

# REMUNERATION, COMPENSATION AND BENEFITS

## Overview

This section covers all policies and standards which are related to the remuneration, compensation and benefits that will be applied across (The company).

## Objectives

The objective of this policy is to maintain employees' allowances and benefits at a level sufficient to:

- Attract and retain employees of the caliber required for the achievement of (The company)'s business objectives.
- Compensate employees and maintain a certain level of quality of life.

## Policy Details

It is the responsibility of the HC Department to:

- Administer pay programs equitably and in accordance with the line of business goals and parameters and recognize individual performance on a timely basis.
- Ensure that salaries are administered appropriately within the salary grade associated with jobs.
- Understand the overall remuneration, allowances, benefits policies and how the application of these policies can vary depending on the job levels and salary grade to which a position is assigned.
- Conduct regular external salary surveys as tools to determine the salary levels and benefits required to attract and retain employees based on the market competitiveness.

## Guaranteed Cash Compensation

- **Basic Salary:**
  - (The company) provides 12 month's basic salary to its employees.
  - The purpose of this salary component is to reward employees for the professional expertise and value they bring to their jobs.
  - The basic salary is determined and based on (The company)'s job evaluation system, individual qualifications, and experience.
  - The salary is granted to all employees in the end of each Gregorian month and is subject to any deductions imposed by (The company) & as per the Saudi labor law.
  - Employees will be mapped to the minimum salary of their assigned grade unless (The company) decides otherwise based on the approval with the DOA if stated otherwise.
- **Housing Allowance:**
  - (The company) provides its employees with a housing allowance to help them with the housing expenses.
  - The housing allowance is an annual payment equivalent to the sum of three (3) months basic salary or 25% of annual basic salary.
  - The housing allowance is paid monthly along with the monthly salary, with a minimum of 2,000 SAR per Month.
  - Employees whose employment with (The company) exceed one full year may request their housing allowance in advance for a period of six months based on a rent contract and receipt.
  - Employees shall not be entitled to obtain more than 1 loan (any type) at any given time.
  - (The company) may provide its employees with housing facilities. Employees benefiting from (The company) provided housing will not be eligible for any housing allowance.
  - Retired employees who are benefiting from (The company) provided housing will be provided with a notice period of 3 months starting from their actual retirement date to evacuate the housing unit.
  - The housing allowance paid in advance to employees would be returned to (The company) in cases of employee resignation or termination by the organization.
- **Transportation Allowance:**
  - (The company) provides its employees with a transportation allowance to cover the expenses

incurred in commuting to and from his/her place of work based on the current salary scale of (The company).

- (The company) may either provide company cars for employees who are required to have frequent or continuous business-related trips during working hours or provide them with a transportation allowance that covers their personal car's expenses incurred for business trips.
- The transportation allowance is equivalent to 10% of the monthly basic salary and subject to a minimum amount of SAR 450 is payable monthly to all employees.
- The transportation allowance will not be paid in the following cases:
  - The employee is assigned a 24-hr (The company) vehicle.
  - Transportation is provided by (The company).

- **Ramadan Salary:**

- (The company) offers (one) month basic salary to be paid to all employees in the beginning of the holy month of Ramadan each year.
- For employees who did not complete a full Gregorian year, a prorated salary is provided to them based on the number of months. The amount is determined as per the actual monthly salary of the month of Shaaban.
- The duration based on which Ramadan salary is granted excludes the following:
  - Scholarship and secondment durations.
  - Unpaid annual leave, unpaid absence, and unpaid sick leave.
  - Ramadan salary is held for employees who are convicted until they are proven innocent.

## Job Related Allowances

- **Mobile Allowance:**

- (The company) may require certain employees to use mobile phones for business purposes.
- The mobile allowance is subject to use cases that requires a mobile allowance, and they are mainly related to the job & business requirements, and they fall within the following categories:
  - Travel: Employees who travel frequently for business purposes need a mobile allowance to cover communication expenses while on the road.
  - Customer Engagement: Employees who are client-facing can use their mobile devices to respond promptly to customer inquiries, provide updates on services, and manage customer relationships effectively.
  - Vendors Communication: For the employees who interact regularly with vendors for work execution and supervising.
  - Field Service and Technical Support: Field service technicians and support personnel require mobile access to service manuals, diagnostic tools, and communication platforms to address issues and update service records in real-time.
  - Human Capital: HC professionals may need mobile access to HCIS (Human Capital Information Systems), employee databases, communication platforms, and recruiting tools to manage employee records, coordinate interviews, and address HC-related inquiries.
  - Operations and Logistics: operations and logistics benefit from mobile allowances to coordinate shipments, track inventory, communicate with suppliers, and resolve any logistical challenges that may arise.
  - Public Relations: Public relations needs to keep in touch with the partners, government officials and publication houses.
  - Executives & Senior Manager: Executives and senior managers may need access to key business metrics, reports, and communication platforms to make informed decisions.
- (The company) may stop the mobile allowance if the employee is moved to a role that is not eligible for a mobile allowance.
- Designated employees who use mobile phones for (The company) business purposes are entitled to monthly fixed mobile allowance as follows:

Employee Level / Grade	Allowance (SAR)
Executives & General Management	SAR 1,350 per month
Management & Professional / SME	SAR 500 per month
1 <sup>st</sup> Line Management & Professionals	SAR 300 per month
Support	SAR 200 per month

- The mobile allowance is a job-related allowance and will not be made available when the employee is no longer handling the assignments of the job.
- The Human Capital Department and concerned Functional Heads should review and determine all positions that are eligible for a mobile phone allowance on an annual basis.
- **On-Call and Call-In Allowance:**
  - (The company) may assign certain employees to be on-call and may call them in for duty after normal working hours and during weekends and public holidays for business purposes without previous notice.
  - Employees will receive a maximum allowance of SAR 500 per month.
  - If the employee is called-in, they will receive regular overtime pay.
  - All employees are subject to Call-In based on business needs, however, there are functions that have a higher frequency for a call-in than other, including but not limited to:
    - Ground Handling.
    - Baggage Handling.
    - Facility Operations.
    - Flights Operations.
    - Maintenance.
    - Facility Management.
    - Fire & Rescue.
    - Security.
    - Safety.
- **Injury (Harm) and infection Allowance:**
  - (The company) provides its employees a financial compensation provided to employees who are at risk of an injury or illness related to their job duties.
  - Employees eligible for this allowance will receive a monthly allowance of SAR 750/month.
- **Hardship (Danger) Allowance:**
  - (The company) provides its employees who work in dangerous or risky environments a Hazard allowances to compensate employees for the additional risk to their health or safety that they face while performing their job duties.
  - Employees eligible for this allowance will receive a monthly allowance of SAR 600/month.
- **Premises Controllers Allowance:**
  - (The company) provides premises controllers who are responsible for overseeing and managing various aspects of Facility facilities and premises a monthly allowance. Their duties may include ensuring the security, safety, and smooth operation of Facility buildings, Zones, gates, parking areas, and other facilities.
  - Only certain jobs are eligible for the premises Controllers Allowance, as per the table below:

Jobs	Allowance
Equipment Inspector	10% of the basic salary
Facility Security Inspector	10% of the basic salary
Area and Land Inspector	10% of the basic salary
Facility Operations Inspector	10% of the basic salary
Area and Land Inspector	10% of the basic salary
Medical Services Inspector	10% of the basic salary

- **Operations Allowance:**

- (The company) pay its employees an additional compensation provided to compensate front line staff for their work nature that involves dealing with public, being exposed to infections and for continuous field work & to compensate restricted zone staff for their work nature that involves regular field work, being exposed to restricted zone fumes & dealing with poor weather conditions.
- Eligible employees will receive the following allowances.

Jobs	Job Location	Allowance
Airfield Duty Coordinator	Airfield Operations	15% of the basic salary
Supervisor – Operations	Airfield Operations	15% of the basic salary
Apron Controller	Airfield Operations	15% of the basic salary
Flight Scheduler	Airfield Operations	15% of the basic salary
Information Attendant	Zone	10% of the basic salary
Zone Duty Coordinator	Zone	10% of the basic salary
FIDS Operator	Zone	10% of the basic salary
Zone Duty Coordinator	Zone	10% of the basic salary

- **Shift Allowance:**

- (The company) provides its employees a compensation for a non-standard hour or shifts outside of regular business hours. This allowance serves as a financial incentive or recognition for the inconvenience or disruption caused by working during less desirable times, such as evenings, nights, weekends, or holidays.
- Employees working on shifts on a permanent basis, to accommodate business needs, shall be entitled to a shift allowance.
- Positions that require working shifts shall be identified by HC and approved as per the Delegation of Authority.
- Only certain jobs are eligible for the Shift Allowance regardless of the shift pattern, as per the table below:

Jobs	Allowance
Flight Scheduler.	10% of the basic salary
FIDS Operator.	10% of the basic salary
Driver.	10% of the basic salary
Airfield Duty Coordinator.	10% of the basic salary
Zone Duty Coordinator.	10% of the basic salary
Supervisor - Operations.	10% of the basic salary
Apron Controller.	10% of the basic salary
Information Attendant.	10% of the basic salary
Zone Duty Coordinator.	10% of the basic salary
Apron Controller.	10% of the basic salary
Administrative Support.	10% of the basic salary
Admin Assets.	10% of the basic salary
Facility Duty Representatives.	10% of the basic salary

- **Fire Fighting Allowance:**

- (The company) provides an allowance to compensate fire & rescue staff for their work nature that requires high physical effort.
- Eligible employees will receive the following allowances:
  - 15% of monthly basic salary for employees with high school and below.
  - 20% of monthly basic salary for employees with specialized Diploma qualification in Fire Fighting.
- Only certain jobs are eligible for the Shift Allowance regardless of the shift pattern, as per the

table below:

Jobs	Allowance
Training Officer.	15% or 20% the basic salary
Fire & Rescue Technician - Fire Prevention.	15% or 20% the basic salary
Alarm Operator.	15% or 20% the basic salary
Lieutenant.	15% or 20% the basic salary
Facility Firefighter.	15% or 20% the basic salary
Ambulance Driver/Operator.	15% or 20% the basic salary
Captain.	15% or 20% the basic salary
Paramedic.	15% or 20% the basic salary

- **Deputation/Acting Allowance:**

- (The Company) may assign an employee to act as a substitute for another employee in same grade or higher when the substantive post-holder is absent due to annual leave, sick leave, and leave without pay or where the post is vacant pending its permanent filling.
- Only employees taking responsibilities of deputation for supervisory roles and higher functions in addition to his/her current role for a period of at least 45 days will receive an acting allowance equivalent to 25% of his/her current basic salary.
- If the employee is assigned to act as a substitute for another employee in the same grade or higher only, without taking the responsibilities of the current role, he/she will be receiving an acting allowance equivalent to 10% of his/her current basic salary.
- The deputation might be extended if the job requires after alignment with the HC department.
- The deputation/acting period ranges from 45 days as a minimum, to 180 days as maximum.
- The HC shall approve the deputation/acting requests after reviewing the details of the request and the timeframe.

- **Hajj Season Allowance:**

- Allowance to compensate the employees participating in the Hajj Season with its abnormal working conditions.
- The amount shall be one basic salary/month (With a Min. of SAR 5,000 and a Max. of SAR 30,000), and if the employee participated in the Hajj season for more or less than one month, then he will be compensated on prorated basis maintaining the Min. and Max. limits mentioned above.
- Employees outside Makkah, Madinah & Jeddah are eligible for the business travel per diem in addition to Hajj allowance.
- Employees that are granted this allowance are not eligible for overtime pay.
- Employees eligibility shall be endorsed by GM of HC and heads of the concerned Department.
- The final list of eligible employees shall be approved by (The company) CEO.
- The maximum number of days for this allowance is 30 calendar days.

## Benefits

- **Health Care Insurance:**

- (The company) provides medical insurance coverage to its employees and their eligible dependents up to 25 years of age.
- The Healthcare policy should cover the employees and all their eligible dependents. For expatriates, the medical insurance covers the dependents of employees who are residing with him/her in the Kingdom.
- For female employees, (The Company)'s healthcare policy covers the husband and children, if the husband and children are not covered by any other medical insurance scheme.
- The medical coverage will be extended to the parents of every Saudi employee.
- The medical insurance coverage will remain valid to retired employees & their dependents for

- the rest of the validation duration of the policy.
- Coverage of eligible dependents shall apply as the following:
  - Spouse – if he/she does not benefit from health insurance or if they are unemployed.
  - Children under the age of 25 years – provided that no other family member (spouse) is receiving mandatory health insurance for the same dependent.
  - Unmarried daughters – if they do not benefit from mandatory health insurance or if they are unemployed,
  - Parents – for all Saudi employees, and expats if their parent are living with them and residents in the kingdom of Saudi Arabia,
- The details of the insurance coverage are stated within the contract between (The company) and the insurance company and may be subject to change on a yearly basis.
- Health insurance coverage will start from the employee's joining date until his last pay date with (The company).

- Healthcare Insurance Bands:

Employee Level / Grade	Healthcare Insurance Class
Executives & General Management	VVIP Class
Rest of the Company employees	VIP Class

- **Children Education Allowance:**

- (The Company) provides certain levels of its employees with children education assistance as per the following:

Employee Level / Grade	Allowance (SAR)
Executives & General Management	SAR 25,000 per child every year
Management & Professional / SMEs	SAR 22,000 per child every year

- The children education assistance covers three (3) eligible children, from 5 – 18 years of age if they are residing with the employee in the Kingdom.
- The children education fees cover actual schooling fees only based on the supporting evidence and receipts.
- Children education fees are reimbursed by the Company against actual receipts.
- Children education assistance does not cover nursery, university, or higher education.
- Employees shall be entitled to receive the children education assistance subject to successfully completing their probation period.
- New employees who join (The company) during the year, shall receive the children education assistance entitlement on a prorated basis, from the joining date until December 31<sup>st</sup> of the said year.
- Employees who leave (The company) during the year, shall return to (The company) the difference of their entitlement on a prorated basis, from January 1<sup>st</sup> until their last working day.
- If a married couple is employed by (The company), education assistance shall be extended to only one employee with the higher limit.

- **Nursery Allowance:**

- (The company) provides a nursery allowance to female employees that have children under the age of 6.
- The allowance is eligible for female employees only.
- Female employees that benefit from nursery allowance cannot claim education benefit for the same child.
- Eligible employees will receive SAR 24,000 / per child.

- **Airfare:**

- (The Company) provides its expatriates, with their spouse and up to 3 dependents; who are authorized by (The Company); their annual tickets in business class for employees in Executive & General Management positions, and economy class for employees in other

grades.

- The employee has the right to travel to any country he/she wishes during his/her annual leave provided that no additional cost to the travel tickets is incurred, based on the initial price of a ticket to the employee's home country.

- **Relocation/Transfer Allowance:**

- (The company) reserves the right to transfer its employees to other work locations or cities for business purposes upon acquiring his/her written approval.
- The relocation allowance is applicable if the one-way distance between the existing and the new location is equal to or greater than 80 KM.
- If the transfer is requested by (The company), employees are entitled for the following benefits:
  - Air tickets (one way) for the employee and his/her dependents within the same class, depending on the employee's eligibility.
  - Shipment Expenses for the employee's household and personal belongings based on 3 estimates.
  - A salary advancement is paid to employees relocating under the following categories:
    - o Single Employees = 1 Month advance Salary.
    - o Married Employees = 2 Months advanced Salaries.
    - o Single Employees with dependents (Divorced/widowed) = 2 Months advanced salaries.
  - Employees may be eligible for compensation for schooling or months of rent paid but not used in case of urgent relocation (less than 2 months' notice) subject to presenting invoices and evidence.
  - Employee shall not be entitled to encash the relocation ticket.
  - Employees will be provided with accommodation in a 4 stars hotel as minimum grade, for a maximum period of fourteen (14) calendar days in the new location at the company's expense starting from the date designated by the company.

If the employee is unable to join within the same period, he/she should inform the HC department ahead of time.

Failing to update the HC, the booking will remain the same and the employee will be bearing any extension expenses beyond the 14 days.
  - If the employee resigns before completing six (6) months with (The company), the relocation allowance shall be recovered on a prorated basis.

- **Local and Overseas New Hires:**

- (The Company) provides local and overseas hires, with their spouse and up to 3 dependents the following benefits:
  - Air tickets (one way) for the employee, spouse, and his/her eligible dependents children under the age of 18 as per the travel ticket entitlements.
  - Temporary accommodation in the new location for maximum period of 14 calendar days at a 4 stars hotel as a minimum grade.
  - Hotel expenses, such as meals, use of mini bar, laundry and telephone expenses shall be covered by the employee and settled upon check-out.
  - If the employee wishes to extend his/her stay at the hotel/apartment, he/she shall cover the extended stay expenses.
  - A relocation lump sum payment, equivalent to one (1) monthly salary intended to cover relocation related expenses if the employee is single.
  - A relocation lump sum payment, equivalent to two (2) monthly salary intended to cover relocation related expenses if the employee is Married, or single with dependents (Divorced / widowed)
  - Employee shall not be entitled to encash the relocation ticket.
  - Expat employees must pay back the full relocation benefit received if they leave (The company) before completing the first year of service.

- **Business Travel Compensation:**

- (The company) provides its employees with a per diem allowance to cover their reasonable actual expenses during an approved business and training trips.
- Per diem allowance to cover business travel expenses such as accommodation, meals,



transport, communication, etc. (excluding airfares).

- If the assignment is at a distance of not less than 80KM (one way) from their habitual place of work, the per diem compensation will be as follows:

Employee Level / Grade	Travel ticket	Per Diem (local)	Per Diem (Category A)	Per Diem (Category B)
CEO	To be decided by the Board	To be decided by the Board	To be decided by the Board	To be decided by the Board
Executives & General Management	Business Class	1,600 SAR/Day	1,900 SAR/Day	2,300 SAR/Day
Management & Professional/SME	Business Class	1,300 SAR/Day	1,500 SAR/Day	1,700 SAR/Day
1 <sup>st</sup> Line Management & Professional	Economy Class	1,100 SAR/Day	1,200 SAR/Day	1,300 SAR/Day
Support functions & Staff	Economy Class	1,000 SAR/Day	1,100 SAR/Day	1,200 SAR/Day
<b>Categories Classification</b>				
Category A	MENA & South Asia			
Category B	Other Countries			

- The per diem allowance is based on the actual number of travel/training days including travel time as per the business travel policy.
- The employee will be entitled to 25% of the daily per diem allowance if the company provides accommodation and food.
- The employee will be entitled to 50% of the daily per diem allowance if the company provides accommodation only.
- The Employee may extend the period of his stay at the travel/training location, in specific cases such as unavailability of flights on the return date, subject to the approval of the manager.
- If the business trip/training is within the same day, and the location is at a distance less than 80 KM, the employee will not be entitled to any travel compensation as per the policy.
- If the business trip is within the same day, and the location is at a distance over 80 KM, the per diems provided are as per the policy for each destination, level & grade.
- The reimbursement rates per Km for use of personal car to be determined by Finance (Fuel and toll expenses to be reimbursed).

- **Short-term assignments:**

- Short term assignments are temporary assignments (extended business trips or short-term transfers) beyond 30 days and up to 6 months.
- All employee allowances and benefits will remain payable during the short-term assignment period.
- Air travel arranged by the company for all destinations except when air travel is not available as below ticket class:

Employee Level / Grade	Ticket Class
Executives - General Management - Management & Professional / SME	Business Class
1 <sup>st</sup> Line Management – Professionals - Support	Economy Class

- First 30 days of the short-term assignment, per diems are aligned to business travel policy.
- Subsequent days, a monthly allowance equivalent to 1-month basic salary is payable with:
  - Minimum of 4,000 SAR / Month.
  - Maximum of 9,500 SAR / Month.
- If housing is provided by the company, the per diem and monthly allowance will be reduced by 50%.
- If assignment is outside of Saudi Arabia, the company will make any necessary adjustments based on:
  - Cost of living differential between Saudi and host country.
  - Quality of living differential between Saudi and host country.
  - Tax equalization if the duration of the assignment results in permanent establishment taxation.

- **Social Security:**



- (The company) provides social insurance coverage to all employees as per the General Organization for Social Insurance (GOSI) rules and regulations.
- Both employees and employer are required to participate in the scheme.
- The Saudi Arabian Social Insurance Law provides annuity, loss of employment (SANED), death and disability benefits to eligible participants.
- The basic salary and housing allowance will determine the contribution of both employees and employer to this scheme.
- The following table indicates the contributions of both employees and employer to this scheme:

Employee Category	Employee Contribution	Employer Contribution
Saudi	<ul style="list-style-type: none"> <li>• 9% utilized for retirement benefits.</li> <li>• 1% allocated as unemployment insurance (SANED)</li> </ul>	<ul style="list-style-type: none"> <li>• 9% utilized for retirement benefits.</li> <li>• 2% to cover occupational hazards.</li> <li>• 1% allocated as unemployment insurance (SANED)</li> </ul>
Non-Saudi		<ul style="list-style-type: none"> <li>• 2% to cover occupational hazards</li> </ul>

- **Overtime:**

- (The company) has the right to request an employee to work overtime beyond his/her regular working hours for business needs.
- The maximum allowed overtime is 2 hours during working days and 8 hours during weekends and public holidays.
- Employees shall be entitled to overtime payments for hours worked more than the maximum working hours, subject to not exceeding forty (40) hours per month.
- Prior approval from the employee's supervisor (as per the Delegation of Authority Matrix) is required.
- The overtime worked on an employee's normal working days will be paid 1.5 times the employee's normal time.
- The overtime worked on an employee's weekends and official holidays will be paid at (2) times the employee's normal time.
- Calculation of Overtime Allowance:
  - Employee's normal working days

$$\frac{\text{Basic Salary} \times 12}{8 \times 365} \times 1.5 \times \text{Actual Numbers of overtime hours}$$

- Employee's weekends and official holidays

$$\frac{\text{Basic Salary} \times 12}{8 \times 365} \times 2 \times \text{Actual Numbers of overtime hours}$$

- **End of Service Benefits:**

- All employees are entitled to End-of-Service Benefits (EOSB), which are set in accordance with the Saudi Arabian Labor Law.
- Employees are not eligible for end of service benefits if (The company) terminates their employment under the pretext of one of the following conditions; if they are awarded an opportunity to state their reasons in objection for the termination; and in accordance with Article 80 of the Saudi Labor Law:
  - If, during or by reason of the work, the worker assaults the employer, the manager in-charge or any of his/her superiors.
  - If the worker fails to perform his/her essential obligations arising from the work contract, or to obey legitimate orders, or if, despite written warnings, he/she deliberately fails to observe the instructions related to the safety of work and workers as may be posted by the employer in a prominent place.
  - If it is established that the worker has committed a misconduct or an act infringing on honesty or integrity.
  - If the worker deliberately commits any act or default with the intent to cause material loss to the employer, provided that the latter shall report the incident to the appropriate authorities within twenty-four hours from being aware of such occurrence.
  - If the worker resorts to forgery to obtain the job.
  - If the worker is hired on probation.
  - If the worker is absent without valid reason for more than 20 working days in one year or for more than 10 consecutive working days, provided that the dismissal be preceded by a written warning from the employer to the worker if the latter is absent for 5 days in the first case and for 3 days in the second.
  - If the worker unlawfully takes advantage of his/her position for personal gain.
  - If the worker discloses work- related industrial or commercial secrets.
- End of service benefits are calculated based on the entire length of an employee's service, with each month adding on to an employee's entitlements.
- In cases other than resignation, end-of-service benefits (EOSB) are calculated as follows:
  - Half a month's pay for each of the first continuous five (5) years of service.
  - One month's pay for each continuous year exceeding five (5) years of service.
- An employee on unspecified employment contract shall not be entitled to end of service benefits if he / she resign from (The company) before completing two (2) years of service. Otherwise, the EOSB for the resigning employee will be calculated as follows:
  - Third of EOSB if his / her service period with the company less than two years is not and no more than five years.
  - Two third of EOSB if his / her service period with the company more than five years is and no more than 10 years.
  - Total amount of EOSB if his / her service period with the company is

more than or equal to 10 years.

- A gratuity for any incomplete year of service beyond the first year and up to the first five years will be payable on a pro-rata basis. The formula for calculating end of service benefits of any incomplete year of service will be as follows:

$$\frac{\text{Total Monthly Salary} \times \text{No. of Days}}{2 \times 365}$$

- A gratuity for any incomplete year of service beyond five (5) years will be calculated as follows:

$$\frac{\text{Total Monthly Salary} \times \text{No. of Days}}{365}$$

- Employees will be entitled to their entire end-of-service benefits on final settlement in the following circumstances:
  - o On completion of service as stipulated by the employment contract.
  - o On cessation of employment for any reason outside the employee's control, including call-up for Saudi Military Service.
  - o On termination of employment for any reason not specified in Article No. 80 of the Saudi Arabian Labor Law.
    - The last month salary is calculated for end of service benefits in accordance with Articles 84 and 85 of the Saudi Labor Law, based on the last full salary that has been paid to the employee.
    - End-of-service benefits will only be released once the employee has completed the clearance form and signed the receipt of Final Settlement.
    - Encashment of the balance of any unused vacation days is included in the computation of end of service benefits. The Accrued Leave Balance at the end of service will be paid at the employee's last monthly basic salary. The formula for calculating the leave salary encashment at the end of service is as follows:

$$\frac{\text{Total Monthly Salary} \times 12 \times \text{No. of Leave Days}}{365}$$

- In the case of an employee's death, (The company) will pay the employee's EOSB to the employee's determined beneficiary or legal heir as per the Saudi Labor Law and GOSI regulations.
- Any amount due to (The company) shall be deducted from the employee's Zone salary and benefits payment.
- When an employee is terminated because of disciplinary action, any deductions from his/her Zone benefits will be made according to the provisions of the Saudi Labor Law and of the HC Policies and Procedure.

## Annual Merit Increments

- The Board will set the annual merit increment budget based on the Company's business plans.

- Merit increments will be considered annually (i.e. the 1st of January of every year) following the completion of performance appraisals process.
- Annual merit increments range from 0% to 5% of the annual basic salary, based on performance appraisal results as per the below:

Rating	Merit Increment Percentage
Outstanding	5%
Exceeds Expectations	4%
Meets Expectations	3%
Needs Development	2%
Did Not Meet Expectations	0%

- Annual merit increments will be given only when the performance rating of the employee is at least Satisfactory Performer and above.
- Annual merit increments will result in an evident increase in housing and transportation allowances.
- An increment shall not be granted automatically to an employee because he/she has been in a position for a lengthy period. A salary increase must be earned because of a proven track of good performance.
- A salary may be adjusted for certain employees after the successful completion of a probationary period provided that such an increment had been specifically provided for in the initial offer letter or the employment contract. Approval of such increments should be dealt with as per the Delegation of Authority Matrix.
- Only employees who have completed the probation period are entitled to a salary increment for the corresponding year.
- Increments will be awarded to employees based on the summary recommendation prepared by the HC in line with (The company)'s Compensation and Benefits Structure and approved as per the Delegation of Authority Matrix.
- The annual increment should not push the annual salary beyond the maximum salary range based of the corresponding grade.
- The decision to award merit increment will be dependent upon the overall performance of the Company, the employee's own department's performance and the individual employees' annual performance appraisal rating.
- Decision on annual merit increments is subject to the Board's approval or in accordance with the DOA if stated otherwise.
- Employees who exit Cluser2 during the course of the year, for any reason, shall not be entitled to any performance bonus for the said year.

### Off-cycle Increases.

- The off-cycle increase covers all employees at (The company).
- Employee must have been identified as a high performing and potential individual and must fill a critical role within the organization.
- The employee must be employed in (The company) for no less than 1 year (12 months).
- Business case for the off-cycle increases must be prepared by the line manager where the employees fit and validated by the HC department, and it must include the following:
  - Historical data on the employee demonstrating that he/she has been identified as a high potential individual,
  - Performance ratings average of the last 2 years (1 year if the employee is new to the organization) of at least Meet Expectations (score of 1.8 and above)
  - Criticality of the role in the organization and potential financial and operational losses in case the employee leaves the organization.
  - Estimated time and cost of a full performing replacement.

- Evidence of flight risk, such as offers from other companies Approval process.
- Submissions need to be approved as per the DoA.
- Off-cycle increases to be done on a ad hoc basis.
- Nominations to be submitted to HC once completed and HC will provide timelines for final decision based on the approval process.
- Employees are only eligible if they have not received an off-cycle increase or promotion increase in the last 6 months Increase % & internal equity.
- If the employee is below the minimum of the pay scale, the increase should target the minimum of the pay scale, without exceeding 20%.
- If the employee is within the pay scale, the increase % will be determined by the employee's current compa-ratio and internal equity within the band, without exceeding 15%.

### Short Term Incentive (STI):

- Short Term Incentive (STI) is structured, performance-based compensation strategy designed to reward employees for achieving specific business goals within a short timeframe, typically within the same year.
- The STI is built on alignment with the current performance rating across (The company).
- All employees are eligible to STI, and the payout is based on employees' grades and performance score.
- Below table reflects the payouts based on employees' grades and performance results:

Bands	Performance				
	Does not meet expectations	Partially meets expectations	Meets expectations	Exceeds expectations	Outstanding
	No pay-out	Pay-out of half basic salary	Pay-out at target	Pay-out at 150% of target	Pay-out at maximum
<b>J</b>	<b>Holding Level</b>				
<b>I</b>	0	0.5	4	6	7.6
<b>H</b>	0	0.5	4	6	7.6
<b>G</b>	0	0.5	4	6	7.6
<b>F</b>	0	0.5	3	4.5	5.7
<b>E</b>	0	0.5	3	4.5	5.7
<b>D</b>	0	0.5	3	4.5	5.7
<b>C</b>	0	0.5	2	3	3.8
<b>B</b>	0	0.5	2	3	3.8
<b>A</b>	0	0.5	2	3	3.8
<b>S3</b>	0	0.5	1.5	2.3	2.9
<b>S2</b>	0	0.5	1.5	2.3	2.9
<b>S1</b>	0	0.5	1.5	2.3	2.9

- STI payouts are subject to prior approval as per the DOA.

- The Payout is subject to many factors including:
  - Corporate Performance ((The HQ))
  - Subsidiary Performance ((The company))
  - Individual Performance.
- And each one of those has its weight in calculating the STI payout as per the matrix below:

	Corporate Scorecard	(The company) Scorecard	Individual Assessment
CEO	30%	70%	
I	25%	65%	10%
H	25%	65%	10%
G	15%	50%	35%
F	15%	50%	35%
E	10%	40%	50%
D	10%	40%	50%
C	10%	40%	50%
B	5%	15%	80%
A	5%	15%	80%
S3		10%	90%
S2		10%	90%
S1		10%	90%

- The STI payout is to be paid by the end of Q1 of the following year.  
Employees who resign from (The company) within