



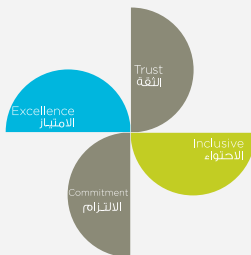
مجموعة الخريفا  
Alkhorayef Group

شركاؤكم  
في النجاح

Success through  
partnership

## Policy Manual for Alkhorayef Group

Our Values قِيَمُنَا



شركاؤكم  
في النجاح

Success through  
partnership

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## INTRODUCTION

The Human Resources Department (HRD), being one of the departments responsible for the employees, believes that the employee's success is attained only through providing them with all their entitlements and caring for them as an effective and essential element to the work of the Company. Therefore, The Policy Manual was prepared as a reference for employees and those responsible in order to implement the policies accurately, justly and in line with the interests of the companies.

The Group Management shall look respectfully and with gratitude to the adherence by all to the contents of this manual and that everybody shall work in the spirit of teamwork observing the regulations and the interest of work at the same time.

The HRD is responsible for coordinating and documenting the Talent Acquisition process in accordance with the policies and procedures of the Group. Also, keeping up with the development of the employees through implementation, control and management of training and evaluation programs. In addition, among the objectives of HRD is to ensure the integrity of the policies of each Company and their procedures with daily practice and meet the requirements of the employees and listen to their complaints, to ensure

compliance with government laws and regulations and incentives. The HRD further aims to develop the procedures and information systems of human resources and preparing the reports related to it. HRD is also responsible for the management of the employees' benefits including identifying and documenting the applicable benefits, thus coordinating and implementing them with the granting authorities, and offering them to the eligible employees.

The development of the employees' competencies is also one of the HRD tasks. Such development is facilitated by the Talent Department, the evaluation procedures as well as giving counseling to the employees at the employee's request or their Line Manager. These procedures are implemented by the HRD, which not only takes charge of documentation required by the Ministry of Labor, but also is responsible for keeping up with the Ministry's requirements and coordinating to fulfil them.

This Manual describes the main elements of the HRD's policies at the Alkhorayef Companies. The policies described in this Manual are subject to revision, change, addition and/or deletion to ensure that the HRD policies and procedures are in accordance with the strategies of the Companies and the operations of their activities.

## 1- Policy Manual Guidelines

### 1-1 Scope of Manual Application

1- This Manual is considered complementing to the provisions of the Labor Law and the work organization regulations approved by the Ministry of Labor in the kingdom of Saudi Arabia. It is also an integral part of the contract concluded between the Company and the employee.

2- The provisions of this Manual shall apply to all employees in the Alkhorayef Companies within the Kingdom of Saudi Arabia, both the permanent and on probation. Once an employee is hired, they will be considered as aware of all the items and paragraphs of this Manual and have accepted all the items therein. They shall be subject to the regulations and rules issued in the execution of this Manual.

3- The provisions of this Manual shall not apply to individuals with whom the Company have contracted to perform temporary, seasonal, or casual works and tasks.

### 1-2 Manual Application Responsibility

1- The Company's officers shall consult the policies in this Manual when directing their subordinates and keeping track of them for maintaining order, justice and discipline. The employees also shall consult this Manual to know their rights and duties.

2- The General Management of the Human Resources has jurisdiction to interpret and explain the status of any of the items and paragraphs of this Manual. In addition to any issue that may arise in the interpretation or explanation of any of the matters included in this Manual.

### 1-3 Use of Manual Guidelines

1- This Manual shall be used within the Alkhorayef Companies and their branches only. It is subject to alteration and

change from time to time in accordance with the conditions, requirements and interests of the Alkhorayef Companies as well as the Saudi labor Law.

2- This Manual shall be published to all the employees of the Companies. The employees shall have the full right to access the Manual which is posted on the internal electronic system.

3- Every employee whose services in the Company have ended, and who still has a copy of this Manual, must return it to the Company by handing it in to their line manager.

### 1-4 Updating the Policy Manual

1- The Chief Human Resources Officer (CHRO) shall submit the proposals and recommendations related to issues not mentioned or addressed in the manual or modifications wanted on any content in this manual in the form of a policy to the Policy Committee (except those falling under the jurisdiction of the Nominations and Benefits Committee according to the constitution of the committee) and then present them to the Board of Directors to be approved and later added to the Policies Manual.

2- Upon approving the modifications by the Board of Directors, they are released in writing by the General Management of Human Resources and added to the Policies Manual either as new or alternative pages to the Manual's pages and shall be announced to the employees.

3- Any modifications to the content of this manual including any addition, alteration or deletion of any items or benefits under the laws and regulations shall be carried out through the Policy Committee.

### 1-5 Policy & Its Conservation

The General Management of Human Resources shall be responsible for the management of this manual including



any updating, modifications, or submission of any new policies and responsible for ensuring that any alterations to the manual be communicated to all the affiliated companies effectively and timely by circulating the editions or any other means necessary. The General Management of Human Resources may update the Manual from time to time as necessary.

### 1-6 Policy Interpretation

The General Management of Human Resources shall have the power and ultimate responsibility to resolve or solve any problem that may arise from the interpretation or explanation of matters described in the Manual. Such problems shall be resolved with the utmost care for the employee and without prejudice to the interests of the Alkhorayef Companies. In the event a situation that has not been included in this policy comes up, The General Management of Human Resources shall take the appropriate decision accordingly at their own discretion.

### 1-7 Manual Organization

This Policy Manual has been organized in such a manner as to be divided into various chapters that cover all the Human Resources activities.

### 1-8 Definitions

Definitions of the key terms used in the Policy Manual:

TERM	DEFINITION
Line Manager	Immediate supervisor of the employee
The Employee	Whoever is permanently assigned to a position approved within the Company whatever their job or job title.
Basic Wage	Everything that is given to the worker for their work under a written or unwritten employment contract irrespective of the type of pay or the method of payment in addition to increments.
Actual Wage	The basic wage plus all the other payable increments approved for the worker in return for their effort made at work, or risks they are subjected to at work or those approved for the worker for working under employment contract or work organization regulations.
Wage	Actual Wage
Month	Thirty days
Annual leave	The Employee's entitled paid days off during the year.



TERM	DEFINITION
Temporary work	Work which nature is part of the employer's activities and requires a certain period to be completed or is related to certain work and finishes accordingly. In both cases the period shall not exceed ninety days.
Seasonal work	Work that is carried out in recognized periodic seasons.
Casual work	Work which nature is outside the employer's usual activities and is carried out in no more than ninety days.
Job	A set of related activities that are evaluated by the authorized party. Each job is recognized in terms of tasks, duties, responsibilities, scope and requirements of basic qualification through the job description. Each job is placed within the appropriate category based on the grade structuring and the salaries approved by the Alkhorayef Companies.
Job description	The Job Description is a document which contains a set of important elements like: the job title, place of work, the Line Manager, job code, the department

TERM	DEFINITION
Job description	related to the vacancy, duties and responsibilities of the post that is addressed by the job description, in addition to the competencies and training qualifications required from the job holder and the technical qualifications and training required of the job holder.
Current manpower	The current number of employees at the start of the annual manpower planning process.
General Human Resources Business Partner (GHRBP )	Actively participates with the head of the company and other related immediate managers to provide assistance on matters related to the correct management of individuals to ensure the precise application of the Human Resources Policies in the affiliate company. Note: They will take advantage of the central Human Resources Team within the General Management of Human Resources, Center of Excellence & Shared Services.
Strategic Human Resources Business Partner. SHRBP	A strategic business partner for Human Resources who actively participates with the Head of the Company and immediate Managers

TERM	DEFINITION
Strategic Human Resources Business Partner. SHRBP	to ensure the success and smooth running of works and duties related to Human Resources, providing consultancy and assistance on the matters related to the correct management of individuals to ensure the coordinated application of the Human Resources policies in the affiliate company. Note: They will have a Human Resources team to help them support the business.
End of Service Entitlements	A monetary sum the Company is under obligation to pay to the employee at the end of their service period. It is calculated based on their last wage.
Dependents	Wife/wives and children.
The Group	Alkhorayef Group Company
The Company	These terms, wherever they appear in these policies, refer to: <ul style="list-style-type: none"> <li>• Alkhorayef Group Company</li> </ul>
The Head of the Comapny	The Chief Executive Officer of the Company / General Manager of the Company

TERM	DEFINITION
Board of Directors	The Board of Directors of Alkhorayef Group Company
The General Management of Human Resources	The General Management of Human Resources in the Group
Saudization	The policy of enhancing and developing Saudi citizens to occupy the higher administrative / technical positions, as well as increasing the percentage of Saudis among the Company staff members.
Totally Permanent Professional Inability	It is the inability that is usually evaluated by competent medical committees of social insurances - in the range of 100% that does not allow the individual totally and permanently to perform any work or profession that generates income.
Partially Permanent	It is the inability caused by injury or

TERM	DEFINITION	TERM	DEFINITION
Professional Inability	vocational disease, thereby decreasing the individual's ability to earn a living. Such inability would be as much or over 50% up to less than 100%. The relevant payable return or compensation for such inability is evaluated by comparing this percentage to that of the totally permanent professional inability.	Delegation of Authority	Authority granted to an individual/department to approve/reject a process/decision.
Probation Period	It is the period during which the employee is under trial and observation at the beginning of their assignment. Such period shall be expressly and clearly mentioned in the employment contract for a span of 90 days and can be increased to 180 days through a written consent between the Company and the employee.	Normal Bell Curve	It is a tool used in statistical analysis. The most known administrative application is the evaluation of subordinates in accordance with this curve where the evaluation reaches the same form of the normal bell to ensure appropriate degree of fairness.
The Employees' Self-Services ( Electronic Services )	An online application that allows the employees access to their records and also submit online applications such as – those related to leave, exit and re-entry visas, balance inquiry as well as return from leave requests etc.	Balanced Scorecard	A tool that is concerned with translating the Company's strategy into specific objectives and targeted standard criteria, unifying all the standards used by the Company and is based on four major factors: (Financial – Customers - Internal processes – Skill Development and Individual Growth.
Oracle	An electronic system including the Human Resources Information System at the Company. It is used to automate activities and monitor the implementation of HR processes.	Official Holidays	Weekly leave, Eid holidays and the national day.

## 1-9 Acronyms

TERM	ACRONYM
End of service Benefit	EoSB
Service Level Agreement	SLA
Performance Management Review	PMR
Operating Company Head	OPH
General Human Resource Business Partner	GHRBP
Strategic Human Resources Business Partner	SHRBP
Additional Monthly Allowance	AMA
Annual Leave Destination	ALD
Personal Development Plan	PDP
Human Resource Information System	HRIS

## 2- Organizational Structures

### 2-1 Purpose

To ensure a work plan for establishing and updating the organizational structures within all the Alkhorayef Companies in order to determine the capabilities required to support the strategies of the Companies. This constitutes the basis of the Human Resources operations.

### 2-2 Scope

This policy applies to all the Alkhorayef Companies.

### 2-3 Policy Details

#### 2-3-1 Introduction

The process of setting the organizational structures help create fair working environment that brings transparency and objectivity in addition to eliminating abuse of authority.

#### 2-3-2 Organizational Structures Policy

1- The organizational structures of the Alkhorayef Companies are reviewed regularly by the General Management of Human Resources and the Strategic Human Resources Business Partner based on the vision and message of the various companies and their long-term strategic objectives.

2- The Company's Board of Directors has the power to change the Company's organizational structure when necessary.

3- The General Management of Human Resources in the Group / Strategic Human Resources Business Partner are responsible for updating and maintaining the organizational structures based on the approvals by the authorized stakeholders.

4- The organizational structures must reflect the administrative hierarchy, the approved job titles, number of employees and cost centers.

5- The following requirements must be taken into consideration for setting up the organizational structures :

- Identifying the roles and responsibilities related to each department to achieve the objectives set by the Company.
- Efficient utilization of manpower resources.
- Restricting similar activities, avoiding duplicity and overlapping of duties.
- Unifying the job titles in accordance with the approved list of jobs.

6- The board of Directors shall approve the first level of the organizational structure in each company (the level of departments reporting directly to the Head of the Company).

7- The other levels of the organizational structures are approved by the Head of the Company.

### 2-3-3 Re-Structuring Criteria

1- Re-structuring is carried out when there is any alteration or change of the Company's current organizational duties and is limited to the following cases:

- Changes or alterations of the Company's strategy and its operational model.
- Addition of new duties or expansion of the current ones to face new challenges including the changes in the Company's policies and strategies, as well as the introduction of new technologies etc.
- Correcting the current organizational defects that negatively affect the efficiency of the organizational structuring including the range of supervision, hierarchy, inadequate coordination among the various organizational units, inadequate internal controls, inconsistency of jobs within the same department and organizational slack etc.

## 3- Manpower Planning

### 3-1 Purpose

The purpose of this policy is to ensure that staffing requirements are planned in advance to support achieving the Company's objectives. This policy should help in managing the recruitment of the optimal level of talents with the required skills and competencies.

### 3-2 Scope

This policy applies to all the Alkhorayef Companies.

### 3-3 Policy Details

1- The annual manpower plan shall determine the number and set of skills as well as the time frame for the required skills. Manpower addresses needs at the start of the year and for the coming year.

2- Line Managers are responsible for setting the manpower needs in their departments, providing their requirements of employees to be recruited from outside the kingdom and their work visas based on their estimated budget along with the job description. They will send their requirements to the Strategic Human Resources Business Partner/ General Human Resources Business Partner for compilation and to prepare the Company's manpower plan.

3- All manpower plans are prepared in accordance with the process of preparing the annual budget by the respective Line Managers and supported by the Strategic Human Resources Business Partner / General Human Resources Business Partner who refers them to the General Management of Human Resources for review and to recommend it to the Head of the Company.

4- The Head of the Company approves the manpower plan (in compliance with the budgeting process). The Strategic Human Resources Business Partner /

General Human Resources Business Partner is responsible for the management, execution and follow-up of the process.

5- All departments are responsible for providing their manpower needs on time as part of the manpower plan, annual employment and the budgeting process to ensure enough time for the Strategic Human Resources Business Partner / General Human Resources Business Partner to carry out the employment and selection process effectively and meet the objectives of each of the affiliated companies including the continued Saudization objectives.

6- The manpower needs identified by the manpower plan are reflected in the recruitment plan specific to the company. The recruitment plan is reviewed and updated on a regular basis to improve recruitment and other hiring activities.

7- Future manpower requirements and needs are evaluated by the Strategic Human Resources Business Partner / General Human Resources Business Partner Through knowing the extent of the current manpower efficiency, the volume of work they have and how developed they are compared to the size and type of expected work.

8- The Strategic Human Resources Business Partner / General Human Resources Business Partner ensure that all decisions taken with respect to the development of the Company's organizational structure are attached with the entire manpower plan.

9- Any modifications to the approved manpower plan not affecting the budget are carried out by the Line Managers and coordinated with the Strategic Human Resources Business Partner / General Human Resources Business Partner and reviewed and approved by the Head of the Company.

10- Deviation from the approved plan is not permitted in the case of employment. Sometimes there are strong and unexpected reasons in the market like new projects – new units or outlets. In this case employment not included in the budget is permitted upon approval by the Group's Chief Executive Officer.

11- All employment, whether included or not included in the budget, is subject to a Personnel Requisition. All Personnel Requisition must be recommended by the Line Manager, supported by the Strategic Human Resources Business Partner / General Human Resources Business Partner and also recommended by the General Management of Human Resources.

12- All employment / transfer of Human Resources employees within the company are subject to approval by the Chief Human Resources Officer in the Group.

### 3-3-1 Job Creation

1- If the Personnel Requisition contains a new job unlisted in the approved jobs list, a job description must be done by the line manager or the respective department in coordination with the General Management of Human Resources in the Group.

2- Evaluation of the created job is carried out by the General Management of Human Resources so that the appropriate grade may be determined.

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## 4- Talent Acquisition

### 4-1 Purpose

The purpose of the Talent Acquisition policy is to ensure the selection of the best candidates for the position or job based on the competencies. This reflects the Alkhorayef Companies' interest in giving equal opportunities in the employment process and therefore creating a targeted work environment.

### 4-2 Scope

This policy applies to all the Alkhorayef Companies.

### 4-3 Policy Details

#### 4-3-1 Talent Acquisition Plan Management Policy

1- The Talent Acquisition requirements are based on the annual manpower plan that is prepared in coordination with those responsible within the departments in the Company and are included in the annual budget of the Company.

2- The Strategic Human Resources Business Partner / General Human Resources Business Partner in each company initiates the Talent Acquisition process in accordance with the manpower plan approved for the current year. Talent Acquisition already identified in the approved manpower plan does not require additional approval. The concerned Line Manager shall communicate with the Strategic Human Resources Business Partner / General Human Resources Business Partner or the General Management of Human Resources to proceed with the Talent Acquisition process. As for the period needed for the candidate to accept the job offer (signing), it is preferably one week from the date the job offer is issued to the candidate. Appointment of leadership positions may take longer.

### 4-3-2 Identifying Sources

1- The Strategic Human Resources Business Partner / General Human Resources Business Partner is responsible for seeking the right candidates during the employment process in coordination with the General Management of Human Resources of the Group.

2- The Alkhorayef Companies adopt fair and fixed procedures for employment of the candidates ensuring the selection of qualified and capable employees who are able to carry out their duties and responsibilities after they have passed the testing procedures successfully and efficiently.

3- Priority for job vacancies will be given to the employees of the Alkhorayef Companies. Vacancies will be announced internally for all employees and The Talent Acquisition Department is responsible for receiving the applications sent by the employees, sorting them out and selecting the appropriate candidates. If there are no suitable candidates, candidates may be selected externally.

4- The candidate may apply for any job announced internally if they meet the following criteria:

- They must have work for a minimum of one year in their current position.
- They must not have received any direct warning letter, nor any outstanding disciplinary action had been taken against them.
- They must have the minimum level of qualifications or experience stipulated in the job description.
- They must have the minimum level of the performance classification (2) on their last performance review from the previous year.



### 4-3-3 Saudization

1- The percentage of Saudization shall be set in each of the Alkhorayef Companies in accordance with the Saudization program and Nitaqat system. Afterwards, they are distributed over the various departments of the company at varying rates to reach the final objective.

2- Saudization rates are planned at the start of the year by the Strategic Human Resources Business Partner / General Human Resources Business Partner. Reports and appropriate plans are submitted to the Chief Executive in the Group to recommend them for approval by the president of the affiliated company.

3- Reaching the Saudization percentages is considered an important factor in the annual evaluation process for the Head of Companies and Department Heads.

### 4-3-4 Employment & Hiring Conditions

1- A candidate must meet the minimum level of the fixed job criteria which are based on competencies and experience required for job.

2- The job must be part of the approved job list. In case the job is not part of the approved job list, it must be created along with its full job description by the Line Manager and reviewed by the General Management of Human Resources of the Group for approval and have it listed in the Oracle system.

3- It is prohibited to re-hire any ex-employee in any of the Alkhorayef Companies whose services had been terminated due to a reason stipulated in Article 80 of the Labor Law.

4- If the services of any employee has been terminated, they may be re-hired by any other of the Alkhorayef Companies after they obtain the necessary recommendations from their previous company and provided that they have settled their end of service,

transfer of sponsorship (if a resident), entitlements and sign a new contract.

5- Candidate must be at least 18 years of age and no older than 55 years of age. Candidates over 55 years old may be offered a special contract for a specific period not subject to renewal and subject to approval of the Group's Chief Executive Officer.

### 4-3-5 Employment of Relatives

1- Although employment of relatives is undesired. In rare cases the employment of relatives is allowed provided that there must not be a direct work relationship between the two parties. This case requires approval by the Board of Directors for grades L-O and the Head of the affiliated company for grades A-K. Such cases are acceptable when only people with rare and special competencies and experience are needed.

2- Applicants for jobs in the Alkhorayef Companies must mention their employed relatives at the time of submitting their application.

### 4-3-6 Evaluation & Selection of Candidates

1- The qualifications and experiences of candidates are evaluated based on the job requirements.

2- In cases where one of the current employees recommends a candidate for employment at the Company. That employee must not be part of the selection and interview process. Based on the principle of justice and impartiality

3- If the candidate is staying outside the Kingdom of Saudi Arabia, a long distance interview may be arranged for them by means of telephone or any other electronic mode, prior to travel for the purpose of the personal interview.

4- The Talent Acquisition Department at the company maintains the received CVs selected to be short-listed for interview for a minimum of a year where it can be referred to and examined in the future.

#### 4-3-7 Testing & Interviewing

1- The General Management of Human Recourses of the Group coordinates with the Strategic Human Resources Business Partner / General Human Resources Business Partner to set the tests needed for the interview, and the required evaluation factors for the positions to be held with support from the Talent Acquisition Department.

2- The list of the candidates selected for the necessary testing and interviews are called on based on the grade for which they have been selected. All interviews are conducted by more than a person and the form of the interview varies depending on the nature and grade of the position as follows:

- Grade **N-O** : The interview is conducted by the Nominations & Compensation Committee.
- Grade **L-M** : 3 interviews as a minimum : - The Strategic Human Resources Business Partner / the Chief Human Resources Officer in the Group and the Head of the Company.
- Grade **J-K** : 3 interviews as minimum : The Strategic Human Resources Business Partner / Talent Acquisition Manager in the Group and the Line Manager.
- Grade **I** and lower : The Line Manager - The Strategic Human Resources Business Partner / General Human Resource Business.
- The Strategic Human Resources Business Partner / General Human Resources Business Partner : The Head of the Company and the Chief Human Resources Officer at the Group.

3- When conducting the interviews, the concerned people use the job description and any other relevant tools or information.

4- The interview evaluation form for the person interviewed must be completed. The Strategic Human Resources Business Partner / General Human Resource Business Partner shall facilitate the discussion to get the full evaluation of the candidate.

5- If there were transgressions by the candidate related to the job they had been listed for, like forgery of certificates and the work experience or any other documents related to the job, then the candidate cannot be employed at any of the Alkhorayef Companies at all and they will be permanently excluded from any vacancies in the future.

#### 4-3-8 Employment Costs

1- The company shall bear the cost of bringing people for job interviews as follows:

- If the candidate was selected for a position within the grade (N-O), they will be brought on a business class air-ticket and in a 5 star hotel.
- If the candidate was selected for a position at the grade M and under, they will be brought on an Economy class air-ticket and in a 5 star hotel.

2- The candidate for the interview shall be compensated for incidental expenses like (transportation expenses, entry visa, etc.)

3- The company shall bear the issuance cost of the required health certificates, along with the necessary documents for obtaining the work visa.

4- The Company shall bear the cost of the work visa (when necessary)

5- The Company shall bear the cost of issuing a Residency for the non- Saudi employee

6- The company shall bear all the costs related to obtaining a driving license for those who come to work on a driver visa. However, if a driver fails to get a driving license, they shall bear all the expenses for obtaining a driving license for the second time.

7- The company shall bear the costs of bringing the employee's family in case of a family contract. In addition to the travel tickets, the number of tickets are as indicated in the table of benefits.

#### 4-3-9 Employment Offer

1- The company shall check the possibility registering the candidate on the social insurances records prior to their signature of the employment Offer.

2- The salary and other benefits shall be determined in the Employment Offer based on the Job grade.

3- All employment offers for candidates grades N & O are issued by the Chief Human Resources Officer in the Group. After a review by the Nominations and Benefits Committee in respect to Executive Staff subject to the approval of the Committee in accordance with the Constitution of the Committee

4- All employment offers for candidates grade M and below are issued by the Strategic Human Resources Business Partner / General Human Resources Business Partner in the Company, and shall be sent to the candidate. No department shall have the right to issue any job offers, or the right to contract with employees, or give any promises whether orally or in writing to the candidates in their department. In case of this, it is the personal responsibility of the concerned department manager and shall not be binding to the Company.

5- The Employment Offer format shall be unified and circulated to all companies in both Arabic and English.

Furthermore, the Job Description for the position must be submitted with all Job Offers issued.

6- The receipt by the candidate and their signature of the employment offer shall be good enough for continuing with the employment procedures.

#### 4-3-10 Reference & Background Check

1- The Employee must complete a medical checkup prior to them joining the Company. This is mandatory for all job grades in medical centers approved by the Company. The Company shall bear the expenses of the medical checkup and shall have the right to validate the source of the medical agency.

2- The Company shall have the right to verify the candidate's references (previous Employers) whether provided or not on the application prior to providing the candidate with the employment offer.

3- The Talent Acquisition Department shall later request the other documents like the candidate's training certificates etc. and have them on file. The Company shall, at its discretion, have the right to verify the personal references submitted by the candidate.

#### 4-3-11 Employment Contract

1- Employment contracts are drafted in both Arabic and English. The employment contract in Arabic is the formal contract used to resolve any conflict. New employees shall be asked to sign the Employment Contract on the first day they start work. The Employment Offer is complementary to the employment contract unless otherwise expressed therein. Each party shall have a copy of the contract. Having signed the contract and started work, the employee is committed to have accepted it and be bound by all its conditions, policies and regulations.

2- All contracts for grades (N & O) will be signed by the Chief Human Resources Officer in the Group.

3- All contracts for grades M and below will be signed by the Strategic Human Resources Business Partner / General Human Resources Business Partner. No other department may sign any contract nor contract with in any capacity.

4- Unifying the contract formats and circulating them to all the companies in both Arabic and English taking into account the standard contract issued by the Ministry of Labor.

5- In case a foreign language is used in the contract as well as the Arabic language, the Arabic text shall always be adopted.

6- The nature of work, its period, the wage and all other contractual conditions are expressly stated in the contract including the basic benefits entitled by the employee based on their job grade.

7- All employment contracts for all employees shall be for one year and the unified contract form shall be adhered to. Contracts are deemed completed when the Employee completes their twelfth month. As for the contracts of semi-professional employees. They shall be for two years. Contracts are deemed completed when the Employee completes their twenty forth month.

8- Employee's entitlement of a Family status or Single status contract is depicted as per the categorization in the table of benefits, subject to the approval of the authorized person when recruited.

9- Employment Contracts for non-Saudis must be written and for a limited period. If the contract period is not stated in the contract, the work permit will be considered as the contract period.

10- The limited period contract shall end at the lapse of its period. Should both parties of the contract continue binding by it, the contract shall be considered

renewed for an unlimited period subject to what is stipulated in Article (37) of the Saudi Labor Law applicable to non-Saudis.

11- If the limited period contract comprises a condition stipulating renewal of the contract for a similar or limited period, then it shall be renewed for the period agreed upon. If renewal of the contract exceeds three consecutive times, or the duration of the original contract along with the renewal period is four years, whichever is less with both parties continuing the contract, it shall become an unlimited period contract.

12- If the contract is for an unlimited period, either party may terminate it for a valid reason that must be stated in a notice addressed to the other party in writing prior to termination in a period that shall be stated in the contract. Such period should not be less than sixty days if the worker's wages are paid monthly, and not less than thirty days for others.

13- Any subsequent modification or change to the contract , which shall be an integral part of the contract itself, must be written by consent of both parties, provided that such modification be signed and that the concerned employee be notified or have their written consent.

14- In case any dispute with respect to the interpretation of the regulations and conditions of the contract, the Strategic Human Resources Business Partner / General Human Resource Business Partner shall refer to the General Management of Human Resources in the Group.

15- The employment contract shall not be binding to the Company for any person proven to be medically unfit, their work visa has been rejected or they fail the background check.

#### 4-3-12 Joining & Probation

- 1- Each new employee is subjected to a probation period of no more than 90 days. The probation period may be extended for no more than 180 days through written consent between the Company and the employee.
- 2- The probation period shall not include Eid Al-ftir and Eid Al-adha holidays, nor the national holiday or sick leave.
- 3- The performance evaluation for the probation period shall be the responsibility of the employee's Line Manager and in coordination with the Talent Acquisition Department. Recommendation to terminate the employee's services, make them permanent or transfer them to another position shall be through the performance evaluation which must be done and the employee be notified at the latest a week prior to the end of the probation period.
- 4- The employee's employment shall be considered on going at the lapse of the probation period if they have not been notified in writing of their dismissal or termination of services.
- 5- The Company may terminate the employee's contract during the probation period without notice, remuneration or compensation.

#### 4-3-13 Employees Transfer Policy

- 1- Employees may be transferred among the divisions and departments of the Alkhorayef Companies and in various regions of the Kingdom in the best interest of the Companies. Transfers are divided into the following categories:
  - Transfer from one job to another within the same department.
  - Transfer from one department to another.
  - Transfer from a job site to another job site (different location)
  - Transfer from one company to another.

2- The reason for transferring the employee should be in compliance with the work requirements only. Employees should not be transferred as a disciplinary action.

3- It is prohibited for any of the companies' officers to communicate with any employee within the Alkhorayef Companies to attract them to work at their company, nor encourage them to transfer from their current company without prior approval from the Head of the Company from which they may be transferred.

4- If both parties agree to transfer the employee to a sister company, the employee's salary and other benefits shall be based on the salary scale of the company to which they are being transferred to and upon the recommendation of the Strategic Human Resources Business Partner / General Human Resource Business Partner of the company and approval by the Line Manager and the Head of the Company. Furthermore, the sponsorship of non-Saudi employees must be transferred.

5- If the transfer of the employee is at the request of the company, their services continue without settlement of their end-of-service entitlements. However, if the transfer request is by the employee and both parties have agreed to transfer the employee to another sister company, the employee shall be transferred and their entitlements for the past period shall be settled. A new contract shall be concluded with them by the company to which they are transferred.

6- The Company shall bear the air tickets to transfer the employee and all members of their family to the region to which they are transferred if the request for transfer is by the Company. If the request is by the employee, the Company shall bear the employee's air tickets only.

7- When the employee is transferred from one department to another within the same company, there must be written approval from both departments.

8- No compensation shall be given to the employee for the transfer costs if the transfer request was submitted by the employee.

9- When transferring from one region to another at the company's request, housing must be provided for two weeks. The housing class shall be determined based on the job grade and family status. The period shall be deducted from the housing allowance payable to the employee.

10- The transferred employee shall be entitled to shipping of their baggage based on the invoices and in accordance with the table of benefits and allowances.

11- When the employee is transferred from one region to another they shall be paid an additional one month basic salary.

#### 4-3-14 Wage Payment Dates

Salaries shall be paid to employees monthly. Taking into consideration the fact that the number of days per month are thirty days including the official holidays and the weekend holiday.

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## 5-Performance Management

### 5-1 Purpose

The purpose of the evaluation policy in the Company is to establish a comprehensive and fair system for managing and measuring the performance of the employees to ensure the optimal utilization of skills, competencies and experiences of the employees so that the objectives of the Company can be achieved. The result of the evaluation is a tool for taking decisions regarding the annual increments, incentives, promotions and to determine the training needs.

### 5-2 Scope

This policy applies to all the Alkhorayef Companies.

### 5-3 Policy Details

#### 5-3-1 Performance Management Process Cycle

1- Application of the Performance Management System is a joint responsibility between the Department Managers and the General Management of Human Resources through the Performance Management and under the supervision of the Head of the Company.

2- The Performance Management System is a combination of the general objectives of the company, the objectives of management and the individual objectives. These objectives cascade from top to bottom starting from the Company's objectives to the employee's objectives.

3- The performance session is for one year from the start of every year to the end of the year. During the session year, multiple meetings are held by the Managers and their employees supervised by the General Management of Human Resources at the Group. The process of the performance management is carried out at three stages as follows:

- A meeting at year end for setting the new year objectives.
- A meeting at year end for final evaluation of the employees in the same year.
- A meeting at mid-year for review and follow up of the performance status for achievement of objectives.

#### 5-3-2 Performance Planning

1- The process for setting the objectives starts prior to the start of the year. It starts from the top of the pyramid when the Head of the Company reviews the strategic plan / operational plan for the coming year. Then they set the Company's strategic objectives approved by the Board of Directors.

2- The objectives of the departments and individuals are established and shall be in compliance with the Company's objectives and determined by applying the methodology of the balanced scorecard.

3- The objectives of the Executives and Directors shall include four major aspects on the balanced score card:

- **Financial:** Related to the financial index i.e. (revenues, profitability, return on investment, cost reduction, etc.)
- **Customers:** Such as (acquisition of new customers, extent of maintaining the current customers, customer satisfaction etc.)
- **Internal Operations:** Related to the efficiency and capability of the internal operations such as (design and development of a product, developing the operations of marketing, sales and after sales, etc.)
- **Competency Development and Growth of Individuals:** Related to employees. For example (worker satisfaction, worker development, worker retention, productivity, etc.)

4- The individual objectives of the employees in the (Professional) category are set by their Line Managers by sitting



directly with them before the end of the year to set the objectives for the coming year based on the following conditions:

- They must be appropriate, emerging and comply with the general objectives of the Company and those of the Management.
- The objective must be subject to the standards (S.M.A.R.T.).
- The objectives must correspond with the role and responsibilities and up to the code of the job description.

5- The objectives related to the employees in the Para Professional category are set by means of objectives and basic and specialized competencies for each job.

### 5-3-3 Competencies

1- Competencies can be defined as a set of Knowledge, Skills, Abilities, Attitudes (KSAA) and professional certificates that enables the employee to achieve the best performance.

2- Competencies are divided into three categories:

- Core competencies that are required for all positions at the Alkhorayef Companies.
- Leadership competencies that are required for leadership and supervisory positions with differences in the level required for each competency.
- Technical competencies that are specific to the nature of the position.
- All core, leadership and technical competencies along with their levels are provided in the competency dictionary.

3- In addition to the objectives related to the employees, the employee must have a set of the core, leadership and technical competencies with different levels needed for each competency in order to complete the evaluation process.

4- Every employee must reflect the core competencies of the Alkhorayef Companies. These core competencies are essential for supporting and building work. They are also essential in establishing

how people at the Alkhorayef Companies work together. These are core behaviors that comply with the vision, message and values of the Alkhorayef Companies.

### 5-3-4 Evaluation Sessions

#### Interim Review at Mid-Year

1- The Company encourages continuous communication between the managers and their subordinates. Managers shall sit with their subordinates in June to review and discuss the achieved objectives and competencies. The purpose is for the subordinates to rectify what they can prior to the final evaluation process at the end of the year, identify the employee's points of strength (and points that need to be improved and developed) and to discuss the possible ways to help achieve the objectives of the employees. The managers grant their employees one of the following ratings for each objective and competency: (Exceptional – Exceeds expectations – Meets expectations – Meets some expectations - Does not meet expectations)

2- The purpose of the mid-year evaluation is to review all objectives and competencies that were achieved as per what was agreed upon in the performance planning stage at the beginning of the year. This is to guide and correct the course of work towards achieving the objectives and tasks required with what complies and achieves the best results during the annual evaluation at the end of the year. This discussion is considered the chance for the manager and the subordinate to document any changes or additions to the objectives of the team and the individual objectives based on external changes like market circumstances or internal changes in the Company like work objectives.

3- Once the revision of the mid-year evaluation is done, the mid-year review form must be filled and the objectives and competencies should be evaluated.

Knowing that there will be no impact on the final performance evaluation at the end of the year. This will be considered a reference that can be beneficial during the performance evaluation at the end of the year.

### Final Evaluation of The Annual Performance

1- The final evaluation of the employee's performance is carried out at the end of the year by the line manager. By means of evaluating the objectives and competencies and providing a measurement or rating for each objective and competency.

2- Upon evaluation of the employee's objectives and competencies, the final evaluation process starts showing the average measurements / ratings of the objectives and competencies alike.

3- The measurements / ratings used in the evaluation process of objectives are as follows:

Rating / Measurement	Description
Exceptional (5)	Achieved the objectives efficiently, effectively and greatly exceeded the targeted objective.
Exceeds expectations (4)	Achieved the objectives efficiently, effectively and exceeded the targeted objective.
Meets expectations (3)	Performance achieves the expected objective
Meets some expectations (2)	Performance achieves some of the expected objective
Does not meet expectations (1)	Performance does not achieve expectations

4- The measurements / ratings used in the evaluation process of the competencies are as follows:

Rating / Measurement	Description
Exceptional (5)	Shows attitudes and abilities or the application of knowledge and skills continuously greatly exceeds expectations.
Exceeds expectations (4)	Shows attitudes and abilities or the application of knowledge and skills exceeded the level expected.
Meets expectations (3)	Meets the level of competencies required.
Meets some expectations (2)	Meets some expectations of the competencies required.
Does not meet expectations (1)	Does not show the required level of competency.

5- The final evaluation is calculated after defining the measurements / ratings of objectives and competencies and their evaluation through the balance distributed over the objectives and competencies depending on the job categories as per the following table:

Rating / Measurement	Objectives	Competencies
Heads of Companies	80 %	20 %
Executives	70%	30%
Line Managers & Managers	60%	40%
Supervisors and professionals	50%	50%
Para Professionals	40%	60%

6- As a result of calculating the final evaluation process, employees are divided into five ratings as follows:

Rating	Description
Exceptional	The employee constantly demonstrates performance levels much higher than expected.
Exceeds expectations	The employee constantly exceeds the performance expectations.
Meets expectations	The employee provides results agreed upon and expected.
Meets some expectations	The employee achieves part of the performance levels agreed upon. The employee needs constant supervision and assistance from their line manager to improve performance or enhance the competencies to reach the target level.
Below Expectations	The employee does not meet the expected results and/or produces low quality work. There is a need for development and additional support to meet performance expectations.

7- During the final evaluation process there must be an open and transparent discussion between the managers and their employees on performance in general and how to insert a rating or measurement for each objective and competency. In addition, all managers must ensure that all their employees are well aware of the evaluation method and the established procedures.

8- During the final evaluation process, the managers should also get the unofficial remarks on the employee's performance. Specifically when the employee has taken part in projects or duties supervised by other managers or with colleagues from other departments without the supervision of the line manager.

### 5-3-5 Review & Amendment of Performance Evaluation

1- The Head of each company in addition to the General Human Resource Business Partner / Strategic Human Resources Business Partner discuss the initial rating outputs for the employees in the company. In some cases, they might take a decision to modify the evaluation. A meeting is also held on the administrative level where the head of each department reviews the performance ratings of the employees in their department.

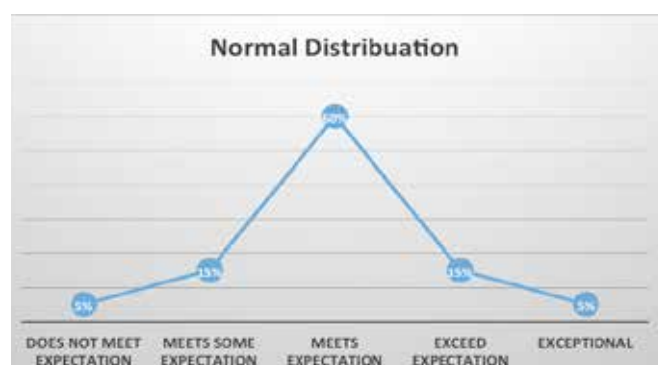
2- This meeting ensures that there are no deficiencies in the evaluation ratings across the company and its departments, and that all managers conduct the evaluation using the same evaluation measurements.

### 5-3-6 Normal Bell Curve (Mandatory Curve)

1- This method aims to reduce the bias of those in charge of the evaluation process as much as possible with respect to carelessness, absoluteness, extremism. To avoid this from happening, the Normal Bell Curve is used.

2- The Normal Bell Curve is used only on departments that contain more than ten employees or on the company in general.

3- In the Normal Bell Curve, the employees are mandatorily distributed based on the five final measurements resulting from the final evaluation process with specific percentages as per the Normal Bell Curve. The Normal Bell Curve usually concentrates in the middle and decreases at the ends or as we move away from the center. As shown in the example below.



### 5-3-7 Grievance Procedures

- 1- The performance management process is designed to clarify the results and promote discussion on the performance results from the managers and their subordinates. However, there may be disagreements or differences.
- 2- Should an employee wish to re-discuss their performance evaluation, they must send a notice to Performance Management and copy to the General Human Resource Business Partner / Strategic Human Resources Business Partner within a week of being notified of their evaluation results. The notice should contain clear reasons.
- 3- An official meeting shall be held by the respective department manager and Human Resources in addition to the Line Manager of the employee who carried out the evaluation process. The employee must be notified of the meeting results.
- 4- In case no agreement is reached with the employee, they may apply to the grievance committee within five calendar days. The grievance committee includes the Chief Human Resources Officer at the Group, or their representative, and the Head of the Company, or their representative. The results of the evaluation shall be discussed and they will reach a final agreement. Afterwards, the employee and the General Human Resource Business Partner / Strategic Human Resources Business Partner will be notified of the committee's decision thereby ending the grievance procedures.

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## 6- Learning, Training & Development

### 6-1 Purpose

The purpose of this policy is to explain the methods of Learning, training and development adopted by the Alkhorayef Companies. To ensure that the employees have received the appropriate training and development opportunities. For this purpose, a comprehensive and independent manual has been created for the Training and Learning system that covers all the policies, procedures, operations of Learning, Training and Development.

### 6-2 Scope

This policy applies to all the Alkhorayef Companies.

### 6-3 Policy details

#### 6-3-1 Introduction

The purpose of Training and Learning is to develop the competencies and skills of employees to meet the requirements of the current and future activities of the Company by setting training and development initiatives within the reach of the employees fairly in order to enhance the level of performance to achieve the Company's objectives.

#### 6-3-2 Learning & Training Policy

- 1- The Alkhorayef Companies are keen on the development and training of highly competent employees and providing a professional and challenging working environment. The Alkhorayef Companies further believe that training is essential for improving the capabilities of the employees and developing their performance at work.
- 2- The Company is working to train a minimum of 12% of its Saudi employees.
- 3- The Company's various Learning, Training and Development activities are as follows :

#### • Training programs

A training environment that contains a training curriculum within specific training hours. Its objective is to provide the employees with knowledge, skills and the necessary competencies in accordance to the previously prepared training plan.

#### • Learning leave

A paid leave, which gives the employee a chance to obtain a higher Learning degree. Whether within the Kingdom or outside it. It will be either full-time or part-time. In accordance with the conditions stipulated by the General Management of Human Resources in the Group and the Company's Board of Directors.

#### • Job Shadowing Program

A form of training whereby the employee accompanies a qualified specialist employee with high competence as a shadow during their daily duties to benefit from their work experience.

#### • Job Rotation Program

A form of training whereby the employee rotates, according to a schedule, between sections and departments of the employer to perform specific tasks to enrich their experience of functional tasks and services performed by the employer.

#### • Applied Tasks

A type of training that aims to train the employee to perform tasks as part of a project or team outside the scope of their direct work.

• **Seminar / Conference:** A pre-planned meeting held for transferring experiences and providing consultations as well as the exchange of information among participants.

• **E-learning:** This type of training aims to provide the largest segment of employees with training in various skills without the need for the employee to train fulltime outside of the establishment.



4- The specific conditions for each type of training above is per the Training, Learning and Development Guide in the Alkhorayef Company.

5- The Training, Learning and Development programs are related to the nature of the employee's position as well as their current and future duties. They are utilized with the aim of developing the employee's knowledge and skills.

6- All training activities follow the steps below:

- Identifying the training and development requirements as well as the individual development plan.
- Training and development planning.
- Applying and reviewing the annual training and development plan.
- Reviewing and assessing the effectiveness of the annual training and development.

### **6-3-3 Identifying Training & Development Needs & Individual Development Plans**

1- Both the Line Manager and the employee discuss and identify the needs of the employee's Learning and development at the performance planning meeting as part of the performance management process. At the discussion, they agree on the employees' development plan.

2- The Company shall use various inputs and sources for identifying the training and development needs as follows:

- The Company's strategic objectives.
- Analyzing the data resulting from the annual performance of employees.
- Job descriptions and comparing them with the educational qualifications and the practical experiences of the employees.
- Tracking the reasons for employee resignations.
- Feedback from the Line Managers and managers and employee surveys as well as review of the job tasks, in addition to any other related sources.

• Competencies, skills and future know-how which the employees of their various job grades need to attain to achieve their respective objectives.

• Review the individual development plan for the employees.

• Recommendations related to job succession.

• Promotion requests and what the employee needs in their new role.

• Changes or specific requirements related to the business nature of each company.

3- The General Human Resource Business Partner and Strategic Human Resources Business Partner conduct analysis and identify the training needs in order to understand the work objectives and its requirements while identifying the gaps in the competencies and skills of the employees.

4- The Strategic Human Resources Business Partner / General Human Resource Business Partner report the results of the training needs and send it to the General Management of Human Resources in the Group.

### **6-3-4 Training & Development Planning**

1- The training and development plan of the Alkhorayef Companies is prepared by the General Management of Human Resources in the Group based on the training needs analysis.

2- The General Management of Human Resources in the Group in coordination with the Strategic Human Resources Business Partner design the Learning and Training program activities and identify local and international accredited training centers and institutes.

3- The managers should apply for training describing the required training, its reasons and the anticipated results to the Strategic Human Resources Business Partner / General Human Resource Business Partner in case the required

training is unplanned and unlisted in the training plan of the current year. Afterwards, it will be approved by the Head of the Company based on the approved authority matrix.

4- The training and development plan must be prepared and at the beginning of the fourth quarter of the Gregorian year and implemented at the beginning of the Gregorian year.

5- The training plan and its budget shall be subject to review and approval based on the approved authority matrix.

6- The managers of departments and the General Management of Human Resources in the Group shall be responsible for the fair distribution of training and development opportunities among their employees. Taking into account the work requirements, the individuals and the budget.

### 6-3-5 Implementing & Review of the Annual Training & Development Plan

1- The General Management of Human Resources in the Group ensures the training start date and supervises implementation.

2- The General Management of Human Resources ensures that the training programs agreed upon corresponds with the contract signed by the training party.

3- There are special standards for the candidate selection and qualifying process for each training program.

4- The Strategic Human Resources Business Partner / General Human Resource Business Partner check the standards of selection and qualifications of the candidates then approve it by the Head of the Company or his representative.

### 6-3-6 Review & Evaluation of Annual Training & Development Impact

1- The General Management of Human Resources in the Group measures the effectiveness and return of the training and development based on the most recent practices in this respect. It sets a mechanism to evaluate the training programs according to those practices.

2- The Strategic Human Resources Business Partner / General Human Resource Business Partner in each company of the Alkhorayef Companies sends reports to the General Management of Human Resources in the Group including statement ratios and indicators set forth below every month:

- The extent of adherence to the annual training and development plan and the scheduled dates of the training programs.
- The percentage of attendance in all courses held the previous month.
- The actual number of days the employee has spent in training.
- The percentage of the employees who have individual development plans.
- How inclusive the training programs are for the job grades.
- Percentage of employee satisfaction with training programs.
- The percentage of the employees that the training plan has improved their performance.
- The number of Line Managers who have noticed an improvement in the performance of their employees due to the training process and the nature of the improvement.

3- The Strategic Human Resources Business Partner / General Management of Human Resources in the Group, in addition to the Line Manager take on the responsibility of evaluating the results of any program or course objectively and accurately. To ensure the time and money invested in the development of the employees will have a returned benefit to the company.



3- The Strategic Human Resources Business Partner / General Management of Human Resources in the Group, in addition to the Line Manager take on the responsibility of evaluating the results of any program or course objectively and accurately. To ensure the time and money invested in the development of the employees will have a returned benefit to the company.

4- Upon the return of the training program participants to work. They will submit a written report to their Line Managers about the training program that they participated in. Furthermore, they will transfer their knowledge and skills to their work place.

### 6-3-7 Learning & Training Conditions

1- The employee adheres to complete the training and comply with the minimum period of service, and pay the incurred expenses in the following cases:

- In case the employee resigns prior to the completion of the specified service period, the date starting from the end of the training course. In this case, a portion and percentage shall be calculated depending on the service period as shown in the table below :

#	Programs	Total cost (training program, accommodation, daily allowance, tickets and all costs resulting from the training program)		Service period in the company
		from	to	
1	Local and international training	100 Riyals	2000 Riyals	The employee is exempt.
		2001 Riyals	10000 Riyals	Six months
		10001 Riyals	and over	One year
2	Education (Bachelor, Master,)	Below 10000 Riyals		Six months
		10000 Riyals and over		Years equivalent to the number of years of study.

Example according to the following rule:  

$$(\text{Training total cost} / 12 \text{ months or } 6 \text{ months}) \times (12 \text{ months or } 6 \text{ months} - \text{number of months of service after completion of training})$$

Example:

- Cost of the training course: 2200 Riyals and the cost of other expenses is 1500 Riyals inclusive of the daily allowance, accommodation, air tickets etc. If the employee resigns from the company two months after the end of the training course, then this is calculated as follows :  
 Total training cost: 2200 Riyals + 1500 Riyals = 3700 Riyals. Therefore, the value of the cost which the employee shall bear is calculated as follows:

$$(3700 / 6) \times (6 - 2) = 2467 \text{ Riyals.}$$

- In case the employee's services were terminated in accordance with Article 80 of the Saudi Labor Law.

- If the employee fails to attend or complete the training course for unjustifiable reasons.

2- The detailed Training, Learning and Development manual includes all the terms and conditions related to each type of training and the related penalties.

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## 7. Work Assignments

### 7.1 Purpose

The purpose is to organize, manage, and clarify the necessary expenses of the staff who are assigned to carry out certain works or tasks outside their place of work.

### 7.2 Scope

This policy applies to all the Alkhorayef Companies.

### 7.3 Policy of Business Trips

#### 7.3.1 Introduction

The Company grants employees who are assigned to carry out works or tasks that require moving outside their city of origin in accordance with the requirements of the assignment of work, a sum that varies according to job levels and grades based on the table of benefits, subject to the approval of the relevant managers according to the authority matrix in place.

#### 7.3.2 Policy

1. Assignment allowance is a sum that is given to the employee against out-of-pocket expenses that are necessary to carry out the tasks assigned to them outside the premises of corporate head office for a day or more for a maximum of thirty days per year and any time exceeding this limit will be considered a permanent transfer rendering the employee not entitled to a per diem allowance. Such expenses cover food, accommodation, local transportation and communications (excluding ticket, commuting to and from the airport, car rent, visas, etc.).
2. An employee will not be entitled to receive a per diem allowance for traveling distances of less than 100 km from their place of work.

3. Per diem allowance will be paid for the number of nights spent by an employee outside their permanent place of residence. The night preceding the day of travel will be considered as the start of the work assignment, and the day of return after office hours will be paid at 30% of the per diem allowance
4. An employee will be entitled to receive a maximum of 50% advance payment of the total amount of the per diem allowance.

#### 7.3.3 Car Use in Business Trips

1. In case an employee travels in their own (privately owned) car, they will be granted 0.50 Halalas for every kilometer of the distance from the premises of their permanent place of work to the premises of their assigned place of work, including consumables of the motor vehicle such as fuel and others in addition to the sum per diem allowance (in accordance with the Table of Benefits).
2. In case of commuting to and from the airport, the Company will disburse a maximum amount of 400 Riyals, whether inside or outside the Kingdom subject to the presentation of actual supporting receipts.
3. In case of leaving the car at the airport parking space, the Company will pay parking fees for a maximum of 72 hours against presentation of the actual receipts.

#### 7.3.4 Tickets

The Company will provide the deputed employee with travel tickets based on their job grade, according to the Table of Benefits.

### 7.3.5 Class of Accommodation

The Company will pay the accommodation expenses in accordance with the actual invoices and up to a maximum amount as specified in the Table of Benefits. In case of Company-provided accommodation, it will also be based on what is specified for the grade, according to the Table of Benefits, with due consideration to the fact that no accommodation expenses will be paid in the cities with hotels that have contracts with the Group whereby the deputed employee will be called upon to stay at such hotels.

from the date of their return from this assignment. In the absence of such filing, any advance payments will be deducted from the employee's salary.

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### 7.3.6 Car Rental

The Company will pay the transportation expenses in accordance with the actual invoices and up to a maximum amount as specified in the Table of Benefits. In case a car is provided by the Company, it will be based on the amount specified for the grade of the employee as stated in the Table of Benefits.

### 7.3.7 Reimbursement of Business Trip Expenses

1. Employees will be reimbursed for visas to countries that require visas to enter.
2. Employees will be reimbursed for reception and hospitality expenses, against the presentation of actual receipts.
3. In case the period of a deputation assignment exceeds thirty (30) days, it will be considered a permanent transfer.
4. Upon returning from their trip, an employee will fill out a form for business trip expenses online through self-service system, and will attach all relevant bills.
5. No amount at all will be reimbursed unless they are filed with the relevant supporting invoices.
6. In case of payment of business trip expenses to the employee in advance, they shall file the expenses of this task within a deadline of five (5) working days

## 8. Working Hours (Official and Overtime)

### 8.1 Purpose

This policy aims to identify the controls applied to official working hours and management of overtime work, and to explain the basis on which employee benefits from overtime work are disbursed in a systematic way.

### 8.2 Scope

This policy applies to all the Alkhorayef Companies.

### 8.3 Policy Details

#### 8.3.1 Additional Work Assignment Policy

In some cases, the Company resorts to commissioning an employee to carry out the functions of another job in addition to their current job duties because of delay in finding the right person who can assume the functions of that vacant position or because there is no need to appoint a new employee for a certain period of time.

1. An employee will be assigned to perform the duties of another job provided it is of the same grade level or not exceeding a maximum of two higher grades.
2. The term of such assignment will be a maximum of six (6) months.
3. An assignment allowance will be disbursed at a maximum of 5% of the basic wage of the previous employee in the position, with due consideration to the fact that commissioning covers the tasks of the vacant position in addition to the tasks of the current position of the employee.
4. The assignment must be made in writing and approved by an authorized officer of the Company.
5. The assigned employee must be qualified and capable of assuming the tasks of the position to which they are assigned.

#### 8-3-2 Official Working Hours

Working hours are forty-eight (48) hours per week and any extra work will be considered overtime. Hours and days of work and break times may vary from one Company to another at the Alkhorayef Companies based on the requirements and needs of work in each Company.

2. The number of working hours for staff with special needs at the Alkhorayef Companies will be a maximum of thirty-six (36) hours per week. Working hours and days of work may vary depending on business requirements and the nature of the respective corporate employee, which will be determined by the subsidiary Company.

3. All Muslim employees will be given a reasonable break during work to perform prayers pursuant to the provisions of the Saudi Labor Law.

4. Working hours during the Holy month of Ramadan will be thirty-six (36) hours per week for Muslim employees and forty-eight (48) hours of work per week for non-Muslim employees.

#### 8.3.3 Overtime and Compensation Policy

This policy does not apply to the categories of Executives, Directors, Managers and Supervisors (grade H and above).

2. Professional and semi-professional category of employees (grade G or below) will be entitled to claim compensation for overtime not exceeding a maximum of 50% of the basic salary not to exceed two consecutive months.

3. Hours exceeding forty-eight (48) hours per week will be calculated at 1.5 per hour for overtime purposes.

4. Overtime is calculated for hours exceeding forty-eight (48) hours in Ramadan for non-Muslim employees.

5. Overtime is calculated for hours exceeding thirty-six (36) hours in Ramadan for Muslim employees.

6. Overtime hours during public holidays are calculated as two hours.

7. No compensation will be disbursed for overtime work or work during official holidays when on business trips, regardless of the grade of the respective job incumbent.

#### 8.3.4 Working in Shift System

The Company may organize hours of work in shifts depending on work requirements.

#### 8.3.5 Adherence to Official Working Hours

1. Any absence or inability to report to work for one day must be reported in writing to the line manager of the employee and to the General Human Resources Business Partner / Strategic Human Resources Business Partner accompanied by a legitimate reason before 9:00 am of the same day.

2. An employee who is absent from work without a legitimate reason and written permission from the immediate superior will be subject to disciplinary action in accordance with the table of sanctions and violations.

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## 9. Leaves and Official Holidays

### 9.1 Purpose

To organize staff vacations and set up controls rendering them in agreement with the interests of both employees and the Company in a manner that would avoid any disruption to work and ensure its continuity on a regular basis in addition to determining effective dates of public holidays.

### 9.2 Scope

This policy applies to all the Alkhorayef Companies.

### 9.3 Policy Details

#### 9.3.1 Annual Leave

1. An employee is entitled to a paid annual leave upon completing eleven (11) months in service or earlier, subject to the approval of their line manager.
2. Entitlements of a paid annual leave cover basic salary, housing allowance and transportation allowance.
3. An employee who falls under the category of semi-professionals is entitled to an annual leave of twenty-one (21) calendar days.
4. An employee who falls above the category of semi-professionals is entitled to an annual leave of thirty (30) calendar days.
5. An employee's annual leave accumulates on a monthly basis throughout the year. It begins on the day following their last working day and ends on the last working day before returning to work.
6. An employee is entitled to maintain a cumulative balance of accrued leave days up to a maximum of sixty (60) days.
7. Annual leave requests are processed online through self-service (Oracle) software. All requests for leave must be approved by the General Human Resources Business Partner / Strategic Human Resources Business Partner.

8. An annual leave may not be obtained in a routine manner during the probation period. However, if a leave needs to be taken during the probationary period, it will be an unpaid leave.

9. All line managers must prepare a plan of annual leaves for their employees in a manner that would ensure the smooth and seamless flow of work at all times without impacting productivity.

10. Request for annual leave requests must be submitted to the line manager within a minimum of thirty (30) business days from the start of leave.

11. An employee who desires to enjoy a leave of absence, less than five (5) days, must submit their request ten (10) days before the start of the requested leave and entitlements of such leave will not be paid in advance.

12. An employee must take their leave during the year of its accrual. Leave entitlements may not be waived or compensated in cash in the course of an employee's service. The Company will determine the dates of such leave depending on the needs of work, or may grant such leaves alternately in a manner that would safeguard the proper flow of work.

13. If an employee fails to report to work at the scheduled date of return after completion of their annual leave, they will be subject to disciplinary action. In case of an employee's late return to work for a period of fifteen (15) consecutive working days, without a legitimate reason, the Company reserves the right to terminate their work and deprive them of the end-of-service benefits in accordance with the Saudi Labor Law.

14. In case of the employee's late return for reasonable cause, days of delay will be deducted from the balance of their outstanding leave, if any. In the absence of sufficient balance of accrued leave, such delay will be treated as an unpaid



leave, provided that the employee has secured a written consent thereto from their line manager before the end of their official leave.

15. In case of early return from an annual leave, the remaining days will be returned to the employee's balance of accrued days of leave and the amounts paid to them in advance for those days will be reimbursed.

### 9.3.2 Annual Airfare Tickets

1. An expatriate - who has a family contract - employee's sponsored dependent family members (spouse and two children) are entitled to three economy class airfare tickets.

2. Children covered are sons of 18 years old and below, and unmarried daughters.

3. The price of accrued tickets will be paid in cash to the employee and their family and will be calculated at the rate of the average ticket price plus taxes, depending on the travel destination, and will be fixed during the year by the General Management of Human Resources in the Group and disbursed together with the leave entitlements upon their accrual.

4. An employee will be entitled to cash compensation for the price of the ticket upon completion of annual balance of ticket accruals and taking their annual leave.

5. When the Company summons an employee from their leave for absolute necessity, the employee will be compensated for the price of the round trip ticket.

6. Employees and their family's entitlement to vacation tickets is conditioned with them being on the job. This benefit is canceled in the event of resignation or termination.

### 9.3.3 Exit and Re-Entry Visas

1. The Company grants exit and re-entry visas for the employee and their family in the amount of 200 Riyals for each member upon accrual of their annual leave equal

to number of accruing tickets.

2. The validity of an exit and re-entry visa for the employee will be a maximum of sixty days, and the maximum validity of the exit re-entry visas for the employee's family members will be as permitted by the Ministry of Interior regulations in place with the condition that the employee bear any additional visa fees over 200 Riyals.

3. The Company grants multiple exit and re-entry visas to employees of grade L and above after obtaining the necessary approval, provided that the employee bears the excess difference of the single visa, which is valued at 200 Riyals.

### 9.3.4 Official Holidays

1. Eid al-Fitr and Eid al-Adha holidays as well as the National Day will be paid holidays to all employees who are on the job or on paid and unpaid leaves not exceeding 20 twenty days per year.

2. The Company grants a four-day paid holiday for Eid al-Fitr starting from the day following the 29th day of the holy month of Ramadan, according to Ummulqura official gazette.

3. The Company grants all employees a four-day paid holiday for Eid al-Adha starting from the day of standing in Arafah.

4. The Company grants the employees one day off to mark the National Day of the Kingdom according to the Saudi Labor Law.

5. If an official holiday coincides with a weekend (day of rest) the holiday will be extended for another day.

6. The General Management of Human Resources will issue circulars for official holidays for all companies.

### 9.3.5 Sick Leave

1. All employees are entitled to a sick leave, as follows:

- Thirty days: full pay.



- The following 60 days: 75% of full pay, subject to submittal of periodic medical reports testifying to the continuity of illness. Beyond that, a sick leave will be without pay.

2. Sick leaves may not be compensated at all, and in case a sick leave is interrupted and the employee returns to their work site, such return constitutes an evidence that substantiates their ability to work and accordingly pay for such sick leave will be stopped.

3. To be granted a sick leave, an employee must notify their line manager officially on the same day of encountering any health issue that prevents them from exercising their work and the employee will present relevant certificates and medical reports from an authorized medical facility upon return to work.

4. In case of failure on part of the employee to advise their line manager and failure to present the required certificates and medical reports from the designated medical facility, their absence will be considered unauthorized absence and corresponding pay will be deducted from their monthly salary.

5. The Company reserves the right to request further clarification, and the employee may be subject to re-examination by a medical clinic to be nominated by the Company in case it is not satisfied with the results of such examination.

6. The Company shall have the right to terminate the employee's services if they do not recover after one hundred and twenty (120) continuous or intermittent days per year, without prejudice to their end-of-service indemnity. The term 'per year' is construed here to refer to a year that starts from the date of the first sick leave.

### 9.3.6 Paternity Leave

The Company grants the employee a three-day paid paternity leave in case of

receiving a newborn baby and such leave may not be compensated in the event of failure to take it immediately.

### 9.3.7 Wedding Leave

The Company grants a five-day paid leave for a newly-married employee.

### 9.3.8 Pilgrimage Leave

1. Muslim employees who are not in the probation period will be entitled to a seven-day paid pilgrimage leave in addition to Eid al-Adha holiday, according to the Saudi Labor Law.

2. To be entitled for a pilgrimage leave, an employee must have spent at least two (2) years of continuous service with the Company. This leave is granted only once during the employee's term of service.

3. A request for pilgrimage leave must be filed at least one month before the expected date of pilgrimage.

### 9.3.9 Death (Mourning) Leave

In the event of the death of one of the employee's ascendants or descendants, such as their father, mother, brother, sister, grandfather, grandmother, spouse, child, grandson/ granddaughter, they will be entitled to a five-day paid death (mourning) leave which should be taken immediately.

### 9.3.10 Study Leave

1. The Company grants Saudi employees who are interested in continuing their education and developing themselves, a paid study leave for the actual number of days of exams in any unrepeated year, and in case of a repeated year, the employee will be entitled to an unpaid study leave.

2. The Company shall be entitled to request the supporting documents for an employee's request of an examination leave including a proof of setting for the exam.

3. The employee must submit the request for the study leave within a minimum of fifteen days before the stated date of the exam.
4. If it becomes evident that an employee did not sit for the examination, such leave shall be considered as a leave without pay and the paid funds will be deducted from their salary.
5. The employee must submit the results of their exams to the Human Resources Department.

### 9. 3.11 Unpaid Leave

Subject to securing the necessary approvals, the Company grants an unpaid leave up to a maximum of thirty (30) days per annum.

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## 10. Employee Relations

### 10.1 Purpose

This policy covers the maintenance and updating of personal files in accordance with the best practices and aims at regulating all staff activities and functions related to government relations.

### 10.2 Scope

This policy applies to all the Alkhorayef Companies.

### 10.3 Policy Details

#### 10.3.1 Government Relations

1. The Company will comply with all regulatory and legal requirements in government dealings, interactions and communication with government bodies and offices.
2. The Company will bear government fees prescribed for the resident expatriate staff, as follows:
  - Issuance and renewal of residency and work permits of employees.
  - Issuance of exit/re-entry visa once a year.
  - Amendment of professions based on work needs.
  - Issuance of work visas to recruit employees by the Company.
  - Transfer of sponsorship fees, regardless of the number of times of sponsorship transfer.
  - The costs of driving licenses of its drivers.
  - Costs of membership in the Saudi Council of Engineers, Saudi Council for Health Specialties and other government requirements
  - Visas to bring in family members and all costs related to their entry visa for an employee on a family status contract.

#### 10.3.2 Residence and Work Permits

1. The Strategic Human Resources Business Partner/General Human Resources Business Partner will embark on processing with the

necessary legal formalities (such as issuance of new work permit and residence permits, etc. ...) once an employee joins the employ of the Company. The employee will not be allowed to commence work until they secure the necessary work permit.

2. A copy of all residency and other documents of staff, including passport and work permit must be kept in the personnel files of the Company.

3. An employee will be responsible for any fines imposed as a result of delays in the submittal of their residence permit for renewal when advised to do so by the representative of Human Resources, who should notify all employees of the status of their residence permits at least sixty days before their expiry.

4. Employees must deliver the required official documents to the government representative of human resources, within a minimum of thirty (30) days from the expiry of their residence permits and in case of delays caused by the employee, they will be responsible for bearing all the consequent fines.

5. The employee will be responsible for payment of all expenses related to the loss of their residence permit card.

#### 10.3.3 File Management

1. The Human Resources Department of the Company will keep a file for each employee according to the statement duly prepared by the Human Resource Department. An employee file will include information such as the employee contact details, CV, records of external training, performance appraisal documents, pay rise, other employment records, contract, employment offer, copies of passport, residence and work permit cards.

2. Personnel files of employees whose services have been terminated will be kept for two years after leaving work at the Company. No application for employment filed by employees who left work will be entertained after twenty-four months of leaving work.

3. Strategic Human Resources Business Partner / General Human Resources Business Partner will be responsible for opening new employee file, maintaining the file system, safeguarding the integrity of records, ensuring the confidentiality of documents of the employee.

#### 10.3.4 Human Resources Information System

1. The Human Resources Department is keen to maintain a Human Resources Information System (HRIS), Oracle, to provide updated information and human resources services and support for line managers and employees.
2. The Human Resources Department will endeavor to develop and upgrade this self-service functionality on Oracle.
3. Each employee must make sure to update their data electronically in the computer on the Oracle system through the self-service software.
4. Information entered in the HRIS will be treated with utmost confidentiality. Access to the information system will be restricted to authorized members of the Personnel Affairs / General Human Resources Business Partner / Strategic Human Resources Business Partner.

#### 10.3.5 Issuance of Work Permit Card

1. A work permit card identifies a person as an employee of the Company, including their job title, name, number, name of department and the Company.
2. A work permit card will be issued for a new employee and in case of loss of the card, the employee will bear a fine of 25 Riyals for reissuance of the card.
3. The department in charge of issuance of work permit cards will be the Personnel Affairs / Strategic Human Resources Business Partner / General Human Resources Business Partner.

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## 11. Termination of Service

### 11.1 Purpose

The purpose of this policy is to determine the mechanism of termination of contract between the employee and the Company, and to explain the method of calculating end-of-service and relevant benefits.

### 11.2 Scope

This policy applies to all the Alkhorayef Companies.

### 11.3 Policy Details

#### 11.3.1 Resignation

1. The employee bears all expenses of their recruitment and the return of their family in case of their resignation is before the completion of their contract.
2. In case of resignation of an expatriate employee after the completion of their contract, the Company will bear the expenses of their recruitment or transfer of their sponsorship fees if locally hired and the Company approves the transfer of their sponsorship.
3. The Company must inform the resigning employee of accepting their resignation in writing within one week of tendering their resignation. In case of lack of response on part of the Company, the resignation will take effect from the date of its submission.
4. The employee must set out in writing reasons for their resignation and its effective date.
5. The employee must work during the probation period and the Company is entitled to relieve them of the probation period.

#### 11.3.2 Termination of Services

1. An employee's services may be terminated by the Company for disciplinary reasons in case of committing an offense as set out in Article 80 of the Saudi Labor Law, in which case they will be deprived of the end-of-service entitlements.

2. During the period of probation: Both the Company and the employee will have the right to terminate the employment contract without prior notice.
3. The employee who proves to be medically unfit by a certified medical panel will be terminated from the Company.
4. In case of a fixed-term employment contract, the employee and the Company shall both serve each other a sixty-day written notice or shall observe the notice of termination as stipulated in the employment contract. In case of contracts with an indefinite term, both the Company or employee may terminate the contract for a legitimate reason provided that the other party is served a sixty-day written notice of termination if the remuneration is payable on a monthly basis or otherwise they shall be served a minimum of thirty-day written notice.
5. Retirement: when they reach the age of sixty (60) years, employees will retire pursuant to the provisions of Article (74) of the Saudi Labor Law.
6. In case of violation of the terms and conditions of the employment contract, the employee will be subject to termination of their contract.
7. In case of termination of the employee's services for death, end-of-service benefits will be disbursed in accordance with the Saudi Labor Law.
8. In case of the employee's incapacity to function in an acceptable manner after the completion of the probation period and in spite of extending their best effort and non-violation of rules of conduct.
9. In case of an employee's absence from work for a period of fifteen consecutive days or 30 non-consecutive days in one year, without a legitimate reason or written permission from their line manager.
10. Terminating the employee's services for any other reason will be according to the Saudi Labor Law.

11. The Company will pay the wage of the employee during the probation period if they are laid off from work during this period.

12. The Company reserves the right to demand the wage of the probationary period if the employee does not work in said period.

### 11.3.3 End-of-Service Indemnity

1. End-of-service indemnity will be paid to the employee at the end of their service to the Company, provided that the employee is eligible for such indemnity under the Saudi Labor Law.

2. It is not permissible to pay end-of-service indemnity or any part of it as long as the employee continues to be on the job with the Company. Additionally, it is not permissible for the employee to receive their end-of-service indemnity from the Company before transferring their sponsorship or issuing them a final exit visa.

### 11.3.4 Mechanism of Calculating End-of-Service Indemnity

End-of-service benefits are calculated on the basis of the last wage the employee received during their service. It is intended as the basic monthly wage, monthly housing allowance and monthly transportation allowance. All other items are not included in the calculation whether paid monthly or yearly.

1. In case of providing accommodation by the Company to the worker during the term of their service, their end-of-service indemnity will be calculated on the basis of two months of the basic wage divided by 12 months.

2. In case of providing transportation by the Company to the worker during the term of their service, their end-of-service indemnity will be calculated on the basis of the cash allowance of the respective grade.

3. The employee whose services have been terminated will not be exempted from housing allowance paid to them in advance if they did not complete six months of their contract. However, in case of resignation, the housing allowance will be deducted pro rate to the remaining period of the contract.

### 11.3.5 End-of-Services Entitlements

1. End-of-service indemnity accrues under the following conditions:

- In case of non-renewal of term contracts or termination of service by the Company.
- Resignation of the employee after completing two years of service and serving a notice thereto.
- Termination of contract due to absence of the employee as a result of illness for a period exceeding in total one hundred and twenty days in one year, as evidenced by a certified medical report.
- Permanent total disability of the employee.
- Death of the employee.
- The employee's leaving work in the cases mentioned in Article (81) of the Saudi Labor Law.

2. In case of completion of the term of a fixed term contract or termination of contract by the Company for non-fixed-term contracts, the employee will be entitled to end-of-service indemnity pursuant to the provisions of Article 84 of the Saudi Labor Law, as follows:

Term of Service	End-of-Service Indemnity
0-5 Consecutive years	Half a month pay for each year of service
More than 5 consecutive years	One month pay for each year of service exceeding five years



3. An employee on an un-fixed term contract who resigns from their job after submitting a sixty-day notice expressing their desire to resign, will be entitled to end-of-service benefits pursuant to the provisions of Article 85 of the Saudi Labor Law, as follows:

Term of Service	End-of-Service Indemnity
Less than two consecutive years	Not entitled to end-of-service indemnity
2-5 consecutive years	One-third of the end-of-service indemnity as specified in the above table
More than 5 to 10 consecutive years	Two-thirds of the end-of-service indemnity as specified in the above table
More than 10 consecutive years	Entire end-of-service indemnity as specified in the above table

4. Balance of paid leave accruing at the end-of-service will be paid on the basis of the basic salary, housing allowance and transportation allowance, according to the following equation:

$$\frac{((\text{daily basic salary} + \text{daily housing allowance} + \text{daily transportation allowance}) \times \text{number of days of accrued paid leave balance})}{\text{number of days of accrued paid leave balance}}$$

5. The deduction of any amount due to the Company from the accruing end-of-service funds will be made after briefing the employee of the details of such deduction.

6. Notice period will be deducted from the employee who did not work during this period, unless exempted in writing by the Company.

7. In the event of failure to serve a notice of terminating the relationship in a timely manner, the Company/ employee shall compensate the other party for the

requested period of notice, according to the last salary of the employee.

8. Periods not worked by the worker will be dropped from the calculation of end-of-service indemnity, such as assignment to a party other than the employer or dedication to full-time study.

### 11.3.6 Depriving the Employee from the End-of-service Benefits

When an employee resigns from their job before completing two years of service, including accrued balance of leave.

2. Termination of the employee's services for any of the following violations:

- Assault on the employer, officer in-charge, or one of their superiors during or because of work.
- Failure to comply with their substantial obligations as set out in the employment contract, to obey legitimate orders or deliberately not abiding by instructions regardless of being served a written notice thereto.
- Misconduct or committing an act involving a breach of honor or honesty.
- Deliberate commitment of any act or omission intended to cause material loss to the employer, provided that the employer notifies competent authorities of the incident within twenty-four hours from the time of such occurrence.
- If it becomes evident that the employee resorted to fraud to get the job.
- If the worker is appointed on probation.
- Absence of the worker without legitimate reason for more than 30 days in one year, or more than fifteen consecutive days, provided that separation is preceded by a written warning from the employer to the worker after fifteen days of absence in the first case and for ten days in the second case.
- If it is evident that the employee abused their position for personal gain illegally.

### 11.3.7 Exit Interview

1. The purpose of the exit interview is to get the employee's feedback on the circumstances leading to their resignation, and their remarks on the Company's policy, systems and work environment in order to analyze such comments by the General Human Resources Business Partner / Strategic Human Resources Business Partner to be a basis for the development and update of corporate policy and procedures.
2. An employee whose services were terminated pursuant to the provisions of Article (80) will not be subject to an exit interview.
3. An exit interview is considered a prerequisite for the receipt of the end-of-service entitlements, certificate of experience, release and transfer of sponsorship.

### 11.3.8 Clearance / Discharge

The Strategic Human Resources Business Partner / General Human Resources Business Partner will issue a final release/discharge form for the employee whose services are terminated after verifying the settlement of their dues and their discharge.

### 11.3.9 Service Certificate

1. A service certificate will be granted to testify to the term of employment by the Company and last position filled for employees who leave the Company after settlement of their dues and signing a clearance / discharge certificate. No request will be entertained after twenty-four (24) months of the employee's discharge from service.
2. The Company reserves the right to inform customers or subcontractors of an employee discharge from the Company's service, either directly or through advertising in local publications.

### 11.3.10 Final Exit Visa

Upon termination of an employee's services, the Strategic Human Resources Business

Partner / General Human Resources Business Partner will start to cancel the employee's residence permit and issue a final exit visa upon the approval of the Company at the same time of expiry of the grace period stated in the notice duly served to the employee. At this point, the employee must submit their passport and medical insurance card to the Company and surrender the ownership of their car, if any. The employee must leave the country within one month of granting them the final exit visa.

### 11.3.11 Release of Sponsorship

The Company will have the option to grant the employee a final exit visa upon separation from service, or to release their sponsorship to another employer.

The Company will have the right to release an employee to another sponsor subject to fulfillment of all of the following conditions:

1. The employee must have completed their employment contract as a minimum with the Company.
2. The employee must have completed fully the formalities of termination of service and obtained the necessary letter of release and discharge.
3. The new employer should not have the same line of the Company's business, directly or indirectly.

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## 12. Rules of Work and Professional Conduct

### 12.1 Purpose

The purpose of this policy is to explain what is required of the employee to know in terms of adherence to and fulfillment of contracts, compliance with the applicable laws, rules and regulations as well as maintaining the highest standards of conduct. The aim of the rules of work and professional conduct is to acquaint all staff of the Alkhorayef Companies with the rules of conduct and performance expected of them at the workplace during working hours and in situations in which their actions would affect the Company even outside working time.

### 12.2 Scope

This policy applies to all the Alkhorayef Companies.

## 12.3 Policy Details

### 12.3.1 Personal Responsibility

All employees must take personal responsibility to comply with the standards of behavior through adherence to the following:

- Taking up responsibilities and duties with due diligence, professionalism, and integrity as directed by their respective superiors.
- Dealing with colleagues in a sense of dignity, respect and equality with regard to their duties, rights and aspirations.
- Diligence in application of the highest standards to satisfy legal or procedural requirements and deliver high quality services.
- Read and understand the Code of Conduct periodically and comply therewith and be acquainted with the consequences of non-compliance and sign accordingly.
- Compliance with the applicable written laws, regulations, official decisions and legal guidelines relating to the performance of official duties.

- Dealing with the public in a professional manner to reflect the good image of the Company and acting in a manner that reflects the reputable and professional status of the Company or endeavor to improve such image and status.

- Safeguard the resources and property of the Company.

- Refrain from utilizing or seeking any inappropriate benefit from any official information that has been obtained in the course of carrying out any official business.

### 12.3.2 Conflict of Interests

Employees must be keen to avoid any conduct that leads to giving precedence to their personal interests at the expense of the interests of the company or their clients. No employee may utilize the property, information or status of the Company for personal gain or to contribute or participate in any action that competes directly with the activity of the Company. Each employee in the company is committed to disclose immediately any situation that might evolve into a behavioral offense or give rise to the possibility of a conflict of interest. If any staff member is in doubt that there is a possible violation of the rules and regulations or standards of conduct that are applicable to the company, or if they are requested to do any improper or illegal conduct, they shall promptly report such dubious offense or their concerns thereto to their immediate superior or to the Chief Human Resources Officer in the Group.

### 12.3.3 Combating Bribery

Alkhorayef companies prohibit actions which are intended to influence either a particular resolution or improve future relations. Employees are not permitted, directly or indirectly, to promise, offer, or pay money or anything of value to any other party with the intention to influence

or get preferential treatment in business or to impact business or government decisions improperly. Moreover, employees should not receive cash, gifts or other benefits from any other party to influence a decision or to improve future relations with the Company.

#### 12.3.4 Acceptance of Gifts

- The general rule for all gifts – of any kind - including in-kind gifts and invitations to events, etc., are not to be accepted from customers and suppliers. It is mandatory upon all employees of the company, when offered or given a gift, to inform the donor or the potential donor in the most decent and diplomatic manner that the policy of the Alkhorayef companies prohibits the acceptance of gifts.
- A gift may be accepted if its design, designation or acceptance suggests or serves a promotional cause. However, to be accepted, a gift should not be offered in exchange for providing any service, facility, special treatment or preference to other parties or competitors.
- A gift may also be accepted if its outright refusal (in the opinion of the recipient employee) will have a negative impact on the relationship with the customer or supplier, and that refusal or return of such gift is not practical at all.
- In all cases of gift acceptance, the manager in charge, who shall be no less in grade than a department manager, shall be informed accordingly, or otherwise the Human Resources Department shall be notified in writing of accepting the gift.

#### 12.3.5 Purchases, Gratuities and Hospitality

Bestowals or gratuities should not be accepted if they are expected to affect (in the worst case scenario), or may be interpreted as affecting the opinion or judgment of the person concerned when buying appliances, equipment, supplies

or services.

#### 12.3.6 Annoyance, Humiliation and Sexual Harassment

All forms of sexual harassment, whether verbal, physical or any form of harassment, by or against a supervisor, a colleague, a client, a supplier or a visitor, will be dealt with strictly in accordance with the provisions contained in the list of sanctions and relevant government regulations.

#### 12.3.7 Use of Computer / E-mail

1. The Company provides computer software, which include an e-mail system for the employees in the Company depending on the nature of their work, which continues to be the sole property of the Company. They shall not be used for purposes other than work, for incitement or any other purposes not related to work. E-mail messages should be dealt with in a professional manner like any written official correspondence. It is prohibited to use computer systems for the preparation, storage, or forwarding any derogatory or offensive materials, pictures, or chain letters.
2. Hacking any e-mail box of another user, or the use of their e-mail address for purposes of forwarding messages, without appropriate permission, will be considered a disciplinary offence.
3. The passwords issued by the Company and the special hardware and software, or password cards of the gates, are made available only to the persons to whom they have been issued and the persons authorized in writing for use by the company. Any unauthorized person who uses any of the of the above, or who allows anyone else to use any of the above which is assigned for their use only, will be considered in violation of this policy and provisions of their employment contract, and will expose themselves to the application of Article 80 of the Saudi

## Labor Law.

### 12.3.8 Confidential Information

1. Confidential information includes all non-public information that, if disclosed, may be utilized by competitors, or that may inflict damage on the Company or its customers. All information (in any form whatsoever, including electronic information) that are created or used for the company's business activities, will be considered the property of the Alkhorayef Company, and accordingly, it is incumbent on the employee to sign a confidentiality agreement to that effect.
2. Information relating to the competitive status of Alkhorayef Companies or their business strategies, and information relating to negotiations with employees or other parties, should be shared only with employees who have a "need to know" such information in order to perform their job responsibilities.

### 12.3.9 Use of Assets

All employees should seek to protect, safeguard, and encourage the use of assets and resources of the company effectively. The guidelines set forth hereunder have been developed to guide staff by clarifying the standards relating to the activities and behaviors that may impact the assets of the companies.

### 12.3.10 Use of Software

Employees in the company use the software duly purchased by the Company for various computer applications that are necessary for the performance of work. Some of these applications may be secured under licensing agreements that set out the terms and conditions for the authorized uses of such applications. The Company's policy is to observe copyrights and abide by the terms and conditions of any license agreements.

### 12.3.11 Personal Use of Assets

1. Employees should not divert the assets of the Company for personal use. Corporate property should be used for purposes of legitimate work that would promote interests of the Company rather than the employee's interest. Employees must use gear, equipment and materials pertaining to Alkhorayef Companies in a proper and authorized manner.
2. Employees should use the software duly purchased by the Company for various computer applications that are necessary for the performance of work. Some of these applications may be secured under licensing agreements that set out the terms and conditions for the authorized uses of such applications. The Company's policy is to observe copyrights and abide by the terms and conditions of any license agreements.
3. The Company's devices may not be used to copy commercial software. Additionally, employees may not use personal software on the Company's hardware without prior written consent to that effect.

### 12.3.12 Intellectual Property and Patents

1. Employees must safeguard and carefully manage the Alkhorayef Companies intellectual property rights, including patents, trademarks, copyrights and trade secrets, in order to preserve their value and protect them.
2. The Corporate logo must be used only for authorized works of the Company and not in connection with personal activities or other activities unless such use is approved in the proper manner. Additionally, all employees must observe



the intellectual property rights of third parties when carrying out their work, in order to avoid any consequent violation of the law.

3. A product that is invented or manufactured in the Company by an employee will become an intellectual property of Alkhorayef Companies and must be used solely for the benefit of Alkhorayef Companies. This includes marketing plans, product development plans, computer programs, software and hardware. The employees must exchange any inventions or innovations that they create with their immediate superiors in order for the companies to be able to take the necessary steps to protect their own intellectual property.

#### 12.3.13 Disclosure and Reporting

The Company policy is manifested in compliance with all financial and accounting reporting systems in place in the Company. The Group is keen to maintain the highest degree of compliance with respect to disclosure requirements and reporting, and accordingly, any irregularities relating to regulatory matters should be reported to the Internal Audit Department.

#### 12.3.14 Serious Misconduct

Serious misconduct is the conduct that materially violates the contract and systems of work to the extent that justifies the application of strict sanctions. Examples of acts that may constitute serious misconduct, include those related to the nature of work. The following list sets out examples of the violations which may contribute to serious misconduct. However, this list is not considered exhaustive or exclusive.

- Deliberate damage to or stealing of Company property;
- Commitment of any criminal offense on corporate premises;

- Smoking on corporate premises;
- Physical or mental harassment or racism against any other employee or visitor to the Company.
- Deception or fraud at work or fraud in any documents, for example, official documents or sick certificates.
- Damage, abuse, or unauthorized disclosure of official documents or records of the Company or its clients;
- Taking alcohol or illicit drugs;
- Physical, verbal or material assault on buildings of the Company.
- Acts or behavior that is detrimental to the reputation of the Company.
- Non-abidance by safety rules and guidelines.

#### 12.3.15 Misconduct

The following list sets out widely the type of violations which may be considered routinely as misconduct. However, this list is not considered comprehensive or exclusive.

- Unauthorized absence from work.
- Non-compliance with the stated working hours.
- Deliberate interruption of work operations of the Company.
- Deliberate negligence in carrying out the tasks assigned to the employee and failure to achieve the desired level of performance, with the exception of matters relating to their capabilities.
- Unauthorized use or misuse of property or equipment of the Company.
- Receiving gifts from customers or other work-related contacts.
- Hiding the misconduct of others deliberately.

#### 12.3.16 Confidential and Proprietary Information of Companies

During and after their service, staff of the company must strictly refrain from the disclosure or request the disclosure of



confidential information or that of the company, or confidential information about customers or suppliers to any person who is not authorized to receive or does not have a need to know such information. Staff of the company must take precautionary measures to prevent the disclosure of information owned by company and unauthorized confidential information to others, each according to their area of competence intentionally or unintentionally.

### 12.3.17 Working for Others

Staff of the company must refrain from accepting employment with any entity or having their own private business (directly or indirectly) during their employment with the companies without obtaining prior written consent of the Chief Human Resources Officer of the Group.

### 12.3.18 Investments / Personal Business

The purpose of this policy is to comply with all regulatory requirements, and to set strict rules of conduct for all staff when they conduct their own personal business or investment transactions. According to the regulations of the Ministry of Commerce governing joint-stock companies, minimum standards and practices are set out to determine prohibited or restricted investment practices.

### 12.3.19 Non-smoking on Corporate Premises

Company policy strictly prohibits smoking on corporate premises other than designated smoking areas within the company.

### 12.3.20 Grievance Informal Complaint

All line managers are responsible for promoting a healthy and safe work environment whereby all work-related daily grievances can be resolved quickly and fairly. If an employee has a grievance

with respect to his work, he should first talk to the General Human Resources Business Partner / Strategic Human Resources Business Partner who will seek to resolve his grievance in a fair, consistent and objective manner.

If the matter involves the General Human Resources Business Partner / Strategic Human Resources Business Partner, or if it is of a personal or sensitive nature, it is permissible for the employee to communicate with the human resources of the head office in the Group. Grievances relating to sexual or ethnic assaults should be directly reported to the Chief Human Resources Officer in the Group, which in turn will discuss the issue with the employee confidentially.

An employee may resort to file an official complaint in case their grievance is not resolved in the above-mentioned manner, or in the event that the issue is very serious of the first degree.

### Formal Complaint

- If an employee wishes to file a formal complaint, he shall file it in writing and shall explain the reason for filing this petition. This should be done as soon as possible after encountering the relevant incident.
- The General Human Resources Business Partner / Strategic Human Resources Business Partner will sit and listen to the employee within five (5) business days of receipt of the written complaint. The employee may bring in one of his colleagues to attend the hearing session in case there is a need to do so.
- The purpose of the meeting with the employee and listening to him, is to verify the accuracy and validity of facts of the situation and find a way to solve the problem. The Strategic Human Resources Business Partner / General Human Resources Business Partner will

investigate the matter before convening the hearing session and they should take notes at all meetings and hearings in all stages of deliberating the formal complaint and present those notes to the employee.

- After the meeting with and hearing the employee's complaint, the General Human Resources Business Partner / Strategic Human Resources Business Partner will seek to reach a fair solution to the grievance. The employee should receive a written response within five (5) business days of holding the meeting session. If no reply is received within five (5) working days, the employee will receive an explanation of the reasons for the delay and will be informed of the expected time for the final response to their complaint.
- All documents relating to the grievance and the decision taken thereto will be kept in the employee's file.

### Challenge of Result

- In case of the employee's dissatisfaction with the outcome, he may file a written appeal with the Grievance and Discipline Committee with which he had met with to hear his complaint within three working days of receiving the response to his grievance.
- Within five working days of a referral of the appeal of the result to the line manager and the General Human Resources Business Partner / Strategic Human Resources Business Partner, the General Human Resources Business Partner / Strategic Human Resources Business Partner and the line manager will seek to reach a fair decision to the appeal within three working days from the filing of the appeal. If the line manager is unable to respond to the appeal within three working days, he will provide the employee with a clarification of the reasons for the delay and inform him of the expected deadline for receiving a

response thereto.

- All documents relating to challenging the results of the grievance and relevant decision will be kept in the employee's file.

### 12.3.21 Disciplinary Action

1. In case of committing a violation or misconduct by the employee, he will be subject to corrective and disciplinary sanctions based on the nature of the offense or misconduct and consequent implications. Any violation of this sort will be governed by the Code of Conduct for disciplinary action according to the approved table of sanctions for the Group.
2. Following is a list of disciplinary sanctions:
  - Verbal warning
  - Written warning
  - Salary deduction
  - Serving the employee a final written warning and taking a written pledge from the employee;
  - Termination with the deprivation of end-of-service benefits.
3. All disciplinary sanctions listed above may be applied, except verbal warning and written warning, just after the meeting with the employee and hearing his testimony.

### 12.3.22 Warnings

To achieve justice, and in terms of the main objective of the written notice, the following should be included:

- Facts and evidence on the basis of which the employee was served the notice.
- Reference to the regulations and procedures which need to be complied with clearly.
- Clarification of the disciplinary sanctions imposed on the employee because of the warning.
- The extent of details contained in the warning notice depends on the nature of the offense and type of the warning being served.

### 12.3.23 Suspension from Work (During Disciplinary Action)

1. The employee may be asked to stop working during the investigation without stopping his monthly salary. In this regard, the employee will be informed of the duration and conditions of the “decision-making” leave.
2. The employee can come to work during the decision-making leave only with permission from the President of the Company and the General Human Resources Business Partner / Strategic Human Resources Business Partner in order to prepare any materials for the hearing session.

### 12.3.24 Disciplinary Hearing Session

1. For all disciplinary actions, there should be a “hearing session” in which the employee is allowed to present his point of view.
2. The hearing session will be convened by the Disciplinary Committee to examine allegations of misconduct or violations of discipline. The employee will be served a two-working day written notice advising him of the arrangements of the disciplinary hearing session, the claim (claims) that will be considered, together with the details of the presentation of evidence.
3. The Disciplinary Committee will consist of the Chief Human Resources Officer of the Group, or his designated representative, head of Internal Audit or his designated representative and head of the Legal Department. The hearing session will be attended by members of the Disciplinary Committee who are involved directly in the hearing. Members of other departments may be requested to attend this hearing session, which must be documented and signed by all attending parties including the respective employee. Results of deliberations of the hearing session will be presented to

the employee in writing by the Human Resources Department.

### 12.3.25 Termination without Warning

1. Acts of grave misconduct justify termination without warning. Examples of the types of acts that are considered grave misconduct are listed in the Code of Conduct.
2. The employee who is suspected of grave misconduct will be suspended pursuant to the provisions of the Labor Law and at the same time, an investigation will be conducted of the alleged violation.

### 12.3.26 Record Safekeeping

The letter of warning will remain in place in the employee’s file for six months.

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## 13. Women's Work

### Introduction

The Company recognizes the importance of women contribution in their capacity as a partner in the course of the Group's success. The Group also recognizes the intrinsic nature of women and their particular needs, and in this respect, is committed to absolutely abide by the precepts of Sharia that is derived from the Islamic faith, as well as customs and traditions of the Saudi society. For this reason, the Group is keen to lay down all the necessary internal regulations to set up the appropriate work environment for women in all the Alkhorayef Companies.

#### 13.1 Purpose

This policy is designed to regulate the employment of women at the Alkhorayef Companies and set up the specific controls that are appropriate to the nature of their work and vacations and the statement of their particular rights and duties.

#### 13.2 Scope

This policy applies to all female employees at the Alkhorayef Companies.

### 13.3 Policy Details

#### 13.3.1 Women's Employment Policy

1. The Company is most keen to comply with the legal and Shariah controls in the regulation of women's work with due consideration to the customs and traditions of the Saudi society.
2. Women's work-based policy in The Company is derived from the regulatory controls contained in the Saudi Labor Law and Women Work Guide in the private sector duly issued by the Ministry of Labor.
3. The Company takes into account that there is no discrimination in treatment, or wages, or work hours between the sexes in all business sectors within it.

4. The Company is committed to providing opportunities for training and career development of all women employees without discrimination or segregation and asserts their right to be promoted to higher positions and jobs as long as these jobs are in line with the nature of women, and legally permissible to join by women.

5. The Company categorically prohibits the employment of women in all professions that are not permissible for women to join as set out in the work of women in the private sector guide.

#### 13.3.2 Workplace

1. In line with the requirements set out in the Women's Work Regulation Guide duly issued by the Ministry of Labor, Alkhorayef Group of Companies provides, as needed, assigned areas for the work of women according to one of the following two options:

- Buildings that are completely independent from the buildings assigned to men, equipped with all the necessary requirements for work, comfort and utilities.
- Section within the company's building equipped with the following facilities:
  - independent and specially assigned to women only.
  - fully independent from sections assigned for men.

2. The Company strictly prohibits mingling between the sexes, in all facilities and corporate buildings either during or outside official working hours.

3. In case of exigencies of work that call for the presence of women such as attending an important meeting, it shall be on a temporary basis and in open area or rooms with visible interiors.

4. The company will provide independent work areas for women and provide the same level of privacy in all sites where

women are employed.

5. The companies will provide dedicated areas for women to pray and rest with separate toilets.

6. All women employees must work within the areas reserved for women and shall refrain from wandering in the other company buildings and facilities.

### 13.3.3 Duties and Rights of Women Employees

1. Tasks and activities of the jobs on which women are employed are generally consistent with their circumstances and have no adverse effect on a pregnant employee. However, a pregnant employee must discuss with her immediate superior any tasks or job activities that may have an adverse effect on her during her pregnancy. In this regard, the immediate superior must cooperate with the pregnant employee and relieve her of such tasks, or reduce their recurrence within reasonable and acceptable limits.

2. The Company is committed to providing suitable identification cards for all female employees to be used for security purposes in the workplace, or to visit places outside the company for work purposes.

3. Women employees have the right to maternity leave with pay for a period of ten weeks, that can be distributed by the respective women as they wish, starting with a maximum four weeks prior to the likely deadline of delivery, and six subsequent weeks from delivery. The likely deadline of delivery will be determined by the Company's physician, or by a medical certificate issued by a health authority acceptable to the Company. In this regard, it is prohibited to employ women during the six weeks immediately following their delivery.

4. A female employee will be entitled to extend a maternity leave for one additional

month without pay.

5. The company will pay to a female employee during disruption of her work on a maternity leave, the equivalent of one half of her salary, if she has completed one year and over of service with the company, and will pay her full salary if she has completed three years and over of service with the company at the start of her leave, and she will not be paid any salary during her regular annual vacation if she has benefited in the same year of maternity leave with full pay, and she will be paid half of her salary during her annual leave, if she has benefited in the same year of maternity leave with half pay.

6. Alkhorayef companies provide medical care for female employees during pregnancy and childbirth.

7. When a female employee returns to work from a maternity leave, she will be entitled to take a break or breaks to breastfeed her baby for a period not exceeding an aggregate of one hour per day, in addition to the rest breaks granted to all employees. This period or periods will be calculated from the hours of actual work, without any consequent reduction of the wage (taking into account the provisions of Article One Hundred and Fifty-Four contained in the Rules of Implementation of the Ministry of Labor Regulations).

8. In case a female employee delivers a baby who is sick or with special needs and his/her health condition requires a permanent companion, she will be entitled to a one-month leave with full pay beginning after the completion of the maternity leave, and she will also have the right to extend the leave for another month without pay.

9. It is not permissible to dismiss a female employee or serve her a notice of dismissal during her maternity leave.

10. It is not permissible to dismiss a female employee during the period of her illness resulting from pregnancy or childbirth, provided that her illness is validated by a



medical certificate, and her period of absence should not exceed one hundred and eighty days. A female employee will not be dismissed without a legitimate reason as set forth in the Labor Law within a hundred and eighty days prior to the likely deadline of her delivery.

11. A female employee's entitlement will be dropped if she work for another employer during the term of her authorized leave, and - in this case - the Company will be entitled to deprive her of her pay for the duration of the leave, or to recover the pay already given to her.

12. A female employee whose husband dies will be entitled to a leave with full pay for a minimum period of fifteen days from the date of his death.

13. It is strictly forbidden for a female employee to travel or move with her male colleagues, whether for business or personal purposes at all times.

14. In the event that a female employee is asked by the company's management to go on a business trip or attend a conference or seminar or training courses, the Company will have in place all the necessary means to ensure the safety and privacy of the female employee for the duration of her presence on her outside business assignment, and to ensure the provision of dedicated areas for women in the places she will be visiting. The Company will also bear the costs of a travel companion (Muhram) with the female employee for this purpose.

15. The Company is committed to take maximum administrative, criminal and legal sanctions against all those who are found to be involved in an issue of harassment or nuisance of both sexes.

#### 13.3.4 Female Employee Uniform

1. A female employee must abide by norms of decency and modesty at work, including compliance with the controls of Islamic hijab.

2. A female employee must abide by the controls set forth in the Company's policy for apparel and attire.

3. In the event that a female employee's nature of work makes it imperative to have a uniform, internal controls will be in place in accordance with the controls duly stipulated in the employment of women in the private sector guide duly issued by the Ministry of Labor.

#### 13.3.5 Work Mechanism

1. The Company will have the right to employ women according to one of the following three mechanisms of work:

- A. full-time work
- B. part-time work
- C. distance work

2. A part-time female employee is considered as half employee for purposes of calculating the rate of Saudization.

3. Weekly working hours for a part-time female employee shall be a minimum of 20 hours and a maximum of 24 hours.

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## 14. Occupational Safety and Health

### 14.1 Purpose

The purpose of this policy is to create an optimal working environment for employees and assign responsibilities to promote occupational health and safety in the workplace.

### 14.2 Scope

This policy applies to all the Alkhorayef Companies.

### 14.3 Policy Details

#### 14.3.1 Introduction

1. The Group recognizes the moral and legal responsibilities involved in providing a safe and sound work environment for its employees in the company, contractors and visitors.
2. The Group seeks to have its operations free from occupational diseases, by applying the necessary measures to promote occupational safety and health.

#### 14.3.2 Obligations of the Alkhorayef Companies in areas of Occupational Safety and Health

1. Application of risk management activities to manage people's health and the risks that they encounter in the work environment, including review of changes in working methods and practices.
2. Compliance with all relevant legal standards and other requirements relating to health and safety.
3. Interest in and concern for the workplace and the provision of drinking water, toilets, appropriate utility services. Employees must be provided with additional facilities when they encounter material risk.
4. Provide a First Aid cabinet with essential drugs in the workplace.
5. Smoking is prohibited in the workplace. However, certain areas will be designated for smokers and will be provided with proper ventilation facilities.

6. Occupational health and safety directives will be posted in prominent places of the premises in both Arabic and English.

7. All premises, workshops, warehouses, gear, equipment and materials must be safe when used in accordance with applicable rules and practices.

8. Safety systems and facilities must be in place and properly maintained in the workplace, including emergency management systems with sufficient number of fire extinguishers.

9. Appropriate training on occupational safety and health must be provided for all employees, workers and contractors.

10. Necessary information and guidance must be provided to enable all employees to work in a healthy and sound atmosphere.

11. Consultation with the contractors in the field of enhancing the effectiveness of safety and occupational health policies at work.

12. Appropriate resources must be in place to facilitate the performance of occupational safety and health responsibilities in the workplace.

13. Periodic review and assessment will be conducted of health and safety systems, including inspection of the workplace.

14. Measurable goals must be in place to ensure continuous improvement aimed at removing diseases and work-related injuries.

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## 15. Apparel and Attire

### Introduction

The Alkhorayef companies believe that their employees represent their forefront mirror that reflects corporate professionalism and orderliness to third parties. For this reason, the companies are keen to have in place the basic controls for apparel, attire and general appearance of their employees.

### 15.1 Purpose

This policy is designed to regulate and define the basic uniform of the staff of Alkhorayef companies, both men and women, in a manner that would ensure their appearance in the appropriate manner as a forefront of the companies in the business community in line with the customs and traditions of appropriate apparel and attire in the Kingdom of Saudi Arabia, especially when they are present in the workplace during working hours or when they represent the companies in forums and official missions work outside corporate premises.

### 15.2 Scope

This policy applies to all the Alkhorayef companies.

### 15.3 Policy Details

#### 15.3.1 Apparel and Attire Policy

The first thing that shows of an employee is their interest in their general appearance, which gives the initial impression to the other side and reflects the true image of the employee. For this reason, all employees must comply with the provisions of this policy with respect to the rules of apparel, attire and appearance in general

1. Formal dress approved by the Alkhorayef Companies:

- Saudi Arabia's national outfit, consisting of gown, (Shmagh) or headdress (Ghutra) with a headband (Egal) for Saudi

employees.

- Western outfit for non-Saudi staff (formal suit).

- Decent dress which satisfies the standards of modesty for female employees, consisting of loose-fitting black (Abaya) (single color without any epigraphs or ornaments) with a headscarf.

- Uniforms carrying the Company's logo and dedicated staff of security, hospitality, maintenance or other personnel whose jobs require that they wear a uniform when on duty.

2. All employees of both sexes must observe prevailing customs and traditions and refrain from wearing exotic clothes with cuts or colors that offend public taste and contradict with the prevailing customs and traditions.

3. All employees must be keen to wear clean and tidy clothes at all times and to refrain from excessive over simplicity during working hours.

4. All employees must take care of their general appearance and hygiene, and observe healthy habits that maintain a decent level of appearance.

5. The human resources officers are entitled to prevent any employee, male or female, from entering the workplace if their apparel or general appearance contradicts with the provisions of this policy, offends public decency and violates the precepts of Islamic faith.

6. It is not permissible to wear special fashion apparel of specific nationalities, communities or religious groups, which may instigate feuds and seditions.

7. It is not permissible for female employees to wear cosmetics or perfume. It is not also permissible to wear colored and lacy gowns.

8. Non-conforming employees will be subject to the sanctions and penalties provided for in the list of penalties and sanctions duly adopted by the Group.

### 15.3.2 Application Mechanism

Responsibility for the application of this (apparel and attire) policy rests with the following parties:

1. Employees (of both sexes): who should comply with the provisions of this policy.
2. Immediate superiors: who should oversee the implementation of the provisions of this policy and to report any breach thereto.
3. The General Management of Human Resources and its company representatives:
  - Follow up on violations and take appropriate action accordingly.
  - Prevent the entry of employees of both sexes to the workplace if their apparel or general appearance contradicts remarkably with the provisions of this policy, offends public decency and found incompatible with the teachings of Islamic faith.

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## 16. Table of Sanctions

### 16.1 Violations Associated with Working Hours (Attendance)

#S	Type of Violation	Sanctions ( Deduction is calculated as a percentage of daily salaries )			
		1st. Time	2nd. Time	3rd. Time	4th. Time
1	Late attendance to work up to 15 minutes without permission or an acceptable excuse not resulting in the disruption of other workers	Written notice	5%	10%	20%
2	Late attendance to work up to 15 minutes without permission or an acceptable excuse resulting in the disruption of other workers	Written notice	15%	25%	50%
3	Late attendance to work for 15 – 30 minutes without permission or an acceptable excuse not resulting in the disruption of other workers	10%	15%	25%	50%
4	Late attendance to work for 15 – 30 minutes without permission or an acceptable excuse resulting in the disruption of other workers	25%	50%	75%	One day
5	Late attendance to work for 30 – 60 minutes without permission or an acceptable excuse not resulting in the disruption of other workers	25%	50%	75%	One day
6	Late attendance to work for 30 – 60 minutes without permission or an acceptable excuse resulting in the disruption of other workers	30%	50%	One day	Two days
In addition to deduction of wages of late minutes					
7	Late attendance to work for more than 60 minutes (one hour) without permission or an acceptable excuse whether resulting or not in the disruption of other workers	Written notice	One day	Two days	Three days
In addition to deduction of wages of late hours					
8	Leaving work or clocking out within a maximum of 15 minutes before the close of business without permission or reasonable excuse	Written notice	10%	25%	One day
In addition to deduction of salaries of the period of leaving work					
9	Leaving work or clocking out within more than 15 minutes before the close of business without permission or reasonable excuse	10%	25%	50%	One day
In addition to deduction of salaries of the period of leaving work					
10	Staying at the workplace or returning to it after business hours without prior permission	Written notice	10%	25%	One day
11	Absence without written permission or an acceptable excuse for one day during one contractual year	Two days	Three days	Four days	Deprivation of promotions or bonuses for one time
12	Continued absence without written permission or an acceptable excuse from two to six days in one contractual year	Two days	Three days	Four days	Deprivation of promotions or bonuses for one time
In addition to deducting the period of absence					
13	Continued absence without written permission or an acceptable excuse from seven to ten days in one contractual year	Four days	Five days	Deprivation of promotions or bonuses for one time	Termination with end-of-service if total absence does not exceed 30 days
In addition to deducting wages for the period of absence					

#S	Type of Violation	Sanctions ( Deduction is calculated as a percentage of daily salaries )			
		1st. Time	2nd. Time	3rd. Time	4th. Time
14	Continued absence without written permission or an acceptable excuse from seven to ten days in one contractual year	Five days	Deprivation from promotions or bonuses for one time and serving a notice of termination pursuant to the provisions of Article (80) of the Labor Law	Termination of service pursuant to the provisions of Article (80) of the Labor Law	
In addition to deducting the wages for the period of absence					
15	Interruption of work without a legitimate reason for more than fifteen continuous days in one contractual year	Termination without indemnity or compensation to be preceded by a written notice after a 10-day absence, pursuant to the provisions of Article (80) of the Labor Law			
16	Intermittent absence without a legitimate reason for an aggregate total of more than thirty days in one year	Termination without indemnity or compensation to be preceded by a written notice after a 20-day absence, pursuant to the provisions of Article (80) of the Labor Law			

### 16.2 Violations Associated with Work Regulation:

#S	Type of Violation	Sanctions ( Deduction as a percentage of daily salary )			
		1st. Time	2nd. Time	3rd. Time	4th. Time
1	Unjustified presence in places other than the designated workplace during working hours	10%	25%	50%	One day
2	Receiving non-Company customer visitors in the workplace without prior permission from the management	Written notice	10%	15%	25%
3	The use of Company-owned plant and equipment for private purposes without permission	Written notice	10%	25%	50%
4	Employee's intervention unlawfully in any business that is not in his field of competence or not assigned to him	50%	One day	Two days	Three days
5	Exit or entry from places that are not designated for that purpose	Written notice	10%	15%	25%
6	Negligence in cleaning, maintenance and care of machines or failure to report their faults	50%	One day	Two days	Three days
7	Failure to return repair and maintenance tools and other supplies to their designated places after completion of work	Written notice	25%	50%	One days
8	Shredding or destruction of announcements or communications of the Company's management	Two days	Three days	Five days	Termination with end-of-service indemnity
9	Negligence of items in his custody, for example: (cars, machines, devices, equipment, tools, etc...)	Two days	Three days	Five days	Termination with end-of-service indemnity
10	Eating in the workplace or in places other than designated eating quarters or at times other than break time	Written Notice	10%	15%	25%
11	Sleeping during working hours	Written Notice	10%	25%	50%
12	Sleeping at times that require constant vigilance	50%	One day	Two days	Three days

#S	Type of Violation	Sanctions (Deduction as a percentage of daily salary)			
		1st. Time	2nd. Time	3rd. Time	4th. Time
13	Loitering or the presence in places other than the workplace during working hours	10%	25%	50%	One day
14	Manipulation of proof of attendance and leave times	One day	Two days	Deprivation from promotions and bonuses for one time	Termination with end-of-service indemnity
15	Disobeying orders or non-implementation of work related instructions that are posted in a prominent place	25%	50%	One day	Two days
16	Incitement to disobey orders and written instructions associated with work	Two days	Three days	Five days	Termination with end-of-service indemnity
17	Smoking in places other than smoking-designated areas	Two days	Three days	Five days	Termination with end-of-service indemnity
18	Negligence or complacency in work that may result in damage to the health or safety of personnel, materials, tools or equipment	Two days	Three days	Five days	Termination with end-of-service indemnity

#S	Type of Violation	Sanctions (Deduction as a percentage of daily salary)			
		1st.	2nd.	3rd.	4th.
12	Assault through physical harm to coworkers or others in a pornographic way	Termination without indemnity, notice or compensation pursuant to the provisions of Article (80) of the Labor Law			
13	Abuse, physical or verbal, or by any means of electronic communication on the employer, the manager in charge or one or superiors at work or because of work	Termination without indemnity, notice or compensation pursuant to the provisions of Article (80) of the Labor Law			
14	File a malicious report or complaint	Three days	Five days	Termination with end-of-service indemnity	----
15	Failure to comply with the request of the Investigation Committee to appear or be heard, or to testify	Two days	Three days	Five days	Termination with end-of-service indemnity

### 16.3 Violations Associated with the Conduct of Workers:

#S	Type of Violation	Sanctions (Deduction as a percentage of daily salary)			
		1st.	2nd.	3rd.	4th.
1	Quarreling with colleagues or with others or instigating riots in the workplace	One day	Two days	Three days	Five days
2	Malingering or claiming falsely that he was injured during or because of work	One day	Two days	Three days	Five days
3	Refrain from undergoing a medical examination at the request of the Company's physician or non-compliance with medical instructions during treatment	One day	Two days	Three days	Five days
4	Violation of health instructions that are posted in a prominent location at the place of work	50%	One day	Two days	Five days
5	Writing graphite or placing posters	Written Notice	10%	25%	50%
6	Refusing to be inspected upon leaving work	25%	50%	One day	Two days
7	Failure to hand over the cash funds collected for the account of the enterprise in a timely manner without reasonable justification	Two days	Three days	Five days	Termination with end-of-service indemnity
8	Refrain from wearing protection and safety apparel and gear	Written Notice	One day	Two days	Five days
9	Deliberately being alone with the opposite sex in the workplace	Two days	Three days	Five days	Termination with end-of-service indemnity
10	Indecent suggestions to others verbally or physically	Two days	Three days	Five days	Termination with end-of-service indemnity
11	Assault on coworkers verbally, through gestures, using electronic means of communication, verbal abuse or contempt	Two days	Three days	Five days	Termination with end-of-service indemnity

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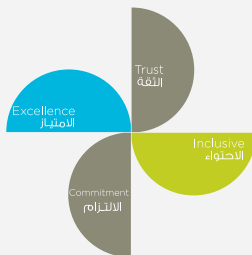
مجموعة الخريّف  
Alkhorayef Group

شركاؤكم  
في النجاح

Success through  
partnership

# Compensations and Benefits Policy Manual for Alkhorayef Group

Our Values قِيَمُنَا



شركاؤكم  
في النجاح

Success through  
partnership

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## Introduction

This manual explains the key elements of the policy of compensation and benefits for the Alkhorayef Group of Companies. Policies contained in this manual may be subject to change, addition and/or deletion to ensure that human resources policies and procedures are in harmony with the stated strategies of the Alkhorayef Companies.

## 1. Controls of Policy Manual

### 1.1 Scope of Application of the Manual

1. Provisions contained in this manual apply to all employees, permanent and on probation, of the Alkhorayef Companies within the Kingdom of Saudi Arabia. Once hired, an employee is considered to have acquainted themselves with and accepted all the contents of this manual and undertakes to comply with the instructions and rules issued pursuant to this manual.
2. The provisions of this manual do not apply to persons who are contracted by the companies to carry out temporary, seasonal or incidental tasks.

### 1.2 Responsibility for Application of the Manual

1. Officers in charge in the Companies will resort to the policies contained in this manual in directing and follow-up of their subordinates in order to maintain order, justice and discipline. Workers will also resort to this manual to be familiar with their rights and duties.
2. The General Management of Human Resources is the competent authority in charge of interpretation and clarification of the provisions of any clause or paragraph of the terms and conditions contained in this manual, in addition to resolving any problem that may arise from the interpretation or explanation of any of the matters contained in this manual.

## 1.3 Use and Control of the Manual

1. This manual must be used within the Alkhorayef Companies and their subsidiaries only. The manual will be subject to modification and change from time to time to be in harmony with the circumstances, requirements and interests of Alkhorayef Companies and in line with the provisions of the Labor Law.
2. This manual will be posted to the employees in the Company who will have full right to access it on the internal website.
3. Each employee in the Company whose services are terminated and who has in their possession a copy of the manual, must return it to the Company by handing it over to their line manager.

## 1.4 Update of Policy Manual

1. The Chief Human Resources Officer (CHRO) shall submit the proposals and recommendations related to issues not mentioned or addressed in the manual or modifications wanted on any content in this manual in the form of a policy to the Policy Committee (except those falling under the jurisdiction of the Nominations and Benefits Committee according to the constitution of the committee) and then present them to the Board of Directors to be approved and later added to the Policies Manual.
2. After their adoption by the Board of Directors, all the amendments must be issued in writing by the General Management of Human Resources and will be added to the Policy Manual, either in the form of new pages or alternative pages of the manual and must be announced to those concerned.
3. Any amendments to the provisions of this manual, including additions, changes and cancellations of any clauses or benefits set out in the applicable laws and regulations must be made by the Policy Committee.

Except those under the jurisdiction of the Nominations and Compensation Committee according to the constitution of the Committee where they are amended and changed after being reviewed by the Committee.

### 1.5 Policy and its Maintenance

The General Management of Human Resources will be responsible for management of this manual, including updates, amendments or proposing any new policies. It will also be responsible for forwarding any changes to the manual to all subsidiary companies and employees effectively and in a timely manner through circulating of versions of the manual or any other means, as appropriate. The General Management of Human Resources may also update the manual from time to time on an as needed basis.

### 1.6 Policy Interpretation

The General Management of Human Resources has the power and ultimate responsibility for resolving any issue arising out of the interpretation or explanation of any of the matters contained in this manual. Those issues will be resolved with the utmost care for the employee and without prejudice to the interests of the Alkhorayef Companies. In the event of any circumstances that are not covered by this policy, The General Management of Human Resources will take the appropriate decision thereto at its own discretion.

### 1.7 Applicable Law

This policy manual will be governed by the applicable laws, rules and regulations of the Kingdom of Saudi Arabia.

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## 2. Compensation and Benefits Policies

### 2.1 Compensation and Benefits

#### 2.1.1 Purpose

The purpose of this policy is to set out and explain the policy of compensation and benefits accruing to the employees of Alkhorayef Group of Companies and the mechanism of its implementation.

#### 2.1.2 Scope

This policy applies to all the Alkhorayef Companies.

#### 2.1.3 Policy Details

1. The following policies have been developed to ensure that the Company will have in place a consolidated and fair compensation and benefits system, that is linked to the overall performance of the Company and changes in the labor market in order to create an attractive environment and to keep, motivate, and develop employees to be in a position to achieve long-term strategic objectives of the Company.
2. Promote the performance and development of employees by linking the financial rewards for each employee to the achievement of their stated annual targets pursuant to performance management system duly adopted by the companies.
3. The General Management of Human Resources will maintain the pay scale and benefits and will update it to make sure that it conforms with the local labor market changes. Salary raises will be awarded based on the performance the Company and the performance of the employee pursuant to the pay raise system duly approved by the Board of Directors.

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## 2.2 Grades and Salaries

### 2.2.1 Purpose

The purpose of this policy is to define grades and a pay scale associated with each grade.

### 2.2.2 Scope

This policy applies to all the Alkhorayef Companies.

### 2.2.3 Policy Details

1. A salary structure will be developed for each Company which will take into consideration the nature of the activity of the Company, state of competition and the level of salaries for the same activity in the market. The salary structure of the Company will be approved by the Chief Human Resources Officer in the Group, Head of the Company and the Company's Board of Directors.
2. The maximum salary for any job in any Company should not exceed the maximum authorized pay duly approved for the respective grade according to the approved salary structure of the Company.
3. Alkhorayef Group of Companies has in place a grade and salary structure, as set out in the following table:

O	Executives	Level 2
N		Level 1
M	Directors	Level 2
L		Level 1
K	Managers	Level 2
J		Level 1
I	Supervisors/ Senior Professionals	Level 2
H		Level 1
G	Professionals	Level 3
F		Level 2
E		Level 1
D	Semi-professionals	Level 4
C		Level 3
B		Level 2
A		Level 1

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## 2.3 Job Analysis and Description

### 2.3.1 Purpose

The purpose of this policy is to determine the overall trends in the job analysis and drafting job descriptions for Alkhorayef Group of Companies in a manner that would reflect the job requirements and the minimum expected duties and responsibilities of the employee.

### 2.3.2 Scope

This policy applies to all the Alkhorayef Companies.

### 2.3.3 Policy Details

1. Job analysis is the process of collecting all job-related information, such as job content, supervisory, technical and other content, responsibilities, authorities and powers granted, behavioral and technical competencies, and any other requirements associated with the job.
- 2 All positions in the Company must have job descriptions which should be updated in accordance with the approved form.
3. Job descriptions should be created and updated whenever the Company undergoes radical changes, such as changing the organizational structure, merger of two companies, acquisition of a new Company, change in the tasks and responsibilities of job positions, or upon the creation of new jobs.
4. Job descriptions are developed by the Strategic Human Resources Business Partner / General Human Resources Business Partner subject to the approval of the line manager for grades (A-K) and the Head of the relevant Company for grades (L-O) and the General Management of Human Resources will provide the necessary support and advice in this regard.
5. Copies of the job description duly approved by competent parties will be

forwarded to all employees in order to be fully informed of their respective duties and responsibilities.

## 2.4 Job Appraisal

### 2.4.1 Purpose

The purpose of this policy is to determine the overall trends in the job analysis and to lay down job descriptions for all the Alkhorayef Companies in a manner that would reflect the job requirements and the minimum expected duties and responsibilities of the employee.

### 2.4.2 Scope

This policy applies to all the Alkhorayef Companies.

### 2.4.3 Policy Details

1. The approved job description will be used as a basis for job appraisal.
2. All jobs are appraised based on the approved job description by applying approved methodology for the Company. This appraisal results in assigning an appropriate grade for each job in the structure of the grades system.
3. The Job appraisal is conducted by the General Management of Human Resources of the Group in coordination with the Strategic Human Resources Business Partner / General Human Resources Business Partner.

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## 2.5 Monthly Allowances and Benefits

### 2.5.1 Purpose

The purpose of this policy is to identify the types of allowances and benefits, the mechanism of their accrual, and the method of their disbursement.

### 2.5.2 Scope

This policy applies to all the Alkhorayef Companies.

### 2.5.3 Policy Details

Allowances and benefits are determined based on job grading system, and the pay scale duly adopted by the Company.

#### Housing Allowance

1. The Company grants a housing allowance for all employees in cases where not provided, as per the classification in the Table of Benefits.
2. The housing allowance is paid on a monthly basis and may be paid for six months in advance for one time only subject to the consent of the Chief Human Resources Officer in the Group.
3. The Company will not pay a housing allowance in the event of the provision of accommodation.

#### Transportation Allowance

1. The Company grants a monthly transportation allowance as per the classification in the Table of Benefits (with the exception of employees who are provided with means of transportation or a Company car, etc.).

#### Food Allowance

1. The Company grants a food allowance for the semi-professional category of employees, in the event it is not secured as per the Table of Benefits taking into account not to combine the food allowance with

meals provided by the Company.

2. The Company may pay compensation for food allowance for employees who live in Company accommodations upon the recommendation of the Head of the Company and the approval of the Chairman of the Board of Directors.

#### Medical Insurance

Medical insurance for employees of the Company will be in line with the table of benefits and policy of the Health Insurance Council. Dependents of an expatriate employee who benefit from this insurance must be under the sponsorship of the employee and hold a valid residence permit in Saudi Arabia.

#### Education Allowance

1. The Company grants a child education allowance –for the categories designated in the Table of Benefits- for a maximum of three children against presentation of actual bills, provided that children are actually enrolled in school between ages 4 to 18 years old. This allowance is not included in the calculation of end-of-service benefits
2. Upon termination from service, the employee will be exempted from the education allowance paid to them in advance. If the employee resigns during the first semester 50% of the education allowance will be deducted but if they resign in the second semester, they will be relieved of the amount of the allowance already paid in advance.

### Mobile Phones / Mobile Allowance

1. The Company grants a mobile phone allowance, according to business needs. However, this allowance is not included in the calculation of end-of-service benefits
2. A mobile phone allowance is paid according to the attached table of benefits.
3. The Company may opt between payment of cash mobile allowance to those whose jobs that call for mobile communication or choose to deal directly with one of the mobile phone service providers through issuing mobile chips with special features to be given to the employees.

### Company Motor Vehicles

1. For employees who do not receive cash transportation allowance, the Company provides means of transportation, either through direct purchase, regular lease or lease-purchase. Each Company has the right to choose the appropriate means that would serve the best interest of work subject to the approval of the Board of Directors of each Company separately.
2. In case the employee uses their own car to carry out work tasks repeatedly, they will be paid a fuel allowance of a minimum 250 Riyals and a maximum 500 Riyals per month, based on the discretion of management and the Head of the Company.
3. The Company provides the executive category of employees (grades N & O) a motor vehicle whose value does not exceed 220 thousand Riyals in lieu of a transportation cash allowance. They will have the right to own these motor vehicles after four years of use, subject to the approval of the Chairman of the Board of Directors.
4. The Company provides the director category of employees (grades L & M) a motor vehicle whose value does not exceed 160 thousand Riyals only for those

- whose nature of work calls for the use of a motor vehicle subject to the discretion of General Manager in lieu of a transportation cash allowance. They will have the right to own these motor vehicles after four years of use, subject to the approval of the Chairman of the Board of Directors.
5. The option in both points (3 & 4) apply only once during the service of the employee. Thereafter, the transportation allowance will resume as per contract.
  6. The Company bears all operating expenses associated with Company-provided motor vehicles (fuel expense, periodic maintenance, insurance, periodic inspection, and renewal of registration.... etc.).
  7. All cars provided by the Company should be covered by a comprehensive insurance policy.
  8. In the event of a traffic accident, the Company bears the deductible imposed by the insurance Company if the accident is attributed 100% to the other party, or otherwise the employee will bear the amount of the deductible.

### Nature of Work Allowance

The Company provides a nature of work allowance, based on business requirements as per the limits given in the Table of Benefits. The amount of this allowance will be determined by the General Management of Human Resources and the Head of the Company. However, this allowance will not be included in calculating the end-of-service benefits.

## Discipline Allowance

The Company offers security personnel a monthly discipline allowance for their full compliance with working hours, free from any tardiness or absence during the month as per the limits given in the Table of Benefits. According to the recommendation of the Chief Human Resources Officer in the Group and approval of the Head of the Company. However, this allowance will not be included in calculating the end-of-service benefits.

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## 2.6 Performance Bonus

### 2.6.1 Purpose

The purpose of this policy is to explain the appropriate and fair mechanism to reward employees with outstanding performance to motivate them to increase their productivity, which in turn will reflect positively on the overall performance of Alkhorayef Group of Companies, through giving them the opportunity to contribute to the success and share in the profits of the Company.

### 2.6.2 Scope

This policy applies to all the Alkhorayef Companies.

### 2.6.3 Policy Details

1. The Company appreciates high performance and rewards high-performing employees accordingly. Annual incentives are left to the discretion of the Company based on the annual performance appraisal of employees.
2. The Strategic Human Resources Business Partner / General Human Resources Business Partner, with the support of General Management of Human Resources in the Group, will be responsible for the management, follow-up and application of the performance rewards system, subject to the approval of the Company's Head and the adoption of the Company's Board of Directors.
3. An employee who joins the Company before July 1 of any year may be granted an annual performance bonus pro rata to their performance and contribution. An employee who joins the Company after July 1 will not be eligible for any performance reward for that year.
4. The performance bonus is considered a separate payment that does not form part of any rise in the basic salary.

5. An employee who has completed one full calendar year of service will be eligible to receive an annual incentive bonus based on their performance appraisal.

6. In case of an employee's resignation before September 30, they will not be eligible to receive an annual performance bonus. However, in case their resignation is after September 30, they will be eligible to receive an annual performance bonus pro rate to the period of their service, according to the result of their performance appraisal.

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## 2.7 Promotions and Increases to the Wage

### 2.7.1 Purpose

This policy governs the award of promotions and bonuses, and aims to reward employees for their outstanding performance. It is a tribute on part of the Company that confirms confidence in the employee's ability to take up more responsibilities, tasks and to have the competencies required for promotion to a higher position.

### 2.7.2 Scope

This policy applies to all the Alkhorayef Companies.

### 2.7.3 Policy Details

#### 2.7.3.1 Objectives

1. Set up regulatory controls for promotions and bonuses in the Company and have in place the powers for their implementation.
2. Advise corporate staff that bonuses and promotions are awarded on the basis of productivity and outstanding performance.
3. Link the implementation of promotions and bonuses to the financial position of the Company.
4. Encourage employees to enhance their production efficiency.
5. Assist staff in planning for their future careers and encourage them to progress in their careers.
6. Promote a culture of appointment in senior managerial positions from within the Company as much as possible rather than recruitment of external caliber.

#### 2.7.3.2 Promotion

1. Promotions are reviewed annually in line with the performance appraisal regulations and the annual manpower plan duly approved by the Group.
2. An employee will be eligible for promotion to a higher position when they

satisfy the following conditions:

- When their superior recommends them for promotion based on the level of their performance at work and achievements in their current job.
  - The existence of a vacancy in the upper position.
  - The employee should have spent a minimum of two years in their current position.
  - The employee should satisfy the minimum requirements of qualifications, experience and competencies for the upper position to which they will be promoted.
  - An employee's performance appraisal score for the last two consecutive years should be no less than 4 (exceeding expectations).
  - An employee should successfully pass any tests, personal interviews or training sessions assigned to them prior to their promotion.
3. If the conditions for promotion to a higher position are satisfied by more than one employee, trade-off and giving priority to them will be as follows:
    - Priority will be given to the most efficient employee with the highest performance appraisal score.
    - In case of equal scores of performance appraisal, priority will be given to the employee with the higher qualifications and competencies.
    - In case of equal scores of performance appraisal, qualifications and competencies, priority will be given to the more senior employee in service of the Company.
  4. An employee will be promoted in case their current position undergoes an increase in the content of responsibilities, scope or level, and is re-evaluated to be placed at a higher grade level.
  5. The maximum salary raise associated with the promotion should not exceed 30% provided that the salary after the raise should not exceed the upper limit of



the grade of the new position.

6. A promotion should not exceed two grades.

7. An employee may be promoted as a result of filing a written request thereto, and their selection of an internal vacancy of a higher grade. However, prior to their selection, the employee shall undergo appraisal procedures applicable to selection and recruitment processes.

8. Promotions must be prepared in the month of January of every year in conjunction with the results of performance appraisal and bonuses.

9. The financial impact of the proposed promotions must be reviewed at the level of the department concerned prior to their adoption.

10. Promotions will be implemented after allocation of the necessary funds in the month of February of each year.

11. All promotions must be approved in line with the approval matrix and based on the results of the employees' performance appraisal.

12. An employee will be promoted to a higher grade position, provided that such promotion would not lead to a reduction in salary or adversely affect the cumulative rights of the promoted employee.

13. An employee, who will be promoted to a higher grade and position, will be provided all the benefits associated with the position to which they have been promoted (base salary + benefits and allowances) from the effective date of promotion.

14. The benefits and allowances associated with the post will be endorsed on the basis of the delegation of authority by the designated authorized person, which also states the date on which benefits and allowances will take effect.

15. Promotion will not be linked to the date of renewal of the respective employee's contract.

16. The General Management of Human Resources must conduct a re-assessment of the position and determine the appropriate grade accordingly, if the position to which an employee has been promoted is a newly created position.

17. The Recruitment Officer shall advise corporate employees of the availability of vacancies and encourage them to apply for occupying such positions.

18. Temporary assignment to a higher grade tasks and responsibilities should not be construed to be a promotion to such grade.

### 2.7.3.3 Increases to the Wage

1. Granting of an Increases to the Wage will be subject to the following conditions:

- Approval of granting the increases by the Company's Heads.

- The financial position and profitability of the Company over the past year should permit to grant such increases.

2. An increase is granted on the basis of approved performance reports in the Company.

3. An increase is reviewed in line with performance appraisal regulations and manpower plan duly adopted by the Company whereby, at the end of each fiscal year, the Company would reconsider the salaries of staff and decide on granting a bonus, if any.

4. To be eligible for receiving an annual increase, the employee must have joined the employ of the Company for a minimum of (12) months.

5. An employee must be advised of the increase which was granted to them, and in the case of non-payment of such increase, they shall be advised of the reasonable grounds whereof and instructed on how to improve their performance in the future.

6. An increase is granted to employees based on the summary of recommendations prepared by the Human Resources Department by reference to the applicable payroll scale in the Company and adopted by the duly approved authority matrix.

7. An increase is determined as a percentage of basic salary of the employee based on the results of performance appraisal and scope of the employee's current salary.

8. The annual increase for salaries of employees is based on two factors:

- Annual performance appraisal for employees
- Current pay scale of the employee

In view of the below table, we find that employees salaries are in one of four pay scales as follows:

9. The upper limit of increase to the basic salary will be 12% as shown in the following table:

Annual Increase				
Current Pay Scale of Employee				
Result of Performance Appraisal	Current Pay Scale of Employee			
	Pay Scale 1	Pay Scale 2	Pay Scale 3	Pay Scale 4
5	12%	10%	8%	0%
4	10%	8%	6%	0%
3	8%	6%	4%	0%
2	6%	4%	2%	0%
1	0%	0%	0%	0%

- Pay Scale 1: the employee's salary is less than the minimum level for his grade.
- Pay Scale 2: the employee's salary exceeds the minimum level for his grade but less than the average of his grade.
- Pay Scale 3: the employee's salary exceeds the average of his grade but less than the upper limit of the grade.
- Pay Scale 4: the employee's salary exceeds the maximum limit of grade.

For example, an employee whose salary is in the pay scale 2 cannot get an annual increase of more than 10% only in case he has achieved a result of the performance appraisal of 5 (superior). But if the result of their performance appraisal is 2 (below expectations), they will receive an annual increase of only 4%, and so on.

10. An annual raise shall not be granted to an employee for the length of time that they spend on the job, as it only accrues on the basis of optimal performance.

#### 2.7.3.4 Exceptional increments

1. The Company has the right to increase the wages of certain employees after they have completed the probationary period successfully, provided that this option is stated in the offer for employment or in the employment contract. Approval of such increases will be as set out in the authority matrix.

2. The Company may grant other increases that are not related to performance appraisal but to adjust an employee's status upon the recommendation of the head of the Company and the approval of the Chief Executive of the Group, based on:

- Change in the standard of living in residential areas.
- Change in the wage rates in the market so as to ensure the maintenance of an attractive wage structure to the employees.

3. The Head of the Company, based on the recommendations submitted from the managers of the respective organizational units, may grant an exceptional increment for some employees subject to satisfying the following conditions:

- Employees who receive an overall estimate of 3 (meets expectations) and above.
- Employees who provide distinctive services and works to the Company.

4. An employee's receipt of an exceptional increment shall not prejudice their right to receive an annual increase if they satisfy the stated conditions.

#### 2.7.3.5 Roles and Responsibilities Line Manager

1. Conduct an objective appraisal of the

performance of employees and propose appropriate increment for outstanding performance.

2. Nominate employees who show a distinct ability to take responsibility for promotion to the vacant posts when advertised.

3. Clarify career paths and promotion opportunities available for employees under their supervision.

#### The General Management of Human Resources

1. Provide information on the positions to be filled through promotion and the names of qualified staff for promotion to those positions in accordance with the recommendations of the heads of the companies in coordination with representatives of human resources in these companies.

2. Follow-up the implementation of the career development plan to prepare staff for promotion to higher positions.

3. Follow-up the implementation of decisions on promotions after their adoption.

4. Prepare lists of the names of eligible employees for increases and rates of such increments on an annual basis, according to performance appraisal reports duly approved by the Group.

5. Clarify promotion opportunities for staff when they join the Group or its affiliates and encourage them to develop their knowledge and abilities to qualify them for such promotions.

6. Acquaint employees with the Company's organizational structure and job descriptions of the positions therein, to abreast themselves with the hierarchy and the requirements of higher positions in the Company.

7. Prepare decisions for granting bonuses to be approved by the authorized officer.

## Employee

1. Acquaint themselves with the career path of their position in the Company and the organizational structure of the Company, and the pursuit of the career development goals set for them.
2. Develop their job performance in order to reach outstanding levels of performance to qualify them for promotion and award of annual increase.
3. Self-development of their knowledge and personal skills and follow up developments in their field.
4. Obtain their annual performance appraisal to review it and evaluate their own performance.

### 2.7.3.6 Authorizations

#### Authorization to grant a promotion

1. To be promoted to the Executive grade, the following requirements must be satisfied:
  - Recommendation of the Head of the Company after the review of the Nominations and Benefits Committee as per the constitution of the Committee.
  - Recommendation of the Chief Human Resources Officer in the Group
  - Approval of the Chairman of the Board
2. To be promoted to the grade of a Director, the following requirements must be satisfied:
  - Recommendation of the Chief Human Resources Officer in the Group
  - Approval of the Head of the Company
3. To be promoted to the grade of a Manager, the following requirements must be satisfied:
  - Recommendation of the Department Manager
  - Recommendation of the Chief Human Resources Officer in the Group
  - Approval of the Head of the Company

4. To be promoted to the grade of a Supervisor, the following requirements must be satisfied:

- Recommendation of the Line Manager
- Recommendation of the Department Manager
- Recommendation of the Chief Human Resources Officer in the Group
- Approval of the Head of the Company

5. To be promoted to the grade of a Professional, the following requirements must be satisfied:

- Recommendation of the Line Manager
- Approval of the Department Manager

#### Authorization to grant an increment

1. To be qualified to be awarded the annual increase, incumbents of Executive grade positions must satisfy the following requirements:

- Recommendation of the Chief Human Resources Officer of the Group
- Approval of the Chief Executive Officer of the Group

- 2 To be qualified to be awarded the annual increment, incumbents of Director grade positions must satisfy the following requirements:

- Recommendation of the Chief Human Resources Officer of the Group
- Approval of the Head of the Company

3. To be qualified to be awarded the annual increment, incumbents of Manager grade positions must satisfy the following requirements:

- Recommendation of the Line Manager
- Recommendation of the Executive Officer of Human Resources in the Group
- Approval of the Head of the Company

4. To be qualified to be awarded the annual increase, incumbents of all other grade positions must satisfy the following requirements:

- Recommendation of the Line Manager
- Approval of the Head of the Company

## Alkhorayef Group Benefits Table

Category	Executives		Directors		Managers		Supervisors / Sr. Professionals				Professionals				Para-Professionals			
Grade	O	N	M	L	K	J	I	H	G	F	E	D	C	B	A	Saudi : 2 Basic Salary for single and 3 Basic salary for Married (Non Saudi) : 2 Basic salary		
Housing	3 Basic Salary for Married and Single																	
Transportation	10% from basic salary / annual cap = Min : 6,000 SR - Max : 48,000 SR																	
Meal	N/A																	
Medical	Executive		Platinum		Diamond		Silver +		Silver		Blue							
Education	30,000 SR						N/A											
Mobile	1000 SR or Actual bill		600 SR		500 SR		400 SR		300 SR		200 SR							
Family importation tickets	4						3				0							
Contract Type for Non Saudi					Family						Single							
Transfer amount inside KSA	MAX 15000 SR		MAX 12000 SR		MAX 10000 SR		MAX 15000 SR		MAX 6000 SR		MAX 4000 SR							
Transfer amount outside KSA																		
Hotel Rate For Business Trip	5 Stars				4 Stars				3 Stars									
Renting car amount for business trip	400 SR		300 SR		250 SR		180 SR		140 SR		120 SR							
Business trip ticket (internal)I	First Class		Business Class						Economy class									
Business trip ticket (external)I			Business Class						Economy class									
Business trip Pper diem (internal)I	205 SR		170 SR		170 SR		150 SR		140 SR		70 SR							
Business trip Pper diem (external)I	300 SR		225 SR		225 SR		188 SR		188 SR		113 SR							
MAX hotel rent for internal Business trips	840 SR		700 SR		560 SR		455 SR		315 SR		245 SR							
MAX hotel rent for GCC & ARAB Business trips	1190 SR		1120 SR		945 SR		700 SR		490 SR		350 SR							
MAX hotel rent for (external) Business trips	1470 SR		1330 SR		1120 SR		840 SR		560 SR		560 SR							
Annual Airfare Tickets													One Economy Ticket					
Annual Leaves													21 calendar days					
Nature of Work Allowance																		
Discipline Allowance																		

Approved by Authorized Officer

Version Number 2.0

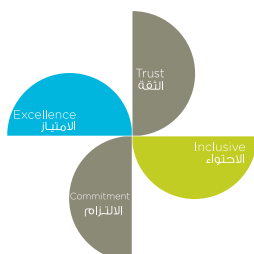
Review date December 2016

Reviewed by





## Our Values قِيمَتُنَا



شركاؤكم  
في النجاح

Success through  
partnership

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