



REMUNERATION POLICY

January 2016

Version 1.0

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Glossary

Term	Definition
Mushrif or the Company	Mushrif Trading and Contracting Company
AGM	Annual General Assembly Meeting
BOD or the Board	Board of Directors
BNRC or the Committee	Board Nomination and Remuneration Committee
CEO	Chief Executive Officer
The Policy	Remuneration Policy
KPIs	Key Performance Indicators
Executive Management	As per the Company's definition, the Executive management includes the CEO and his/ her deputies as well as other positions within the "C" Level (i.e. CFO).
Fixed Remuneration	The financial remuneration received by the employee in exchange for his/ her work with the Company regardless of his performance. This includes salaries, allowances and benefits set in the Company's approved Salary and Grading Structure and stated in employees' contractual agreements.
Variable Remuneration	Financial remuneration received by the employee in exchange for his/her performance including annual bonus and incentives that are paid across years, stock options plans and others.

Remuneration Policy

1. Introduction

Mushrif Trading and Contracting Company (hereafter referred to as “Mushrif” or “the Company”) is committed to the highest standards of good governance, transparency, honesty, integrity and accountability. The remuneration policy of the Company sets out the basis for the remuneration of Board of Directors and the Executive Management and its alignment to the Company’s long term performance.

The policy reflects the Company’s objectives and takes into consideration soundness of the Company’s operations and financial position.

This policy has been prepared in line with the Corporate Governance related regulations issued by the Capital Markets Authority and other related regulatory requirements and is considered as part of the overall Corporate Governance framework of the Company.

1.1 Purpose

The Company considers that the remuneration system is a key element in creating value. It thus has an advanced remuneration scheme based on the reciprocity of value for Board of Directors, the Executive Management and for the Company in line with the interests of shareholders. The system reflects the standards and principles of best practices in good governance, which have been suitably adapted to the Company’s specific structure and circumstances, in addition to regulatory requirements.

1.2 Scope

This Policy applies to the Board of Directors and Executive Management of the Company. Wherever the provisions of this Policy contradict with any newly issued statutory or regulatory requirements, the statutory and regulatory requirements will take precedence over the provisions of this Policy till the policy is properly updated and approved.

1.3 Custodian

The Board Secretary shall have the custody over the master copy of this policy. The contents of this Policy, other than areas to be disclosed on the Company’s website, are confidential and are intended for internal use of the Company only.

This Policy document should always be kept in a read-only status and must not be copied or revealed to third parties without the expressly written permission of the Board.

Requests for circulation of soft copies of this Policy are to be made only to designated personnel.

1.4 Responsibility for Implementing the Policy

The Board Nomination and Remuneration Committee shall have the responsibility to ensure compliance with the terms of this policy, the Function shall monitor the implementation of this policy. The contents of this Policy, other than areas to be disclosed on the Company's website, are confidential and are intended for internal use of the Company only

1.5 Policy Revisions

The Board Nomination and Remuneration Committee is Responsible for reviewing the policy on an annual basis and when needed, taking into account the extent of compliance with laws and regulations issued by the relevant regulatory body (CMA) and others regulatory entities. The need to amend the policy along with proposed amendments should be communicated to the Board for approval. Once the changes are incorporated in the Policy, the relevant page (or pages) will be updated by the version and the date.

The table below tracks the manual revision and changes made. In the "Page Number" section, links will direct the user to the mentioned page to promptly trace such changes.

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Sr.	Version No.	Version Date	Section	Page Number	Approval
1					
2					
3					
4					
5					

Approved by **Board of Directors** on: _____

2. Key Principles

The Company's remuneration policy is developed to:

- Attract and retain the best talents and high performers.
- Ensure equity in the Company and competitiveness within the Company and in the Market.
- Ensure transparency in regards to the Company's remuneration system.
- Link remuneration to KPIs of the Company's employees.
- Ensure consistency with the Company's strategy as well as its' long-term and short-term objectives.
- Be suitable with experience and qualifications of the Company's employees within different career levels.

3. Roles and Responsibilities

Board of Directors

- The BOD has the full responsibility for the overall design and operation of the Remuneration policy through the BNRC, this responsibility should not be any time delegated to the Executive Management.
- The BOD shall oversee the Remuneration system's design and operation and ensure that such system is properly monitored and reviewed to confirm that it operates as intended.

Board Nomination and Remuneration Committee (BNRC)

- The BNRC supports the Board in preparing/reviewing and developing the remuneration policy on timely basis. The committee facilitates the BOD role through providing timely reports on the implementation of remuneration policy and provides recommendations to the board on key components and structure of the Company remuneration.
- The Committee is responsible also for monitoring the implementation of the remuneration system and ensure that there are no significant deviations from the policy and the remuneration system, identify reasons for any deviations and report the same to the Board of Directors to ensure that proper action is taken to disclose substantial deviation in accordance to related regulatory requirements.
- The Committee is also responsible to ensure the existence of employees' remuneration system and approve the same.

- The role of BNRC is more detailed in the committee charter approved by the BOD.

Executive Management

The executive management is responsible for designing an employee remuneration system to harmonize the approved policy (whether internally or through a contract with the external consultants), as well as monitoring the implementation of the Company's approved remuneration system.

4. Remuneration Governance

The overall strategy of the Company is set and approved by the BOD and translated into Key Performance Indicators (KPIs). These are then documented and communicated to ensure alignment of the management activities to the Company's strategy. The KPIs are monitored and reported to the Board on a regular basis.

The remuneration is determined based on the achievement of KPIs toward the overall Company's strategy. This includes financial indicators (of the Company and various departments) and non-financial indicators (specific to the Company's activities and operations) at Company level.

5. Board Remuneration

- The total remuneration should not exceeds 10% of the net profit of the Company (after the offsetting of depreciation, reserves, distribution of dividends of not less than 5% of the Company's capital or higher to shareholders in accordance to the Company's Memorandum of incorporation and Articles of Association).
- The independent board member may be exempted from remuneration ceiling stated above based on the approval of the AGM.
- The remuneration of the BOD members may include three categories as described below:

- **Board Membership**

Each Board member shall be entitled to annual remuneration for his/ her membership in the Company's Board, the total amount shall be recommended annually by the BNRC, endorsed by the Board and approved by the AGM.

- **Committees membership**

The Board member may be granted remuneration for his/ her membership in Board committees. This type of remuneration shall only be granted if members were able to attend the minimum number of meetings required in each committee's charter.

- **Performance Bonus**

This type of remuneration will be paid based on of the Board's performance assessment results. All board members who met the performance matrix will be eligible for performance bonus.

6. Executive Management Remuneration

The Executive Management remuneration is structured taking into account the environment in which it operates and the results achieved against set goals, KPIs and the Company's overall strategic objectives. It includes the following key components:

Fixed remuneration

- Fixed remuneration in the Company is established taking into account the level of responsibility and the career path of each executive position within the Company.
- Fixed Remuneration is contractually agreed with the employees to compensate Executive Management for the skills, competencies and experience used to perform their role and in accordance with the requirements of the labor law in the private sector and other relevant regulatory requirements.
- Fixed Remuneration is reviewed on an periodic basis (at least once every 3 years) to reassess the total rewards package in accordance to changes in market conditions and individual, divisional and companywide Performance.

Variable remuneration

- Variable annual remuneration is linked to the achievement of previously established targets.
- Variable remuneration is designed to motivate and reward the Executive Management and allocated to individuals depending upon individual performance of each member of the Executive Management and companywide performance.
- Variable remuneration can be provided as cash bonus or equity shares

according to the ESOP (Employee Shares Option Plans) if decided and applicable. This is recommended by the BNRC and approved by the BOD.

- Variable remuneration system set for Executive Management should be linked to their set KPIs. By adhering to these indicators, the value of variable remuneration shall be determined and such remuneration shall then be distributed according to the performance results of each member of the Executive Management.
- In case of multi-annual variable remuneration. Overlapping plans for the medium and the long term (i.e. a three-year term can be considered for determining the value of variable multi-annual component of the remuneration). In addition, the use of the qualitative criteria focused on a strategic and medium term perspective of the development of the Company, proves that the BOD of the Company not only focuses on short term objectives but incorporates the interests of the Company and of shareholders in the medium and long term.

Balance between fixed and variable remuneration

The Company ensures that there is an appropriate balance between fixed and variable remuneration to allow for the possibility of reducing variable remuneration in the case of weak or adverse financial performance. The percentage of fixed and variable remuneration is reviewed and determined annually by the BOD based on BNRC recommendations.

7. Remuneration Reporting and Disclosures

A detailed Remuneration Report shall be prepared by the BNRC on an annual basis stipulating all remuneration granted to BOD members and Executive Management, in the form of monetary amounts or benefits, despite of its type. The report shall be presented in the AGM for shareholders' approval. The report shall include at minimum:

- The Company's remuneration system especially where the BOD and Executive Management are concerned.
- Details of remuneration granted BOD and Executive Management members (amounts, benefits and incentives) as well as an analysis of remuneration categories.
- Remuneration values granted to the CEO and Executive Management whom received the highest amounts from the Company, in addition to the CFO or his/her representative, if not amongst them.

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- Any other direct or indirect remuneration offered by the Company or any of its subsidiaries.
- Any substantial deviations from the approved remuneration policy by the Board of Directors.

The remuneration disclosures are subject to the terms stated in the approved disclosure policy of the Company and in accordance with the applicable laws and regulations.