upon a proposal from the Board of Directors, the Company's General Assembly shall issue the Remuneration and Nomination Committee Regulations, provided that these regulations include the Committee's work controls and procedures, its tasks, the rules for selecting its members, the duration of their membership, and their remuneration.
4. The members of the Committee shall have the appropriate experience and qualifications in the tasks, responsibilities and nature of the Committee's work.
5. The Company shall notify the Authority of the names of the members of the Committee, their membership qualities upon their appointment and any changes that may occur to their membership within five working days from the date of the changes.
6. If the position of one of the members of the Committee becomes vacant, the Board of Directors may appoint a member to the vacant position, provided that he is one of those who have the necessary experience and competence.



7. The Board of Directors may exempt any member of the Committee in one of the following cases:

- a) Resignation of the member from the Board of Directors or Committee.
- b) The member is absent from three consecutive meetings or five separate meetings during the session of the Committee without an acceptable excuse.

2- Members of the Remuneration and Nomination Committee


- 1. The Chairman of the Committee shall be chosen from among them, and in case of absence from the meeting of the Committee, the members present shall choose one of them to chair the meeting of the Committee.
- 2. The Chairman of the Board may not chair the meetings of the Remuneration and Nomination Committee.
- 3. The Chairman of the Committee may delegate a member to preside over the meeting in his absence.
- 4. Non-executive members or non-members of the Board may be sought at the written request of the Chairman of the Committee.
- 5. The term of membership of the Committee may not exceed or exceed the session of the Council.
- 6. A member of the Committee must have the capacity of independence as stated in the Corporate Governance Regulations.



3- Tasks, responsibilities and authority of the Remuneration and Nomination Committee

1 . Regarding bonuses:

- Preparing a clear policy for the remuneration of the members of the Board of Directors and the committees emanating from the Board and the executive management and submitting it to the Board for consideration in preparation for not approval by the General Assembly, taking into account in that policy the following of standards related to performance, disclosure and verification of their implementation.
- Clarify the relationship between the bonuses granted and the applicable remuneration policy, and indicate any material deviation from this policy.
- Periodically review the remuneration policy, and evaluate its effectiveness in achieving the desired objectives.
- Recommending to the Board of Directors the remuneration of the members of the Board, its committees and senior executives in accordance with the approved policy.
- The Committee has the right to seek the assistance of consulting services from specialized external parties to carry out its role, when needed, and at the expense of the company after the approval of the Board.
- View all data and documents related to the company's remuneration and compensation.

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- Determine the time that the member means to allocate to the work of the Council.
 - Evaluate the performance of the members of the Council and its committees on a regular basis. policies and standards, taking into account not to nominate any person who has previously been convicted of a crime of dishonesty.
 - The Committee shall publish the opening of nominations for membership of the Board of Directors well before the end of the term of the current Board (at least two months) on the Tadawul website and the Company's website.
- The committee receives all applicants' applications (candidates), studies them, sorts them and makes observations, if any, for each applicant or candidate.
- Review the structure of the Board and Executive Management and make recommendations regarding changes that can be made.
 - All applications shall be submitted to the Board after filling out the forms of the Capital Market Authority from applicants or candidates for the Board of Directors in preparation for their approval within the items of the General Assembly.
 - The screening process for the names of applicants or candidates shall take into account the character of independence, especially the independent members. According to the company's articles of association and corporate governance regulations issued by the Capital Market Authority.
 - The Committee shall abide by the list of criteria and procedures specified for membership in the Board of Directors.



2 . Regarding nominations:

- Proposing clear policies and criteria for membership in the Board and the executive management.
- Recommending to the Council the nomination and re-nomination of its members in accordance with the approved policies and standards, taking into account not to nominate any person who has previously been convicted of a crime of dishonesty.
- Prepare a description of the capabilities and qualifications required for membership of the Board and fill the positions of executive management.
- Annual review of the necessary needs for skills or experience appropriate to the membership of the Board and the functions of executive management.
- Review the structure of the Board and Executive Management and make recommendations regarding changes that can be made..
- Verify on an annual basis the independence of independent members, and the absence of any conflict of interest if the member is a member of the board of directors of another company
- Develop job descriptions for executives, non-executive members, independent members and senior executives.
- Establish special procedures in the event of a vacancy in the position of a member of the Board or senior executives.
- Identify the weaknesses and strengths of the Board, and propose solutions to address them in accordance with the interest of the Company.



4- Remuneration Policy

Without prejudice to the provisions of the Companies Law and the Capital Market Law and their Implementing Regulations, the following shall be taken into account in the Remuneration Policy:

1. Alignment with the company's strategy and objectives.
2. Provide rewards for the purpose of motivating board members and executive management to make the company successful and grow in the long term, such as linking the changing part of the rewards to long-term performance.
3. Remuneration should be determined based on the level of the job, the tasks and responsibilities assigned to the incumbent, educational qualifications, work experience, skills, and level of performance.
4. Consistency with the size, nature and degree of risk of the company.
5. Taking into account the practices of other companies in determining remuneration, while avoiding the resulting unjustified rise in remuneration and compensation.
6. To aim to attract, retain and motivate professional competencies, while not exaggerating them.
7. To be prepared in coordination with the Nomination Committee upon new appointments.
8. Cases of suspension or refund of the remuneration if it is found that it was decided based on inaccurate information provided by a member of the Board of Directors or executive management, in order to prevent the exploitation of the employment situation to obtain undue remuneration.
9. Organizing the granting of shares in the company to the members of the Board and the executive management, whether it is a new issue or shares purchased by the company.
10. Recommending to the Board of Directors the adoption of the salary scale and allowances for employees.

11. Recommending to the Board of Directors the adoption of the principles of annual bonuses for all employees of the Company.
12. The Committee shall have the right to seek the assistance of external consultants as the Committee deems necessary to perform its duties necessary to fulfill its responsibilities.

5- Nomination Procedures

The company shall publish the candidacy announcement on the company's website, the market's website and any other means determined by the Authority, in order to invite persons wishing to run for membership of the Board, provided that the candidacy door remains open for at least one month from the date of the announcement.

6- The right of the shareholder to run

Without prejudice to the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, every shareholder in the Company shall have the right to nominate himself or others for membership of the Board of Directors in accordance with the provisions of the Companies Law and its Implementing Regulations.



7- Meetings of the Remuneration and Nomination Committee

1. The Committee shall hold its meetings periodically every six months in the fiscal year upon written invitation from the Chairman of the Committee or his authorized representative, 15 days before the date of the meeting, provided that the necessary documents are attached to the agenda.
2. The minutes of the committee's meetings and the signature of the chairman and secretary of the committee must be recorded in the official records.
3. The minutes of the committee's meeting shall indicate the attendance, the topics discussed, the important consultations, the voting process, its rejection and abstention (with reasons, if any), the decisions taken and the reservations thereto, with all documents reviewed or referred to attached to the minutes of the meeting.
4. The decisions of the Committee shall be issued by a majority of the votes present and represented at the meeting, and in the event of equality of votes, the side voted for by the Chairman of the Committee shall prevail.
5. Members of the Committee may attend and participate in its meetings through modern technology, and his participation in this case shall be considered as those who attended authentically, in the event that he cannot attend for any emergency reason.
6. The Chairman of the Committee shall determine the dates of the meetings of the Board, indicating the time, date, place and method of the meeting, and notification shall be made through the Secretary.
7. In the event that the members are late to attend on the date specified for the meeting for more than (15) fifteen minutes because the necessary quorum for the meeting is not completed, it shall be postponed and rescheduled again.




8- Agenda of the Committee

1. The Secretary of the Committee shall send the agenda proposed to be discussed in the Committee with the supporting documents and attachments before the date of the meeting, so that it is not less than five working days for all members.
2. In the event that any member of the Committee requests the inclusion of a topic on the proposed agenda, submit a written invitation to the Chairman of the Committee and send it within a sufficient period to the Secretary of the Committee with the supporting documents, provided that they are sent to all members before the date of the meeting, so that it is not less than five working days.
3. The members of the Committee shall discuss the topics that have been included in the agenda sent to them by the Secretary of the Committee and the new work of the previous topics or topics that do not need to be prepared in advance by the members of the Committee.

9- Documenting the meetings of the Remuneration and Nomination Committee

1. The Secretary of the Committee shall document all the meetings of the Committee and prepare minutes for them that include the discussions and deliberations that took place, indicate the place, date, start and end time of the meeting, document the decisions of the Committee and the results of the vote, record and keep them in a special and organized register, record the names of the members present and sign these minutes from the chairman of the meeting and all members present and the Secretary of The secret.
2. The Secretary of the Committee documents all committee meetings by writing and audio recording of the committee meeting and saves it in company documents.
3. The Secretary of the Committee shall send the minutes of the meeting by e-mail after recording what happened in the meeting and the observations of the members of the Committee, if any, within three working days from the date of the meeting.


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8. The members of the Committee shall sign the minutes and record the reservations they have made, if any, and send them to the Secretary of the Committee within five working days to save them and send them to the Board of Directors for discussion and approval.
 9. In the event that any member of the committee does not have the opportunity to sign the minutes for any circumstance, he may send evidence of his approval of the minutes and the minutes shall be signed at the first upcoming meeting of the committee.
 10. The Committee shall keep all minutes, documents, reports and documents at the company's headquarters for a period of not less than ten years, and without prejudice to this period, the Committee shall, in the event of a lawsuit, including any existing or threatened lawsuit, claim or any ongoing investigation procedures related to such minutes, documents, reports, or documents, keep them until the end of such lawsuit, claim or existing investigation procedures.

10- Evaluation

The Committee annually evaluates its performance and submits the relevant report to the Council.

11- Responsibilities of the Secretary of the Remuneration and Nomination Committee

1. Save the reports submitted to the Committee.
2. Provide the members of the committee with the agenda of the work, working papers, documents and information related to it, and any additional documents or information requested by any of the members related to the topics included in the agenda of the meeting.

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3. Verify that the members of the Committee adhere to the procedures approved by the Council.
 4. Inform the members of the Committee of the dates of the committees' meetings well in advance.
 5. Presenting the draft minutes to the members of the Committee to express their views on them before signing them.
 6. Ensure that committee members receive a full and prompt copy of the minutes of committee meetings and information and documents related to the meeting.
 7. Coordination between the members of the Committee.
 8. Regulating the disclosure record of the members of the Committee in accordance with the provisions of Article Eighty-Nine of the Governance Regulations issued by the Capital Market Authority.
 9. Provide assistance and advice to the members of the Committee.
 10. Save all the documents discussed in the committee meeting attached to the minutes of the meeting.
 11. Ensure the validity and duration of the authorization that the committee member is authorized to any member of the committee and that the saved copy is original.
 12. The Committee shall determine the attendance remuneration and the annual remuneration of the Secretary of the Committee.

12- Annual Remuneration

The Chairman and members of the Committee and the Secretary shall be entitled to an annual remuneration according to the remuneration policy of the members of the Board of Directors, the committees emanating from the Board and the Executive Management approved by the General Assembly.



13- Review of the Committee's work regulations

The Committee's work regulations are reviewed annually or whenever the need arises, and in the event of the need to make any changes approved by the Committee, such changes are approved by the General Assembly upon the recommendation of the Board of Directors.

14- Publication and access

The Regulations shall be effective immediately upon approval by the Company's General Assembly.

Regulations of the Remuneration and Nominations Committee

Version	The First	20/12/2017
Update	Second	01/06/2024
Auditing	Nomination and Remuneration Committee	24/06/2024
Adoption of the First Version	General Assembly	24/12/2017
Adoption of the second update	General Assembly	21/08/2024