Public

The National Agricultural Development Company

Policy for the Remuneration of Board Members, Committees, and Executive Management

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1. Introduction

1.1 Purpose of the Policy

This Policy aims to define clear criteria for the remuneration of the Board members, its committees and the Executive Management of the Company to comply with the provisions of the Bylaws, the requirements of the Companies Law, its implementing regulations, and the rules and regulations of the Authority, in a way that attracts individuals with a degree of competence, ability and talent in order to work on the Board, its committees, and the Executive Management, and keeping them by adopting motivating plans and programs for Rewards, based on the performance, which contributes to improving the Company's performance and achieving the interests and aspirations of its shareholders.

1.2 Scope of Implementation

Notwithstanding the applicable laws and regulations in force in the Kingdom of Saudi Arabia (**KSA**), the Bylaws, internal policies, this Policy shall be complementary thereto, read and interpreted therewith without replacing them. In particular, this Policy shall apply to:

1.2.1 The General Assembly of the Company.

1.2.2 The Board of the Company.

Investor relations department.

2. Responsibilities

Nomination and Remuneration committee is responsible for preparing, reviewing and updating this Policy as well as evaluating its effectiveness in achieving the intended objectives, in order to respond to and adapt to changes in the labor market and in order to achieve the growth and expansion of the Company.

3. Policy Statement

3.1 The Board is responsible for approving the remuneration mechanism for members of the Board and its committees as follows:

3.1.1 Clarifying the relationship between the Rewards granted and this Policy and indicating any material deviation from this Policy.

3.1.2 A description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately:

- The Board Chairman and members of the Board.
- The chairman and members of the Board Committees.

3.2 Remuneration/Reward Disbursement Criteria:

The Nominations and Remuneration committee is responsible for recommending to the Board the remuneration of the Board members, its committees, and the Executive Management, in accordance with the approved standards, as follows:

3.2.1 The Company shall ensure that the Rewards align with the Company's strategy and objectives and with the size, nature and degree of risks it involves.

3.2.2 The Rewards shall be commensurate with the Company's activity and the skill needed to manage it, taking into account the sector in which the Company operates, its size and the experience of the Board members and Executive Management.

3.2.3 Rewards shall be offered to encourage the Board members, its committees, and the Executive Management to develop the Company in the long term and taking into account linking the variable part of the Rewards to performance in the long term.

3.2.4 Remuneration shall be based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance.

3.2.5 The remuneration shall be fair and proportionate to the Board or committee's member's activities carried out and responsibilities borne by the Board or committee's members, in addition to the objectives set out by the Board to be achieved during the financial year.

3.2.6 Practices of other companies and what is prevailing in the labor market shall be considered in determining remuneration while avoiding what may result from an unjustified increase in Rewards and compensation.

3.2.7 The remuneration shall be reasonably sufficient to attract and retain highly qualified and experienced Board members, without exaggeration.

3.2.8 The remuneration shall be determined in coordination with the Nominations and Remuneration committee regarding the new hires.

3.2.9 The remuneration of independent Board members shall neither be a percentage of Company's profit, nor be based directly or indirectly on the Company's profitability.

3.2.10 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 to prevent abusing the job position to attain undue awards.

3.2.11 Company Shares may be granted to members of the Board, its committee or Executive Management, whether through a new issuance or buyback of shares. However, while granting Company Shares to the Board and committee members, it shall be ensured that the holding of an independent member does not exceed 5% of the total Company Shares.

3.2.12 The remuneration of the Board members may be a specific amount, attendance allowance, in kind benefits, or a certain percentage of the net profits, and it is permissible to combine two or more of these benefits.

3.3 Rewards Determination Mechanism:

3.3.1 <u>Remuneration of the Board members:</u>

Rewards and remunerations of the Board members are as follows:

3.3.1.1 Annual Bonus:

A- The Board Chairman shall be paid a financial remuneration, with a minimum amount of SAR 500,000.

B- The Board members shall be paid a financial remuneration, with a minimum amount of SAR 350,000.

C- The annual bonuses referenced in Paragraphs (A) and (B) of this Article shall be disbursed as financial remuneration to be paid after the end of the fiscal year.

D- In the event of the member's resignation, the annual bonus shall be paid to the resigning member in proportion to the period (in months) spent in the membership from the date of appointment until the date of resignation. The remuneration for the alternate member will be prorated from the alternate member's appointment date based on the remaining months of the year served.

3.3.1.2 Attendance Allowance:

A- All members of the Board shall be entitled to SAR 5,000 as an attendance allowance for each meeting.

B- The attendance allowance shall be paid after approving the minutes of the meeting for those who attended and signed the minutes.

3.3.1.3 Travel (Secondment) Allowance:

A- If the meeting is held in a city inside KSA other than the member place of residence, the member shall be entitled to a daily lump sum allowance of SAR 3,500, in addition to a round-trip ticket on the business class to the city in which the meeting will be held or its equivalent value.

B- If the meeting is held outside KSA, the member shall be entitled to a daily lump sum allowance of SAR 4,500, in addition to a round-trip ticket on the business class to the city in which the meeting will be held or its equivalent value.

C- If more than one meeting is held simultaneously on the same day and place, whether for the Board or its committees, compensation for the expenses mentioned in paragraphs (A or B) above shall be paid only once to each member. The secondment allowance is paid to the Board members if they are trained outside their city of residence in accordance with the training policy approved by the Board.

3.3.1.4 Additional Benefits:

In addition to the annual bonus, as well as attendance and travel allowances, Board members are entitled to the following:

A- The Board, based on the recommendation of the NRC, may compensate all or selected members with rewards in addition to annual bonus stipulated in 4.3.1.1.

B- A Board member may obtain a remuneration for any additional executive, technical, administrative or advisory work or positions - under a professional license - assigned to them in the Company, in addition to the remuneration that they may receive in their capacity as a member of the

Board and in the committees formed by the Board, in accordance with the Companies Law and the Company's Bylaw.

C- The Board member shall be entitled to medical insurance services for the member, the member's family and the member's parents, in accordance with the health insurance regulations applied by the Company, provided the member is not insured by another party.

D- Each Board member shall be covered by a Directors' and Officers' Liability Insurance, safeguarding against potential legal claims arising from alleged wrongful acts committed during the member's directorial or officer duties. This insurance shall encompass legal defense expenditures, and any damages adjudicated, abiding by the specific stipulations of the respective insurance policy. The scope and terms of this insurance shall be periodically evaluated to ensure alignment with the Company's operational scale and inherent risks.

E- Each Board Member shall be entitled to receive in-kind benefits throughout the fiscal year, for example professional membership.

3.3.2 <u>Benefits of the Board Committee members:</u>

Members of the Board Committees shall be entitled to:

3.3.2.1 Annual Bonus:

A- Each committee chairman shall be paid a financial remuneration, with a minimum amount of SAR 250,000.

B- All committee members shall be paid a financial remuneration, with a minimum amount of SAR 200,000.

C- The annual bonuses referenced in Paragraphs (A) and (B) of this Article shall be disbursed as financial remuneration to be paid after the end of the fiscal year.

D- If a member ceases to be part of the committee, the member's annual bonus will be paid proportionally, based on the number of months served from the date of appointment until the date of resignation. Any remuneration for an alternate member will be calculated from the alternate member's appointment date, covering the remaining months of service within the year.

3.3.2.2 Attendance Allowance:

A- All members of the Board Committees shall be entitled to SAR 4,000 as an attendance allowance for each meeting.

B- The attendance allowance shall be paid after approving the minutes of the meeting for those who attended and signed the minutes.

3.3.2.3 Travel (Secondment) Allowance:

A- If the committee meeting is held in a city inside KSA other than the member place of residence, the member shall be entitled to a daily lump sum allowance of SAR 3,500, in addition to a round-trip ticket on the business class to the city in which the meeting will be held or its equivalent value.

B- If the committee meeting is held in a city outside KSA other than the member place of residence, the member shall be entitled to a daily lump sum allowance of SAR 4,500, in addition to a round-trip ticket on the business class to the city in which the meeting will be held or its equivalent value.

C- If more than one meeting is held simultaneously on the same day and place, whether for the Board or its committees, compensation for the expenses mentioned in paragraphs (A or B) above shall be paid only once to each member.

3.3.2.4 Additional Benefits:

In addition to the annual bonus, as well as attendance and travel allowances, committee members are entitled to the following:

A- The Board, based on the recommendation of the NRC, may compensate all or selected members with rewards in addition to annual bonus stipulated in 4.3.2.1.

B- The committee member shall be entitled to a remuneration for any additional executive, technical, administrative or advisory work or positions - under a professional license - assigned to the member, in addition to the remuneration that they may receive in the member's capacity as a member of the committee formed by the Board, in accordance with the Companies Law and the Bylaws.

C- The committee member shall be entitled to medical insurance services for the committee member, the committee member's family and the committee member's parents, in accordance with the health insurance regulations in force in the Company, provided the member is not insured by another party.

D- Each committee member shall be covered by a Directors' and Officers' Liability Insurance, safeguarding against potential legal claims arising from alleged wrongful acts in undertaking their duties. This insurance shall encompass legal defense expenditures, and any damages adjudicated, abiding by the specific stipulations of the respective insurance policy. The scope and terms of this insurance shall be periodically evaluated to ensure alignment with the Company's operational scale and inherent risks.

E- Each committee member shall be entitled to receive in-kind benefits throughout the fiscal year for example professional memberships.

3.3.3 <u>Remuneration of the Board Secretary and Committee Secretaries:</u>

3.3.3.1 The Board Secretary shall be paid an annual remuneration of an amount of SAR 50,000.

3.3.3.2 The committee secretaries shall be paid an annual remuneration of an amount of SAR 30,000.

3.3.3.3 The annual Rewards shall be paid with the Rewards of the Board members.

3.3.4 Rewards of the Executive Management:

The Nominations and Remuneration Committee shall periodically review the Rewards, program and incentive schemes for the Executive Management and recommends them to the Board. The Rewards of the Executive Management shall include the following:

3.3.4.1 Basic salary (paid monthly).

3.3.4.2 Allowances that include, but not limited to: Housing allowance, transportation allowance, phone allowance, and children education allowance.

3.3.4.3 Medical insurance benefits for members and their families.

3.3.4.4 Short-term incentive plans related to the performance of the individual and the Company, and long-term incentive plans such as stock options and others.

3.3.4.5 Other benefits include but not limited to: annual leave, travel tickets, travel allowance, and end of service benefits.

3.3.4.6 Coverage of Directors & Officers' Liability insurance.

4. Disclosure

A. The Board must disclose this Policy and the methods to determine the remuneration of the Board members and the Executive Management in the Company.

B. The Board shall provide an accurate, transparent and detailed disclosure in the Board report the remunerations granted to the members of the Board and the Executive Management, directly or indirectly, without any omission or misleading information, and whether the remuneration was in cash, or any other benefits of any nature. If the nature of this remuneration were shares of the Company, then the value of the shares is the market value on the due date.

C. Further, the Board shall clarify the relationship between the granted remunerations and this Policy and indicate any material deviation from this Policy.

D. Moreover, the Board shall provide a statement of the necessary details regarding remuneration and compensations granted to each of the following, separately:

4.1 Members of the Board;

4.2 Five of the senior executives who received the highest remuneration from the Company, including the CEO and the CFO; and

4.3 Members of the committee.

5. Award Suspension or Recall

5.1 If the General Assembly terminates a member due to their absence for three (3) consecutive or five (5) intermittent meetings during the term of membership without a legitimate excuse accepted by the Board, such member shall not be entitled to any Rewards or allowances for the period following the last meeting attended, and the member shall return all the Rewards and allowances paid to the member for that period.

5.2 If the Board terminates a member due to their absence for three (3) consecutive or five (5) intermittent meetings during the term of membership without a legitimate excuse accepted by the Board, such member shall not be entitled to any Rewards or allowances for the period following the last meeting attended, and the member shall return all the Rewards and allowances paid to the member for that period.

If it appears to the audit committee or the Authority that the remunerations paid to any of the Board members are based on incorrect or misleading information that was presented to the General Assembly or included in the annual report of the Board, then the member must return such remuneration to the Company, and the Company has the right to ask the member to return them.